



Domino's Pizza UK & IRL plc
 Placing and Offer for Subscription by Seymour Pierce

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult an independent professional adviser duly authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

Application has been made for all the Ordinary Shares to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM"). AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with established companies tends to be attached. A prospective investor should be aware of the potential risks in investing in such companies and should make the decision to invest only after careful consideration and consultation with his or her own independent financial adviser.

The rules of AIM are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. Further, the London Stock Exchange itself has not examined the contents of this document. The Ordinary Shares are not dealt in any other recognised investment exchange and no other such applications have been made.

A copy of this document, which comprises a prospectus relating to the Company drawn up in accordance with The Public Offers of Securities Regulations 1995, as amended ("Regulations"), has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the Regulations.

The Directors whose names appear on page 5 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility for compliance with the rules set out in Chapter 16 of the Rules of the London Stock Exchange ("AIM Rules"). To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.

Neither Domino's Pizza, Inc. ("DPI") nor any of its subsidiaries, affiliates, officers, directors, agents, employees, accountants, or attorneys are in any way participating in, approving or endorsing the placing and offer of Ordinary Shares in the capital of the Company described in this document ("Placing and Offer for Subscription"), any of the underwriting or accounting procedures used in Placing and Offer for Subscription, or any representations made in connection with the Placing and Offer for Subscription. The grant by DPI of any franchise or other rights to the Company or any of its subsidiaries is not intended as, and should not be interpreted as, an express or implied approval, endorsement or adoption of any statement regarding financial or other performance which may be contained in this document. Any review by DPI of this document has been conducted solely for the benefit of DPI to determine conformance with the internal policies of DPI and not to benefit or protect any other person to the extent any such review has taken place. No investor in the Company should interpret such review by DPI as an approval, endorsement, acceptance or adoption of any representation, warranty, covenant or projection contained in this document. The enforcement or waiver of any obligation of the Company under any agreement between the Company and DPI or its affiliates is a matter for DPI or its affiliates' sole discretion. No investor should rely on any representation, assumption, or belief that DPI or its affiliates will enforce or waive particular obligations of the Company under such agreements.

Domino's Pizza® is a registered trademark and service mark of Domino's Pizza, Inc.



DOMINO'S PIZZA UK & IRL plc

Placing and Offer for Subscription of 8,000,000 Ordinary Shares at a price of 50p per share

Admission to the Alternative Investment Market

Nominated Adviser and Nominated Broker

SEYMOUR PIERCE LIMITED

It is expected that Admission of the Ordinary Shares to trading on AIM will become effective on 24 November 1999.

AUTHORISED AND ISSUED SHARE CAPITAL

The following table shows the authorised, issued and fully paid Ordinary Share capital of the Company following Admission:

<i>Authorised</i>		<i>Issued and Fully Paid</i>	
<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
80,000,000	4,000,000	50,000,000	2,500,000
		<i>Ordinary Shares of 5p each</i>	

Seymour Pierce Limited, which is regulated by The Securities and Futures Authority Limited, is acting as Nominated Adviser and Nominated Broker exclusively for the Company in connection with the Placing and Offer for Subscription and Admission of the Ordinary Shares to trading on AIM and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to customers of Seymour Pierce Limited, or for advising any other person in connection with the Placing and Offer for Subscription. The responsibility of Seymour Pierce Limited, as Nominated Adviser under the AIM Rules, are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other persons in respect of his or decision to acquire Ordinary Shares in reliance on any part of this document.



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DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“Act”	the Companies Act 1985 (as amended)
“Admission”	admission of the Enlarged Share Capital to trading on AIM and such admission becoming effective in accordance with paragraph 16.6 of the AIM Rules
“AIM”	the Alternative Investment Market of the London Stock Exchange
“Application Form”	the application form for use in connection with the Offer for Subscription accompanying this document
“Board” or “Directors”	the directors of the Company, whose names appear on page 5 of this document
“Commissary Agreement”	the agreement dated 29 December 1993 between DPII and DPG in which DPII grants to DPG the right to use technical knowledge and know how relating to Domino’s
“the Company”	Domino’s Pizza UK & IRL plc, the holding company of the Group
“Domino’s Pizza” or “Domino’s”	the brand name owned by DPI which the Group has the right to use in the UK and the Republic of Ireland under the Master Franchise Agreement
“Domino’s System”	the home delivery pizza concept owned and developed by DPI
“DP Capital”	DP Capital Limited, a wholly owned subsidiary of the Company
“DPD”	DP Group Developments Limited, a wholly owned subsidiary of DPG and, on Admission, a wholly owned subsidiary of the Company
“DPI”	Domino’s Pizza, Inc.
“DPII”	Domino’s Pizza International, Inc.
“DPG”	Domino’s Pizza Group Limited, and on Admission, a wholly owned subsidiary of the Company
“DPGS”	DPGS Limited, a wholly owned subsidiary of DPG and, on Admission, a wholly owned subsidiary of the Company, which holds the franchise on company-owned stores
“DPR”	DP Realty Limited, a wholly owned subsidiary of DPG and, on Admission, a wholly owned subsidiary of the Company
“Enlarged Share Capital”	the issued share capital of the Company following the Placing and Offer for Subscription and Admission
“Franchisees”	the persons or companies to whom DPG has granted franchises under the terms of the Master Franchise Agreement
“Group”	in relation to any period prior to Admission means DPG and its subsidiaries and in relation to any period after Admission means the Company and its subsidiaries
“HS Real”	HS Real Company, LLC, the parent company of DPG prior to Admission and the parent company of the Company thereafter



“IFS”	International Franchise Systems, Inc.
“London Stock Exchange”	London Stock Exchange Limited
“Master Franchise Agreement”	the agreement dated 29 December 1993 between DPII and DPG as amended which gives DPG the exclusive right to the development of Domino’s in the UK and the Republic of Ireland, as described in paragraph 9(a) of Part V of this document
“Offer for Subscription”	the proposed offer by the Company of the Offer Shares as described in this document
“Offer Shares”	the 3,000,000 new Ordinary Shares proposed to be offered by the Company pursuant to the Offer for Subscription
“Ordinary Shares”	Ordinary Shares of 5p each in the Company
“Placing”	the proposed placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 16 November 1999 between the Company (1), the Directors (2), Seymour Pierce (3) and HS Real (4) relating to the Placing and Offer for Subscription, the terms and conditions of which are summarised in paragraph 9(f) of Part V of this document
“Placing Price”	50p per share
“Placing Shares”	the 3,000,000 new Ordinary Shares to be subscribed for pursuant to the Placing and the Sale Shares
“Sale Shares”	the 2,000,000 existing Ordinary Shares to be placed by Seymour Pierce on behalf of HS Real pursuant to the Placing
“Seymour Pierce”	Seymour Pierce Limited, the Nominated Adviser and Nominated Broker to the Company
“Share Option Schemes”	the Domino’s Pizza Share Option Schemes details of which are set out in paragraph 7 of Part V of this document
“System”	the network of corporately owned and franchised stores in the UK and the Republic of Ireland
“UK”	the United Kingdom of Great Britain and Northern Ireland



DIRECTORS, SECRETARY AND ADVISERS

Directors	Colin Halpern (<i>Executive Chairman</i>) Gerald Halpern (<i>Chief Executive</i>) Stephen Glen Hemsley F.C.A. (<i>Finance Director</i>) Christopher Humphrey Robertson Moore (<i>Marketing Director</i>) Nigel William Wray (<i>Non-Executive Director</i>) Yoav Gottesman (<i>Non-Executive Director</i>) all of: Lasborough Road Kingston Milton Keynes MK10 0AB
Secretary	Anthony Derek Betley F.C.A.
Registered Office	Lasborough Road Kingston Milton Keynes MK10 0AB
Nominated Adviser and Nominated Broker	Seymour Pierce Limited 29/30 Cornhill London EC3V 3NF
Solicitors to the Company	McDermott, Will and Emery 7 Bishopsgate London EC2N 3AQ
Reporting Accountants and Auditor	Ernst & Young 400 Capability Green Luton LU1 3LU
Solicitors to the Placing and Offer for Subscription	Memery Crystal 31 Southampton Row London WC1B 5HT
Bankers	National Westminster Bank PLC Exchange House 478 Midsummer Boulevard Central Milton Keynes MK9 2EA
Registrars and Receiving Agents	Harford Registrars Harford House 101-103 Great Portland Street London W1N 6LL



KEY STRENGTHS

- Master franchisee of Domino's Pizza in the UK and the Republic of Ireland, the world's leading home delivery pizza brand.
- Profitable, cash positive business with demonstrated growth record.
- Turnover doubled in the last three years.
- Market share doubled in the last four years.

FUTURE OPPORTUNITIES

- Well positioned for continued roll-out of proven concept in growth sector of the pizza market.
- Expansion of the number of corporate stores by acquisition of established stores and the opening of new stores.
- Development of the recently established initiative with Sky Digital's Open Interactive TV, the internet and other areas of e-commerce.
- Expansion of the turnover and profitability of the existing stores by targeted marketing.

The whole text of this document should be read and, in particular, your attention is drawn to the section headed "Risk Factors" on page 18.

TIMETABLE OF KEY EVENTS

Offer for Subscription opens	17 November 1999
Latest time and date for application and payment under the Offer for Subscription	12 noon on 23 November 1999
Ordinary Shares admitted to AIM and dealings commence	24 November 1999
CREST accounts credited	24 November 1999
Definitive share certificates despatched by	8 December 1999

PLACING STATISTICS

Placing Price	50p
Number of Ordinary Shares the subject of the Placing and Offer for Subscription	
– Placing Shares	5,000,000
– being placed on behalf of the Company	3,000,000
– being placed on behalf of HS Real	2,000,000
– Offer Shares	3,000,000
Number of Ordinary Shares in issue immediately following the Placing and Offer for Subscription	50,000,000
Market capitalisation at the Placing Price	£25,000,000
Net proceeds of the Placing and Offer for Subscription receivable by the Company	£2,500,000
Pro forma earnings per share (<i>Note 1</i>)	2.4p
Pro forma price/earnings ratio (<i>Note 2</i>)	20.8

Note

1. Calculated on the basis of 44,000,000 million Ordinary Shares in issue prior to the Placing and Offer for Subscription and profit after tax of £1,057,775 in 1998 as extracted from the report in Part II of this document.
2. Calculated on the basis of the pro forma earnings per share and the Placing Price of 50p.



PART I

INFORMATION ON THE GROUP

INTRODUCTION

DPG is the master franchisee in the UK and the Republic of Ireland of Domino's Pizza, the world's leading home delivery pizza brand. Since the business of the Group was purchased from DPII in 1993, it has developed to become the leading UK home delivery pizza brand by sales. Since the first store opened in the UK in 1985, the System has expanded to 190 stores covering almost one third of UK households. In 1998 over 7,000,000 pizzas were sold by the System.

Domino's Pizza was founded in the United States of America in 1960 by Tom Monaghan. Since 1960, the business has grown to nearly 6,400 stores in 64 international markets by a combination of franchising and corporate store development. In 1998, Mr Monaghan sold a controlling interest in Domino's to Bain Capital of Boston for over US\$1 billion. However, the Group is not affiliated to DPI or DPII other than by virtue of the terms of the Master Franchise Agreement.

Total annual store sales by the System in the year to 27 December 1998 exceeded £54 million representing a doubling of total annual sales over the last three years. The Group operating profits from continuing operations have increased from £589,183 to £1,576,642 over the same period.

The Directors believe that the success of the Group is based on Domino's focus on quality, service and image.

The Group is committed to the use of fresh produce, where possible, in the preparation of its pizzas. One particular aspect of this commitment that the Directors believe distinguishes a Domino's pizza from many of its competitors is the use of fresh, not frozen dough. The dough is prepared daily to Domino's own recipe at the Company's purpose built dough production centre ("commissary") in Milton Keynes. The Group's dedicated refrigerated transport fleet then delivers the trays of dough balls and all other pizza toppings to most stores throughout the UK and the Republic of Ireland every other day.

The Group is well placed to continue the rollout of this proven concept by the further development of the franchise system and the more rapid expansion of corporate stores. The Directors also believe that sales at existing stores will be increased through the continued use of targeted marketing and by the development of e-commerce opportunities. The proceeds of the Placing and Offer for Subscription should enable the Group to achieve this expansion.

Industry overview

The UK takeaway and delivered pizza market had net sales of approximately £304 million in 1998. The Group focuses on the delivery segment of this market, which accounted for approximately 65 per cent. of the total UK takeaway and delivered pizza market. In 1998, the delivery segment of this market showed growth of 8.9 per cent. on 1997.

Between 1994 and 1998 the total takeaway and delivered pizza market in the UK increased by 17 per cent. from approximately £260 million in 1994 to approximately £304 million in 1998. Over the same period the Group's share of this market doubled from 8.3 per cent. in 1994 to 17.7 per cent. in 1998.

The Directors believe that growth in the pizza delivery market will persist as a result of several continuing demographic factors. In particular, longer working days and the increase in dual career households have led to the rapid growth in the demand for freshly cooked delivered food. Pizza also has a wide appeal to younger age groups and as this population ages they are likely to retain similar tastes and pass these on to their children, thereby expanding this segment of the market. The Group is well positioned to capitalise on these trends.

The Business of the Group

DPG is the master franchisee in the UK and the Republic of Ireland of the Domino's Pizza brand with 190 stores in the territory of which 13 are corporate stores operated by the Group and 177 are operated by independent Franchisees. The Master Franchise Agreement was granted in 1993 for an initial period of ten years and has been amended on a number of occasions to accommodate the changing requirements of the business. The term of the agreement was last extended in 1997 and, provided DPG continues to comply with the terms of the Master Franchise Agreement, it is likely that it will be extended for a further period of ten years from 2006. Further details of the Master Franchise Agreement are set out below and in paragraph 9(a) of Part V of this document.

The Directors consider that Domino's Pizza stores offer a focused menu of high quality pizza along with a range of starters, desserts and drinks. Every pizza is "slapped out" by hand in the store from a fresh dough ball and topped with pizza sauce made from Portuguese vine-ripened tomatoes, real mozzarella cheese, and a choice of high quality meats and fresh vegetables. In the UK and the Republic of Ireland no pre-prepared or part baked pizza bases are ever used in Domino's Pizza stores. All stores offer free delivery and take away. The Group does not operate any eat-in restaurants.

The Group undertakes a continuous programme of menu development through the Menu Development Committee made up of DPG staff and independent Franchisees, with new recipes developed in the test kitchen at the commissary in Milton Keynes before being field-tested at various stores to ensure acceptability to customers. These recipes are then submitted to DPII for approval and once approved are introduced throughout the System. The Menu Development Committee considers new eating trends as they develop, such as vegetarian and low fat, to ensure the System is well placed to meet changing customer preferences.

The European Food Safety Inspection Service ("EFSA") recently awarded the Higher Level Approval Certificate to the commissary and distribution facility in Milton Keynes. The EFSA accreditation covers all areas critical to food safety, food hygiene and quality management and reinforces the commitment to customers that the highest standards are being maintained. Although Franchisees do not have to buy ingredients through the Group, any product sourced from an alternative supplier has to meet objective specifications. This includes confirmation that the supplier meets EFSA certification. Every pizza ingredient used in the System is tested to ensure there are no genetically modified organisms.

All key aspects of the operation of a store are specified in store operating manuals issued by DPII. These include most aspects of operating the store from the administrative systems to the methods of preparation and cooking of the pizza. These standards are reinforced by both in-store training and courses held at the Group's Milton Keynes headquarters.

DPG regularly inspects every store to ensure that quality is maintained and each store is objectively assessed for compliance with health, safety and operating standards. In view of the importance of sales taken by telephone, staff receive specialist telephone sales training, which is also tested from time to time. To encourage high standards, special incentive prizes are given to the managers of those stores that achieve high marks.

Franchisee Relationship

177 of the 190 stores in the UK and the Republic of Ireland are operated by independent Franchisees, making the relationship between Franchisees and the Group a critical component in the Group's success. Franchisees have franchise agreements granted by DPG for up to ten years, with an option to renew for a further period of up to ten years. Each franchise covers a defined geographical area. There are currently approximately 90 Franchisees in the System operating an average of approximately two stores each.

DPG supports its Franchisees by providing training, infrastructure and marketing support and this has resulted in very low failure rates. The Directors believe that the economic model on which the stores are based is attractive to Franchisees. It allows them a payback on a new store investment within an average of three years. DPG encourages an open dialogue with Franchisees by holding regular meetings and an annual



awards banquet. There are also a number of advisory committees at which Franchisees consider such matters as marketing, menu developments and operational issues.

The Group's stores

Each store is awarded a franchise in respect of a defined geographical area that is designed to ensure that pizzas can be safely delivered within 30 minutes of a telephone order being received. Typically over three-quarters of pizzas sold are delivered to customers with the balance being carryout.

Since Domino's Pizza was founded in the United States nearly 40 years ago, it has developed a simple, cost effective model. The stores are designed for delivery and do not offer an eat-in service. As a result the stores require relatively little floor space and limited capital expenditure and can be located on economically rented sites. The limited menu and simple operating model also helps ensure a consistent quality product and controllable store operating costs.

Historically Franchisees have been responsible for building their own stores. Increasingly this is now being undertaken by DPG to ensure a uniform quality and image. These "turn-key" stores are then sold to Franchisees, priced depending on the complexity and cost of the building works and the demand for the location.

Corporate stores

The 13 corporate stores are franchised to DPGS, a wholly owned subsidiary of the Company. Most corporate stores are held as long-term investments. It is the intention of the Directors significantly to increase the number of corporate stores as they believe that by owning and operating stores the Group will be able to access the full profit potential available from the System.

Occasionally it becomes necessary to re-purchase an under-performing store from a Franchisee to protect the brand. DPGS then seeks to re-establish a viable operation and either to sell the store back into the franchise community or to retain it as a corporate store. The Group also occasionally supports a Franchisee by allowing them to operate a store that is owned by the Group in return for a fee linked to sales volume.

Marketing

Each UK store contributes 4 per cent. of turnover to a national advertising fund that is administered by the Group on behalf of Franchisees. All stores in the Republic of Ireland will also be contributing 4 per cent. to the same fund by 1 July 2000. The majority of this fund has historically been invested in producing leaflet campaigns that the stores then distribute in their local areas. Currently over 90 million such leaflets are produced each year, equating to an average of approximately 9,000 per week per store. Most stores use the Royal Mail to distribute these leaflets. The in-store computer ordering system also gives stores the ability to undertake direct mail shots to different groups of customers (e.g. new customers, regular customers) to encourage repeat purchases via tailor-made offers.

As the number of stores and the sales volume per store increases the funds available to the national advertising fund have also increased. The national advertising fund has funded new initiatives including e-commerce, the link with Sky Digital's Open Interactive TV and the sponsorship of *The Simpsons*.

Sponsorship of *The Simpsons*

In 1998, the Group began an exclusive sponsorship on Sky TV of *The Simpsons*, one of the leading television shows in the 18-24 year old age group. *The Simpsons* is currently shown at least six nights a week on Sky TV and the Domino's name is mentioned, along with a display of its logo, in 15 second sponsorship credits and 5 second advertising break "bumpers". The growth in audience figures for this show has been aided greatly by the expansion of the number of homes with access to satellite and cable television.



The potential audience of *The Simpsons* is set to grow as more homes have access to multi-channel TV. The Group's sponsorship of *The Simpsons* has won numerous awards including most effective sponsorship and best media effectiveness.

The Simpsons sponsorship deal with Sky TV was extended in July 1999 for another five years.

E-commerce

The Directors believe that the Group has the only national UK pizza business which offers customers the opportunity to order pizzas using interactive television, the internet and by telephone. In December 1998, the Group tested an interactive ordering service with the cable-based company YESTV in Cardiff. Encouraged by the results, the Group has just launched its national interactive pizza ordering service on the satellite based British Interactive Broadcasting's "Open Interactive" platform.

In addition to the interactive television projects, the Group has a web-site, (www.dominos.co.uk) which allows internet users to order pizzas on-line. The on-line service is currently restricted to a limited number of stores but it is anticipated that this facility will be available to all stores shortly.

DP Realty

The Group's estate of stores is held and managed by DPR, which owns 3 freeholds and 149 leasehold properties. These properties are sub-leased to Franchisees for sole use as Domino's stores. Franchisees pay a rent equivalent to the rent payable on the head lease, and in most cases a management fee. Freehold properties are leased to Franchisees at market rents. It is the intention of the Directors to increase the number of freehold properties as they offer profitable yields and will further secure the estate.

DP Capital

The Company has established a new subsidiary, DP Capital, which the Directors intend will provide leasing finance to franchisees for new equipment and the refurbishing of existing stores. This financing initiative is being established in conjunction with a major finance house. DP Capital intends to secure loan finance on a back-to-back basis, with only limited recourse to the Group. The availability of specialist financing for refurbishments should allow Franchisees to improve the appearance and quality of many of the older stores.



TRADING RECORD

The trading record for DPG for the three financial periods ended 27 December 1998 is set out in full in Part II of this document, from which the following financial information has been extracted:

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	<i>52 weeks ended</i>		
	<i>29 December 1996 £000</i>	<i>28 December 1997 £000</i>	<i>27 December 1998 £000</i>
GROUP TURNOVER			
Continuing operations	14,042	17,187	20,711
Discontinued operations	513	558	–
	<u>14,555</u>	<u>17,745</u>	<u>20,711</u>
Cost of sales	(9,051)	(11,204)	(12,812)
Gross profit	5,504	6,541	7,899
Distribution, administration expenses and other operating income	(5,125)	(5,617)	(6,322)
	<u>(5,125)</u>	<u>(5,617)</u>	<u>(6,322)</u>
OPERATING PROFIT/(LOSS)			
Continuing operations	589	1,058	1,577
Discontinued operations	(210)	(134)	–
	<u>379</u>	<u>924</u>	<u>1,577</u>
Exceptional loss on disposal of tangible fixed assets	–	–	(75)
	<u>379</u>	<u>924</u>	<u>1,502</u>
Net Interest (Payable)/Receivable	(8)	(2)	(29)
	<u>(8)</u>	<u>(2)</u>	<u>(29)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			
	371	922	1,473
Taxation on profit on ordinary activities	–	(259)	(415)
	<u>–</u>	<u>(259)</u>	<u>(415)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			
	371	663	1,058
DIVIDENDS	–	–	(250)
	<u>–</u>	<u>–</u>	<u>(250)</u>
RETAINED PROFIT FOR THE YEAR	<u>371</u>	<u>663</u>	<u>808</u>

FINANCIAL ANALYSIS

	<i>52 weeks ended</i>		
	<i>29 December</i>	<i>28 December</i>	<i>27 December</i>
	<i>1996</i>	<i>1997</i>	<i>1998</i>
Gross Profit	37.8%	36.9%	38.1%
Operating Profit on continuing operations	4.2%	6.2%	7.6%
Year on year increase in operating profit (continuing operations)	67.0%	79.7%	48.9%
Overheads as percentage of Group turnover	35.2%	31.7%	30.5%
System Sales	£34.5m	£44.1m	£54.9m
Growth in System Sales	26.1%	27.7%	24.6%
Stores Open at end of year	125	153	175
Net increase in stores	23	28	22
Delivery stores' average weekly unit sales	£5,947	£6,587	£6,725

The Group has shown significant growth over the three financial periods to 27 December 1998. This can be attributed to:

- Rapid store opening programme by a strengthening Franchisee community. The number of stores has increased by nearly 72 per cent. from 102 stores at the beginning of 1996 to 175 stores by the close of 1998.
- Growth in average weekly unit sales, which has increased by over 13 per cent. from £5,947 per delivery store per week in 1996 to £6,725 in 1998. Marketing initiatives undertaken by the national advertising fund and increased awareness of the brand have all contributed to this increase.
- The growth of the System has resulted in corresponding growth in royalty income and the contribution from the commissary.

Gross margin, which is to some extent affected by the number of corporate stores owned and operated by the Group, has been maintained throughout this period of rapid growth at around 37 per cent. This has resulted in the gross profit increasing by 44 per cent. over the three year period.

Overheads have been tightly controlled over the three-year period such that they have declined as a percentage of Group turnover from 35.2 per cent. to 30.5 per cent.. This has allowed operating profit (on continuing operations) as a percentage of Group turnover (from continuing operations) to nearly double from 4.2 per cent. to 7.6 per cent.

CURRENT TRADING AND PROSPECTS

The first 26 weeks of the year show continuing strong growth with System sales and Group turnover up 16.7 per cent. and 22.4 per cent. respectively compared with the equivalent period last year. The Group has seen an increase in its cost base as a result of the opening of the new freehold facility in Milton Keynes which houses the head office, commissary and distribution centre. As a result the Group is well positioned to expand rapidly without further similar increases in the cost base. As a consequence of these cost increases the growth in profit before tax and exceptional items in the 26 weeks to 27 June 1999 was restricted to 10 per cent. It should also be noted that the first half of 1998 benefited from the positive impact of sales caused by the start of the FIFA Football World Cup.

The Group also incurred significant non-recurring exceptional charges in the first half of the year as a result of the writing off of professional expenses incurred in respect of an earlier attempt to list the Group and the dilapidation costs in respect of the vacated leasehold property previously used as the Group's head office, commissary and distribution centre.



The Directors are pleased with the results for the year to date which are in line with budget. They look forward to the final quarter of the year, which traditionally is the strongest, and to a successful outcome for the 52 weeks ending 26 December 1999.

Directors

Colin Halpern, aged 62, has served as Chairman of the Group since his family interests acquired the master franchise for Domino's Pizza in the UK and the Republic of Ireland from DPII in 1993. Colin is also director of International Franchise Systems, Inc.

Colin has over 15 years franchise experience including owning the Budget Rent-A-Car franchise for New York for ten years. Originally an engineer, Colin owned a New York based company specialising in providing services and products for the electric power generating nuclear plants in the United States until this business was sold in 1987.

Gerry Halpern, aged 66, has served as Chief Executive of DPG since 1994. Gerry has been in the franchise business for 20 years, initially as a franchisee and now as a master franchisee. His experience includes Budget Rent-a-Car (1975–1985), Hop Too's Chinese food (1990–1992) and DPG (1994 – present).

Gerry holds a Bachelors Degree in electronic engineering and a Masters in management engineering and spent 14 years in the United States as an electronics engineer working on unmanned space satellites.

Gerry is due to retire as Chief Executive on 31 December 2000. It is the intention of the Board to appoint his successor in 2000. It is likely that this process will involve the appointment of external consultants who will consider both internal and external candidates and make a recommendation to the Board.

Stephen Hemsley FCA, aged 42, joined DPG as Finance Director in April 1998. Stephen qualified as a Chartered Accountant in 1982 and in 1984 joined the venture capital specialists 3i, rising to the position of Investment Director with direct responsibility for an offshore portfolio of approximately £100 million. In 1994, after a brief return to the profession, Stephen was appointed Group Finance Director of Meltek Group plc, an international computer services company, which became one of the first to float on the newly launched AIM market in 1995.

Chris Moore MBA, aged 40, has been Marketing Director since 1998. Following an early career in international advertising, Chris joined DPII as European Marketing Manager in 1990. Following the sale of the business in the UK and the Republic of Ireland to IFS, Chris joined DPG and was appointed to the Board in December 1998. He completed an MBA with the London Business School in 1996.

Nigel Wray, aged 51, joined DPG as a non-Executive Director in 1997. Nigel is executive chairman of Burford Holdings plc. He is a non-executive director of Singer & Friedlander Group plc, Chorion plc, Skyepharma PLC, Columbus Group plc, Hartford Group plc and several other listed and private companies.

Yoav Gottesman, aged 47, joined DPG as a non-Executive Director in 1999. Yoav has over 25 years' experience in the food industry and was chief executive of JLI Group plc, a fully listed food manufacturing company, from 1987 until it was acquired by its management in 1998.

Further information on the Directors is set out in Part V of this document.

Senior Management

Tony Betley, aged 42, is Financial Controller and Company Secretary and is responsible for the internal IT function. Tony is a Chartered Accountant who joined DPG in 1994.

Stuart Halpern, aged 35, as Operations Executive is responsible for day-to-day management of the franchise team, corporate stores and training. Stuart joined DPG in 1995 with over ten years experience in the fast food delivery sector. Stuart has degrees in Restaurant Management and Business Management.



Gareth Franks, aged 32, as Commissary and Distribution Executive is responsible for the day-to-day operation of the commissary and distribution to all stores. He first joined Domino's in 1991 when the Company's business was owned by DPII.

Hubert Raymakers, aged 43, as Property Executive is responsible for the identification and building of new store locations. He is also responsible for the refurbishment of existing stores and for the installation of computer systems in stores. Hubert joined DPG in 1998 having had previous experience in rolling out new stores at People's Phone. Hubert has a degree in Business Studies.

Jane Roberts, aged 39, as Administrative and Personnel Manager is responsible for the implementation of the Group's human resources strategies. She is also responsible for the management of the Group's office and administrative services. Jane first joined Domino's in 1989 when the Company's business was owned by DPII. Jane is a member of the Institute of Personnel and Development.

Employees

As at 30 September 1999 the Group had 341 employees, including the 4 executive Directors.

Master Franchise Agreement

Basic terms of the Master Franchise Agreement

The success of the Group's business is substantially dependent on the rights included in the Master Franchise Agreement.

The Master Franchise Agreement sets out how DPG is to introduce, manage and grow its franchised business in the UK and the Republic of Ireland. A further description of the terms of the Master Franchise Agreement, together with those of the Commissary Agreement is set out at paragraphs 9(a) and 9(b) of Part V of this Prospectus.

Under the Master Franchise Agreement, DPG enjoys exclusive rights to the Domino's System in the UK and the Republic of Ireland until 2006 or, if extended, until 2016. The Directors fully expect that the term of the Master Franchise Agreement will be extended in this way.

Although exclusivity may therefore be removed at either of these points, because all existing franchises continue for the remainder of their term (possibly up to 20 years) the Directors believe that this would be unlikely to have a significant effect on the business as DPG will be well established by this point (although clearly it would limit the future expansion of the System).

DPG is required to meet minimum store growth targets under the Master Franchise Agreement and must confirm that these have been achieved on an annual basis. The Group is on course to meet the target of 192 stores for this year.

DPG pays a continuing royalty fee to DPII calculated on the basis of total receipts from all sales in the territory of all pizza and beverages and other approved items offered by DPG, but excluding sales and equivalent taxes and any discounts approved by DPII. From 1998 until May 2001, DPG pays 1.5 per cent. of the total receipts to DPII on a monthly basis on all store sales for the preceding month. The percentage increases from 1.5 per cent. to 2.2 per cent. in May 2001, to 2.5 per cent. for the calendar year 2002 and to 2.7 per cent. from 2003 onwards, provided DPG is in compliance with the relevant minimum growth requirements. If the minimum store growth requirements are not met, each royalty percentage increases by 0.3 per cent.

In the event that the royalty charge paid by any Franchisee to DPG is increased to more than 5.5 per cent., the excess is to be shared on a 50:50 basis between DPII and DPG.

Although breaches of the Master Franchise Agreement may lead to termination of the Master Franchise Agreement (on service of notice by DPII and failure to cure the breach complained of), DPG has never received such a notice and the Directors consider that their compliance with the material terms of the Master Franchise Agreement is such that this is highly unlikely. Should the Master Franchise Agreement be



terminated for any reason however, all rights in the intellectual property, including DPII's trademarks, will become unavailable to DPG and should this occur for any reason, it will have a detrimental effect on the business.

Franchising Block Exemption

The Master Franchise Agreement is governed by the current European Community and UK competition rules. In June 2000 a new Vertical Agreement Block Exemption comes into force which the Directors anticipate may require a further amendment to the Master Franchise Agreement.

Strategy for Growth

The Directors intend to grow the Group's business without diluting the quality associated with the Domino's brand. The immediate growth will be generated by increasing the number of stores. In particular, the Directors intend to significantly increase the number of corporate stores, both by the purchase of existing stores from Franchisees and the opening of new locations. The Directors believe this will allow the Group to access the full profit potential of the Domino's System and to help offset the effect of the increased royalty payable to DPII from 2001 onwards.

The Directors anticipate that growth in System sales will be assisted by the effective use of e-commerce opportunities, in particular interactive television and the Group's website.

Dividend Policy

The Directors intend to pursue a progressive dividend policy, having due regard to earnings, cash flow and general development of the Group's business. Subject to unforeseen circumstances, the Directors anticipate that the Company will pay a dividend four times covered by profit after tax. This dividend will be paid split 40 per cent. at the interim stage and 60 per cent. after approval by shareholders in general meeting. The first dividend is expected to be paid in April/May 2000 relating to the 52 weeks ending 26 December 1999.

Reasons for the Placing and Offer for Subscription

The Placing and Offer for Subscription and Admission will raise the profile of the Group in the UK and will raise funds to allow the Group to implement its strategy for growth.

The Directors believe that the opportunity to motivate its employees through equity participation will enhance the Group's ability to attract and retain high quality and committed staff.

Details of the Placing

A total of 3,000,000 new Ordinary Shares are being placed at 50 pence per share, conditional, *inter alia*, on Admission, to raise £1,500,000 before expenses (which are estimated to be £500,000) for the Company. In addition, 2,000,000 existing Ordinary Shares are being placed on behalf of IFS. The new Ordinary Shares which are the subject of the Placing represent 6 per cent of the Enlarged Share Capital and such new Ordinary Shares together with the Sale Shares also being placed represent 10 per cent of the Enlarged Share Capital

Seymour Pierce has agreed to use its reasonable endeavours to place the Placing Shares failing which it will itself subscribe for or purchase any Placing Shares not taken up under the Placing.

Further details regarding the Placing Agreement are set out in paragraph 9(f) of Part V of this document.

The Directors and HS Real, who will together be interested in approximately 78.2 per cent. of the Enlarged Share Capital have undertaken not to dispose of any Ordinary Shares in which they are interested for a period ending one month after the publication of the Company's interim accounts in 2000, save in certain specified circumstances, including a takeover of the Company and the enforcement of a charge by a chargee of the relevant Ordinary Shares. The terms of this Standstill Agreement are set out in paragraph 9(g) of Part V of this document.

Terms of the Offer for Subscription

The Company is also offering a total of 3,000,000 new Ordinary Shares for subscription at the Placing Price payable in full on application to raise a further £1,500,000 for the Company. The Offer for Subscription is primarily intended to allow the Group's employees and Franchisees to participate in the Company's future.

Application may be made for a minimum of 400 Offer Shares which at the Placing Price equates to £200 and thereafter in multiples of 200 Offer Shares. If the Offer for Subscription is over-subscribed by the Group's employees and Franchisees, allotments of the Offer Shares will be at the discretion of Seymour Pierce and the Company. Applications must be made on the Application Form accompanying this document.

To the extent that the Offer for Subscription is under-subscribed by the Group's employees and Franchisees, Seymour Pierce has agreed to use its reasonable endeavours to place such number of the Offer Shares as are not subscribed with institutional and other investors, failing which itself to subscribe for such Offer Shares. The Company and Seymour Pierce reserve the right to reject, in whole or in part, or to scale down or limit any application as they shall in their discretion think fit.

The Offer Shares will be offered free of expenses and rank *pari passu* in all respects with the Ordinary Shares in issue and the Placing Shares, including all rights to receive dividends and other distributions declared paid or made after the date of issue.

The subscription list will open at 10.00 am on 17 November 1999, and will be closed at 12 noon on 23 November 1999. The Directors intend, to the greatest extent possible, to give priority to applications from the Group's employees and Franchisees.

The Offer for Subscription is conditional, *inter alia*, on Admission.

Further details of the Offer for Subscription are set out in Part VI of this document and in the Application Form and related guidance notes.

Use of proceeds of the Placing and Offer for Subscription

The net proceeds of the Placing and Offer for Subscription available to the Company are estimated to be £2,500,000. These proceeds will be used to implement the Group's strategy for growth and towards the funding of the ongoing working capital requirements of the Group.

Share Option Schemes

In order to provide employee share incentives in the future the Group has adopted three share option schemes, one of which, the Domino's Pizza Group Limited Unapproved Share Option Scheme, has been in place for some time. Application will be made for Inland Revenue approval for the new Domino's Pizza Share Option Scheme (Approved). Save to the extent required for Inland Revenue approval, the provisions of each scheme are in all material respects the same.

All participants in the Domino's Pizza Group Limited Unapproved Share Option Scheme will, on Admission, be offered the chance to release their options over shares in DPG in return for equivalent options over Ordinary Shares in the Company. Under this scheme, options have been granted over the equivalent of 4,127,102 Ordinary Shares, representing 8.25 per cent. of the Enlarged Share Capital.

Options will be granted over a further 2,232,007 Ordinary Shares, representing 4.46 per cent. of the Enlarged Share Capital under the two new Share Option Schemes to all employees at the Placing Price as referred to in paragraph 7 of Part V of this document. The Remuneration Committee has resolved that the exercise of these options which have been granted under the Share Option Schemes will be subject to the condition that the growth in normalised earnings per share in any financial year between grant and vesting exceeds the growth in the Retail Price Index in the previous financial year by at least five per cent.



Corporate Governance

The Board intends to comply with the main provisions of the principles of good governance and code of best practice prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel and published in June 1998 ('the Combined Code') insofar as it is appropriate for smaller quoted companies.

The Board has also considered the guidance published by the Institute of Chartered Accountants in England and Wales concerning the internal control requirements of the Combined Code and has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group

The Directors will hold regular board meetings at which operating and financial reports will be considered. The Board is responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and senior personnel appointments.

An Audit Committee has been established which consists of the non-executive Directors and Colin Halpern. It will meet at least twice each year and will be responsible for ensuring that the financial performance of the Group is properly reported on and monitored, for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal control systems.

A Remuneration Committee has been established which consists of of the non-executive Directors and Colin Halpern. It will meet at least twice each year and has a primary responsibility to review the performance of executive Directors and senior employees and set the scale and structure of their remuneration having due regard to the interests of shareholders. It will also be responsible for administering the Share Option Scheme.

Year 2000

The Company has assessed the risks to the business associated with the advent of Year 2000 with respect to internal systems and can confirm that all accounting and business processing systems have been evaluated and are either Year 2000 compliant or will be upgraded to become Year 2000 compliant. The Directors have assessed the potential risks associated with the Group's suppliers' and customers' Year 2000 readiness and have concluded that any lack of compliance on the part of their customers and suppliers is not likely, due to the nature of the business the Group is in, to have any significant impact on the Group's operations.

Risk Factors

The Directors consider the following risk factors to be most relevant in considering an investment in the Company:

- The Group is highly dependent on the continuation of the Master Franchise Agreement which cannot be guaranteed if the Group commits breaches of its provisions which are not cured following notice from DPII. Should the Master Franchise Agreement be terminated for uncured breaches, the business of the Group would be seriously adversely affected
- There can be no assurance that changes to the legal and regulatory framework within which the Group operates may not have an adverse effect on the Group's business and that of its Franchisees and DPII.
- On Admission, HS Real will control approximately 56.9 per cent. of the Enlarged Share Capital, all of which shares are subject to a charge granted in favour of a lender to HS Real. Any disposition of these shares as a result of the exercise of rights under the charging arrangements by the lender could potentially lead to periods of volatility in the market price of Ordinary Shares.

The investment opportunity offered in this document may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser authorised under the Financial Services Act 1986 who specialises in investments of this kind before making their decision to invest.

Taxation

Information concerning UK taxation with regard to the Placing is set out in paragraph 12 of Part V of this document.

CREST

The Directors have applied for the Ordinary Shares to be admitted to CREST with effect from Admission and CRESTCo Limited has agreed to such admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if the relevant shareholder so wishes.

However, CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retail share certificates will be able to do so.



PART II

ACCOUNTANTS' REPORT ON DOMINO'S PIZZA GROUP LIMITED

The following is the text of a report received from Ernst & Young.

“The Directors,
Domino's Pizza UK & IRL plc
Lasborough Road
Kingston
Milton Keynes
MK10 0AB

The Directors,
Seymour Pierce Limited
29-30 Cornhill
London
EC3V 3NF

16 November 1999

Dear Sirs

DOMINO'S PIZZA GROUP LIMITED

1. INTRODUCTION

We report on the financial information set out in section 2 below (with notes numbered 1 to 28). This financial information has been prepared for inclusion in the Admission Document dated 16 November 1999 of Domino's Pizza UK & IRL plc.

Basis of preparation

The financial information set out in section 2 below (with notes numbered 1 to 28) is based on the audited consolidated financial statements of Domino's Pizza Group Limited for the three 52 week periods ended 27 December 1998 and has been prepared on the basis set out in note 1, to which no adjustments were considered necessary.

Responsibility

Such financial statements are the responsibility of the directors of Domino's Pizza Group Limited who approved their issue. The directors of Domino's Pizza UK & IRL plc are responsible for the contents of the Admission Document dated 16 November 1999 in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the



financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 16 November 1999, a true and fair view of the state of affairs of Domino's Pizza Group Limited as at the dates stated and of its profits, cash flows and recognised gains and losses for the periods then ended.

Consent

We consent to the inclusion in the Admission Document dated 16 November 1999 of this report and accept responsibility for this report for the purposes of paragraphs 45 (1) (b) of schedule 1 to the Public Offers of Securities Regulations 1995.



2. CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Notes	52 weeks ended		
		29 December 1996 £	28 December 1997 £	27 December 1998 £
TURNOVER				
Continuing operations		14,042,140	17,187,381	20,710,969
Discontinued operations		512,577	557,911	–
	2	14,554,717	17,745,292	20,710,969
Cost of sales		(9,051,084)	(11,203,828)	(12,812,164)
Gross profit		5,503,633	6,541,464	7,898,805
Distribution costs		(2,055,638)	(2,058,365)	(2,073,347)
Administration expenses		(3,202,236)	(3,713,536)	(4,423,326)
		245,759	769,563	1,402,132
Other operating income		133,210	154,542	174,510
OPERATING PROFIT/(LOSS)				
Continuing operations		589,183	1,058,553	1,576,642
Discontinued operations		(210,214)	(134,448)	–
	3	378,969	924,105	1,576,642
Exceptional loss on disposal of tangible fixed assets		–	–	(75,248)
		378,969	924,105	1,501,394
Interest receivable		43,276	69,730	73,748
Interest payable and similar charges	6	(51,545)	(71,531)	(102,467)
		(8,269)	(1,801)	(28,719)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				
Taxation on profit on ordinary activities	7	–	(259,000)	(414,900)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION				
		370,700	663,304	1,057,775
DIVIDENDS				
Ordinary dividend on equity shares	8	–	–	(250,000)
RETAINED PROFIT FOR THE YEAR				
		370,700	663,304	807,775
Earnings per share – basic and diluted	9	30.89p	55.28p	88.15p
– adjusted for exceptional items		17.52p	11.20p	6.27p
– adjusted		48.41p	66.48p	94.42p

There are no recognised gains or losses other than those included in the profit and loss account.

CONSOLIDATED BALANCE SHEETS

		<i>As at</i>		
		<i>29 December</i>	<i>28 December</i>	<i>27 December</i>
		<i>1996</i>	<i>1997</i>	<i>1998</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>	<i>£</i>
FIXED ASSETS				
Intangible assets	10	688,730	629,313	615,641
Tangible assets	11	2,003,150	3,147,622	6,226,513
Investments	12	–	122,500	197,500
		<u>2,691,880</u>	<u>3,899,435</u>	<u>7,039,654</u>
Investments in joint venture	13			
– share of assets		–	–	681,127
– share of liabilities		–	–	(584,107)
– goodwill on joint venture		–	–	107,980
		<u>–</u>	<u>–</u>	<u>205,000</u>
		<u>2,691,880</u>	<u>3,899,435</u>	<u>7,244,654</u>
CURRENT ASSETS				
Stocks	14	511,853	617,267	669,013
Debtors: amounts falling due after one year		502,216	292,330	479,126
Debtors: amounts falling due within one year		2,146,421	1,973,295	2,986,067
Debtors	15	2,648,637	2,265,625	3,465,193
Cash at bank and in hand		413,915	1,133,689	1,081,741
		<u>3,574,405</u>	<u>4,016,581</u>	<u>5,215,947</u>
CREDITORS: amounts falling due within one year	16	(3,775,694)	(3,488,518)	(5,365,646)
NET CURRENT (LIABILITIES)/ASSETS		<u>(201,289)</u>	<u>528,063</u>	<u>(149,699)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,490,591	4,427,498	7,094,955
CREDITORS: amounts falling due after more than one year	17	(272,299)	(1,545,902)	(3,405,584)
		<u>2,218,292</u>	<u>2,881,596</u>	<u>3,689,371</u>
CAPITAL AND RESERVES				
Called up share capital	20	1,200,000	1,200,000	1,200,000
Profit and loss account		1,018,292	1,681,596	2,489,371
Equity shareholders' funds		<u>2,218,292</u>	<u>2,881,596</u>	<u>3,689,371</u>



CONSOLIDATED CASH FLOW STATEMENTS

	Notes	52 weeks ended		
		29 December 1996 £	28 December 1997 £	27 December 1998 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	471,089	1,298,979	2,606,741
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		43,276	69,730	73,748
Interest paid		(31,713)	(68,526)	(199,370)
Interest element of finance lease payments		(19,832)	(18,005)	(29,647)
		<u>(8,269)</u>	<u>(16,801)</u>	<u>(155,269)</u>
TAXATION				
Corporation tax paid		–	–	(249,000)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENTS				
Payments to acquire tangible fixed assets		(639,539)	(1,799,296)	(3,575,333)
Payments to acquire intangible fixed assets		(41,011)	(16,000)	(47,358)
Receipts from sales of tangible and intangible fixed assets		447,545	250,433	353,869
Payments to acquire investment properties		–	(122,500)	(75,000)
		<u>(233,005)</u>	<u>(1,687,363)</u>	<u>(3,343,822)</u>
ACQUISITIONS AND DISPOSALS				
Purchase of share in joint venture		–	–	(205,000)
Loan made to joint venture		–	–	(345,000)
		–	–	<u>(550,000)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		229,815	(405,185)	(1,691,350)
FINANCING				
New long term loans		120,000	780,000	4,824,000
Repayments of long term loans		(105,267)	(137,267)	(2,820,133)
New related party loan		–	625,000	–
Repayment of related party loan		–	–	(225,000)
Repayment of capital element of finance leases and hire purchase contracts		(134,910)	(142,774)	(139,465)
		<u>(120,177)</u>	<u>1,124,959</u>	<u>1,639,402</u>
INCREASE/(DECREASE) IN CASH	25	<u>109,638</u>	<u>719,774</u>	<u>(51,948)</u>

NOTES TO THE FINANCIAL INFORMATION

1. ACCOUNTING POLICIES

Basis of preparation

The financial information is prepared under the historical cost convention, with the exception of investment properties, and in accordance with applicable accounting standards. The financial information is in compliance with the Companies Act 1985 except that, as explained below, investment properties are not depreciated.

Basis of consolidation

The financial information consolidates the accounts of Domino's Pizza Group Limited and all its subsidiary undertakings drawn up to the nearest Sunday to 31 December each year.

Entities in which the group holds an interest on a long term basis and are jointly controlled by one or more ventures under a contractual agreement are treated as joint ventures in the financial information. Joint ventures are accounted for using the gross equity method. The financial information for the 52 weeks to 27 December 1998 includes the appropriate share of assets and liabilities, based on management accounts to 22 November 1998.

The financial information excludes any share of the undertaking's results given the immateriality of these in the short period since the investment was made.

Purchased goodwill is capitalised, classified as an asset and amortised over its estimated useful economic life.

Investment properties

Investment properties are stated at open market value. The directors intend to obtain valuations of investment properties every third year and adjust the valuation if materially different from cost. The market value of the investment property is currently estimated at £197,500, the same as the cost.

Significant property developments

Interest incurred on finance provided for significant property development is capitalised up to the date of completion of the project. Where employees participate in the development, the staff costs directly associated with the time spent on those projects are capitalised. These costs are then depreciated in accordance with the group's policy for the relevant class of tangible fixed assets.

Depreciation of tangible fixed assets

Provision is made for depreciation on all tangible assets, at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Freehold buildings	– over 50 years
Plant and production equipment	– over 10 years
Leasehold building improvements	– over the lesser of the life of the lease plus 14 years, or 30 years
Computers, fixtures and fittings and other equipment	– over 2 to 10 years
Motor vehicles	– over 3 years
Mopeds	– over 18 months

The useful lives of assets were re-stated from 29 December 1997 onwards to bring these lives more in line with industry averages. The effect of this change was to reduce the 1998 depreciation charge by approximately £180,000.



In accordance with statement of Standard Accounting Practice No. 19, no depreciation is provided in respect of investment properties. This is a departure from the requirements of the Companies Act 1985 which requires all properties to be depreciated. Such properties are not held for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view. Depreciation is only one amongst many factors reflected in the annual valuation of properties and accordingly the amount of depreciation which might otherwise have been charged cannot be separately identified or quantified. The directors consider that this policy results in the financial information giving a true and fair view.

Amortisation of intangible fixed assets

Amortisation is provided on all intangible fixed assets at rates calculated to write off the cost of each asset over its expected useful life, as follows:

Master franchise fee	– over 20 years
Interest in leases	– over 20 years
Store franchise fee	– over 20 years
Goodwill	– over 20 years

The useful lives of assets were re-stated from 29 December 1997 onwards to bring these lives more in line with industry averages. The effect of this change was to reduce the 1998 amortisation charge by approximately £17,000.

Stocks

Stocks comprise raw materials, consumables and goods for resale (being equipment for resale to franchises) and are stated at the lower of cost and net realisable value. Cost of stock is determined on the average cost basis or the first in – first out (for computer and food stock) basis.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred taxation balances are only recognised if recovery without replacement by equivalent balances is reasonably certain.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, and hire purchase contracts, are capitalised in the balance sheet and depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Rental

Income and expenditure from the rental of leasehold properties have been included in the gross income in turnover and the related expenditure within cost of sales.

2. TURNOVER

The principal components of turnover are royalties received, commissary and equipment sales, sale of franchises, pizza delivery sales of corporately operated stores and rental income on leasehold properties stated net of value added tax after eliminating inter company transactions. Substantially all of the goods and services are sold or rendered within the United Kingdom and the Republic of Ireland. All of the turnover is in one business segment.

Discontinued activities

The discontinued operations comprise restaurants closed during 1997. Turnover and operating profit are disclosed on the face of the profit and loss account.

	52 weeks ended 29 December 1996			52 weeks ended 28 December 1997		
	<i>Continuing</i>	<i>Discontinued</i>	<i>Total</i>	<i>Continuing</i>	<i>Discontinued</i>	<i>Total</i>
	£	£	£	£	£	£
Cost of sales	8,689,808	361,276	9,051,084	10,866,411	337,417	11,203,828
Net operating expenses						
Distribution costs	2,055,638	–	2,055,638	2,058,365	–	2,058,365
Administration expenses	2,840,721	361,515	3,202,236	3,358,594	354,942	3,713,536
	<u>4,896,359</u>	<u>361,515</u>	<u>5,257,874</u>	<u>5,416,959</u>	<u>354,942</u>	<u>5,771,901</u>

3. OPERATING PROFIT AND EXCEPTIONAL ITEMS

Operating profit is stated after charging/(crediting):

	1996	1997	1998
	£	£	£
Auditors' remuneration			
– audit services	50,000	39,750	56,150
– non-audit services	–	–	10,000
Depreciation of owned assets	416,295	463,987	440,037
Depreciation of assets held under finance leases and hire purchase contracts	38,118	66,418	31,489
Amortisation of intangible fixed assets	62,815	62,661	47,669
Operating lease rentals			
– land and buildings	1,100,204	1,363,037	1,732,011
– plant, machinery and vehicles	378,253	456,673	538,631
(Profit)/loss on disposal of tangible and intangible fixed assets	(208,210)	(8,984)	3,642
Exceptional items:			
Loss on disposal of tangible and intangible fixed assets on relocation	–	–	75,248



4. DIRECTORS' EMOLUMENTS

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Directors' fees	–	7,000	12,000
Directors' remuneration			
– salaries	–	36,942	131,019
– bonuses	–	5,000	11,000
– other	–	8,363	23,229
	<u>–</u>	<u>57,305</u>	<u>177,248</u>

Neither of the directors received any emoluments from the company or its subsidiaries during 1996.

5. STAFF COSTS

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Wages and salaries	2,304,911	2,404,075	2,963,816
Social security costs	189,836	209,635	268,070
Other staff costs	5,015	5,015	5,015
	<u>2,499,762</u>	<u>2,618,725</u>	<u>3,236,901</u>

The average number of persons employed by the group (including directors) during the year was:

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	<i>No.</i>	<i>No.</i>	<i>No.</i>
Administration	49	50	56
Production and distribution	185	143	190
	<u>234</u>	<u>193</u>	<u>246</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Bank loans and overdrafts	31,713	68,526	188,462
Less interest capitalised	–	(15,000)	(126,550)
	<u>31,713</u>	<u>53,526</u>	<u>61,912</u>
Other loans	–	–	10,908
Finance charges payable under finance leases and hire purchase contracts	19,832	18,005	29,647
	<u>51,545</u>	<u>71,531</u>	<u>102,467</u>

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1996	1997	1998
	£	£	£
UK corporation tax	–	259,000	424,900
Corporation tax overprovided in previous year	–	–	(10,000)
	<u>–</u>	<u>259,000</u>	<u>414,900</u>

UK Corporation Tax is based on the adjusted trading profits of the group at an average rate of 31 per cent. (1997: 32 per cent.) (1996: n/a). 1996 was nil due to losses transferred on the purchase of the business in December 1993.

Deferred taxation liabilities/(assets) not provided are as follows:

	1996	1997	1998
	£	£	£
Capital allowances in advance of depreciation	44,697	32,236	132,955
Other timing differences	(109,971)	(133,395)	(66,291)
Losses available for offset	(271,315)	–	–
	<u>(336,589)</u>	<u>(101,159)</u>	<u>66,664</u>

8. DIVIDENDS

	1996	1997	1998
	£	£	£
Equity dividends on ordinary shares			
Final proposed	–	–	250,000
	<u>–</u>	<u>–</u>	<u>250,000</u>

9. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based upon earnings of £1,057,775 (1997: £663,304) (1996: £370,700) and on 1,200,000 (1997: 1,200,000) (1996: 1,200,000) ordinary shares. The exercise of outstanding options does not dilute the earnings per share. An adjusted earnings per share has been provided in order to eliminate distortions caused by losses on discontinued activities in 1996 and 1997 and the loss on disposal of fixed assets in 1998.

10. INTANGIBLE FIXED ASSETS

	<i>Start-up costs</i>	<i>Franchise fees</i>	<i>Goodwill</i>	<i>Interest in leases</i>	<i>Total</i>
	£	£	£	£	£
Cost:					
At 1 January 1996	16,256	772,063	8,000	62,620	858,939
Additions	–	16,000	–	25,011	41,011
Disposals	(16,256)	(27,667)	–	–	(43,923)
At 29 December 1996	<u>–</u>	<u>760,396</u>	<u>8,000</u>	<u>87,631</u>	<u>856,027</u>
Amortisation:					
At 1 January 1996	–	99,147	537	7,701	107,385
Charge for the year	–	53,252	800	8,763	62,815
Disposals	–	(2,903)	–	–	(2,903)
At 29 December 1996	<u>–</u>	<u>149,496</u>	<u>1,337</u>	<u>16,464</u>	<u>167,297</u>
Net Book Value					
At 29 December 1996	<u>–</u>	<u>610,900</u>	<u>6,663</u>	<u>71,167</u>	<u>688,730</u>



10. INTANGIBLE FIXED ASSETS (continued)

<i>1997</i>	<i>Franchise fees</i>	<i>Goodwill</i>	<i>Interest in leases</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 30 December 1996	760,396	8,000	87,631	856,027
Additions	16,000	–	–	16,000
Disposals	(16,666)	–	–	(16,666)
At 28 December 1997	<u>759,730</u>	<u>8,000</u>	<u>87,631</u>	<u>855,361</u>
Amortisation:				
At 30 December 1996	149,496	1,337	16,464	167,297
Charge for the year	53,112	786	8,763	62,661
Disposals	(3,910)	–	–	(3,910)
At 28 December 1997	<u>198,698</u>	<u>2,123</u>	<u>25,227</u>	<u>226,048</u>
Net Book Value				
At 28 December 1997	<u>561,032</u>	<u>5,877</u>	<u>62,404</u>	<u>629,313</u>
<i>1998</i>	£	£	£	£
Cost:				
At 29 December 1997	759,730	8,000	87,631	855,361
Additions	16,000	–	31,358	47,358
Disposals	(8,000)	(8,000)	–	(16,000)
At 27 December 1998	<u>767,730</u>	<u>–</u>	<u>118,989</u>	<u>886,719</u>
Amortisation:				
At 29 December 1997	198,698	2,123	25,227	226,048
Charge for the year	41,794	246	5,629	47,669
Disposals	(270)	(2,369)	–	(2,639)
At 27 December 1998	<u>240,222</u>	<u>–</u>	<u>30,856</u>	<u>271,078</u>
Net book value:				
At 27 December 1998	<u>527,508</u>	<u>–</u>	<u>88,133</u>	<u>615,641</u>

11. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings</i>	<i>Leasehold improvements</i>	<i>Motor vehicles</i>	<i>Equipment</i>	<i>Total</i>
	£	£	£	£	£
<i>1996</i>					
Cost:					
At 1 January 1996	–	705,037	323,270	1,258,767	2,287,074
Additions	–	269,856	32,271	424,787	726,914
Disposals		(52,310)	(190,400)	(188,201)	(430,911)
Re-classification	–	(143,150)	–	143,150	–
At 29 December 1996	<u>–</u>	<u>779,433</u>	<u>165,141</u>	<u>1,638,503</u>	<u>2,583,077</u>
Depreciation:					
At 1 January 1996	–	16,312	191,778	188,137	396,227
Charge for the year	–	62,856	67,649	285,790	416,295
Disposals	–	(10,323)	(156,279)	(65,993)	(232,595)
At 29 December 1996	<u>–</u>	<u>68,845</u>	<u>103,148</u>	<u>407,934</u>	<u>579,927</u>
Net Book Value					
At 29 December 1996	<u>–</u>	<u>710,588</u>	<u>61,993</u>	<u>1,230,569</u>	<u>2,003,150</u>
<i>1997</i>					
	£	£	£	£	£
Cost:					
At 30 December 1996	–	779,433	165,141	1,638,503	2,583,077
Additions	1,141,134	326,394	51,752	383,365	1,902,645
Disposals	–	(44,928)	(41,835)	(248,129)	(334,892)
At 28 December 1997	<u>1,141,134</u>	<u>1,060,899</u>	<u>175,058</u>	<u>1,773,739</u>	<u>4,150,830</u>
Depreciation:					
At 30 December 1996	–	68,845	103,148	407,934	579,927
Charge for the year	–	138,012	55,930	335,538	529,480
Disposals	–	(7,453)	(25,078)	(73,668)	(106,199)
At 28 December 1997	<u>–</u>	<u>199,404</u>	<u>134,000</u>	<u>669,804</u>	<u>1,003,208</u>
Net Book Value					
At 28 December 1997	<u>1,141,134</u>	<u>861,495</u>	<u>41,058</u>	<u>1,103,935</u>	<u>3,147,622</u>



11. TANGIBLE FIXED ASSETS (continued)

1998	<i>Freehold land and buildings</i> £	<i>Leasehold improvements</i> £	<i>Motor vehicles</i> £	<i>Equipment</i> £	<i>Total</i> £
Cost:					
At 29 December 1997	1,141,134	1,060,899	175,058	1,773,739	4,150,830
Additions	2,595,003	208,275	70,322	1,033,979	3,907,579
Reclassification from stocks	–	–	–	102,929	102,929
Disposals	–	(202,579)	(31,476)	(419,734)	(653,789)
At 27 December 1998	<u>3,736,137</u>	<u>1,066,595</u>	<u>213,904</u>	<u>2,490,913</u>	<u>7,507,549</u>
Depreciation:					
At 29 December 1997	–	199,404	134,000	669,804	1,003,208
Charge for the year	13,256	63,557	43,561	351,152	471,526
Reclassification from stocks	–	–	–	40,693	40,693
Disposals	–	(23,933)	(22,813)	(187,645)	(234,391)
At 27 December 1998	<u>13,256</u>	<u>239,028</u>	<u>154,748</u>	<u>874,004</u>	<u>1,281,036</u>
Net book value:					
At 27 December 1998	<u>3,722,881</u>	<u>827,567</u>	<u>59,156</u>	<u>1,616,909</u>	<u>6,226,513</u>

Trays and trolleys were transferred in from stocks at 29 December 1997. It is now considered more appropriate to classify these items as fixed assets.

The net book value of equipment includes an amount of £403,180 (1997: £250,368) (1996: £231,723) in respect of assets held under finance leases, the depreciation charge on which was £31,489 (1997: £49,956) (1996: £38,118).

Included within freehold land and buildings is an amount of £998,990 (1997: £998,990) (1996: £nil) in respect of land which is not depreciated.

Included in additions to freehold buildings is £63,000 of employee cost and £141,550 (1997: £15,000) (1996: £250,368) of capitalised interest.

Included within fixed assets are the following net book values in respect of a restaurant which closed in Spring 1996.

	<i>1996</i> £	<i>1997</i> £	<i>1998</i> £
Equipment	108,742	70,207	58,067
Leasehold improvements	301,188	241,793	221,642
	<u>409,930</u>	<u>312,000</u>	<u>279,709</u>

The company has entered into a sub lease in respect of the above restaurant facility at an annual rent of £80,000. The annual rent substantially covers the subsidiary company's annual rent expense and depreciation charge in respect of the fixed assets, which will continue to be used by the sub lessee. The directors annually evaluate the carrying value of these assets to determine whether any provisions against costs are required.

12. FIXED ASSET INVESTMENTS

	£
Investment properties:	
Cost:	
30 December 1996	–
Addition in the year	122,500
	122,500
At 28 December 1997	122,500
Addition in the year	75,000
	197,500
At 27 December 1998	197,500

Details of the investments in which the group or the company holds 20 per cent. or more of the nominal value of any class of share capital are as follows:

<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Proportion held</i>	<i>Class of principal activity</i>
DPGS Limited	England	100% Ordinary	Producer, retailer and management of pizza delivery stores
DP Realty Limited	England	100% Ordinary	Property management
DP Group Developments Limited	England	100% Ordinary	Property development
Livebait Limited	England	100% Ordinary	Dormant
<i>Joint ventures</i>			
Full House Restaurants Limited	England	41% Ordinary	Management of pizza delivery stores

13. INVESTMENTS IN JOINT VENTURE

On 24 October 1998, the company acquired a 41 per cent. interest in Full House Restaurants Limited for £205,000. Additionally, a loan of £345,000 was advanced to Full House Restaurants Limited which is repayable by 8 equal quarterly instalments commencing on 30 June 2001. The loan bears interest at a rate of 2 per cent. above National Westminster base rate.

	£	£
<i>At acquisition</i>		
Share of assets		
Share of fixed assets	604,234	
Share of current assets	76,893	
		681,127
Share of liabilities		
Liabilities due within one year	170,007	
Liabilities due after more than one year	414,100	
		(584,107)
Goodwill on acquisition		107,980
		205,000

The directors are of the opinion that, due to the short period since the joint venture was entered into, the trading results of Full House Restaurants are not material.

At 27 December 1998, there was a receivable of £63,405 from Full House Restaurants which has arisen through normal trading activities.



14. STOCK

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	£	£	£
Raw materials and goods for resale	511,853	617,267	669,013

15. DEBTORS

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	£	£	£
Trade debtors	1,945,112	1,725,643	1,577,236
Amounts owed by joint venture	–	–	345,000
Other debtors	392,853	312,314	939,578
Prepayments and accrued income	310,672	227,668	603,379
	<u>2,648,637</u>	<u>2,265,625</u>	<u>3,465,193</u>

Included within trade debtors is £54,020 (1997: £197,699) (1996: £413,529) due after more than one year.

The amount of £345,000 in 1998 owed by the joint venture is due after more than one year.

Included within other debtors is £80,106 (1997: £94,631) (1996: £88,687) due after more than one year.

16. CREDITORS: amounts falling due within one year

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	£	£	£
Bank loans (note 18)	121,260	121,933	200,000
Trade creditors	2,225,214	1,636,395	2,711,319
Amounts owed to related parties (note 27)	302,214	38,404	8,206
Other taxation and social security costs	245,989	380,961	411,460
Other creditors	179,719	207,712	199,265
Finance lease creditors (note 19)	128,796	67,828	99,379
Accruals and deferred income	572,502	776,285	998,617
Corporation tax	–	259,000	487,400
Proposed final dividend	–	–	250,000
	<u>3,775,694</u>	<u>3,488,518</u>	<u>5,365,646</u>

The bank loans are secured by a fixed and floating charge over certain group assets.

17. CREDITORS: amounts falling due after more than one year

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	£	£	£
Amounts owed to related parties (note 27)	–	625,000	400,000
Finance lease creditors (note 19)	40,159	46,702	205,584
Bank loans (note 18)	232,140	874,200	2,800,000
	<u>272,299</u>	<u>1,545,902</u>	<u>3,405,584</u>

All of the finance lease creditors are due within 5 years.

18. BANK LOANS

An analysis of bank loans is set out below:

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	£	£	£
Due within one year or on demand	121,260	121,933	200,000
Due between one and two years	162,540	254,200	200,000
Due between two and five years	69,600	180,000	600,000
Due in five years or more	–	440,000	2,000,000
	<u>353,400</u>	<u>996,133</u>	<u>3,000,000</u>

The company has entered into an agreement with other group companies to obtain bank loans and mortgage facilities. These are secured by a fixed and floating charge over the group's assets. At 27 December 1998 the balance due under these facilities was £3,000,000 (1997: £996,133) (1996: £353,400).

The bank loans are secured by a fixed and floating charge over certain group assets. Bank loans includes a mortgage of £2,000,000 and a revolving loan facility of £1,000,000 in respect of the purchase of a site in Kingston (Milton Keynes) and the building of a commissary and office accommodation on the site. The loans will bear interest at 1.5 per cent. over base. The mortgage is repayable over 10 years and the revolving facility is on a five year basis.

19. OBLIGATIONS UNDER LEASES AND HIRE PURCHASE CONTRACTS

Amounts due under finance leases and hire purchase contracts:

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	£	£	£
Amount payable:			
Within one year	145,041	83,738	125,796
In two to five years	49,491	53,357	241,456
	<u>194,532</u>	<u>137,095</u>	<u>367,252</u>
Less: finance charges allocated to future periods	(25,577)	(22,565)	(62,289)
	<u>168,955</u>	<u>114,530</u>	<u>304,963</u>

20. SHARE CAPITAL

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	£	£	£
Authorised:			
2,000,000 ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
Allotted, called up and fully paid:			
1,200,000 ordinary shares of £1 each	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>



21. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£
At 1 January 1996	1,200,000	647,592	1,847,592
Profit for the year	–	370,700	370,700
At 29 December 1996	1,200,000	1,018,292	2,218,292
Profit for the year	–	663,304	663,304
At 28 December 1997	1,200,000	1,681,596	2,881,596
Profit for the year	–	1,057,775	1,057,775
Dividend	–	(250,000)	(250,000)
At 27 December 1998	1,200,000	2,489,371	3,689,371

22. OPERATING LEASE COMMITMENTS

During the following 52 week periods the group and company have the following annual commitments under non-cancellable operating leases which expire:

	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	1996	1996	1997	1997	1998	1998
	£	£	£	£	£	£
Within one year	–	53,763	–	21,913	33,000	64,731
Within two to five years	164,950	189,991	147,950	298,326	134,850	478,266
In more than five years	1,233,686	–	1,588,411	–	2,107,725	–
	1,398,636	243,754	1,736,361	320,239	2,275,575	542,997

23. CAPITAL COMMITMENTS

	1996	1997	1998
	£	£	£
Contract for development of Commissary facility	–	2,522,000	–

24. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996	1997	1998
	£	£	£
Operating profit	378,969	924,105	1,576,642
Depreciation charge	416,295	530,405	471,526
Amortisation charge	62,815	62,661	47,669
(Profit)/loss on sale of tangible and intangible fixed assets	(208,210)	(8,984)	3,642
(Increase)/decrease in stocks	(111,616)	(105,414)	10,220
(Increase)/decrease in debtors	(525,391)	383,012	(792,068)
Increase/(decrease) in creditors	458,227	(486,806)	1,289,110
	471,089	1,298,979	2,606,741

25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1996	1997	1998
	£	£	£
Increase/(decrease) in cash	109,638	719,774	(51,948)
Cash outflow/(inflow) from increase in debt and lease finance	120,177	(1,124,959)	(1,639,402)
Decrease/(increase) in net debt from cash flows	229,815	(405,815)	(1,691,350)
Inception of finance leases	(52,182)	(88,349)	(329,898)
Decrease/(increase) in net debt	177,633	(493,534)	(2,021,248)
Opening net debt	(286,073)	(108,440)	(601,974)
Closing net debt	(108,440)	(601,974)	(2,623,222)

26. ANALYSIS OF CHANGES IN NET DEBT

	<i>At</i> 29 December 1995	<i>Cash</i> <i>flow</i>	<i>Inception of</i> <i>finance</i> <i>leases</i>	<i>At</i> 29 December 1996
	£	£	£	£
Cash at bank and in hand	304,277	109,638	–	413,915
Bank loans (within one year)	(97,267)	(23,993)	–	(121,260)
Bank loans (due after one year)	(241,400)	9,260	–	(232,140)
Finance leases	(251,683)	134,910	(52,182)	(168,955)
	(286,073)	229,815	(52,182)	(108,440)
	<i>At</i> 30 December 1996	<i>Cash</i> <i>flow</i>	<i>Inception of</i> <i>finance</i> <i>leases</i>	<i>At</i> 28 December 1997
	£	£	£	£
Cash at bank and in hand	413,915	719,774	–	1,133,689
Bank loans (within one year)	(121,260)	–	(673)	(121,933)
Bank loans (due after one year)	(232,140)	(642,733)	673	(874,200)
Amounts owed to related parties	–	(625,000)	–	(625,000)
Finance leases	(168,955)	142,774	(88,349)	(114,530)
	(108,440)	(405,185)	(88,349)	(601,974)
	<i>At</i> 29 December 1997	<i>Cash</i> <i>flow</i>	<i>Inception of</i> <i>finance</i> <i>leases</i>	<i>At</i> 27 December 1998
	£	£	£	£
Cash at bank and in hand	1,133,689	(51,948)	–	1,081,741
Bank loans (within one year)	(121,933)	(78,067)	–	(200,000)
Bank loans (due after one year)	(874,200)	(1,925,800)	–	(2,800,000)
Amounts owed to related parties	(625,000)	225,000	–	(400,000)
Finance leases	(114,530)	139,465	(329,898)	(304,963)
Net debt	(601,974)	(1,691,350)	(329,898)	(2,623,222)



27. RELATED PARTIES

In the opinion of the directors the immediate parent company is International Franchise Systems Inc., a company incorporated in the state of Delaware in the United States of America. Ultimate control rests with Woodland Limited Partnership, a limited partnership controlled by members of the Halpern family.

Transactions between the company and International Franchise Systems, Inc. are set out below:

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Current account:			
Opening debt due to International Franchise Systems, Inc.	(387,203)	(302,215)	(38,404)
Transfer from loan account	–	–	(225,000)
Costs incurred by Domino's Pizza Group Limited on behalf of International Franchise Systems, Inc.	235,057	120,189	610,366
Costs incurred by International Franchise Systems, Inc. on behalf of Domino's Pizza Group Limited	–	(29,735)	–
Transfer of funds to/(from) International Franchise Systems, Inc.	149,931	440,482	(102,653)
Management charges from International Franchise Systems, Inc.	(300,000)	(267,125)	(189,776)
Interest paid on loan account	–	–	(62,739)
Closing debt due to International Franchise Systems, Inc.	<u>(302,215)</u>	<u>(38,404)</u>	<u>(8,206)</u>
	<i>1996</i>	<i>1997</i>	<i>1998</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Loan account: (amounts falling due after more than one year)			
Opening debt due to International Franchise Systems, Inc.	–	–	(625,000)
Loan from International Franchise Systems, Inc.	–	(625,000)	–
Transfer to current account	–	–	225,000
Closing debt due to International Franchise Systems, Inc.	<u>–</u>	<u>(625,000)</u>	<u>(400,000)</u>

The loan from International Franchise Systems, Inc. bears interest at a rate of 6 per cent. in 1997, 7 per cent. in 1998 and 8 per cent. in 1999 and is repayable not later than 1 January 2000.

Transactions between the company and Restaurant House Limited, a company which was until 15 December 1997 controlled by Woodland Limited Partnership, are set out below:

	<i>1996</i>	<i>1997</i>	<i>1998</i>
	<i>£</i>	<i>£</i>	<i>£</i>
Administration support and services	22,700	37,385	13,050
Rent	20,214	4,000	–
Other	4,000	–	3,760

During 1997 the two companies provided short term finance to each other as required which was repaid on a short term basis. The balance due to Restaurant House Limited at 29 December 1996, 28 December 1997 and 27 December 1998 is included within trade creditors.

28. AUDITORS

The auditors of the 1996 financial statements were:

Moore Stephens
St Paul's House
8-12 Warwick Lane
London
EC4P 4BN

The auditors of the 1997 and 1998 financial statements were:

Ernst & Young
400 Capability Green
Luton
LU1 3LU.

Yours faithfully

Ernst & Young”



PART III

ACCOUNTANTS' REPORT ON THE COMPANY

The following is the text of a report received from Ernst & Young.

“The Directors
Domino’s Pizza UK & IRL plc
Lasborough Road
Kingston
Milton Keynes
MK10 0AB

The Directors
Seymour Pierce Limited
29-30 Cornhill
London
EC3V 3NF

16 November 1999

Dear Sirs

DOMINO’S PIZZA UK & IRL plc

1. INTRODUCTION

We report on the financial information set out in Section 2 below. This financial information has been prepared for inclusion in the Admission Document dated 16 November 1999 of Domino’s Pizza UK & IRL plc. (“the Company”).

Basis of preparation

The Company was incorporated on 5 October 1999 with the name Doublemeasure Plc, changed its name to Domino’s Pizza Plc with effect from 15 October 1999 and then to Domino’s Pizza UK & IRL plc on 1 November 1999. Save for issuing 2 ordinary shares, with a nominal value of 100p each, for a total subscription price of 200p, the Company has not traded, has not made up any accounts for presentation to its members and has not declared nor paid any dividends.

The Company will incur expenses relating to the proposed placing and acquisition of DPG, as described in the said Admission Document. The expenses are not accrued in the balance sheet set out below and accordingly, no profit and loss account for the period from incorporation to 5 November 1999 is required to be presented.

Responsibility

Such financial information is the responsibility of the directors of the Company who approved its issue. The directors of the Company are responsible for the contents of the Admission Document dated 16 November 1999 in which this report is included.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document dated 16 November 1999, a true and fair view of the state of affairs of the Company as at 5 November 1999.

Consent

We consent to the inclusion in the Admission Document dated 16 November 1999 of this report and accept responsibility for this report for the purposes of paragraphs 45 (8) (b) of schedule 1 to the Public Offers of Securities Regulations 1995.

Accounting policies

The financial information set out below has been prepared, under the historical cost basis of accounting, in accordance with applicable Accounting Standards in the United Kingdom.



2. BALANCE SHEET

at 5 November 1999

	£
Current assets	
Cash at bank and in hand	2
	<hr/> 2
Capital and reserves	
Share capital	
Ordinary shares of 100p each:	
Authorised – 100,000 shares	
Issued, called up and fully paid – 2 shares	2
	<hr/> 2
Total shareholders' funds	<hr/> 2

Post balance sheet events

On 15 November 1999, 49,998 ordinary shares of 100p each were issued by the Company.

On 15 November 1999, the authorised share capital of the Company was increased from 100,000 ordinary shares of 100p each to £4,000,000 by the creation of 3,900,000 ordinary shares ranking *pari passu* with the existing shares. The shares were then subdivided into 20 ordinary shares of 5p each.

On the same day, the Company entered into a conditional agreement to acquire DPG (the acquisition being conditional upon Admission) for a total consideration of the issue of 44,000,000 ordinary shares of 5p each (which includes forty of the issued subscriber shares of 5p each) credited as fully paid.

Contingent liabilities

As at 5 November 1999, the Company had incurred expenses relating to the proposed placing and offer for subscription and the acquisition of DPG. If these transactions take place the total expenses payable by the Company are estimated to amount to £500,000 (exclusive of VAT).

Yours faithfully

Ernst & Young”

PART IV

UNAUDITED INTERIM RESULTS OF DOMINO'S PIZZA GROUP LIMITED

PROFIT AND LOSS ACCOUNT

for the period 28 December 1998 to 27 June 1999

	<i>Twenty-six weeks to 27 June 1999</i>		
	<i>Before</i>	<i>Exceptional</i>	
	<i>exceptional</i>	<i>items</i>	<i>Total</i>
	<i>items</i>	<i>items</i>	<i>£000</i>
	<i>£000</i>	<i>£000</i>	
TURNOVER			
Turnover: group and share of joint venture's turnover	12,528	–	12,528
Less: share of joint venture's turnover	506	–	506
	<u>12,022</u>	<u>–</u>	<u>12,022</u>
Cost of sales	(7,210)	–	(7,210)
GROSS PROFIT	4,812	–	4,812
Distribution costs	(1,532)	–	(1,532)
Administration expenses	(2,526)	(395)	(2,921)
	<u>754</u>	<u>(395)</u>	<u>359</u>
Other operating income	96	–	96
OPERATING PROFIT AND EXCEPTIONAL ITEMS	<u>850</u>	<u>(395)</u>	<u>455</u>
Share of operating profit in joint venture			–
TOTAL OPERATING PROFIT: GROUP AND SHARE OF JOINT VENTURE			455
Bank interest receivable			33
Interest payable and similar charges			(139)
			<u>(106)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			349
Tax on profit on ordinary activities			(136)
RETAINED PROFIT FOR THE FINANCIAL PERIOD			213
Dividends			185
RETAINED PROFIT FOR THE FINANCIAL PERIOD			<u>28</u>
Earnings per share – basic (<i>see note</i>)			17.7p
– diluted			17.5p
– adjustment for exceptional items			33.0p
– adjusted basic (<i>see note</i>)			50.7p

There are no recognised losses other than those included in the profit and loss account.



BALANCE SHEET*27 June 1999*

	<i>1999</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>
FIXED ASSETS		
Intangible assets		589
Tangible assets		6,527
Investments		
Investment in joint venture:		
Share of gross assets	681	
Share of gross liabilities	(584)	
Goodwill on joint venture	108	
	<hr/>	
	205	
Other investments	<hr/>	
	202	
		<hr/>
		407
		<hr/>
		7,523
		<hr/>
CURRENT ASSETS		
Stocks		710
Debtors		3,967
Cash at bank and in hand		549
		<hr/>
		5,226
CREDITORS: amounts falling due within one year		<hr/>
		(5,698)
NET CURRENT LIABILITIES		<hr/>
		(472)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>
		7,051
CREDITORS: amounts falling due after more than one year		<hr/>
		(3,334)
		<hr/>
		3,717
		<hr/>
CAPITAL AND RESERVES		
Called up share capital		1,200
Profit and loss account		2,517
		<hr/>
Equity shareholders' funds		<hr/>
		3,717
		<hr/>

*Note***EARNINGS PER ORDINARY SHARE**

The calculation of basic earnings per ordinary share is based upon earnings of £213,000 and on 1,200,000 ordinary shares. The diluted earnings per share is based on 1,213,700 ordinary shares which takes into account theoretical ordinary shares that would be issued, based on average market value, if all outstanding options were exercised. An adjusted earnings per share has been provided to eliminate the distortions caused by exceptional items of £395,000, which increases basic earnings per share by 33.0p to 50.7p.

On behalf of the Board

S. Hemsley
Finance Director

Approved by the Board on 15 November 1999

PART V

ADDITIONAL INFORMATION

1. THE COMPANY

- (a) The Company was incorporated in England and Wales on 5 October 1999 as a public limited company under the Companies Act 1985 (the "Act"), registered with number 3853545 and with the name Doublemeasure plc. The Company changed its name to Domino's Pizza plc on 15 October 1999 and to Domino's Pizza UK & IRL plc on 1 November 1999. The Company was issued with a certificate under section 117 of the Act entitling it to do business on 15 November 1999.
- (b) The liability of the members of the Company is limited.
- (c) The registered office of the Company and the Company's principal place of business in the United Kingdom is at Dominos House, Lasborough Road, Kingston, Milton Keynes MK10 0AB.

2. SHARE CAPITAL

Pursuant to resolutions passed by written resolution of the Company on 15 November 1999, it was resolved that:

- (a) the authorised share capital of the Company be increased from 100,000 ordinary shares of £1 each to £4,000,000 by the creation of 3,900,000 ordinary shares of £1 each ranking *pari passu* in all respects with the existing ordinary shares of £1 each in the capital of the Company.
- (b) each share of £1 each in the capital of the Company be sub-divided into 20 ordinary shares of 5p each.
- (c) in substitution for all previous authorities, the directors of the Company be generally and unconditionally authorised, in accordance with Section 80 of the Act to allot relevant securities (as defined in Section 80(2)) up to a maximum nominal amount of £3,950,000 such authority to expire on the earlier of 23 February 2001 and the next annual general meeting of the Company to be held in 2000, save that the Company may allot relevant securities after the expiry of such authority in pursuance of an offer or agreement made by the Company before such date.
- (d) in substitution for all previous authorities, the directors of the Company be empowered pursuant to Section 95 of the Act to allot equity securities (within the meaning of Section 94(2) of the Act) for cash pursuant to the authority conferred by resolution (c) above as if Section 89(1) of the Act did not apply to such allotment provided that such power be limited to:
 - (i) the allotment wholly for cash in connection with the Placing and Offer for Subscription of 6,000,000 Ordinary Shares up to an aggregate nominal amount of £300,000;
 - (ii) the allotment wholly for cash of equity securities up to an aggregate nominal amount of £250,000, being 10 per cent. of the issued equity share capital of the Company following Admission; and
 - (iii) the allotment of equity securities in connection with a rights issue;such power to expire on the earlier of 23 February 2001 and the next annual general meeting of the Company to be held in 2001 save that the Company may allot equity securities after the expiry of such authority in pursuance of an offer or agreement made by the Company before such date.
- (e) the existing Memorandum of Association of the Company be altered.
- (f) the Company adopt new articles of association, summarised in paragraph 5 below.
- (g) the rules constituting the Share Option Schemes be approved.
- (h) the Directors be authorised to grant the options referred to at paragraph 7 below.



Save as disclosed in the foregoing sub-paragraphs of paragraph 2 and paragraph 3 below (which relates to the Company's subsidiary, DPG):

- (a) no share or loan capital of the Company, or of any other company within the Group, is under option or has been agreed, conditionally or unconditionally, to be put under option; and
- (b) other than for the Offer or upon the exercise of options duly granted pursuant to the Share Option Schemes or upon a due exercise of the options referred to in paragraph (h) above, there is no present intention to issue any of the authorised but unissued share capital of the Company.

3. THE GROUP

- (a) DPG is currently the holding company of the group of companies described below. On Admission the Company will be the holding company of the Group which will be established following the implementation of resolutions described in paragraph 2 above. The principal activity of the Group is the development of the Domino's System in the UK and the Republic of Ireland.
- (b) DPG has as subsidiary undertakings the first four companies named below, all of which are wholly owned, either directly or indirectly, by DPG and consolidated into its annual financial statements. On Admission, DPGS Limited, DP Realty Limited, DP Group Development Limited and DP Capital Limited will become wholly owned subsidiaries of the Company as a result of certain intra-group share for share agreements:

<i>Name</i>	<i>Issued share capital</i>	<i>Nature of business/activity</i>
1. DPGS Limited	£75,000	Operator of corporately owned stores.
2. DP Realty Limited	£200,000	Property management of freehold and leasehold properties.
3. DP Group Developments Limited	£10	Holds freehold of Milton Keynes facility.
4. Live Bait Limited	£91	Dormant.
5. Domino's Pizza Group Limited	£2,200,000	Central administration, manufacturing, distribution, warehousing and marketing activities in the operation of pizza franchises.
6. DP Capital Limited	£1	General trading company

Dominos House, Lasborough Road, Kingston, Milton Keynes MK10 0AB is the registered office of all the above companies which are all incorporated in England and Wales.

- (c) The authorised share capital of DPG on incorporation was £1,000 divided into 1,000 ordinary shares of £1, of which two subscriber shares were issued.

On 15 February 1994 the authorised share capital of DPG was increased from £1,000 to £2,000,000 by the creation of £1,999,000 ordinary shares of £1 each.

On 15 November 1999 the authorised share capital of DPG was increased from 2,000,000 to 2,200,000 by a *pro rata* bonus issue capitalising £929,714, being the whole of the amount standing to the credit of the share premium account and £175,000 of the revenue reserve account.

On 15 November 1999 the share capital of DPG was subdivided from 2,200,000 shares of £1 each to 44,000,000 shares of 5 pence each.

On Admission all the issued share capital in DPG will be acquired by the Company pursuant to the terms of a share exchange agreement described in paragraph 9(e) below.

-
- (d) No debentures, loan stock, or other securities of the Company are in issue.
 - (e) Application has been made to the Alternative Investment Market (“AIM”) for admission of the whole of the ordinary share capital of the Company. It is expected that admission of the ordinary shares to the AIM will become effective and that dealings will commence on 24 November 1999.

4. MEMORANDUM OF ASSOCIATION

The Memorandum of Association of the Company provides that the Company’s principal objects are to act as the holding and co-ordinating company of the Group of which the Company is for the time being the holding company. The objects of the Company are set out in full in clause 4 of the Memorandum of Association of the Company, which is available for inspection at the address specified in paragraph 14 below.

5. ARTICLES OF ASSOCIATION

The Articles of Association of the Company (the “Articles”), which have been adopted conditional on Admission and are available for inspection at the address specified in paragraph 14 below, include provisions to the following effect:

5.1 Votes of members

Votes attaching to shares

- (a) Subject to any special rights or restrictions as to voting attached by or in accordance with the Articles to any shares or class of shares, on a show of hands every member who is present in person shall have one vote and on a poll every member who is present in person or by proxy shall have one vote for every share of which he/she is the holder.

No voting rights where calls outstanding

- (b) No member shall, unless the Board otherwise determines, be entitled to vote:
 - (i) if any call or other sum presently payable by him/her to the Company in respect of the shares remains unpaid; or
 - (ii) if a member who has been served with a disclosure notice fails to provide the Company with information required to be provided under the Act concerning his interest in those shares.

5.2 Transfer of shares

Transfer of securities without a written instrument

- (a) Title to and interest in securities may be transferred without a written instrument in accordance with statutory regulations from time to time made under the Act and rules from time to time adopted by the Board.

Form of transfer

- (b) Transfers of certificated shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect-of such shares. All transfers which are in uncertificated form may be effected by means of a relevant system as defined in the Regulations.



Other rights to decline registration

- (c) The Board may decline to register (in the case of a certificated share) any instrument of transfer unless:
 - (i) it is a duly stamped instrument of transfer;
 - (ii) it is in respect of only one class of share;
 - (iii) it is lodged with the Company;
 - (iv) it is accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
 - (v) in the case of a transfer to joint holders, the number of joint holders does not exceed four.
- (d) The Board may decline to register an uncertificated share if the Regulations allow it to do so and must do so where the Regulations so require.
- (e) The Board may also decline to register a transfer of shares (except for certain types of transfer) after there has been a failure to provide the Company with information concerning interests in those shares required to be provided under the Articles or the Act until such failure has been remedied.
- (f) The Board may decline to register a transfer of any share that is not a fully paid share or on which the Company has a lien (with certain exceptions in relation to shares admitted to the Official List).
- (g) Shares may not be transferred to a bankrupt person or a person who is mentally disordered or a patient of any statute relating to mental health.

5.3 Dividends

Final dividends

- (a) The Company may by ordinary resolution declare dividends but no such dividends shall exceed the sum recommended by the Board.

Interim and fixed dividends

- (b) Subject to the provision of the Act and in so far as, in the opinion of the Board, the profits of the Company justify such payments, the Board may declare and pay the fixed dividends on any class of shares carrying fixed dividends to be payable on fixed dates (half-yearly or other dates prescribed for the payment of such dividends) and may also from time to time declare and pay interim dividends on shares of any class of such sums and on such dates and in respect of such periods as it thinks fit.

Retention of dividends

- (c) The Board may retain any dividend or other monies payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Board may withhold dividends payable on shares after there has been failure to provide the Company with information concerning interests in those shares required to be provided under the Act until such failure has been remedied.

Unclaimed dividend

- (d) Any dividend unclaimed after a period of twelve years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

Distribution in specie

- (e) The Company may upon the recommendation of the Board by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets (in particular paid-up shares or debentures of any other company) and the Board shall give effect to such resolution.

Distribution in specie on a winding up

- (f) If the Company is to be wound up the liquidator may, with the authority of an extraordinary resolution and subject to any provision of law, divide among the members in specie or kind the whole or any part of the assets of the Company whether or not the assets consist of property of one kind or properties of different kinds, and may for such purpose set such value as he/she deems fair upon any one of more class or classes or property and may determine how such division is to be carried out between the members or different classes of members.

5.4 Capitalisation of profits and reserves

- (a) The Board may recommend that, with the sanction of an ordinary resolution of the Company, any sum standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution be capitalised.
- (b) Such capitalisation shall be effected by appropriating such sum for the holders of shares in proportion to their existing holdings of shares and applying such sum on their behalf towards either paying up the amounts for the time being unpaid on any shares that they hold and/or paying up in full unissued shares, debentures or other obligations of the Company to be allotted and distributed.

5.5 Overseas Members

A member who (having no registered address within the United Kingdom) has not supplied to the Company an address within the United Kingdom for the service of notices shall not be entitled to receive notices from the Company.

5.6 Share Capital

Variation of rights

- (a) The special rights attached to any class may be varied or abrogated, subject to the provisions of the Act, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.

Increase in share capital

- (b) The Company may from time to time by ordinary resolution increase its share capital by such sum to be divided into shares of such amounts and in such currency as the resolution prescribes.

Consolidation, subdivision and cancellation

- (c) The Company may by ordinary resolution:
- (i) consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;
- (ii) subject to the provisions of the Act, sub-divide its shares.



Reduction or cancellation

- (d) The Company may by special resolution reduce or cancel its share capital or any capital redemption reserve, or share premium account or any other undistributable reserve in any manner and with, and subject to, any confirmation or consent required by law.

Purchase of own shares

- (e) Subject to the provisions of the Act and the Articles and any confirmation or consent required by law, the Company may purchase or may enter into any contract under which it will, or may, purchase any of its own shares.

Shares in uncertificated form

- (f) Subject to the Act and the rules (as defined in the Regulations), the directors may determine that any class of shares may be held in uncertificated form and that title to such shares may be transferred by means of a relevant system or that shares of any class should cease to be held and transferred as aforesaid. The provisions of the Articles shall not apply to shares of any class which are in uncertificated form to the extent that such Articles are inconsistent with the holding of shares of that class in uncertificated form, the transfer of title to shares of that class by means of a relevant system, or any provision of the Regulations.

5.7 Forfeiture and Lien

Notice on failure to pay a call

- (a) If a member fails to pay in full any call or instalment of a call on the due date for payment, the Board may at any time serve a notice on him/her requiring payment and stating that in the event of non-payment in accordance with such notice the shares on which the call was made will be liable to be forfeited.

Lien on partly-paid shares

- (b) The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of such share.

Sale of shares subject to lien

- (c) The Company may sell in such manner as the Board thinks fit any share on which the Company has a lien fourteen days after a notice in writing is served on the member stating and demanding payment of the sum presently payable and giving notice of intention to sell if payment is not received on or before the due date.

5.8 Directors

Number of Directors

- (a) Unless otherwise determined by ordinary resolution, the Directors shall not be less than three or more than ten in number.

Directors' fees

- (b) The remuneration of the Directors shall from time to time be determined by the Board but shall not exceed in aggregate the sum of £250,000 per annum or such greater sum as the Company may from time to time determine by ordinary resolution.

Other remuneration of Directors

- (c) Any Director who holds any executive office or who serves on any committee of the Board, or who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise, or may receive such other benefits as the Board may determine.

Directors' expenses

- (d) The Board may repay to any Director all such reasonable expenses as he/she may incur in attending meetings of the Board, of any committee of the Board or shareholders' meetings, or otherwise in connection with the business of the Company.

Directors' pensions and other benefits

- (e) The Board has, subject to the provisions of the Act, the power to grant and pay gratuities, pensions, annuities, superannuation or other allowances and benefits to (or to any person in respect of) any Director or ex-Director and, for the purpose of providing any such benefits or allowances, has the power to contribute to any scheme or fund or to pay premiums in respect of any scheme or fund.

Age limit

- (f) Any provision of the Act which, subject to the provisions of the Articles, would have the effect of rendering any person ineligible for appointment or election as a Director or liable to vacate office as a Director on account of having reached any specified age or requiring special notice or any other special formality in connection with the appointment or election of any Director over a specified age shall not apply to the Company.

Restrictions on voting

- (g) A Director shall not vote (save as provided in the Articles) in respect of any contract or arrangement or any other proposal whatsoever in which he/she or persons connected with him/her have a material interest. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he/she is not entitled to vote.
- (h) Subject to the provisions of the Act and in the absence of some other material interest, a Director shall be entitled to vote (and be counted in the quorum) in respect of any resolution:
- (i) relating to the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him/her or by any other person at the request of, or for, the benefit of the Company or any of its subsidiary undertakings; or
 - (ii) any transaction for the giving by the Company or any of its subsidiary undertakings of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company and any of its subsidiary undertakings in respect of which he has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iii) where the Company or any of its subsidiary undertakings is offering shares, debentures or other securities and the Director is or may be entitled to participate in the offer as a holder of securities or in underwriting or sub-underwriting;
 - (iv) in which the Director is interested by virtue of his interest in shares, debentures or other securities of the Company or by reason of any other interest in or through the Company;
 - (v) relating to another company of which he is an officer, shareholder or creditor or in which he is otherwise interested (directly or indirectly) provided that he/she does not hold an interest in shares representing one per cent or more of either any class of the equity share capital or the voting rights in such company;
 - (vi) relating to a superannuation fund or retirement, death or disability benefit scheme or savings related share option scheme or profit sharing scheme or executive share option scheme which has been approved by the Inland Revenue or is conditional upon such approval or does not award him/her any privilege or benefit not awarded to the employees to whom such scheme relates; or
 - (vii) concerning insurance which the Company proposes to maintain or purchase for the benefit of the Directors or for the benefit of persons including the Directors.
-



5.9 Borrowing powers

Subject to the provisions of the Act, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of its undertaking, property and assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party provided that, unless previously sanctioned by an ordinary resolution of the Company, the aggregate principal amount from time to time of all borrowings by the Group (exclusive of intra-group borrowings) shall not exceed 3 times the Adjusted Capital and Reserves (as defined in the Articles).

5.10 Untraceable members

- (a) During the period of 12 years (ending with the date of publication of advertisements giving notice of the Company's intention to sell such shares), the Company shall be entitled to cease sending dividend warrants by post or any other means of payment if such warrants have been returned undelivered or left uncashed, provided that this power may not be exercised until such warrants have been so returned or left uncashed on at least two consecutive occasions. Payments shall recommence if the holder of the shares requests such recommencement in writing.
- (b) The Company shall be entitled to sell, subject to various notice requirements, at the best price reasonably obtainable at the time of sale the shares of a member if during a period of 12 years no communication has been received by the Company from the member, no cheque or warrant sent by the Company in respect of the shares has been cashed, no fewer than three dividends in respect of the shares have become payable, and no dividends in respect of those shares have been claimed.

5.11 CREST

The Articles are consistent with membership and allow for the holding and transfer of shares in uncertificated form.

6. DIRECTORS' INTERESTS AND OTHER INTERESTS

6.1 Directors' interests and other significant interests in the Company's share capital and DPG's share capital

- (a) As at the date of this document the Company has in issue 1,000,000 shares of 5p each, 20 of which are held by Nigel Wray, 20 by Colin Halpern and 999,960 by Seymour Pierce.
- (b) Conditional upon Admission and immediately following the Placing and Offer for Subscription, the interests of the Directors (including persons connected with them within the meaning of Section 346 of the Act) in the issued share capital of DPG and the Company, which have been notified to the Company pursuant to Sections 324 and 328 of the Act and which are shown in the register of Directors' interests maintained under Section 325 of the Act, are and will be as follows:

<i>Directors</i>	<i>No. of Ordinary Shares (Percentage) in DPG at the date of this document</i>	<i>No. of Ordinary Shares (Percentage) in the Company on Admission</i>
Colin Halpern	33,668,008 (76.52%)	30,195,899 (60.39%)
Gerald Halpern	–	–
Stephen Hemsley	–	1,472,109 (2.94%)
Christopher Moore	–	–
Nigel Wray	7,422,411 (16.87%)	7,422,411 (14.84%)
Yoav Gottesman	–	–

- (c) On Admission, the Directors will also be interested in unissued Ordinary Shares under share options held by them, as follows:

<i>Directors</i>	<i>No. of Ordinary Shares under option following Admission</i>	<i>Date of Grant</i>	<i>Expiry date of Option</i>	<i>Exercise price per Ordinary Share</i>
Colin Halpern	–	–	–	–
Gerald Halpern	519,568	31/03/1999	30/03/2009	42.10p
	103,914	24/11/1999	23/11/2009	50.00p
	<u>623,482</u>			
Stephen Hemsley	415,654	31/03/1999	30/03/2009	42.10p
	432,973	24/11/1999	23/11/2009	50.00p
	<u>848,628</u>			
Christopher Moore	415,654	31/03/1999	30/03/2009	42.10p
	207,827	24/11/1999	23/11/2009	50.00p
	<u>623,482</u>			
Yoav Gottesman	237,269	31/03/1999	30/03/2009	42.10p
	109,110	24/11/1999	23/11/2009	50.00p
	<u>346,379</u>			
Nigel Wray	–	–	–	–

- (d) Except where stated, all the above interests of the Directors are or will be beneficial.
- (e) Save as disclosed above, none of the Directors has any interest in the share capital or the loan capital of the Group nor does any person connected with the Directors (within the meaning of Section 346 of the Act) have any such interest, whether beneficial or non-beneficial.
- (f) As at the date of this document and immediately following the Placing and Offer for Subscription and Admission, so far as the Directors are aware, the only persons who are directly or indirectly interested in more than 3 per cent. of the shares in DPG and the Company are and will be as follows:

<i>Shareholders</i>	<i>No. of Ordinary Shares (Percentage) in DPG at the date of this document</i>	<i>No. of Ordinary Shares (Percentage) in the Company immediately following the Placing and Offer for Subscription</i>
IFS ⁽ⁱ⁾	27,173,408 (61.76%)	27,173,408 (54.35%)
HS Real ⁽ⁱⁱ⁾	6,494,600 (14.76%)	3,022,491 (6.04%)
CTG Investment Limited ⁽ⁱⁱⁱ⁾	–	1,472,109 (2.94%)
Nigel Wray and family ^(iv)	7,422,411 (16.87%)	7,422,411 (14.84%)
RBS Mezzanine Limited	1,662,618 (3.78%)	1,662,618 (3.33%)

- (i) Holds 25,441,515 of the Ordinary Shares beneficially for HS Real Company, LLC
- (ii) Holds the shares on behalf of discretionary trusts the beneficiaries of which are the adult children of Colin and Gail Halpern.
- (iii) CTG Investment Limited is owned by a discretionary trust of which, *inter alia*, Stephen Hemsley and his family are potential beneficiaries
- (iv) The interests of Nigel Wray include the 7,066,125 Ordinary Shares held by Abacus (C.I.) Limited which are beneficially owned by family trusts of Nigel Wray, the principal beneficiaries of which are Nigel Wray's children.



- (g) At the date of this document, the immediate parent of DPG is HS Real, which is beneficially interested in 76.52 per cent. of the issued shares of DPG. Ultimate control rests with Woodland Limited Partnership, a limited partnership controlled by members of the Halpern family. IFS and any other entity, the ultimate control of which rests with the Halpern family, are not expected to control the Company following Admission. Save as described aforesaid, the Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over DPG or the Company.

6.2 Directors' remuneration and service agreements

- (a) The aggregate remuneration and benefits in kind of the Directors of DPG in respect of the financial year ended 27 December 1998 was £177,248. In addition, fees of £189,776 were paid to IFS in respect of the services of Colin Halpern. The aggregate remuneration and benefits in kind of the Directors of the Group in respect of the financial year ending 26 December 1999 under the arrangements in force at the date hereof is expected to be £370,000. In addition, fees of £140,000 are due to be paid to IFS in respect of the services of Colin Halpern.
- (b) Agreements (or in the case of the non-executive Directors, letters of appointment) have been entered into between the Company and the Directors, the principal terms of which are summarised below:
- (i) Colin Halpern is seconded to the Company from IFS as Executive Chairman on the terms of a management agreement. The agreement is reviewed annually and the Company agrees to pay IFS reasonable compensation agreed by IFS and the Company. In the current financial year, the Company has agreed to pay IFS a fee of £150,000. IFS has agreed to indemnify the Company in relation to any tax that may be payable by the Company on any fees paid to IFS.
- (ii) Gerry Halpern is employed by the Company in the post of Chief Executive. His Service Agreement is dated 15 November 1999 and will take effect on Admission and is for a fixed term ending on 31 December 2000. During the fixed term employment, Gerry Halpern is entitled to a salary of £130,000 per annum and is provided with the choice of a company car or a car allowance of £10,000 per annum. Effective from 31 December 2000, Gerry Halpern will be engaged as a consultant for a fixed period of two years with an annual fee of £65,000. The Company will guarantee Gerry Halpern a pension of £25,000 per annum on retirement after the end of the consultancy period. The Company is also obliged to provide Gerry Halpern with private medical insurance, permanent health insurance and travel insurance.
- (iii) Stephen Hemsley is employed by the Company in the post of Finance Director. His Service Agreement is dated 15 November 1999 and will take effect on Admission and is subject to termination by the Company giving 12 months' notice to Stephen Hemsley or Stephen Hemsley giving the Company 6 months' notice. He is entitled to a salary of £105,000 per annum and is provided with the choice of a company car or a car allowance of £10,000 per annum. The Company is obliged to make contributions of up to 5 per cent. of Stephen Hemsley's annual basic salary to his personal pension plan. The Company is also obliged to provide Stephen Hemsley with private medical insurance, permanent health insurance, life assurance and travel insurance.
- (iv) Chris Moore is employed by the Company in the post of Marketing Director. His Service Agreement is dated 15 November 1999 and will take effect on Admission and is subject to termination by the Company giving 12 months' notice to Chris Moore or Chris Moore giving the Company 6 months' notice. He is entitled to a salary of £90,000 per annum and is provided with the choice of a company car or a car allowance of £10,000 per annum. The Company is obliged to make contributions of 5 per cent. of Chris Moore's annual basic salary to either the Company's group personal pension plan or to his personal pension plan. The Company is also obliged to provide Chris Moore with private medical insurance, permanent health insurance, life assurance and travel insurance.

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- (v) Each of the service agreements referred to above imposes on the relevant Director an obligation to retain the confidential nature of the Company's confidential information and trade secrets and requires all intellectual property rights to be vested in the Company as and when permitted by law and, in other cases, requires the Director to sign and execute documents which will allow such intellectual property rights to vest in the Company. Each service agreement contains post termination restrictive covenants which provide that the relevant Director may not, for a period of 12 months after the termination of his employment, less any period spent on garden leave, be involved in any capacity in any business which competes with that of the Company or solicit customers or employees for the benefit of a business which competes with that of the Company or solicit or interfere with the supply of goods from any suppliers to the Company for the benefit of a business which competes with the Company.
 - (vi) Nigel Wray has entered into a letter of appointment dated 15 November 1999 as a non-executive director under which he will receive fees of £12,000 (plus value added tax, where applicable) per annum. The engagement will continue, subject to re-election, if applicable, unless and until terminated on one week's notice by either party.
 - (vii) Yoav Gottesman has entered into a letter of appointment dated 15 November 1999 as a non-executive director and as chairman of the remuneration and audit committees. He will receive fees of £18,000 per annum (plus value added tax, where applicable). The engagement will continue, subject to re-election, if applicable, unless and until terminated on one week's notice by either party.
 - (c) There are no provisions in the agreements referred to in paragraph 6.2(b) above for compensation payable upon early termination of any of the relevant Directors' contracts or engagements. The relevant Director may be entitled to submit a claim for damages for breach of contract should his service contract or engagement be terminated early by the Company, in breach of contract.
 - (d) There are no service agreements existing or proposed between the Directors and the Company or any of its subsidiaries which are not terminable within one year by the relevant company without payment of compensation (other than statutory compensation).
 - (e) There is no arrangement under which any Director has agreed to waive future emoluments and there has been no waiver of emoluments during the financial year immediately preceding the date of this document.

6.3 Loans and guarantees

There are no loans or guarantees granted or provided by any member of the Group to or for the benefit of any Director.

6.4 Directors' interests in transactions

- (a) Save as disclosed in 6.4(b) and elsewhere in this document, no Director has or has had any interest in any transaction which is of an unusual nature, contains unusual terms or is significant in relation to the business of the Group and which was effected during the current or immediately preceding financial year or during any earlier financial year and remains in any respect outstanding or unperformed.
- (b) By way of disclosure to the representation in 6.4(a) and without prejudice to any other transaction disclosed in this document, the Directors have (directly or indirectly) been involved in the following transactions:
 - (i) the transactions referred to in note 27 of DPG's Report and Accounts for the year ended 27 December 1998;
 - (ii) certain securities given/to be given over shares in DPG (and ultimately the Company) in favour of RBS Mezzanine Limited and HS Real;



- (iii) certain option agreements given and to be given in respect of shares in DPG (and ultimately the Company);
- (iv) HS Real is proposing to sell 1,472,109 ordinary shares of 5p each in the capital of DPG to CTG Investment Limited prior to Admission at the equivalent of the Placing Price. The consideration will be financed by a loan at a commercial rate of interest from the vendor;
- (v) A facility between HS Real and RBS Mezzanine Limited has had to be amended as a result of the proposed share for share exchange agreement referred in paragraph 9(e) below.

6.5 Directorships

- (a) In addition to the Company, the Directors hold or have held in the past 5 years the following directorships:

<i>Director</i>	<i>Current</i>	<i>Past</i>
Colin Halpern	Domino's Pizza Group Limited DP Realty Limited DPGS Limited DP Capital Limited	The Restaurant House Limited The Celebrated Group PLC
Gerry Halpern	Domino's Pizza Group Limited DPGS Limited DP Realty Limited DP Group Developments Limited Live Bait Limited Full House Restaurants Limited	Tuskpride Limited
Stephen Hemsley	Domino's Pizza Group Limited DP Realty Limited DP Group Developments Limited DPGS Limited Live Bait Limited	Meltek Data Limited Meltek Group PLC Webb International Limited Webb Computer Services Limited Webb Corporation Limited
Chris Moore	Domino's Pizza Group Limited	None
Nigel Wray	Domino's Pizza Group Limited Brendon Street Investments Limited Brendon Street Securities Limited Burford Holdings plc Burford Group plc Burford Provincial Properties Limited Burford Secured Properties Limited Burford Midland Properties Limited Burford Estates Limited Burford Estate & Property Co. Limited Burford Industrial Properties Limited Burford Land & Investment Co. Limited Burford (Norwich) Limited Burford Investment Company Limited Burford Leasing Limited Burford Investment Properties Limited Burford UK Properties Limited Burford Protrad Limited Burford (Finchley) Limited Burford Realisations Limited Burford Acquisitions Limited Burford Resources No.2 Limited Burford WC2 Limited Burford Hotels Limited Burford Western Estates Limited	Chartsearch Limited Peoples Phone Limited Albion Property Investments Limited Carlton Communications plc Bilward Limited Carlisle Group plc Enid Blyton Limited Nottingham Forest plc Grantchester Holdings Plc Children's Medical Charity Trust plc Fleet Street Publications Limited Centrovincial Estates Plc Barham Group plc Takare plc UTC Group plc Ferristree Limited Phasmedia Limited Trocadero Holdings Limited Trocadero London Limited Trocadero Piccadilly Limited Trocadero Management Services Limited Trocadero London Limited Columbus Holdings Limited Columbus Publishing Limited I.S. Europe Limited

Nigel Wray <i>continued</i>	Burford (Berwick House) Limited Burford (Dunstable) Limited Old Burford Limited Cabot Park Management Limited Carlisle Holdings Limited Peardale Limited Edenhire Limited Bristol Europort Limited XCS Limited Piccadilly Plaza Manchester Limited Brewster Braithwaite & Co Limited Leadown Limited Singer & Friedlander Group plc Moneypitch Company Limited SkyePharma PLC Chorion plc Saracens Limited Columbus Group plc Hartford Group PLC English First Division Rugby Limited English Rugby Partnership Limited Synbeam Limited Watford Association Football Club (Holdings) Limited The Watford Association Football Club Limited	I.S. Europe Limited London Pavilion Limited Burford NW3 Limited
Yoav Gottesman	Domino's Pizza Group Limited Torky Limited JLI Group PLC	John Martin Health Foods Limited John Martin Foods Limited Martin Meats Limited Lazard Brewers Investment Trust plc Tee Gee Snacks Limited G E Brooker & Son Limited G. C. Williams & Co. Limited Golden Twin Manufacturing Co Limited Langwood (Prepared Vegetables) Limited Martinus (Fish Sales) Limited NeatStar Transport Limited Osborne Bros. Limited Playtime Foods Limited Playtime Foods (Polly) Limited Roy Sangster Limited The Garlic Company Limited JLI Group Limited JLI Management Limited JLI Trading Limited Brookerpaks Limited Turban Foods Limited Sundora Foods Limited Soundar Investments Limited Kernels Snack Products Limited Somersby Foods Limited Frozen Herbs Limited HFG Nuts Limited



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- (b) Save as disclosed above, none of the Directors has been a director in any company or a partner in any partnership at any time in the five years prior to the date of this document.
- (c) Save as disclosed in 6.5(d) below, no Director has:
- (i) any unspent convictions in relation to an indictable offence; or
 - (ii) been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any asset of such Director; or
 - (iii) been a director of any company which, while he was a director or within 12 months after he ceased to be a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors; or
 - (iv) been a partner of any partnership which, while he was a partner or within 12 months after he ceased to be a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset; or
 - (v) had any public criticism by any statutory or regulatory authority (including recognised professional bodies); or
 - (vi) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- (d) (i) Nigel Wray was a director of Ferristree Limited from 30 June 1997 until dissolution of the company on 6 April 1999. This company never traded.
- (ii) Colin Halpern was a non-executive director of The Celebrated Group plc from 1997 to 19 August 1999. He was also a director of The Restaurant House Limited, a subsidiary of The Celebrated Group plc, resigning on the same date. Both companies had an administration order made against them on 27 August 1999.
- (iii) Gerry Halpern was a director of Tuskpride Limited until 9 June 1995. Tuskpride Limited went into creditors' voluntary liquidation on 2 February 1996.
- (iv) Stephen Hemsley was a director of Webb International Limited, Webb Computer Services Limited and Webb Corporation Limited when they went into administrative receivership in August 1997.
- (e) Colin Halpern is the sole officer and director of NPS Technologies Group, Inc, ("NPS") and its subsidiaries (together the "NPS Group"). NPS is a Delaware corporation whose shares are traded on the Electronic Bulletin Board of NASDAQ. Members of the NPS Group have a number of unsatisfied judgements against them amounting to approximately \$1.4 million. These judgements relate to surety bonds, tax liens and purchase consideration on the acquisition of a subsidiary. Colin Halpern is the guarantor and/or is obligated for these judgements. The NPS Group is currently involved in arbitration relating to a completed project which if successful should enable the NPS Group to pay off all these judgements.

7. SHARE OPTION SCHEMES

7.1 Domino's Pizza Group Limited Unapproved Share Option Scheme ("the Scheme")

The following sets out the principal terms of the Scheme which was adopted by DPG in March 1999 and under which no further options are to be granted.

(a) *Eligibility*

Employees and directors of the Company and its subsidiaries who are not within 2 years of their contractual retirement age and who are not otherwise excluded by the relevant legislation are eligible to participate in the Scheme.

(b) *Grant of Options*

Options (which may relate to new or existing shares) may be granted at any time within a period of 42 days after the Adoption Date or thereafter within the period of 42 days from the respective dates of the preliminary announcement by the Company of the Company's annual financial results and the announcement by the Company of the Company's interim financial results. They may also be granted at other times, which the Directors consider to be sufficiently exceptional.

No options may be granted later than 10 years after the Adoption Date.

No payment will be required for the grant of an option. Options are not transferable.

(c) *Exercise Price*

The price per ordinary share of the Company payable on the exercise of an option will be the greater of:

- (i) the nominal value of an ordinary share; and
- (ii) the amount determined by the Board to be the market value of an ordinary share on the date on which the option is granted to a participant.

(d) *Exercise of options*

An option will not normally be exercisable unless the ordinary shares are listed on a recognised investment exchange. Options will lapse 10 years after grant.

The Directors will set performance conditions on the exercise of options. The conditions apply in respect of each year in the period of three years preceding the date of exercise beginning on the date of grant of the option and ending on or before the date the option lapses, such that for each year, the growth in the Company's Institute of Investment Management and Research headline earning per share ("EPS") based upon the audited accounts and approved by the Company's auditors must exceed the growth in the RPI by 5 per cent. per year in each year. For these purposes:

- (i) On the date of grant, the Company's EPS shall be based on the audited accounts for the period ended immediately prior to the date of grant; and the RPI shall be the figure for the month to which those audited accounts are made up;
- (ii) For each subsequent year, the Company's EPS shall be based on the Company's audited accounts for that year and the RPI shall be the figure for the month to which those audited accounts are made up;
- (iii) The RPI is the general index of retail prices (for all items) published by the Department of Employment or, if that index is not published for the month in question, any substituted index or index figures published by the Department.

The Directors may make such adjustments to the performance condition as they consider appropriate (and the auditors confirm to be fair and reasonable) to take account of, *inter alia*, changes in accounting practices or other factors considered by the Directors to be relevant.

An option may only be exercised in respect of:

- (i) The first 33 $\frac{1}{3}$ per cent. of the ordinary shares comprised in that option if the performance condition is satisfied for the first of the three years comprising the three year period;
- (ii) The next 33 $\frac{1}{3}$ per cent. of the ordinary shares comprised in that option if the performance condition is satisfied in respect of the second of the three years comprising the three year period; and
- (iii) The final 33 $\frac{1}{3}$ per cent. of the ordinary shares comprised in that option if the performance condition is satisfied in respect of the last of the three years comprising the three year period.



Options normally lapse on cessation of employment. However, exercise is permitted:

- (i) following cessation of employment in certain compassionate circumstances; otherwise only at the Directors' discretion; and
- (ii) on a reconstruction, takeover or winding-up of the Company.

In such cases the performance conditions continue to apply.

(e) *Rights attaching to Shares*

All ordinary shares allotted under the Scheme will rank equally with all other ordinary shares of the Company for the time being in issue (except for any rights arising by reference to a record date before the date of allotment).

(f) *Variation of Capital*

In the event of any increase or variation of share capital, or of the payment of a capital dividend or of any other circumstances similarly affecting options, the Directors may make such adjustments as the Company's auditors advise are appropriate to the number of shares subject to options and the price payable on their exercise.

(g) *Alterations to the Scheme*

The Directors may at any time alter or add to the Scheme in any respect, provided that the prior approval of the Company in general meeting is obtained for alterations or additions to the advantage of participants to the rules governing eligibility, limits on participation, terms of exercise, non-assignability of options and adjustment of options. Such prior approval is not required for minor amendments for administrative advantage, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or Group companies. Also, the above does not restrict the ability of the Directors to adjust performance conditions to take account of supervening events (e.g. a variation of share capital).

(h) *Pensionability*

No benefits received under the Scheme will be pensionable.

(i) *Rollover Rights*

All participants in the Scheme have been offered the chance to release their options over shares in DPG (the "Old" options) in return for equivalent options over shares in the Company (the "Rollover" options). These "Rollover" options are exercisable within the same timeframes as the "Old" options, have the same value, the same exercise price and the same performance targets attached to them.

This choice is being given to the participants because the fact that the Company is acquiring all the share capital of DPG means that, regardless of any other provisions of the Scheme, the "Old" options become exercisable, but only to the extent that the performance target is satisfied. In addition, six months from the acquisition occurring, the "Old" options will lapse to the extent that they have not been exercised. This means that, even if the performance target were satisfied in full, the participants would never be able to exercise the final 2/3rds of the "Old" options before they lapse. Further, any exercise of the first 1/3rd would result in an acquisition of shares in DPG, which would give the participant shares in a subsidiary of the Company, for which there is no market.

Therefore, the participants are being asked to agree to waive all rights they may have under the "Old" options in return for DPG procuring the grant to them by the Company of the same number of "Rollover" options to acquire ordinary shares in the Company to be held under the Scheme on identical terms to the "Old" options other than that in rules 4.3, 4.5, 4.6 and 5 -13 inclusive of the scheme, "the Company" under the terms of the "Old" options shall be deemed to be the Company except for the purposes of references to:

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- (i) “Qualifying Employment” in Rule 6;
 - (ii) “Company” in Rule 6.4(D); and
 - (iii) “Group” in Rule 6.4(D),
- where the “Company” shall continue to be DPG.

7.2 Domino’s Pizza Share Option Scheme (Approved) (“the Approved Scheme”) and the Domino’s Pizza Sre Option Scheme (Unapproved) (“the Unapproved Scheme”) (together “the New Schemes”)

(a) General

The Approved Scheme will be approved by the Inland Revenue under the Income and Corporation Taxes Act 1988 (which will confer certain tax reliefs on participants). The New Schemes are identical in all material respects unless indicated to the contrary in this summary.

It is intended that the Directors’ functions under the New Schemes, other than administrative ones, will be discharged by the Remuneration Committee.

(b) Eligibility

Employees and full-time directors of the Company and its subsidiaries (i.e. those who are obliged to work at least 25 hours a week in one or more Group companies) and who are not otherwise excluded by the relevant legislation will be eligible to participate in the New Schemes.

(c) Grant of Options

Options (which may relate to new or existing shares) may be granted at any time prior to Admission; but thereafter only within the 6 weeks following the adoption of the New Schemes or the announcement by the Company of its final and/or interim results for any period (and in the case of the Approved Scheme its approval by the Inland Revenue). They may also be granted at other times which the Directors consider to be sufficiently exceptional.

No payment will be required for the grant of an option. Options are not transferable other than where, by virtue of a participant’s death, they may be exercised by his personal representatives.

(d) Limit on the issue of shares under the New Schemes

No options may be granted under the New Schemes in any year which would cause the number of shares in the Company issued or issuable under all share options granted in the previous 10 years, or issued in that period otherwise than pursuant to options, under the New Schemes or any other employees’ share scheme adopted by the Company to exceed 10 per cent. of the Company’s issued ordinary share capital at that time.

Options granted on or prior to Admission, or options granted in return for the release of those held under the Domino’s Pizza Group Limited Unapproved Share Option Scheme, are not counted for those purposes.

(e) Limit on Individual Participation

Save where the Remuneration Committee determines otherwise, no option may be granted to an individual if, at the time it is granted, it would cause the aggregate market value (as at the date of grant) of the shares which he may acquire pursuant to options granted in the preceding 10 years, under the New Schemes or any other share option scheme adopted by the Company, to exceed 4 times his annual earnings. Options which have been released continue to count against the individual’s entitlement, but options granted on or prior to Admission, or options granted in return for the release of those held under the Domino’s Pizza Group Limited Unapproved Share Option Scheme, are excluded.



The aggregate market value (as at the date of grant) of shares under option to an individual at any given moment pursuant to the Approved Scheme or any other approved executive share option scheme established by the Company or an associated company shall not exceed £30,000.

(f) *Exercise Price*

The price per ordinary share payable on the exercise of an option will not be less than the higher of:

(1) Under the Approved Scheme:

- (i) the market value of a share in the Company, as agreed with the Inland Revenue; or
- (ii) should the Company become fully listed on the London Stock Exchange, the middle market quotation of a share in the Company,

in either case on the day before the option is granted or such other day as may be agreed with the Inland Revenue.

(2) Under the Unapproved Scheme:

- (i) the middle-market quotation for an ordinary share as derived from the Daily Official List of the London Stock Exchange; or
- (ii) should the Company's shares not appear in the Daily Official List, the value of a share as reasonably determined by the Directors,

in either case on the day before the option was granted or some other day within the 30 days beforehand determined by the Directors.

In any event the price may not be less than the nominal value of an ordinary share if the option is expressed to relate solely to new ordinary shares.

(g) *Exercise of options*

The Directors will set performance conditions on the exercise of options. The current conditions apply in respect of each year in the period of three years preceding the date of vesting beginning on the date of grant of the option and ending on or before the date the option lapses, such that for each year, the growth in the Company's Institute of Investment Management and Research headline earning per share ("EPS") based upon the audited accounts and approved by the Company's auditors must exceed the growth in the RPI by 5 per cent. per year in each year. For these purposes:

1. On the date of grant, the Company's EPS shall be based on the audited accounts for the period ended immediately prior to the date of grant; and the RPI shall be the figure for the month to which those audited accounts are made up;
2. For each subsequent year, the Company's EPS shall be based on the Company's audited accounts for that year and the RPI shall be the figure for the month to which those audited accounts are made up;
3. The RPI is the general index of retail prices (for all items) published by the Department of Employment or, if that index is not published for the month in question, any substituted index or index figures published by the Department.

The Directors may make adjustments to the method of calculating EPS to take account of any factors considered by the Directors to be relevant.

An option may only be exercised in respect of:

1. The first 33 $\frac{1}{3}$ per cent. of the ordinary shares comprised in that option if the performance condition is satisfied for the first of the three years comprising the three year period;

2. The next 33 $\frac{1}{3}$ per cent. of the ordinary shares comprised in that option if the performance condition is satisfied in respect of the second of the three years comprising the three year period; and
3. The final 33 $\frac{1}{3}$ per cent. of the ordinary shares comprised in that option if the performance condition is satisfied in respect of the last of the three years comprising the three year period.

Options normally lapse on cessation of employment. However, exercise is permitted:

1. following cessation of employment in certain compassionate circumstances; otherwise only at the Directors' discretion; and
2. on a reconstruction, takeover or winding-up of the Company.

In such cases the performance conditions cease to apply, except that they continue to apply in the case of normal retirement and the Directors have discretion as to whether they shall continue to apply in the case of a reconstruction, takeover or winding-up.

(h) Rights attaching to Shares

All ordinary shares allotted under the New Schemes will rank equally with all other ordinary shares of the Company for the time being in issue (except for any rights arising by reference to a record date before the date of allotment).

(i) Variation of Capital

In the event of any increase or variation of share capital, or (except in the case the Approved Scheme) of the payment of a capital dividend or of any other circumstances similarly affecting options, the Directors may make such adjustments as they consider appropriate to the number of shares subject to options and the price payable on their exercise.

(j) Alterations to the New Schemes

The Directors may at any time alter or add to the New Schemes in any respect, provided that once Admission has occurred the prior approval of the Company in general meeting is obtained for alterations or additions to the advantage of participants to the rules governing eligibility, limits on participation, terms of exercise, non-assignability of options and adjustment of options. Such prior approval is not required for minor amendments for administrative advantage, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or Group companies. Also, the above does not restrict the ability of the Directors to adjust performance conditions to take account of supervening events (e.g. a variation of share capital).

(k) Pensionability

No benefits received under the New Schemes will be pensionable.

The Board adopted the rules constituting the New Schemes and the rollover of the Scheme by resolutions passed on 15 November 1999. The Share Option Schemes are intended to motivate, retain and reward Directors, employees and consultants who by their efforts are able to influence the performance and success of the Company's business. The Approved Scheme has not been approved by the Inland Revenue although application has been made for approval.

7.3 Under the Scheme, options over the equivalent of 4,127,102 Ordinary Shares have been granted to Directors and employees of the Group.

In addition, options will be granted over a further 2,232,007 Ordinary Shares under the New Schemes to all employees at the Placing Price

8. PREMISES

The principal property of the Group is at Lasborough Road, Kingston, Milton Keynes MK10 0AB and is a freehold office block and commissary.



9. CONTRACTS OF FUNDAMENTAL IMPORTANCE

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by a member of the Group and are, or may be, of fundamental importance to the Company's business:

(a) UK Master Franchise Agreement

The UK Master Franchise Agreement (the "Master Franchise Agreement") between DPII and DPG and dated 29 December 1993 as amended by agreements dated 28 September 1995, 26 May 1997, 24 June 1997 and 31 August 1998 sets out the basis of the relationship between DPG and DPII.

1. DPG has exclusive development rights to develop, operate and sub-licence Domino's Pizza Stores, and to use and sub-licence the use of the Domino System (as per the operating manual) and the associated trademarks in the operation of the stores in the UK, Northern Ireland and the Republic of Ireland (the "Territory") for the development term. The development term lasts from the date of the Master Franchise Agreement until December 31, 2006. This term may be extended and renewed until 2016, at the option of DPII.
2. DPG also has the operating rights to maintain its entire right, title and interest and all liabilities and obligations in respect of each area development agreement and franchise agreement which it will execute as master franchisee. It may use and sub-licence the use of the Domino System and the associated trader marks in operation of the stores in the Territory. The operation rights expire on the date on which all franchise agreements entered into pursuant to this agreement (including those inherited from DPIUK) have expired or been terminated.
3. If the development term is not renewed, DPG continues to have the right to maintain its entire right, title and interest and all liabilities and obligations under each area development agreement and franchise agreement executed as master franchisee. However, it has no further rights to grant any franchise or enter into franchise agreements for Domino's Pizza Stores other than on assignment or renewal of an already existing franchise agreement or area development agreement in effect as of the expiration of the development rights. DPII has the right to operate and franchise or grant to any other person the right to do so in respect of the stores within the Territory subject to any territorial rights of Franchisees under franchise agreements and area development agreements executed with DPG prior to the expiration of the development term.
4. DPG has the exclusive right to establish a commissary on the terms and conditions of the Commissary Agreement. DPII agrees not to establish a competing commissary and to provide ongoing support and assistance to the commissary.
5. DPII agrees during the development term not to operate or grant to any person any right relating to the operation of a Domino's Pizza Store or use of the marks within the Territory other than in accordance with the Master Franchise Agreement.
6. DPG is required to open and maintain at least the number of stores referred to as the minimum development quota. In addition, following the year ended 31 December 1999, a mutual review of this growth clause is scheduled to take place. Should there be a shortfall in these quotas, DPII has the right to undertake such development itself or through another party subject to any prior rights granted to Franchisees.
7. Any stores operated by DPG must be pursuant to a standard form franchise agreement between DPG and the relevant DPG subsidiary or division and any changes are to be made with DPII's consent.
8. Subject to DPII's reasonable approval, DPG has the right to operate as test sites 10 Domino stores, that offer customer seating and sit down services under the Domino's 'Pizzazz' mark.

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9. Prior written approval from DPII is required before DPG grants any sub-franchises. Without such approval, DPG must, on receipt of DPII's written request to do so, terminate the relevant sub-franchise agreement. In addition, if DPG is in breach of the Master Franchise Agreement, and has received a notice of default, DPG is not able to enter into any such franchise agreements. DPII may provide its consent to such further franchises conditionally on the correction by DPG of the relevant breach.
 10. On the signing of each new franchise agreement for the first twelve stores per year, DPG must pay to DPII a non-refundable store opening fee of £3,000 less applicable withholding taxes paid by DPG; the next twelve stores carry a fee of £1,500; no fees are payable following the signing of these 24 franchises.

DPG is prevented from charging a combined development and franchisee fee in excess of £15,000 per store without the consent of DPII. DPG must supply to DPII all relevant information regarding development fees or consideration in kind received pursuant to a franchise or area agreement.

11. A continuing royalty fee is paid by DPG to DPII in US Dollars (or at DPII's option in local currency). From 1998 until May 2001, DPG pays 1.5 per cent. of the total receipt from all sales in the territory of all pizza and beverages and other approved items offered by DPG, but excluding sales and equivalent taxes and any discounts approved by DPII. These are paid monthly, to DPII, on the 30th day of each month on sales for the preceding month. The percentage increases from 1.5 per cent. to 2.5 per cent. in May 2001, to 2.8 per cent. for the calendar year 2002 and to 3 per cent. from 2003 onwards. (DPII has agreed to waive 0.3 per cent. of this fee from May 2001 onwards, if DPG is in compliance with the relevant minimum store growth requirements.)

In the event that royalty charges paid by any Franchisee exceeds 5.5 per cent. the excess shall be shared on a 50:50 basis between DPII and DPG. DPG is required to pay the local tax authorities on DPII's behalf any withholding payments required by law, details of which should be provided to DPII with official receipts for payment. These amounts may be deducted from the royalty payments to DPII.

12. DPG must collect 4 per cent. of monthly sales from each Franchisee and set it aside in a separate advertising fund. Advertising is monitored by DPII and if DPG's advertising practices fall short of its standards, and the inconsistency is not corrected in a reasonable period of time, DPII has the right to direct and administer the advertising fund. DPG has reasonable access to advertising materials developed by DPII for use elsewhere in the world.
 13. If DPG does not meet its minimum growth quotas, then DPG is required to contribute to the advertising fund the lesser of one quarter of 1 per cent. of the store sales or £100,000 which amount increases in line with the general index of retail prices in the previous year.
 14. DPG must appoint an individual to devoted to development, management and the supervision of the stores in the Territory.
 15. DPG has to use its best endeavours to ensure that all sub-Franchisees comply with their franchise agreements including taking all steps to correct any breach of such agreements. DPII has the right to inspect all the stores in the territory and all the book, records, etc of DPG and all the Franchisees and to take an inventory of the assets of all the stores. DPII also has the right to audit the advertising fund and all sales reports, financial statements and tax returns which DPG is required to submit under this agreement. Any understatement shall result in an increase of fees to be paid to DPII in correlation with the understatement given.
 16. DPG must establish a book keeping and record keeping system conforming to requirements prescribed by DPII and submit monthly reports on the sales and products sold by all stores franchised, quarterly unaudited statements (within 30 days of the end of each fiscal quarter), annual unaudited statements (within 90 days of each end of fiscal year), tax returns should DPII so request and any other information that DPII may reasonably request. DPII may require DPG to obtain and submit within 90 days an audited statement of profit and loss and financial condition
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- for any financial year if DPII believes that DPG has submitted reports which may contain material inaccuracies.
17. DPG may not use or approve for use by Franchisees any ingredients, supplies or materials to be used in preparation, packaging and delivery of pizza unless they or their supplier have been previously approved in writing by DPII (not to be unreasonably withheld or delayed). DPII have the right to inspect without notice the facilities of any approved supplier to test whether quality standards are met.
 18. Franchise agreements must be entered into for each store opened within the territory. It is DPG's obligation to ensure that all local laws and regulations are complied with pursuant to the Master Franchise Agreement and also pursuant to franchise agreements. DPG provides training and support including a training centre for the Franchisees. Areas covered should include store operations, ongoing support and lease and site selection.
 19. DPII provided ongoing training to up to 10 individuals for the first three years of the Master Franchise Agreement and provides free guidance to DPG in respect of the Domino System including the ideas, concepts, methods and techniques.
 20. Any modifications by DPG to Domino's operating manual shall be submitted to DPII, which should only be those reasonably required to comply with legal requirements or for commercial success in the territory. Otherwise, DPII has the right from time to time to modify in any way the operating manual which it will then communicate to DPG. DPG must abide by any change provided that it will not place DPG in contravention of applicable law or have materially adverse commercial effect within the territory or adversely affect DPG's fundamental status and rights.
 21. DPG acknowledges DPII's ownership of all trademarks licensed to DPG in the Master Franchise Agreement and is specifically granted the right to use the name DPG. On termination or expiration of the Master Franchise Agreement, DPG is prevented from using the Domino System and the marks and cannot require any compensation for goodwill to be paid. DPG may use and register a business name approved by DPII as the sole name to identify the business carried on by DPG, subject to consent from DPII not to be unreasonably withheld.
 22. DPG is the registered user of the Domino's trademarks in the Territory.
 23. DPG is obliged to notify DPII of any infringement or challenge to DPG's use of any of the marks or any claim in any right of the marks. DPII has sole discretion as to whether to take action and to take such action as it deems appropriate.
 24. The entire knowledge relating to the operation of the Domino's system is confidential information and is a trade secret of DPII to be kept confidential during and after the term of the Master Franchise Agreement by DPG.
 25. During the term of the Master Franchise Agreement, DPG and its controlling shareholders must not have any direct or indirect interest (other than 5 per cent. of an entity listed on a recognised investment exchange) without the prior written approval of DPII in any business primarily engaged in sit down, delivery or carry out pizza or an entity which may franchise or licence such activities located in the territory. For a period of one year from the termination of the Master Franchise Agreement, DPG and its controlling Shareholders are prohibited from holding such an interest without the written consent of DPII.
 26. DPII and DPG entered into mutual non-solicitation provisions of each other's staff.
 27. DPG shall comply with and ensure that all Franchisees operate their stores in full compliance with all relevant legislation.
 28. DPG and the Franchisees have the sole right to determine the prices to be charged by their stores.

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29. DPG has the right to terminate if DPII breaches the Master Franchise Agreement and fails to cure the breach within 30 days of receiving written notice from DPG (or other reasonable amount of time) and termination shall be effective 90 days after delivery to DPII of notice of termination. DPG may also terminate if DPII ceases or takes steps towards ceasing to carry on business, or any insolvency proceedings are taken against DPII. DPG also has the right to terminate if the Commissary Agreement is terminated for any reason.
 30. DPII may terminate *inter alia* when: DPG enters into any insolvency arrangements; fails to submit when due sales reports or financial statements or to pay the royalty fee, advertising fee or other payments; convicted of any offence or crime affecting the goodwill associated with the marks; makes a material misrepresentation to DPII in respect of its application for the franchise; DPG intentionally under-reports sales or if an audit by DPII discloses such understatement and DPG fails to pay the applicable fees with interest within five days of receipt of the final audit report; misuses the marks, breaches confidentiality, breaches the in-term restrictive covenant or assigns in contravention to the Master Franchise Agreement; and fails to properly execute any documents which are reasonably necessary to give effect to the provisions of the Master Franchise Agreement and fails to correct such breach within 30 days of written notice.
 31. DPII may terminate if there is any change in the beneficial or legal shareholding of the controlling ownership interest of DPG without the prior written consent of DPII. In addition, IFS must maintain a 50 per cent. stake in DPG while it is a private company and a 25 per cent. stake if it becomes publicly traded, subject to prior written consent from DPII.
 32. DPII may terminate effective on delivery of a notice of termination if DPG fails to correct a relevant failure within:
 - (a) 7 days of notice if it relates to the use of any marks or the quality of pizza or beverage or cleanliness or sanitation of any store; or
 - (b) 30 days if such failure is to pay any money due and payable under the Master Franchise Agreement or other related agreements. If DPG breaches the Master Franchise Agreement and fails to cure the breach within 30 days after receipt of written notice then DPII may terminate the agreement effective 90 days after delivery to DPG of notice of termination.
 33. DPG's right to enter franchise agreements is suspended from receipt of notice of termination and DPII has the option exercisable within 30 days of termination to purchase the assets of each store owned or controlled by DPG and DPG's interests as UK Master Franchisees.

On termination, DPG must immediately cease to use or display confidential information, trade secrets and anything to do with the Domino system and the marks and if it does not do so, DPII has the right to enter the premises to remove the items containing such marks.
 34. The Master Franchise Agreement is governed by Michigan law and all claims are to be referred to arbitration at the American Arbitration Association.
 35. Colin Halpern and Gail Halpern have signed a document appended to the Master Franchise Agreement representing and warranting that they are indirectly the controlling shareholders of DPG. They are each agreed to be bound by and personally liable for breach of the conditions of the Master Franchise Agreement relating to restrictive covenants and assignment.

(b) Commissary Agreement

1. The commissary agreement dated 29 December 1993 (the "Commissary Agreement") between (1) DPII and (2) DPG grants the right to use the technical knowledge and know-how of DPII to DPG.
2. The consideration for entering into this agreement was one quarter of 1 per cent. of the royalty sales which is included in the royalty fee payable under the Master Franchise Agreement and a continuing and non-refundable royalty fee of 1 per cent. of the gross sales of all other products.



3. The usual commercial termination clauses (insolvency and failure to pay) are included.
4. Governing law is that of the state of Michigan, USA and any claim is initially to be referred to the American Arbitration Association.

(c) Open Agreement

1. DPG entered into an Agreement with Open Interactive Limited (“Open”) on 23 September 1999 (the “Open Agreement”). The purpose of the Open Agreement was to reflect the terms of DPG’s contract with Open in order to allow it to use the Open Platform to offer the community of Open Viewers interactive television applications and services and to facilitate transactions with Open Viewers. The Open Platform is the first generation of interactive television. It allows viewers to order goods and services via their television screens by means of a remote control.
2. The Open Agreement obliges Open to grant DPG’s access to the Open platform and, in addition, to assist DPG in the creation of a “shop front” via which Open Viewers can place orders for the Group’s products. In return, DPG is responsible for maintaining the “shop front” and ensuring that the quality of products and services sold via the Open Platform accord with all trading standards laws and regulations applicable to such products in the United Kingdom.
3. The Open Agreement contains a number of reporting and marketing obligations and the requirement to pay fees for use of the Platform. DPG is also required under the terms of the agreement to sub-licence all relevant logos and trademarks to Open for the purpose of the agreement.
4. In order to implement the Open Agreement, certain modifications were needed to the Master Franchise Agreement. In particular, DPPII was required to consent to an amendment allowing DPG to sub-licence trademarks and logos to Open for the purpose of the Open Agreement. In addition, the Operating Manual referred to in the Master Franchise Agreement will be amended to reflect the impact of the Open Agreement on DPG Franchisees.
5. As a result of the transaction with Open, DPG also entered into a Merchant Agreement with Midland Bank dated 23 September 1999, to enable payments of transactions completed via the Open Platform to be made. This agreement imposes obligations on DPG and its Franchisees in connection with the use and acceptance of credit cards and certain reporting requirements.

(d) Banking arrangements with National Westminster Bank plc.

DPG has entered into a £3,000,000 Committed Evergreen Base Rate Facility and a £3,000,000 Committed Commercial Variable Rate Loan with National Westminster Bank Plc (the “Bank”) to refinance the existing facilities of DPG with the Bank and for capital expenditure. The security for the facilities includes a guarantee from the Company, a mortgage debenture over the assets of the Company and a legal mortgage over the freehold site at Kingston Milton Keynes given by DP Group Developments Limited.

(e) Share for share exchange agreement.

Under the terms of a Share for Share Exchange Agreement dated 15 November 1999, the Company has contracted to acquire the entire issued share capital of DPG immediately prior to Admission in consideration of the allotment and issue of 44,000,000 Ordinary Shares (which includes forty issued subscriber shares of 5p each) credited as fully paid to the existing shareholders of DPG.

(f) Placing Agreement

1. The Placing Agreement is dated 16 November 1999 and made between the Seymour Pierce (1) the Company (2) Colin Halpern and others (the “Placing Agreement”) under which Seymour Pierce has agreed, conditional, *inter alia*, on Admission, to use its reasonable endeavours as agent to procure places on behalf of the Company to subscribe for and/or purchase the Placing Shares at the Placing Price, failing which Seymour Pierce will subscribe for and/or purchase such shares itself. In addition, Seymour Pierce has agreed, conditional, *inter alia*, on Admission, to underwrite the Offer for Subscription.

2. Under the Placing Agreement:

- (i) The Company has agreed to pay Seymour Pierce a corporate finance fee of £150,000, inclusive of all commissions for effecting and underwriting the Placing and Offer for Subscription;
- (ii) HS Real has agreed to pay Seymour Pierce £15,000 as a commission for placing the Sale Shares;
- (iii) The Directors have given certain representations, warranties and indemnities as to the accuracy of the information contained in this document and other matters in relation to the Company and its business.
- (iv) The Placing Agreement may be terminated by any of the parties to it should its performance be delayed or impaired by a force majeure event which affects the business or condition (financial or otherwise) of the Group in the context of the Placing and Offer for Subscription or which in Seymour Pierce's reasonable judgment makes it impossible, unlawful or inadvisable to proceed with the Placing and Offer for Subscription.
- (v) The Placing Agreement may be terminated in certain circumstances, including for material breach of the warranties.

(g) Standstill Agreement

An agreement dated 16 November 1999 between the Company (1) Seymour Pierce Limited (2) and the persons referred to in the schedule to the agreement (3) (the "Standstill Agreement"). Under the Standstill Agreement IFS, HS Real, CTG Investment Limited and certain of the Directors have agreed not to dispose of any interest in their Ordinary Shares for a period ending one month after the publication of the interim results of the Company in 2000 save, *inter alia*, in the event of an intervening court order, a takeover offer relating to the Company's shares becoming or being declared unconditional, or on the death of the Director or employee.

10. LITIGATION

There are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) against, or being brought by, the Company or any member of the Group which are having or may have a significant effect on the Company's financial position.

11. WORKING CAPITAL

The Company is of the opinion that, having made due and careful enquiry, the working capital available to the Group will, from the time the Ordinary Shares are admitted to AIM, be sufficient for its present requirements, that is for at least the next twelve months.

12. TAXATION

(a) General

The statements set out below are intended only as a general guide to current UK law and practice and apply only to certain categories of persons. The summary does not purport to be a complete analysis or listing of all the potential tax consequences of acquiring, holding and disposing of Ordinary Shares and only relates to the position of shareholders who are the beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as investments; in particular it does not address the position of certain classes of shareholders, such as dealers in securities. Prospective purchasers of Ordinary Shares are advised to consult their own tax advisers concerning the tax consequences, under UK, US federal, state and local and other laws, of the acquisition, ownership and disposal of Ordinary Shares.

This summary is based upon UK law and UK Inland Revenue practice as of the date of this document and each of which may be subject to change, possibly with retroactive effect.

(b) *Dividends*

Advance corporation tax was abolished with effect from 6 April 1999. Therefore, the Company no longer has to account to the Inland Revenue for advance corporation tax when it pays a dividend. The foreign income dividend regime was also abolished from the same date.

In respect of dividends on Ordinary Shares paid on or after 6 April 1999, individual shareholders resident in the UK (for tax purposes) are entitled to a tax credit at the rate of one ninth of the cash dividend or ten per cent. of the aggregate of the cash dividend and the associated tax credit. Such shareholders will be liable to income tax (if at all) on the aggregate of the dividend and the associated tax credit at, in the case of starting and basic rate taxpayers, the Schedule F ordinary rate (10 per cent. in 1999-2000) or, in the case of higher rate taxpayers, the Schedule F upper rate (32.5 per cent. in 1999-2000). The tax credit will be offset against their total income tax liability. Therefore, taxpayers who, after taking into account dividend income, are liable to UK income tax at only the starting or basic rate will have no further liability to income tax. Higher rate taxpayers will, after taking into account the tax credit, have an additional tax liability of an amount which, when deducted from the cash dividend, will result in the same after tax return as the after tax return for a dividend paid prior to 6 April 1999.

Subject to certain transitional relief for charities, PEPs and ISAs, however, UK shareholders who were entitled to repayment of tax credits in respect of dividends paid before 6 April 1999 are generally no longer to be able to do so.

As with dividends paid prior to 6 April 1999, UK resident corporate shareholders are generally not subject to corporation tax in respect of dividends received from the Company on or after 6 April 1999.

Shareholders resident outside the UK or subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser concerning their liabilities to tax on dividends received and the effect of the above changes for them.

(c) *Chargeable Gains*

A disposal of Ordinary Shares by a shareholder resident or ordinarily resident for tax purposes in the UK or a non UK resident shareholder who carries on a trade, profession or vocation in the UK through a branch or agency and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such branch or agency may, depending on the shareholder's circumstances, and subject to any available exemptions, allowances or reliefs, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains. Special rules apply to disposals by individuals at a time when they are temporarily not resident or ordinarily resident in the UK.

(d) *UK Stamp duty and stamp duty reserve tax*

Except in relation to depositary receipts and clearance services (to which special rules apply);

- (1) the allotment and issue of Offer Shares and Placing Shares by the Company pursuant to the Placing and Offer for Subscription will not normally give rise to a charge to stamp duty or stamp duty reserve tax ("SDRT") (although the Company has agreed to pay certain such charges should a liability arise). A transfer of existing Ordinary Shares pursuant to the Placing will normally give rise to a charge to stamp duty or SDRT and arrangements have been made for IFS to bear any such stamp duty or SDRT liabilities which arise.
- (2) agreements to transfer Ordinary Shares within CREST will attract SDRT normally at the rate of 0.5 per cent. Of the amount or value of the consideration. The charge to SDRT arises, in the case of an unconditional agreement to transfer such shares within CREST, on the date of the agreement and, in the case of a conditional agreement, on the date the agreement becomes unconditional. The SDRT may be collected through CREST in which case it becomes payable on the date agreed between the Inland Revenue and the operator of the CREST system.
- (3) there is generally no additional stamp duty or SDRT liability where Ordinary Shares are taken out of CREST (otherwise than pursuant to a transfer on sale) or where Ordinary Shares are deposited

in CREST for conversion into uncertificated form (otherwise than pursuant to a transfer on sale or in contemplation of such sale). A transfer of Ordinary Shares on a CREST transfer form pursuant to a transfer on sale for conversion into uncertificated form will not generally give rise to a charge to stamp duty but will attract an SDRT liability normally at the rate of 0.5 per cent. on the amount or value of the consideration.

- (4) transfers of Ordinary Shares will be liable to ad valorem stamp duty normally at the rate of 0.5 per cent. of the actual consideration paid. The stamp duty liability will be rounded up to the nearest multiple of £5. A charge to SDRT, normally at the rate of 0.5 per cent. of the consideration paid, arises, in the case of an unconditional agreement to transfer shares, on the date of agreement or, in the case of a conditional agreement, on the date the agreement becomes unconditional. The SDRT is payable on the seventh day of the month following the month in which the charge arises. However, where an instrument of transfer is executed and duly stamped before the expiry of a period of six years beginning with the date of that agreement (or the date on which the agreement becomes unconditional, as the case may be), the SDRT charge is cancelled to the extent that the SDRT has not been paid and, if any of the SDRT has been paid, a claim may be made for its repayment.

(e) *UK Inheritance Tax*

The Ordinary Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or on the death of, an individual holder of such assets may (subject to certain exemption and reliefs) give rise to a liability to UK inheritance tax, whether or not that holder is domiciled or deemed to be domiciled in the UK and whether or not the holder is resident and/or ordinarily resident in the UK for tax purposes. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Ordinary Shares bringing them within the charge to UK inheritance tax.

13. GENERAL

- (a) Ernst & Young, whose address is set out on page 5 of this document, have given and have not withdrawn their written consent to the inclusion in this document of their reports in Parts II and III and to the references to their name in the form and context in which they appear in this document. Ernst & Young accept responsibility for the said reports.
- (b) Seymour Pierce Limited, whose address is set out on page 5 of this document and which is regulated by the Securities and Futures Authority Limited, has given and not withdrawn its written consent to the references to its name in the form and context in which it appears in this document.
- (c) The total proceeds of the Placing and Offer for Subscription available to the Company will amount to £3,000,000. After deduction of the estimated expenses of the Placing and Offer for Subscription (which are payable by the Company) of £500,000, the net proceeds will be approximately £2,500,000. The Placing Price represents a premium of 45p over the nominal value of the Ordinary Shares.
- (d) The Ordinary Shares will be issued in registered and dematerialised form.
- (e) The financial information contained in this document does not constitute statutory accounts within the meaning of section 240 of the Act. Copies of the audited accounts for DPG for the three financial years ended 27 December 1998 have been delivered to the Registrar of Companies. These accounts were unqualified and did not contain a statement under section 237 of the Act.
- (f) Seymour Pierce is underwriting the Placing and Offer for Subscription.
- (g) No person (excluding professional advisers otherwise disclosed in the prospectus and trade suppliers) has received from the Company within the 12 months preceding the application for admission to AIM or entered into contractual arrangements (not otherwise disclosed in the prospectus) to receive from the Company on or after Admission any of the following:



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- (a) fees totalling £10,000 or more;
 - (b) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
 - (c) any other benefit with a value of £10,000 or more at the date of Admission.
- (h) There have been no interruptions and there has been no significant change to the business of the Group which have or have had a significant effect on the financial position of the Group since 30 June 1999.
- (i) The address of HS Real, the vendor of the Sale Shares, is 13324 Verdun Drive, Palm Beach Gardens, Florida 33410 USA.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of the Company at Domino's House, Lasborough Road, Kingston, Milton Keynes MK10 0AB and at the offices of McDermott, Will & Emery at 7 Bishopsgate, London EC2N 3AQ during normal business hours on any weekday (except Saturdays and public holidays) for the period ending 14 days after Admission:

- (a) the existing memorandum and articles of association of the Company and the Articles;
- (b) the audited accounts of DPG for each of the three financial years ended 27 December 1998 and the unaudited interim accounts of DPG to 30 June 1999;
- (c) the contracts referred to in paragraph 9 of this Part V;
- (d) the written consents referred to in paragraph 13 of this Part V;
- (e) the service contracts and letters of appointment referred to in paragraph 6 of this Part V; and
- (f) the Share Option Schemes referred to in paragraph 7 of this Part V.

Copies of this document are freely available to the public from the Company's offices at Lasborough Road, Kingston, Milton Keynes MK10 0AB and from the offices of Seymour Pierce, 29/30 Cornhill, London EC3V 3NF from the date of this document until at least 14 days after Admission.

Date 16 November 1999

PART VI

DETAILS OF THE OFFER FOR SUBSCRIPTION

1. TERMS OF THE OFFER FOR SUBSCRIPTION

- (a) The Company is offering 3,000,000 new Ordinary Shares at 50p per new Ordinary Share payable in full on application.
- (b) Application must be for a minimum of 400 Offer Shares and thereafter in multiples of 200 Offer Shares. Only one application can be made by an applicant (or for his/her benefit) on an Application Form.
- (c) The Offer Shares will, when allotted, be fully paid and rank *pari passu* in all respects with the Ordinary Shares then in issue, including the right to receive all dividends and distributions hereafter declared, made or paid. They will be issued free from all liens, charges and encumbrances.
- (d) The Company and Seymour Pierce reserve the right to reject in whole or in part, or to scale down or limit any application as they shall, in their discretion, think fit and the Directors intend, to the greatest extent possible, to give priority to applications from the Group's employees and Franchisees.
- (e) By completing and delivering an Application Form, each applicant (and, if he/she signs the Application Form on behalf of somebody else or a corporation, that person or corporation):
 - (i) offers to subscribe for the number of Offer Shares specified in his/her Application Form (or such lesser number for which his/her Application Form is accepted) at the Placing Price on the terms of and subject to this document, including these terms and conditions on application, and the memorandum and articles of association of the Company;
 - (ii) warrants that his/her cheque or banker's draft will be honoured on first presentation and agrees that if it is not so honoured he/she will not be entitled to receive a share certificate in respect of the shares applied for or to enjoy or receive any rights or distributions in respect of the shares unless and until payment is made in cleared funds for such shares and such payment is accepted by the Company in its absolute discretion (which acceptance shall be on the basis that the applicant indemnifies it against all costs, damages, losses, expenses and liabilities arising out of or in connection with the failure of his/her remittance to be honoured on first presentation) and he/she agrees that, at any time prior to the unconditional acceptance by the Company of any such later payment, the Company may (without prejudice to its other rights) avoid the agreement to subscribe for such shares and may allot such shares to some other person, in which case he/she will not be entitled to any payment in respect of such shares other than the refund to him/her at his/her risk of any proceeds of the cheque or banker's draft accompanying his/her application, without interest;
 - (iii) agrees that, in respect of those Offer Shares for which his/her application has been received and is not rejected, acceptance of that application shall be constituted by notification of acceptance thereof to Harford Registrars;
 - (iv) agrees that any monies returnable to the applicant may be retained by Harford Registrars pending clearance of his/her remittance and that such monies will not bear interest;
 - (v) warrants that, if he/she signs the Application Form on behalf of somebody else or on behalf of a corporation, he/she has due authority to do so on behalf of that other person or corporation, and such person or corporation will also be bound accordingly and will be deemed also to have given the confirmations, warranties and undertakings contained herein and undertakes to enclose his/her power of attorney or a copy thereof duly certified by a solicitor with the Application Form;



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- (vi) agrees that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with English law, and that he/she submits to the exclusive jurisdiction of the English Courts and agrees that nothing shall limit the right of the Company to bring any action, suit or proceeding arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
 - (vii) confirms that, in making such application, neither the applicant nor any person on whose behalf he/she is applying is relying on any information or representation in relation to the Company other than the information contained in this document and accordingly agrees that no person responsible solely or jointly for this document or any part hereof or involved in the preparation hereof shall have any liability for any such information or representation;
 - (viii) authorises Harford Registrars or any person authorised by them, as his/her agent to do all things necessary to effect registration of any Offer Shares subscribed by him/her into his/her name(s) or into the name(s) of any person(s) in whose favour the entitlement to any such Ordinary Shares has been transferred and authorises any representative of Harford Registrars to execute any document required therefor;
 - (ix) agrees that, having had the opportunity to read this document, he/she shall be deemed to have had notice of all information and representations concerning the Company and the Offer Shares contained herein;
 - (x) warrants that he/she is not under the age of 18; and
 - (xi) agrees on request by the Company or at its discretion on behalf of the Company, to disclose promptly in writing to it, any information which it may reasonably request in connection with his/her application and authorises it to disclose any information relating to his/her application as it considers appropriate.

2. PROCEDURE FOR APPLICATION

- (a) The Application Form, which accompanies this document, contains full details regarding application and payment.
- (b) Applicants who wish to apply for Offer Shares under the Offer for Subscription, in whole or in part, must complete the Application Form in accordance with the instructions printed thereon and return it, together with the appropriate remittance for the full amount payable on application, either by post or by hand, to Harford Registrars, Harford House, 101-103 Great Portland Street, London W1N 6LL so as to arrive as soon as possible but, in any event, no later than 12 noon on 23 November 1999. Application Forms received after that time may not be treated as valid. It is recommended that at least two working days are allowed for delivery. Applications will not be acknowledged.
- (c) Cheques or banker's drafts should be crossed "Account Payee only" and made payable to the Company's Registrars and Receiving Agents, "Harford Registrars a/c Domino's". They must be drawn in sterling on a bank or building society or branch thereof in the United Kingdom, the Channel Islands or the Isle of Man, which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company or a member of either of the committees of the Scottish or Belfast Clearing Houses or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies or committees and must bear the appropriate sort code in the top right hand corner. The Company reserves the right to reject applications unless these requirements are fulfilled. Cheques and banker's drafts are liable to be presented for payment upon receipt. It is a term of the Offer that cheques shall be honoured on first presentation. The Company may elect to treat as invalid any application in respect of which a remittance is not so honoured. Cheques or banker's drafts will be presented for payment on receipt.

3. MONEY LAUNDERING

- (a) It is a term of the Offer for Subscription that, to ensure compliance with the Money Laundering Regulations 1993, each of the Company and Harford Registrars as receiving agent on its behalf is entitled to require, at its absolute discretion, verification of identity from any person lodging an Application Form (an “applicant”) including, without limitation, any person who either:
- (i) tenders payment by way of a cheque or banker’s draft drawn on an account in the name of a person or persons other than the applicant; or
 - (ii) appears to the Company or Harford Registrars to be acting on behalf of some other person.

Pending the provision of evidence satisfactory to the Company or Harford Registrars as to the identity of the applicant and/or any person on whose behalf the applicant appears to be acting, the Company or Harford Registrars, in its absolute discretion, may retain an Application Form lodged by an applicant and/or the cheque or other remittance relating thereto and/or not enter the applicant on the register of members or issue any share certificate in respect of them.

- (b) If verification of identity is required, this may result in a delay in dealing with an application and in rejection of the application. In order to avoid this, payment should ideally be made by means of a cheque drawn by the person named on the Application Form. If this is not practicable and a cheque drawn by a third party or building society cheque or banker’s draft is used, the applicant should:
- (i) write the name and address of the person named on the Application Form on the back of the cheque, building society cheque or banker’s draft and, in the case of an individual, record his/her date of birth against his/her name;
 - (ii) if a building society cheque or banker’s draft is used, the building society/bank should be asked to endorse on the cheque or banker’s draft the name and account number of the person whose building society or bank account is being debited. The building society or bank endorsement should be overlaid with the branch stamp;
 - (iii) if the application is being made as agent for one or more persons, the applicant should indicate on the Application Form whether he is a United Kingdom or EC regulated person or institution (e.g. bank or broker) and specify his status. If he is not a United Kingdom or EC regulated person or institution, he should contact Harford Registrars in the first instance for guidance.
- (c) The Company reserves the right, in its absolute discretion, for it or Harford Registrars to reject any application in respect of which the Company or Harford Registrars considers that, having requested verification of identity, it has not received evidence of such identity satisfactory to it by such time as was specified in the request for verification of identity or in any event within a reasonable period. In the event of an application being rejected in any such circumstances, the Company reserves the right in its absolute discretion, but shall have no obligation, to terminate any contract of allotment relating to or constituted by such Application Form (in which event the monies payable to or paid in respect of the application will be returned (without interest) to the account of the drawee bank from which such sums were originally debited) and/or to endeavour to procure other subscribers for the Offer Shares in question (but in each case without prejudice to any rights which the Company and/or Harford Registrars may have to take proceedings to recover in respect of loss or damage suffered or incurred by it as a result of the failure to produce satisfactory evidence as aforesaid). The submission of an Application Form will constitute a warranty and undertaking by the applicant to the Company and to Harford Registrars to provide promptly to Harford Registrars such information as may be specified by the Company or Harford Registrars as being required for the purpose of the Money Laundering Regulations 1993.
- (d) None of the Company, Harford Registrars and their advisers shall be responsible or have any liability for loss or damage (whether actual or alleged) arising from the election by the Company or Harford Registrars or their advisers to treat an application in respect of Offer Shares lodged by any applicant as invalid or to terminate any contract of allotment as a result of the Company or Harford Registrars not having received evidence as to the identity of the person lodging the relevant Application Form reasonably satisfactory to it within a reasonable time of having requested such information.



4. OVERSEAS PERSONS

- (a) No person receiving a copy of this document and/or any Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form, unless in the relevant territory such an invitation or offer could lawfully be made to him or such Application Form could lawfully be used without compliance with any unfulfilled registration or other legal requirements. Any person receiving a copy of this document and/or an Application Form outside the United Kingdom and wishing to make an application for any Offer Shares must satisfy himself as to the full observance of the laws of the relevant territory, including obtaining any governmental or other consents which may be required and observing any other formalities needing to be observed in such territory and is responsible for paying any issue, transfer or other taxes due in such territory.
- (b) The Company reserves the right, in its absolute discretion, to treat the Offer for Subscription as having not been made in any particular case if it believes any application thereunder would or may violate applicable legal or regulatory requirements.
- (c) The Offer Shares have not been and will not be registered under the Securities Act of 1993, as amended, of the United States ("Securities Act"). Accordingly, except where a transaction is exempt under the Securities Act, the Offer Shares may not be offered, sold or renounced, directly or indirectly, in the United States of America (including the State and the District of Columbia) its territories, possessions and other areas subject to its jurisdiction ("United States") to or for the account or benefit of a US person. This document shall not constitute an offer to sell or the solicitation of an offer to buy any of the Offer Shares in any jurisdiction in which such offer or solicitation is unlawful.
- (d) No Application Form will be distributed to any person whose address is in the United States and this document is therefore sent to any such person for information only. If an Application Form is received by any US person, or the agent of a US person, he should not make an application unless it constitutes an exempt transaction under the Securities Act. Application and payment under an Application Form will constitute a representation and warranty that the person entitled to it is not a US person and will not hold or acquire any of the Offer Shares in the United States or to or for the account of a US person or that the acceptance constitutes a transaction which is exempt under the Securities Act.
- (e) For the purpose of this document, the term "US Person" means a citizen of the United States resident in the United States, a corporation, partnership or other entity created or organised in or under the laws of the United States and an estate or trust, the income of which is subject to United States Federal income taxation, regardless of its source, but does not include a branch or agency of a US bank or insurance company that is operating outside the United States for valid business reasons as a legally regulated branch or agency engaged in the banking or insurance business and not solely for the purpose of investing in securities not registered under the Securities Act.
- (f) Persons resident in other overseas territories should consult their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to apply for Offer Shares under the Offer for Subscription.

5. SETTLEMENT AND DEALING

- (a) Definitive certificates in respect of the Offer Shares are expected to be dispatched by 8 December 1999. No temporary documents of title will be issued and pending the issue of definitive share certificates, transfers will be certified against the register.
- (b) All documents or remittances sent by or to an applicant, or as he/she may direct, will be sent through the post at his/her own risk. All payments under the Offer must be made in pounds sterling.
- (c) Applicants who have CREST Stock Accounts will be able to have Offer Shares credited to those accounts.

6. FURTHER INFORMATION

Your attention is drawn to the further information set out in this document and the terms and conditions set out in the Application Form and the guidance notes thereto.