DP Poland PLC ("DP Poland" or the "Company")

Final results for the full year to 31 December 2016.

Accelerated store roll-out and strong like-for-likes drive sales volume and improved contributions from corporate stores and commissary

DP Poland, through its wholly owned subsidiary DP Polska S.A., has the exclusive right to develop, operate and sub-franchise Domino's Pizza stores in Poland. There are currently 39 Domino's Pizza stores in 14 Polish cities, 16 corporately managed and 23 sub-franchised.

Highlights

- 39 stores open to-date, 4 stores already opened in 2017
- 6 stores currently under construction
- Expecting to cross the 50 stores mark during 2017
- System Sales[1] up +62% (PLN) 2016 on 2015
- Like-for-like[2] System Sales (PLN) up +27%
- 17 consecutive quarters of double digit like-for-like System Sales growth, Q4 2012 – Q4 2016
- Total corporate store EBITDA up +76% at +1.76m PLN (+£329k[3]) 2016 vs +1.00m PLN (+£173k[4]) 2015
- Top 3 corporate stores averaged +468k PLN (+£88k[3]) EBITDA each in 2016 vs +332k PLN (+£58k[4]) each in 2015
- Top store delivered +536k PLN (+£100k[3]) EBITDA
- Commissary gross profit[5] up +155% at +1.71m PLN (+£321k[3]) vs +673k PLN (+£117k[4]) in 2015
- Group EBITDA[6] losses marginally reduced (£1.58m)[3] 2016 vs (£1.63m)[4] 2015
- Second commissary on plan to open Summer 2017 taking total commissary capacity to c.150 stores
- Double digit like-for-like System Sales growth January-February 16%
    - March like-for-likes on track to be 20%+

Peter Shaw, Chief Executive of DP Poland said:

"Our accelerated store roll-out plan and strong like-for-like performance drove sales volume and improved contributions from corporate stores and commissary. We will continue to drive sales volume growth through 2017 and anticipate Group EBITDA losses further reduced for YE 2017.

During 2017 we expect to cross the 50 store mark, which will be a key milestone for Domino's Pizza in Poland, as we extend our footprint and seek further economies of scale in this market of 38.5 million people."

27 March 2017

[1] System Sales – total retail sales including sales from corporate and sub-franchised stores
[2] Like-for-like growth in PLN, matching trading periods for the same stores between 1 January and 31 December, 2016 and 1 January and 31 December, 2015
[3] Exchange rate average for 2016 £1:PLN 5.3391
[4] Exchange rate average for 2015 £1:PLN 5.7657
[5] Sales minus variable costs
[6] Excluding non-cash items, non-recurring items and store pre-opening expenses

This announcement contains inside information for the purposes of the Market Abuse Regulation.

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Chairman's Statement

2016 was a year of robust System Sales[1] growth, driven by strong like-for-likes[2] and the roll-out of new stores to more towns and cities. This growth in System Sales enhanced both store EBITDA and commissary gross profit[5], albeit in the context of a marginally reduced Group EBITDA[6] loss. The growth in commissary gross profit is particularly driven by the addition of new sub-franchised stores and the growth in sub-franchised store sales, through the provision of dough balls, ingredients, boxes and other items to sub-franchisees, plus sales royalties.

Today we have 8 sub-franchise partners, 6 more than we had this time last year and we expect to welcome more in the coming year. The addition of more sub-franchisees is further confirmation of the potential of the Polish market, as more individuals commit to building their own Domino's businesses in a country of 38.5 million people. Today over half of our estate is sub-franchised, compared to less than one third this time last year. The mix of corporately managed and sub-franchised stores will vary as we build out over the coming years, but we expect sub-franchised stores to be a key growth engine in the medium to longer term.

We work closely with our sub-franchisees to create strong sales and marketing programmes, to run in tandem with those of our corporate stores. Local store marketing (LSM) lies at the heart of Domino's marketing, communicating to our customers and potential customers through menus, leaflets and other activities. LSM is supported by various media, including digital, out-of-home poster campaigns and radio. As our store estate grows and our ability to deliver to more customers increases we can foresee the introduction of national television advertising; we believe this will mark a further step change to the performance of the Domino's business in Poland.

Our most mature corporate stores continue to deliver robust growth, alongside our newer stores, with both sales and Store EBITDA significantly ahead in 2016 over 2015. The growing traction of the Domino's brand in Poland is founded on the satisfaction of a loyal and growing customer base at each store, through our offer of great service, great product and great value.

While expansion requires resource, with strengthened real estate and store opening teams and extended commissary capacity, the growing store contribution to marketing and the economies of scale in procurement will further strengthen the positive feedback cycle inherent to revenue growth. As we progress through this growth phase, to establish a national presence, we expect the reduction in Group EBITDA losses, compared to the growth in revenues, to rebalance as we approach critical mass in stores numbers and System Sales. With that rebalancing there will come an inflection point when the relative costs of running a high growth business steadily reduce in proportion to the growth in revenues and improvements in Group EBITDA.

Our fund raising of £3.2m gross in October 2016 was strongly supported by our investors and enables us to maintain the pace in the opening of corporate stores and in certain cases to support our own managers, through loans, to acquire their own stores. Supporting in-house talent in this way is a success model that is tried and tested across the Domino's system worldwide, in tandem with encouraging and supporting third parties to sub-franchise the Domino's brand.

The opportunity for Domino's in Poland is founded on the size of the population – the eighth largest in Europe – and the evident appetite for the Domino's offer of high quality pizza, delivered fast and hot to the door. Delivering against that opportunity requires a mix of careful management, energy and determination which I believe is ably demonstrated by our team; I would like to take this opportunity to thank both them and our sub-franchisees for delivering a strong performance in 2016.

In 2017 we remain focused on building out the store estate to achieve critical mass and to establish Domino's Pizza as a national brand in Poland.

Nicholas Donaldson

Non-Executive Chairman

24 March 2017

Chief Executive's Review

Group performance

Group EBITDA[6] losses marginally improved 2016 (£1.58m[3]) on 2015 (£1.63m[4]) at average exchange rates for 2016 and 2015.

At constant exchange rates (£1: 5.34PLN, the 2016 average) Group EBITDA[6] losses, improved by 8%, 2016 on 2015.

As described in the Finance Director's Report below, the Group loss for the period of (£2,493,401[3]) 2016, at actual exchange rates increased by 14%, mainly due to the increases in depreciation, amortisation and impairment and share based payments.

Investment in the real estate and store opening teams reduced the positive impact of the growth in store EBITDA and commissary gross profit on Group EBITDA. As revenues continue to grow we expect them to outstrip growth in Direct Costs (including the new commissary) and S,G&A and for the benefits to show in improvement in Group EBITDA for YE 2017 and beyond.

Store performance

2016 delivered a strong store performance in both like-for-like[2] sales and sales from stores that were opened during the year.

Like-for-like System Sales[1] were up +27% 2016 on 2015.

2016 closed with our 17th consecutive quarter of double digit like-for-like System Sales growth.

Like-for-like store performance was driven by a combination of successful sales and marketing activity and, we believe, increasing traction of the Domino's brand with existing and prospective customers, overlaid on a bouyant consumer economy.

Total System Sales were up +62% (PLN) 2016 on 2015.

Total Corporate Store EBITDA 2016 was +1.76m PLN (+£329k[3]) vs +1.0m PLN (+£173k[4]) in 2015, growth of +76%.

Total Corporate Store EBITDA performance benefited from improvement in the cost of goods, in part due to commodity deflation in the first part of the year and in part due to growing volumes benefiting commissary procurement. In contrast, higher store labour costs had some impact on store EBITDA in the second part of the year. The upward pressure on store labour was impacted both by the introduction of a minimum wage and its subsequent increase and by a drop in unemployment, impacting wage levels. On the plus side, in the macroeconomic context, lower unemployment and increased wages feed through to increased disposable income and a higher propensity to purchase.

We are very encouraged that our top 3 corporate stores averaged +468kPLN (+£88k[3]) EBITDA each in 2016 vs +332kPLN (+£58k[4]) each in 2015. Our top store delivered +536kPLN (+£100k[3]) EBITDA.

New store sales growth was driven by the opening of 12 stores in 2016.

Store roll-out

12 stores were opened in 2016, 8 sub-franchised and 4 corporate, ending the year with 35 stores.

The table below shows store openings and sales of stores to sub-franchisees in 2016

Stores	1 Jan 2016	Opened	Sold to franchisees	Closed	31 Dec 2016
Corporate	15	4	-6	0	13
Franchised	8	8	+6	0	22
Total	23	12	0	0	35

In 2017 to-date we have opened 4 stores, of which 3 are corporate stores and 1 sub-franchised. We currently have 39 stores in operation.

We started 2016 with Domino's stores in 4 cities; we ended the year with stores in 10 towns/cities and today there are stores in 14 towns/cities. The overall performance of our new stores is encouraging, with inevitable variations in performance between individual stores.

In Warsaw we have started to split the delivery areas of some of our more mature stores, as the sales of those stores are healthy enough to share part of their delivery areas. The reason for splitting delivery areas with the opening of a second store is to serve our customers even better with even faster delivery times. The better we serve our customers with fast delivery the more likely they are to repeat their purchase with us and the combined sales and EBITDA of 2 stores will exceed the sales of the original store.

Sub-franchisees

We finished the year with 8 sub-franchise partners, who are operating 23 stores out of a total of 39 stores open to-date. We have witnessed a swing from a predominantly corporately managed estate in 2015 to a predominantly sub-franchised estate today. While we expect this mix to vary as new stores are opened, we believe that sub-franchise store openings will be a very important engine of our store-rollout.

Our sub-franchisees are a mix of former Domino's Pizza area managers and third parties who have come from outside the Domino's system.

Commissary

The performance of our commissary in 2016 was marked by a step change increase in sales to stores as System Sales grew by 62% (PLN). Commissary gross profit[5] increased by 155% to +1.71m PLN (+£321k[3]) in 2016, from +673k PLN (+£117k[4]) in 2015.

The high proportion of sub-franchised stores positively impacted commissary gross profit as we retain a proportion of sales royalties and are able to add margin to the sales of goods to sub-franchised stores, while still offering sub-franchisees highly competitive prices compared to those achievable in the open market. These goods include dough balls, ingredients, boxes and services.

Our ability to procure high quality goods cost effectively improves as our sales volumes grow. 2016 was marked by commodity deflation for much of the year, although by the fourth quarter we saw prices of certain commodities, such as cheese and meat, start to increase.

In the summer of 2017 we will have finished the construction of our second commissary which will give us the production and warehousing capacity to open an additional c.100 stores. Together with our current commissary will take our commissary capacity to up to c.150 stores, dependent on store sales volumes.

The opening of our second commissary will have an impact on Direct Costs, nevertheless, this capacity is required and the new commissary's more central location, on the outskirts of the city of Łódź, will benefit distribution costs to many of our stores that are not in the vicinity of Warsaw or to the east of Warsaw.

Marketing

We continue to invest in marketing at both the store and town/city level. Digital marketing is an important component for us as are the more traditional media of direct marketing, out-of-home posters and radio. Return on investment is a critical metric in our choice of marketing spend; as our experience of marketing Domino's in Poland grows so does our efficiency of spend on media.

The growth in our store estate will lead to more opportunities to market to our existing and prospective customers. As we expand our national coverage of stores the prospect of national television advertising becomes more realistic, both in terms of the efficiency of media spend and the availability of Domino's Pizza to potential customers.

With the growth in our online sales – we saw 71% of delivery orders made online in 2016, compared to 67% in 2015 – we see the benefits of a closer relationship with our customers. Our online interface is tailored to the way our consumers wish to use it, be that through our app or our responsive website which adapts to the format of the device that our consumers decide to use. By the same token we are able to tailor our offers and their timing to suit our customers

Innovation

We regularly introduce new pizza recipes to delight our customers. In 2016 we launched two stuffed crust options: Cheesy Crust and Hot Dog Crust, following in the footsteps of other Domino's Pizza markets. These crust types can be ordered to supplement any of our pizza recipes.

New pizza recipes introduced last year included Italian Meatballs, Tuna Light and Big Meat.

Product innovation will continue to play an important part in attracting new customers and delighting our existing customers.

October fundraising

In October, 2016 we raised £3.2m before expenses, c.£3m net, in order to support our continued roll-out of store openings, with an additional 20 stores, increasing our target to 100 stores open by YE 2020. This fund raising was well supported by our existing investors and new investors, resulting in a placing price discount to the prior-day closing price of only 1.3%.

Outlook and current trading

Our like-for-like System Sales were 16% Jan-Feb 2017; while lower than the exceptional like-for-likes in 2016, due to strong comparables, we anticipate our like-for-like performance for the full year 2017 to be stronger. March 2017 like-for-likes are on track to be 20%+.

We had 35 stores open at the beginning of 2017 and we expect to push through the 50 store mark this year. 4 stores were opened by early February 2017 and we have 6 further stores under construction. While we expect the majority of these store openings to be corporate stores, a number of our existing sub-franchisees have committed to open stores in 2017 and we anticipate new sub-franchisees opening stores during the year.

The Polish economy continues to deliver healthy consumer spending and we expect this consumer behaviour to continue through 2017, supported by falling unemployment and growing wage levels, which in turn boost disposable incomes. On the cost front the reduction in unemployment has impacted labour rates, but we continue to respond with competitive rates and a supportive working environment, retaining and attracting the talent that we need. We saw some inflation in food prices in the fourth quarter of 2016, following the deflation that we experienced in the first half of the year, but so far the increases have not been dramatic. Our management of pricing is designed to minimise the impact of such commodity price increases.

2017 will be the year when we expect to push through the 50 store mark, a key milestone. The growth in store numbers and positive like-for-likes will deliver growing economies of scale and growing store EBITDA and commissary gross profit, positively impacting Group EBITDA losses for YE 2017.

Peter Shaw

Chief Executive
24 March 2017

Finance Director’s Review

Overview

In 2016 we achieved our 17th consecutive quarter of double digit like-for-like[2] System Sales[1] growth; through improved corporate store EBITDA and commissary gross profit[5]. Total corporate store EBITDA grew +75% (PLN) and commissary gross profit grew +155% (PLN). Growth of System Sales in 2016 was supported by Local Store Marketing and digital media, radio and billboards, carefully planned against specific Return on Marketing Investment criteria. The loss for the year was in line with expectations at (£2,493,401[3]).

While the Polish economy in 2016 experienced deflation, we experienced some inflation in food and wages in Q4 2016, following deflation in those goods earlier in the year. From the broader macro-economic viewpoint wage inflation translates to an increase in internal consumption, which should in-turn stimulate demand and growth in our System Sales. We have been managing those inflationary pressures through pricing management and enhanced procurement through volume growth.

In 2016 we decided to invest in store expansion and to accelerate store openings. We opened 12 new stores and added 6 more towns/ cities. In the period January-March 2017 we added 4 new stores in 4 new towns/cities; today there are 39 Domino’s Pizza stores in 14 towns/cities. We expect to reach the 50 store mark during this year.

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

In 2016 Selling, General and Administrative expenses (S,G&A) were 29% of System Sales, a 15 percentage points improvement against 2015 (44% in 2015), both measured using the actual average exchange rates for 2016 and 2015.

The opening of new stores in new towns and cities requires investment in the store expansion team and additional area managers to oversee both corporate and sub-franchised store performance. As we open more stores these additional costs will become proportionately less significant and the overall impact of S,G&A on Group EBITDA will continue to reduce.

As our national coverage of stores grows the prospect of national television advertising becomes more realistic, both in terms of the efficiency of media spend and the availability of Domino’s Pizza to potential consumers.

Direct costs

In preparation for further store openings and continuing growth in System Sales we will be extending our commissary capacity in 2017 with the construction of a new facility on the outskirts of Łódź, a large city in the centre of Poland with excellent access to the motorway network. We have approached this investment with the same capital light model that we applied to our Warsaw facility. This additional commissary capacity will impact our Direct Costs through additional rent and operating costs, production labour and warehousing labour. As System Sales grow the impact of this additional commissary capacity on Direct Costs will be proportionately less marked and the benefits of lower production costs and warehouse product handling costs will be seen in further improved corporate store EBITDA and commissary gross profit.

The opening of new stores in new towns and cities results in higher distribution costs, which in turn will become proportionally less significant as those costs are spread across towns and cities with growing store penetrations. The opening of our second commissary in the centre of Poland will reduce distribution expenses with stores located in the west, north and south of Poland. The current commissary in Warsaw will service Warsaw and stores located to the east.

Store count

Stores	1 Jan 2016	Opened	Sold to franchisees	Closed	31 Dec 2016
Corporate	15	4	-6	0	13
Franchised	8	8	+6	0	22
Total	23	12	0	0	35

4 stores have been opened in 4 new towns and cities since 1 January 2017, totalling 39 stores to-date.

Sales Key Performance Indicators

62% growth in System Sales (PLN) was supported by 27% growth in like-for-like System Sales (PLN) and the opening of 12 new stores in 2016. 27% like-for-like System Sales growth comprises a mix of 24% like-for-like System order count growth and a 3% growth in average net check. Delivery System Sales ordered online are growing, however newly opened stores need time to build online customers and that will dilute the System average.

	2016	**2015**	**Change %**
System Sales PLN	38,531,225	23,714,687	+62%
System Sales* £	7,216,802	4,441,701	+62%
L-F-L System Sales (PLN)	+27%	+16%	
L-F-L System order count	+24%	+14%	
Delivery System Sales ordered online	+71%	+67%	

*Constant exchange rate of £1: 5.3391 PLN

Group performance

97% growth of Group Revenue at a constant exchange rate of £1: 5.3391 PLN is derivative of 62% growth of System Sales, opening 8 sub-franchised stores and selling 6 corporate stores to sub-franchisees.

Group Revenue & EBITDA	**2016**	**2015**	**Change %**
Revenue PLN	40,346,077	20,515,866	+97%
Revenue* £	7,556,719	3,842,570	+97%
Group EBITDA[6] * £	(1,579,565)	(1,713,241)	+8%

*Constant exchange rate of £1: 5.3391 PLN

The Group Income statement at actual average exchange rate for 2016 and 2015 was impacted by GBP weakening against the PLN by 7% in 2016.

Group Revenue & EBITDA	**2016**	**2015**	**Change %**
Revenue PLN	40,346,077	20,515,866	+97%
Revenue† £	7,556,719	3,558,261	+112%
Group EBITDA[6] †£	(1,579,565)	(1,625,267)	+3%

†Actual average exchange rates for 2016 and 2015

Group Loss for the period

Group EBITDA[6] at actual average exchange rates for 2016 and 2015, improved by £45,702 (£133,676 improvement at constant exchange rate of £1: 5.3391 PLN) against the prior year. The Group loss for the year at actual average exchange rates for 2016 and 2015 increased by £300,138 against 2015, mainly due to the effect of non-cash expenses as follows: the depreciation, amortisation and impairment charge increased by £118,560 and the share based payments charge increased by £137,931.

Group Loss for the period	2016	2015	Change %
Loss for the period £	(2,493,401)	(2,193,263)	-14%

Actual average exchange rates for 2016 and 2015

Exchange rates

PLN : £1	2016	2015	Change %
Income Statement	5.3391	5.7657	-7%
Balance Sheet	5.1437	5.8011	-11%

Financial Statements for our Polish subsidiary DP Polska S.A. are denominated in PLN and translated to GBP. Under IFRS accounting standards the Income Statement for the Group has been converted from PLN at the average annual exchange rate applicable to PLN against GBP. The balance sheet has been converted from PLN to GBP at the 31 December 2016 exchange rate applicable to PLN against GBP. In 2016 the PLN strengthened against GBP and impacted numbers presented at 2016 and 2015 rates accordingly.

Cash position

Cash reduced by 10% from 1 January 2016, with the net cash at 31st December 2016 being £6.3m. The Company raised approximately £3 million after expenses in October through the placing of 6,667,000 new Ordinary Shares at 48 pence per share. The net proceeds of the Placing are expected to provide the Company with the funds required to open an additional 20 stores, with the target of 100 stores open by 2020.

The Company has spent £3.7 million covering Group losses and store CAPEX and to finance sub-franchisee store openings. The store opening costs are repaid by sub-franchisees over a period of 3 to 10 years.

	1 January 2016	Cash movement	31 December 2016
Cash in bank	6,987,503	(679,243)	6,308,260

Actual exchange rates for 2016 and 2015

Macro situation in Poland

In 2016 we saw GDP growth combined with continued deflation. However, in Q4 2016 we experienced inflation of food and wages. GDP growth was supported by growth in Internal Consumption. The 3 Month Warsaw Interbank Offered Rate is virtually unchanged.

Macro KPI	2016	2015
Real GDP growth (% growth)[7]	2.5	3.5
Inflation (% growth)[8]	-0.7	-0.9
	31 Dec 2016	**31 Dec 2015**
Interest rate (%)[9]	1.7300	1.7200

Maciej Jania

Finance Director

24 March 2017

[1]System Sales – total retail sales including sales from corporate and sub-franchised stores
[2] Like-for-like growth in PLN, matching trading periods for the same stores between 1 January and 31 December, 2016 and 1 January and 31 December, 2015

[3] Exchange rate average for 2016 £1: 5.3391 PLN
[4] Exchange rate average for 2015 £1: 5.7657 PLN
[5] Sales minus variable costs
[6] Excluding non-cash items, non-recurring items and store pre-opening expenses
[7] source: http://www.euromonitor.com/poland/country-factfile#
[8] source: http://www.euromonitor.com/poland/country-factfile#
[9] 3M WIBOR at 30th of December; source: www.money.pl

Group Income Statement

for the year ended 31 December 2016

	2016	2015
	£	£
Revenue	7,556,718	3,558,261
Direct Costs	(7,022,673)	(3,367,684)
Selling, general and administrative expenses - *excluding: store pre-opening expenses, depreciation, amortisation and share based payments*	(2,113,610)	(1,815,844)
GROUP EBITDA - *excluding non-cash items, non-recurring items and store pre-opening expenses*	(1,579,565)	(1,625,267)
Store pre-opening expenses	(47,850)	(20,165)
Other non-cash and non-recurring items	(99,302)	(73,944)
Finance income	65,116	46,464
Finance costs	(12,478)	(4,519)
Foreign exchange (losses) / gains	(7,915)	39,084
Depreciation, amortisation and impairment	(458,722)	(340,162)
Share based payments	(352,685)	(214,754)
Loss before taxation	(2,493,401)	(2,193,263)
Taxation	-	-

Loss for the period		(2,493,401)	(2,193,263)
Loss per share	Basic	(1.93 p)	(2.01 p)
	Diluted	(1.93 p)	(2.01 p)

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

Group Statement

of comprehensive income

for the year ended 31 December 2016

	2016	2015
	£	£
Loss for the period	(2,493,401)	(2,193,263)
Currency translation differences	618,614	(218,117)
Other comprehensive expense for the period, net of tax to be reclassified to profit or loss in subsequent periods	618,614	(218,117)
Total comprehensive income for the period	(1,874,787)	(2,411,380)

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

Group Balance Sheet

at 31 December 2016

	2016	2015
	£	£
Non-current assets		
Intangible assets	442,764	251,697
Property, plant and equipment	2,765,748	2,053,207
Trade and other receivables	1,217,231	287,351
	4,425,743	2,592,255
Current assets		
Inventories	271,525	116,668
Trade and other receivables	1,818,425	1,040,702
Cash and cash equivalents	6,308,260	6,987,503
	8,398,210	8,144,873
Total assets	12,823,953	10,737,128
Current liabilities		
Trade and other payables	(1,218,991)	(853,209)
Borrowings	(73,007)	(34,416)
Provisions	(37,294)	(35,274)
	(1,329,292)	(922,899)
Non-current liabilities		
Provisions	(50,532)	(39,899)
Borrowings	(234,276)	(97,801)
	(284,808)	(137,700)

Total liabilities	(1,614,100)	(1,060,599)
Net assets	11,209,853	9,676,529
Equity		
Called up share capital	684,576	651,241
Share premium account	26,878,887	23,856,796
Capital reserve - own shares	(50,463)	(56,361)
Retained earnings	(16,116,724)	(13,970,110)
Currency translation reserve	(186,423)	(805,037)
Total equity	11,209,853	9,676,529

The financial statements were approved by the Board of Directors and authorised for issue on 24 March 2017 and were signed on its behalf by:

Peter Shaw

Director

Maciej Jania

Director

Group Statement of Cash Flows

for the year ended 31 December 2016

	2016	2015
	£	£
Cash flows from operating activities		
Loss before taxation for the period	(2,493,401)	(2,193,263)
Adjustments for:		
Finance income	(65,116)	(46,464)
Finance costs	12,478	4,519
Depreciation, amortisation and impairment	458,722	340,162

Share based payments expense	352,685	214,754
Operating cash flows before movement in working capital	(1,734,632)	(1,680,292)
(Increase)/decrease in inventories	(134,825)	(22,103)
(Increase)/decrease in trade and other receivables	(254,038)	(532,689)
Increase in trade and other payables	461,664	314,941
Increase in provisions	50,532	-
Cash generated from operations	(1,611,299)	(1,920,143)
Taxation paid	-	-
Net cash from operating activities	(1,611,299)	(1,920,143)
Cash flows from investing activities		
Payments to acquire software	(25,114)	(6,433)
Payments to acquire property, plant and equipment	(1,714,215)	(814,485)
Payments to acquire intangible fixed assets	(23,699)	(15,895)
Lease deposits net amount repaid / (advanced)	(62,052)	(45,203)
Proceeds from disposal of property plant and equipment	698,882	140,864
Decrease/(increase) in loans to sub-franchisees	(1,214,743)	28,091
Interest received	36,745	46,464
Net cash used in investing activities	(2,304,196)	(666,597)
Cash flows from financing activities		
Net proceeds from issue of ordinary share capital	3,055,426	5,205,180
Interest paid	(12,478)	(4,519)
Net cash from financing activities	3,042,948	5,200,661
Net increase/(decrease) in cash and cash equivalents	(872,547)	2,613,921

Exchange differences on cash balances	193,304	(92,845)
Cash and cash equivalents at beginning of period	6,987,503	4,466,427
Cash and cash equivalents at end of period	6,308,260	6,987,503

The principal non-cash transaction was the acquisition of property, plant and equipment under finance lease agreements as disclosed in note 21.

Group Statement of Changes in Equity

for the year ended 31 December 2016

	Share capital £	Share premium account £	Retained earnings £	Currency translation reserve £	Capital reserve - own shares £	Total £
At 31 December 2014	477,190	18,825,667	(11,991,601)	(586,920)	(56,361)	6,667,975
Shares issued	174,051	5,325,949	-	-	-	5,500,000
Expenses of share issue	-	(294,820)	-	-	-	(294,820)
Share based payments	-	-	214,754	-	-	214,754
Shares acquired by EBT	-	-	-	-	-	-
Translation difference	-	-	-	(218,117)	-	(218,117)
Loss for the period	-	-	(2,193,263)	-	-	(2,193,263)
At 31 December 2015	651,241	23,856,796	(13,970,110)	(805,037)	(56,361)	9,676,529
Shares issued	33,335	3,166,825	-	-	-	3,200,160
Expenses of share issue	-	(144,734)	-	-	-	(144,734)
Share based payments	-	-	352,685	-	-	352,685
Shares transferred out of EBT	-	-	(5,898)	-	5,898	-
Translation difference	-	-	-	618,614	-	618,614
Loss for the period	-	-	(2,493,401)	-	-	(2,493,401)

At 31 December 2016	**684,576**	**26,878,887**	**(16,116,724)**	**(186,423)**	**(50,463)**	**11,209,853**

1. ACCOUNTING POLICIES

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 DP 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 2017). 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.

2. SEGMENTAL REPORTING

The Board monitors the performance of the corporate stores and the commissary operations separately and therefore those are considered to be the Group's two operating segments. Corporate store sales comprise sales to the public. Commissary operations comprise sales to sub-franchisees of food, services and fixtures and equipment. Commissary operations also include the receipt of royalty income from sub-franchisees. The Board monitors the performance of the two segments based on their contribution towards Group EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses. In accordance with IFRS 8, the segmental analysis presented reflects the information used by the Board. No separate balance sheets are prepared for the two operating segments and therefore no analysis of segment assets and liabilities is presented.

Operating Segment EBITDA contribution

	2016	2015
	£	£
Corporate stores	328,906	173,490
Commissary gross profit	321,171	116,762
Unallocated expenses	(2,229,642)	(1,915,519)
GROUP EBITDA - excluding non-cash items, non-recurring items and store pre-opening expenses	(1,579,565)	(1,625,267)

3. LOSS BEFORE TAXATION

This is stated after charging

		2016	2015
		£	£
Auditors and their	– audit of company and group financial statements	30,400	22,500

associates' remuneration			
	– tax compliance services	1,400	1,400
Directors' emoluments	– remuneration and fees	352,974	329,288
Amortisation of intangible fixed assets		64,173	63,523
Depreciation of property, plant and equipment		394,549	256,708
Impairment of property, plant and equipment		-	19,931
Operating lease rentals	– land and buildings	476,928	624,272
and after crediting			
Operating lease income from sub-franchisees		263,191	166,019
Foreign exchange gains /(losses)		(7,915)	39,084

4. OTHER NON-CASH AND NON-RECURRING ITEMS

	2016	2015
	£	£
Provision for additional VAT payable	(50,532)	-
Other non-cash and non-recurring items	(48,770)	(73,944)
	(99,302)	(73,944)

Non-recurring Items

Non recurring items include items which are not sufficiently large to be classified as exceptional, but in the opinion of the Directors, are not part of the underlying trading performance of the Group. The provision for additional VAT payable has been recognised following the reversal of a previous ruling by the Polish VAT authorities.

5. TAXATION

	2016	2015
	£	£
Current tax	-	-
Total tax charge in income statement	-	-

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

	2016	2015
	£	£
Loss before tax	(2,493,401)	(2,193,263)
Tax credit calculated at applicable rate of 19%	(473,746)	(416,720)
Income taxable but not recognised in financial statements	20,536	19,017
Income not subject to tax	(2,487)	(2,303)
Expenses not deductible for tax purposes	74,338	63,447
Tax losses for which no deferred income tax asset was recognised	381,359	336,559
Total tax charge in income statement	-	-

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.

6. LOSS PER SHARE

The loss per ordinary share has been calculated as follows:

	2016	2016	2015	2015
		£		£
	Weighted average number of shares	Profit / (loss) after tax	Weighted average number of shares	Profit / (loss) after tax
Basic	128,931,485	(2,493,401)	109,369,484	(2,193,263)
Diluted	128,931,485	(2,493,401)	109,369,484	(2,193,263)

The weighted average number of shares for the year excludes those shares in the Company held by the employee benefit trust. At 31st December 2016 the basic and diluted loss per share is the same, as the vesting of JOSS, SIP or share option awards would reduce the loss per share and is, therefore, anti-dilutive.

7. INTANGIBLE ASSETS

Group	Franchise fees and intellectual property rights £	Software £	Capitalised loan discount £	Total £
Cost:				
At 31 December 2014	334,955	187,557	-	522,512
Foreign currency difference	(17,684)	(9,885)	-	(27,569)
Additions	15,895	6,433	-	22,328
Disposals	-	(399)	-	(399)
At 31 December 2015	333,166	183,706	-	516,872
Foreign currency difference	43,480	24,255	-	67,735
Additions	23,699	25,114	178,269	227,082
Disposals	-	(4,668)	-	(4,668)
At 31 December 2016	400,345	228,407	178,269	807,021

Amortisation				
At 31 December 2014	114,815	98,597	-	213,412
Foreign currency difference	(6,256)	(5,338)	-	(11,594)
Amortisation charged for the year	37,187	26,336	-	63,523
Disposals	-	(166)	-	(166)
At 31 December 2015	145,746	119,429	-	265,175
Foreign currency difference	19,850	16,236	-	36,086
Amortisation charged for the year	32,192	26,756	5,225	64,173
Disposals	-	(1,177)		(1,177)
At 31 December 2016	197,788	161,244	5,225	364,257
Net book value:				
At 31 December 2016	202,557	67,163	173,044	442,764
At 31 December 2015	187,420	64,277	-	251,697

Franchise fees consisting of the cost of purchasing the Master Franchise Agreement (MFA) from Domino's Pizza Overseas Franchising B.V. have been capitalised and are written off over the term of the MFA. The difference between the present value of loans to sub-franchisees recognised and the cash advanced has been capitalised as an intangible asset and are amortised over the life of a new franchise agreement of 10 years. The amortisation of intangible fixed assets is included within administrative expenses in the Income Statement.

8. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property £	Fixtures fittings and equipment £	Assets under construction £	Total £
Cost:				
At 31 December 2014	1,517,251	1,212,582	76,581	2,806,414
Foreign currency difference	(80,511)	(65,027)	(4,717)	(150,255)
Additions	353,225	103,316	396,961	853,502
Transfers	(257,197)	(107,339)	(14,273)	(378,809)
Disposals	42,220	226,564	(268,784)	-
Transfer to assets held for sale				
At 31 December 2015	1,574,988	1,370,096	185,768	3,130,852
Foreign currency difference	226,639	349,204	(158,605)	417,238
Additions	581,957	336,619	605,016	1,523,592
Disposals	(679,424)	(394,242)	-	(1,073,666)
Transfers	78,037	496,304	(574,341)	-
At 31 December 2016	1,782,197	2,157,981	57,838	3,998,016
Depreciation:				
At 31 December 2014	638,061	458,960	-	1,097,021
Foreign currency difference	(32,994)	(24,843)	-	(57,837)
Depreciation charged for the year	76,769	179,939	-	256,708
Impairment	19,931	-	-	19,931
Disposals	(180,142)	(58,036)	-	(238,178)
At 31 December 2015	521,625	556,020	-	1,077,645
Foreign currency difference	(26,465)	164,815	-	138,350
Depreciation charged for the year	178,035	216,514	-	394,549
Disposals	(248,843)	(129,433)	-	(378,276)

At 31 December 2016	424,352	807,916	-	1,232,268

Net book value:

At 31 December 2016	1,357,845	1,350,065	57,838	2,765,748
At 31 December 2015	1,053,363	814,076	185,768	2,053,207

9. SHARE CAPITAL

		2016	2015
		£	£
Called up, allotted and fully paid:			
130,248,112 (2014: 95,437,986)	Ordinary shares of 0.5 pence each	684,576	651,241

Movement in share capital during the period

	Number	Nominal value	Consideration
		£	£
At 31 December 2014	95,437,986	477,190	20,907,874
Placing 07 July 2015	34,810,126	174,051	5,500,000
At 31 December 2015	130,248,112	651,241	26,407,874
Placing 05 October 2016	6,667,000	33,335	3,200,160
At 31 December 2016	136,915,112	684,576	29,608,034

10. ANNUAL GENERAL MEETING

The Annual General Meeting of DP Poland plc will be held at the Offices of Peel Hunt, 120 London Wall, London EC2Y 5ET on 5 May 2017 at 11.00 a,m,