Global Brands S.A.

Annual Report 2007

(IFRS)

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COMPANY INFORMATION

Global Brands S.A. is a public limited liability company incorporated under the laws of Luxembourg on July 6, 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 main branch has been opened in Zurich, Switzerland, through which Global Brands S.A. carries on its principal trading activity in Switzerland.

Directors:	Yair Hasson	*Executive Chairman*
	Robert Avondo	*Executive Vice Chairman*
	Matei Lecca	*Chief Financial Officer*
	Amir Raveh	*Non-executive Director*

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 Zurich
Switzerland

Nominated Adviser
Zimmerman Adams International Ltd
12 Camomile Street
London
EC3A 7PT

Independent Auditors:
PKF 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

CHAIRMAN'S STATEMENT

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 the 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.

On 12 February 2008, the Company announced the completion of the sale of 2,505,860 ordinary shares of CHF 2.10 to the Luxembourg registered Belvia s.à.r.l. ("Belvia"), representing 51.96 per cent of the issued share capital of the Company. Following a meeting of the Board of Directors, both Mr. Yossi Moldawsky, Executive Chairman, and Mr. Dov Lachovitz, Chief Executive Officer, resigned from the Board with immediate effect. Simultaneously, the Directors announced the immediate appointment of Mr. Yair Hasson and Mr. Roberto Avondo to the Board as Executive Chairman and Executive Vice Chairman, respectively. In addition, Mr. Amir Hasson was appointed as the Company's CEO. On 6 March 2008, Mr. Christopher Bodker resigned as non executive director.

On 31 January 2008, Zimmerman Adams International Ltd replaced Ruegg & Co Ltd as our Nominated Adviser on the AIM.

Operating and financial highlights.

The Company announces its annual results for the year ending 31 December 2007.

2007 marked the beginning of a turnaround for the Company. The sustained growth in revenues during the year, a decrease in expenses as well as the benefits of management's decisions to discontinue two unprofitable stores, resulted in a significant improvement in the Company's EBITDA (earnings before interest, tax, depreciation and amortisation).

Revenue growth was driven by the launch of the new "Dominator" pizza (a large extra thin crust base) which attracted strong demand from customers, the continued investment in marketing and brand awareness both offline and on-line, and a focus on offering quality products and services to customers.

By the end of 2007, the Company with its ten stores, was the only pizza delivery chain with a national presence in Switzerland and the only international pizza delivery brand in Switzerland. By the end of the period, these ten stores all had positive EBITDA.

Key trading figures

The annual turnover of the Company rose by 4.1% to CHF 10.9 million from CHF 10.5 million in 2006. Excluding the effect of the two discontinued stores, the closing of which were largely responsible for the accelerated depreciation charge in the accounts, same stores sales (being sales from stores that have been operational for more than a year) continued to grow with sales increasing by 7.1% over the same period last year.

The Company increased its gross profit by 3.9% to CHF 8.5 million. Reductions in staff costs and administrative expenses led to a significant improvement in operational costs resulting in an EBITDA loss of CHF 476,796, a 55.9 % improvement on 2006.

In addition, and as a matter of prudence, the new management has decided to make a provision of CHF 804,732 in respect of potential liabilities relating to prior events. The actual liabilities are still under negotiation but the provision reflects the maximum potential liabilities. (Please see the Directors' Report for further details).

After taking into account financial income, deferred tax credit, depreciation and the provisions, the final result for the year is a loss of CHF 2,003,557 (2006: loss of CHF 1,313,820) with the loss per share ('EPS') increasing from CHF 0.27 to CHF 0.42. Without the above provisions of CHF 804,732, the loss per share would have amounted to CHF 0.25.

The Company's cash position remains strong with net cash of CHF 2.8 million as at end of the period with no loan debt.

Current trading and outlook

The new management team is committed to achieving further improvement in turnover and cost reductions in 2008 and early trading indications are promising.

Revenues are marginally up in the first two months of the financial year compared to the same period in 2007. Excluding the effect of the two discontinued stores, revenues from same stores are up more than 6.6% and online orders continue to grow, compared with the same period last year.

The Company is currently negotiating an additional 4-5 potential locations for further openings in 2008 which are expected to contribute to revenue growth. Over the longer term, the Company intends to accelerate its pace of development and is targetting 30 branches in operation by 2010, including new branches in Luxembourg and Liechtenstein.

The new development plan is based on modifying the current business model from running exclusively Company-owned branches to sub-franchisees operated branches. It also seeks to develop and capitalise on a closer working relationship with Domino's International. The implementation of sub-franchises has been successfully introduced in other parts of the world and this is especially true of the United Kingdom where almost all branches are run by sub-franchisees. Your Directors intend to identify potential sub-franchisees able to own and manage Domino's branches. It is vital that the Company has a system capable of providing potential sub-franchisees with good operational, marketing and logistical support over and above the infastructure required to control and supervise the activities of these sub-franchisees. At the same time, the new management team will give greater emphasis to recruitment and training whilst investing in marketing to raise brand awareness.

In addition, opportunities for expansion outside the current franchise areas will be investigated with the view of expanding, within the fast food sector, in other European countries.

Finally, I would like to thank the management team and staff for their contribution and dedication and look forward to the development of our Company together.

13 May 2008

Yair Hasson
Chairman

DIRECTORS' REPORT

The Directors are pleased to submit their annual report and audited financial statements for the year ended 31 December 2007.

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

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 Chairman's statement.

Appropriation of results

The Company's policy is to pay dividends from available profits when future cash flows allow distributions and after setting aside working capital needs.

The Directors propose to carry forward the net loss for the year 2007. The Directors do not propose the payment of a dividend for the year 2007.

Liquidity

Cash at bank amounted to CHF 2.8 million at 31 December 2007. This will permit us to pursue our development of new stores and growth plans. Management exercises a tight budgetary control over cash flows to ensure that sufficient funds are available and to settle payments to suppliers as they become due.

Capital investments in the business

Investments in new stores, equipment and vehicles were made for CHF 492,427.
Details of intangible and tangible assets are set out in notes 13 and 14 of these financial statements.

Post year end events

During the months of March and April 2008, new management has discussed labour relations with Swiss union representatives. These discussions have included the Company's compliance with regulatory requirements relating to minimal compensation and benefits due to employees. A key objective of these discussions 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 2005. The outcome of these discussions is still uncertain and the related retroactive financial effect, if any, cannot yet be finalised. However, the Directors consider it prudent to make a provision of CHF 726,863 in the accounts.

In March 2008, a claim corresponding to CHF 77,869 was made by a former director for services rendered during the period of sale of the Company's shares Belvia s.à.r.l. The current Directors have disputed this claim but, as a matter of prudence, a provision for the claim has been made in the accounts.

There are claims against the Company by former employees. The Directors contest the claims but cannot forecast the outcome. As a matter of prudence a provision of CHF 20'000 has been made in 2007 resulting in a total provison of CHF 110,000 for such items in the accounts, a provision of CHF 90'000 having been made in 2006.

There are no other events, claims or losses since 31 December 2007 which would have a material effect on the financial position and results of the Company.

Directors

The members of the Board of Directors who served during the year and the newly appointed members are:

		Appointed
Yair Hasson	Executive Chairman	12.02.2008
Robert Avondo	Executive Vice Chairman	12.02.2008
Matei Lecca	Chief Financial Officer	01.06.2007
Amir Raveh	Non Executive Director	19.08.2005
		Resigned
Yossi Moldawsky	Executive Chairman	12.02.2008
Dov Lachovitz	Chief Executive Officer	12.02.2008
Christopher Bodker	Non Executive Director	06.03.2008

Director's interests

Mr. Yossi Moldawsky and Mr. Dov Lachovitz and related parties (being shares held by their families and companies controlled by them) sold their direct and indirect beneficial interests in the shares of the Company, comprising 2,505,860 shares representing 51.96% in February 2008.
None of the new directors has any direct or indirect beneficial interest in the Company's share capital.

Share option scheme

In order to assist in the retention and motivation of high quality 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% of its issued share capital from time to time. The Company has issued options exercisable into new Ordinary Shares as set out below.

	Number of options 2007	2006	Exercise Price GBP
Yossi Moldawsky	144,686	144,686	1.85
Dov Lachovitz	144,686	144,686	1.85
Juerg Keller	24,114	24,114	1.85
Christopher Bodker	21,411	21,411	1.85
Amir Raveh	21,411	21,411	1.85
Andreas Brunner	32,504	32,504	1.85
Itamar Sadeh	48,229	48,229	1.15
Matei Lecca	21,411	-	0.90p

During the year 2007, no share options were exercised.

Shareholders

Since February 2008 the Company is controlled by Belvia s.à.r.l., a Luxembourg company, which holds 51.96% of the Company's issued shares. The ultimate beneficial owner of Belvia s.à.r.l. is Mr. Alexandre Gaydamak.

Immediately following the Tender Offer, the following persons and companies had an interest of 3% or more in the issued share capital of the Company:

	% of share capital
Belvia s.à.r.l	51.96
Pershing International Nominees Limited	12.89
Mr. Yossi Moldawsky	5.29
Euroclear Nominees Limited	3.84

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 accept their duty of an effective Board leading and controlling the Company. The Board consists of four directors including one non-executive director as of 7 March 2008. At the next Annual General Meeting the appointments to the board of Mr. Amir Hasson as Chief Executive Officer and at least one other non-executive director will be proposed.

The role of the Board is to determine the Company's long term direction and strategy and monitor performance and achievement of its business objectives. The Board meets 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 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 practice and are explained in the notes to the accounts, have been applied consistently and applicable accounting standards have been followed. In addition reasonable and prudent judgments and estimates have been used in the preparation of the financial statements.

2. Going Concern

The Directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future. For this reason, they continue to adopt the ''going concern'' basis for preparing the financial statements.

3. 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.

4. 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.

5. 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.

Auditors

The annual meeting of shareholders held on 1 June 2007 approved the re-appointment of PKF Luxembourg as independent auditors and 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 1st June each year. Since this day falls on a Sunday, the Annual General Meeting will be held on the next business day, being Monday, 2 June 2008.
Convening notice to shareholders of the Company's will be sent to registered shareholders two weeks before the meeting.

On behalf of the Board

13 May 2008

Yair Hasson Chairman	Matei Lecca Chief Financial Officer

REPORT OF THE AUDITOR

Report on the financial statements of Global Brands S.A. as of December 31, 2007

Following our appointment, we have audited the accompanying financial statements of Global Brands S.A., which comprise the balance sheet as at December 31, 2007, 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 EU*]. 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.

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, 2007, 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*].

Report on other legal and regulatory requirements
The Management report, which is the responsibility of the board of directors, is in accordance with these financial statements.

Luxembourg, 13 May 2008

Tom Pfeiffer Partner	Carlo Reding Partner

PKF Luxembourg
Réviseurs d'entreprises

STATEMENT OF INCOME

(Expressed in Swiss francs)		**2007**	**2006**
	Notes	CHF	CHF
Revenue from sales	6	10,932,589	10,499,573
Cost of sales		(2,414,487)	(2,300,387)
Gross profit		8,518,102	8,199,186
Staff costs	8	(5,271,767)	(5,545,081)
Administrative expenses	9	(3,723,131)	(3,735,887)
Loss from operations before depreciation & amortisation		(476,796)	(1,081,782)
Depreciation and amortisation	13 & 14	(1,045,502)	(557,373)
Loss from operations before financial result		(1,522,298)	(1,639,155)
Interest and financial income	10	106,939	157,317
Interest and financial charges	11	(67,457)	(35,350)
Loss on ordinary activities	6	(1,482,816)	(1,517,188)
Charges in relation with extension of the business		(99,627)	(291,330)
Provisions for charges	22	(824,732)	(90,000)
Deferred tax credit	16	403,618	584,698
Loss for the year		(2,003,557)	(1,313,820)
Basic earnings / (loss) per share	*7*	*(0.42)*	*(0.27)*

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

BALANCE SHEET

(Expressed in Swiss francs)	Notes	2007 CHF	2006 CHF
ASSETS			
Non-current assets			
Intangible assets	13	174,327	210,685
Property, plant and equipment	14	2,394,670	2,903,158
Financial assets	15	145,171	94,315
Deferred tax asset	16	1,136,618	733,000
Total non-current assets		3,850,786	3,941,158
Current assets			
Stocks	17	227,748	214,974
Trade and other receivables	18	150,760	124,855
Cash at banks and in hand		2,775,455	4,358,814
Total current assets		3,153,963	4,698,643
Total assets		7,004,749	8,639,801
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		(7,928,735)	(5,925,178)
Shareholders' equity		4,158,806	6,162,363
Non-current liabilities			
Obligations under finance leases	20	15,257	61,037
Total non-current liabilities		15,257	61,037
Current liabilities			
Trade and other payables	21	1,870,174	2,273,630
Provisions for other liabilities and charges	22	914,732	90,000
Obligations under finance leases	20	45,780	52,771
Total current liabilities		2,830,686	2,416,401
Total equity and liabilities		7,004,749	8,639,801

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

STATEMENT OF CASH FLOWS

(Expressed in Swiss francs)		**2007**	**2006**
	Notes	CHF	CHF
OPERATING ACTIVITIES			
Net cash flows applied to operations	27	(1,083,600)	(622,335)
INVESTING ACTIVITIES			
Payments to acquire fixtures, equipment motor vehicles and software		(500,656)	(1,269,941)
Interest received		106 939	112,006
Deposits (made) repaid		(50,856)	(3,513)
Net cash flows (outflows) from investing activities		(444,573)	(1,161,448)
FINANCING ACTIVITIES			
Payments under finance lease obligations		(52,771)	(78,484)
Interest paid		(2,415)	(7,782)
Net cash flows (outflows) from financing activities		(55,186)	(86,266)
Increase (decrease) in cash & cash equivalents during the year		**(1,583,359)**	**(1,870,049)**
Cash and cash equivalents:			
- balance at beginning of the year		4,358,814	6,228,863
- balance at end of the year		2,775,455	4,358,814
Increase (decrease) in cash & cash equivalents during the year		**(1,583,359)**	**(1,870,049)**
Cash and cash equivalents are represented by :			
Cash at banks and in hand		2,775,455	4,358,814
Due to banks		-	-
Net cash and cash equivalents at end of the year		2,775,455	4,358,814

STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

(Expressed in Swiss francs)	**Called up share capital** CHF	**Share premium** CHF	**Accumulated losses** CHF	**Total** CHF
Balance at 31 December 2005	10,128,006	1,959,535	(4,611,358)	7,476,183
Loss for the year 31 December 2006		-	(1,313,820)	(1,313,820)
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**

NOTES TO THE FINANCIAL STATEMENTS

1 Statutory information

Global Brands S.A. (the " Company") was incorporated under the laws of Luxembourg on July 6, 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 13 May 2008. They 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 2007 are drawn up in accordance with Luxembourg law and they will be submitted to shareholders for approval at the annual meeting to be held on 2 June 2008. Statutory annual accounts for the year ended 31 December 2006 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 Company prepared its first set of IFRS compliance financial statements for the year ended 31 December 2004. Adjustments have been made to the numbers presented in the local statutory annual to comply with IFRS. The adjustments relate to accounting for :

· deferred tax asset which was created to recognise the future benefits of tax losses, but is not allowed under Luxembourg law;

· capital issue costs are charged against the share premium account, whereas Luxembourg local accounting policy is to capitalize and amortise these costs over 5 years.

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.

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

<u>Use of estimates</u>

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.

<u>Going concern</u>

The financial information has been prepared on the basis that the Company will continue as a going concern for the foreseeable future. In forming this opinion, the directors have prepared the Company's budgets for 2008 to 2010 and formulated its medium term plans.

5 Summary of significant accounting policies

Revenue recognition

Sales revenue is the amount receivable by the Company for goods supplied and services provided, excluding VAT and trade 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:

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.

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.

Liquid funds assets are placed with recognised banks in Switzerland and Luxembourg and 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 personal pension plans of certain employees. 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:

	2007	**2006**
	CHF	CHF
Depreciation of:		
-property, plant and equipment owned	921,384	430,439
-property, plant and equipment under finance leases	79,531	92,400
Amortisation of intangible fixed assets	44,588	34,534
Included in administration expenses are:		
-operating lease rentals	396,968	379,244
-auditors' remuneration - audit services	42,900	38,640
Foreign currency (loss) gain	(42,848)	45,311

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:

	2007	**2006**
Number of issued shares of CHF 2.10 each	4,822,860	4,822,860
The weighted average number of shares in circulation during the year was :	4,822,860	4,822,860
	CHF	CHF
Loss for the year	(2,003,557)	(1,313,820)
Basic earnings (loss) per share	(0.42)	(0.27)

The directors consider that there is no dilutive effect of share options issued because the market 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

	2007	2006
	CHF	CHF
Wages and salaries	4,735,545	4,993,538
Social security and state pension costs	475,142	498,577
Other staff costs	61,080	52,966
	5,271,767	5,545,081

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.

	2007	2006
Remuneration in respect of directors included therein amounted to:	CHF	CHF
Emoluments	625,692	509,304
Social security and pension contributions	-	-
	625,692	509,304

There is no Company pension scheme in force for the directors.

Remuneration to key members of management amounted to:	320,829	280,612

The average number of employees by category was:	N°	N°
Production and sales distribution	248	289
Administration	5	6
	253	295

9 Administrative expenses

	2007	2006
	CHF	CHF
Marketing costs and royalties	1,051,558	1,188,151
Administration and general expenses	2,671,573	2,547,736
	3,723,131	3,735,887

10 Interest and financial income

	2007	2006
	CHF	CHF
Bank interest income	106,939	112,006
Foreign currency gains	-	45,311
	106,939	157,317

11 Interest and financial charges

	2007	2006
	CHF	CHF
Finance lease interest	2,415	7,782
Foreign currency losses	42,848	-
Other financial charges	22,194	27,568
	67,457	35,350

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 Luxembourg during the above years. There is no taxation charge because the Company has incurred tax losses.

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

	2007	2006
Swiss tax losses available are as follows	CHF	CHF
Loss for the year before tax	(2,003,557)	(1,313,820)
Swiss tax rate	25%	25%
Expected tax expense	-	-

The effective tax rates on profits are:	**2007**	**2006**
Luxembourg	29.63%	29.63%
Switzerland	25.00%	25.00%

13 Intangible fixed assets

	Software	Licences	Total
Year 2007	CHF	CHF	CHF
Gross carrying amount at cost at 01/01/2007	91,265	353,901	445,166
Additions	8,230	-	8,230
Gross carrying amount at 31/12/2007	99,495	353,901	453,396
Accumulated amortisation brought forward	(67,867)	(166,614)	(234,481)
Amortisation charge for the year	(20,161)	(24,427)	(44,588)
Accumulated amortisation at end of year	(88,028)	(191,041)	(279,069)
Net book value at 31/12/2007	**11,467**	**162,860**	**174,327**
Year 2006 :			
Gross carrying amount at cost at 01/01/2006	58,487	353,901	412,388
Additions	32,778	-	32,778
Gross carrying amount at 31/12/2006	91,265	353,901	445,166
Accumulated amortisation brought forward	(58,486)	(141,461)	(199,947)
Amortisation charge for the year	(9,381)	(25,153)	(34,534)
Accumulated amortisation at end of year	(67,867)	(166,614)	(234,481)
Net book value at 31/12/2006	**23,398**	**187,287**	**210,685**

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 2007, the licence has a remaining life of 7 years.

14 Property, plant and equipment

	Fixtures, fittings & store equipment	Office furniture & equipment	Motor vehicles	Total
Year 2007	CHF	CHF	CHF	CHF
Gross carrying amount at cost at 01/01/2007	3,707,131	337,477	739,193	4,783,801
Additions	368,477	39,130	84,820	492,427
Gross carrying amount at 31/12/2007	4,075,608	376,607	824,013	5,276,228
Less accumulated depreciation				
- brought forward	(1,204,770)	(229,679)	(446,194)	(1,880,643)
- depreciation charge for the year	(791,372)	(60,748)	(148,795)	(1,000,915)
-accumulated depreciation at 31/12/2007	(1,996,142)	(290,427)	(594,989)	(2,881,558)
Net book value at 31/12/2007	2,079,466	86,180	229,024	**2,394,670**
Year 2006				
Gross carrying amount at cost at 01/01/2006	2,612,229	288,777	645,632	3,546,638
Additions	1,094,902	48,700	93,561	1,237,163
Gross carrying amount at 31/12/2006	3,707,131	337,477	739,193	4,783,801
Less accumulated depreciation				
- brought forward	(868,685)	(166,387)	(322,732)	(1,357,804)
-depreciation charge for the year	(336,085)	(63,292)	(123,462)	(522,839)
- accumulated depreciation at 31/12/2006	(1,204,770)	(229,679)	(446,194)	(1,880,643)
Net book value at 31/12/2006	2,502,361	107,798	292,999	**2,903,158**

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:	**2007**	**2006**
	CHF	CHF
Equipment	73,359	100,174
Motor vehicles	92,588	145,304
Total	**165,947**	**245,478**

15 Financial assets

	2007	**2006**
	CHF	CHF
Bank guarantee deposits	**145,171**	**94,315**

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

	2007	2006
	CHF	CHF
Balance at beginning of year	733,000	148,302
Deferred tax credit (charge) for the year	403,618	584,698
Balance at end of year	**1,136,618**	733,000

The Directors have resolved to continue to recognise the deferred tax asset created in prior years since they are confident that, based on budgets and forecasts over the years 2008-2010, sufficient profits will be generated during those years to allow Swiss tax losses to be offset against them.
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.

	2007	2006
	CHF	CHF
Swiss tax losses available to set off against future profits amount to:	4,546,472	2,932,000
Deferred tax asset on Swiss tax losses at a tax rate of 25%	1,136,618	733,000

Luxembourg tax losses accumulated to the year ended 31 December 2006 and confirmed by the Luxembourg tax office amount to EUR 199,759.

17 Stocks

	2007	2006
	CHF	CHF
Raw materials – foods and beverages	146,302	144,374
Other consumables	81,446	70,600
	227,748	214,974

All stocks are stated at cost which approximates their fair values. There are no write-downs in value.

18 Trade and other receivables

	2007	2006
Amounts falling due within one year:	CHF	CHF
Trade debtors	50,144	59,892
Other debtors, prepayments and accrued income	100,616	64,963
	150,760	124,855

19 Capital and reserves

	2007	2006
Share capital	CHF	CHF
Allotted, issued and fully paid up	**10,128,006**	10,128,006
Number of shares of CHF 2.10 each	*4,822,860*	*4,822,860*

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 1st 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 2007 there were in circulation 388,812 options at £1.85, 48,299 options at £1.15 and 21,411 options at £0.90.

	2007	2006
Share premium	CHF	CHF
Premium on issue of new shares	4,348,500	4,348,500
Less charges of raising finance	(2,388,965)	(2,388,965)
Share premium balance at end of year	**1,959,535**	**1,959,535**

Legal reserve

The Company is obliged to make a transfer of at least 5% 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% 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

	2007	2006
	CHF	CHF
Obligations under finance leases and hire purchase contracts	15,257	61,037

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% and 5.7% and are repayable in fixed monthly instalments of principle 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:	2007	2006
	CHF	CHF
In one year or less (classified as a current liability)	45,780	52,771
Between one and five years (classified as a non-current liability)	15,257	61,037
In five years or more (classified as a non-current liability)		-
	61,037	113,808
Aggregate minimum lease payments due under the contracts inclusive of finance charges amount to:	61,037	113,808
The finance charges therein amount to	2,415	6,566

21 Trade and other payables

	2007	2006
Amounts falling due within one year	CHF	CHF
Trade creditors	1,135,534	1,386,198
Other taxes and social security	135,533	326,864
Other creditors, accruals and deferred income	599,107	560,568
	1,870,174	2,273,630

22 Provisions for other liabilities and charges

Charged in the current year	2007 CHF	2006 CHF
Claims for compensation and benefits	804,732	-
Provisions for legal charges	110,000	90,000
	914,732	90,000

During the months of March and April 2008 new 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. However the Directors consider it prudent to make a provision of CHF 726,863 in these accounts.

In March 2008 a claim corresponding to CHF 77,869 has been made by a former director for services rendered during the period of sale of our Company's shares to the new Investor, Belvia s.à.r.l. The Directors challenge the validity of this claim, but as a matter of prudence, a provision has been made in these accounts.

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.

	2007 CHF	2006 CHF
Charge for operating leases for the year	396,968	379,244
The future minimum payments under these leases expire as follows:		
In one year or less	396,191	363,526
Between one and five years	931,052	913,348
In five years or more	334,850	-
	1,662,093	1,276,874

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 and Luxembourg and the balances represent their fair value. Short term bank overdrafts are obtained to meet working capital needs.

26 Related parties

During the year ended 31 December 2007 the Company was controlled by members and companies of the Moldawsky family and the Moldawsky group which has its registered office in Israel. 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

	2007	**2006**
	CHF	CHF
Loss on ordinary activities before taxation	(2,003,557)	(1,313,820)
Adjustments for :		
Depreciation and amortisation	1,045,502	557,373
Deferred tax credit	(403,618)	(584,698)
Provisions for charges	824,732	90,000
Financial interest result	(104,524)	(104,224)
Operating cash flows before movements in working capital	(641,465)	(1,355,369)
Decrease/(increase) in stocks	(12,774)	(58,987)
Decrease/(increase) in debtors	(25,905)	132,421
Increase/(decrease) in creditors and provisions	(403,456)	659,600
Net cash inflow (outflow) from operating activities	(1,083,600)	(622,335)