DP Poland PLC
(“DP Poland” or the “Company”)

Interim results for the half year to 30 June 2013

Strong like-for-like store performance, first sub-franchisee in place, development of more efficient store format and imminent move outside of Warsaw

DP Poland has the exclusive right to develop, operate and to sub-franchise Domino’s Pizza stores in Poland. It currently has 15 corporate stores operating in Warsaw.

Highlights

- Like-for-like sales (pln) up 72.8%**
- Like-for-like order count up 73.0%**
- Gross profit† (pln) in like-for-like stores up 77.7%**
- Store EBITDA (pln) in like-for-like stores improved 59.4%**
- First sub-franchised store to open in Warsaw, in October
- First store to open outside of Warsaw in October
- Maintaining target of 20 store openings in 2013-14, corporate and sub-franchised
- Innovative new S2 Store format developed to deliver significant economies in both capital and operational expenditure

Peter Shaw, Chief Executive of DP Poland said:

“As well as a very encouraging like-for-like financial performance, the first half of the year has seen significant developments for the business. I am particularly delighted to welcome our first sub-franchisee who will be opening his first store in Warsaw this October. In addition to this we will be opening our first store outside of Warsaw in October, with more to follow this year, in Warsaw and beyond. We are still targeting 20 new store openings in 2013-14.

With regard to store openings I am excited by the prospect of our new S2 Store format that we have developed, and are rolling out, to deliver significant economies in both capital and operational expenditure, facilitating the drive to store profitability.”

24 September 2013

Enquiries:

DP Poland PLC Peter Shaw, Chief Executive www.dppoland.com	**c/o College Hill: 020 7457 2020**
Peel Hunt LLP Dan Webster/Matthew Armitt/Richard Brown	**020 7418 8900**
College Hill Matthew Smallwood/Jamie Ramsay	**020 7457 2020**

† sales minus food costs
*4.9246 pln:£1 exchange rate, average rate for period Jan to June 2013
** Like-for-like growth in pln, matching trading periods for the same 13 stores between 1 January and 30 June, 2012 and 1 January and 30 June 2013

Chief Executive's Statement

I am pleased to present our results for the first six months of the year.

Strong like for like growth

The 13 stores that were open in the first half of 2012 saw sales and gross profit grow significantly in the first half of 2013. Investment in marketing and promotions at the local store level, and in advertising across Warsaw, appear to have had a significant impact. The use of targeted price promotions to drive top line sales was balanced with carefully managed menu pricing to deliver like-for-like growth in gross profit of 77.7%**, marginally higher than the like-for-like growth in sales of 72.8%**. Order count in like-for-like stores was up 73.0%** and like-for-like Store EBITDA improved by 59.4%**.

Store EBITDA for the six months ended 30 June 2013 was -£284,881* with 15 stores open. By comparison, for the six months ended 30 June 2012 Store EBITDA was -£557,862* with 13 stores open, at constant exchange rates.

Group EBITDA* remained largely unchanged, -1.7% at constant exchange rates, reflecting the virtual doubling of investment in city wide brand building marketing in 2013, compared to 2012, and two further stores having been added to the estate since June 2012.

Performance against store model

The store model in our operating plan is to reach breakeven in 18 months and sales maturity in 36 months. However, we have a contingency in our plan for the first 13 stores to be slower as we establish ourselves in the market. Some of our stores hit initial breakeven before 18 months and some after, with all those stores dipping in and out as demand built. We fully expect that our new S2 Store concept, introduced with store 15, will hit the '18-36' month timings.

The lag in average time to breakeven across the first 13 stores resulted in an operating cash position at the end of the first half marginally adverse to plan, with a shortfall to plan of c.£100k*. It is anticipated that we will recover this shortfall and be back on operating cash plan by the end of the year through cost management, notwithstanding any contingency. The new S2 format is expected to positively impact on-going costs such as rent.

Capital expenditure pro-rata to opened stores is well within budget. We anticipate that significant savings will continue to be made on future capital expenditure thanks to the new S2 Store concept.

Results

The loss before taxation and share based payments for the six months ended 30 June 2013 was £1,610,204 (2012: £1,546,401). The revenue for this period was £1,543,375 (2012: £744,656).

The loss in the first half of this year was impacted by the anticipated increased in marketing investment to secure long term brand building at £480,747* in 2013, compared to £246,542* in 2012.

Sub-franchised stores

I am delighted to announce that our first sub-franchisee will be opening his first store in Warsaw this October. Jakub Stepien has been part of the team in Poland for the last three years, prior to which he was a highly successful franchised-store manager in both the UK and Ireland. His store will be located in the north west of the city in a densely populated residential area. Jakub brings hands on experience of the Domino's system, deep understanding of the Warsaw market and the ambition and resourcefulness recognisable in the best of Domino's franchisees worldwide.

S2 Store concept

In the first half we introduced a new store format that delivers considerable cost savings in store fit-out and operational expenditure, while meeting operational guidelines and delivering the production capacity required of a mature store. Working closely with our franchisor Domino's Pizza International and the local food and safety authority we have created a store format on a footprint that is 20-30% smaller than that of the typical Domino's store. Additionally, we have taken the opportunity to evolve the look and feel of the stores with a design that enhances customer perceptions of the quality of our brand offer, especially when compared to the local competition. Our growing knowledge of the ideal store location is helping to ensure that the best locations are found for new stores.

Our new, more efficient store format means that the rents for the five stores signed so far in 2013 are on average 35% lower than the average rent of the first 13 stores and we are seeing CAPEX savings of at least 15-20% of plan.

While our first 13 stores are taking longer on average to reach breakeven than we initially planned, the growth in sales and gross margin achieved so far this year demonstrates their potential to form a profitable base of corporate stores in Warsaw.

The move out of Warsaw

In October 2013 we will open our first store outside of Warsaw. Our operational team designated for this expansion moved in the summer and are recruiting and training the first store crew. A second store is signed in the same city and we are currently in negotiations over 2 further stores. All commissary needs for these sites will be fulfilled from our site in Warsaw. While we do not underestimate the challenge of moving outside of Warsaw, where awareness of the Domino's brand will be minimal, we believe that the new S2 Store format will enhance the chances of those stores hitting profitability in a reasonable time frame.

Store openings

At the November 2012 fundraising we committed to opening 10 stores in both 2013 and 2014. While a sustained pace of store opening might be viewed as a critical success factor, the board considers the selection of good sites and the opening of stores that will hit breakeven and sustained profitability in as short a time as possible to be higher priorities and the best approach to deploying capital.

In this context, while we remain committed to opening 20 stores across 2013-14, the development of our new S2 Store format and our more selective approach to new sites means that planned 2013 store openings will be loaded to the second half of this year and some of the planned 10 new stores for 2013 will open in the first half of 2014. This will have a positive impact on our operational cash flow for the full year as the opening of new stores negatively impacts EBITDA in the months before they reach breakeven.

By the end of this year we anticipate having 18 stores in Warsaw and 3 outside Warsaw.

Innovation and marketing

In the first quarter we launched a new range of pizzas, The Italian Range. The star product in this range has been the Parma pizza, with Parma ham and Rocket added post-bake, after the pizza has come out of the oven. The Parma pizza has proved very popular. During the period of the promotion of The Italian Range, the Parma was our best seller, usurping the perennial favourite Domino's Pepperoni.

Online marketing continues to build significantly with the percentage of delivery sales ordered online now exceeding 35%, as of September 2013. Our online apps for Android and iPhone are being soft launched this Autumn, development of which coinciding with a completely revamped website that was successfully launched in August. The average value of online transactions is higher than those made over the phone or in store. We expect online to be an increasingly important delivery channel for us.

The number of Facebook fans registered on our fan page grew from 3,238 in June 2012 to 30,474 in June 2013. Facebook is an important marketing channel for us; we run various promotional competitions through our Facebook fan page, encouraging trial and strengthening customer loyalty.

Advertising in the first half was spread across outdoor posters, subway digital posters, radio, internet and cinema. We also substantially increased local store marketing in terms of leaflet distribution. The highest weighting of the first half campaign was in March, with our pizza of the day promotion.

Operating standards

Our store and commissary operating standards continue to be assessed by our franchisor, Domino's Pizza International, as among the highest in Europe. Our commissary continues to be operated in partnership with a third party, giving us the flexibility to boost production without significantly increased overheads or capital outlay. In testimony to the quality of our commissary operation we are now procuring for other Domino's markets, including pizza boxes, kitchen hardware and pizza ingredients.

Outlook

DP Poland has been trading for a little over two and a half years. While we have experienced the inevitable challenges of launching a new concept in a new market, I believe that we now have the store formats and the trading and operational experience in place to make this business a continued success in the coming years.

Having been witness to the drive, resourcefulness and ambition of our first franchisee as he prepares to open his first store, I am convinced more than ever that the Domino's franchise model will deliver the same success in Poland as it has done, so convincingly, in other markets around the world.

Viewing our prospects in the macro-economic context, the Polish economy continues to grow faster than its substantial European neighbours. Growth in the Polish GDP rate is forecast at 1.1% for the full year 2013, 2.3% in 2014 and 3.9% in 2015[†]. We look forward to the potential impact of an increasingly buoyant economy on consumer spending and on demand for Domino's Pizza.

[†]PWC Global Economy Watch Projections, September 2013

Peter Shaw,

Chief Executive

Group Income Statement
for the six months ended 30 June 2013

	Notes	*Unaudited* 6 months to 30.06.13 £	*Unaudited* 6 months to 30.06.12 £	*Audited* Year to 31.12.12 £
Revenue		1,543,375	744,656	1,775,368
Cost of sales		(926,593)	(612,126)	(1,224,813)
Gross profit		616,782	132,530	550,555
Distribution costs		(142,604)	(72,895)	(271,143)
Administrative expenses *- excluding depreciation, amortisation and share based payments*		(1,920,559)	(1,427,448)	(2,952,606)
GROUP EBITDA		(1,446,381)	(1,367,813)	(2,673,194)
Finance income		49,952	7,830	26,079
Finance costs		-	-	-
Foreign exchange gains / (losses)		193	(2,150)	18,486
		50,145	5,680	44,565
Depreciation and amortisation		(213,968)	(184,268)	(378,024)
Loss before taxation and share based payments		(1,610,204)	(1,546,401)	(3,006,653)
Share based payments		(79,201)	(42,748)	(127,298)
Loss before taxation		(1,689,405)	(1,589,149)	(3,133,951)
Taxation	2	-	-	-
Loss for the period		(1,689,405)	(1,589,149)	(3,133,951)
Loss per share Basic	3	(1.83 p)	(7.33 p)	(11.10 p)
Diluted	3	(1.83 p)	(7.33 p)	(11.10 p)

Group Statement
of comprehensive income
for the six months ended 30 June 2013

	Unaudited 6 months to 30.06.13	*Unaudited* 6 months to 30.06.12	*Audited* Year to 31.12.12
	£	£	£
Loss for the period	(1,689,405)	(1,589,149)	(3,133,951)
Currency translation differences	(28,647)	37,314	137,083
Total comprehensive income for the period	(1,718,052)	(1,551,835)	(2,996,868)

Group Balance Sheet
at 30 June 2013

	Unaudited 30.06.13	*Unaudited* 30.06.12	*Audited* 31.12.12
	£	£	£
Non-current assets			
Intangible assets	308,409	328,165	322,557
Property, plant and equipment	2,561,666	2,430,775	2,527,836
Deferred tax asset	85,635	82,641	86,200
	2,955,710	2,841,581	2,936,593
Current assets			
Inventories	107,165	68,432	87,857
Trade and other receivables	432,920	401,370	441,193
Cash and cash equivalents	9,178,630	2,300,587	10,929,753
	9,718,715	2,770,389	11,458,803
Total assets	12,674,425	5,611,970	14,395,396
Current liabilities			
Trade and other payables	(492,277)	(433,664)	(572,289)
Total liabilities	(492,277)	(433,664)	(572,289)
Net assets	12,182,148	5,178,306	13,823,107
Equity			
Called up share capital	477,190	127,190	477,190
Share premium account	18,825,667	9,172,491	18,827,775
Capital reserve - own shares	(56,361)	(56,361)	(56,361)
Retained earnings	(6,789,985)	(3,719,529)	(5,179,781)
Currency translation reserve	(274,363)	(345,485)	(245,716)

Total equity	12,182,148	5,178,306	13,823,107

Group Statement of Cash Flows

for the six months ended 30 June 2013

	Unaudited 6 months to 30.06.13 £	*Unaudited* 6 months to 30.06.12 £	*Audited* Year to 31.12.12 £
Cash flows from operating activities			
Loss before taxation for the period	(1,689,405)	(1,589,149)	(3,133,951)
Adjustments for:			
Finance income	(49,952)	(7,830)	(26,079)
Finance costs	-	-	-
Depreciation and amortisation	213,968	184,268	378,024
Share based payments expense	79,201	42,748	127,298
Operating cash flows before movement in working capital	(1,446,188)	(1,369,963)	(2,654,708)
Increase / (decrease) in inventories	(20,399)	3,867	(12,168)
Decrease in trade and other receivables	29,875	194,425	223,231
(Decrease) / increase in trade and other payables	(16,483)	(287,021)	136,957
Cash generated from operations	(1,453,195)	(1,458,692)	(2,306,688)
Taxation paid	-	-	-
Net cash from operating activities	(1,453,195)	(1,458,692)	(2,306,688)
Cash flows from investing activities			
Payments to acquire software	(3,594)	-	(890)
Payments to acquire property, plant and equipment	(295,789)	(249,097)	(773,032)
Payments to acquire intangible fixed assets	(16,913)	(11,538)	(21,562)
Lease deposits advanced	(23,878)	(10,641)	4,422
Interest received	49,953	7,830	26,079
Net cash used in investing activities	(290,221)	(263,446)	(764,983)
Cash flows from financing activities			
Issue of ordinary share capital	-	3,156,302	13,161,586
Interest paid	-	-	-
Net cash from financing activities	-	3,156,302	13,161,586
Net increase / (decrease) in cash and cash equivalents	(1,743,416)	1,434,164	10,089,915
Exchange differences on cash balances	(7,707)	(7,249)	(33,834)
Cash and cash equivalents at beginning of period	10,929,753	873,672	873,672
Cash and cash equivalents at end of period	9,178,630	2,300,587	10,929,753

Group Statement of Changes in Equity
for the six months ended 30 June 2013

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	Share capital £	Share premium account £	Retained earnings £	Currency translation reserve £	Capital reserve - own shares £	Total £
At 31 December 2011	102,968	6,504,961	(2,173,128)	(382,799)	(56,361)	3,995,641
Shares issued	24,222	2,882,426	-	-	-	2,906,648
Expenses of share issue	-	(214,896)	-	-	-	(214,896)
Share based payments	-	-	42,748	-	-	42,748
Translation difference	-	-	-	37,314	-	37,314
Loss for the period	-	-	(1,589,149)	-	-	(1,589,149)
At 30 June 2012	127,190	9,172,491	(3,719,529)	(345,485)	(56,361)	5,178,306
Shares issued	350,000	10,150,001	-	-	-	10,500,001
Expenses of share issue	-	(494,717)	-	-	-	(494,717)
Share based payments	-	-	84,550	-	-	84,550
Translation difference	-	-	-	99,769	-	99,769
Loss for the period	-	-	(1,544,802)	-	-	(1,544,802)
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 - adjustment	-	(2,108)	-	-	-	(2,108)
Share based payments	-	-	79,201	-	-	79,201
Translation difference	-	-	-	(28,647)	-	(28,647)
Loss for the period	-	-	(1,689,405)	-	-	(1,689,405)
At 30 June 2013	**477,190**	**18,825,667**	**(6,789,985)**	**(274,363)**	**(56,361)**	**12,182,148**

Notes to the Interim Financial Statements
for the six months ended 30 June 2013

1. Basis of preparation

These condensed interim financial statements are unaudited and do not constitute statutory accounts within the meaning of the Companies Act 2006. These condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' and were approved on behalf of the Board by the Chief Executive Officer Peter Shaw on 23 September 2013.

The accounting policies and methods of computation applied in these condensed interim financial statements are consistent with those applied in the Group's most recent annual financial statements for the year ended 31 December 2012.

The financial statements for the year ended 31 December 2012, which were prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union ('IFRS'), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, have been delivered to the Registrar of Companies. The auditors' opinion on those financial statements was unqualified and did not contain a statement made under s498(2) or (3) of the Companies Act 2006.

Copies of these condensed interim financial statements and the Group's most recent annual financial statements are available on request by writing to the Company Secretary at our registered office DP Poland plc 2nd Floor Ibex House, 42-47 Minories, London EC3N 1DX, or from our website www.dppoland.com.

2. Taxation

	Unaudited 6 months to 30.06.13 £	*Unaudited* 6 months to 30.06.12 £	*Audited* Year to 31.12.12 £
Current tax	-	-	-
Deferred tax credit relating to the origination and reversal of temporary differences	-	-	-
Total tax charge in income statement	-	-	-

3. Earnings per ordinary share

The loss per ordinary share has been calculated as follows:

	Unaudited 6 months to 30.06.13	*Unaudited* 6 months to 30.06.12	*Audited* Year to 31.12.12
Profit / (loss) after tax (£)	(1,689,405)	(1,589,149)	(3,133,951)
Weighted average number of shares in issue	92,382,142	21,693,746	28,229,602
Basic and diluted earnings per share (pence)	(1.83 p)	(7.33 p)	(11.10 p)

The weighted average number of shares for the period excludes those shares in the Company held by the employee benefit trust. At 30 June 2013 the basic and diluted loss per share is the same, because the vesting of share awards would reduce the loss per share and is, therefore, anti-dilutive.

4. Principal risks and uncertainties

The principal risks and uncertainties facing the Group are disclosed in the Group's financial statements for the year ended 31 December 2012, available from www.dppoland.com and remain unchanged.