DP Poland plc

("DP Poland" or the "Company")

Interim Results for the half year to 30 June 2018

Continued expansion with a 38% increase in System Sales, 61% increase in corporate store EBITDA and a 39% increase in commissary gross profit.

Financial highlights:

- 38% increase in System Sales[1] to 37m PLN H1 2018 (27m PLN H1 2017)
- 15% like-for-like[2] growth in System Sales H1 2018 on H1 2017, adjusting for delivery area splits[3]
- 61% increase in corporate store EBITDA
- 39% increase in commissary gross profit[4]
- Group EBITDA[5] losses widen, impacted as expected by investment in commissary and store operations

Operational highlights:

- 77% of delivery sales ordered online H1 2018 (73% H1 2017)
- 5 new stores opened in H1 2018, 1 further opened since the period end
- 60 stores open to-date, across 27 towns and cities
- 8 further leases already signed
- Latest like-for-like System Sales (PLN): July +6% and August +1%, adjusting for delivery area splits, impacted by hot weather and very high comparatives July and August 2017

Peter Shaw, Chief Executive of DP Poland said:

"DP Poland delivered continued expansion and strong growth in System Sales and profit across both corporate stores and commissary during the first half of the year. Pleasingly, this was achieved despite unseasonably hot weather impacting sales expectations as previously reported.

We have expanded the store estate by 11% so far this year and anticipate up to 20% expansion for the year as a whole. The store roll-out is underpinned by our expanded commissary capacity, logistics capabilities and area management, providing a strong platform for the Group's long-term growth plans. We remain convinced by the longer-term growth trajectory of both sales and profit performance, as more stores are opened and as sales continue to grow across the high proportion of currently immature stores.

The Polish food delivery sector continues to grow impressively[6] and we are confident that, underpinned by our well-invested infrastructure and world-renowned service and products, Domino's Pizza in Poland will continue to outperform this growth. The Polish economy's strong fundamentals and the continued expansion of our market supports the growing opportunity for the highly successful and competitively robust Domino's proposition in Poland."

[1] *System Sales - total retail sales including sales from corporate and sub-franchised stores, unaudited.*
[2] *Like-for-like growth in PLN, matching trading periods for the same stores between 1 January and 30 June 2017 and 1 January and 30 June 2018.*
[3] *When a store's delivery area is split, by opening a second store in its original delivery area, a significant portion of the original store's customer database is allocated to the new store, resulting in the original store losing sales. Calculating pre-split like-for-likes allows us to see sales growth by matched delivery areas, irrespective of the opening of new stores. Pre-split like-for-likes are a standard measure adopted by many major Domino's Pizza master franchisees. See note under Finance Director's Review.*

[4] *Sales minus variable costs*
[5] *Excluding non-cash items, non-recurring items and store pre-opening expenses*
[6] *Source: Euromonitor 2018.*
[7] *Non-like-for-like stores that are less than 12 months old, with no matching trading periods year on year.*
[8] *Exchange rate average for H1 2018 £1:* 4.7988
[9] *Exchange rate average for H1 2017 £1:* 4.9625

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Notes to editor

DP Poland, through its wholly owned subsidiary DP Polska S.A, has the exclusive right to develop, operate and sub-franchise Domino's Pizza stores in Poland. There are currently 60 Domino's Pizza stores, 34 corporately managed, 2 under management contract and 24 sub-franchised.

Chief Executive's Review

Group performance

System Sales[1] (PLN) increased by 38%. This was driven by continued double-digit like-for-like[2] growth, strong incremental growth from shops that are less than 12 months old, and the contributions from 5 new corporate stores opened during the course of H1 2018.

The Football World Cup had a positive impact on sales in the second half of June, particularly during the Poland games. This partially offset the previously reported negative impact on sales resulting from unusually hot weather between April and June, as evidenced by other markets. Despite this, we saw a significant strengthening in the profit performance of both corporate stores and commissary, driven by growth in sales and a softening in food costs in H1 2018. This resulted in a strong 61% increase in Corporate store EBITDA and a 39% increase in commissary gross profit[4].

Last year's investments to support the Group's long-term growth, including a second commissary, increased distribution capacity and expanded store support, meant that H1 2018 had a higher cost base than H1 2017. This higher cost base in combination with the lower than anticipated System Sales, and geographic expansion impacting distribution costs, all impacted Group EBITDA[5] performance in H1 2018. We remain convinced by the longer-term growth trajectory of both sales and profit performance, as more stores are opened and as sales continue to grow in the high proportion of currently immature stores. Two thirds of our corporate stores were less than 2 years old at the beginning of the period.

Group EBITDA losses increased by 10% H1 2018 on H1 2017 at constant exchange rates. At actual exchange rates, Group EBITDA losses increased by 12% H1 2018 on H1 2017.

Store performance

System Sales increased 38% H1 on H1 on the back of 15% (pre-split[3]) like-for-like sales growth, growth from non-like-for-like[7] stores and 5 new store openings. Compound like-for-like sales performance H1 2016-17 was 32%. Corporate store EBITDA increased 61% year on year.

The cost of ingredients, particularly cheese, eased in the first half, benefiting gross profit margins.

Sustained robust growth in the Polish economy continues to add inflationary pressure to labour rates. However, we have seen some easing of staff recruitment and retention pressures, which we believe is down to the fact that we are perceived to be an attractive employer.

Store roll-out

We currently have 60 stores in 27 towns and cities, having expanded the store estate by 11% (6 stores) since the beginning of the year.

Stores	1 Jan 2018	Opened	30 June 2018	18 Sept 2018
Corporate	30*	5	35*	36*
Sub-franchised	24	0	24	24
Total	54	5	59	60

** 2 corporate stores are run by sub-franchisees under management contract, with the option to acquire and sub-franchise in the future.*

We have 8 further store leases signed and a pipeline of more sites under negotiation.

Commissary performance

Our two commissaries are both performing efficiently in the production of dough and the supply of all ingredients and non-food items to pizza stores. The growing commissary revenue line is an increasingly important component of the Group's total revenue and directly reflects growth in System Sales. Commissary gross profit grew 39%, H1 2018 on H1 2017.

The easing of cost pressures on ingredients benefited gross profit margins in the first half, particularly helped by price deflation in the European cheese market, cheese being a key component of the cost of making pizza. We share these cost reductions with our sub-franchisees, always mindful of mutual profitability.

We expect to see some inflationary pressures in the second half with poor agricultural yields, impacting the production of wheat and animal feed and, in turn, flour, dairy and meat prices.

The location of our second commissary in Łodz, in the centre of the country, is benefiting distribution costs for the 30+ stores that are located to the North, South and West of the country. Our Warsaw commissary continues to supply our busiest stores, in Warsaw, and stores to the East of the country. The two commissaries combined have the capacity to supply up to 150 stores.

Sub-franchising

At the end of this period 24 of our 59 stores were sub-franchised and 2 further stores were managed by sub-franchisees under contract, with the option for them to sub-franchise those stores in the future.

With 44% of the store estate operated by sub-franchisees we are seeing the establishment of successful sub-franchise businesses and the emerging success stories that will attract more potential sub-franchisees to the brand. We are actively marketing our sub-franchise proposition and strengthening our management team with the appropriate franchising experience.

We are in discussions with a number of third parties about sub-franchising Domino's stores, which we expect to bear fruit in 2019.

Marketing and product

We continue to invest in improving our digital presence, including the effectiveness of our existing interfaces and the creation of new ones. The Domino's Bot, launched in Q4 2017, continues to set the pace in online ordering, deployed on the artificial intelligence platform of Facebook Messenger.

77% of all delivery orders were ordered online in H1 2018, up from 73% in H1 2017. We are seeing a growing proportion of online orders made on small screens, presently accounting for 50% of online orders.

The trial of television advertising in January and February, with 2x 2 week bursts, demonstrated the effectiveness of this broadcast medium and we look forward to the time when we will be able to support more regular TV campaigns, justified by the greater sales volumes of an expanded store estate.

We introduced 3 new pizzas in H1 2018, Tex Mex, Americano (pepperoni and mushroom) and Carbonara.

Current Trading and outlook

Our store roll-out continues and we expect to finish the year with the store estate expanded by up to 20% with at least 10 additional corporate stores. As our business matures and the case to sub-franchise becomes stronger still, we expect to attract an increasing number of sub-franchise candidates. We are in discussions with both existing and potential sub-franchisees to open stores and expect to see the sub-franchised estate expand in 2019, if not by the end of 2018.

Food costs have eased from the highs of Q4 2017, with cost deflation through H1 2018. That said, we are beginning to see food cost inflation again in the second half of the year.

We have experienced a continuing period of unusually hot weather through July, August and into September. Hot weather is notorious for impacting sales of delivery food and, in spite of running a campaign of strong promotions, like-for-like sales in July and August 2018 softened on the previous year, at +6% and +1% respectively, pre-split. This was against very strong comparatives of +24% July and +28% August 2017, months which benefitted from an equally strong promotional programme and a cooler summer.

We were delighted to receive our second Gold Franny at the Domino's Worldwide Rally in May, in recognition of our exceptional growth, operational excellence and brand stewardship in 2017.

Poland is arguably the last large high growth market opportunity in Europe, a substantial and stable country of 38 million people that is maturing into a sophisticated consumer economy. The food delivery sector is growing strongly and we are confident that Domino's will continue to outperform, underpinned by the strength of our consumer proposition and the investments we have made in our expansion. We are confident of the long-term sales and profit growth prospects for Domino's Pizza in Poland.

Peter Shaw

Chief Executive

18 September 2018

Finance Director's review

Overview

System Sales grew 38% H1 2018 on H1 2017, driven by continued double digit like-for-like sales growth, robust growth from stores less than 12 months old (excluded from the like-for-like measure) and 5 new store openings. While substantial, sales growth was below our expectations for H1 2018, impacted by the hot summer which saw much higher temperatures than we experienced in 2017.

The inflation in food costs that we experienced in 2017, peaking in Q4 2017, eased in H1 2018, helping with cost of sale in both stores and commissary. We are careful to share the benefits of any reduction in food costs with our sub-franchisees. Looking forward to H2 2018 we are seeing some inflationary pressures on food costs.

Labour cost inflation has stabilised in comparison to the inflationary pressures we experienced in 2017. However the cost of labour is still a challenge, particularly for our younger stores which have less sales to absorb the fixed element of labour.

The 6 new stores opened to-date this year (5 during the period) have all been corporate stores and we are targeting 65 stores open by the year end. The nature of sub-franchised store openings is such that timings are more difficult to predict, but we do expect sub-franchised openings to materialize in 2019.

A note on like-for-like metrics

For this and future sets of results we will present like-for-like sales growth pre-split, as we account for an increasing number of splits across our store estate. When a store's delivery area is split, by opening a second store in its original delivery area, a significant portion of the original store's customer database is allocated to the new store. It is expected that the original store will recover its sales after 2-3 years, but in the meantime its sales will have been reduced. The rationale for splitting is because the combined sales of the two stores will typically outstrip the original store's sales, as customers are better served by faster delivery times. Pre-split like-for-likes measure the sales growth by like-for-like delivery areas, up until the first anniversary of the split, when we can revert to like-for-like store measures. This is a standard approach adopted by many Domino's Pizza master franchisees.

Direct Costs

As previously reported, we extended our commissary capacity in H2 2017 in preparation for the opening of many new stores and the continuing step change growth in System Sales. Our new commissary facility in Łódź was opened in August 2017 and is now servicing approximately half the store estate, our Warsaw commissary servicing the other half.

In the short term this additional commissary capacity, to service up to 150 stores, has impacted our Direct Costs through additional rent, operating costs, production and warehousing labour. As System Sales grow we will see the impact of these direct costs diminish as the additional capacity is utilised. The higher distribution costs resulting from opening new stores, in new towns and cities, will also become less significant as those costs are spread across a geographically denser estate.

Selling, General and Administrative expenses (S,G&A)

The additional central support required for new store openings adds to S,G&A as we deploy more area managers across the country to oversee store performance, however as more stores are opened the deployment of this additional resource becomes more efficient and the costs are more than matched by greater sales.

The trial television advertising campaign of 2x 2 week bursts in January and February 2018 also impacted S,G&A, being treated as a central investment in building brand awareness and sales, plus visibility to potential sub-franchisees.

Store count

6 stores have been opened to-date this year (5 during the first half), taking the total to 60 stores across 27 towns and cities.

We currently have 8 further leases signed.

The table below sets out our current store estate.

Stores	1 Jan 2018	Opened	30 June 2018	18 Sept 2018
Corporate	30*	5	35*	36*
Sub-franchised	24	0	24	24
Total	54	5	59	60

* 2 corporate stores are run by sub-franchisees under management contracts, with the option to acquire and sub-franchise in the future

Sales Key Performance Indicators

System Sales increased 38% H1 on H1 on the back of 15% (pre-split[3]) like-for-like sales growth, growth from non-like-for-like[7] stores and 5 new store openings. The pre-split metric will be the standard KPI that we will refer to in the future, in recognition of future delivery area splits, see explanation above: 'A note on like-for-like metrics'.

The compound like-for-like post-split growth over 2 years H1 2017 – H1 2018 was 32%.

Delivery online sales continue to grow, with 77% of all delivery sales ordered online H1 2018 across all stores.

	H1 2018	**H1 2017**	**Change %**
System Sales PLN	37,158,674	26,856,460	+38%
System Sales £	7,743,326*	5,596,495*	+38%
L-F-L[2] system sales PLN	+13%	+17%	
Delivery system sales ordered online	+77%	+73%	

*Constant exchange rate of PLN 4.8:£1

Like-for-likes in July and August 2018 were 6% and 1% respectively, pre-split, 3% and -2% post-split. The 2017 comparatives were 24% July and 28% August 2017.

Group performance

40% growth of Group Revenue in PLN at constant exchange rates is derivative of 38% growth of System Sales, with no sales of stores to sub-franchisees in H1 2018. 45% growth of Group Revenue at actual exchange rate was due to Sterling weakening relative to the Zloty.

Group Revenue & EBITDA	**H1 2018**	**H1 2017**	**Change %**
Revenue PLN	30,687,305	21,845,269	+40%
Revenue £	6,394,787*	4,552,236*	+40%

Group EBITDA £	(814 086)	(742 330)	-10%

*Constant exchange rate of PLN 4.8:£1

Group Revenue & EBITDA[7]*	H1 2018	H1 2017	Change %
Revenue PLN	30,687,305	21,845,269	+40%
Revenue £	6,394,787[6]	4,402,069[7]	+45%
Group EBITDA £	(814 086)[6]	(725 190)[7]	-12%

*Actual exchange rates for H1 2018 and H1 2017

Group loss for the period

The Group loss for H1 2018, at actual average exchange rates, increased by £26,258 against H1 2017, mainly due to the effect of increases in other non-cash and non-recurring items, depreciation amortization and impairment, plus decreases in foreign exchange gains/(losses) and share based payments.

Group Loss for the period*	H1 2018	H1 2017	Change %
Group loss for the period	(1,111,082)	(1,084,824)	-2%

* Actual exchange rates for H1 2018 and H1 2017

Exchange rates

PLN : £1	H1 2018	H1 2017	Change %
Profit & Loss Account	4.7988	4.9625	-3%
Balance Sheet	4.9443	4.8178	+3%

Financial Statements for our Polish subsidiary DP Polska S.A. are denominated in zloties (PLN) and translated to sterling (£). Under IFRS the Profit and Loss Account for the Group has been converted from PLN at the average half-a-year exchange rate applicable to PLN against £. The balance sheet has been converted from PLN to £ at the 30 June 2018 exchange rate applicable to PLN against £.

Cash position

Cash reduced by 15% during H1 2018, resulting in £3.8m net cash on 30 June 2018**.** Cash expenditure covered Group losses and store CAPEX, offset by some 2018 CAPEX and OPEX pre-paid in 2017.

	1 January 2018 £	Cash movement £	30 June 2018 £
Cash in bank*	4,505,911	(697,958)	3,807,953

*Actual exchange rates as at 31 Dec 2017 and 30 June 2018

Maciej Jania

Finance Director

18 September 2018

Group Income Statement

for the six months ended 30 June 2018

	Notes	*Unaudited* 6 months to 30.06.18 £	*Unaudited* 6 months to 30.06.17 £	*Audited* Year to 31.12.17 £
Revenue	2	6,394,787	4,402,069	10,377,777
Direct costs		(5,820,464)	(3,989,256)	(9,658,691)
Selling, general and administrative expenses - excluding: store pre-opening expenses, depreciation, amortisation and share based payments		(1,388,409)	(1,138,003)	(2,503,763)
GROUP EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses		(814,086)	(725,190)	(1,784,677)
Store pre-opening expenses		(45,852)	(75,685)	(143,220)
Other non-cash and non-recurring items		335,960	(15,230)	(12,271)
Finance income		70,651	50,176	92,638
Finance costs		(10,189)	(11,799)	(24,364)
Foreign exchange gains / (losses)		(21,968)	138,904	148,032
Depreciation, amortisation and impairment		(530,025)	(277,572)	(656,942)
Share based payments		(95,573)	(168,428)	(253,715)
Loss before taxation		(1,111,082)	(1,084,824)	(2,634,519)
Taxation	3	-	-	-
Loss for the period		(1,111,082)	(1,084,824)	(2,634,519)
Loss per share Basic	4	(0.74 p)	(0.80 p)	(1.85 p)
Diluted	4	(0.74 p)	(0.80 p)	(1.85 p)

Group Statement of comprehensive income

for the six months ended 30 June 2018

	Unaudited 6 months to 30.06.18 £	*Unaudited* 6 months to 30.06.17 £	*Audited* Year to 31.12.17 £
Loss for the period	(1,111,082)	(1,084,824)	(2,634,519)
Currency translation differences	(518,905)	471,893	639,428
Other comprehensive expense for the period, net of tax to be reclassified to profit or loss in subsequent periods	(518,905)	471,893	639,428
Total comprehensive income for the period	(1,629,987)	(612,931)	(1,995,091)

Group Balance Sheet
at 30 June 2016

	Unaudited	*Unaudited*	*Audited*
	30.06.18	30.06.17	31.12.17
	£	£	£
Non-current assets			
Intangible assets	547,240	574,955	558,438
Property, plant and equipment	6,492,012	4,798,907	6,617,788
Trade and other receivables	1,683,556	1,226,372	1,767,289
	8,722,808	6,600,234	8,943,515
Current assets			
Inventories	467,158	381,924	525,870
Trade and other receivables	1,840,189	1,797,190	2,580,994
Cash and cash equivalents	3,807,953	8,816,108	4,505,911
	6,115,300	10,995,222	7,612,775
Total assets	14,838,108	17,595,456	16,556,290
Current liabilities			
Trade and other payables	(1,551,344)	(1,372,134)	(1,648,960)
Borrowings	(118,965)	(122,261)	(129,613)
Provisions	(31,039)	(40,831)	(37,289)
	(1,701,348)	(1,535,226)	(1,815,862)
Non-current liabilities			
Provisions	-	-	-
Borrowings	(172,837)	(281,279)	(243,197)
	(172,837)	(281,279)	(243,197)
Total liabilities	(1,874,185)	(1,816,505)	(2,059,059)
Net assets	12,963,923	15,778,951	14,497,231
Equity			
Called up share capital	763,860	747,076	762,754
Share premium account	31,829,463	31,829,988	31,829,463
Capital reserve - own shares	(48,163)	(47,688)	(48,163)
Retained earnings	(19,515,337)	(17,035,895)	(18,499,828)
Currency translation reserve	(65,900)	285,470	453,005
Total equity	12,963,923	15,778,951	14,497,231

Group Statement of Cash Flows

for the six months ended 30 June 2018

	Unaudited 6 months to 30.06.18 £	*Unaudited* 6 months to 30.06.17 £	*Audited* Year to 31.12.17 £
Cash flows from operating activities			
Loss before taxation for the period	(1,111,082)	(1,084,824)	(2,634,519)
Adjustments for:			
Finance income	(70,651)	(50,176)	(92,638)
Finance costs	10,189	11,800	24,364
Depreciation and amortisation and impairment	530,025	277,572	656,942
Share based payments expense	95,573	168,428	253,715
Operating cash flows before movement in working capital	(545,946)	(677,200)	(1,792,136)
Change in inventories	35,039	(89,347)	(221,747)
Change in trade and other receivables	723,051	40,641	(728,558)
Change in trade and other payables and provisions	143,041	129,238	505,462
Cash provided by / (used in) operations	355,185	(596,668)	(2,236,979)
Taxation paid	-	-	-
Net cash from operating activities	355,185	(596,668)	(2,236,979)
Cash flows from investing activities			
Payments to acquire software	(25,131)	(38,201)	(23,833)
Payments to acquire property, plant and equipment	(1,044,815)	(1,887,014)	(4,131,753)
Payments to acquire intangible fixed assets	(34,477)	(8,464)	(26,039)
Lease and other deposits repaid / (advanced)	-	(14,762)	(50,396)
Net movement in loans to sub-franchisees	139,352	4,135	(501,731)
Interest received	6,776	13,173	92,638
Net cash used in investing activities	(958,295)	(1,931,133)	(4,641,114)
Cash flows from financing activities			
Net proceeds from issue of ordinary share capital	1,106	4,953,831	5,028,754
Interest paid	(9,981)	(11,800)	(24,364)
Net cash from financing activities	(8,875)	4,942,031	5,004,390
Change in cash and cash equivalents	(611,985)	2,414,230	(1,873,703)
Exchange differences on cash balances	(85,973)	93,618	71,354
Cash and cash equivalents at beginning of period	4,505,911	6,308,260	6,308,260
Cash and cash equivalents at end of period	3,807,953	8,816,108	4,505,911

Group Statement of Changes in Equity
for the six months ended 30 June 2018

	Share capital	Share premium account	Retained earnings	Currency translation reserve	Capital reserve - own shares	Total
	£	£	£	£	£	£
At 31 December 2016	684,576	26,878,887	(16,116,724)	(186,423)	(50,463)	11,209,853
Shares issued	62,500	5,185,000	-	-	-	5,247,500
Expenses of share issue	-	(233,899)	-	-	-	(233,899)
Share based payments	-	-	168,428	-	-	168,428
Shares transferred out of EBT	-	-	(2,775)	-	2,775	-
Translation difference	-	-	-	471,893	-	471,893
Loss for the period	-	-	(1,084,824)	-	-	(1,084,824)
At 30 June 2017	747,076	31,829,988	(17,035,895)	285,470	(47,688)	15,778,951
Shares issued	15,678	-	-	-	-	15,678
Expenses of share issue	-	(525)	-	-	-	(525)
Share based payments	-	-	85,287	-	-	85,287
Shares transferred out of EBT	-	-	475	-	(475)	-
Translation difference	-	-	-	167,535	-	167,535
Loss for the period	-	-	(1,549,695)	-	-	(1,549,695)
At 31 December 2017	762,754	31,829,463	(18,499,828)	453,005	(48,163)	14,497,231
Shares issued	1,106	-	-	-	-	1,106
Share based payments	-	-	95,573	-	-	95,573
Translation difference	-	-	-	(518,905)	-	(518,905)
Loss for the period	-	-	(1,111,082)	-	-	(1,111,082)
At 30 June 2018	**763,860**	**31,829,463**	**(19,515,337)**	**(65,900)**	**(48,163)**	**12,963,923**

Notes to the Interim Financial Statements
for the six months ended 30 June 2018

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.

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 2017 apart from new accounting standards; IFRS 15 'Revenues' and IFRS 9 'Financial Instruments' which were adopted by the Group on 01 January 2018.
IFRS 15 - Revenue from Contracts with Customers, has replaced all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers unless the contracts are within the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard has an effective date of 1 January 2018.

The Group has applied the standard using the modified retrospective method in accordance with paragraph C3 (b) of the standard, requiring any cumulative impact to be recognised as an adjustment to the opening balances within equity.

The Group's revenues that are applicable for IFRS 15 are corporate store sales, royalties, franchisee fees and sales to franchisees. The Group has performed the five-step model on each of these elements, identifying the contracts, the performance obligations, transaction price and then allocating this to determine the timing of revenue recognition. For each of these there is no impact on the timing of transfer of control and therefore no impact on the timing of recognition of revenue.

The Group's profit before tax remains unchanged and no adjustments to any line items have been made to the opening balances within equity.

Rental income on leasehold and freehold property falls outside of the scope of IFRS 15.

IFRS 9 - Financial Instruments, has replaced IAS 39 Financial Instruments: Recognition and Measurement, covering the classification, measurement and derecognition of financial assets and financial liabilities, together with a new hedge accounting model and the new expected credit loss model for calculating impairment. The standard has an effective date of 1 January 2018.

The new standard has had the following effects on the Group's financial statements:

The Group's impairment provision on financial assets measured at amortised cost (such as trade and other receivables) have been calculated in accordance with IFRS 9's expected credit loss model, which differs from the incurred loss model previously required by IAS 39. The Group's history of low credit losses as a result of franchisee profitability, security held in respect of loans to franchisees and corporate store sales being on a cash basis has resulted in no change to the provision value previously recorded and there is no change to the opening balances within equity.

The Group has chosen not to restate comparatives on adoption of IFRS 9 and, therefore, any changes would have been processed at the date of initial application and presented in the statement of changes in equity for the six months to 30 June 2018.
The financial statements for the year ended 31 December 2017, 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, Elder House, St Georges Business Park, 207 Brooklands Road, Weybridge, Surrey KT13 0TS, or from our website www.dppoland.com.

2 Revenue

	Unaudited 6 months to 30.06.18	*Unaudited 6 months to 30.06.17*	*Audited Year to 31.12.17*
	£	£	£
Core revenue	6,349,950	4,250,526	9,663,088
Other revenue	44,837	151,543	714,689
	6,394,787	4,402,069	10,377,777

Core revenues are ongoing revenues including sales to the public from corporate stores, sales of materials and services to sub-franchisees, royalties received from sub-franchisees and rents received from sub-franchisees. Other revenues are non-recurring transactions such as the sale of stores, fittings and equipment to sub-franchisees.

3 Taxation

	Unaudited 6 months to 30.06.18	*Unaudited* 6 months to 30.06.17	*Audited* Year to 31.12.17
	£	£	£
Current tax	-	-	-
Deferred tax charge relating to the origination and reversal of temporary differences	-	-	-
Total tax charge in income statement	-	-	-

4 Earnings per ordinary share

The loss per ordinary share has been calculated as follows:

	Unaudited 6 months to 30.06.18	*Unaudited* 6 months to 30.06.17	*Audited* Year to 31.12.17
Profit / (loss) after tax (£)	(1,111,082)	(1,084,824)	(2,634,519)
Weighted average number of shares in issue	150,106,962	136,069,649	142,164,031
Basic and diluted earnings per share (pence)	(0.74 p)	(0.80 p)	(1.85 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 2018 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.

5 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 2017, available from www.dppoland.com and remain unchanged.