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Global Brands S.A.

('Global' or the 'Company')

Unaudited Consolidated Interim Results for the six months ended 30 June 2008

Global Brands S.A. the master franchise owner for Domino's Pizza in Switzerland, Luxembourg and Liechtenstein today reports its Interim Results for the six months ended 30 June 2008.

Financial and Operational Highlights:

- Turnover increased by 7.1 per cent to CHF 5.78 million
- Gross profit improved by CHF269k to CHF4.48m despite increases in fuel prices
- Staff and administration cost increases kept below the rate of increase in turnover
- A 21.7% improvement in operating losses before depreciation which reduced from CHF 306k to CHF 239k
- Strong cash position with net cash of CHF 2.2 million
- Restructuring of entire Board and management
- Tender offer payment to minority shareholders of CHF 677k
- Business now well positioned for future growth

Yair Hasson, Executive Chairman of Global Brands commented:

'We are delighted with the progress made by the new management since March of this year in bringing costs under control whilst at the same time driving improvements through in the day to day management of our stores. Although the new management team have concentrated their initial efforts on the existing business we have not lost sight of our intention to expand. I'm pleased to say that our first new branch was

opened in Basel last month and we expect to open two new Domino's Pizza locations later this year. At the same time, your Board is investigating other opportunities, including potential acquisitions, to expand the business. I believe that we have the principal building blocks in place to enable the management to focus on the continuing commercialisation and growth of the business as well as restoration of shareholder value.'

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26 September 2008

Global Brands S.A. Chairman's Statement and Interim Results

Corporate Restructuring, Tender Offer and Exceptional Charges

On 12 February 2008, the Company announced the completion of the sale of 2,505,860 ordinary shares of CHF 2.10 to the Luxembourg registered Belvia s.à.r.l. ('Belvia'), representing 51.96 per cent of the issued share capital of the Company. Following a meeting of the Board of Directors, Yossi Moldawsky, Executive Chairman, and Dov Lachovitz, Chief Executive Officer, resigned from the Board. Simultaneously, the Directors announced the immediate appointment of Yair Hasson and Roberto Avondo to the Board as Executive Chairman and Executive Vice Chairman. Subsequently, Amir Hasson was appointed to the Board as CEO and Bruce Vandenburg and Simon Bentley were appointed as non-executive directors. Matei Lecca, a member of the original management team, resigned as CFO in August 2008. A suitable replacement will be announced in due course.

As part of the sale transaction, Messrs Moldawsky and Lachovitz received CHF 300,434 and CHF 112,679 as compensation for loss of office. These payments are reflected in the Exceptional Charges of CHF 763,164 for the interim period. The additional CHF 350k in Exceptional Charges relates to costs associated with the tender offer to minority shareholders. As a condition of the sale, Messrs Moldawsky and Lachovitz agreed to make a tender offer to minority shareholders up to a maximum of 404,214 shares at a price of USD 2.2427 (CHF 2.10). The tender offer completed on 25 March 2008 with shareholders owning 322,674 shares accepting the offer. The payments by Messrs Moldawsky and Lachovitz to these shareholders amounted to CHF 677k.

In addition, as announced on 23 July 2008, Messrs Moldawsky and Lachovitz signed an agreement on 20 July 2008 to repay CHF 130,000 to the Company. This amount was to be repaid in three equal instalments on 21 July 2008, 1 September 2008 and the third instalment on 1 October 2008.

Trading Statement

The interim results include figures for January and February which were achieved under the old management team. The new management team effectively took over the business in March 2008 with an immediate brief to turn the business around and to refocus staff and restore confidence through training programmes and incentive schemes.

The figures for March to June 2008 reflect the results of this initiative with an 8% improvement on same store turnover on the comparative period for March to June 2007. At the same time, management renegotiated contracts with major suppliers. As a result, and despite the increase in transport and food costs, cost of goods sold as a percentage of total sales only rose from 21.93% to 22.48%. These figures include a sharp increase in transport and packaging costs of CHF 55k on last year. Excluding these two items, gross profit margins improved on 2007. We are obviously extremely proud of this achievement. In common with many other businesses, food and energy price inflation are significant challenges and the new management team has proven its ability to meet such challenges head on.

We were also able to contain labour cost increases to 6.7% which was below the growth of turnover. Administrative cost increases were marginal rising by CHF 28k to CHF 1.89m.

Financial Performance

Our overall financial performance for the six months to June 2008 was very much in line with our most recent trading statement on 23 July 2008. As a result of the new management team's efforts, we have managed to reduce operating losses before depreciation significantly to CHF240k for the six months to June 2008. After depreciation, company losses were reduced from CHF 618k to CHF 536k.

Interest and financial income dropped sharply on last year from CHF 76.8k to CHF 15.3k. This is largely due to the reduction in cash balances held by the company and lower interest receipts. In addition, the 2007 figures included a foreign currency gain of CHF 33k which then translated into a foreign currency loss of 55k for the year as a whole. There was no currency valuation for this interim period. Finally, interest and financial charges rose sharply from CHF 11k to CHF 30.5k. The charges largely relate to credit card fees which are reflected in the 2008 interims but not shown in the figures for 2007.

During the six months ended 30 June 2008 pre-tax losses amounted to CHF1.3m compared with losses of CHF 552k for the same period last year. This includes the Exceptional Charges of CHF 763k relating to the payments to Messrs Moldawsky and Lachovitz and the tender offer costs. On a

strictly comparable basis the pre-tax loss for the period was CHF 551.7k compared with the pre-tax loss for the same period to 30 June 2007 of CHF 552.7k.

Despite the increase in financial costs and the Exceptional Charges, at the end of June 2008, the Company had cash of CHF 2.2 million.

Outlook

Having resolved the historic issues, , we are in a strong position to continue our strategic development of the Company. While we are mindful of challenges ahead, including the effect of further rises in fuel and food costs, we believe that the Company is well positioned to benefit from the economic slowdown. We expect to see further growth in our existing stores as customers switch to 'eating-in' in a drive to economise.

We also expect to see organic growth from our new stores. In [August/September], we opened a new flagship store in Basel which is trading in line with expectations.. We plan to open two further stores in Genève and one in Neon by the end of the year and will continue to secure quality locations to meet our expansion plans.

In addition, we intend to move our logistics centre (commissary) to a new state-of-the-art premises, by January 2009. This move will further streamline operations and minimise costs as well as supporting our planned franchisee expansion in 2009. In parallel, we will continue our marketing efforts as we capitalise on the fact that we are the only pizza home delivery brand operating in Switzerland. The further development of our e-commerce sales is also a priority over the coming months.

Finally, I would very much like to thank the new Board and management team for their efforts over the past months.

26 September 2008

Yair Hasson
Executive Chairman

STATEMENT OF INCOME (Expressed in Swiss francs)	Notes	Unaudited	Unaudited	Audited
		6 months ended 30 June 2008	6 months ended 30 June 2007	12 months ended 31 December 2007
		CHF	CHF	CHF
Sales revenue	<u>4</u>	5,781,032	5,395,101	10,932,589
Cost of sales		(1,299,360)	(1,183,293)	(2,414,487)
Gross profit		4,481,672	4,211,808	8,518,102
Staff costs		(2,829,000)	(2,653,047)	(5,271,767)
Administrative costs		(1,892,397)	(1,864,840)	(3,723,131)

Loss from operations before depreciation, amortisation and exceptional items	(239,725)	(306,079)	(476,796)
Depreciation and amortisation	(296,785)	(312,448)	(1,045,502)
Loss from operations before exceptional items	(536,510)	(618,527)	(1,522,298)
Interest and financial income	15,303	76,851	106,939
Interest and financial charges	(30,522)	(11,038)	(67,457)
Loss on ordinary activities before exceptional income/(charges)	(551,729)	(552,714)	(1,482,816)
<u>Exceptional income (charges):</u>	<u>8</u>		
- charges in respect of re-organisation and extension of business	(763,164)	-	(99,627)
- provisions for charges	-	-	(824,732)
Deferred tax credit	-	-	403,618
Loss for the period/year	(1,314,893)	(552,714)	(2,003,557)
<i>Basic earnings / (loss) per share for the period/year</i>	<u>5</u>	(0.27)	(0.11) (0.42)

The results shown above relate to the continuing operations of the Company.

The accompanying notes 1 to 10 are an integral part of this interim report.

BALANCE SHEET as at (Expressed in Swiss francs)	<i>Notes</i>	Unaudited	Unaudited	Audited
		30 June 2008	30 June 2007	31 December 2007
		CHF	CHF	CHF
ASSETS				
Non-current assets				
Intangible assets		158,171	196,653	174,327
Property, plant and equipment		2,175,724	2,881,210	2,394,670
Financial assets		203,629	99,115	145,171
Deferred tax asset	<u>2</u>	1,136,618	733,000	1,136,618
Total non-current assets		3,674,142	3,909,978	3,850,786
Current assets				
Inventories		178,621	177,964	227,748
Trade and other receivables		122,742	143,103	150,760
Cash at banks and in hand		2,268,198	3,353,059	2,775,455
Total current assets		2,569,561	3,674,126	3,153,963
Total assets		6,243,703	7,584,104	7,004,749
EQUITY AND LIABILITIES				
Capital and reserves				
Called up share capital	<u>6</u>	10,128,006	10,128,006	10,128,006
Share premium	<u>6</u>	1,959,535	1,959,535	1,959,535
Accumulated losses		(9,243,628)	(6,477,892)	(7,928,735)
Shareholders' equity		2,843,913	5,609,649	4,158,806

Non-current liabilities			
Obligations under finance leases	1,029	38,432	15,257
Total non-current liabilities	<u>1,029</u>	<u>38,432</u>	<u>15,257</u>
Current liabilities			
Trade and other payables	2,446,126	1,891,371	1,870,174
Provisions for other liabilities and charges	914,732	-	914,732
Obligations under finance leases	37,903	44,652	45,780
Total current liabilities	<u>3,398,761</u>	<u>1,936,023</u>	<u>2,830,686</u>
Total equity and liabilities	<u>6,243,703</u>	<u>7,584,104</u>	<u>7,004,749</u>

The accompanying notes 1 to 10 are an integral part of this interim report.

SUMMARY STATEMENT OF CASH FLOWS

(Expressed in Swiss francs)	6 months ended 30 June 2008 CHF	6 months ended 30 June 2007 CHF	12 months ended 31 December 2007 CHF
OPERATING ACTIVITIES			
Operating cash outflows before movements in working capital	(1,032,441)	(288,184)	(641,465)
(Decrease) / increase in working capital (stocks , debtors & creditors)	653,097	(558,235)	(442,135)
Net cash flows from (applied) to operations	<u>(379,344)</u>	<u>(846,419)</u>	<u>(1,083,600)</u>
INVESTING ACTIVITIES			
Payments to acquire fixtures, equipment, motor vehicles and software	(62,549)	(171,730)	(500,656)
Deposits (made) repaid	(58,458)	(4,800)	(50,856)
Interest received (paid) , net	15,199	47,918	104,524
Net cash flows (outflows) from investing activities	<u>(105,808)</u>	<u>(128,612)</u>	<u>(446,988)</u>
FINANCING ACTIVITIES			
Payments under finance lease obligations	(22,105)	(30,724)	(52,771)
Net cash flows (outflows) from financing & investing activities	<u>(22,105)</u>	<u>(30,724)</u>	<u>(52,771)</u>
Decrease in cash and cash equivalents during the period/year	<u>(507,257)</u>	<u>(1,005,755)</u>	<u>(1,583,359)</u>
Cash and cash equivalents :			
- at the beginning of the period/year	2,775,455	4,358,814	4,358,814
- at the end of the period/ year	<u>2,268,198</u>	<u>3,353,059</u>	<u>2,775,455</u>
Cash and cash equivalents at the end of the period/year are represented by :			
Cash at banks and in hand	<u>2,268,198</u>	<u>3,353,059</u>	<u>2,775,455</u>

STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Called up share capital	Share premium	Accumulated losses	Total equity
	CHF	CHF	CHF	CHF
Balance at 1st January 2007	10,128,006	1,959,535	(5,925,178)	6,162,363
Loss for the ended year 2007	-	-	(2,003,557)	(2,003,557)
Balance at 31 December 2007	10,128,006	1,959,535	(7,928,735)	4,158,806
Loss for 6 months ended 30 June 2008	-	-	(1,314,893)	(1,314,893)
Balance at 30 June 2008	10,128,006	1,959,535	(9,243,628)	2,843,913

Interim report notes:

1. Activities

Global Brands S.A. (the 'Company') is the master franchise owner for Domino's Pizza in Switzerland, Lichtenstein and Luxembourg. Its current activities consist of the manufacture and sale of Domino's Pizza in Switzerland.

2. Directors' responsibility

The interim report and financial information contained therein are the responsibility of the Board of directors of Global Brands S.A. The interim report was approved by the Board of Directors on 26 September 2008. The interim report for the 6 months period to 30 June 2008 is unaudited.

The financial information relating to the year ended 31 December 2007 is extracted from the statutory audited annual accounts as adjusted for International Financial Reporting Standards ('IFRS'). The reports of the auditors, PKF Luxembourg, on the statutory annual accounts and on the IFRS financial statements at 31 December 2007 were unqualified.

The statutory annual accounts for the year ended 31 December 2007 were drawn up in accordance with Luxembourg law and generally accepted accounting practices and have been delivered to the Registrar of Trade and Companies in Luxembourg where they are available for public inspection.

3. Basis of accounting

The interim financial statements of Global Brands S.A. for the 6 months ended 30 June 2008 and 30 June 2007 have been prepared using accounting policies on a basis consistent with those adopted for the year ended 31 December 2007. Comparative figures of prior periods have been re-classified to provide a consistent basis of comparison; these reclassifications have no effect on the result for the period and related net equity.

The financial statements have been prepared on the historical cost basis. It should be noted that accounting estimates and assumptions are used in the preparation of the financial information. Although these estimates are based on the Directors' and Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

The Company prepared its first set of IFRS compliance financial statements for the year ended 31 December 2004. Adjustments have been made to the numbers presented in the local statutory annual accounts to bring them in line with IFRS. The differences between IFRS and Luxembourg generally accepted accounting practices (Lux GAAP) relate to accounting for:

- deferred tax which is not allowed under Lux GAAP.
- establishment costs are charged against the share premium account under IFRS, whereas Lux GAAP practise is to capitalize and amortise them over 5 years.

The financial information is stated in Swiss Francs ('CHF') which is the currency of the issued share

capital of the company in Luxembourg and the Company's functional currency.

4. Analysis of results

Revenue, operations, profits and net assets are attributable entirely to its single business segment of selling pizzas. The Company's turnover and trading results arise entirely in Switzerland. Turnover and results are from continuing activities.

The Board measures performance by using the EBITA (earnings before interest, tax and amortization) performance measure.

5. Earnings (loss) per share ('EPS')

The calculation of basic earnings / (loss) per share is based on the following data:

	30 June 2008	30 June 2007	31 December 2007
Number of issued shares of CHF 2.10 each	4,822,860	4,822,860	4,822,860
The weighted average number of shares in circulation during the period/year is	4,822,860	4,822,860	4,822,860
Loss for the period	(1,314,893)	(552,714)	(2,003,557)
Basic earnings (loss) per share	(0.27)	(0.11)	(0.42)

The directors consider that there is no dilutive effect of share options issued on EPS because the listed market value of the Company's shares is substantially lower than the exercise price so that it is most improbable that the options would be exercised at their respective exercise prices as set out in Note 6 below.

6. Share capital and share premium :

The Company has one class of share carrying the same voting and dividend distribution rights.

At 30 June 2008 the number of shares in circulation was 4,822,860 shares of CHF 2.10 each, giving a total subscribed and fully paid up share capital of CHF 10,128,006.

	30 June 2008 CHF	30 June 2007 CHF	31 December 2007 CHF
Share capital			
Allotted, issued and fully paid up	10,128,006	10,128,006	10,128,006
Share premium on issue of new shares	1,939,535	4,348,500	4,348,500
Less charges of raising finance	-	(2,388,965)	(2,388,965)
Share premium balance at end of period / year	1,939,535	1,939,535	1,939,535
<i>Number of shares of CHF 2.10 each</i>	<i>4,822,860</i>	<i>4,822,860</i>	<i>4,822,860</i>

On 1st August 2005, the general meeting of shareholders of the Company approved a stock option plan for the benefit of the employees and directors. None of the options has been exercised.

Share options issued.

At 30 June 2008 the following share options have been issued to members of the Board of directors:

- at exercise price of GBP 1.85	388,812
- at exercise price of GBP 1.15	48,299
- at exercise price of GBP 0.90	<u>21,411</u>

7. Taxation

There is no taxation charge because the Company has incurred losses in the current period and prior financial years so that the tax losses are available to offset the profits of the financial period/ year 2008 and 2007.

8. Exceptional income (charges)

Exceptional income and charges include items relating to prior periods, exceptional advertising and marketing charges incurred in respect of opening of new stores and charges in respect of re-organisation of the business. They are summarised as follows:

	30 June 2008	30 June 2007	31 December 2007
Professional & legal fees on the re-organisation of the Company	350,051	-	20,000
Charges in respect of opening of new stores and extension of business	-	-	99,627
Previous directors' compensation and benefits	413,113	-	804,732
Total	<u>763,164</u>	-	<u>924,359</u>

9. Deferred tax asset

The Company has tax losses available to reduce taxable profits in future periods. Having regard to the forecast of operations and results over the years 2009-2011, the directors consider that the potential future tax savings available in Switzerland should be recorded in these financial statements as a deferred tax asset.

10. Contractual commitments

The Company has contractual commitments to pay performance remuneration to directors which is conditional on the Company achieving performance targets. Provisions for these charges have not been made in these accounts until those targets are met.

This information is provided by RNS
The company news service from the London Stock Exchange

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