GLOBAL BRANDS S.A.
Société anonyme
Registered office : 24, rue Jean l'Aveugle, L–1148 Luxembourg
R.C.S. Luxembourg: B 70673
(the **Company**)

REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY FOR THE PURPOSES OF ARTICLE 32-3 (5) OF THE LUXEMBOURG LAW ON COMMERCIAL COMPANIES OF AUGUST 10, 1915, AS AMENDED (the Law)

DATED 9 SEPTEMBER 2009

Dear shareholder,

Following the publication of the financial results of the Company as stated in the 2008 annual report, the board of directors of the Company (the **Board**) envisaged refinancing the Company to support its working capital requirements. To this end, the Board envisages a placing (**Placing**) of new shares to raise a minimum of CHF 1 million.

Currently, the market price of the shares is £0.175 which is substantially below the nominal value of CHF2.10. As the Company is prohibited from issuing new shares at below the nominal value, the Board proposes a restructuring of the Company's share capital which aims to reduce the shares' nominal value to an amount that gives the Board the flexibility to issue new shares at a price that will enable it to raise sufficient funds through the Placing. Consequently, the Board is seeking shareholder approval to

- Restructure the Company's share capital;
- Restrict/remove the preferential subscription right of shareholders; and
- Issue new shares to raise additional funds through the Placing.

I. INTRODUCTION

According to article 32-3 (5) last paragraph of the Law, if a general meeting called to resolve upon the authorisation of the Board to increase the share capital within the limits of the authorised capital, also proposes to limit or withdraw any preferential subscription rights of the existing shareholders or to authorise the Board to do so, the reason for this must be set out in a report to be prepared by the Board (the **Report**). This Report must be submitted to the general meeting.

II. DESCRIPTION OF THE PROPOSED RESTRUCTURING AND PLACING

The Board proposes that at the extraordinary general meeting of the shareholders of the Company (the **EGM**) that the articles of association of the Company (the **Articles**) be amended such that the authorised share capital of the Company is reduced to ten million Swiss francs (CHF 10,000,000) divided in five hundred million (500,000,000) shares with a nominal value of two cents of Swiss francs (0.02 CHF) each and that the Board is authorised and empowered to:

- effect any increase of the share capital within the limits of the authorized corporate capital in one or several successive tranches, by the issuance of new shares, against payment in cash or in kind, by conversion of claims or convertible securities, upon the exercise of warrants or stock options, incorporation of (distributable) reserves of the Company or in any other manner;

- determine the place and date of the issue or the successive issues, the issue price, the terms and conditions of the subscription of and paying up on the new shares, and

- remove or limit the preferential subscription right of the shareholders in case of issue of shares against payment in cash.

The above authorization will be valid for a period of 5 years from the date of publication of the deed recording the resolutions adopted at the EGM; it may be renewed by the general meeting of the shareholders of the Company (the **General Meeting**).

Following each increase of the share capital realized and duly stated in the form provided for by the Law, article 5.1 of the Articles will be modified so as to reflect the increase of the share capital so made; such modification will be recorded in authentic form by the Board or by any person duly authorized and empowered by it for this purpose.

III. PURPOSE OF THE ENVISAGED LIMITATION AND REASON

Following the publication of the financial results of the Company as stated in the 2008 annual report, the Board proposes to refinance the Company by issuing new shares.

Article 5.1 of the Company’s Articles currently provides that each share of the Company shall have a nominal value of CHF 2.10 and article 26-5 of the Law prohibits issuance of shares for a subscription price lower than their nominal value.

Given that the market price for the Company’s shares is around CHF 0.20, it is unfeasible for the Board to issue new shares. As the Company is prohibited from issuing new shares at below the nominal value, the Board proposes a restructuring of the Company’s share capital which aims to reduce the shares’ nominal value to an amount that gives the Board the flexibility to issue new shares (the **New Shares**) at a price that will enable it to raise funds through the Placing.

The proposed restructuring of the share capital of the Company also aims to offset the Company’s accumulated losses in order to enable the Company to distribute dividends as soon as it makes profits and to consequently make the Company more attractive to potential new investors.

Accordingly, the Board proposes a restructuring of the Company's share capital by:

- Splitting each subscribed and outstanding share of the Company with a nominal value of CHF 2.10 into 105 shares with a nominal value of CHF 0.02. The share capital will be henceforth represented by 506,400,300 shares, each having a nominal value of CHF 0.02 per share; and

- Reducing the issued share capital of the Company, by the offsetting of CHF 9,669,075 of accumulated losses, from CHF 10,128,006 to CHF 458,931, by cancellation of 483,453,750 shares with a nominal value of CHF 0.02, from 506,400,300 to 22,946,550.

The envisaged subscription price of the New Shares will be based on the market price of the Company's shares at the time of issue. The subscription price will be divided into the share's nominal value (CHF 0.02) and a share premium (equal to the difference between the subscription price and the nominal value).

In this regard, the Company will need to issue new shares promptly and in an efficient way in order to attract new investors.

Accordingly, the Directors unanimousely recommend that shareholders authorise the Board to issue New Shares, within the limits of the authorised share capital of the Company and for a subscription price as described above, and authorises the Board to suppress or, as the case may be, to limit the preferential subscription rights that may exist in favour of any existing shareholder of the Company in relation to the New Shares to be issued.

The Board.

GLOBAL BRANDS S.A.

Mr. Roberto AVONDO

Title: Director

Mr. Bruce VANDENBERG

Title: Director

Mr. Simon Bentley

Title: Director