



Global Brands S.A.
Annual Report 2008
(IFRS)



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COMPANY INFORMATION

Global Brands S.A. is a public limited liability company incorporated under the laws of Luxembourg on 6 July 1999 by a notary act drawn up by Maitre Alex Weber, a notary residing in Luxembourg. The act was published in the legal gazette, the Mémorial C N° 723 of 29 September 1999. A branch has been opened in Zürich through which Global Brands S.A. carries on its principal trading activity in Switzerland.

Registered number:	RCS Luxembourg B 70673
Registered office:	24 rue Jean l'Aveugle L - 1148 Luxembourg Postal Box 864, L - 2018
Branch Registered Address:	Schaffhauserstrasse 34 8006 Zürich Switzerland
Board of Directors:	Roberto Avondo Bruce Vandenberg Simon Bentley
Nominated Adviser:	ZAI Corporate Finance Ltd 12 Camomile Street London EC3A 7PT
Broker:	Alexander David Securities Limited 10 Finsbury Square London EC2A 1AD
Independent Auditors:	PKF ABAX Audit Luxembourg 7, rue Thomas Edison L - 1145 Luxembourg - Strassen
Registrar in the UK:	Computershare Investor Services Plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Registrar in Luxembourg:	International Corporate Services s.à.r.l. 24 rue Jean l'Aveugle L - 1148 Luxembourg Postal Box 864, L - 2018

VICE CHAIRMAN'S STATEMENT

Introduction

Global Brands S.A. ("Global Brands" or the "Company") is the exclusive master franchisee of Domino's Pizza in Switzerland, Luxembourg and Liechtenstein.

Domino's Pizza Inc. ("Domino's") was founded in the United States of America in 1960 and is the world's leading pizza delivery brand with over 8,500 stores in more than 50 countries.

Our Company is traded on AIM, a market operated by the London Stock Exchange under the company code "GBR". The share price and regulatory information are available on the Company's website www.globalbrands.ch.

Post Balance Sheet Events

As announced on 20 March 2009, the non Executive Directors and I decided to suspend Mr Yair Hasson, and Mr Amir Hasson from all operational duties pending an investigation into their day to day management of the Company. We took this action in what we believed to be the best interests of the Company, its employees and the shareholders. Pending the outcome of the investigation, we requested that dealing in the ordinary shares of the Company on AIM be suspended with immediate effect.

On 14 May 2009, at a duly convened General Meeting, the resolution to dismiss Mr. Yair Hasson and Mr. Amir Hasson from the Board of the Company was passed by a majority of the votes cast.

On 20 May 2009, the Company announced that it had terminated, with immediate effect, the engagement of Mr Yair Hasson, pursuant to the terms of Mr Hasson's Appointment Agreement with the Company dated 11 February 2008. The Company terminated Mr Yair Hasson's engagement with the Company prior to the conclusion of its investigation because of Mr Yair Hasson's failure to comply with the terms of his suspension from the Company.

On 8 June 2008, the Directors announced that, following a formal disciplinary process, they had decided to terminate Mr Amir Hasson's engagement with immediate effect. The Directors took this decision on the grounds that there had been fundamental breaches by Mr Amir Hasson of the terms of his Appointment Agreement with the Company dated 11 February 2008.

Following the termination of Mr Yair and Amir Hasson's engagement, the Directors are currently reviewing the existing management structure of the Company and considering further appointments, which will be announced in due course. In the meantime, my fellow directors and I will continue to be responsible for the day to day operations of the Company.

In addition, a financial investigation into the Company revealed:

- significant and mounting unpaid current liabilities during the year to 31 December 2008;
- a sharp deterioration in net working capital (*being current assets less current liabilities*) which fell from a positive position of CHF 323K at 31 December 2007 to a negative position of CHF 2,169K at 31 December 2008;

The Directors have taken the following steps to stabilise the Company's financial situation by:

- actively assuming responsibility for the day to day operations;
- obtaining an undertaking from its major shareholder, NobleRock Capital sàrl (*formerly Belvia sàrl*) to provide financial support for the Company's position; and
- taking steps to reduce the Company's expenditure on overheads.

My fellow Directors and I are extremely disappointed with the events that led to the current situation. However, we believe that the Company has now been stabilised and it can turn its attention once again to developing the business over the longer term.

2008 operating and financial summary

Against the above background, the Company announces its annual results for the year ending 31 December 2008.

The table below summarises the performance and financial situation:

	31 December		Increase (decrease)
	2008 CHF '000's	2007 CHF '000's	
Turnover	11,692	10,932	6.95%
EBITDA	(1,948)	(476)	(308.62%)
Net loss for the year	(3,059)	(2,004)	(52.68%)
EPS (loss) per share	(0.63)	(0.42)	(50%)
Shareholders' equity	1,100	4,158	(73.56%)

On the positive side, our stores continue to deliver revenue growth with an increase of 6.95 per cent. in sales for the year 2008. The Company had eleven stores in operation in the major cities of Basel, Geneva, Lausanne and Zürich and the important towns of Neuchâtel and Renens. A new store in Basel was opened in the third quarter of 2008. The combined stores were operationally profitable.

However the operating profit generated by the stores was insufficient to absorb indirect overhead expenditure and extraordinary items relating to the reorganisation of the management and sale of shares to Noble Rock sàrl sàrl ("formerly Belvia sàrl.") in February 2008. The severance payment to former director, Dov Lachovitz, was CHF 300,000. A further severance payment of CHF 110,000 was made to Yossi Moldawsky but this was subsequently repaid to the Company during the year. Professional fees related to the transaction amounted to CHF 287,000.

The Directors consider it prudent to retain a provision of CHF 726,863 made in the 2007 accounts to cover amounts that that may have to be paid to employees in order to comply with Swiss regulatory requirements relating to minimal compensation and benefits that came into effect during 2005.

In March 2008, a claim for CHF 77,869 was made by a former director, and a provision for this claim was made in the 2007 accounts. The claim has subsequently been settled at CHF 33,200 and the 2008 accounts have been adjusted accordingly.

Finally, as noted in the 2007 accounts, there are claims against the Company by former employees. The Directors contest the claims but cannot forecast the outcome. One of these claims was settled in 2008 and the total provision of CHF 110,000 for such items has been reduced to CHF 75,000.

The resulting EBITDA (*Earnings before Interest, Tax, Depreciation & Amortisation*) was a loss of CHF 1.9 million. After taking into account depreciation, amortisation, a write down of the deferred tax asset of CHF 495.8K, financial charges and income, the final result was a loss of CHF 3 million.

As at 31 December 2008, the Company had cash resources of CHF 1.6 million but trade and other current creditors (*excluding provisions*) amounted to CHF 3.3 million. The Company has obtained an irrevocable undertaking from NobleRock Capital sàrl, to provide financial support for an amount up to CHF 1 million until 30 June 2010 to settle the Company's obligations as they come due. The Company will also explore further funding opportunities during the year.

Other corporate developments during the year 2008

On 12 February 2008, the Company announced the completion of the sale of 2,505,860 ordinary shares of CHF 2.10 to NobleRock Capital sàrl (formerly Belvia sàrl .), a Luxembourg company, representing 51.96 per cent of the issued share capital of the Company. Following a meeting of the Board of Directors, both Mr. Yossi Moldawsky, Executive Chairman, and Mr. Dov Lachovitz, Chief Executive Officer, resigned from the Board with immediate effect. Mr. Yair Hasson and Mr. Roberto Avondo were appointed immediately to the Board as Executive Chairman and Executive Vice Chairman respectively. On 2 June 2008, Mr. Amir Hasson was appointed executive director and Messrs Bruce Vandenberg and Simon Bentley were appointed as non-executive directors.

Trading Outlook

Despite the current circumstance and the general economic environment, the Directors are confident about the mid and long term prospects for the Company.

The key strengths of the business are:

- a distinctive product brand;
- an emphasis on consistently high quality product as a result of stringent selection of high quality ingredients;
- an emphasis on speedy delivery and service to customers;
- staff training, exacting brand standards and the use of standardised processes;
- a loyal customer base;
- a market leading position;
- a cash generative business model at the operational level; and
- a business model that provides opportunities to roll-out further new stores at a low investment cost.

The effect of the economic recession on the Company remains uncertain, but Management is confident that its value for money products and quality service will sustain demand.

Business expansion through new stores will be constrained by funding available to the Company and the willingness of Swiss banks to offer corporate loan facilities. However, we believe in the strength of Domino's brand and the soundness of the business model. On this basis, in close cooperation with NobleRock Capital sàrl, we will continue to seek and explore opportunities to develop new stores and curb overheads in order to bring the Company on to a profitable track in the foreseeable future.

Finally, I would like to thank my co-directors and our staff for their valuable contribution and dedication during this difficult period.

12 June 2009



Roberto Avondo
Vice Chairman

DIRECTORS' REPORT

The Directors are pleased to submit their annual management report and audited financial statements for the year ended 31 December 2008.

For the purpose of filing with AIM, financial statements have been prepared and presented using International Financial Reporting Standards ("IFRS"). Statutory annual accounts presented in accordance with Luxembourg law are also drawn up and these are available at the registered office and the Registrar of Commerce and Societies in Luxembourg. The statutory annual accounts are presented in accordance with Luxembourg law which has adopted the EEC Fourth Directive on the presentation and content of annual accounts and are drawn up in accordance with Luxembourg generally accepted accounting policies. The principal differences between IFRS financial statements and Luxembourg statutory annual accounts are:

- IFRS permits the recognition of a deferred tax asset in respect of expected foreseeable benefits arising from tax losses. Luxembourg law does not allow the recognition of unrealised earnings.
- pre-opening costs are charged directly to profit and loss account under IFRS, but they may be amortized over 5 years under Luxembourg law.
- prior year adjustments are charged to equity under IFRS, but are taken to extraordinary charges/income under Luxembourg law.

Principal activity

Global Brands S.A. ("Global Brands" or the "Company") is the exclusive master franchisee of Domino's Pizza in Switzerland, Luxembourg and Liechtenstein.

Domino's Pizza Inc. ("Domino's") was founded in the United States of America in 1960 and is the world's leading pizza delivery brand with over 8,500 stores in more than 50 countries.

The Company's registered office is in Luxembourg but trading is carried out through its main branch in Zurich.

A review of the business is contained in the Vice Chairman's statement.

Going Concern

At 31 December 2008 current liabilities, including provisions, of the Company exceeded its current assets by CHF 2,169.8K. Major shareholder NobleRock Capital sàrl has given an irrevocable undertaking to provide to provide financial support for an amount up to CHF 1 million until 30 June 2010 to settle the Company's obligations as they come due. The Company will also explore further funding opportunities during the year.

On this basis, the directors consider it is appropriate to draw up financial statements on a going concern basis for the foreseeable future.

Business and financial risk management

Information on business and financial risk management is given in note 25 of the accompanying financial statements.

Capital investments in the business

Investments in new stores, equipment and vehicles were made for CHF 492.4K, financed partly by finance lease contracts.

The store in Renens has been reclassified as a freehold property in the balance sheet at 31 December 2008. The rate of depreciation has been amended accordingly.

Details of intangible and tangible assets are set out in notes 13 and 14 of these financial statements.

Deferred tax asset

Having regard to the 2008 loss, the Directors have decided to write down the deferred tax asset of CHF 1,136K which was built up during the years 2005 to 2007 and recorded in the IFRS balance sheet as a deferred tax asset. The Directors have decided to carry forward deferred tax assets of CHF 640K for 2008 representing 25 per cent. of the pre tax losses for 2008.

The net effect is a charge to the profit and loss of CHF 495.8K.

Post year end events

Other than as noted in the Vice Chairman's report, there are no material events since the year end that would affect the Company's financial position as established at 31 December 2008. We believe in the strength of Domino's brand and the soundness of the business model. On this basis, in close cooperation with NobleRock Capital sàrl, we continue to seek and explore opportunities to develop new stores, grow operating margins and curb overheads in order to bring the Company on to a profitable track in the foreseeable future.

Directors

The members of the Board of Directors during the year ended 31 December 2008 are:

		<i>Appointed</i>	
Robert Avondo	<i>Executive Vice Chairman</i>	12.02.2008	
Bruce Vandenberg	<i>Non Executive Director</i>	02.06.2008	
Simon Bentley	<i>Non Executive Director</i>	02.06.2008	
Yair Hasson	<i>Executive Chairman</i>	12.02.2008	Dismissed on 14.05.2009
Amir Hasson	<i>Chief Executive Officer</i>	02.06.2008	Dismissed on 14.05.2009

Resignations in connection with reorganisation of the Board of Directors of February 2008

Yossi Moldawsky	Resigned on 12.02.2008
Dov Lachovitz	Resigned on 12.02.2008
Christopher Bodker	Resigned on 06.03.2008
Amir Raveh	Resigned on 02.06.2008
Matei Lecca	Resigned on 30.09.2008

Director's interests

Mr Yair Hasson has declared that he holds 225,362 shares (4.67 per cent.) of the Company's shares. These shares are held through OMX Securities Nominees Ltd. In addition, the shares are charged to the Israel Discount Bank as security to support credit facilities granted to Mr Yair Hasson.

Share option scheme

In order to assist in the retention and motivation of directors and employees, the shareholders of the Company approved a Share Option Plan. Under the Share Option Plan, the Company may grant options up to 10 per cent. of its issued share capital from time to time. The Company had issued options exercisable into new Ordinary Shares to former directors as follows which expire in the years 2015-2016.

<i>Number of options in circulation</i>		
<i>2008</i>	<i>2007</i>	<i>Exercise Price</i>
388,812	388,812	£1.85
48,229	48,229	£1.15
21,411	21,411	0.90p

No share options have been exercised.

Shareholders

Since February 2008 the Company is controlled by NobleRock Capital sàrl ., a Luxembourg company, which holds 51.96 per cent. of the Company's issued shares. The ultimate beneficial owner of NobleRock Capital sàrl is Mr. Alexandre Gaydamak.

The following persons and companies had an interest of 3 per cent. or more in the issued share capital of the Company at 13 May 2009:

	<i>% of issued share capital</i>
NobleRock Capital sàrl	51.96%
Peter O'Reilly	13.9%
Yossi Moldawsky	6.97%
Yair Hasson	4.67%
Euroclear Nominees Ltd	3.84%
Barclayshare Nominees Ltd	3.79%

Corporate Governance

The Directors acknowledge their responsibility for good corporate governance as set out in the Combined Code and support its main provisions in so far as they are appropriate to a company of the size of Global Brands at its stage of development.

Directors

The Directors recognise their duty of due care in the management and administration of the Company. The Board comprised of five Directors as at 31 December 2008 and currently comprises three Directors. Other Directors, including a CEO, will be appointed in due course.

The role of the Board is to determine the Company's strategy and monitor performance and achievement of its business objectives. The Board meets at least four times a year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for consideration on all significant strategic and operational matters.

The independent non-executive Director is considered by the Board to be independent of Management and free from any business or other relationship, which could materially interfere with the exercise of his independent judgment. Directors have the facility to take external independent advice in furtherance of their duties at the Company's expense.

The Board delegates certain of its responsibilities to the Audit and Remuneration Committees of the Board. These Committees operate within clearly defined terms of reference.

Accountability and Audit

1. *Directors' Responsibilities*

The Directors are required to prepare financial statements, which give a true and fair view of the state of the Company's financial position as at the end of the period and of the Company's profit/loss for the year. The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Company. They have a duty of care and general responsibility to implement internal controls to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Appropriate accounting policies, which follow generally accepted accounting practices, are set out the notes to the accounts, and these have been applied consistently. In addition reasonable and prudent judgments and estimates have been used in the preparation of the financial statements.

2. *Audit Committee and Auditors*

The Audit Committee, assists the Board in meeting its responsibilities in respect of external financial reporting and internal controls. The Audit Committee also keeps under review the scope and results of the external audit. It also considers the cost effectiveness, independence and objectivity of the auditors taking account of any non-audit services provided by them.

3. *Remuneration Committee*

The Remuneration Committee comprises the non-executive Directors. It meets at least twice a year and has a primary responsibility to review the performance of executive directors and senior employees and set the scale and structure of their remuneration having due regard to the interests of shareholders.

4. *Internal Controls*

The Directors are responsible for maintaining a sound and effective system of internal financial and operational controls. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's system is designed to provide reasonable assurance that significant errors and irregularities are identified on a timely basis and dealt with appropriately.

In carrying out their responsibility, the Directors have put in place a framework of financial budgetary controls to ensure as far as possible that ongoing financial performance is monitored in a timely manner, that corrective action is taken and that risk is identified as early as practically possible.

The Board, subject to delegated authority, reviews capital investment, sales and purchases, additional borrowing facilities, guarantees and insurance arrangements.

Corporate Social Responsibility

The Company is committed to delivering the highest standards of product and service to its customers. We make every effort to be an equal opportunities employer and are committed to investing in our team members through market-leading remuneration, training and development and health and safety.

Appropriation of results in the statutory accounts

In order to maintain a consistency between the IFRS accounts and Luxembourg statutory annual accounts, the Board proposes to transfer CHF 2,388,965 of the losses to the share premium account in the Luxembourg statutory accounts. This internal transfer has no effect on shareholder's equity as stated under IFRS and Luxembourg GAAP.

Auditors

The re-appointment of PKF ABAX Audit Luxembourg as independent auditors will be proposed at the forthcoming Annual Meeting. Their report on these financial statements is included in this Annual Report.

Annual General Meeting

In accordance with article 17.1 of the Company's articles of incorporation, the Annual General Meeting is to be held on 1 June each year. This would have been on Monday, 1 June 2009. In light of the investigation into the management of the Company's affairs, the Annual General Meeting was postponed for a period of four weeks. The convening notice to shareholders will be sent to registered shareholders at least two weeks before the meeting.

On behalf of the Board

12 June 2009



Roberto Avondo



Bruce Vandenberg

To the Shareholders of
Global Brands S.A.

24 rue Jean l'Aveugle
L - 1148 Luxembourg

Report on the financial statements

Following our appointment by the General Meeting of the Shareholders dated June 2, 2008, we have audited the accompanying financial statements of Global Brands S.A. (hereafter "the company"), which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the Réviseur d'Entreprises

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the Réviseur d'Entreprises, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the Réviseur d'Entreprises considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Global Brands S.A. as of December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw attention to comments made in the Vice Chairman's statement and Directors report and the Note 4 to the financial statements which indicate that the Company incurred a net loss of CHF 3,059,061 during the year ended December 31, 2008 and, as of that date, the Company's current liabilities exceeded its total current assets by CHF 2,169,777. At December 31, 2008 the accumulated losses exceed more than 75% of the share capital and share premium account. Global Brands S.A. has received an irrevocable commitment from a major shareholder to provide financial support to the company, up to CHF 1 million, in view of settling its debt obligations as they become due and to support the investment pertaining to the development of the business. A comfort letter in this respect was signed on June 12, 2009.

Furthermore we draw your attention to the post balance sheet events as described in the vice chairman's statement relating to the dismissal of Mr Yair Hasson and Mr Amir Hasson as Executive Directors and the termination of their respective appointment agreements. At the date of our report we are not aware of any elements related to their dismissal and termination that would have led to material misstatements of the financial statements.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the financial statements.

Luxembourg, June 12, 2009



Tom Pfeiffer
Partner

PKF Luxembourg
Réviseurs d'Entreprises



Ronald Weber
Partner

Statement of Income
(Expressed in Swiss francs)

	<i>Notes</i>	<i>2008 CHF</i>	<i>2007 CHF</i>
Revenue from sales	6	11,692,653	10,932,589
Cost of sales		<u>(2,799,448)</u>	<u>(2,414,487)</u>
Gross profit		8,893,205	8,518,102
Staff costs	8	(7,129,173)	(5,897,459)
Administrative expenses	9	<u>(3,712,295)</u>	<u>(3,097,439)</u>
Loss from operations before depreciation & amortisation		(1,948,263)	(476,796)
Depreciation and amortisation	13 & 14	<u>(692,238)</u>	<u>(1,045,502)</u>
Loss from operations before financial result		(2,640,501)	(1,522,298)
Interest and financial income	10	84,482	106,939
Interest and financial charges	11	<u>(7,238)</u>	<u>(67,457)</u>
Loss on ordinary activities	6	(2,563,257)	(1,482,816)
Charges in relation with extension of the business		—	(99,627)
Provisions for charges	22	—	(824,732)
Write down in value of deferred tax asset	16	(495,804)	—
Deferred tax credit	16	<u>—</u>	<u>403,618</u>
Loss for the year		<u><u>(3,059,061)</u></u>	<u><u>(2,003,557)</u></u>
<i>Basic earnings/(loss) per share</i>	7	(0.63)	(0.42)

The accompanying notes 1 to 28 form an integral part of these financial statements.

Balance Sheet

(Expressed in Swiss francs)

	<i>Notes</i>	<i>2008 CHF</i>	<i>2007 CHF</i>
ASSETS			
Non-current assets			
Intangible assets	13	140,108	174,327
Property, plant and equipment	14	2,231,900	2,394,670
Financial assets	15	304,837	145,171
Deferred tax asset	16	640,814	1,136,618
Total non-current assets		<u>3,317,659</u>	<u>3,850,786</u>
Current assets			
Stocks	17	245,354	227,748
Trade and other receivables	18	113,051	150,760
Cash at banks and in hand		<u>1,624,992</u>	<u>2,775,455</u>
Total current assets		<u>1,983,397</u>	<u>3,153,963</u>
Total assets		<u><u>5,301,056</u></u>	<u><u>7,004,749</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Called up share capital	19	10,128,006	10,128,006
Share premium	19	1,959,535	1,959,535
Accumulated losses		<u>(10,987,796)</u>	<u>(7,928,735)</u>
Shareholders' equity		<u>1,099,745</u>	<u>4,158,806</u>
Non-current liabilities			
Obligations under finance leases	20	<u>48,137</u>	<u>15,257</u>
Total non-current liabilities		<u>48,137</u>	<u>15,257</u>
Current liabilities			
Trade and other payables	21	3,311,865	1,870,174
Provisions for other liabilities and charges	22	801,863	914,732
Obligations under finance leases	20	<u>39,446</u>	<u>45,780</u>
Total current liabilities		<u>4,153,174</u>	<u>2,830,686</u>
Total equity and liabilities		<u><u>5,301,056</u></u>	<u><u>7,004,749</u></u>

The accompanying notes 1 to 28 form an integral part of these financial statements.

Statement of Cash Flows
(Expressed in Swiss francs)

	<i>Notes</i>	<i>2008</i> <i>CHF</i>	<i>2007</i> <i>CHF</i>
OPERATING ACTIVITIES			
Net cash flows applied to operations activities before movements in working capital	27	(1,890,782)	(641,465)
Decrease/(increase) in stocks		(17,606)	(12,774)
Decrease/(increase) in trade and other receivables		37,709	(25,905)
Increase/(decrease) in creditors and provisions		1,328,822	(403,456)
Net cash flows applied to operations		<u>(541,857)</u>	<u>(1,083,600)</u>
INVESTING ACTIVITIES			
Payments to acquire fixtures, equipment motor vehicles and software		(423,223)	(500,656)
Interest received		(159,666)	106,939
Deposits (made) repaid		24,629	(50,856)
Net cash flows (outflows) from investing activities		<u>(558,260)</u>	<u>(444,573)</u>
FINANCING ACTIVITIES			
Payments under finance lease obligations		(45,480)	(52,771)
Interest paid		(4,866)	(2,415)
Net cash flows (outflows) from financing activities		<u>(50,346)</u>	<u>(55,186)</u>
Increase (decrease) in cash & cash equivalents during the year		<u>(1,150,463)</u>	<u>(1,583,359)</u>
Cash and cash equivalents:			
– balance at beginning of the year		2,775,455	4,358,814
– balance at end of the year		<u>1,624,992</u>	<u>2,775,455</u>
Increase (decrease) in cash & cash equivalents during the year		<u>(1,150,463)</u>	<u>(1,583,359)</u>
Cash and cash equivalents are represented by:			
Cash at banks and in hand		1,624,992	2,775,455
Due to banks		<u>—</u>	<u>—</u>
Net cash and cash equivalents at end of the year		<u><u>1,624,992</u></u>	<u><u>2,775,455</u></u>

Statement of Movements in Shareholders' Equity
(Expressed in Swiss francs)

	<i>Called up share capital CHF</i>	<i>Share premium CHF</i>	<i>Accumulated losses CHF</i>	<i>Total CHF</i>
Balance at 31 December 2006	10,128,006	1,959,535	(5,925,178)	6,162,363
Loss for the year 31 December 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 the year 31 December 2008	—	—	(3,059,061)	(3,059,061)
Balance at 31 December 2008	<u>10,128,006</u>	<u>1,959,535</u>	<u>(10,987,796)</u>	<u>1,099,745</u>

Notes to the Financial Statements

1 Statutory information

Global Brands S.A. (the “Company”) was incorporated under the laws of Luxembourg on 6 July, 1999 by notary act prepared by Maitre Alex Weber, notary residing in Luxembourg. The act was published in the legal gazette, the Mémorial C N° 723 of 29 September 1999. The Company is registered under number B 70673 at the Register of Commerce and Societies in Luxembourg (Registre de Commerce et des Sociétés (R.C.S.)) The registered office is in Luxembourg. A branch has been opened in Switzerland where it carries on its principal trading activity.

2 Activities

The Company has acquired the Domino’s franchise licences, concessions and rights for Switzerland, Lichtenstein and Luxembourg. Its current activities consist of the promotion, manufacture and sale of Domino’s Pizza.

3 Directors’ responsibility

The annual report and financial statements drawn up under IFRS were approved by the Board of Directors on 10 June 2009. The IFRS financial statements may be changed only by the Board of Directors and are not subject to approval by shareholders.

The statutory annual accounts for the year ended 31 December 2008 are drawn up in accordance with Luxembourg law and they will be submitted to shareholders for approval at the annual general meeting. Statutory annual accounts for the year ended 31 December 2007 have been approved by shareholders and have been filed at the R.C.S. in Luxembourg.

4 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) under the historical cost convention using accounting policies on a basis consistent with those adopted for the prior year, and on a going concern basis. The IFRS financial statements differ from the statutory accounts as follows:

- IFRS permits the recognition of a deferred tax asset in respect of expected foreseeable benefits arising from tax losses. Luxembourg law does not allow the recognition of unrealised income.
- IFRS permits that capital issue costs are charged against the share premium account, whereas under Luxembourg law they are charged to the Income Statement, either fully or amortised over a maximum period of five years.
- pre-opening costs of stores are charged directly to profit and loss account under IFRS, but they may be amortized over 5 years under Luxembourg law.
- prior year adjustments are charged to equity under IFRS, but are taken to extraordinary charges/ income under Luxembourg law.

The financial statements are stated in Swiss Francs (‘CHF’) which is the currency of the issued share capital of the Company and the Company’s functional currency.

Comparative figures

In instances where reclassification of amounts has been made, comparative figures of the previous year have been modified to provide a comparable basis. These reclassifications have no effect on the results and net equity.

Going concern

The Company’s current liabilities and provisions for charges exceed its current assets by CHF 2.1 million which indicates that the Company may not be able to continue as a going concern. The Company’s major shareholder, NobleRock Capital sàrl has given an irrevocable undertaking to provide to provide financial support for an amount up to CHF 1 million until 30 June 2010 to settle the Company’s

obligations as they come due. Accordingly these financial statements have been prepared on the basis that the Company will continue as a going concern for the foreseeable future. In the event that financial support is discontinued and the Company is placed into dissolution, further adjustments would be required to provide for charges to wind up the Company's affairs and to restate the value of assets to their net realisable value.

Use of estimates

Accounting estimates and assumptions are used in the preparation of these financial statements, notably in respect of depreciation and amortisation of fixed assets, provisions for uncollectible amounts, valuation of stocks and provisions for charges. These estimates are based on the directors' best knowledge of current events and actions, although actual results may ultimately differ from those estimates.

5 Summary of significant accounting policies

Revenue recognition

Sales revenue is the amount receivable by the Company for goods supplied and services provided after deducting sales taxes and discounts. Revenue is recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis by reference to the principal outstanding and the interest rate applied.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by equal annual instalments over their expected useful lives. Land is not depreciated.

The expected useful lives generally applicable are:

Freehold buildings: 50 years

Fixtures, fittings and stores equipment: 6 to 10 years, or over the life of the store lease.

Furniture and office equipment: 3 to 4 years.

Motor vehicles: 3 to 7 years.

Fixtures, fittings and stores equipment are depreciated initially over the primary life of the lease, normally 5 to 6 years. In the event that leases are renewed and extended, depreciation is re-calculated over the extended period of the lease.

Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially the economic ownership of the asset to the lessee. Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. They are capitalised at their fair value at the date of acquisition, or if lower, at the present value of the minimum lease payments. The interest element of leasing payments representing a constant proportion of the capital balance outstanding is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the term of the lease.

Intangible assets

Intangible assets acquired are stated at cost less accumulated amortisation and impairment losses. Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged on a straight-line basis over the estimated useful economic life and charged from the date the asset is available for use. The useful lives are estimated as follows:

Licences: 15 years, being the period of the operating franchise licence

Software: 2 to 3 years

The carrying values are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of the asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

Financial assets

Financial assets representing guarantee bank deposits are stated at fair values.

Deferred taxation

Deferred tax payable is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information tables. The principal temporary differences arise from depreciation of property, plant and equipment, tax losses carried forward and on the difference between the fair values of the net assets acquired and their tax base.

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Non-provided deferred tax is disclosed as a contingent liability.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be sufficient and available against which the existing tax losses can be utilised. Deferred tax assets are reviewed at each balance sheet date to determine the expected timing of their realisation and whether there is an impairment in their book carrying value.

Stocks

Stocks are stated at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items. Cost of raw materials, finished goods and consumables comprises the invoiced value of the goods.

Debtors and receivables

Debtors and receivables are stated at their nominal value, less provision for estimated irrecoverable amounts.

Financial instruments

The Company's financial instruments consist of long term bank deposits, cash, bank current accounts, short term bank deposits, trade receivables, other receivables, accrued income, trade payables, obligations under finance lease contracts, loans, other accounts payable and accrued liabilities. The fair value of the financial instruments approximates their carrying values.

Foreign currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank guarantee deposits are considered to be investing activities; bank borrowings are considered to be financing activities. The balances represent their fair value. Short term bank overdrafts are obtained to meet working capital needs.

Trade payables

Trade payables are stated at their nominal amounts.

Borrowings

Loans and bank overdrafts are recorded at the proceeds amount. Interest and financial charges, including premiums payable on repayment, are accounted for on an accrual basis and are added to the amount of the debt.

Interest expense is accrued on a time basis by reference to the principal outstanding and the interest rate applied.

Pension schemes

The Company makes contributions to the government pension plans. Contributions are charged to the profit and loss account. The Company does not operate a defined pension contribution scheme or defined pension benefit scheme for its employees and directors.

6 Revenues and results

Business segment

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

Geographical segment

Turnover and results are attributable primarily to Switzerland. There are no trading revenues in Luxembourg.

The loss on ordinary activities before taxation is stated after charging or crediting:

	<i>2008</i>	<i>2007</i>
	<i>CHF</i>	<i>CHF</i>
Depreciation of:		
– property, plant and equipment owned	547,516	921,384
– property, plant and equipment held under finance leases	107,857	79,531
Amortisation of intangible fixed assets	36,865	44,588
Included in administration expenses are:		
– operating lease rental charges	462,058	396,968
– auditors' remuneration – audit services	38,590	42,900
Foreign currency gain (loss)	56,868	(42,848)

7 Earnings (loss) per share (EPS)

The calculation of the basic earnings per share is determined on the loss attributable to ordinary shareholders divided by the weighted average number of shares in issue during the year. The elements used in the calculation are:

	<i>2008</i>	<i>2007</i>
Number of issued shares of CHF 2.10 each	<u>4,822,860</u>	<u>4,822,860</u>
The weighted average number of shares in circulation during the year was:	<u>4,822,860</u>	<u>4,822,860</u>
	<i>CHF</i>	<i>CHF</i>
Loss for the year	<u>(3,059,061)</u>	<u>(2,003,557)</u>
Basic earnings (loss) per share	<u>(0.63)</u>	<u>(0.42)</u>

The directors consider that there is no dilutive effect of 458,452 share options issued because the fair price of the shares is substantially lower than the exercise price so that it is most improbable that the options would be exercised in the foreseeable future at their exercise price of £1.85, £1.15 and £0.90.

8 Staff costs

	2008 CHF	2007 CHF
Wages and salaries	5,642,275	4,735,545
Social security and state pension costs	531,066	475,142
Fees and costs of the Board of Directors	929,234	625,692
Other staff costs	26,599	61,080
	<u>7,129,173</u>	<u>5,897,459</u>
	CHF	CHF
Salaries and fees of directors and of companies under their control amounted to:	<u>873,560</u>	<u>625,692</u>
Remuneration to key members of management amounted to:	<u>393,830</u>	<u>320,829</u>

Social security costs comprise the Company's legal obligations to contribute to the Swiss State national health and pension funds and private pension plans of certain employees. There is no Company private pension scheme in force for the directors.

The average number of employees by category was:

	N°	N°
Production and sales distribution	217	248
Administration	5	5
	<u>222</u>	<u>253</u>

9 Administrative expenses

	2008 CHF	2007 CHF
Marketing costs and royalties	980,165	1,051,558
Administration and general expenses	2,732,130	2,045,881
	<u>3,712,295</u>	<u>3,097,439</u>

10 Interest and financial income

	2008 CHF	2007 CHF
Interest income	27,614	106,939
Foreign currency gains	56,868	—
	<u>84,482</u>	<u>106,939</u>

11 Interest and financial charges

	2008 CHF	2007 CHF
Finance lease interest	4,866	2,415
Foreign currency losses	—	42,848
Other financial charges	2,371	22,194
	<u>7,238</u>	<u>67,457</u>

12 Income tax expense

The Company is fully taxable in Luxembourg and Switzerland on profits realised from its operations. There were no taxable profits attributable to Switzerland and Luxembourg during the years 2008 and 2007. There is no taxation charge in Switzerland because the Company has incurred tax losses and no tax charge in Luxembourg because the Company has tax losses brought forward from previous years.

There were no taxable profits attributable to Luxembourg during the above years.

The tax charge is determined as follows:

	2008 CHF	2007 CHF
Pre tax loss for the year before tax	(2,563,257)	(2,003,557)
Swiss tax rate	25%	25%
Expected tax charge for the year:	—	—
The effective tax rates on profits are:		
Luxembourg	29.63%	29.63%
Switzerland	25.00%	25.00%

13 Intangible fixed assets

At cost, in thousands of Swiss Francs

	<i>Software CHF</i>	<i>Licences CHF</i>	<i>Total CHF</i>
Year 2008			
Gross carrying amount at cost at 01/01/2008	99.5	354.0	453.5
Additions	2.0	—	2.0
Gross carrying amount at 31/12/2008	101.5	353.9	455.5
Accumulated amortisation brought forward	(88.0)	(191.1)	(279.1)
Amortisation charge for the year	(11.8)	(24.5)	(36.3)
Net book value at 31/12/2008	<u>1.7</u>	<u>138.4</u>	<u>140.1</u>
Year 2007:			
Gross carrying amount at cost at 01/01/2007	91.3	353.9	445.2
Additions	8.2	—	8.2
Gross carrying amount at 31/12/2007	99.5	353.9	453.4
Accumulated amortisation brought forward	(67.9)	(166.6)	(234.5)
Amortisation charge for the year	(20.1)	(24.5)	(44.6)
Net book value at 31/12/2007	<u>11.5</u>	<u>162.8</u>	<u>174.3</u>

Licences include an initial payment of CHF 328,901 to acquire the operating franchise licence “Dominos Pizza” for a period of 15 years in Luxembourg, Liechtenstein and Switzerland. At 31 December 2008, the licence expires in the year 2014 and is subject to renewal.

14 Property, plant and equipment

At cost, in thousands of Swiss Francs

	Land and buildings CHF	Store fixtures, fittings & equipment CHF	Office furniture & equipment CHF	Motor vehicles CHF	Total CHF
Year 2008					
Gross carrying amount at cost at 01/01/2008	—	4,075.6	376.6	824.0	5,276.2
Reclassification	254.4	(254.4)	—	—	—
Additions	—	406.9	13.4	72.1	492.4
Reduction	—	—	—	(102.7)	(102.7)
Gross carrying amount at 31/12/2008	254.4	4,228.1	390.0	793.4	5,665.9
Less accumulated depreciation					
– brought forward	—	(1,996.1)	(290.4)	(595.0)	(2,881.5)
– depreciation charge for the year	(4.6)	(418.4)	(62.2)	(170.0)	(655.2)
– disposals depreciation	—	—	—	102.7	102.7
Net book value at 31/12/2008	<u>249.8</u>	<u>1,813.6</u>	<u>37.4</u>	<u>131.1</u>	<u>2,231.9</u>
Year 2007					
Gross carrying amount at cost at 01/01/2007	—	3,707.1	337.5	739.2	4,783.8
Additions	—	368.5	39.1	84.8	492.4
Gross carrying amount at 31/12/2007	—	4,075.6	376.6	824.0	5,276.2
Less accumulated depreciation					
– brought forward	—	(1,204.7)	(229.7)	(446.2)	(1,880.6)
– depreciation charge for the year	—	(791.4)	(60.7)	(148.8)	(1,000.9)
Net book value at 31/12/2007	<u>—</u>	<u>2,079.5</u>	<u>86.2</u>	<u>229.0</u>	<u>2,394.7</u>

Reclassification

The investment in the store in Renens has been reclassified as land and buildings since the Company holds freehold title. The respective depreciation of the building for the year 2008 has been modified to 2 per cent. per annum.

The depreciation charge figure for fixtures, fittings & store equipment includes an exceptional impairment charge of CHF 367,137 in 2007 in respect of write-off of installations relating to the closing of the stores in Luzern and Biel.

The net carrying amount of assets held under finance leases amounted to:

	2008 CHF	2007 CHF
Equipment	54,313	73,359
Motor vehicles	88,347	92,588
Total	<u>142,660</u>	<u>165,947</u>

15 Financial assets

	2008 CHF	2007 CHF
Bank guarantee deposits	<u>304,837</u>	<u>145,171</u>

Deposits are made with the Company's bankers as guarantees for lease of premises, stores and vehicles. They are stated at fair values.

16 Deferred tax asset

	2008 CHF	2007 CHF
Balance at beginning of year	1,136,618	733,000
Deferred tax credit (charge) for the year	—	403,618
Write down in value of deferred tax asset	(495,804)	—
Balance at end of year	<u>640,814</u>	<u>1,136,618</u>

The Directors have resolved to reduce the value of the deferred tax asset created in prior years and to carry forward the pre tax loss of the year 2008 against future available profits.

Luxembourg tax losses incurred in respect of Luxembourg operations have not been used to constitute a deferred tax asset since it is uncertain when those losses may be utilised.

The deferred tax was determined as follows:

	2008 CHF	2007 CHF
Swiss tax losses to set off against future profits:	<u>2,563,257</u>	<u>4,546,472</u>
Deferred tax asset on Swiss tax losses at a tax rate of 25%	<u>640,814</u>	<u>1,136,618</u>

Final tax assessments of the Swiss branch are outstanding. Final tax assessments have been received for Luxembourg to the year 2005. Tax losses in Luxembourg may be carried forward indefinitely.

17 Stocks

	2008 CHF	2007 CHF
Raw materials – foods and beverages	150,334	146,302
Other consumables	95,020	81,446
	<u>245,354</u>	<u>227,748</u>

All stocks are stated at cost which approximates their fair values. Provision is made for write down in value.

18 Trade and other receivables

	2008 CHF	2007 CHF
Amounts falling due within one year:		
Trade debtors	7,000	50,144
Other debtors, prepayments and accrued income	106,051	100,616
	<u>113,051</u>	<u>150,760</u>

19 Capital and reserves

Share capital

	2008 CHF	2007 CHF
Allotted, issued and fully paid up	<u>10,128,006</u>	<u>10,128,006</u>

Represented by 4,822,860 shares of CHF 2.10 each

The Company has one class of share which carries equal voting rights and rights to distributions of dividends from available retained earnings.

Stock option plan

On 1 August 2005, the general meeting of shareholders of the Company approved a stock option plan for the benefit of the directors and key employees. At 31 December 2008 and 2007 there were in circulation 388,812 options at £1.85, 48,299 options at £1.15 and 21,411 options at £0.90.

Share premium

	<i>2008</i>	<i>2007</i>
	<i>CHF</i>	<i>CHF</i>
Premium on issue of new shares	4,348,500	4,348,500
Less charges of raising finance	<u>(2,388,965)</u>	<u>(2,388,965)</u>
Share premium balance at end of year	<u>1,959,535</u>	<u>1,959,535</u>

Legal reserve

The Company is obliged to make a transfer of at least 5 per cent. of its annual net profits to a legal reserve. Retained losses are deducted in determining the amount of the annual transfer. This transfer ceases when the legal reserve is equal to 10 per cent. of the subscribed share capital, but recommences if it falls below this level. The legal reserve is not available for distribution, except on dissolution. A legal reserve is not required since the Company has accumulated losses.

20 Non-current liabilities

	<i>2008</i>	<i>2007</i>
	<i>CHF</i>	<i>CHF</i>
Obligations under finance leases and hire purchase contracts	<u>48,137</u>	<u>15,257</u>

Obligations under finance leases in respect of equipment and vehicles are for periods of two to five years and are recorded as liabilities in the balance sheet. The lease contracts bear interest at rates of between 5 per cent. and 5.7 per cent. and are repayable in fixed monthly instalments of principal capital and interest over the period of the lease. In the event that lease obligations are not fulfilled, the lessor has a right to recover the asset.

The leases to which these amounts relate expire as follows:

	<i>2008</i>	<i>2007</i>
	<i>CHF</i>	<i>CHF</i>
In one year or less (classified as a current liability)	39,446	45,780
Between one and five years (classified as a non-current liability)	48,137	15,257
In five years or more (classified as a non-current liability)	<u>—</u>	<u>—</u>
	<u>87,583</u>	<u>61,037</u>
Aggregate minimum lease payments due under the contracts inclusive of finance charges amount to:	<u>87,583</u>	<u>61,037</u>
The finance charges therein amount to	<u>4,866</u>	<u>2,415</u>

21 Trade and other payables

	<i>2008</i>	<i>2007</i>
	<i>CHF</i>	<i>CHF</i>
Amounts falling due within one year		
Trade creditors	2,091,494	1,135,534
Taxes and social security	391,266	135,533
Other creditors, accruals and deferred income	<u>829,105</u>	<u>599,107</u>
	<u>3,311,865</u>	<u>1,870,174</u>

22 Provisions for other liabilities and charges

	2008 CHF	2007 CHF
Charged in the current year		
Claims for compensation and benefits	726,863	804,732
Provisions for legal charges	75,000	110,000
	<u>801,863</u>	<u>914,732</u>

During 2008 Management has discussed labour relations in the Company's sector of activity with Swiss union representatives. The discussions included topics surrounding compliance with regulatory requirements relating to minimal compensation and benefits due to employees. One of the purposes was to clarify the amounts that may have to be paid to employees in order to comply with regulatory requirements relating to minimal compensation and benefits that came into effect during the course of 2005. The outcome of these discussions is uncertain and the related retroactive financial effect, if any, cannot be determined yet with sufficient accuracy. In this respect, the Directors consider it prudent to maintain a provision of CHF 726,863 in these accounts at 31 December 2008 to cover any potential liability that may arise. An additional provision of CHF 75,000 is made to cover other claims by former employees and directors.

23 Capital and contractual commitments

Under a franchise agreement with Domino's Pizza International Inc. USA, the Company has a commitment to pay US\$10,000 on the opening of every new store from the ninth store onwards. In addition the Company has to pay a royalty fee to Domino's Pizza International Inc. based on its sales and is required to set aside a percentage of its sales revenue for advertising and marketing.

Under contractual commitments, the Company is obligated to pay performance remuneration to directors which are conditional on the Company achieving performance targets.

24 Leasing commitments

Operating leases

The Company has commitments under several short-term and long-term operating leases in respect of its offices, stores and related parking. The offices and stores leases are for periods of 5 years, renewable, and with cancellation notice periods of six months before the expiry of the contract. In the event of cancellation before the expiry of the term of the lease, penalty cancellation charges are payable.

	2008 CHF	2007 CHF
Charge for operating leases for the year	462,058	396,968
The future minimum payments under these leases expire as follows:		
In one year or less	309,777	396,191
Between one and five years	442,173	931,052
In five years or more	93,690	334,850
	<u>845,640</u>	<u>1,662,093</u>

25 Financial risk management

The Company's turnover is dependent on a single product, being the production and sale of pizzas. Company's licence for Domino's pizza is limited to Switzerland, Liechtenstein and Luxembourg.

Sales are mainly carried out in cash or by credit card payments. Management has implemented controls to monitor the cash collections; exposure to credit risk is limited to the amount of trade receivables and receivables from card processing companies. The receivables are stated net of provisions for doubtful

debts estimated by management based on collections and economic conditions. The Company is not dependent on key customers and has no significant risk associated to any one customer. The directors consider that the carrying values of trade and other receivables approximate their fair value.

Liquid funds assets are placed with regulated banks in Switzerland, in Luxembourg and Great Britain. The year end balances represent their fair value. Short term bank overdrafts are obtained to meet working capital needs.

26 Related parties

As from February 2008 the Company is controlled by NobleRock Capital sàrl, a company incorporated under the laws of Luxembourg. Other than remuneration paid to directors for their daily management of the Company's affairs, there was no other transactions with related parties.

27 Reconciliation of net cash flows from operating activities before movements in working capital

	<i>2008</i>	<i>2007</i>
	<i>CHF</i>	<i>CHF</i>
Loss on ordinary activities before taxation	(3,059,061)	(2,003,557)
Adjustments for:		
Depreciation and amortisation	692,238	1,045,502
Deferred tax charge (credit)	495,804	(403,618)
Provisions for charges	—	824,732
Financial interest result	(19,763)	(104,524)
Operating cash flows before movements in working capital	<u>(1,890,782)</u>	<u>(641,465)</u>

28 Reconciliation of equity and results under IFRS to Luxembourg statutory annual accounts

	<i>2008</i>	<i>2007</i>
	<i>CHF</i>	<i>CHF</i>
Shareholders' equity		
Equity under IFRS	1,099,745	4,158,806
less deferred tax asset	(640,814)	(1,136,618)
add establishment costs capitalised as an asset	—	342,240
Shareholders' equity per Luxembourg statutory accounts	<u>458,931</u>	<u>3,364,428</u>
Reconciliation of results		
Loss under IFRS	(3,059,061)	(2,003,557)
less deferred tax asset credit		(403,618)
Write down deferred tax asset	495,804	—
Capitalisation of establishment costs	—	99,627
less amortisation of establishment costs	(342,240)	(100,076)
Loss per Luxembourg statutory accounts	<u>(2,905,497)</u>	<u>(2,427,549)</u>

The differences in equity and results arise from the different treatment of deferred tax asset and pre-opening charges of stores.

