



© GLOBAL BRANDS SA
GROWING WINNING BRANDS

Annual Report 2009
(Statutory)



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NOTE for shareholders and investors

The accompanying statutory annual accounts and reports are presented in compliance with Luxembourg company law and generally accepted accounting practices in Luxembourg ("LuxGAAP").

Additionally in compliance with the regulatory requirements of the AIM (Alternative Investment Market) the Company prepares financial statements using IFRS (International Financial Reporting Standards). A statement reconciling the results and shareholders' equity under IFRS and LuxGaap is presented in Note 24 of these annual accounts.

The IFRS financial statements are available on the Company's web site www.globalbrands.ch, or on request at the Company's registered office.

COMPANY INFORMATION

Global Brands S.A. (“Global Brands” or the “Company”) 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.

Global Brands 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 9,000 stores in more than 60 countries.

Global Brands currently operates eleven Domino’s Pizza stores across Switzerland and is looking to consolidate the Swiss pizza delivery market and potentially acquire new master franchise rights in other products and territories.

The 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.

Registered number:	RCS Luxembourg B 70673
Registered office:	24 rue Jean l’Aveugle L – 1148 Luxembourg Postal Box 864, L – 2018
Branch Registered Address:	Ifangstrasse 10 8302 Kloten Switzerland
Board of Directors:	Simon Bentley, <i>Non-Executive Chairman</i> Robert Avondo, <i>Non-Executive Director</i> Bruce Vandenberg, <i>Chief Executive Officer</i>
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 (Jersey) Limited Queensway House Hilgrove Street St Helier Jersey JE1 1ES Office telephone number: +44 (0) 1534 281200 Office fax number: +44 (0) 870 873 5851
Registrar in Luxembourg:	International Corporate Services s.à.r.l. 24 rue Jean l’Aveugle L – 1148 Luxembourg Postal Box 864, L – 2018

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Lexartis Avocats
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DIRECTORS' REPORT

The Directors are pleased to submit their annual management report and audited financial statements for the year ended 31 December 2009.

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 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.

Principal activity:

The principal activity of the Company is the sale of Domino's Pizza products in Switzerland.

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 Chief Executive's Review which is included in the Annual Report prepared under IFRS available on the Company's website at www.globalbrands.ch and the registered office.

Going Concern:

At 31 December 2009 current liabilities, including provisions, of the Company exceeded its current assets by CHF 2,885K.

In February 2010, the Company raised fresh capital totalling CHF 625,209 gross through a placing of 21,666,667 new shares at a price of GBP0.018 per share.

In April 2010, the Company sold the Renens store for CHF 250k net of costs.

In May 2010, NobleRock Capital s.à r.l. and the Company agreed a convertible loan facility for CHF 1 million at an interest rate of 7 per cent. per annum with a conversion price of GBP 0.017.

On this basis, the directors consider it is appropriate to draw up financial statements on a going concern basis for the foreseeable future, and consider that the Company has sufficient working capital for its present requirements.

Business and financial risk management:

Information on business and financial risk management is given in note 21 of the accompanying financial statements.

Capital investments in the business:

Investments in new stores, equipment and vehicles were made for CHF 624.5K, financed partly by finance lease contracts.

The store in Renens was closed during the year and, as noted above, the Company has recently sold the store at a price approximating its net book value. A new store was opened in Muttentz but following poor results was closed shortly thereafter.

Details of intangible and tangible assets are set out in notes 11 and 12 of these financial statements.

Post year end events:

In February 2010, the Company raised fresh capital totaling CHF 625,209 gross through a placing of 21,666,667 new shares at a price of GBP 0.018 per share. Following this issue the Company has a total number of shares outstanding of 110,613,217. In April 2010, the Company completed the sale of its freehold property in Renens for CHF 250,000, net of costs. We previously noted that we would be seeking further funds in the form of asset financing. However, as with many other businesses, we have found that the banking environment remains difficult.

NobleRock Capital s.à r.l. ("Noble") has again stepped forward and offered the Company a convertible loan facility for CHF 1 million at an interest rate of 7 per cent. per annum with a conversion price of GBP 0.017 per share. The Company has accepted the offer and this gives us the ability to implement our growth plans for 2010 and beyond. The convertible loan is unsecured and can be drawn down at the Company's option at any time in whole or in part up until June 30, 2011. Any drawn down amount will be automatically converted at the maturity date on June 30, 2011. In the event that the facility is fully drawn, conversion of the loan would increase Noble's shareholding from 41.63 per cent. to 55.8 per cent. of the issued share capital of the company.

Other than as noted above, there are no material events since the year end that would affect the Company's financial position as established at 31 December 2009. 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 s.à r.l., we 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.

Directors

Changes to the Board of Directors during the year ended 31 December 2009 were:

		<i>Appointed</i>	<i>Dismissed</i>
Yair Hasson	<i>Executive Chairman</i>	12.02.2008	14.05.2009
Amir Hasson	<i>Chief Executive Officer</i>	02.06.2008	14.05.2009

Following the dismissals, Simon Bentley was elected as Chairman of the Board to replace Yair Hasson. Bruce Vandenberg was elected as Chief Executive.

Share option scheme

Under the historic Share Option Plan approved in 2006, the Company may grant options for 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, as follows:

<i>Exercise Price (pence)</i>	<i>Number of shares under option</i>	
	<i>2009</i>	<i>2008</i>
38.88	1,849,918	1,849,918
24.17	229,467	229,467
18.92	101,871	101,871

No share options have been exercised.

Shareholders

From February 2008 until February 2010 the Company was controlled by NobleRock Capital s.à r.l., a Luxembourg company, which currently holds 41.63 per cent. of the Company's issued shares. The ultimate beneficial owner of NobleRock Capital s.à r.l. 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.

	<i>% of issued share capital</i>
NobleRock Capital s.à r.l.	41.63%
Raven Nominees Ltd	15.06%
Pershing International Nominees Ltd	3.43%
Lewis Charles Nominees Ltd	4.78%

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 three Directors as at 31 December 2009 and this is still the case.

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 Directors are 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 their 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 in 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, composed entirely of non-executive Directors, 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 is composed entirely of 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 71,643 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 the 1st working day in June each year, this year being Tuesday, 1 June 2010. A convening notice to shareholders will be sent to registered shareholders at least two weeks before the meeting.

Additional Information

Further information is available in the Chairman's Statement and the Chief Executive's Review which are part of the IFRS 2009 Financial Statements and are available on the Company's website at www.golbalbrands.ch.

On behalf of the Board

5 May 2010



Simon Bentley



Roberto Avondo

REPORT OF THE AUDITOR

ABAX Audit
Cabinet de révision agréé

PKF

Luxembourg

24 rue Jean l'Aveugle
L-1148 Luxembourg
Luxembourg, 4 May 2010

Romain Bontemps
Carlo Reding
Ronald Weber
Tom Pfeiffer
Luc Brucher

To the Shareholders of
Global Brands S.A.

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders dated 29 June 2009, we have audited the accompanying annual accounts of Global Brands S.A. (hereafter “the company”), which comprise the balance sheet as at 31 December 2009 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of directors' responsibility for the annual accounts

The board of directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts 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 Reviséur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the Réviséur d'entreprises agréé, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the Réviséur d'entreprises agréé considers internal control relevant to the entity's preparation and fair presentation of the annual accounts 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 annual accounts.

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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The PKF International Association is an association of legally independent firms

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of Global Brands S.A. as of 31 December 2009, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Without qualifying our opinion, we draw attention to comments made in the Directors Management report on the statutory annual accounts and the Note 3 to the financial statements. The company incurred a net loss of CHF 3,075,642 during the year ended 31 December 2009 and, as of that date, the company's current liabilities, excluding provisions, exceeded its total current assets by CHF 2,134,601. At 31 December 2009 the accumulated losses exceed more than 75 per cent. of the share capital and share premium account. In accordance with article 100 of Luxembourg law of 10 August 1915 as modified, in the event of the loss of 75 per cent. of the share capital of the company, the directors are required to convene a shareholders' meeting within two months from the date that they note that the loss has arisen to deliberate on the continuity or liquidation of the company. Global Brands S.A. has received an irrevocable commitment from a major shareholder to provide financial support to the company by a convertible loan facility for 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 3 May 2010.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the board of directors, is consistent with the annual accounts.

PKF ABAX Audit
Cabinet de révision agréé

Represented by



Luc Brucher
Réviseur d'entreprises agréé



Tom Pfeiffer
Réviseur d'entreprises agréé

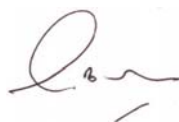
Profit and Loss Account

for the year ended 31 December 2009

<i>(expressed in Swiss francs)</i>	<i>Note</i>	<i>2009 CHF</i>	<i>2008 CHF</i>
CHARGES			
Consumption of goods, raw materials and consumables		3,021,344	2,817,054
Other external charges	6	3,620,073	3,712,295
Staff costs	7	7,298,365	7,129,173
Value adjustments in respect of expenses for the extension of the business and of tangible and intangible assets		1,002,691	1,034,478
Interest payable and similar charges – other interest payable and charges	8	7,561	7,238
Total charges		<u>14,950,034</u>	<u>14,700,238</u>
INCOME			
Net turnover		11,779,934	11,692,653
Increase in stocks		31,190	17,606
Interest receivable and similar income	9	63,268	84,482
Total income		<u>11,874,392</u>	<u>11,794,741</u>
Loss for the financial year		<u>3,075,642</u>	<u>2,905,497</u>
Total		<u>14,950,034</u>	<u>14,700,238</u>

The accompanying notes 1 to 24 are an integral part of these annual accounts.

Signed on behalf of the Board of Directors



Simon Bentley
Chairman



Bruce Vandenberg
Director

Balance Sheet

as at 31 December 2009

(expressed in Swiss francs)

	Note	2009 CHF	2008 CHF
ASSETS			
FIXED ASSETS			
Intangible assets	11	98,703	140,108
Tangible assets	12	1,895,355	2,231,900
Financial assets	13	175,474	304,837
Total fixed assets		<u>2,169,532</u>	<u>2,676,845</u>
CURRENT ASSETS			
Stocks	14	276,544	245,354
Trade debtors			
– due within one year	15	5,000	7,000
Other debtors			
– due within one year	15	103,567	92,244
Cash at bank and in hand		877,011	1,624,992
Total current assets		1,262,122	1,969,590
Prepayments	15	39,223	13,807
Total assets		<u>3,470,877</u>	<u>4,660,242</u>

The accompanying notes 1 to 24 are an integral part of these annual accounts.

Signed on behalf of the Board of Directors



Simon Bentley
Chairman



Bruce Vandenberg
Director

Balance Sheet

as at 31 December 2009

<i>(expressed in Swiss francs)</i>	<i>Note</i>	<i>2009</i> <i>CHF</i>	<i>2008</i> <i>CHF</i>
LIABILITIES			
CAPITAL & RESERVES			
Subscribed capital	16	1,778,931	10,128,006
Share premium account	16	2,580,403	4,348,500
Profit/(loss) brought forward		(1,959,538)	(11,112,078)
Result – loss for the year		(3,075,642)	(2,905,497)
Total capital & reserves		<u>(675,846)</u>	<u>458,931</u>
PROVISIONS FOR OTHER LIABILITIES AND CHARGES	17	<u>750,000</u>	<u>801,863</u>
CREDITORS			
Trade creditors			
– due within one year		1,627,850	2,091,494
Taxes and social security payable			
Taxes payable		61,439	62,217
Social security payable		627,953	329,049
Other creditors			
– due within one year		1,055,115	868,551
– due in more than one year	18	24,366	48,137
Total creditors		<u>3,396,723</u>	<u>3,399,448</u>
Total liabilities		<u>3,470,877</u>	<u>4,660,242</u>

The accompanying notes 1 to 24 are an integral part of these annual accounts.

Signed on behalf of the Board of Directors



Simon Bentley
Chairman



Bruce Vandenberg
Director

Statement of Movements in Shareholders' Equity and Appropriation of Results

<i>(Expressed in Swiss francs)</i>	<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	4,348,500	(8,684,529)	5,791,977
Loss for the year 31 December 2007	—	—	(2,427,549)	(2,427,549)
Balance at 31 December 2007	10,128,006	4,348,500	(11,112,078)	3,364,428
Loss for the year 31 December 2008	—	—	(2,905,497)	(2,905,497)
Balance at 31 December 2008	10,128,006	4,348,500	(14,017,575)	458,931
Rounding adjustment	—	—	(2)	(2)
Transfer approved at AGM of 29 June 2009	—	(2,388,965)	2,388,965	—
Sub-total	10,128,006	1,959,535	(11,628,612)	458,929
Capital restructuring September 2009	(9,669,075)	—	9,669,075	—
Share issuance in October 2009	1,320,000	620,868	—	1,940,868
Sub-total	1,778,931	2,580,403	(1,959,537)	2,399,797
Loss for the year 31 December 2009	—	—	(3,075,642)	(3,075,642)
Balance at 31 December 2009	1,778,931	2,580,403	(5,035,179)	(675,846)

NOTES TO THE FINANCIAL STATEMENTS (STATUTORY ANNEX)

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 Basis of preparation

These statutory annual accounts have been prepared in accordance with Luxembourg law of 19 December 2002 using the historical cost accounting convention and Luxembourg generally accepted accounting practices (referred to as “LuxGaap”) on a basis consistent with those adopted for the prior year and on a going concern basis. As permitted by article 29 (3) b) of the pre mentioned law, further information on grouped assets and liabilities is set out in the notes to these annual accounts.

The principal differences between these statutory accounts and financial statements prepared under IFRS are:

- deferred tax asset may be created under IFRS to recognise the future benefits of tax losses, but it is not allowed under Luxembourg law;
- capital issue costs were charged against the share premium account under IFRS whereas Luxembourg accounting requirement is to charge or amortise these costs to the profit and loss account;
- pre opening expenses of stores are charged to the profit and loss account under IFRS but may be capitalised and amortised over a maximum of 5 years under Luxembourg law unless a longer period can be justified.

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 2.8 million which indicates that the Company may not be able to continue as a going concern. New shares were issued in February 2010 which resulted in a net cash inflow of CHF 625,209 to the Company. Management has received a convertible loan from its largest shareholder, NobleRock Capital sàrl, which provides up to CHF 1 million in order to allow the Company to settle its debts as they become 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.

4 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 exceeds its recoverable amount. Impairment losses are charged to the income statement.

Financial assets

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

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.

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. 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 operates a defined contribution pension scheme for its employees.

5 Revenues and results

Segment Information

The Company holds the master Franchise Agreement for Domino's Pizza for Switzerland, Luxembourg and Liechtenstein. In the financial year 2009 sales were only made under the Domino's Pizza franchise in Switzerland. Management monitors key performance indicators for its two principal segments, namely east and west Switzerland. These segments are defined by the languages being used, namely French in the west and Swiss German in the east. Of the 11 operating locations in Switzerland as at the end of 2009, 6 are in the west region and 5 in the east region.

	2009				2008			
	East CHF'000	West CHF'000	Unallocated CHF'001	Total CHF'000	East CHF'000	West CHF'000	Unallocated CHF'001	Total CHF'000
Segment revenue								
Sales to external customers	4,081	7,699		11,780	3,717	7,976		11,693
Food Cost	961	1,589		2,550	770	1,628		2,398
Food percentage	23.6%	20.7%		21.7%	20.7%	20.4%		20.5%
Labour cost	2,362	3,334		5,696	1,679	3,051		4,730
Labour percentage	57.9%	43.4%		48.4%	45.2%	38.2%		40.4%
Order count	136,427	215,912		352,339	116,036	227,999		344,035
Average Ticket (CHF)	29.76	35.53		33.29	32.03	34.99		33.99
Interest revenue			63	63			84	84
Interest expense			8	8			7	7
Depreciation/Amortisation	460	348	195	1,003			692	692
Assets								
Segment Assets	969	823		1,793	—	—		—
Unallocated Assets				2,309	—	—		5,301
Total Assets	<u>969</u>	<u>823</u>		<u>4,102</u>	<u>—</u>	<u>—</u>		<u>5,301</u>

Segment performance is evaluated based on key performance indicators such as, sales, order count, average ticket value, cost of labour and food cost. Head office costs are not allocated to operating segments.

Geographical segment

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

6 Other external charges

	2009 CHF	2008 CHF
Marketing costs and royalties	924,306	980,165
Administration and general expenses	2,695,767	2,732,130
	<u>3,620,073</u>	<u>3,712,295</u>

7 Staff costs

	2009 CHF	2008 CHF
Wages and salaries	6,227,759	5,642,275
Social security and state pension costs	536,063	531,066
Fees and costs of the Board of Directors	417,701	929,234
Other staff costs	116,842	26,599
	<u>7,298,365</u>	<u>7,129,173</u>
	CHF	CHF
Salaries and fees of directors and of companies under their control amounted to:	<u>363,681</u>	<u>873,560</u>
Remuneration to key members of management amounted to:	<u>599,690</u>	<u>393,830</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:

	<i>N°</i>	<i>N°</i>
Production and sales distribution	249	217
Administration	5	5
	<u>254</u>	<u>222</u>

8 Interest and financial charges

	<i>2009</i>	<i>2008</i>
	<i>CHF</i>	<i>CHF</i>
Finance lease interest	5,816	4,866
Other financial charges	1,745	2,371
	<u>7,561</u>	<u>7,238</u>

9 Interest and financial income

	<i>2009</i>	<i>2008</i>
	<i>CHF</i>	<i>CHF</i>
Interest income	1,947	27,614
Foreign currency gains	61,321	56,868
	<u>63,268</u>	<u>84,482</u>

10 Expenses for the extension of the business

	<i>2009</i>	<i>2008</i>
	<i>CHF</i>	<i>CHF</i>
At cost		
At beginning of year	600,007	600,007
Additions	—	—
At the end of year	600,007	600,007
Amortisation		
At beginning of year	(600,007)	(257,767)
Charge of year	—	(342,240)
At the end of year	(600,007)	(600,007)
Net book value at the end of year	<u>—</u>	<u>—</u>

To retain a coherent comparison with the financial statements prepared under IFRS and the same accounting policies, the above charges were amortised fully in the year 2008.

11 Intangible fixed assets

At cost, in thousands of Swiss Francs

	<i>Software CHF</i>	<i>Licences CHF</i>	<i>Total CHF</i>
Year 2009			
Gross carrying amount at cost at 01/01/2009	101.5	354.0	455.5
Additions	0.2	—	0.2
Gross carrying amount at 31/12/2009	101.7	354.0	455.7
Accumulated amortisation brought forward	(99.8)	(215.6)	(315.4)
Amortisation charge for the year	1.1	(42.7)	(41.6)
Net book value at 31/12/2009	3.0	95.7	98.7
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	354.0	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	1.7	138.4	140.1

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. The licence expires in the year 2014 and is subject to renewal.

12 Property, plant and equipment

<i>At cost, in thousands of Swiss Francs</i>	<i>Land and buildings CHF</i>	<i>Store fixtures, fittings & equipment CHF</i>	<i>Office furniture & equipment CHF</i>	<i>Motor vehicles CHF</i>	<i>Total CHF</i>
Year 2009					
Gross carrying amount at cost at 01/01/2009	254.4	4,228.1	390.0	793.4	5,665.9
Disposals – reclassification				(15.5)	(15.5)
Additions		387.2	54.4	182.9	624.5
Reduction				(13.0)	(13.0)
Gross carrying amount at 31/12/2009	254.4	4,615.3	444.4	947.9	6261.9
<i>Less</i> accumulated depreciation					
– brought forward	(4.6)	(2,414.5)	(352.6)	(662.3)	(3,434.0)
– reclassification	—	—	—	15.6	15.6
– depreciation charge for the year	(4.6)	(824.5)	(27.9)	(104.1)	(961.1)
– disposals depreciation	—	—	—	13.0	13.0
Net book value at 31/12/2009	245.2	1,376.3	63.9	210.0	1,895.4

<i>At cost, in thousands of Swiss Francs</i>	<i>Land and buildings CHF</i>	<i>Store fixtures, fittings & equipment CHF</i>	<i>Office furniture & equipment CHF</i>	<i>Motor vehicles CHF</i>	<i>Total CHF</i>
Year 2008					
Gross carrying amount at cost at 01/01/2008	—	4,075.6	376.6	824.0	5,276.2
Disposals – 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
<i>Less accumulated depreciation</i>					
– 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>

Reclassification: Certain motor vehicles which were removed from service in 2008 have been included under this heading in 2009.

Assets held for Sale: Following the closure of the branches in Renens and Muttentz, the Company plans to sell the freehold premises in Renens and dispose of the equipment in both locations. The freehold property in Renens has been written down to CHF 250,000 which is the price the Company expects to be able to achieve net of costs. The store equipment and installations will, as far as possible, be transferred to other locations or sold. The store equipment and installations have been written down to CHF 10,949 in Muttentz and CHF 10,000 in Renens. As of the date of this report the Company has disposed of both locations and receipts were in line with the estimates given.

The depreciation charge figure for fixtures, fittings & store equipment includes an exceptional impairment charge of CHF 455,097 in 2009 in respect of the write-off of installations relating to the closing of the stores in Renens and Muttentz (as mentioned above).

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

	<i>2009 CHF</i>	<i>2008 CHF</i>
Equipment	26,980	54,313
Motor vehicles	54,947	88,347
Total	<u>81,927</u>	<u>142,660</u>

13 Financial assets

	<i>2009 CHF</i>	<i>2008 CHF</i>
Bank guarantee deposits	<u>175,474</u>	<u>304,837</u>

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

14 Stocks

	<i>2009 CHF</i>	<i>2008 CHF</i>
Raw materials – foods and beverages	207,806	150,334
Other consumables	68,738	95,020
Total	<u>276,544</u>	<u>245,354</u>

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

15 Debtors and prepayments

Amounts falling due within one year:

	2009 CHF	2008 CHF
Trade debtors	5,000	7,000
Other debtors	103,567	92,244
Prepayments and accrued income	39,223	13,807
	<u>147,790</u>	<u>113,051</u>

16 Capital and reserves

Share capital

	2009 CHF	2008 CHF
Allotted, issued and fully paid up at beginning of year	10,128,006	10,128,006
Cancellation of old shares of CHF 2.1 each	(9,669,075)	—
Issue of new shares of CHF 0.02 each	1,320,000	—
Allotted, issued and fully paid up at end of year	<u>1,778,931</u>	<u>10,128,006</u>

Represented by 88,946,550 shares of CHF 0.02 each (2008: 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. On 25 September 2009 the Company carried out a restructuring of its share capital in order to reduce the losses carried forward by offsetting against share capital. This involved a share split whereby each existing share of CHF 2.10 became 105 new shares of CHF 0.02. Following this split which meant that 506,400,300 shares were in issue, the Company cancelled 483,453,750 shares thereby absorbing CHF 9,669,075 of losses from its Profit & Loss Account. On 14 October 2009, the Company raised CHF 1.9 million of fresh capital via the issue of 66 million shares at a price of £0.018 per share.

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 2009 and 2008 there were in circulation 1,849,918 options at £0.389, 229,467 options at £0.242 and 101,871 options at £0.189.

	2009 CHF	2008 CHF
<i>Share premium – on issue of new shares</i>		
Balance at beginning of year	4,348,500	4,348,500
Transfer approved at AGM of 29 June 2009	(2,388,965)	—
Sub total	1,959,535	4,348,500
Increase during the year on issue of shares	620,868	—
Share premium balance at end of year	<u>2,580,403</u>	<u>4,348,500</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.

17 Provisions for other liabilities and charges

	<i>2009</i> <i>CHF</i>	<i>2008</i> <i>CHF</i>
Brought forward from 2008	801,863	
Charged in the current year		
Claims for compensation and benefits	(51,863)	726,863
Provisions for legal charges		75,000
Balance carried forward 31.12.2009	<u>750,000</u>	<u>801,863</u>

During 2008 Management 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 Company is currently contesting 24 cases from employees or former employees and the outcome of these cases together with their financial impact is uncertain. Furthermore a legal case is pending following the dismissal of two executive members of the Board in 2009. The Directors therefore consider it prudent to maintain a provision of CHF 750,000 as at 31 December 2009 in order to cover any potential liability that may arise from these cases.

18 Creditors due after more than one year

	<i>2009</i> <i>CHF</i>	<i>2008</i> <i>CHF</i>
Obligations under finance leases and hire purchase contracts	<u>24,366</u>	<u>48,137</u>

Obligations under finance leases in respect of equipment and vehicles are for periods of two to four years and are recorded as liabilities in the balance sheet. The lease contracts bear interest at rates of between 7.35 per cent. and 11.5 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>2009</i> <i>CHF</i>	<i>2008</i> <i>CHF</i>
In one year or less (classified as a current liability)	34,174	39,446
Between one and five years (classified as a non-current liability)	24,366	48,137
In five years or more (classified as a non-current liability)	<u>—</u>	<u>—</u>
	<u>58,540</u>	<u>87,583</u>
Aggregate minimum lease payments due under the contracts inclusive of finance charges amount to:	<u>58,540</u>	<u>87,583</u>
The finance charges therein amount to	<u>7,288</u>	<u>4,866</u>

19 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.

20 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.

	<i>2009</i> <i>CHF</i>	<i>2008</i> <i>CHF</i>
Charge for operating leases for the year	656,444	462,058
The future minimum payments under these leases expire as follows:		
In one year or less	490,787	309,777
Between one and five years	1,277,972	442,173
In five years or more	209,861	93,690
	<u>1,978,620</u>	<u>845,640</u>

21 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.

The Company's financial risk management objectives consist of identifying and monitoring those risks which have an adverse impact on the value of the Company's financial assets and liabilities or on reported profitability and on the cash flow of the Company.

The Company's principal financial liabilities consist of finance leases. The Company financial assets consist of trade receivables and cash which arise directly from its operations. The Company has not entered into any derivative transactions.

The main risks arising from the Company's business are foreign exchange risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks which are summarised below:

Foreign Currency Risk

The makes all of its sales in Switzerland, issues shares in sterling and buys goods and services in currencies other than Swiss Francs. As a result the value of the Company's non Swiss Franc liabilities and cash flows can be affected by movements in exchange rates. Wherever possible the Company tries to match funds available in one particular currency with expenditures in the same currency, however should this is not be possible, the Company uses spot foreign exchange contracts to the extent necessary to meet its obligations in other currencies. The Board does not consider there to be a significant unmitigated risk for the results of the Company.

Credit Risk

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 credit 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.

Liquid funds assets are placed with regulated banks in Switzerland, in Luxembourg and Great Britain.

Liquidity Risk

The Company aims to mitigate liquidity risk by managing cash generation by its operations. The Board approves all major investment decisions as part of a project appraisal and approval process. The Board is constantly reviewing possible sources of funds in order to reduce the liquidity risk of the Company.

Capital Management

The primary objective of the Company's capital management is to ensure that the Company remains solvent at all times and is therefore able to support its business development and maximise shareholder value.

The Board monitors the capital requirements of the business at all times and has issued and will, in future, issue new shares in the market as deemed appropriate. Any assets deemed not necessary for the business are liquidated in order to provide additional resources to the Company. The Company has no outstanding loans and only a limited volume of financial leases.

22 Related parties

From February 2008 until February 2010, the Company was controlled by NobleRock Capital sàrl, a company incorporated under the laws of Luxembourg. Since February 2010 NobleRock Capital sàrl no longer holds the majority of the shares but it is still the major shareholder with 41.63 per cent. of the Company's shares. Other than remuneration paid to directors for their daily management of the Company's affairs, there were no other transactions with related parties.

23 Reconciliation of equity and results under IFRS to LuxGAAP

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

	<i>2009</i> <i>CHF</i>	<i>2008</i> <i>CHF</i>
Shareholders' equity		
Equity under IFRS	(45,006)	1,099,745
less deferred tax asset	(630,840)	(640,814)
Shareholders' equity per Luxembourg statutory accounts	<u>(675,846)</u>	<u>458,931</u>
Reconciliation of results		
Loss under IFRS	(3,013,973)	(3,059,061)
less share issuance costs charged directly to reserves	(71,643)	
Write down deferred tax asset	9,974	495,804
less amortisation of establishment costs	—	(342,240)
Loss per Luxembourg statutory accounts	<u>(3,075,642)</u>	<u>(2,905,497)</u>

24 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 71,643 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.



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