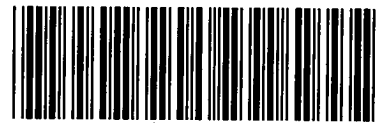


Company registration number 7278725

DP Poland PLC

Annual Report and Accounts 2014

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DP Poland PLC

Annual Report and Accounts 2014

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Company Information

Directors	Nicholas John Donaldson - <i>Non-Executive Chairman</i> Peter John Edward Shaw - <i>Chief Executive</i> Maciej Adam Jania - <i>Finance Director</i> Robert Nicholas Lutwyche Morrish - <i>Non-Executive</i> Christopher Humphrey Robertson Moore - <i>Non-Executive</i> Gerald William Ford - <i>Non Executive</i>
Secretary	Patrick Michael Bodenham FCCA
Registered Office	42 - 50 Hersham Road Walton-on-Thames Surrey KT12 1RZ
Registered Number	7278725
Website	www.dppoland.com
Group Head Office – Poland	ul Słomińskiego 19, lok. 508 00-195 Warszawa
Nominated Adviser and Broker	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
Solicitors	Kaye Scholer LLP 140 Aldersgate Street London EC1A 4HY
Auditors	Crowe Clark Whitehill LLP Aquis House 49-51 Blagrove Street Reading Berkshire RG1 1PL
Registrars	SLC Registrars 42 - 50 Hersham Road Walton-on-Thames Surrey KT12 1RZ
Principal Bankers	Raiffeisen Bank Polska S.A. ul Piekna 20 00-549 Warsaw

Company Profile

DP Poland plc owns the entire issued share capital of DP Polska SA ("DPPSA"), a Polish company. DPPSA has the exclusive master franchise in Poland for Domino's Pizza, the world's leading pizza delivery brand. DPPSA has the exclusive right to develop and operate and sub-franchise to others the right to develop and operate Domino's Pizza stores in Poland.

DPPSA's first Domino's Pizza store was opened in Warsaw in February 2011. There are now nine corporately managed Domino's stores and six sub-franchised stores in Warsaw and three corporately managed stores in Krakow.

Poland has a population of 38 million people and has the potential to become a significant pizza delivery market. DP Poland's objective is to establish Domino's Pizza as the leading pizza delivery brand in Poland.

Risk Management

In addition to the review of the business given in the Chairman's Statement and the Chief Executive's Review, the Directors are required under section 417 the Companies Act 2006 to describe the principal risks and uncertainties facing the Company and the Group. The following is a summary of the principal risks and uncertainties, their potential impact, and the steps which have been taken by the Directors to mitigate them.

Master Franchise Agreement

The success of the Group and the Company is dependent on the continuation of the Master Franchise Agreement ("MFA") with Domino's Pizza. If the MFA were to be terminated it would prevent the Group from continuing to operate using the Domino's Pizza brand. To mitigate this risk the MFA has been secured for an initial 15 year period from June 2010, which may be renewed for an additional ten year term provided certain conditions are satisfied. The Group works closely with its franchisor partner to ensure that all conditions of the MFA, and amendments thereof, are adhered to.

Limited trading history

The Group has limited trading history and it is impossible to predict fully the ongoing demand for the Group's products in its chosen market and the profits and cash flows which will result from sales of those products. If sales revenues are significantly lower than anticipated, or costs are significantly higher than anticipated, this will negatively affect the Group's profitability and cash flows. To mitigate this risk the Company has chosen a proven, market-leading franchise system, which has already been successful in many markets.

Maintaining and expanding a suitable store portfolio

In order for the Group to implement its strategy (and to ensure compliance with the Domino's Pizza master franchise agreement) it will need to maintain and increase the number of its stores throughout Poland. There can be no guarantee that it will be able to identify sufficient suitable locations for new stores. To mitigate this risk, management use a site acquisition strategy utilising a number of separate sources and identifying potential sites well in advance of scheduled openings.

Changes in consumer tastes

Food service businesses are affected by changes in consumer tastes, local and national competition and factors such as demographic trends. Any material change in the market perception of the pizza home delivery and convenience food industry in general, or the Domino's brand in particular, could adversely affect the Group. To mitigate this risk the Group aims to reflect consumer tastes in its product offering and to offer value, quality and service to its customers.

Regulatory and compliance risks

The Group's operations are subject to a broad range of regulatory requirements, particularly in relation to planning, health and safety, employment, advertising and licensing. Failure to comply with these requirements could result in imposition of fines, damage to the brand and other negative consequences. To mitigate this risk, the Group has implemented a strong training and compliance regime and closely monitors changes in relevant legislation and regulations.

Economic risks

A deterioration in the general economic climate in Poland could lead to customers having less disposable income available which might in turn adversely affect the Group's revenues. The Group deliberately operates exclusively in Poland, whose economy has to date been resilient following the global economic slowdown and is now showing strong GDP growth coupled with low inflation.

Sub-Franchisees

Good relationships with our sub-franchisees are essential to the success of our sub-franchising business. Should these relationships deteriorate, there is a risk that we might lose franchisees or that loans made to them might become wholly or partly unrecoverable. To mitigate this risk it is our policy to work closely with sub-franchisees and to provide great service and support to them. Loans provided to sub-franchisees have where possible, appropriate guarantees to minimize any risk of financial loss.

IT systems and infrastructure

Significant failure in, or successful attacks on, the IT processes of our retail operations could impact online sales and each store's ability to trade. In the event of this happening, website sales could stop, which could have a serious detrimental effect on the financial performance of the Group. To mitigate this risk, it is our policy to regularly monitor, control and maintain the integrity and efficiency of IT infrastructure. Processes are in place to deal with any significant IT security incidents. Contingency plans are in place should any serious IT failures arise.

Chairman's Statement

For 2014 we took the decision to focus on store performance over store roll-out, to 'prove the model' before investing in further store openings. As reported in the 2014 interim statement, by the half year point a number of corporate stores were consistently EBITDA positive. The second half of 2014 saw store profitability improve further and by the fourth quarter the store estate as a whole¹ was EBITDA positive. This was a significant point in the development of Domino's in Poland as, whilst we slowed down the expected rate of revenue growth, we saw more stores cross the threshold into sustained profitability. The store estate is now starting to make a meaningful contribution to the central costs of running the business.

As well as improving store performance we saw important developments in store franchising. The acquisition of 5 corporate stores by franchisees in November 2014 has, we believe, laid the foundation for the establishment of franchising of Domino's Pizza stores in Poland. I am delighted that some of our most experienced managers have now taken this step into franchising, having lived and breathed Domino's since our first store opened and becoming convinced of the potential to build their own successful Domino's franchised businesses. Our first franchisees have demonstrated their ambition and I am confident that their example will attract others.

The development of franchising will bring a significant change to the shape and nature of the business as our commissary becomes a profit centre, as explained below by Peter Shaw our CEO and Maciej Jania our Finance Director.

Looking to 2015 we are preparing to open a number of corporate stores in new cities, as well as possible further openings in Krakow and Warsaw, where we are already established. These new store openings will maintain our momentum and, I believe, demonstrate to potential and existing franchisees the opportunities for Domino's beyond Warsaw and Krakow. It is still early days and we are conscious that at this stage in our development we cannot currently expect franchisees to open stores in unproven cities unless we are willing to do so ourselves. The longer term roll-out of stores will be dependent on a compelling franchise proposition, with attractive investment levels and returns.

The figures for January and February of 2015 suggest that our strong sales performance is set to continue, with a growing contribution from the store estate to central costs.

We continue to focus on keeping costs tightly under control and reducing where possible. Essential investment in marketing and operations, that looks disproportionate in the early phases of a business, begins to look more appropriate as traction takes hold and the business starts to grow strongly.

While there remains a long journey ahead to reach Group profitability, your board feels as enthused as ever about the opportunity for Domino's Pizza in this substantial market. That enthusiasm is now backed by the strong supporting evidence of continually improving store performance, correlating with the historic development of Domino's in established markets.

I would like to thank the team for their hard work and commitment in 2014.

Nicholas Donaldson
Non-Executive Chairman
20 March 2015

Chief Executive's Review

Store performance

The fourth quarter of 2014 saw our 9th consecutive quarter of double digit like-for-like² system sales growth. Like-for-like system sales were up 19%, like-for-like gross profit³ up 18% and like-for-like order count up 19%.

System sales⁵ were up 35%⁶ for the full year 2014 compared to the full year 2013, in spite of no increase in store numbers over the year.

The decision at the beginning of 2014 to focus on proving the store model, over store openings, resulted in a significant improvement in total store EBITDA. In support of this focus on store profitability we took the decision to close three underperforming stores. Two of the three closed stores' customers were reallocated to other stores ensuring that those customers were still able to order Domino's.

The table below sets out our current store estate, the make-up of which has changed materially with the growing number of franchised stores.

Stores	1 st Jan 2014	Opened	Sold to franchisees	Closed	31 st Dec 2014
Corporate	18	2	-5	-3	12
Franchised	1	0	5	0	6
Total	19	2	0	-3	18

15 stores are located in greater Warsaw, including all franchised stores, and 3 corporate stores are located in Krakow.

Efficiencies in food buying coupled with growing volumes gave us the opportunity to offer our customers great value, while maintaining the quality of ingredients expected of the Domino's Pizza brand. For the first time, in each month in Q4, we saw total store¹ EBITDA positive, including both corporate and franchised stores.

Our top 3 corporate stores delivered an average of +£24k EBITDA each for the full year, compared to an average of -£12k each for the top 3 performing stores in 2013. Our oldest corporate store delivered +£34k EBITDA for the full year compared to -£7k in 2013. Constant exchange rates have been applied for ease of comparison⁶.

Total corporate store EBITDA improved significantly for the year ended 31 December 2014 at (£254k) (2013: (£589k)) at constant exchange rates⁶, the loss reduced by 57%, this figure including the losses of 3 stores that were closed during the year.

Store roll-out

We have committed to opening a significant number of stores in 2015, with openings focused in the second half to maximise economies of scale in marketing in new cities. For 2015 we are planning on all stores opened being corporate, as we lay the groundwork for franchisees by proving the attractiveness of Domino's to customers in new cities.

There are 5 cities in Poland with a population of at least 500,000, and 39 towns and cities of at least 100,000 people. With this population base and the increasing urbanization of Poland we believe that there is significant potential for expansion. The largest pizza chain in Poland has over 200 stores. We believe that the long term potential for Domino's Pizza in Poland is at least 300 stores, based on an assessment of population, the growing Polish consumer economy and the development of Domino's in other markets.

Franchising

In November 2014 our first franchisee acquired three corporately managed stores, backed by an investor-partner, rolling his original store into a new franchisee company, Rush Hour Pizza Polska ("RHPP"). Well-funded and ambitious, RHPP has indicated to us that they plan significant expansion

over the coming years. Meanwhile, as part of RHPP's agreement with us, they have the option to acquire two more corporate stores in Warsaw.

Our second franchisee, HLM, a partnership between two of our previous Area Managers, acquired 2 stores in Warsaw in November. HLM has ambitions to become a significant franchisee in Warsaw and beyond.

The introduction of franchising means that our business now comprises two revenue streams, one comprising store sales through our directly managed corporate stores and the other comprising commissary revenue, the latter consisting of food and non-food sales to franchisees and royalties on franchised store sales. With franchised store sales excluded from statutory revenue reporting, System Sales, sales through both corporate and franchised stores, becomes an important measure of combined store performance.

Group performance

We saw 15% improvement in Group EBITDA loss, pre-exceptional⁷ items, 2014 (£2.41m) 2013 (£2.84m)⁸. This improvement in Group EBITDA is a positive step in our drive towards our intermediate goal of Group breakeven. As described in the Finance Director's Review below the Group loss⁸ for the period increased 11%, 2014 (£3.66m) 2013 (£3.31m)⁸, due to one-off Exceptional Items. Before these Exceptional Items the Group Loss reduced by 10% 2014 (£2.98m) 2013 (£3.31m).

Online

Online sales have continued to grow significantly, with 59% of delivery system sales ordered online in 2014, compared to 36% in 2013. We expect this proportion of delivery sales ordered online to continue to grow as we invest in further improving our customers' online experience through our website and app. Online delivery system sales were above 60% in January and February 2015.

The advantages of online orders are that they make ordering simple and easy for our customers and the sales process becomes more cost efficient, reducing staff time in handling telephone orders and the potential for order errors. The customer also has the opportunity to browse the menu and select from new offers and promotions.

Marketing

We continue to build brand awareness and store sales through significant marketing investment. While this investment represents a large proportion of central costs, we believe it is critical in building our store's customer counts and in consolidating customer brand loyalty. Our marketing approach is developed in consultation with Domino's Pizza International (DPI) and is consistent with the successful marketing approaches adopted in other markets. While we do not yet have the distribution of stores to justify national television advertising we are able to deploy local digital and outdoor marketing campaigns to great effect.

Improving food and operational costs

Our improvements in food costs have been delivered through a combination of better buying and greater volumes. We achieved a 5 percentage point improvement in costs of ingredients between January and December 2014. While working hard to ensure that our pizzas remain truly superior to our competitors in terms of ingredient quality and generosity of toppings, we have developed our pizza recipes to deliver further improvements in food costs. In store we have focused on waste management to improve efficiency still further.

We continue to make progress in reducing operational costs in-store, including renegotiated utilities and telecoms contracts and improving labour efficiency.

Innovation

We continue to introduce new pizza recipes, new side dishes and desserts for our customers. In 2014 we introduced a number of new pizza recipes, including Double Bacon Burger Pizza, based on an Australian Domino's recipe, Veggie Supreme, based on a US Domino's recipe, and Deluxe. We also introduced a new range of pasta dishes, featuring Tagliatelle Alfredo and Penne Pomodoro, which are proving popular with customers.

We re-launched our range of dips, developing the recipes, introducing spicy Mango Habanero and creating attractive new pack designs. We also introduced a new chicken wings recipe, baked in Mango Habanero sauce.

In desserts we introduced Choco Calzone, a recipe from Domino's in Brazil, a delicious sandwich of chocolate baked in fresh pizza dough.

New product innovation is important to maintain interest with our customers, as we encourage them to try new products. A number of new products have been developed to be introduced through 2015.

Outlook and current trading

We believe that the growth in sales, gross profit and order count that we witnessed in 2014 will continue this year. While it will be a challenge to maintain the level of like-for-like performance that we enjoyed in 2014, January 2015 like-for-like system sales were up 18% and total store EBITDA in that month was the highest month to date. February 2015 like-for-like system sales were up 17%.

With an acceleration in store openings we anticipate absorbing moderate losses on those new stores before they hit EBITDA breakeven. The smaller format S2 concept store, coupled with lower utilities and telecommunications costs, allows us to run a store at significantly lower costs than our original larger store formats. As a result S2 stores are expected to breakeven in a shorter time frame than our first stores, which is borne out by our S2 store openings to date. While we expect to see a negative impact of new store openings on Group EBITDA in the shorter term, in the longer term the business will be in a materially stronger position as those new stores become EBITDA positive.

On the supply chain side we are well advanced in planning for the challenges of supplying more stores outside of Warsaw. We have capacity in our Warsaw commissary for 2015 and are considering options for 2016 onwards, with the emphasis on low capital expenditure and flexibility.

Maintaining momentum in growing the Domino's store estate is central to our vision of becoming the number one pizza brand in Poland. We are clear that this rate of expansion has required significant time and investment and will require further time and investment, but we remain convinced of the opportunity as evidenced by the performance of our most mature stores. The macro economic outlook for Poland, as described in the Finance Director's Review below, gives us further reason for optimism with the uplift in GDP and Internal Consumption.

We have a compelling consumer offer, strong operations and effective marketing, as assessed by our franchisor, DPI, and as such we anticipate 2015 to be another year of significant progress.

Peter Shaw
Chief Executive
20 March 2015

Finance Director's Review

Overview

2014 has been a year of transition for the Company as we held back store openings to prove the store model and sold a significant number of corporate stores to franchisees. The strong like-for-like system sales performance with 9 quarters of double digit growth and total store EBITDA positive for the final quarter of 2014 give us confidence to move to a more aggressive store opening programme.

At 31 December 2014 33% of stores were franchised and the commissary had become a profit centre, which meant that we had to rework our management accounting, originally set up for corporate stores only, with the commissary as a cost centre. The revenues to DPP from franchised stores include royalties, food and non-food commissary sales and other services sold to franchisees through the commissary.

To monitor the performance of franchised stores and the commissary we have set up a separate commissary profit and loss account. Since November of 2014 we have had two profit streams in our business (i) corporate stores and (ii) commissary. Trade receivables will become a key management focus within the commissary side of the business to ensure we focus on quick cash conversion, with various tools being put in place including Direct Debit arrangements on franchisee bank accounts.

Store count

In 2014 we opened 2 corporate stores, we closed 3 corporate stores and we sold 5 corporate stores to franchisees.

Stores	1 st Jan 2014	Opened	Sold to franchisees	Closed	31 st Dec 2014
Corporate	18	2	-5	-3	12
Franchised	1	0	5	0	6
Total	19	2	0	-3	18

Sales Key Performance Indicators

Growth in like-for-like (L-F-L) system sales was supported by strong growth in order count. Delivery online sales are growing and becoming the major sales channel for delivery sales:

	2014 £	2013 £	Change %
System sales*	3,957,332	2,928,741	+35%
L-F-L Delivery online system sales*	1,663,504	801,889	+108%
L-F-L system sales	+19%	+43%	
L-F-L system order count	+19%	+39%	
Delivery online system sales*	1,883,633	833,196	+126%
Delivery system sales ordered online	59%	36%	

*Constant exchange rate of PLN 5.1924:£1

Group performance

The improvement in revenue in 2014 was significant, giving rise to a satisfactory improvement in Group EBITDA and the Group Loss for the period before Exceptional Items.

Group Revenue & EBITDA*	2014 £	2013 £	Change %
Revenue	3,849,098	3,016,329	+28
Group EBITDA	(2,406,733)	(2,731,017)	+12

*Constant exchange rate of PLN 5.1924:£1

Group Revenue & EBITDA*	2014 £	2013 £	Change %
Revenue	3,849,098	3,169,801	+21
Group EBITDA	(2,406,733)	(2,844,290)	+15

*Actual exchange rates for 2013 and 2014

Group loss for the period

Group pre-exceptional loss for the period has reduced, however as a result of Exceptional Items the group loss in 2014 was greater than the group loss in 2013.

Group Loss for the period*	2014 £	2013 £	Change %
Group loss for the period pre-exc**	(2,978,608)	(3,305,912)	+10%
Group loss for the period	(3,656,880)	(3,305,912)	-11%

* Actual exchange rates for 2013 and 2014

** Pre-exceptional items

Exceptional items

Exceptional Items in the 2014 accounts include one-off provisions for estimated outstanding net rent obligations for three closed stores, an impairment charge for assets at those stores which could not be deployed elsewhere and an impairment charge for store disposals to franchisees where the sale price was less than Net Book Value. 3 of the 5 stores that were sold to franchisees were sold at a market value less than their Net Book Value. 2 stores were sold to franchisees at a market value higher than their Net Book Value.

Exchange rates

PLN : £1	2014	2013	Change %
Profit & Loss Account	5.1924	4.9410	+5
Balance Sheet	5.4965	4.9819	+10

Financial Statements for our Polish subsidiary DP Polska S.A. are denominated in PLN and translated to £. Under IFRS the Profit and Loss Account for the Group has been converted from PLN at the average annual exchange rate applicable to PLN against £. The balance sheet has been converted from PLN to £ at the 31 December 2014 exchange rate applicable to PLN against £. In 2014 the PLN weakened against £.

Cash position

Cash has reduced by 39%, with the net cash at 31st December 2014 being £4.47m. We have committed to opening a significant number of stores during 2015, which will require cash to launch as well as to fund those stores during their initial loss-making period. As sales are forecast to grow, through existing and new stores, we will need to increase commissary capacity over the next 12 months, requiring capital investment. As a result and in addition to anticipated central marketing and operating costs, the company will need to consider its source of finances including a potential issuance of equity in due course.

	1 st January 2014	Cash consumption	31 st December 2014
Cash in bank*	7,297,148	(2,830,721)	4,466,427

Actual exchange rates for 2013 and 2014

Costs

We continue to focus on managing our costs at the store level and centrally, renegotiating with suppliers on an ongoing basis. Costs will be incurred as we expand into new cities and we are focused on keeping those and existing costs to a minimum.

Macro situation in Poland

In 2014 we saw strong GDP growth against 2013 combined with inflation tracking down. GDP growth was supported by growth in Internal Consumption. Low inflation was triggered mainly by deflation in crude oil prices and resulted in the lowering of the 3 Month Warsaw Interbank Offered Rate to approximately 2 per cent.

Macro KPI	2014	2013	Change %
Real GDP growth (% growth) ⁹	3.4	1.7	+100%
Inflation (% growth) ⁹	0.1	1.0	- 90%
	31 Dec 2014	31 Dec 2013	
Interest rate ¹⁰ (%)	2.0600	2.7100	-24%

Maciej Jania
Finance Director
 20 March 2015

¹ Total stores includes corporate and franchised stores

² Like-for-like growth in PLN, matching trading periods for the same stores between 1 January and 31 December, 2013 and 1 January and 31 December, 2014.

³ Sales minus food costs. This figure excludes franchised stores

⁴ Order count for corporate and franchised stores

⁵ System Sales – total retail sales including sales from corporate and franchised stores

⁶ Converted at constant exchange rate: average for 2014 PLN5.1924:£1

⁷ Exceptional Items include one-off provisions for estimated outstanding net rent obligations for three closed stores, an impairment charge for assets at those stores which could not be deployed elsewhere and an impairment charge for store disposals to franchisees where the sale price was less than Net Book Value

⁸ Reported with average exchange rates for 2014 and 2013, according to IFRS

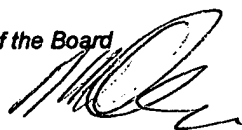
⁹ source: <http://www.euromonitor.com/poland/country-factfile>

¹⁰ 3M WIBOR at 30 December, source: www.money.pl

Strategic Report approval

The Strategic Report on pages 2 to 12, incorporates the sections: Company Information, Company Profile, Risk Management, Chairman's Statement, Chief Executive's Review and the Finance Director's Review.

By order of the Board



Patrick Bodenham
Company Secretary
 20 March 2015

The Board

The Board of DP Poland plc comprises 2 Executive and 4 Non-Executive Directors.

Nicholas Donaldson (aged 61), *Non-Executive Chairman*

Nick, who is a barrister by profession, has worked in investment banking for over 25 years. He is a partner of London Bridge Capital, a corporate finance advisory firm. Until 2003 Nick was head of corporate finance at Arbuthnot Securities. Prior to this he was head of investment banking in Europe for Robert W Baird and previously head of corporate finance and M&A at Credit Lyonnais. Nick was until 2007 a member of the FSA's Listing Authority Advisory Committee, which he joined on its inception. Nick has spent the majority of his career providing strategic advice to companies on mergers & acquisitions, IPOs and secondary fund raisings. Nick is an independent director of fully listed Games Workshop Group PLC. He was co-founder of the Clapham House Group PLC, the AIM quoted restaurant group, which was the subject of a recommended takeover in 2010.

Peter Shaw (aged 54), *Chief Executive*

Peter is a founder of DP Poland and has been Chief Executive since October 2010. Peter started working in Poland in 2006 when he was appointed International Marketing Director for AIM listed coffeeheaven international, Poland's leading coffee bar chain. coffeeheaven was acquired by Costa Coffee in February 2010. With over twenty-five years' experience of working with consumer brands, Peter started his career in 1984 as a graduate trainee with Unilever's consumer research arm Research International. In 1987 Peter joined Saatchi and Saatchi Advertising and in 1992 joined leading innovation consultancy CLK where he helped major consumer brand owners develop their consumer offers. Peter is Executive Chairman of DP Poland's operating company DP Polska S.A.

Maciej Jania (aged 42), *Finance Director*

Maciej is a highly experienced commercial manager with significant expertise in running both start-up and established multi-site businesses. Maciej was co-founder and the Finance Director of coffeeheaven international plc, Poland's largest coffee bar chain. In 2007 he moved to Samsung Electronics (Poland) where he held a senior financial position. In November 2010 Maciej was appointed Managing Director of DP Polska SA, DP Poland's operating business. Maciej was appointed to the board of DP Poland plc in September 2012 in the role of plc Finance Director which he fulfils alongside his role as Managing Director of DP Polska S.A.

Robert Morrish FCA (aged 65), *Non-Executive Director*

Rob is a Chartered Accountant and has considerable experience at board level in small and medium sized businesses. He was previously a non-executive director of coffeeheaven international plc and group finance director of Supreme Petfoods Limited and until December 2010 was chief financial officer of Lookfantastic.com, an online beauty product retailer and hair salon business. Rob has introduced and developed financial, costing and reporting systems for a diverse range of businesses and has considerable practical experience in treasury, taxation and company secretarial matters. He is currently also the Finance Director of RAK Ceramics UK Ltd.

Chris Moore (aged 55), *Non-Executive Director*

Chris was Chief Executive Officer at Domino's Pizza UK & IRL, from December 2007 to December 2011, having joined that company in 1990 as European Marketing Manager. Chris is a recipient of the Domino's Pizza Chairman's Circle Award presented in July 2010 making him one of the top 15 individuals in the 50 year history of the company to receive this award. He has more than 22 years of experience working with Domino's Pizza and was responsible for growing the number of stores from 37 to 720. Chris advises and invests in a number of other businesses in the catering and online industries.

Gerry Ford (aged 56), *Non-Executive Director*

Gerry Ford is Chairman and Chief Executive of Caffe Nero Group Limited, Europe's largest independent coffee house group. Gerry founded Caffe Nero in 1997, listed the company on the London Stock Exchange (LSE) in 2001-2007 before taking it private again. In 2005 he was named the UK's Entrepreneur of the Year by the Financial Times and LSE. Today, Caffe Nero has more than 5,000 employees in 700 stores across 7 countries. Gerry is Chairman of the Polish subsidiary which

operates approximately 30 stores. Gerry has more than 20 years' experience of sitting on boards and nurturing small-medium sized businesses.

DP Polska S.A. Management Board

Peter Shaw, *Chairman*

Maciej Jania, *Managing Director*

Tomasz Lachowski (aged 35) *Finance Director*

Tomasz joined DP Polska from coffeeheaven (CHI Polska S.A.), Poland's leading coffee bar brand, where he was Head of Finance in the Warsaw headquarters. Tomasz joined coffeeheaven in 2002 and saw the business grow from a handful of stores to Central Europe's leading coffee bar brand. Tomasz attended the School of Economics and Law, Kielce.

Directors' Report

The Directors are pleased to present their report and the audited financial statements for the year ended 31 December 2014.

Results and Dividends

The loss for the period, after taxation, amounted to £3,656,880 (2013: £3,305,912). The Directors do not recommend payment of a dividend to ordinary shareholders.

Fixed Assets

Details of the Group's intangible assets and property, plant and equipment are shown in notes 12 and 13 to the financial statements on pages 41 and 42.

Corporate Governance

The Company complies, so far as is practicable and given the Company's size, with the recommendations of best practice in the corporate governance of public companies as set out in the UK Corporate Governance Code. In particular, the Board has a majority of Non-Executive Directors.

Board Meetings

The Company holds regular Board meetings throughout the year.

Remuneration Committee

The remuneration paid to the Chief Executive is reviewed and approved by three Non-Executive Directors; Nicholas Donaldson, Robert Morrish and Gerald Ford, acting as the Remuneration Committee. Full details of the Company's remuneration policy and the remuneration paid to all Directors is set out in the Remuneration Report on pages 19 and 20.

Audit Committee

An audit committee has been established which consists of two Non-Executive Directors, Nicholas Donaldson and Robert Morrish. The committee is responsible for ensuring that the financial performance of the Group is properly reported upon and monitored, for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems.

Health and Safety

High standards of health and safety management are promoted at all levels within the Group. As required under the Polish Labour Code, DP Polska S.A. ("DPSA") has appointed an external health and safety consultancy to advise DPSA on all aspects of employee health and safety. Regular audits for compliance are carried out by this organisation at DPSA stores and offices and DPSA periodically receives written confirmation that there are no outstanding matters within its operations that pose a danger to the health or safety of its employees.

In addition, the Group's approach to the health, safety and welfare of its employees in all markets is supported by training programmes and written rules relating to health and safety, all of which promote a high level of awareness and commitment within the Group.

Going Concern

In forming their views, the Directors have prepared cash flow forecasts for a 12 month period following the date of signing the balance sheet. As part of the preparation of these forecasts, the Directors have estimated the likely outcome for the number of new stores opened. Before entering into a contract to acquire a new site, the Directors ensure that the Group has sufficient working capital available to allow

the completion of the outlet. Based on these forecasts, the Directors have confirmed that there are sufficient cash reserves to fund the on-going store build programme and to operate business for the period under review.

After reviewing these forecasts, consideration of the Group's cash resources and other appropriate enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors and Directors' Interests

The Directors who held office during the period were as follows:

Nicholas John Donaldson
 Peter John Edward Shaw
 Maciej Adam Jania
 Robert Nicholas Lutwyche Morrish
 Christopher Humphrey Robertson Moore
 Gerald William Ford

In accordance with the Company's Articles of Association Peter Shaw and Christopher Moore offer themselves for re-election at the Annual General Meeting.

The following Directors at 31 December 2014 had interests in the ordinary shares of 0.5p each as follows:

	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares</i>
Peter Shaw ^{1,2,5}	1,309,879	1.37%
Gerald Ford ²	739,122	0.77%
Christopher Moore ²	583,333	0.61%
Robert Morrish ²	186,666	0.20%
Nicholas Donaldson ^{2,3}	180,333	0.19%
Maciej Jania ^{2,4,5}	13,333	0.01%

1. Peter Shaw also controls the voting rights of 283,936 ordinary shares pursuant to the terms of the Company's Joint Ownership Share Scheme.
2. The Directors are interested in an additional 506,169 ordinary shares in total, pursuant to the terms of the Company's Share Incentive Plan as follows: Peter Shaw - 51,948 shares; Nicholas Donaldson - 165,422 shares; Robert Morrish - 165,422 shares; Maciej Jania - 103,896 shares; Gerald Ford - 144,362; Christopher Moore - 288,723 shares.
3. Held through Nicholas Donaldson's personal pension
4. Under the Company's Share Option Scheme, Maciej Jania has been awarded options over a maximum of 399,028 of the company's ordinary shares exercisable at 0.5 pence per share. These options are subject to personal and Company performance conditions.
5. Under the Company's Long Term Incentive Share Option Plan, Peter Shaw and Maciej Jania have been awarded options over a maximum of 3,750,000 and 2,437,175 respectively of the Company's ordinary shares. These options are subject to Company performance conditions over the period to December 2016.

Interests in the Joint Ownership Share Scheme take the form of a restricted interest in the Company's ordinary shares which permits the participant, subject to certain performance criteria, to benefit from a proportion of the increase (if any) in the value of a number of ordinary shares over which the interest is acquired. The DP Poland plc Share Incentive Plan provides for awards of restricted shares to employees (and under an addendum by way of sub-plan, non-executive directors of Group companies). The ordinary shares in the Company are held in an Employee Benefit Trust during a vesting period of two years but the participant enjoys certain beneficial ownership rights during that time, and becomes entitled to full rights of ownership once the ordinary shares have vested.

Awards under the Long Term Incentive Share Option Plan take the form of options over the ordinary shares of the company, exercisable at 0.5 pence each. These awards are based on a percentage of the participant's base annual salary. The initial awards are subject to performance conditions as follows: (a) Store trading performance in the year to 31st December 2016 and number of stores sub-franchised by that date – 40% of the total award; (b) The Company's share price during the three months to 31st December 2016 (the target share prices being 20p and 25p) – 40% of the total award;

(c) Control of central costs over the three years to 31st December 2016 – 20% of the total award. These awards vest, subject to achievement of performance conditions, on the day following the announcement of the 2016 full year results.

Substantial Interests

At 20 March 2015, the Company had been notified under the Disclosure and Transparency Rules of the following major shareholdings and the percentages of voting rights represented by such holdings, excluding the shareholdings and associated voting rights of the Directors noted above.

	<i>Number of Ordinary Shares</i>	<i>Percentage of Ordinary Shares</i>
Hargreave Hale Ltd	17,184,332	18.01%
Blackrock International Ltd	9,324,291	9.77%
Pageant Holdings Ltd	5,892,000	6.18%
Hermes Investment Management Ltd	4,550,000	4.77%
Threadneedle Asset Management	4,371,060	4.58%
Stancroft Trust Ltd	4,146,666	4.30%
JM Finn & Co Ltd	3,108,668	3.26%
Trustees of DP Poland plc Employee Benefit Trust	3,055,844	3.20%

Financial Instruments

The Group's principal financial instruments comprise cash at bank or in hand and various items such as trade receivables and payables, which arise directly from its operations. It is Group policy that no trading in financial instruments shall be undertaken.

The Group's overseas operations expose it to a variety of financial risks and the Directors have identified that the main risks to the Group in this area are from interest rate and foreign currency movements.

The Group is exposed to cash flow interest risk on its floating rate deposits and bank loans. The Group is able to manage this by free movement of funds between currencies to maintain the best return for the Group. Cash and borrowing requirements are managed centrally to maximise interest income and minimise interest exposure, whilst ensuring that the Group has sufficient liquid resources to meet the operating needs of its activities.

As the Group's operations are all in Poland, it is exposed to foreign exchange risks primarily with respect to Polish Zlotys, US Dollars and Euros. In each case, where revenues of the Group are in a foreign currency, there is a material match between the currency of the operating company's revenue stream, primary assets, debt and debt servicing (if applicable).

Investments of cash surpluses, borrowings and other financial instruments are made through banks and companies which must fulfil credit rating criteria approved by the Board. Customers are not traded with on credit terms.

All sub-franchisees who are provided with loans from the Group have been through the franchisee selection process, which is considered to be sufficiently robust to ensure an appropriate credit verification procedure.

Annual General Meeting

The Annual General Meeting of the Company will take place at the offices of Peel Hunt LLP, Moor House, 120 London Wall, London EC2Y 5ET, on 05 May 2015 at 11.00 a.m.

The notice of Annual General Meeting contains an ordinary resolution at resolution 5, which seeks to give the Directors authority to allot shares up to a maximum aggregate nominal amount of £159,063 and which, if passed, would allow the Directors to allot and issue up to 31,812,600 new ordinary shares of 0.5p each, representing approximately one third of issued ordinary share capital of the Company at the date of the notice of Annual General Meeting. This resolution also authorises the Directors to allot shares up to a further aggregate nominal amount of £159,063 where the shares are to be offered by way of a fully pre-emptive rights issue. The Directors do not have any present

intention to exercise such authority. However, if the Directors were to exercise such authority and allot more than one third of the issued share capital, the Directors intend to follow best practice as regards the Directors standing for re-election, as recommended by the ABI. The notice of Annual General Meeting also contains a special resolution at resolution 6 which will authorise the Directors to allot shares for cash as if the statutory pre-emption provisions under the Companies Act 2006 did not apply to any allotments made by way of rights issue, open offer or other pre-emptive offer to existing shareholders in the exercise of the authority conferred by resolution 5 in the notice of Annual General

Meeting referred to above. This resolution will additionally confer power on the Directors to allot for cash shares up to an aggregate nominal value of £47,719 representing 9,543,800 ordinary shares of 0.5p each, otherwise than pro rata to existing shareholders. The Directors have no present intention of issuing any further new ordinary shares in the exercise of such power.

Statement of Disclosure of Information to Auditors

The Directors of the Company who held office at the date of approval of this Annual Report as set out above each confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Crowe Clark Whitehill LLP has indicated its willingness to continue as auditor. Accordingly a resolution proposing its re-appointment as auditor will be put to the members at the next Annual General Meeting.

On Behalf of the Board



Peter Shaw
Director
20 March 2015

Remuneration Report

Overview and Policy

The Remuneration Committee comprises Robert Morrish, Nicholas Donaldson and Gerald Ford, Non-Executive Directors of the Company. The terms of reference of the committee are that it makes recommendations to the Board on the framework and quantum of executive remuneration.

The overall policy of the committee is to provide remuneration and benefit packages to the Chief Executive and other senior managers in the Group which are appropriate to retain and motivate them to meet the objectives set by the Board.

In determining the mix of short-term reward (salary, bonus and other benefits) and longer-term reward (share incentives), the committee is mindful of the continuing 'development' nature of the business.

Recent survey data indicate that the base pay and total earnings of the Company's Directors are at the lower end of total pay for similar size quoted UK businesses. The current framework of executive remuneration is weighted very heavily in favour of longer-term incentives in the form of share incentives, the value of which is dependent upon how successful the executive management is in increasing the share price of the Company and thus 'shareholder value'. The number and pricing of such incentives also reflects the risk to the management of a significant portion of their remuneration being provided in this way.

Directors' Contracts and Remuneration

Chief Executive

Peter Shaw is responsible for the strategic management and development of the Company's business. Under the terms of his director's service contract he is entitled to a salary of £125,000 per annum for a minimum time commitment of 26 hours per week. At the discretion of the Remuneration Committee, he may additionally be paid an annual bonus which is also subject to achieving detailed performance conditions. The amounts payable under his contract in 2014 were: salary £125,000; discretionary bonus £46,824. His employment may be terminated by 12 months notice by either party. In the event that his employment is terminated by the Company before 31 Stores have been opened, a termination payment is payable which is the higher of (i) £200,000 or (ii) the amount of the annual salary and bonus payable at the date of termination.

Finance Director

Maciej Jania is responsible for all matters relating to Group finance. He is also Managing Director of DP Polska S.A. He receives a UK director's fee of £6,000 per annum and additionally receives a consultancy fee of 276,000 Polish Zloty (approximately equivalent to £53,154) per annum from DP Poland plc. For his directorship of DP Polska S.A. he receives additional fees and salary totalling 114,000 Polish Zloty (approximately equivalent to £21,955) per annum. In 2014 he received a performance based bonus of 158,345 Polish Zloty (approximately equivalent to £30,495).

Non-Executive Directors

Nicholas Donaldson is Non-Executive Chairman of the Company. During the year ended 31 December 2014, the fee payable to him was £15,000 per annum. This appointment is terminable on 3 months' notice by either party, and earlier in certain circumstances.

Robert Morrish is a Non-Executive Director of the Company. During the year ended 31 December 2014, the fee payable to him was £15,000 per annum. This appointment is terminable on 3 months' notice by either party, and earlier in certain circumstances.

Gerald Ford is a Non-Executive Director of the Company. During the year ended 31 December 2014, the fee payable to him was £15,000 per annum. He is also entitled to receive shares in the Company, through the Company's Non-Executive Director Share Incentive Plan, to the value of £15,000 per

annum. The total fee paid during the year was £15,000 This appointment is terminable on 3 months' notice by either party, and earlier in certain circumstances.

Christopher Moore is a Non-Executive Director of the Company. During the year ended 31 December 2014 he received no cash remuneration. He is entitled to receive shares in the Company, through the Company's Non-Executive Director Share Incentive Plan, to the value of £30,000 per annum. This appointment is terminable on 3 months' notice by either party, and earlier in certain circumstances.

Remuneration and Share Incentives in the year to 31 December 2014

Total remuneration, fees and benefits paid or payable to the Directors by the Group for the year ended 31 December 2014 are set out below and amounts in aggregate to £328,430 (2013: £283,800).

Details of share incentives held by, and granted to, Directors are set out in the Directors' Report on page 16.

Details of individual Directors' emoluments for the year are as follows: ¹

Name of Director	Year ended 31 December 2014 <i>salary or fees</i>	Year ended 31 December 2014 <i>performance based bonus</i>	Year ended 31 December 2014 <i>total emoluments</i>	Year ended 31 December 2013 <i>total emoluments</i>
	£	£	£	£
Nicholas Donaldson	15,000	-	15,000	15,000
Peter Shaw	125,000	46,824	171,824	150,833
Maciej Jania	81,110	30,496	111,606	87,967
Robert Morrish	15,000	-	15,000	15,000
Christopher Moore	-	-	-	-
Gerald Ford	15,000	-	15,000	15,000
Total	251,110	77,320	328,430	283,800

¹ This schedule is part of the audited information

Statement of Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial information is published on the Company's website. The maintenance and integrity of this website is the responsibility of the Directors; the work carried out by the Company's auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may occur to the financial statements after they are initially presented on the website.

It should be noted that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report

to the Members of DP Poland plc

We have audited the financial statements of DP Poland Plc for the year ended 31 December 2014 which comprise the Group Income Statement, the Group and Parent Company Statements of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statements of Changes in Equity, and the related notes numbered 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report and any other surrounding information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Ian Dale
Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
Reading
RG1 1PL

20 March 2015

Group Income Statement

for the year ended 31 December 2014

	Notes	Pre- exceptional items 2014 £	Exceptional items (Note 5) 2014 £	Total 2014 £	2013 £
Revenue	2	3,849,098	-	3,849,098	3,169,801
Cost of sales		(2,120,413)	-	(2,120,413)	(1,768,711)
Gross profit		1,728,685	-	1,728,685	1,401,090
Distribution costs		(545,975)	-	(545,975)	(507,678)
Administrative expenses - excluding depreciation, amortisation and share based payments		(3,589,443)	(234,731)	(3,824,174)	(3,737,702)
GROUP EBITDA		(2,406,733)	(234,731)	(2,641,464)	(2,844,290)
Finance income	7	43,219	-	43,219	98,327
Finance costs	8	(1,151)	-	(1,151)	-
Foreign exchange gains / (losses)		(14,661)	-	(14,661)	5,985
		27,407	-	27,407	104,312
Depreciation, amortisation and impairment		(446,728)	(443,541)	(890,269)	(438,041)
Loss before taxation and share based payments		(2,826,054)	(678,272)	(3,504,326)	(3,178,019)
Share based payments	23	(73,841)	-	(73,841)	(127,893)
Loss before taxation	4	(2,899,895)	(678,272)	(3,578,167)	(3,305,912)
Taxation	9	(78,713)	-	(78,713)	-
Loss for the period		(2,978,608)	(678,272)	(3,656,880)	(3,305,912)
Loss per share					
Basic	11			(3.96 p)	(3.58 p)
Diluted	11			(3.96 p)	(3.58 p)

All of the loss for the year is attributable to the owners of the Parent Company.

Group Statement of comprehensive income

for the year ended 31 December 2014

	2014	2013
	£	£
Loss for the period	(3,656,880)	(3,305,912)
Currency translation differences	(368,824)	27,620
Total comprehensive income for the period	(4,025,704)	(3,278,292)

Company Statement of comprehensive income

for the year ended 31 December 2014

	2014	2013
	£	£
Loss for the period	(1,057,184)	(457,501)
Total comprehensive income for the period	(1,057,184)	(457,501)

All of the loss for the year for both the Company and the Group, is attributable to the owners of the Parent Company.

Group Balance Sheet

at 31 December 2014

	Notes	2014 £	2013 £
Non-current assets			
Intangible assets	12	309,100	368,209
Property, plant and equipment	13	1,709,393	2,867,583
Deferred tax asset	16	-	86,843
Trade and other receivables	17	338,498	125,419
		2,356,991	3,448,054
Current assets			
Inventories	18	99,947	135,860
Trade and other receivables	17	542,129	648,433
Cash and cash equivalents	19	4,466,427	7,297,148
		5,108,503	8,081,441
Total assets		7,465,494	11,529,495
Current liabilities			
Trade and other payables	20	(628,847)	(858,895)
Provisions	25	(168,672)	-
		(797,519)	(858,895)
Total liabilities		(797,519)	(858,895)
Net assets		6,667,975	10,670,600
Equity			
Called up share capital	22	477,190	477,190
Share premium account		18,825,667	18,825,667
Capital reserve - own shares		(56,361)	(56,361)
Retained earnings		(11,991,601)	(8,357,800)
Currency translation reserve		(586,920)	(218,096)
Total equity		6,667,975	10,670,600

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2015 and were signed on its behalf by:


Peter Shaw
 Director


Maciej Jania
 Director


Company Balance Sheet


at 31 December 2014

COMPANY REGISTRATION NUMBER 7278725

	Notes	2014 £	2013 £
Non-current assets			
Investments	14	13,284,827	3,841,523
Receivables from subsidiary undertakings	15	-	7,913,925
		<u>13,284,827</u>	<u>11,755,448</u>
Current assets			
Trade and other receivables	17	61,145	59,951
Cash and cash equivalents	19	3,849,124	6,402,044
		<u>3,910,269</u>	<u>6,461,995</u>
Total assets		17,195,096	18,217,443
Current liabilities			
Trade and other payables	20	(98,453)	(86,695)
Net assets		17,096,643	18,130,748
Equity			
Called up share capital	22	477,190	477,190
Share premium account		18,825,667	18,825,667
Retained earnings		(2,206,214)	(1,172,109)
Shareholders' Equity		17,096,643	18,130,748

The financial statements were approved by the Board of Directors and authorised for issue on 20 March 2015 and were signed on its behalf by:


Peter Shaw
 Director


Maciej Jania
 Director

Group Statement of Cash Flows

for the year ended 31 December 2014

	2014	2013
Note	£	£
Cash flows from operating activities		
Loss before taxation for the period	(3,578,167)	(3,305,912)
<i>Adjustments for:</i>		
Finance income	7 (43,219)	(98,327)
Finance costs	8 1,151	-
Depreciation, amortisation and impairment	890,269	438,041
Loss on disposals of property plant and equipment	-	7,149
Share based payments expense	23 73,841	127,893
Operating cash flows before movement in working capital	(2,656,125)	(2,831,156)
Decrease/(increase) in inventories	24,551	(47,739)
Decrease/(increase) in trade and other receivables	17 89,530	(191,706)
Increase in trade and other payables	130,545	144,173
Share options settled in cash	22 (50,762)	-
Cash generated from operations	(2,462,261)	(2,926,428)
Taxation paid	-	-
Net cash from operating activities	(2,462,261)	(2,926,428)
Cash flows from investing activities		
Payments to acquire software	(3,433)	(7,475)
Payments to acquire property, plant and equipment	(465,874)	(543,954)
Payments to acquire intangible fixed assets	(11,562)	(102,739)
Lease deposits net amount repaid / (advanced)	55,233	(35,897)
Proceeds from disposal of property plant and equipment	449,796	3,100
Loans to sub-franchisees	17 (345,744)	(126,457)
Interest received	7 43,219	98,327
Net cash used in investing activities	(278,365)	(715,095)
Cash flows from financing activities		
Interest paid	8 (1,151)	-
Net cash from financing activities	(1,151)	-
Net increase/(decrease) in cash and cash equivalents	(2,741,777)	(3,641,523)
Exchange differences on cash balances	(88,944)	8,918
Cash and cash equivalents at beginning of period	7,297,148	10,929,753
Cash and cash equivalents at end of period	19 4,466,427	7,297,148

Company Statement of Cash Flows

for the year ended 31 December 2014

	Note	2014 £	2013 £
Cash flows from operating activities			
Loss before taxation		(1,057,184)	(457,501)
<i>Adjustments for:</i>			
Finance income		(36,915)	(80,472)
Share based payments expense		30,959	58,116
Operating cash flows before movement in working capital		(1,063,140)	(479,857)
Increase in trade and other receivables	17	(1,194)	(10,364)
Increase/(decrease) in trade and other payables		11,758	(35,147)
Cash used in operating activities		(1,052,576)	(525,368)
Cash flows from investing activities			
Loans to subsidiary company	15	(1,486,497)	(3,933,735)
Share options settled in cash		(50,762)	-
Interest received		36,915	80,472
Net cash used in investing activities		(1,500,344)	(3,853,263)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital		-	-
Net cash from financing activities		-	-
Net decrease in cash and cash equivalents		(2,552,920)	(4,378,631)
Cash and cash equivalents at beginning of period		6,402,044	10,780,675
Cash and cash equivalents at end of period	19	3,849,124	6,402,044

Group Statement of Changes in Equity

for the year ended 31 December 2014

	Share capital £	Share premium account £	Retained earnings £	Currency translation reserve £	Capital reserve - own shares £	Total £
At 31 December 2012	477,190	18,827,775	(5,179,781)	(245,716)	(56,361)	13,823,107
Shares issued	-	-	-	-	-	-
Expenses of share issue	-	(2,108)	-	-	-	(2,108)
Share based payments	-	-	127,893	-	-	127,893
Translation difference	-	-	-	27,620	-	27,620
Loss for the period	-	-	(3,305,912)	-	-	(3,305,912)
At 31 December 2013	477,190	18,825,667	(8,357,800)	(218,096)	(56,361)	10,670,600
Share options settled in cash	-	-	(50,762)	-	-	(50,762)
Share based payments	-	-	73,841	-	-	73,841
Translation difference	-	-	-	(368,824)	-	(368,824)
Loss for the period	-	-	(3,656,880)	-	-	(3,656,880)
At 31 December 2014	477,190	18,825,667	(11,991,801)	(586,920)	(56,361)	6,667,975

Company Statement of Changes in Equity

for the year ended 31 December 2014

	Share capital £	Share premium account £	Retained earnings £	Total £
At 31 December 2012	477,190	18,827,775	(842,501)	18,462,464
Expenses of share issue	-	(2,108)	-	(2,108)
Share based payments	-	-	127,893	127,893
Loss for the year	-	-	(457,501)	(457,501)
At 31 December 2013	477,190	18,825,667	(1,172,109)	18,130,748
Share options settled in cash	-	-	(50,762)	(50,762)
Share based payments	-	-	73,841	73,841
Loss for the year	-	-	(1,057,184)	(1,057,184)
At 31 December 2014	477,190	18,825,667	(2,206,214)	17,096,643

Notes to the Financial Statements

for the year ended 31 December 2014

1. ACCOUNTING POLICIES

Authorisation of financial statements and statement of compliance with IFRSs

The DP Poland plc Group and Company financial statements for the period ended 31 December 2014 were authorised for issue by the Board of the Directors on 20 March 2015 and the balance sheets were signed on the Board's behalf by Peter Shaw and Maciej Jania. DP Poland plc is a public limited company incorporated and domiciled in England & Wales. The Company's ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange.

Basis of preparation

The financial statements have been prepared on the historical cost basis, with the exception of certain financial instruments and share based payments. The consolidated and Company financial statements of D P Poland plc have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS. The financial statements have been prepared in accordance with IFRS and IFRIC interpretations issued and effective or issued and early adopted as at the time of preparing these statements (March 2015). The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2014.

The Group and Company financial statements are presented in Sterling. The assets and liabilities of the foreign subsidiary, whose functional currency is Polish Zloty, are translated into sterling at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average rate for the year. Differences arising from the translation of the opening net investment in the subsidiary are taken to reserves and reported in the consolidated statement of comprehensive income.

Basis of consolidation

The Group financial statements comprise the financial statements of DP Poland plc, its subsidiary undertaking and the Employee Benefit Trust ("EBT") drawn up to 31 December of each year, using consistent accounting policies. Subsidiary undertakings have been included in the Group financial statements using the purchase method of accounting. Accordingly the Group Income Statement and Group Statement of Cash Flows include the results and cash flows of subsidiaries from the date of acquisition.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated on consolidation.

New standards and interpretations not applied

All relevant IFRS applicable to this accounting period, issued by IASB and endorsed by the EU, have been adopted by the Group in preparation of these financial statements. The Directors consider that there are no standards issued but not yet endorsed or yet to be endorsed by the EU that would have a material impact on the financial statements.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Intangible assets with a finite life are amortised and charged to administrative expenses on a straight line basis over their expected useful lives, as follows:

Licences – over the duration of the legal agreement;

Computer software – 2 years from the date when the software is brought into use

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Fixtures, fittings and equipment

Fixtures, fittings and equipment are stated at cost less accumulated depreciation and any impairment in value. Leasehold property comprises leasehold improvements including shopfitting and associated costs.

Depreciation

Depreciation is provided on all tangible non-current assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the balance sheet date, of each asset on a straight line basis over its expected useful life, as follows:

Leasehold property – over the expected lease term (generally taken to be 5 years)

Fixtures, fittings and equipment – 3 to 10 years

The carrying values of tangible non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Assets Under Construction

Assets under construction comprise the cost of tangible fixed assets in respect of stores that have not yet opened and therefore no depreciation has yet been charged. Depreciation will be charged on the assets from the date that they are brought into use.

Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Financial instruments

Financial instruments are measured initially at cost, which is the fair value of whatever was paid or received to acquire or incur them.

Financial assets

Financial assets are classified into the following categories: at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

The Group holds financial assets classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, loans to sub-franchisees, prepayments, accrued income and cash and cash equivalents in the balance sheet.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or as financial liabilities measured at amortised cost.

The Group only holds financial liabilities classified as other financial liabilities. Other financial liabilities comprise trade and other payables, loans and accruals.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Store opening costs

Operating costs incurred by stores prior to opening are written off to the income statement in the period in which they are incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories comprise food and packaging goods for resale. The Group applies a first in first out basis of inventory valuation.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign Currency Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Employee share incentive plans

The Group issues equity-settled share-based payments to certain employees (including Directors). These payments are measured at fair value at the date of grant by use of a Black-Scholes model. Vesting is dependent on performance conditions other than conditions linked to the price of the shares of DP Poland plc (market conditions). In valuing equity-settled transactions, no account is taken of these performance conditions. This fair value cost of equity-settled awards is recognised on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. No cost is recognised for awards that do not ultimately vest.

Leases

Leases taken by the Group are assessed individually as to whether they are finance leases or operating leases. Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease rental payments, other than contingent rentals, are recognised as an expense in the income statement on a straight-line basis over the lease term. The benefit of lease incentives is spread on a straight line basis over the term of the lease. Where lease premiums are paid, these are depreciated over the lease terms.

Assets held under finance leases are recorded in the balance sheet at the lower of fair value and the present value of the minimum lease payments at the inception of the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Current tax

Current tax is the amount of income tax payable on the taxable profit for the period. Current tax assets and liabilities for the current and prior periods are measured at the amounts expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts with the exception of:

- Where the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- For taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures.
- Where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Capital instruments

Ordinary shares are classified as equity instruments. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in equity. The finance costs recognised in the Income Statement in respect of capital instruments other than equity shares are allocated to periods over the term of the instrument at a constant rate on the carrying amount applying the effective interest method.

Capital reserve - own shares

DP Poland plc shares which are held within the Company's employee benefit trust, for the purpose of providing share based incentives to Group employees are classified as shareholders' equity as 'Capital reserve - own shares' and are recognised at cost. No gain or loss is recognised in the income statement on the purchase or sale of such shares.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Cost of Sales

Cost of sales comprises foods costs and store labour expenses.

Interest income

Revenue is recognised as interest accrues applying the effective interest method.

Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors must make an assessment as to whether the Group is a going concern. In forming their views, the Directors have prepared cash flow forecasts for a 12 month period following the date of signing the balance sheet. As part of the preparation of these forecasts, the Directors have estimated the likely outcome for the number of new stores opened. Before entering into a contract to acquire a new site, the Directors ensure that the Group has sufficient working capital available to allow the completion of the outlet. Based on these forecasts, the Directors have confirmed that there are sufficient cash reserves to fund the on-going build, own and operate business for the period under review.

After reviewing these forecasts, consideration of the Group's cash resources and other appropriate enquiries, the Directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

The Group's determination of whether intangibles are impaired requires an estimation of the value in use of the cash generating units to which the intangible asset is allocated. This requires estimation of future cash flows and the selection of a suitable discount rate. The recoverable amount of the cash generating unit has been determined based on fair value calculated using discounted future cash flows, which are subject to significant estimates due to the growth phase of the business. Future cash flows are based on the Group's business plan. The calculation of the fair value is most sensitive to the following assumptions: store performance; discount rates; store openings in Poland; foreign exchange rates.

The discount rate reflects management's estimate of the return on capital employed for the investment in Poland. The store openings are based on the current business model being used by management, which is progressing in line with expectations.

The calculation of the Group's total tax charge involves a degree of estimation and judgement in respect of the recoverability of tax losses. Further details of the treatment of deferred tax can be found in note 15.

The Group presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate easier comparison with prior periods.

2. REVENUE

Revenue represents amounts received from the sale of goods from the Group's principal continuing activity, being the operation and sub-franchising of Domino's Pizza stores. All of the revenue is derived in Poland. Revenue is measured at fair value of consideration net of returns, rebates and value added taxes. Revenue from pizza delivery, commissary and equipment sales is recognised on delivery to customers and sub-franchisees. Royalties are based on Domino's Pizza store sales to customers and are recognised as the income is earned by our sub-franchisees.

3. SEGMENTAL REPORTING

In accordance with the Group's risks and returns, the definition of segments for primary and secondary segment reporting reflects the internal management reporting structure. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Segment expenses consist of directly attributable costs and other costs, which are allocated based on relevant criteria.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of components operating in other economic environments. The board considers that the Polish subsidiary represents the only operating segment.

4. LOSS BEFORE TAXATION

This is stated after charging

	2014	2013
	£	£
Auditors' remuneration – audit of company and group financial	22,500	22,500
– tax compliance services	1,900	1,900
Directors' emoluments – remuneration and fees	328,430	283,800
Amortisation of intangible fixed assets	73,401	66,612
Depreciation of property, plant and equipment	373,327	371,429
Impairment of property, plant and equipment	443,541	-
Operating lease rentals – land and buildings	652,530	649,944
Foreign exchange losses	14,661	-
<i>and after crediting</i>		
Operating lease income from sub-franchisees	39,747	-
Foreign exchange gains	-	5,985

5. EXCEPTIONAL ITEMS

	2014 £	2013 £
Impairment costs	443,541	-
Onerous lease provision	234,731	-
	678,272	-

(a) Impairment costs

During the year ended 31 December 2014 three poorly performing company-owned stores were closed. Management carried out a review of the carrying value of the property, plant and equipment at those stores and determined that assets which could not be deployed elsewhere in the business are fully impaired and has therefore recorded an impairment charge of £337,722. Five stores were sold to sub-franchisees and where the carrying value was greater than the agreed sale price, an impairment charge was recognised prior to the sale. This resulted in an additional impairment charge of £105,819.

(b) Onerous lease provision

A provision of £234,731 relating to onerous leases has been recognised for the three closed stores referred to in (a) above. Management is not confident that sub-tenants will be identified who are willing to take on these properties at full rent. The provision represents management's current estimate of the shortfall of rent if the stores are sub-let, taking into account the current rental market for the relevant stores.

6. STAFF COSTS

Details of directors' remuneration, which is included in the amounts below, are given in the remuneration report on pages 18 to 19.

	2014	2013
Wages and salaries and directors' fees	978,483	921,946
Social security costs	230,839	207,309
Share based payments	73,841	127,893
	1,283,163	1,257,148

The average monthly number of employees during the year was as follows:

	2014 Number	2013 Number
Operational	28	47
Administration	19	17
Total	47	64

7. FINANCE INCOME

	2014 £	2013 £
Interest on short-term deposits	43,219	98,327
	43,219	98,327

8. FINANCE COSTS

	2014 £	2013 £
Other interest	1,151	-
	1,151	-

9. TAXATION

	2014 £	2013 £
Current tax	-	-
Write down in deferred tax assets	78,713	-
Total tax charge in income statement	78,713	-

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the tax rate applicable to profits of the consolidated entities as follows:

	2014 £	2013 £
Loss before tax	(3,578,167)	(3,305,912)
Tax credit calculated at applicable rate of 19%	(679,852)	(628,123)
Income taxable but not recognised in financial statements	-	35,243
Income not subject to tax	-	(1,646)
Expenses not deductible for tax purposes	7,630	65,719
Tax losses for which no deferred income tax asset was recognised	750,935	528,807
Total tax charge in income statement	78,713	-

The Directors have reviewed the tax rates applicable in the different tax jurisdictions in which the Group operates. They have concluded that a tax rate of 19% represents the overall tax rate applicable to the Group.

10. LOSS ATTRIBUTABLE TO MEMBERS OF PARENT COMPANY

The loss relating to transactions in the financial statements of the parent company was £1,057,184 (2013: £457,501).

11. LOSS PER SHARE

The loss per ordinary share has been calculated as follows:

	2014	2014	2013	2013
		£		£
	Weighted average number of shares	Profit / (loss) after tax	Weighted average number of shares	Profit / (loss) after tax
Basic	92,382,142	(3,656,880)	92,382,142	(3,305,912)
Diluted	92,382,142	(3,656,880)	92,382,142	(3,305,912)

The weighted average number of shares for the year excludes those shares in the Company held by the employee benefit trust. At 31st December 2014 the basic and diluted loss per share is the same, as the vesting of JOSS, SIP or share option awards would reduce the loss per share and is, therefore, anti-dilutive.

12. INTANGIBLE ASSETS

Group	Franchise fees and intellectual property rights £	Software £	Total £
Cost:			
At 31 December 2012	303,378	111,623	415,001
Foreign currency difference	1,421	772	2,193
Additions	102,739	7,475	110,214
At 31 December 2013	407,538	119,870	527,408
Foreign currency difference	(36,140)	(15,845)	(51,985)
Additions	11,562	3,433	14,995
Disposals	-	(886)	(886)
Transfers	(48,005)	80,985	32,980
At 31 December 2014	334,955	187,557	522,512
Amortisation			
At 31 December 2012	41,612	50,832	92,444
Foreign currency difference	28	115	143
Amortisation charged for the period	34,409	32,203	66,612
At 31 December 2013	76,049	83,150	159,199
Foreign currency difference	(9,806)	(9,146)	(18,952)
Amortisation charged for the year	41,196	32,205	73,401
Disposals	-	(236)	(236)
Transfers	7,376	(7,376)	-
At 31 December 2014	114,815	98,597	213,412
Net book value:			
At 31 December 2014	220,140	88,960	309,100
At 31 December 2013	331,489	36,720	368,209

Franchise fees consisting of the cost of purchasing the Master Franchise Agreement (MFA) from Domino's Pizza Overseas Franchising B.V. have been capitalised and are written off over the term of the MFA. The amortisation of intangible fixed assets is included within administrative expenses in the Income Statement. The Group has performed an annual impairment test for the Franchise Fees and the recoverable amount of the cash generating unit has been determined based on fair value calculated using discounted future cash flows based on the Group's business plan, and incorporating the Directors' estimated 13% discount rate, future store openings and the average Polish Zloty exchange rate for the year ended 31 December 2014. Further details of the assumptions made can be found on page 37. The fair value calculation indicates that no impairment is required. As at 31 December 2014, no reasonably expected change in the assumptions would give rise to an impairment charge.

13. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property £	Fixtures fittings and equipment £	Assets under construction £	Total £
Cost:				
At 31 December 2012	1,592,049	1,283,904	73,484	2,949,437
Foreign currency difference	9,417	7,304	(287)	16,434
Additions	301,047	302,578	101,581	705,206
Disposals		(24,523)		(24,523)
At 31 December 2013	1,902,513	1,569,263	174,778	3,646,554
Foreign currency difference	(189,356)	(176,651)	48,707	(317,300)
Additions	24,333	9,261	328,682	362,276
Disposals	(442,510)	(409,621)	(5)	(852,136)
Transfers	222,271	220,330	(475,581)	(32,980)
At 31 December 2014	1,517,251	1,212,582	76,581	2,806,414
Depreciation:				
At 31 December 2012	181,421	240,180	-	421,601
Foreign currency difference	133	82	-	215
Depreciation charged for the year	148,907	222,522	-	371,429
Disposals	-	(14,274)	-	(14,274)
At 31 December 2013	330,461	448,510	-	778,971
Foreign currency difference	(5,896)	(89,933)	-	(95,829)
Depreciation charged for the year	142,006	231,321	-	373,327
Impairment	398,668	44,873	-	443,541
Disposals	(228,126)	(174,863)	-	(402,989)
Transfers	948	(948)	-	-
At 31 December 2014	638,061	458,960	-	1,097,021
Net book value:				
At 31 December 2014	879,190	753,622	76,581	1,709,393
At 31 December 2013	1,572,052	1,120,753	174,778	2,867,583

14. NON CURRENT ASSET INVESTMENTS

	Group £	Company £
<i>Investments in Group undertakings</i>		
At 31 December 2012	-	3,771,746
Investment in subsidiary company - capital contribution	-	69,777
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At 31 December 2013	-	3,841,523
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Investment in subsidiary company - capital contribution	-	42,882
Transfer from non-current loan receivables	-	9,400,422
<hr/>		
At 31 December 2014	-	13,284,827

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid. The Company holds 20% or more of the share capital of the following company, which is included in the consolidation:

<i>Company</i>	<i>Nature of business</i>	<i>Location</i>	<i>Class</i>	<i>% holding</i>
DP Polska S.A.	Operation of Pizza delivery restaurants	Poland	Ordinary	100

15. NON-CURRENT RECEIVABLES FROM SUBSIDIARY UNDERTAKINGS

	Group £	Company £
At 31 December 2012	-	3,980,190
Loans advanced	-	3,933,735
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At 31 December 2013	-	7,913,925
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Loans advanced	-	1,486,497
Transfer to investment in subsidiary undertakings	-	(9,400,422)
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At 31 December 2014	-	-

Loans to subsidiary undertakings are non- interest bearing. The directors have confirmed that the company will not seek repayment of these amounts for at least 2 years, however beyond that they have no set term or repayment date. The directors consider that these loans are effectively investments in the Company's subsidiary undertaking and therefore the total loan balance at 31st December 2014 has been transferred to Investments.

16. DEFERRED TAX ASSET

2014

Deferred tax asset

	At Start	Charged to Income	Charged to Equity	Exchange Differences	At End
Tax losses	86,843	(78,713)	-	(8,130)	-
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	86,843	(78,713)	-	(8,130)	-

The Group has unused tax losses of £8,156,201 available for offset against future profits. Polish tax losses are only recognised for deferred tax purposes to the extent that they are expected to be used to reduce tax payable of future profits. Under Polish law, losses can only be carried forward for five years and only 50% of the losses brought forward can be set off in any one year. Polish tax losses expire as follows: £325,837 in 2016; £3,221,136 in 2017 and £2,199,892 in 2018. UK tax losses carried forward at the balance sheet date were £2,409,336.

No deferred tax asset has been recognised in respect of the current year losses as there is insufficient evidence to determine that these losses will be recovered.

A deferred tax asset of £86,843 has previously been recognised in respect of Polish losses of £453,681 on the basis that it was expected to reduce the tax liability of DP Polska S.A. in future accounting periods. This deferred tax asset has been written off during the year as there is insufficient evidence at this stage to determine when, or whether, these losses will be utilised.

17. TRADE AND OTHER RECEIVABLES

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Current				
Trade receivables	174,684	28,301	34,000	22,000
Other receivables	160,660	269,496	6,641	12,481
Prepayments and accrued income	42,193	111,476	20,504	25,470
Rent and supplier deposits	164,592	239,160	-	-
	542,129	648,433	61,145	59,951
Non-current				
Other receivables	338,498	125,419	-	-
At 31 December	880,627	773,852	61,145	59,951

Other receivables mainly comprise Polish value added tax recoverable in future periods. No receivables are past due date. Other than amounts held by the Company, all trade and other receivables are in Polish Zloty. Trade receivables are non - interest bearing and are generally on 30 - 60 days terms. During the year ended 31 December 2014 no bad debts were written off (2013: nil)

Included in other receivables are loans to sub-franchisees are repayable over between three and seven years. Repayments may be made earlier in the event that sub-franchised stores achieve certain turnover targets earlier than expected. The loans are secured by a charge over certain assets of the sub-franchisees.

18. INVENTORIES

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Raw materials and consumables	99,947	135,860	-	-
At 31 December	99,947	135,860	-	-

The cost of inventories recognised as an expense and included in cost of sales amounted to £1,350,625 (2013: £1,247,310)

19. CASH AND CASH EQUIVALENTS

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Cash at bank and in hand	1,974,165	1,597,874	1,356,862	702,770
Short term bank deposits	2,492,262	5,699,274	2,492,262	5,699,274
At 31 December	4,466,427	7,297,148	3,849,124	6,402,044

20. TRADE AND OTHER PAYABLES

	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Current				
Trade payables	320,095	559,141	25,109	18,843
Other payables	54,518	53,051	6,518	3,945
Accruals and deferred income	254,234	246,703	66,826	63,907
At 31 December	628,847	858,895	98,453	86,695

21. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2014	2014	2013	2013
	Loans and receivables £	Financial liabilities at amortised cost £	Loans and receivables £	Financial liabilities at amortised cost £
GROUP				
Financial Assets				
Cash at bank	4,466,427		7,297,148	
Trade receivables	174,684		28,301	
Other receivables - current	160,660		269,496	
Other receivables - non current	338,498		125,419	
Prepayments and accrued income	42,193		111,476	
Total	5,182,462		7,831,840	
Financial Liabilities				
Trade payables		(320,095)		(559,141)
Other liabilities - current		(54,518)		(46,235)
Accruals - current		(254,234)		(246,703)
Total		(628,847)		(852,079)
Net	4,553,615		6,979,761	

	2014	2014	2013	2013
	Loans and receivables £	Financial liabilities at amortised cost £	Loans and receivables £	Financial liabilities at amortised cost £
COMPANY				
Financial Assets				
Cash at bank	3,849,124		6,402,044	
Other receivables	6,641		12,481	
Prepayments	20,504		25,470	
Amounts due from subsidiaries	-		7,913,925	
Total	3,876,269		14,353,920	
Financial Liabilities				
Trade payables		(25,109)		(18,843)
Other liabilities - current		(6,518)		(3,945)
Accruals		(66,826)		(63,907)
Total		(98,453)		(86,695)
Net	3,777,816		14,267,225	

The fair value of the Group's financial assets and liabilities is not considered to be materially different from the carrying amount as set out above.

Maturity of the Group's financial liabilities

	2014	2014	2013	2013
	Trade and other payables £	Total £	Trade and other payables £	Total £
Due within one year	(628,847)	(628,847)	(858,895)	(858,895)
Due within one to two years	-	-	-	-
Due within two to five years	-	-	-	-
Due after five years	-	-	-	-
Total	(628,847)	(628,847)	(858,895)	(858,895)

Capital Risk Management

The Group aims to manage its overall capital so as to ensure that companies within the Group continue to operate as going concerns, whilst maintaining an optimal capital structure to reduce the cost of capital.

The Group's capital structure represents the equity attributable to shareholders of the company together with borrowings and cash and cash equivalents.

Currency Risk

The foreign currency risk stems from the Group's foreign subsidiary which trades in Poland and whose revenues and expenses are mainly denominated in local currencies. Additionally, some Group transactions are also denominated in US Dollar and Euro currencies. The Group is therefore subject to foreign currency risk due to exchange rate movements that will affect the Group's operating activities and the Group's net investment in its foreign subsidiary. In each case where revenues of the Group are in a foreign currency, there is a material match between the currency of each operating company's revenue stream, primary assets, debt and debt servicing (if applicable).

The carrying amount in Sterling, of the Group's foreign currency denominated monetary assets and liabilities at the reporting dates is as follows:

	2014	2013
	£	£
Assets		
Polish Zlotys	877,901	1,342,659
<hr/>		
Liabilities		
Polish Zlotys	745,066	799,384
<hr/>		

Sensitivity analysis

The potential impact on Group net loss and equity reserves from a 20% weakening of the Polish Zloty against sterling affecting the reported value of financial assets and liabilities would be an increased net loss and reduction in Group reserves of £26,567. A depreciation of 20% has been selected for the analysis as an illustration on the basis that it is a reasonable estimate of a likely market fluctuation.

An appreciation of 20% against Sterling would produce an equal and opposite effect.

Interest Rate Risk

Interest rate risk arises on the Group's cash and cash equivalents. All of the Group's cash and cash equivalents earn interest at variable rates.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest on the financial instrument balances at the reporting date and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period.

At the reporting date, if interest rates had been 1% higher and all other variables were held constant, the effect on the Group's net result and equity reserves would have been an increase of £44,664.

Credit Risk

Exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, namely cash and cash equivalents, trade and other receivables and loans to subfranchisees.

The Group manages its exposure to this risk by applying Board-approved limits to the amount of credit exposure to any one counterparty and employs minimum credit worthiness criteria as to the choice of counterparty, thereby ensuring that there are no significant concentrations of credit risk.

All sub-franchisees who are provided with loans from the Group have been through the franchisee selection process, which is considered to be sufficiently robust to ensure an appropriate credit verification procedure.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity Risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Surplus funds are invested on a short term basis at money market rates and therefore such funds are available at short notice.

22. SHARE CAPITAL

	2014 £	2013 £	
<i>Called up, allotted and fully paid:</i>			
95,437,986 (2013: 95,437,986) Ordinary shares of 0.5 pence each	477,190	477,190	
<i>Movement in share capital during the period</i>			
	Number	Nominal value £	Consideration £
At 31 December 2012	95,437,986	477,190	20,907,874
At 31 December 2013	95,437,986	477,190	20,907,874
At 31 December 2014	95,437,986	477,190	20,907,874

The Company does not have an authorised share capital.

DP Poland Employee Benefit Trust ("EBT")

The trustee of the EBT holds 3,055,844 ordinary shares in the Company for the purposes of satisfying outstanding and potential awards under the Company's Joint Ownership Share Scheme, Share Option Scheme and the Share Incentive Plans. The historic cost of these shares was £62,476 with a net contribution of £6,115 made by the JOSS award holders to acquire their joint interests. The shares held by the EBT had a market value of £232,855 at 31 December 2014.

23. SHARE BASED PAYMENTS

	Group 2014 £	Group 2013 £
Share based payments expense	73,841	127,893

During the period ended 31 December 2014 the Company provided four types of share-based incentive arrangements:

<i>Type of arrangement</i>	<i>Vesting period</i>	<i>Vesting conditions</i>
Joint Ownership Share Scheme	2.5 - 3.5 years	Achievement of store growth and financial targets
Employee Share Incentive Plan	2 years	Two years service
Non-Executive Directors' Share Incentive Plan	2 years	Two years service
Employee Share Option Plan	Variable*	Detailed individual performance targets
Long Term Incentive Option Plan	2.3 years	Detailed company performance targets

The Company established the Joint Ownership Share Scheme ("JOSS") and the Share Incentive Plans on 25 June 2010, the Employee Share Option Plan on 06 May 2011 and the Long Term Incentive Share Option Plan on 19th December 2014. The Group has calculated charges for the JOSS and share option awards using a Black-Scholes model. Volatility and risk free rates have been calculated for each JOSS grant based on expected volatility over the vesting period and current risk free rates at the time of each award. Volatility assumptions are based on historic volatility.

Assumptions used in the valuation of share option awards were as follows:

Award date	Exercise price	Expected volatility	Risk free rate	Expected dividends	Option life in years	IFRS2 fair value per share option
20 May 2011	0.5 pence	55%	0.70%	-	2 years	£0.9114
27 May 2011	0.5 pence	55%	0.70%	-	2 years	£0.8682
04 May 2012	0.5 pence	55%	0.70%	-	1.5 years	£0.4361
27 May 2012	0.5 pence	55%	0.70%	-	1.5 years	£0.3822
17 December 2014	0.5 pence	46%	0.98%	-	2 years	£0.0808
19 December 2014	0.5 pence	46%	0.98%	-	2.3 years	£0.0723
19 December 2014*	0.5 pence	46%	0.98%	-	2.3 years	£0.0036

* these awards include a market based performance condition based on future share price performance

The share based payments charge for the year by scheme was as follows:

	2014	2013
Share Incentive Plan	26,371	44,548
Joint Ownership Share Scheme	-	8,114
Employee Share Option Scheme	43,459	75,231
Long Term Incentive Share Option Plan	4,011	-
	73,841	127,893

All of the above amounts related to equity-settled share based payment transactions.

Share scheme awards outstanding

Scheme and date of award	Hurdle or exercise price	Outstanding 31.12.13 No.	Awarded in period No.	Exercised in period No.	Lapsed in period No.	Outstanding 31.12.14 No.
JOSS 25 June 2010	23.08 pence + 3% per annum	327,280	-	-	-	327,280
JOSS 25 June 2010	23.08 pence + 3% per annum	327,280	-	-	-	327,280
SIP 27 July 2010	n/a	100,000	-	-	-	100,000
SIP 30 May 2012	n/a	75,000	-	-	-	75,000
SIP 19 June 2013	n/a	331,169	-	-	-	331,169
Share options 20 May 2011 *	0.5 pence	143,860	-	-	-	143,860
Share options 27 May 2011 *	0.5 pence	223,423	-	-	-	223,423
Share options 04 May 2012 *	0.5 pence	54,703	-	-	-	54,703
Share options 04 May 2012	0.5 pence	33,750	-	-	20,251	13,499
Share options 27 May 2012	0.5 pence	148,160	-	-	127,283	20,877
Share options 04 May 2012	0.5 pence	-	-	-	-	-
Share options 27 May 2012	0.5 pence	53,334	-	-	50,378	2,956
Share options 17 December 2014	0.5 pence	-	300,000	-	-	300,000
Share options 19 December 2014	0.5 pence	-	7,367,851	-	-	7,367,851

* These share options will only vest when the Group has opened its 30th store in Poland.

The weighted average remaining contractual life of outstanding share options is 5.35 years.

In April 2013 additional awards of options under the Employee Share Option Scheme with a maximum fair value of £277,046 were agreed in principle by the Board. The value of these awards was based on a percentage of the award holders' salary and subject to detailed performance conditions. The options relating to these awards were expected to be granted in April 2014 and to vest immediately. These awards were settled in cash in April 2014.

24. OPERATING LEASE COMMITMENTS - MINIMUM LEASE PAYMENTS

At the period end the Group had future minimum rentals payable under non-cancellable operating leases as set out below:

	Motor vehicles 2014	Motor vehicles 2013	Land and buildings 2014	Land and buildings 2013
	£	£	£	£
Within one year	6,544	5,966	647,325	691,848
Within two to five years	9,174	-	1,510,370	1,885,257
In more than five years	-	-	711,268	1,117,930
At 31 December	15,718	5,966	2,868,963	3,695,035

Operating leases for land and buildings are normally for an initial term of 5 years with an option to renew thereafter. Lease payments are subject to regular rent reviews to reflect market rates.

Operating lease commitments where the Group is lessor

For the stores in the franchisee system, the Group has entered into commercial leases, taking the head lease and then subletting the properties to the franchisees. These non-cancellable leases have remaining terms of between five and ten years. Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Land and buildings 2014	Land and buildings 2013
	£	£
Within one year	156,845	-
Within two to five years	519,572	-
In more than five years	229,380	-
At 31 December	905,797	-

25. PROVISIONS

	Onerous lease provisions £	Total £
At 31 December 2012 and 31 December 2013	-	-
Arising during the period	234,731	234,731
Utilised during the period	(56,181)	(56,181)
Foreign exchange on translation	(9,878)	(9,878)
At 31 December 2014	168,672	168,672

Presented as

	2014 £	2013 £
Current	168,672	-
Non-current	-	-
	168,672	-

The onerous lease provision relates to outstanding rent obligations for three closed stores in Poland. It is expected that the outstanding provision will be utilised within 12 months from the balance sheet date.

26. RELATED PARTY TRANSACTIONS

During the period the group and company entered into transactions, in the ordinary course of business, with other related parties. The transactions with directors of the company are disclosed in the Directors' Remuneration Report. Transactions with key management personnel (comprising the Directors and key members of management in Poland) are disclosed below:

	Group 2014 £	Group 2013 £
Short-term employee benefits	384,735	322,295
Share-based payments	63,801	122,623
At 31 December	448,536	444,918

The Company has provided loans to its subsidiary undertaking DP Polska S.A. as disclosed in note 14. The Company made a charge of £12,000 to DP Polska S.A. for management services provided in 2014 (2013: £12,000).

27. EVENTS AFTER THE BALANCE SHEET DATE

There were no reportable post balance sheet events.