23 July 2007

DOMINO'S PIZZA UK & IRL plc
RESULTS FOR THE TWENTY-SIX WEEKS ENDED 1 JULY 2007

Domino's Pizza UK & IRL plc ("Domino's Pizza" or the "Group"), the UK and Ireland leader in pizza delivery, announces its results for the twenty-six weeks ended 1 July 2007.

Highlights

- Profit before tax increased 35.0% to £8.3m (2006: £6.1m).
- Earnings per share:
  - Basic earnings per share up 39.3% to 3.76p (2006: 2.70p)
  - Diluted earnings per share up 44.4% to 3.71p (2006: 2.57p)
- Proposed interim dividend increased 46.2% to 1.90p per share (2006: 1.30p)
- 20 new stores opened in the period (2006: 21 stores). One store was closed (2006: nil) resulting in a total of 470 stores at the period end (2006: 428 stores)
- Like-for-like sales in 404 mature stores up 14.9% (2006: 8.3% in 357 mature stores)
- System sales increased 24.0% to £142.5m (2006: £114.8m)
- E-commerce sales up 42.1% to £13.6m (2006: £9.6m). E-commerce now represents 14.3% of our delivered pizza sales in the UK
- Cash at bank and in hand of £9.9m (2006: £8.6m)

Stephen Hemsley, Chief Executive of Domino's Pizza UK & IRL plc, commented:

"I am very pleased to report an excellent first half of 2007 which has seen your Group further strengthen its market leadership not only in terms of system sales and units but also by pioneering innovations that are leading the way in the home delivery food industry.

"Group profits continue to grow faster than system sales thanks to our operational gearing that arises from having a relatively fixed cost base. This growth continues to translate into strong cash generation, significant returns for shareholders and another record interim dividend payment.

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"We have successfully overcome the strong comparatives presented by last year's World Cup but remain mindful of some still more challenging comparatives, particularly in the last quarter.

"Whilst we still aim to open 50 stores per year, new store openings in the first half of 2007 were behind this target. In the current year, without an improvement in planning outcomes, openings are more likely to be in the range of 40-45 stores. With these reservations in mind we are confident of another year of strong growth in system sales and profits and are well-placed to exceed market expectations for the year."

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Notes to editors:

Domino's Pizza UK & IRL plc holds the exclusive master franchise to own, operate and franchise Domino's Pizza stores in the UK and Ireland. The Group is the leading player in the UK and Ireland's fast-growing pizza delivery market. The first UK store opened in 1985 and the first Irish store opened in 1991.

There are 470 stores in the UK and Ireland. Of these, 376 stores are in England, 35 are in Scotland, 16 are in Wales, 11 are in Northern Ireland and 32 are in the Republic of Ireland.

Founded in 1960, Domino's Pizza is the recognised world leader in pizza delivery. Through its primarily franchised system, Domino's Pizza operates a global network of more than 8,000 stores in over 50 countries.

For photography visit www.dominos.uk.com/media or contact Hogarth on 00 44 20 7357 9477.

CHIEF EXECUTIVE'S STATEMENT

Introduction

I am very pleased to report an excellent first half of 2007 which has seen your Group further strengthen its market leadership not only in terms of system sales and units but also by pioneering innovations that are leading the way in the home delivery food industry.

In the face of tough comparatives, system sales grew significantly largely due to a clear focus on targeted marketing and in-store operations. Increasing numbers of new customers are responding to our creative campaigns and convenient ordering channels whilst loyalty is growing thanks to our ever-improving service and imaginative menu development.

The opening of new stores is still proving to be a challenge and this is reflected in our achieving only 20 openings in the first half. Our objective is to open 50 new stores each year however, our expansion drive continues to be aggravated by restraining factors outside of our control, such as planning, which create a tough climate for property acquisition. Whilst opening high quality stores with excellent long-term prospects is key, maintaining the volume of these store openings is equally important. We will remain focused on securing the maximum possible number of store openings in the second half.

Group profits continue to grow faster than system sales thanks to our operational gearing that arises from having a relatively fixed cost base. This growth continues to translate into strong cash generation, significant returns for shareholders and another record interim dividend payment.

Sales

System sales in the twenty-six weeks ended 1 July 2007 rose by 24.0% to £142.5m (2006: £114.8m). Like-for-like sales in the 404 mature stores grew by 14.9% (2006: 8.3% in 357 stores).

The National Advertising Fund, which has doubled in size since 2005 as a result of higher sales and increased franchisee contributions, has enabled the Group to run frequent, heavyweight TV advertising and targeted direct mailings to support the four marketing campaigns executed in the first half of 2007. Following the now-traditional January price promotion, we launched the 'Meateor' pizza - our second most successful pizza launch on record - followed by a Simpsons-themed pizza and two new side orders which helped to drive up average ticket. We are in no doubt as to the effectiveness of new product launches when it comes to motivating new and existing customers to order.

The latter part of the first half saw us up against the comparative figures generated by the 2006 World Cup. However the cooler temperatures and increased rainfall which are often very helpful to home delivery food operators, allowed us to comfortably exceed these comparatives.

E-commerce accounted for 14.3% of all delivered pizza sales in the UK (2006: 12.3%) and in the first half sales increased by 42.1% to £13.6m (2006: £9.6m). During June, e-commerce sales were 60.6% ahead of the previous year. The launch of online ordering in Ireland took place in the period and we are pleased with progress despite a slow start. A programme of enhancements to the Irish service is now underway. www.dominos.co.uk and www.dominos.ie continue to be our fastest-growing channels to market.

Sales via e-commerce were supported by more aggressive marketing including promotion of the online service within our sponsorship of The Simpsons on Sky One. Ofcom's restrictions on the advertising of food and drink to children required us to drop product advertising around this programme which, in turn, created an excellent opportunity for us to promote the online ordering channel where average ticket is higher and the cost per order to stores is lower. As anticipated the Ofcom restrictions have not had any impact on the business and we continue to focus our marketing efforts on the 18-40 age range.

In the first half of 2007 Domino's became the first national pizza delivery operator to announce the removal of all hydrogenated fat from its food ingredients. Our menu development activity continues to find more ways to enhance the quality and choice currently on offer on the menu.

The use of realtime technology in stores, has resulted in dramatic improvements in customer service standards. The technology we have introduced enables our franchisees to pinpoint how their team members can work together to make and bake a pizza as quickly as possible without compromising on quality. The team's combined efforts in-store provide delivery drivers with ample time to get the pizza safely to the customer. A national incentive has encouraged all stores to get behind this effort and we have already achieved our 2010 target for improved service times, with an average out-the-door time of 13.5 minutes (January 2006: 16.0 minutes).

Expansion

During the first twenty-six weeks of 2007, 20 new stores were opened (2006: 21 stores). While this is below our target, we have sufficient potential sites in the pipeline to open 50 new stores for the year provided we can secure the necessary planning consents. However, we consider this unlikely and, therefore, expect to open 40-45 stores in the year. There was one store closure in the period (2006: nil). As a result, the store count at 1 July 2007 was 470 (2006: 428 stores).

Partnership with our franchisees, who are hands-on owner-operators with extensive local knowledge, is the most successful means of growing the Domino's system. A great deal of your Group's focus is spent on motivating and supporting these franchisees in their efforts to deliver our brand's promises. In the first half, all but one of the new store openings were with existing franchisees, underlining our strategy of managing the number of franchisees in the system as we grow. Each franchisee currently has an average of 3.2 stores (2006: 2.8 stores) and we hope that this average will continue to rise towards five stores at build-out.

Commissary development

As a result of the expanding store count and the rapid increase in like-for-like sales, we will need additional commissary capacity over the next few years. We are in the process of doubling the capacity of our existing commissary in Penrith which is expected to be available in Spring 2008. The capital cost of this extension and associated new equipment is estimated at £4.0m.

Longer term, we will need further commissary capacity and additional head office space in the southern part of England. We are, therefore, in negotiations to purchase a site close to Milton Keynes where we propose to construct a very large new commissary together with a head office and training facility. The budgeted cost of this new facility is in the region of £25.0m. This is higher than at first anticipated as we have chosen to purchase a larger plot in order to construct a new head office and training facility and increase the automation in our dough manufacturing. It is planned to have the new commissary available in the first half of 2009, the head office by the end of 2009 and the training facility in 2010. Once completed and fully operational the existing freehold site in Milton Keynes will be sold.

To accommodate the needs of 1,000 stores and to provide resilience to the system, we anticipate the need to increase the capacity of our commissary in Ireland and the construction of a further mid-sized commissary in the UK. It is difficult at this stage to estimate the likely cost and timing of these projects but they should be completed for less than £15.0m.

Trading results

Group revenue, which includes revenues generated from royalties, fees, food sales and rental income as well as a small element of revenues from corporately-owned and operated stores, grew by 22.3% to £55.2m (2006: £45.1m).

Group operating profit, before operating exceptionals of £0.3m and the accelerated LTIP charge of £0.1m, was up 35.7% to £8.4m (2006: £6.2m). Unadjusted group operating profit, before operating exceptionals of £0.3m was £8.3m (2006: £6.2m) and this increased by 34.3%.

The commissary rebate scheme, launched in 2005 to help franchisees overcome the burden of new external cost pressures, continued to benefit the franchisees in lowering their food cost. This rebate is linked to the uplift in like-for-like sales as well as helping ensure full compliance with all our standards. As a result of the significantly higher like-for-like sales growth in the first half of the year, the cost of this rebate rose to £0.7m (2006: £0.3m).

Profit before tax was £8.3m (2006: £6.1m), an increase of 35.0%. The tax rate of 28.2% (2006: 29.7%) is lower than the statutory Corporation tax rate primarily due to the lower tax rate on the taxable income in the Irish subsidiary company.

Profit after tax, before minority interest, was up 37.5% to £6.0m (2006: £4.3m).

Earnings per share and dividend

Basic earnings per share were up 39.3% to 3.76 pence (2006: 2.70 pence) and diluted earnings per share were up 44.4% to 3.71 pence (2006: 2.57 pence).

In line with our strategy of returning cash not required for the growth and expansion of the business to shareholders, we are pleased to declare an increase of 46.2% in the interim dividend to 1.90 pence per share (2006: 1.30 pence per share). This dividend, which is 2.0 times covered (2006: 2.1 times), will be paid on 31 August 2007 to shareholders on the register on 3 August 2007.

Cash Flow & Balance Sheet

Our cash position remains strong, with operating activities generating net cash in the period of £7.6m (2006: £7.1m).

In the first twenty-six weeks of the year, options over 380,000 shares were exercised generating a cash inflow of £0.3m (2006: £0.3m). During the period, the Group purchased 125,000 of its own shares at a cost of £0.8m (2006: £nil).

The Group continues to provide franchisees with leasing facilities for new equipment and refits through its wholly owned subsidiary DP Capital Limited. In the first twenty-six weeks of the year new advances of debt facilities of £0.7m were made available to DP Capital Limited which were matched by similar repayments resulting in borrowings of £2.4m (2006: £2.5m) at the half year.

As at 1 July 2007, the Group had cash in hand of £9.9m (2006: £8.6m) which taken together with the DP Capital borrowings noted above and the Employee Benefit Trust ('EBT') loan of £7.7m (2006: £7.5m), gave consolidated net borrowings of £3.8m (2006: £1.6m). After the deduction of the cost of the shares held in the EBT, shareholders' funds were £12.8m (2006: £15.1m), resulting in a gearing ratio of 29.2% (2006: 10.5%). As a result of the recent capital reconstruction, a subsidiary company has over £150m of reserves available. Consequently, if these reserves are distributed up to the parent company, gearing levels would be extremely low.

Impact of the adoption of International Financial Reporting Standards ("IFRS")

The financial information shown in this interim report is presented in accordance with IFRS. The comparative information for the twenty-six weeks ended 2 July 2006 and the fifty-two weeks ended 31 December 2006 have been restated under these standards.

The impact on the Group's profit and loss has been minimal; the effect on the results for the twenty-six weeks ended 1 July 2007 being to reduce UK GAAP profit before tax by £0.1m primarily as a result of the accrual for untaken holiday pay. No accrual needs to be made at the year end as no leave can be carried over the financial year end. Further information on the change to accounting standards is given in Note 2 below with full details and reconciliations of UK GAAP to IFRS attached as appendices to this report.

Share split

On the 27 April 2007, following the approval of shareholders at the Group's annual general meeting, the sub-division of each ordinary share of 5 pence each into 3.2 ordinary shares of 1.5625 pence each became effective. The Directors, having consulted with the Group's brokers, considered that having a larger number of ordinary shares with a lower market value would serve to facilitate the marketability and liquidity of the shares.

Board composition

Christopher Moore was promoted to the position of Deputy Chief Executive on 9 January 2007. Earlier in the year, Chris assumed board-level responsibility for the Group's three commissaries and his promotion reflected this extended remit.

Outlook

We have made an excellent start to the year with strong growth in like-for-like sales and have successfully overcome the strong comparatives presented by last year's World Cup. We remain mindful, however, of some still more challenging comparatives, particularly in the last quarter.

Whilst we still aim to open 50 stores per year, new store openings in the first half of 2007 were behind this target. In the current year, without an improvement in planning outcomes, openings are more likely to be in the range of 40-45 stores.

With these reservations in mind we are confident of another year of strong growth in system sales and profits and are well-placed to exceed market expectations for the year.

STEPHEN HEMSLEY
Chief Executive

GROUP INCOME STATEMENT

	Notes	(Unaudited) 26 weeks ended 1 July 2007 £000	(Unaudited) 26 weeks ended 2 July 2006 £000	52 weeks ended 31 December 2006 £000
Revenue from continuing operations		55,152	45,114	94,965
Cost of sales		(33,337)	(27,534)	(57,811)
Gross Profit		21,815	17,580	37,154
Distribution costs		(4,827)	(3,981)	(8,177)
Administrative costs (including operating exceptionals)		(9,112)	(7,477)	(15,462)
		7,876	6,122	13,515
Share of post tax profits of associates		149	62	171
Operating profit from continuing operations		8,025	6,184	13,686
Operating exceptionals	4	(279)	-	(499)
Operating profit from continuing operations before exceptional items		**8,304**	**6,184**	**14,185**
Profit on the sale of non current assets and assets held for sale		8	10	159
Profit on the sale of subsidiaries		360	-	454
Profit before interest and taxation		8,393	6,194	14,299
Finance income		374	162	397
Finance expense		(488)	(224)	(507)
Profit before taxation		8,279	6,132	14,189
Taxation		(2,333)	(1,824)	(4,193)
Profit for the year		5,946	4,308	9,996
Profit for the year attributable to:				
Equity holders of the parent		5,954	4,331	10,084
Minority interest		(8)	(23)	(88)
		5,946	4,308	9,996
Earnings per share (total and continuing operations)				
- Basic (pence)	6	3.76	2.70	6.23
- Diluted (pence)	6	3.71	2.57	6.12

GROUP BALANCE SHEET

	(Unaudited) At 1 July 2007 £000	(Unaudited) At 2 July 2006 £000	At 31 December 2006 £000
Non current assets			
Goodwill and intangible assets	1,421	871	1,585
Property, plant and equipment	12,985	13,021	11,909
Prepaid operating lease charges	858	671	683
Net investment in finance leases	1,778	1,348	1,748
Investments in associates	676	564	589
Deferred tax asset	1,596	963	1,275
	19,314	17,438	17,789
Current assets			
Inventories	2,163	2,195	1,818
Trade and other receivables	10,531	10,965	9,632
Net investment in finance leases	835	777	864
Prepaid operating lease charges	152	164	158
Cash and cash equivalents	9,934	8,593	10,262
	23,615	22,694	22,734
Non current assets held for sale	533	434	1,641
Total assets	43,462	40,566	42,164
Current liabilities			
Trade and other payables	(13,335)	(11,211)	(13,433)
Deferred income	(31)	(26)	(31)
Financial liabilities	(4,328)	(766)	(6,835)
Current tax liabilities	(2,129)	(2,145)	(2,339)
	(19,823)	(14,148)	(22,638)
Non current liabilities			
Provisions	(226)	(706)	(233)
Financial liabilities	(9,339)	(9,232)	(9,009)
Deferred income	(1,012)	(934)	(989)
Deferred tax liabilities	(232)	(446)	(309)
Total liabilities	(30,632)	(25,466)	(33,178)
Net assets	12,830	15,100	8,986
Shareholder’s equity			
Called up share capital	2,588	2,658	2,574
Share premium account	5,011	4,927	4,765
Capital redemption reserve	267	171	261
Treasury share reserve	(4,403)	(4,216)	(4,216)
Currency translation reserve	(23)	-	(21)
Retained earnings	9,352	11,472	5,575
Equity shareholder’s funds	12,792	15,012	8,938
Minority interest	38	88	48
Total equity	12,830	15,100	8,986

GROUP CASH FLOW STATEMENT

	(Unaudited) 26 weeks ended 1 July 2007 £000	(Unaudited) 26 weeks ended 2 July 2006 £000	52 weeks ended 31 December 2006 £000
Cash flows from operating activities			
Profit before taxation	8,279	6,132	14,189
Net finance costs	114	62	110
Share of post tax profits of associates	(149)	(62)	(171)
Amortisation and depreciation	935	919	1,815
Profit on disposal of non current assets	(368)	(10)	(613)
Share option and LTIP charge (including accelerated LTIP charge)	442	193	344
(Increase)/decrease in inventories	(339)	(13)	349
(Increase)/decrease in debtors	(1,157)	(406)	82
(Decrease)/increase in creditors	(198)	438	2,884
Increase in deferred income	23	60	-
Decrease in provisions	(7)	(203)	(221)
Cash generated from operations	7,575	7,110	18,768
UK corporation tax	(1,933)	(1,670)	(3,624)
Overseas corporation tax paid	-	-	(131)
Net cash generated by operating activities	5,642	5,440	15,013
Cash flows from investing activities			
Interest received	255	152	389
Dividends received	41	-	21
Receipts from repayment of associate loan	135	31	105
Receipts from repayment of franchisee finance leases	522	685	1,349
Purchase of non current assets	(1,577)	(1,586)	(3,160)
Receipts from the sale of non current assets	1,216	408	453
Purchase and sale of minority interests	-	-	(103)
Net cash generated/(used) by investing activities	592	(310)	(946)
Cash inflow before financing	6,234	5,130	14,067
Cash flow from financing activities			
Interest paid	(314)	(202)	(459)
Issue of ordinary share capital	266	263	403
Purchase of own shares	(819)	-	(10,161)
Short term loans – bank overdraft	(2,500)	-	6,000
New long term loans	665	857	1,244
Repayment of long term loans	(545)	(702)	(1,457)
Payments to acquire finance lease assets	(523)	(523)	(1,026)
Equity dividends paid	(2,792)	(2,115)	(4,234)
Net cash used by financing activities	(6,562)	(2,422)	(9,690)
Net (decrease)/increase in cash and cash equivalents	(328)	2,708	4,377
Cash and cash equivalents at beginning of period	10,262	5,885	5,885
Cash and cash equivalents at end of period	9,934	8,593	10,262

GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Treasury Share Reserve £000	Currency Translation Reserve £000	Retained Earnings £000	Equity Shareholder's Funds £000	Minority Interest £000	Total Equity £000
At 1 January 2006 as previously stated	2,645	4,677	171	(7,500)	-	12,013	12,006	82	12,088
Prior period effect of adoption of IFRS	-	-	-	-	-	(70)	(70)	-	(70)
At 1 January 2006 as restated	2,645	4,677	171	(7,500)	-	11,943	11,936	82	12,018
Proceeds from share issue	13	250	-	-	-	-	263	-	263
Treasury shares held by EBT	-	-	-	3,284	-	(3,284)	-	-	-
Profit for the period	-	-	-	-	-	4,331	4,331	(23)	4,308
Tax credit on employee share options	-	-	-	-	-	404	404	-	404
Share option and LTIP charge	-	-	-	-	-	193	193	-	193
Minority interest movement	-	-	-	-	-	-	-	29	29
Equity dividends paid	-	-	-	-	-	(2,115)	(2,115)	-	(2,115)
At 2 July 2006	2,658	4,927	171	(4,216)	-	11,472	15,012	88	15,100
Proceeds from share issue	6	134	-	-	-	-	140	-	140
Share buybacks	(90)	(296)	90	-	-	(10,161)	(10,457)	-	(10,457)
Profit for the period	-	-	-	-	-	5,753	5,753	(65)	5,688
Tax credit on employee share options	-	-	-	-	-	479	479	-	479
Share option and LTIP charge	-	-	-	-	-	151	151	-	151
Exchange difference on the translation of net assets of subsidiary undertaking	-	-	-	-	(21)	-	(21)	-	(21)
Minority interest movement	-	-	-	-	-	-	-	25	25
Equity dividends paid	-	-	-	-	-	(2,119)	(2,119)	-	(2,119)
At 31 December 2006	2,574	4,765	261	(4,216)	(21)	5,575	8,938	48	8,986
Proceeds from share issue	20	246	-	-	-	-	266	-	266
Share buybacks	(6)	-	6	-	-	(819)	(819)	-	(819)
Treasury shares held by EBT	-	-	-	(187)	-	-	(187)	-	(187)
Profit for the period	-	-	-	-	-	5,954	5,954	(8)	5,946
Tax credit on employee share options	-	-	-	-	-	992	992	-	992
Share option and LTIP charge	-	-	-	-	-	442	442	-	442
Exchange difference on the translation of net assets of subsidiary undertaking	-	-	-	-	(2)	-	(2)	-	(2)
Minority interest movement	-	-	-	-	-	-	-	(2)	(2)
Equity dividends paid	-	-	-	-	-	(2,792)	(2,792)	-	(2,792)
At 1 July 2007	2,588	5,011	267	(4,403)	(23)	9,352	12,792	38	12,830

NOTES TO THE GROUP INTERIM REPORT

1. GENERAL INFORMATION

Domino's Pizza UK & IRL plc is a public limited company ("Company") incorporated in the United Kingdom under the Companies Act 1985 (registration number 03853545). The Company is domiciled in the United Kingdom and its registered address is Domino's House, Lasborough Road, Kingston, Milton Keynes, MK10 0AB. The Company's Ordinary Shares are traded on the Alternative Investment Market ("AIM"). Copies of the Interim Report are being sent to shareholders. Further copies of the Interim Report and Annual Report and Accounts may be obtained from the address above.

2. BASIS OF PREPARATION

Domino's Pizza UK & IRL plc has adopted International Financial Reporting Standards ("IFRS") as adopted by the European Union with effect from 1 January 2006. The Group will apply IFRS in its consolidated financial statements for the 52 weeks ending 30 December 2007. Therefore, these interim statements for the 26 weeks to 1 July 2007 are prepared using accounting policies in accordance with IFRS and International Financial Reporting Committee ("IFRIC") interpretations that are expected to be applicable to the consolidated financial statements for the 52 weeks ended 30 December 2007. These standards remain subject to ongoing amendment and/or interpretation and are therefore still subject to change. Accordingly, information contained in these interim financial statements may need updating for subsequent amendments to IFRS required for first time adoption or for new standards issued post the balance sheet date.

The basis of preparation and accounting policies followed in this interim report differ from those set out in the Annual Report and Accounts for the 52 weeks ended 31 December 2006 which were prepared in accordance with United Kingdom accounting standards (UK GAAP). As permitted, this interim report has not been prepared in accordance with IAS 34 "Interim Financial Reporting".

The interim financial statements do not constitute statutory accounts as defined by Section 240 of the Companies Act 1985.

The financial information for the 52 weeks ended 31 December 2006 has been extracted from the statutory accounts for the Group for that period now amended to conform with the IFRS accounting policies expected to be applied in the consolidated financial statements for the year ended 30 December 2007. These published accounts in a form consistent with UK GAAP were reported on by the auditors without qualification or an emphasis matter reference and did not include a statement under section 237(2) or (3) of the Companies Act 1985 and have been delivered to the Registrar of Companies.

A summary of significant accounting policies used in the preparation of this interim report under IFRS is provided in note 3 below.

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

A detailed explanation of the impact of the transition from UK GAAP to IFRS is contained in the appendix to the interim financial statements.

3. ACCOUNTING POLICIES

Key sources of estimation uncertainty

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are the measurement and impairment of goodwill and the estimation of share-based payment costs. The measurement of intangible assets other than goodwill on a business combination involves estimation of future cash flows and the selection of a suitable discount rate. The Group determines whether goodwill is impaired on an annual basis and this requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. This involves estimation of future cash flows and choosing a suitable discount rate. The estimation of share-based payment costs requires the selection of an appropriate valuation model, consideration as to the inputs necessary for the valuation model chosen and the estimation of the number of awards that will ultimately vest, inputs for which arise from judgements relating to the probability of meeting non-market performance conditions and the continuing participation of employees.

NOTES TO THE GROUP INTERIM REPORT

Basis of consolidation
The full year consolidated financial statements incorporate the results and net assets of the Company and its subsidiary undertakings drawn up to the nearest Sunday to 31 December each year. The interim results are prepared for the first 26 weeks of the relevant full period.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the parent company and are based on consistent accounting policies. All inter-company transactions and balances between Group entities, including unrealised profits arising from them, are eliminated upon consolidation.

Minority interests represent the portion of profit and loss and net assets in subsidiaries that is not held by the Group and is presented separately within equity in the consolidated balance sheet, separately from parent shareholders' equity.

Interests in associates
The Group's interests in its associates, being those entities over which it has significant influence and which are neither subsidiaries nor joint ventures, are accounted for using the equity method of accounting.

Under the equity method, the investment in an associate is carried in the balance sheet at cost plus post acquisition changes in the Group's share of net assets of the associate, less distributions received and less any impairment in value of individual investments. The Group's income statement reflects the Group's share of the associate's results after tax. The Group statement of recognised income and expense reflects the Group's share of any income and expense recognised by the associate outside profit and loss.

Any goodwill arising on the acquisition of an associate, representing the excess of the cost of the investment compared to the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities, is included in the carrying amount of the associate and is not amortised. To the extent that the net fair value of the associate's identifiable assets, liabilities is greater than the cost of the investment, a gain is recognised and added to the Group's share of the associate's profit or loss in the period in which the investment is acquired.

Financial statements of associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies used in line with those of the Group; to take into account fair values assigned at the date of acquisition and to reflect impairment losses where appropriate. Adjustments are also made in the Group's financial statements to eliminate the Group's share of unrealised gains and losses on transactions between the Group and its associates.

Foreign currencies
Foreign operations
The income and expenses of overseas subsidiaries are translated at the average rate of exchange ruling during the year. The balance sheet of the overseas subsidiary undertaking is translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences arising, if any, are included within equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed.

The Group has utilised the exemption available in IFRS 1 whereby cumulative translation differences are deemed to be zero at the date of transition to IFRS.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

NOTES TO THE GROUP INTERIM REPORT

Foreign currency transactions
Transactions denominated in foreign currencies are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement for the period.

Goodwill
Goodwill arising on consolidation represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill is recognised as an asset on the Group's balance sheet in the year in which it arises and is not amortised. Any goodwill asset arising on the acquisition of equity accounted entities is included within the cost of those entities.

Goodwill is recognised on the purchase of further minority interests under the parent entity extension method, whereby the entire difference between the cost of the additional interest in the subsidiary and the minority interest's share of the assets and liabilities reflected in the consolidated balance sheet at the date of the acquisition of the minority interest is reflected as goodwill.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and more frequently if events or changes indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at business segment level or statutory company level as the case may be. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

The carrying amount of goodwill allocated to a cash-generating unit is taken into account when determining the gain or loss on disposal of the unit, or of an operation within it.

Goodwill arising on acquisitions before 1 December 2006 (the date of transition to IFRS) has been recorded at its carrying amount under UK GAAP, subject to being tested for impairment at that date.

Intangible assets
Computer software
Computer software is carried at cost less accumulated amortisation and any impairment loss. Externally acquired computer software and software licences are capitalised at the costs incurred to acquire and bring into use the specific software. Internally developed computer software programs are capitalised to the extent that costs can be separately identified and attributed to particular software programs, measured reliably, and that the asset developed can be shown to generate future economic benefits. These assets are considered to have finite useful lives and are amortised on a straight line basis over the estimated useful economic lives of each of the assets, considered to be between three and five years.

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

Property, plant and equipment
Property, plant and equipment assets are carried at cost less accumulated depreciation and any recognised impairment in value. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Prepaid short lease hold property costs are classified as non-current prepayments. On initial recognition these assets are held at cost and subsequently at amortised cost over the length of the lease.

Depreciation is calculated to write down the cost of the assets to their residual values, on a straight-line method on the following bases:

- Freehold buildings and leasehold properties – 50 years, or the lease term if shorter.
- Plant, equipment, fixtures and fittings and motor vehicles – at rates varying from 10% to 50%.
- Leasehold building improvements – over the life of the lease
- Freehold land is not depreciated.

Land and buildings under construction and non current assets held for sale are not depreciated.

The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate on an annual basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year that the asset is derecognised.

All property, plant and equipment are reviewed for impairment in accordance with IAS 36, Impairment of Assets, when there are indications that the carrying value may not be recoverable.

Non-current assets held for sale
Non-current assets are classified as held for sale if their carrying amount will be recovered through sales rather than continuing use. This condition is regarded as met if a sale is expected to materialise within twelve months after the balance sheet date and the asset is available for immediate disposal in its present condition. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. After classification as assets held for sale, no further depreciation is provided for on the assets.

Leases
Group as lessee
Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Assets held as finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments during the lease term at the inception of the lease. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest in the remaining balance of the liability. Assets held under finance leases are depreciated over the shorter of the estimated useful life of the assets and the lease term.

Assets leased under operating leases are not recorded on the balance sheet. Rental payments are charged directly to the income statement. Lease incentives, primarily up-front cash payments or rent-free periods, are capitalised and spread over the period of the lease term. Payments made to acquire operating leases are treated as prepaid lease expenses and amortised over the life of the lease.

Group as lessor
Assets leased out under operating leases are included in property, plant and equipment and depreciated over their useful lives. Rental income, including the effect of lease incentives, is recognised on a straight line basis over the lease term.

Where the Group transfers substantially all the risks and benefits of ownership of the asset, the arrangement is classified as a finance lease and a receivable is recognised for the initial direct costs of the lease and the present value of the minimum lease payments. As payments fall due, finance income is recognised in the income statement so as to achieve a constant rate of return on the remaining net investment in the lease.

NOTES TO THE GROUP INTERIM REPORT

Impairment of assets
The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Provisions
Provisions are recognised when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefit will be required to settle the obligation and where the amount of the obligation can be reliably measured.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred to disposal.

Trade and other receivables
Trade receivables, which generally have 7 – 28 days terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision is made when it is likely that the balance will not be recovered in full. Balances are written off when the probability of recovery is considered remote.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Interest bearing loans and borrowings
Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at fair value less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

NOTES TO THE GROUP INTERIM REPORT

Income taxes
Current tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised using the balance sheet liability method, providing for temporary differences between the tax bases and the accounting bases of assets and liabilities. Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income tax liabilities are recognised for all temporary differences, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or losses can be utilised.

Income tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the income tax is also dealt with in equity.

Deferred tax assets and liabilities are offset against each other when the Group has a legally enforceable right to set off current tax assets and liabilities and the deferred tax relates to income taxes levied by the same tax jurisdiction on either the same taxable entity, or on different taxable entities which intend to settle current tax assets and liabilities on a net basis or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities are expected to be settled or recovered.

Derecognition of financial assets and liabilities
A financial asset or liability is generally derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Pensions
The Group contributes to the personal pension plans of certain staff. The contributions are charged as an expense as they fall due. Any contributions unpaid at the balance sheet date are included as an accrual at that date. The Group has no further payment obligations once the contributions have been paid.

NOTES TO THE GROUP INTERIM REPORT

Treasury shares
Domino's Pizza UK & IRL plc shares held by the Group are classified in shareholders' equity as "treasury shares" and are recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost being taken to revenue reserves except that where the proceeds exceed the consideration paid then the excess is transferred to the share premium account. No gain or loss is recognised on the purchase, sale issue or cancellation of equity shares.

The Employee Benefit Trust has waived its entitlement to dividends. The Group will meet the expenses of the trust as and when they fall due.

Revenue recognition
Revenue consists and is recognised as follows:

Pizza delivery	- on delivery of pizzas to franchisee customers
Commissary and equipment sales	- on delivery to franchisees
Royalties (based on system sales)	- on delivery of pizzas by franchisees to customers
Franchise sales	- on commencement of franchisee trading
Finance lease interest income	- as set out in lease accounting policy
Rental income on leasehold properties	- on a straight line basis in accordance with the lease terms

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue is measured at the fair value of consideration net of returns, rebates and value-added taxes.

Borrowing costs
Borrowing costs are generally expensed as incurred. Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalised while the asset is being constructed as part of the cost of that asset.

The policy is adopted for all assets that meet the definition of qualifying assets under the standard.

Capitalisation of borrowing costs should commence when:

- expenditures for the asset and borrowing costs are being incurred; and
- activities necessary to prepare the asset for its intended use are in progress.

Capitalisation ceases when the asset is substantially ready for its intended use. If active development is interrupted for an extended period, capitalisation is suspended. When construction occurs piecemeal and use of each part is possible as construction continues, capitalisation for each part ceases on substantial completion of that part.

For borrowing associated with a specific asset, the actual rate on that borrowing is used. Otherwise, a weighted average cost of borrowings is used.

NOTES TO THE GROUP INTERIM REPORT

Exceptional items
The Group presents as exceptional items on the face of the income statement, those material items of income and expense which, because of the nature and expected infrequency of the events giving rise to them, merit separate presentation to allow shareholders to understand better the elements of financial performance in the year, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

Share based payments
The Group provides benefits to employees (including Directors) in the form of share based payment transactions, whereby employees render services in exchange for rights over shares ("equity-settled transactions"). The cost of the equity-settled transactions with employees and Directors are measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date at which the relevant employees become fully entitled to the award. Fair values of employee share option plans are calculated using the Black-Scholes and Binomial models. In valuing equity settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and the Director's best estimate of the number of equity instruments that will ultimately vest on achievement or otherwise of non-market conditions or in the case of an instrument subject to a market condition, be treated as vested as described above. The movement in the cumulative expense since the previous balance sheet date is recognised in the income statement, with the corresponding increase in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised aver the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.
The Group has taken advantage of the transitional provisions of IFRS 2 in respect of equity-settled awards so as to apply IFRS 2 only to those equity-settled awards granted after 7 November 2002 that had not vested before 3 January 2005.

NOTES TO THE GROUP INTERIM REPORT

4. EXCEPTIONAL ITEMS

Recognised as part of operating profit

The Group has incurred the following exceptional charges relating to store closures and stores sold during the financial period:

	(Unaudited) 26 weeks ended 1 July 2007 £000	(Unaudited) 26 weeks ended 2 July 2006 £000	52 weeks ended 31 December 2006 £000
Onerous lease and dilapidation provisions	43	-	76
Restructuring and reorganisation costs	96	-	252
Assets written off	140	-	52
Lease finance and other bad debts provided for	-	-	119
	279	-	499

5. DIVIDENDS PAID AND PROPOSED

	(Unaudited) 26 weeks ended 1 July 2007 £000	(Unaudited) 26 weeks ended 2 July 2006 £000	52 weeks ended 31 December 2006 £000
Declared and paid during the year			
Final dividend for 2005 1.30p (2004: 0.95p)	-	2,115	2,115
Interim dividend for 2006 1.30p (2005: 0.97p)	-	-	2,119
Final dividend for 2006 1.77p (2005: 1.30p)	2,792	-	-
	2,792	2,115	4,234

The directors propose an interim dividend of 1.90p per share of £3,020,000 (2006: 1.30p £2,119,000).

NOTES TO THE GROUP INTERIM REPORT

6. EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on earnings of £5,954,000 (2006: 4,331,000) and on 158,425,428 (2006: 161,164,723) ordinary shares.

The diluted earnings per share is based on 160,623,346 (2006: 168,601,349) ordinary shares which takes into account theoretical ordinary shares that would have been issued, based on average market value if all outstanding options were exercised.

Reconciliation of basic and diluted earnings per share*:

	(Unaudited) 26 weeks ended 1 July 2007 £000	(Unaudited) 26 weeks ended 2 July 2006 £000	52 weeks ended 31 December 2006 £000
Ordinary shares – basic earnings per share	158,425,428	161,164,723	161,967,072
Dilutive share options	2,197,918	5,556,668	2,342,486
Reversionary interests	-	1,879,958	672,592
Ordinary shares – diluted earnings per share	160,623,346	168,601,349	164,982,150

Reversionary interests granted over 3,485,000 shares and share options granted over 3,135,590 shares have not yet vested at 1 July 2007. The performance conditions for these reversionary interests and share options have not been met in the current financial period and therefore the dilutive effect of the number of shares which would have vested at the period end have not been included in the diluted earnings per share calculation.

* After the share split of 3.2 ordinary shares of 1.5625 pence each for 1 ordinary share of 5 pence approved at the Annual General Meeting held on 26 April 2007.

APPENDIX TO THE GROUP INTERIM REPORT
REPORTING UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS

The interim financial statements are the first to be prepared by the Company using policies in accordance with IFRS as adopted by the European Union. The comparative figures have been prepared on the same basis and have therefore been restated from those previously prepared under UK GAAP. The commentary below details the key changes that have arisen due to the transition to reporting under IFRS. The Group's date of transition is 1 January 2006, which is the beginning of the comparative period for the 2007 financial year. Therefore the opening balance sheet for IFRS purposes is that reported at 1 January 2006, as amended for changes due to IFRS.

To explain the impact of the transition, reconciliations have been included in this appendix that show the changes made to the statements previously reported under UK GAAP. The following unaudited reconciliations are included in this appendix:

1. Reconciliation of Group balance sheet at 1 January 2006 from UK GAAP to IFRS.
2. Reconciliation of Group balance sheet at 31 December 2006 from UK GAAP to IFRS.
3. Reconciliation of Group income statement for the 52 weeks ended 31 December 2006 from UK GAAP to IFRS.
4. Reconciliation of Group balance sheet at 2 July 2006 from UK GAAP to IFRS.
5. Reconciliation of Group income statement for the 26 weeks ended 2 July 2006 from UK GAAP to IFRS.

The transition from UK GAAP to IFRS does not affect the cash flows generated by the Group. The IFRS cash flow statement is presented in a different format than that required under UK GAAP. The reconciling items between the UK GAAP format and the IFRS format have no net impact on the cash flows generated and accordingly reconciliations have not been presented.

The accounting policies used for IFRS are set out in note 3 of the main report.

First time adoption
The Group has applied the provisions of IFRS 1 – First Time Adoption of International Financial Reporting Standards which, generally, requires that IFRS accounting policies be applied retrospectively in determining the opening balance sheet at the date of transition. IFRS 1 contains both mandatory and optional exemptions to the principle of retrospective application. Where the Group has made use of an exemption it is noted below.

The Group has taken the following exemptions:

- **Share based payments**
  The Group operates a number of executive and employee share schemes. For all grants of share options and awards the fair value at the date of grant is calculated using an appropriate pricing model and the corresponding expense is recognised over the vesting period. The Group has elected to take advantage of the transitional provisions of IFRS 2 and has applied the fair value model to all grants of equity instruments after 7 November 2002 that had not vested as at 3 January 2005.

- **Goodwill and business combinations**
  The Group has taken the exemption not to apply IFRS 3 retrospectively to business combinations occurring prior to the date of transition to IFRS. Goodwill arising on acquisitions prior to this date has been retained at its carrying value as at 1 January 2006. The Group under the provisions of IAS 36, only recognises impairment. This results in the reversal of the goodwill amortisation previously charged to the income statement in the 52 weeks to 31 December 2006.

- **Cumulative translation differences**
  Under IAS 21, exchange differences arising on consolidation of overseas subsidiaries are required to be recognised as a separate equity reserve. The Group has utilised the exemption available in IFRS 1 whereby cumulative translation differences are deemed to be zero at the date of transition to IFRS.

- **Use of fair value or revaluation as deemed cost of property, plant and equipment, investment properties and certain intangible assets**
  The standard permits a first-time adopter to measure an item in its opening balance sheet using an amount based on its deemed costs. The Group has taken advantage of this exemption and has adopted the historical cost as its deemed cost.

Descriptions of the reconciling items between UK GAAP and IFRS are listed below. The amounts of the reconciling items are detailed in tables set out beneath each of the reconciliations.

- **Assets held for sale**
  As at date of transition and the comparative periods the Group owned various corporate stores, which met the criteria of assets, held for sale under IFRS 5. These have been reclassified to a separate line within total assets on the Group balance sheet.

- **Intangible assets**
  On transition, the Group following the provisions of IAS 36 has reclassified separately identifiable computer software assets from tangible assets to intangible assets.

- **Prepaid operating lease costs**
  The Group incurs costs in acquiring property leases. The Group previously treated these costs as additions to tangible fixed assets, however under IAS 17 they are more correctly described as prepaid operating lease charges. Accordingly on transition these expenses are reclassified from tangible fixed assets to prepaid lease charges. The charges are amortised over the lives of the operating leases on which they were incurred.

- **Lease inducements**
  The Group under UK GAAP recognised rent-free periods over the period to the commencement of the first market rent review. According to provisions in SIC 15 lease incentives are spread over the full term of the lease. As at the date of transition, deferred income reflecting the amount of lease inducements to be taken to the income statement in future periods has been recognised on the balance sheet.

- **Employee benefits**
  Under IAS 19 the Group is required to recognise untaken holiday pay entitlements. The Group's holiday year runs from January to December and therefore this provision will only impact on the Group's interim accounts. At the year-end, the Group does not have an obligation to carry over to the next holiday year or to pay employees for untaken holiday.

- **Deferred taxation**
  On transition, the Group following the provisions of IAS 12 has recalculated the deferred tax balances based on the temporary method. The most significant impact has been the recognition of deferred tax assets relating to share based payments and roll over relief.

- **Goodwill**
  The Group has reclassified goodwill previously recognised under UK GAAP on the acquisition of a store as an intangible asset. This relates to the right that it had previously granted to the acquiree to use the Group's trade name under a franchise agreement

APPENDIX TO THE GROUP INTERIM REPORT
Reconciliation of the Group Balance Sheet at 1 January 2006

	UK GAAP As at 1 January 2006 £000	Effect of Transition to IFRS £000	IFRS As at 1 January 2006 £000
Non current assets			
Goodwill and intangible assets	1,326	(446)	880
Property, plant and equipment	13,593	(1,009)	12,584
Prepaid operating lease charges	-	549	549
Net investment in finance leases	1,939	-	1,939
Investments in associates	451	-	451
Deferred tax asset	-	751	751
	17,309	(155)	17,154
Current assets			
Inventories	2,186	(10)	2,176
Trade and other receivables	9,985	-	9,985
Net investment in finance leases	997	-	997
Prepaid operating lease charges	-	59	59
Cash and cash equivalents	5,885	-	5,885
	19,053	49	19,102
Non current assets held for sale	-	857	857
Total assets	36,362	751	37,113
Current liabilities			
Trade and other payables	(10,607)	-	(10,607)
Deferred income	-	(53)	(53)
Financial liabilities	(941)	-	(941)
Current tax liabilities	(2,194)	-	(2,194)
	(13,742)	(53)	(13,795)
Non current liabilities			
Provisions	(880)	-	(880)
Financial liabilities	(9,085)	-	(9,085)
Deferred income	-	(847)	(847)
Deferred tax liabilities	(567)	79	(488)
Total liabilities	(24,274)	(821)	(25,095)
Net assets	12,088	(70)	12,018
Shareholder's equity			
Called up share capital	2,645	-	2,645
Share premium account	4,677	-	4,677
Capital redemption reserve	171	-	171
Treasury share reserve	(7,500)	-	(7,500)
Retained earnings	12,013	(70)	11,943
Equity shareholder's funds	12,006	(70)	11,936
Minority interest	82	-	82
Total equity	12,088	(70)	12,018

APPENDIX TO THE GROUP INTERIM REPORT
Reconciliation of the Group Balance Sheet at 1 January 2006

	Non Current Assets £000	Current Assets £000	Non current Assets held For sale £000	Current Liabilities £000	Non Current Liabilities £000	Shareholder's Funds £000
IAS38 – reclassification of software from tangible to intangible fixed assets	(162)	-	-	-	-	-
IAS38 – reclassification of software from tangible to intangible fixed assets	162	-	-	-	-	-
IAS17 – reclassification of prepaid operating lease charges from intangible fixed assets (lease premiums)	(608)	-	-	-	-	-
IAS17 – reclassification of prepaid operating lease charges from intangible fixed assets (lease premiums)	549	59	-	-	-	-
SIC15 – lease inducements spread over the full lease term (rent frees)	-	-	-	(53)	(847)	(900)
IFRS5 – reclassification of corporate stores as assets held for sale	(847)	(10)	857	-	-	-
IAS12 – recognition of deferred tax asset for share based payments	751	-	-	-	-	751
IAS12 – recognition of deferred tax liabilities for roll over relief	-	-	-	-	(191)	(191)
IAS12 – tax effects of conversion	-	-	-	-	270	270
Net movement	(155)	49	857	(53)	(768)	(70)

APPENDIX TO THE GROUP INTERIM REPORT
Reconciliation of the Group Balance Sheet at 31 December 2006

	UK GAAP As at 31 December 2006 £000	Effect of Transition to IFRS £000	IFRS As at 31 December 2006 £000
Non current assets			
Goodwill and intangible assets	2,159	(574)	1,585
Property, plant and equipment	13,780	(1,871)	11,909
Prepaid operating lease charges	-	683	683
Net investment in finance leases	1,748	-	1,748
Investments in associates	589	-	589
Deferred tax asset	-	1,275	1,275
	18,276	(487)	17,789
Current assets			
Inventories	1,838	(20)	1,818
Trade and other receivables	9,632	-	9,632
Net investment in finance leases	864	-	864
Prepaid operating lease charges	-	158	158
Cash and cash equivalents	10,262	-	10,262
	22,596	138	22,734
Non current assets held for sale	-	1,641	1,641
Total assets	40,872	1,292	42,164
Current liabilities			
Trade and other payables	(13,433)	-	(13,433)
Deferred income	-	(31)	(31)
Financial liabilities	(6,835)	-	(6,835)
Current tax liabilities	(2,339)	-	(2,339)
	(22,607)	(31)	(22,638)
Non current liabilities			
Provisions	(233)	-	(233)
Financial liabilities	(9,009)	-	(9,009)
Deferred income	-	(989)	(989)
Deferred tax liabilities	(419)	110	(309)
Total liabilities	(32,268)	(910)	(33,178)
Net assets	8,604	382	8,986
Shareholder's equity			
Called up share capital	2,574	-	2,574
Share premium account	4,765	-	4,765
Capital redemption reserve	261	-	261
Treasury share reserve	(4,216)	-	(4,216)
Currency translation reserve	(21)	-	(21)
Retained earnings	5,193	382	5,575
Equity shareholder's funds	8,556	382	8,938
Minority interest	48	-	48
Total equity	8,604	382	8,986

APPENDIX TO THE GROUP INTERIM REPORT
Reconciliation of the Group Balance Sheet at 31 December 2006

	Non Current Assets £000	Current Assets £000	Non current Assets held For sale £000	Current Liabilities £000	Non Current Liabilities £000	Shareholder's Funds £000
IAS38 – reclassification of software from tangible to intangible fixed assets	(250)	-	-	-	-	-
IAS38 – reclassification of software from tangible to intangible fixed assets	250	-	-	-	-	-
IAS38 – goodwill no longer amortised	17	-	-	-	-	17
IAS38 – reclassification of goodwill to intangible fixed assets – purchase of Edgbaston store	(360)	-	-	-	-	-
IAS38 – reclassification of goodwill to intangible fixed assets – purchase of Edgbaston store	360	-	-	-	-	-
IAS17 – reclassification of prepaid operating lease charges from intangible fixed assets (lease premiums)	(841)	-	-	-	-	-
IAS17 – reclassification of prepaid operating lease charges from intangible fixed assets (lease premiums)	683	158	-	-	-	-
SIC15 – lease inducements spread over the full lease term (rent frees)	-	-	-	(31)	(989)	(1,020)
IFRS5 – reclassification of corporate stores as assets held for sale	(1,621)	(20)	1,641	-	-	-
IAS12 – recognition of deferred tax asset for share based payments	1,275	-	-	-	-	1,275
IAS12 – recognition of deferred tax liabilities for roll over relief	-	-	-	-	(191)	(191)
IAS12 – tax effects of conversion	-	-	-	-	301	301
IAS12 – tax effects of share options exercised	-	-	-	-	-	(400)
IAS12 – tax effects of share options exercised	-	-	-	-	-	400
Net movement	(487)	138	1,641	(31)	(879)	382

APPENDIX TO THE GROUP INTERIM REPORT
Reconciliation of the Group Income Statement for the 52 weeks ended 31 December 2006

	UK GAAP 52 weeks ended 31 December 2006 £000	Effect of Transition to IFRS £000	IFRS 52 weeks As at 31 December 2006 £000
Revenue from continuing operations	94,965	-	94,965
Cost of sales	(57,811)	-	(57,811)
Gross Profit	37,154	-	37,154
Distribution costs	(8,177)	-	(8,177)
Administrative costs (including operating exceptionals)	(15,359)	(103)	(15,462)
	13,618	(103)	13,515
Share of post tax profits of associates	171	-	171
Operating profit from continuing operations	13,789	(103)	13,686
Operating exceptionals	(499)	-	(499)
Operating profit from continuing operations before exceptional items	**14,288**	**(103)**	**14,185**
Profit on the sale of non current assets and assets held for sale	159	-	159
Profit on the sale of subsidiaries	454	-	454
Profit before interest	14,402	(103)	14,299
Finance income	397	-	397
Finance expense	(507)	-	(507)
Profit before taxation	14,292	(103)	14,189
Taxation	(3,865)	(328)	(4,193)
Profit for the year	10,427	(431)	9,996
Profit for the year attributable to:			
Equity holders of the parent	10,515	(431)	10,084
Minority interest	(88)	-	(88)
	10,427	(431)	9,996
Earnings per share			
- Basic (pence)	6.49	(0.26)	6.23
- Diluted (pence)	6.38	(0.26)	6.12

	£000	Basic EPS (p)
Conversion effects comprise:		
SIC15 – lease inducements spread over the full lease term (rent frees)	(120)	(0.07)
IAS38 – goodwill no longer amortised annually	17	0.01
Profit before taxation	(103)	(0.06)
IAS12 – tax effects of conversion	31	0.02
IAS12 – tax effects of share based payments	(359)	(0.22)
Profit for the period	(431)	(0.26)

APPENDIX TO THE GROUP INTERIM REPORT
Reconciliation of the Group Balance Sheet at 2 July 2006

	UK GAAP As at 2 July 2006 £000	Effect of Transition to IFRS £000	IFRS As at 2 July 2006 £000
Non current assets			
Goodwill and intangible assets	1,506	(635)	871
Property, plant and equipment	13,643	(622)	13,021
Prepaid operating lease charges	-	671	671
Net investment in finance leases	1,348	-	1,348
Investments in associates	564	-	564
Deferred tax asset	-	963	963
	17,061	377	17,438
Current assets			
Inventories	2,199	(4)	2,195
Trade and other receivables	10,965	-	10,965
Net investment in finance leases	777	-	777
Prepaid operating lease charges	-	164	164
Cash and cash equivalents	8,593	-	8,593
	22,534	160	22,694
Non current assets held for sale	-	434	434
Total assets	39,595	971	40,566
Current liabilities			
Trade and other payables	(11,122)	(89)	(11,211)
Deferred income	-	(26)	(26)
Financial liabilities	(766)	-	(766)
Current tax liabilities	(2,145)	-	(2,145)
	(14,033)	(115)	(14,148)
Non current liabilities			
Provisions	(706)	-	(706)
Financial liabilities	(9,232)	-	(9,232)
Deferred income	-	(934)	(934)
Deferred tax liabilities	(567)	121	(446)
Total liabilities	(24,538)	(928)	(25,466)
Net assets	15,057	43	15,100
Shareholder’s equity			
Called up share capital	2,658	-	2,658
Share premium account	4,927	-	4,927
Capital redemption reserve	171	-	171
Treasury share reserve	(4,216)	-	(4,216)
Retained earnings	11,429	43	11,472
Equity shareholder’s funds	14,969	43	15,012
Minority interest	88	-	88
Total equity	15,057	43	15,100

APPENDIX TO THE GROUP INTERIM REPORT
Reconciliation of the Group Balance Sheet at 2 July 2006

	Non Current Assets £000	Current Assets £000	Non current Assets held For sale £000	Current Liabilities £000	Non Current Liabilities £000	Shareholder's Funds £000
IAS38 – reclassification of software from tangible to intangible fixed assets	(192)	-	-	-	-	-
IAS38 – reclassification of software from tangible to intangible fixed assets	192	-	-	-	-	-
IAS38 – goodwill no longer amortised	8	-	-	-	-	8
IAS17 – reclassification of prepaid operating lease charges from intangible fixed assets (lease premiums)	(835)	-	-	-	-	-
IAS17 – reclassification of prepaid operating lease charges from intangible fixed assets (lease premiums)	671	164	-	-	-	-
SIC15 – lease inducements spread over the full lease term (rent frees)	-	-	-	(26)	(934)	(960)
IFRS5 – reclassification of corporate stores as assets held for sale	(430)	(4)	434	-	-	-
IAS19 – recognition of employee benefits: untaken holiday pay entitlement	-	-	-	(89)	-	(89)
IAS12 – recognition of deferred tax asset for share based payments	963	-	-	-	-	963
IAS12 – recognition of deferred tax liabilities for roll over relief	-	-	-	-	(191)	(191)
IAS12 – tax effects of conversion	-	-	-	-	312	312
IAS12 – tax effects of share options exercised	-	-	-	-	-	(208)
IAS12 – tax effects of share options exercised	-	-	-	-	-	208
Net movement	377	160	434	(115)	(813)	43

APPENDIX TO THE GROUP INTERIM REPORT
Reconciliation of the Group Income Statement for the 26 weeks ended 2 July 2006

	UK GAAP 26 weeks ended 2 July 2006 £000	Effect of Transition to IFRS £000	IFRS 26 weeks ended 2 July 2006 £000
Revenue from continuing operations	45,114	-	45,114
Cost of sales	(27,534)	-	(27,534)
Gross Profit	17,580	-	17,580
Distribution costs	(3,981)		(3,981)
Administrative costs	(7,336)	(141)	(7,477)
	6,263	(141)	6,122
Share of post tax profits of associates	62	-	62
Operating profit from continuing operations	6,325	(141)	6,184
Profit on the sale of non current assets and assets held for sale	10	-	10
Profit before interest	6,335	(141)	6,194
Finance income	162	-	162
Finance expense	(224)	-	(224)
Profit before taxation	6,273	(141)	6,132
Taxation	(1,674)	(150)	(1,824)
Profit for the year	4,599	(291)	4,308
Profit for the period attributable to:			
Equity holders of the parent	4,622	(291)	4,331
Minority interest	(23)	-	(23)
	4,599	(291)	4,308
Earnings per share			
- Basic (pence)	2.87	(0.17)	2.70
- Diluted (pence)	2.74	(0.17)	2.57

	£000	Basic EPS (p)
Conversion effects comprise:		
SIC15 – lease inducements spread over the full lease term (rent frees)	(60)	(0.04)
IAS19 – recognition of employee benefits: untaken holiday pay entitlement	(89)	(0.5)
IAS38 – goodwill no longer amortised annually	8	0.01
Profit before taxation	(141)	(0.08)
IAS12 – tax effects of conversion	42	0.02
IAS12 – tax effects of share based payments	(192)	(0.11)
Profit for the period	(291)	(0.17)

INDEPENDENT REVIEW REPORT TO DOMINO'S PIZZA UK & IRL PLC

Introduction

We have been instructed by the company to review the financial information for the 26 weeks ended 1 July 2007 which comprises the Group Income Statement, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Changes in Equity, and the related notes 1 to 6. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report as required by the AIM Rules issued by the London Stock exchange.

As disclosed in note 2, the next annual financial statements of the group will be prepared in accordance with those IFRSs adopted for use by the European Union.

The accounting policies are consistent with those that the directors intend to use in the next financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with those IFRSs adopted for use by the European Union.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies have been applied. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 1 July 2007

Ernst & Young LLP
Registered Auditor
Luton
20th July 2007