DP Poland PLC

Annual Report and Accounts 2010

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Company Information

Directors	Nicholas John Donaldson - *Chairman* Peter John Edward Shaw - *Chief Executive* Robert Nicholas Lutwyche Morrish - *Non-Executive*
Secretary	Patrick Michael Bodenham FCCA
Registered Office	2nd Floor Ibex House 42-47 Minories London EC3N 1DX
Registered Number	7278725
Website	www.dppoland.com
Group Head Office – Poland	ul. Złota 59 (Inoffice 6th floor) 00-120 Warsaw.
Nominated Adviser and Joint Broker	Seymour Pierce Limited 20 Old Bailey London EC4M 7EN
Joint Broker	Dowgate Capital Stockbrokers Limited Talisman House Jubilee Walk Three Bridges Crawley West Sussex RH10 1LQ
Solicitors	Kaye Scholer LLP 140 Aldersgate Street London EC1A 4HY
Auditors	Crowe Clark Whitehill LLP Aquis House 49-51 Blagrave Street Reading Berkshire RG1 1PL
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA
Principal Bankers	Raiffeisen Bank Polska S.A. ul Piekna 20 00-549 Warsaw

Company Profile

DP Poland plc is a newly established company, which owns the entire issued share capital of DP Polska S.A. ("DPPSA"), a newly formed Polish company. DPPSA has recently secured the exclusive master franchise in Poland for Domino's Pizza, the world's leading pizza delivery brand.

DPPSA has the exclusive right itself to develop and operate and to sub-franchise to others the right to develop and operate Domino's Pizza stores in Poland, a market in which the brand currently has no operations. DP Poland plc has been established by a management team with a proven track record in the successful start up and development of multiple outlet businesses in the serviced food and drink industry in Poland.

Domino's Pizza Inc. ("DPI") was founded in the United States in 1960 by Tom Monaghan. Since 1960, the DPI business has grown to over 9,300 stores in over 65 countries through a combination of franchising and corporate store development. In 2010, DPI and its franchises sold over 400 million pizzas and generated worldwide sales of $6.2 billion, $2.9 billion of which were outside the USA. DPI was floated on the New York Stock Exchange in July 2004 raising approximately $300 million, with a market capitalisation at the time of listing of approximately $1.0 billion.

Chairman's Statement

As more fully described in the Chief Executive's statement below, in July 2010 the Company floated successfully on the AIM market of the London Stock Exchange, raising approximately £6.5 million (before expenses) to secure the master franchise to develop the Domino's Pizza brand in Poland and to finance the roll out of stores.

I was involved in the launch of DP Poland from the outset as a non-executive director, but I was appointed to the position of Non-Executive Chairman of the Company following the sudden death of Richard Worthington in October 2010. Richard was central to the development of the DP Poland idea: a true entrepreneur, in recent years he established and built up the coffeeheaven group in Eastern Europe, which was taken over by the Whitbread group in 2010. This success of coffeeheaven was the background to DP Poland. A great tribute is therefore due to Richard in the successful launch of the Company.

Peter Shaw, DP Poland's Chief Executive, worked closely with Richard in the development of coffeeheaven and in the launch of DP Poland. Peter has already achieved considerable progress in the development of the Company. In the 7 months since work started in earnest much has been achieved for the company to be in a position to open its first store, which took place on 28 February 2011. We have built the infrastructure and systems of the business, established our core management team, recruited and started training our store managers and put in place our marketing strategy for each store opening. We are on track to achieve our target of twelve stores open by the end of 2011.

Your board is confident that the development of the Domino's Pizza brand in Poland represents an exciting opportunity. We look forward to reporting on our progress to you in the months and years to come.

Nicholas Donaldson
Non-Executive Chairman
16 March 2011

Chief Executive's Review

Overview

The Company has secured the master franchise from Domino's Pizza Overseas Franchising BV, the international franchising subsidiary of Domino's Pizza, Inc. of the USA, giving us exclusive rights to manage and develop the Domino's Pizza system and concept in Poland. The initial franchise term is 15 years.

The Company successfully raised £6.5m (before expenses) on the AIM market on 28th July 2010, in line with our AIM admission document. Shares in DP Poland were placed at 50p per share and have to date remained above that level.

We have established a trading subsidiary in Poland called DP Polska S.A. to operate the franchise. Funds were transferred to DP Polska S.A. in order for it to commence operations, including building a team, investing in production equipment, IT infrastructure and leasehold interests.

Our first store opened on Bukowińska Street in Warsaw on 28th February 2011, in accordance with our planned opening schedule. This followed intensive training of our staff both in the USA and Poland. The Bukowińska Street store is located in the affluent Mokotów (mo-ko-tov) district of Warsaw, an area south of the city centre with a high density of apartments and a vibrant business district.

Strategy

Our strategy is all about focus and quality. We are the only branded pizza chain in Warsaw whose sole focus is pizza delivery; our stores will not offer eat-in facilities or a broad range of non-pizza dishes. We believe that this level of specialisation will enable us to avoid the confused offerings and operational limitations that are inherent in our competitors' business models.

Our aim is to offer a quality of delivered pizza which is superior to any other in the Polish marketplace. Our pricing reflects our belief that our food offer and delivery service are truly superior to that of our competitors, while still offering great value to our customers.

To achieve this superiority of product we source only top quality ingredients which we believe outstrip the quality of the ingredients used by our competitors, including the high quality fresh dough that is made and delivered to the store by our central commissary.

On the people front we have an HR function focused on recruiting and training the best managers and store teams. Our delivery team members are trained to drive safely and to deliver great service to our customers, using highly durable Yamaha scooters and Mercedes Smart cars.

Store operations and marketing

We have recruited a core management team that has proved committed and resourceful in pulling this project together and in opening the first store on schedule. This core team includes specialists in operations, marketing, HR, IT and finance. We have also recruited our first 8 store managers who, together with our operations manager and trainer, have spent 5 weeks training at Domino's Pizza in the USA.

We are receiving extensive support from our franchisor across store operations, commissary and marketing. The experience gained by our store managers in their training in the USA and in our first store will cascade down as the store managers move on to their own stores. Your board would like to thank the whole team for their hard work and enthusiasm.

We are undertaking an intensive marketing programme to ensure that our local target audience is fully aware of our first store in Mokotów. A series of pre launch leaflet drops were followed by door hangers and then menus to encourage customers to order. We are also active in 'street marketing', using 'wobble boards' to attract passers-by. This tried and tested approach to local store marketing is fundamental to Domino's Pizza's success worldwide and will be our core ongoing marketing activity for all of our future stores.

While local store marketing will be fundamental to our success, we do believe that our customer website will become increasingly important in driving sales, as it has become for many other Domino's

Pizza markets. We have taken the decision to launch a full online ordering facility on our website very soon after our first store opening, because of the high penetration of internet usage across our core target audience. We believe that online sales have great potential in our market and we will be promoting this channel strongly to our customers. Our Facebook fan page was launched in January featuring our first 8 managers as they headed to Miami for training. This fan page is already building a following and features videos made by our team as they trained in Miami and a competition to name two of our pizzas, both of which can now be found on our menu.

To manage the sales and production process we are using the Domino's Pizza PULSE point of sale system, which gives us touch screen ordering for phone orders, superior administration and reporting capabilities and a customer recognition tool. PULSE also connects to our online ordering system. Customers who have ordered online will be able to track the status of their pizzas from preparation to delivery.

Commissary

Our commissary, which produces our fresh dough and handles all pizza ingredients and other Domino's Pizza products, has been established and fitted out in partnership with a highly reputable third party food service supplier. Our management team has many years' experience of working with this partner supplier. We have our own full time commissary manager based in the commissary, overseeing operations.

Located in Warsaw, where all our initial stores will be located, this commissary facility has the capacity to service at least 25 stores. The quality of the dough produced by our commissary meets the high standards of the Domino's Pizza brand. Our AIM admission document suggested that we would establish back-of-store commissaries for every 5 stores. Our decision to partner with a third party as described above removes the need for back-of-store commissaries and will over time result in a considerable saving in capital expenditure earmarked for commissary operations.

Financial Review

Cash Position

The utilisation of the cash which we raised at flotation is in line with our internal forecasts. Our accounts show that, at 31st December 2010, we held approximately £5 million of cash. We will be saving on forecast commissary related capital costs on account of our revised strategy described above. Store build costs have proved to be higher than were originally estimated, however, your board believes that increasing efficiencies in store roll out will reduce these store related capital costs over time.

Planned store roll out

We are targeting 12 store openings in Warsaw in 2011 and 15 next year, resulting in a total of 27 stores by the end of 2012. The majority of our 2011 store launches are planned to happen in the second half of the year as we build our operational capabilities.

Current trading and outlook

Poland has pursued a policy of economic liberalisation since 1990 and today stands out as a success story among transition economies. Since 2004, EC membership and access to EC structural funds have provided a major boost to the Polish economy. Polish GDP has grown consistently over recent years, based on rising private consumption, an increase in corporate investment, and the inflow of EC funds. GDP growth was 5% in 2009 and is estimated to have been 3.3% in 2010, evidence that Poland was the only major economy in Europe not to be hit by recession during the credit crunch. The country's economic performance should improve over the longer term as the country benefits from significant EC investment in its road network and other infrastructure projects.

Our development plans are focused on large cities, where there are significantly higher levels of disposable income per head than the national average. Our research shows that our target consumers are increasingly turning to higher quality convenience foods and are willing to pay for what they perceive to be superior offers.

We are working hard to become the leading pizza delivery brand in Poland, by store, sales and reputation.

Peter Shaw
Chief Executive
16 March 2011

The Board

The Board of DP Poland plc comprises 1 Executive and 2 Non-Executive Directors.

Nicholas Donaldson (aged 57), ***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 50), ***Chief Executive***
Peter is a co-founder of DPP. He has over twenty-five years' experience of working with consumer brands, and was the International Marketing Director for coffeeheaven international plc until its sale in February 2010. Peter started his career in 1984 as a graduate trainee with Unilever-owned Research International, researching fast moving consumer goods. In 1987 he joined Saatchi & Saatchi Advertising where his clients included Forte Hotels and British Airways. In 1992 Peter joined leading innovation consultancy CLK and was part of the management buy-out team that formed one of the UK's leading brand consultancies. In this consultancy role Peter led the creation of a number of brands including Cadbury's Heroes and the Nectar loyalty scheme and advised the senior team on the successful 2012 Olympic bid. In 2005 Peter set up his own brand and marketing consultancy, with a range of blue-chip clients in food and non-food sectors. Peter took up the role of Chief Executive of DP Poland plc after the death of Executive Chairman Richard Worthington in early October 2010.

Robert Morrish FCA (aged 61), ***Non-Executive Director***
Rob is a Chartered Accountant and is responsible for overseeing the finance functions of the Group. He 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.

Directors’ Report

The Directors are pleased to present their report and the audited financial statements for the period from 9 June 2010 to 31 December 2010.

Principal Activities and Review of the Business

The principal activities of the Group comprise the operation of the Domino’s Pizza master franchise in Poland.

The review of business and future developments are discussed in the Chairman’s Statement and the Chief Executive’s Review on pages 4 and 5.

Principal Risks and Uncertainties

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, which may be renewed for an additional 10 year term provided certain conditions are satisfied. The Group works closely with its franchisor partner to ensure that all conditions of the MFA are adhered to.

Lack of trading history
The Group has no trading history and it is impossible to predict fully the 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 have implemented 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 more resilient than the UK's following the recent global economic slowdown.

Results and Dividends

The loss for the period, after taxation, amounted to £382,948. 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 11 and 12 to the financial statements on pages 34 and 35.

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 Combined 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 two Non-Executive Directors 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 13 and 14.

Audit Committee
An audit committee has been established which consists of two Non-Executive Directors. 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. ("DPPSA") has appointed an external health and safety consultancy to advise DPPSA on all aspects of employee health and safety. Regular audits for compliance are carried out by this organisation at DPPSA stores and offices and DPPSA 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

After making enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors have therefore continued to adopt the going concern basis for preparation of 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
Robert Nicholas Lutwyche Morrish
Richard Douglas Worthington (died 1st October 2010)

In accordance with the Company's Articles of Association all the Directors offer themselves for re-election at the Annual General Meeting.

The following Directors at 31 December 2010 had interests in the ordinary shares of 0.5p each as follows:

	Number of Ordinary Shares	*Percentage of Ordinary Shares*
Peter Shaw [1]	1,221,212	6.17%
Robert Morrish [2]	70,000	0.35%
Nicholas Donaldson [2, 3]	50,000	0.25%

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. Robert Morrish and Nicholas Donaldson are interested in an additional 50,000 ordinary shares each pursuant to the terms of the Company's Share Incentive Plan
3. Held through Nicholas Donaldson's personal pension

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.

Substantial Interests

At 16 March 2011, 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.

	Number of Ordinary Shares	*Percentage of Ordinary Shares*
Peter Shaw	1,221,212	6.17%
The estate of Richard Worthington	1,221,212	6.17%
Diggle Investments Limited	975,000	4.93%
Trustees of DP Poland plc Employee Benefit Trust	2,955,844	14.94%
JM Finn Nominees	2,545,675	12.87%
Blackrock International Limited	1,958,000	9.90%
JS Piasecki **	1,150,000	5.81%
Threadneedle Asset Management	1,000,000	5.06%
Stancroft Trust Limited	800,000	4.04%

* Richard Worthington was a director of Diggle Investments Limited.
** JS Piasecki's shareholding is held within the JM Finn Nominees shareholding.

Financial Instruments

The Group's principal financial instruments comprise cash at bank or in hand and various items such as trade debtors and creditors, 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.

Creditor Payment Policy

The Company's policy is to pay creditors in accordance with specific agreements made between the Company and its suppliers, provided that all trading terms and conditions have been complied with.

The average payment period as at 31 December 2010 was 25 days.

Annual General Meeting

The Annual General Meeting of the Company will take place at the offices of Seymour Pierce Limited, 20 Old Bailey, London EC4M 7EN on 27 April 2011 at 11.00 a.m.

The notice of Annual General Meeting contains an ordinary resolution at resolution 6, which seeks to give the Directors power to allot shares up to a maximum aggregate nominal amount of £32,635 and which, if passed, would mean the Directors may allot and issue up to 6,527,000 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 empowers the Directors to allot shares up to a further aggregate nominal amount of £32,635 where the shares are to be offered by way of a 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 7 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 6 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 £9,889 representing 1,977,800 ordinary shares of 0.5p each, otherwise than pro rata to existing shareholders. The Directors have no present firm intention of issuing any further new ordinary shares.

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
16 March 2011

Remuneration Report

Overview and Policy

The Remuneration Committee comprises Robert Morrish and Nicholas Donaldson, 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

The Company has entered into an agreement with Brand Catalyst Limited ("BC") under which BC has agreed to provide consultancy services to the Company, including the services of Peter Shaw as Chief Executive of the Company. Such services are provided on a non-exclusive basis and the agreement is terminable upon not less than 12 months' notice by either party, or earlier under certain circumstances.

The fee paid under this agreement for the period ended 31 December 2010 was £47,083 plus value added tax. From 1st January 2011 the fee has been amended to £100,000 per annum plus value added tax. Under the agreement, BC is obliged to make Mr Shaw available to provide the services for such hours as are necessary for it to perform its obligations under the agreement. The initial amount of the consultancy fee reflects the time expected to be expended by Mr Shaw in performing such services. Such fee is therefore subject to adjustment in the event that the number of hours for which the services of Mr Shaw are regularly required in the performance of the obligations of BC under the agreement increase over time. In the event that this agreement is terminated by the Company (other than for cause) at any time before 31 stores have been opened and remain operational pursuant to the terms of the MFA as at such date, BC will become entitled to a one off termination payment calculated on the basis that the annual consultancy fee shall be deemed to have increased at the date of such termination to the higher of: (i) £100,000 or (ii) the amount of the annual consultancy fee currently paid immediately prior to termination of the agreement.

The Company is entitled to terminate the agreement with immediate effect without notice and without any liability to make any further payment to BC (other than in respect of amounts accrued prior to the termination date) in certain circumstances

Non-Executive Directors

Nicholas Donaldson is Non-Executive Chairman of the Company. Under the terms of his letter of appointment he receives fees of £10,000 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 with special responsibility for the finance function. Under the terms of his letter of appointment he receives fees of £10,000 per annum. This appointment is terminable on 3 months' notice by either party, and earlier in certain circumstances.

Remuneration and Share Incentives in the period to 31 December 2010

Total remuneration, fees and benefits paid or payable to the Directors by the Group for the period ended 31 December 2010 are set out below and amounts in aggregate to £67,917.

Details of share incentives held by, and granted to, Directors are set out in the Directors' Report on page 10.

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

Name of Director	Period ended 31 December 2010 total emoluments (salary or fees)
	£
Nicholas Donaldson	4,167
Peter Shaw	47,083
Robert Morrish	4,167
Richard Worthington (period to 30 September 2010)	12,500
Total	67,917

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. 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 of the profit or loss of the Company 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 period ended 31 December 2010 which comprise the Group and Parent Company Balance Sheets, the Group and Parent Company Statements of Comprehensive Income, the Group and Parent Company Statements of Cash Flow, the Group and Parent Company Statements of Comprehensive Income, 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.

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.

We read all the information in the Directors’ Report and any other surround information to identify material inconsistencies with the audited financial statements. 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 2010 and of the group’s loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 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

16 March 2011

Group Income Statement

for the period ended 31 December 2010

		Notes	**2010** **£**
Administrative expenses			(551,928)
Finance income		6	37,529
Finance costs		7	(500)
Other operating income			125,298
Total			162,327
Loss before taxation and share based payments			(389,601)
Share based payments		23	(21,666)
Loss before taxation		4	(411,267)
Taxation		8	28,319
Loss for the period			(382,948)
Loss per share	Basic	10	(2.62 p)
	Diluted	10	(2.62 p)

Group Statement of comprehensive income

for the period ended 31 December 2010

	2010
	£
Loss for the period	(382,948)
Currency translation differences	(22,671)
Total comprehensive income for the period	(405,619)

Company Statement of comprehensive income

for the period ended 31 December 2010

	Notes	2010
		£
Loss for the period		(227,406)
Total comprehensive income for the period		(227,406)

Group Balance Sheet
at 31 December 2010

	Notes	2010 £
Non-current assets		
Intangible assets	11	294,705
Property, plant and equipment	12	380,477
Deferred tax asset	15	28,845
		704,027
Current assets		
Inventories	18	32,970
Trade and other receivables	17	193,308
Cash and cash equivalents	19	5,059,523
		5,285,801
Total assets		5,989,828
Current liabilities		
Trade and other payables	20	(286,763)
Total liabilities		(286,763)
Net assets		5,703,065
Equity		
Called up share capital	22	98,893
Share premium account		6,044,486
Capital reserve - own shares		(56,361)
Retained earnings		(361,282)
Currency translation reserve		(22,671)
Total equity		5,703,065

The financial statements were approved by the Board of Directors and authorised for issue on 16 March 2011 and were signed on its behalf by:

Peter Shaw
Director

Robert Morrish
Director

Company Balance Sheet

at 31 December 2010

	Notes	2010 £
Non-current assets		
Investments	13	2,636,103
Receivables from subsidiary undertakings	14	273,571
		2,909,674
Current assets		
Trade and other receivables	17	19,836
Cash and cash equivalents	19	3,090,675
		3,110,511
Total assets		6,020,185
Current liabilities		
Trade and other payables	20	(82,546)
Net assets		5,937,639
Equity		
Called up share capital	22	98,893
Share premium account		6,044,486
Retained earnings		(205,740)
Shareholders' Equity		5,937,639

The financial statements were approved by the Board of Directors and authorised for issue on 16 March 2011 and were signed on its behalf by:

Peter Shaw
Director

Robert Morrish
Director

Group Statement of Cash Flows

for the period ended 31 December 2010

	Note	2010 £
Cash flows from operating activities		
Loss before taxation for the period		(382,948)
Adjustments for:		
Finance income		(37,529)
Finance costs		500
Depreciation and amortisation		784
Share based payments expense		21,666
Operating cash flows before movement in working capital		(397,527)
Increase in inventories		(32,368)
Increase in trade and other receivables		(218,461)
Increase in trade and other payables		283,037
Cash generated from operations		(365,319)
Taxation paid		-
Net cash from operating activities		(365,319)
Cash flows from investing activities		
Payments to acquire software		(12,693)
Payments to acquire property, plant and equipment		(374,317)
Payments to acquire intangible fixed assets		(276,633)
Purchase of own shares		(50,250)
Interest received		37,529
Net cash used in investing activities		(676,364)
Cash flows from financing activities		
Issue of ordinary share capital		6,137,268
Interest paid		(500)
Net cash from financing activities		6,136,768
Net increase / decrease in cash and cash equivalents		5,095,085
Exchange differences on cash balances		(35,562)
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	19	5,059,523

Company Statement of Cash Flows

for the period ended 31 December 2010

	Note	2010 £
Cash flows from operating activities		
Loss before taxation		(227,406)
Adjustments for:		
Finance income		(27,647)
Finance expense		500
Share based payments expense		21,666
Operating cash flows before movement in working capital		(232,887)
Increase in trade and other receivables		(19,836)
Increase in trade and other payables		82,546
Cash used in operating activities		(170,177)
Cash flows from investing activities		
Loans to subsidiary company		(273,571)
Equity investment in subsidiary company		(2,636,103)
Interest received		27,647
Interest paid		(500)
Net cash used in investing activities		(2,882,527)
Cash flows from financing activities		
Issue of ordinary share capital		6,143,379
Net cash from financing activities		6,143,379
Net increase in cash and cash equivalents		3,090,675
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	19	3,090,675

Group Statement of Changes in Equity

for the period ended 31 December 2010

Changes in equity	Share capital £	Share premium account £	Retained earnings £	Currency translation reserve £	Capital reserve - own shares £	Total £
At 9 June 2010	16,792	258,208	-	-	-	275,000
Shares issued	82,101	6,655,125	-	-	-	6,737,226
Expenses of share issue	-	(868,847)	-	-	-	(868,847)
Share based payments	-	-	21,666	-	-	21,666
Shares acquired by EBT	-	-	-	-	(56,361)	(56,361)
Translation difference	-	-	-	(22,671)	-	(22,671)
Loss for the period	-	-	(382,948)	-	-	(382,948)
At 31 December 2010	**98,893**	**6,044,486**	**(361,282)**	**(22,671)**	**(56,361)**	**5,703,065**

Company Statement of Changes in Equity

for the period ended 31 December 2010

Changes in equity	Share capital £	Share premium account £	Retained earnings £	Total £
At 9 June 2010	16,792	258,208	-	275,000
Shares issued	82,101	6,655,125	-	6,737,226
Expenses of share issue	-	(868,847)	-	(868,847)
Share based payments	-	-	21,666	21,666
Loss for the period	-	-	(227,406)	(227,406)
At 31 December 2010	**98,893**	**6,044,486**	**(205,740)**	**5,937,639**

Notes to the Financial Statements

for the period ended 31 December 2010

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 2010 were authorised for issue by the Board of the Directors on 16 March 2011 and the balance sheets were signed on the Board's behalf by Peter Shaw and Robert Morrish. 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.

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU as they apply to the financial statements for the period ended 31 December 2010 applied in accordance with the provisions of the Companies Act 2006.

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.

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 2011). 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 accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2010.

The Group and Company financial statements are presented in Sterling. The assets and liabilities of foreign subsidiaries 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 period. 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
The following IFRS have been issued, endorsed by the EU, but are not yet effective and have not been adopted early.

- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (Accounting periods beginning on or after 01/07/2010)
- IFRS 1 Amendment – Limited exemption from IFRS 7 Disclosures for first time adopters (Accounting periods beginning on or after 01/07/2010)
- IFRIC 14 (Amendment) Prepayments of a minimum funding requirement (Accounting periods beginning on or after 01/01/2011)
- Revised IAS 24 Related Party Disclosures (Accounting periods beginning on or after 01/01/2011)

In each case, no change in accounting policy is required and no impact on reported results is expected.

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, 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 other financial liabilities.

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, which are normally expected to be 10 years

Assets held under finance leases are recorded in the balance sheet as 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:

- 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; and

- 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.

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

Accounting estimates and judgements
There are no estimates and judgements made in the preparation of these financial statements which would have a material impact on the carrying value of assets or the results of this or any following year.

2. REVENUE
Revenue, which is stated net of value added tax, represents amounts received from the sale of goods from the Group's principal continuing activity, being the operation of Domino's Pizza stores. All of the revenue is derived in Poland. The Group had no revenues during the period as the first store had not yet commenced trading.

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

		2010 **£**
Auditors' remuneration	– audit of company and group financial statements	17,500
	– non audit services	750
Directors' emoluments	– remuneration and fees	67,917
Depreciation of property, plant and equipment		784
Operating lease rentals	– land and buildings	15,926
and after crediting		
Other operating income	– foreign exchange gains	125,298

5. STAFF COSTS

Details of directors' remuneration, which is included in the amounts below, are given in the remuneration report on pages 13 to 14.

	2010 **£**
Wages and salaries and directors' fees	118,033
Social security costs	13,593
Share based payments	21,666
	153,292

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

	2010 **£**
Operational	2
Administration	4
Total	6

6. FINANCE INCOME

	2010 £
Interest on short-term deposits	37,529
	37,529

7. FINANCE COSTS

	2010 £
Interest on other loans	500
	500

8. TAXATION

	2010 £
Current tax	-
Deferred tax credit relating to the origination and reversal of temporary differences	28,319
Total tax expense in income statement	28,319

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

	2010 £
Loss before tax	(411,267)
Tax credit calculated at applicable rate of 19%	(78,141)
Expenses not deductible for tax purposes	6,616
Tax losses for which no deferred income tax asset was recognised	43,206
Tax credit	(28,319)

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.

9. LOSS ATTRIBUTABLE TO MEMBERS OF PARENT COMPANY

The loss relating to transactions in the financial statements of the parent company was £227,406

10. LOSS PER SHARE

The loss per ordinary share has been calculated as follows:

	2010 Weighted average number of shares	2010 £ Profit / (loss) after tax
Basic	14,605,284	(382,948)
Diluted	14,605,284	(382,948)

The weighted average number of shares for the period excludes those shares in the Company held by the employee benefit trust. At 31st December 2010 the basic and diluted loss per share is the same, as the vesting of JOSS or SIP awards would reduce the loss per share and is, therefore, anti-dilutive.

11. INTANGIBLE ASSETS

	Licences	Software	Total
Group	**£**	**£**	**£**
Cost:			
At 9 June 2010	-	-	-
Foreign currency difference	5,143	236	5,379
Additions	276,633	12,693	289,326
At 31 December 2010	281,776	12,929	294,705
Amortisation and impairment:			
At 9 June 2010	-	-	-
Amortisation charged for the period	-	-	-
At 31 December 2010	-	-	-
Net book value:			
At 31 December 2010	281,776	12,929	294,705
At 9 June 2010	-	-	-

12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property £	Fixtures fittings and equipment £	Assets under construction £	Total £
Cost:				
At 9 June 2010	-	-	-	-
Foreign currency difference	2,212	1,163	3,584	6,959
Additions	118,981	62,571	192,765	374,317
At 31 December 2010	121,193	63,734	196,349	381,276
Depreciation:				
At 9 June 2010	-	-	-	-
Foreign currency difference	-	15	-	15
Depreciation charged for the period	-	784	-	784
At 31 December 2010	-	799	-	799
Net book value:				
At 31 December 2010	121,193	62,935	196,349	380,477
At 9 June 2010	-	-	-	-

13. NON CURRENT ASSET INVESTMENTS

	Group 2010 £	Company 2010 £
Shares in Group undertakings		
At 9 June 2010	-	-
Investment in subsidiary company	-	2,636,103
At 31 December 2010	-	2,636,103

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 companies, which are included in the consolidation:

Company	*Nature of business*	*Location*	*Class*	*Shares held %*
DP Polska S.A.	Operation of Pizza delivery restaurants	Poland	Ordinary	100

14. NON-CURRENT RECEIVABLES FROM SUBSIDIARY UNDERTAKINGS

	Group 2010 £	Company 2010 £
At 9 June 2010	-	-
Loans advanced	-	273,571
At 31 December 2010	-	273,571

15. DEFERRED TAX ASSET

2010
Deferred tax assets/(liabilities)

	At Start	Charged to Income	Charged to Equity	Exchange Differences	At End
Tax losses	-	35,436	-	659	36,095
Deferred income not yet taxable	-	424	-	8	432
Accrued expenses not yet deductible	-	(7,541)	-	(141)	(7,682)
	-	28,319	-	526	28,845

Presented in financial statements as:

Deferred tax asset	28,845

The Group has unused tax losses of £395,714 available for offset against future profits.

No deferred tax asset has been recognised in respect of the UK losses of £205,740 as there is insufficient evidence to determine that these losses will be recovered.

A deferred tax asset of £36,095 has been recognised in respect of the Polish losses of £189,974 on the basis that it is expected reduce the tax liability of DP Polska S.A. in future accounting periods. These Polish losses will expire in 2015 if not used by then.

16. BUSINESS COMBINATIONS

On 24 June 2010 the Group acquired 100% of the share capital of DP Polska S.A. a company formed to acquire and operate the master franchise for Domino's Pizza in Poland

The acquired business contributed revenues of £nil and net loss of £137,551 to the Group for the period from 24 June 2010 to 31 December 2010. If the acquisition had occurred on 6 June 2010, the contribution to Group revenue and the loss for the period would not have been materially different from that reported.

Details of net assets acquired are as follows:

Purchase consideration:	£
- Cash paid	5,382
Fair value of net assets/(liabilities) acquired	5,382

The assets and liabilities as of 24 June 2010 arising from the acquisition are as follows:

	Book Value £	Fair Value Adjustment £	Fair Value on Acquisition £
Current assets			
Cash and cash equivalents	5,382	-	5,382
Net assets/(liabilities) acquired	5,382	-	5,382
Purchase consideration settled in cash			5,382
Cash and cash equivalents in subsidiary acquired			5,382
Net cash outflow on acquisition			-

17. TRADE AND OTHER RECEIVABLES

	Group 2010 £	**Company 2010 £**
Current		
Trade receivables	-	-
Other receivables	133,555	10,332
Prepayments and accrued income	59,753	9,504
At 31 December	193,308	19,836

Other receivables mainly comprise Polish value added tax recoverable in future periods

18. INVENTORIES

	Group 2010 £	Company 2010 £
Raw materials and consumables	32,970	-
Finished goods for resale	-	-
At 31 December	32,970	-

The cost of inventories recognised as an expense and included in cost of sales amounted to £nil

19. CASH AND CASH EQUIVALENTS

	Group 2010 £	Company 2010 £
Cash at bank and in hand	2,045,385	76,537
Short term bank deposits	3,014,138	3,014,138
At 31 December	5,059,523	3,090,675

20. TRADE AND OTHER PAYABLES

	Group 2010 £	Company 2010 £
Current		
Trade payables	206,547	15,686
Other creditors	10,471	750
Accruals and deferred income	69,745	66,110
At 31 December	286,763	82,546

21. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2010	2010
	Loans and receivables £	**Financial liabilities at amortised cost £**
GROUP		
Financial Assets		
Cash at bank	5,059,523	
Other receivables - current	133,555	
Prepayments and accrued income	59,753	
Total	5,252,831	
Financial Liabilities		
Trade payables		(206,547)
Other liabilities - current		(10,471)
Accruals - current		(69,745)
Total		(286,763)
Net	4,966,068	

	2010	2010
	Loans and receivables £	**Financial liabilities at amortised cost £**
COMPANY		
Financial Assets		
Cash at bank	3,090,675	
Trade receivables	-	
Other receivables	10,332	
Prepayments	9,504	
Amounts due from subsidiaries	273,571	
Total	3,384,082	
Financial Liabilities		
Trade payables		(15,686)
Other liabilities - current		(750)
Accruals		(66,110)
Total		(82,546)
Net	3,301,536	

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

	2010 Trade and other payables £	2010 Total £
Due within one year	286,763	286,763
Due within one to two years	-	-
Due within two to five years	-	-
Due after five years	-	-
	286,763	286,763

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:

Assets	£
Polish Zlotys	2,136,205

Liabilities	
Polish Zlotys	204,217

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 £386,398. 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 £25,298

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 and trade and other receivables.

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.

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 manages its liquidity needs by monitoring scheduled debt servicing payments for financial liabilities as well as cash-outflows due in day-to-day business.

22. SHARE CAPITAL

	2010 £
Called up, allotted and fully paid:	
19,778,572 Ordinary shares of 0.5 pence each	**98,893**

Movement in share capital during the period

	Number	Nominal value £	Consideration £
Ordinary 1p shares:			
Initial subscription on 9 June 2010	1,679,167	16,792	250,000
Share issue on 25 June 2010	487,500	4,875	225,000
Share issue to Employee Benefit Trust on 25 June 2010	1,222,619	12,226	12,226
	3,389,286	33,893	487,226
Ordinary 0.5p shares:			
Subdivision of each ordinary share of 1 pence into two shares of 0.5 pence	6,778,572	33,893	487,226
Placing 21 July 2010	13,000,000	65,000	6,500,000
At 31 December 2010	**19,778,572**	**98,893**	**6,987,226**

DP Poland Employee Benefit Trust ("EBT")

The trustee of the EBT holds 3,055,844 ordinary shares in the Company for the purposes satisfying outstanding and potential awards under the Company's Joint Ownership Share 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 £1,848,876 at 31 December 2010.

23. SHARE BASED PAYMENTS

	Group 2010 £
Share based payments expense	21,666

During the period ended 31 December 2010 the Company provided three types of share-based incentive arrangements:

Type of arrangement	*Vesting period*	*Vesting conditions*
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

The Company established the Joint Ownership Share Scheme ("JOSS") and the Share incentive Plans on 25 June 2010. The Group has calculated a charge for the JOSS 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 for a comparable company .

Assumptions used in the valuation of JOSS awards were as follows:

Award date	Hurdle price	Expected volatility	Risk free rate	Expected dividends	Award life in years	IFRS2 fair value per JOSS share
25 June 2010	23.08 pence + 3% per annum	55%	0.70%	-	2.5 years	£0.0704
25 June 2010	23.08 pence + 3% per annum	55%	0.70%	-	3.5 years	£0.0821

The charge for the year relating to Share Incentive Plan ("SIP") was £9,546 and the charge for the year relating to the Joint Ownership Share Scheme ("JOSS") was £12,120. Both of these amounts related to equity-settled share based payment transactions.

Share scheme awards outstanding

Scheme and date of award	Hurdle price	Vesting date	Number awarded	Number surrendered	Number vested	Outstanding at 31 December 2010
JOSS 25 June 2010	23.08 pence + 3% per annum	31.12.12	952,690	625,410	50,000	277,280
JOSS 25 June 2010	23.08 pence + 3% per annum	31.12.13	952,690	625,410	50,000	277,280
SIP 27 July 2010	n/a	27.07.12	100,000	-	-	100,000

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:

	Land and buildings 2010 £
Operating leases which expire:	
Within one year	119,528
Within two to five years	323,534
At 31 December	443,062

Operating leases 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.

25. CAPITAL COMMITMENTS

Capital expenditure contracted for as at the balance sheet date but not yet incurred is as follows:

	2010
	£
Property, plant and equipment	94,329
At 31 December	94,329

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) are disclosed below:

	Group
	2010
	£
Short-term employee benefits	67,917
Share-based payments	19,186
At 31 December	87,103

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of DP Poland plc (the "Company") will be held at the offices of Seymour Pierce Limited, 20 Old Bailey, London EC4M 7EN on 27 April 2011 at 11.00 a.m. for the purpose of considering, and if thought fit, passing the following resolutions which in the case of resolutions 1 to 6 will be proposed as ordinary resolutions and in the case of resolution 7 will be proposed as a special resolution:

Ordinary Resolutions

1. To receive, consider and if approved, adopt the Directors' report and the financial statements of the Company for the period ended 31 December 2010, together with the Auditors' report thereon.
2. To re-appoint Crowe Clark Whitehill LLP as auditor to the Company, to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to determine their remuneration.
3. To re-elect as a Director, Peter Shaw, who retires in accordance with the Company's Articles of Association and who being eligible, offers himself for re-election.
4. To re-elect as a Director, Nicholas Donaldson who retires in accordance with the Company's Articles of Association and who being eligible, offers himself for re-election.
5. To re-elect as a Director, Robert Morrish who retires in accordance with the Company's Articles of Association and who being eligible, offers himself for re-election.
6. That, the Directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to allot:

   (a) shares in the Company or grant rights to subscribe for or to convert any securities into shares in the Company (such shares, and rights to subscribe for or to convert any security into shares in the Company being "relevant securities") up to an aggregate nominal amount of £32,635 representing approximately one third of the nominal value of the issued ordinary share capital of the Company; and

   (b) equity securities (within the meaning of Section 560 of the Act) up to a further aggregate nominal amount of £32,635 in connection with a rights issue in favour of the ordinary shareholders of the Company on the register on a record date fixed by the Directors where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates or legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) (a “Rights Issue”),

   provided that unless previously revoked, varied or renewed, this authority shall expire on the date which is fifteen months from the date of passing this resolution or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. Such authority shall be in substitution for any equivalent authorities and powers granted to the Directors prior to the passing of this resolution, but without prejudice to the continuing authority of the Directors to allot relevant securities pursuant to an offer or agreement made by the Company before the expiry of the authority pursuant to which such offer or agreement was made.

Special Resolution

7. That, subject to the passing of resolution 6, the Directors be generally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) of the Company wholly for cash pursuant to the authority of the Directors under section 551 of the Act conferred by resolution 6 above, as if section 561(1) of the Act did not apply to such allotment, provided that:

   (a) the power conferred by this resolution shall be limited to:

      (i) the allotment of equity securities in connection with any invitation or offer to ordinary shareholders where the entitlements of ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates or legal, regulatory or practical problems under the laws of any territory (including the requirements of any regulatory body or stock exchange) and in the case of the authority conferred by resolution 6(b), to any allotment by Rights Issue alone; and

      (ii) the allotment, otherwise than pursuant to sub-paragraph (a)(i) of this resolution, of equity securities up to an aggregate nominal value equal to £9,889, representing approximately 10% of the nominal value of the issued ordinary share capital of the Company as shown in the audited accounts of the Company for the period ended 31 December 2010; and

   (b) unless previously revoked, varied or renewed, this power shall expire on the date which is fifteen months from the date of passing this resolution or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

By Order of the Board

Registered Office:
2nd Floor Ibex House,
42-47, Minories,
London, EC3N 1DX

Patrick Michael Bodenham
Company Secretary
Dated: 16 March 2011

Notes:

1. Members of the Company are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the meeting.

2. The appointment of a proxy does not preclude a member of the Company from attending the meeting and voting in person. In those circumstances, the proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent the member by whom the proxy has been appointed. To appoint as a proxy a person other than the Chairman of the meeting, that person's full name must be inserted where indicated on the proxy form accompanying this Notice. If the proxy form is signed and returned but with no name inserted in place of that of the Chairman of the meeting, the Chairman will be deemed to be the proxy of the member completing and returning the form. Where a member appoints as a proxy someone other than the Chairman, it is the responsibility of that member to ensure that they attend the meeting and are aware of the member's voting intentions. A member wishing to appoint a proxy to make any comments on their behalf at the meeting, will need to appoint someone other than the Chairman and give them the relevant instructions directly.

4. A member may appoint more than one proxy provided that each proxy is appointed to exercise rights attached to a different share or shares held by that member. In the event of a conflict between a blank proxy form and a proxy form which states the number of shares to which it applies, the specific proxy form shall be counted first, regardless of whether it was sent or received before or after the blank proxy form, and any remaining shares in respect of which the member is the registered holder will be apportioned to the blank proxy form. To appoint more than one proxy you must complete a separate Form of Proxy for each proxy or, if appointing multiple proxies electronically, follow the instructions given on the relevant electronic facility. Members can copy their original Form of Proxy, or additional Forms of Proxy can be obtained from Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

5. To direct a proxy how to vote on the resolutions at the meeting the appropriate boxes on the proxy form should be marked with an 'X'. To instruct a proxy to abstain from voting on a resolution, the relevant "Vote withheld" box should be marked with an 'X' . A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, a proxy will vote or abstain from voting at his or her discretion. A proxy will also be entitled to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

6. To appoint a proxy using the form accompanying this Notice, the proxy form must be:
   - completed and signed;
   - sent or delivered to Capita Registrars. PXS, 34 Beckenham, Kent, BR3 4TU; and
   - received by Capita Registrars no later than 11.00 a.m. on 21 April 2011.

7. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by two duly authorised signatories or by a director of the company in the presence of a witness who attests the signature.

8. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-names bring the most senior).

9. Any power of attorney or any other authority under which a proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form when returning it to Capita Registrars.

10. If a member submits more than one valid proxy appointment in respect of the same share, the appointment received by the Registrars last in time (regardless of the date of its making) shall be treated as revoking and replacing any others as regards that share.

11. No electronic address provided in the proxy form is to be used to communicate with the Company for any purposes other than those expressly stated.

12. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members entered on the register of members of the Company at 6.00 p.m. on 25 April 2011 or, in the event that this meeting is adjourned, in the register of members as at 6.00 p.m. on the day two days before the date of any adjourned meeting, shall he entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the register of members after the close of business on 25 April 2011 or, in the event that the meeting is adjourned, the close of business on the day two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

13. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

14. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) by 11.00 a.m. on 21 April 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

15. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

16. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

17. Any member attending the meeting has the right to ask questions. The Company has to answer any questions raised by members at the meeting which relate to the business being dealt with at the meeting unless:

- to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information:
- the answer has already been given on a website in the form of an answer to a question, or;
- it is undesirable in the interests of the Company or the good order of the meeting to answer the question.

18. Copies of the [non-executive] Directors' [service contracts] and letters of appointment are available for inspection at the registered office of the Company during normal business hours on any business day and will be available for inspection at the place where the meeting is being held from 15 minutes prior to and during the meeting.

19. Resolution 6 – Under section 551 of the Act, the directors of a company may allot shares only if authorised to do so. At the AGM held on 20 July 2010, members gave authority to the directors, which will expire on conclusion of the meeting, to allot a maximum of £32,635 in nominal amount of relevant securities. Paragraph (a) of resolution 6 replaces the authority granted in 2010. In accordance with guidance issued by the Association of British Insurers,

this authority is limited to the allotment of relevant securities with an aggregate nominal value of £32,635 which is equivalent to approximately one-third of the issued ordinary share capital of the Company as at the date of this Notice. Paragraph (b) of resolution 6 is a new authority sought and is in line with guidance issued by the Association of British Insurers which authorises the Board to allot up to a further one-third of the existing issued share capital for use only in connection with a fully pre-emptive rights issue. Paragraph (b) of resolution 6 proposes to grant the Directors authority to allot shares in connection with a rights issue to existing shareholders in proportion (as nearly as practicable) to their existing holdings, up to an additional aggregate nominal amount of £32,635 which is equivalent to approximately one-third of the issued ordinary share capital of the Company as at the date of this Notice. The authorities sought under paragraphs (a) and (b) of this resolution, (unless previously revoked, varied or renewed by the Company), will expire fifteen months from the date of passing the resolution or at the conclusion of the 2012 AGM, whichever is the earlier.

20. Resolution 7 - Section 561(1) of the Act requires that equity securities proposed to be allotted for cash are first offered to existing shareholders in proportion to their existing holdings. This is known as shareholders' pre-emption rights. However, to act in the best interests of the Company the Directors may require flexibility to allot shares for cash without regard to the provisions of Section 561(1). Resolution 7, therefore empowers the Directors to allot equity securities up to an aggregate nominal value of £9,889, being equal to approximately 10 per cent. of the Company's issued ordinary share capital as at the date of this Notice, for cash without first offering them to existing shareholders. This means that the proportionate interests of existing ordinary shareholders could not, without their agreement, be reduced by more than10% by the issue of new shares for cash.

This authority (unless previously revoked, varied or renewed by the Company), will expire fifteen months from the date of passing the resolution or at the conclusion of the 2012 AGM, whichever is the earlier.