



MEDIA INFORMATION



For Immediate Release

25 July 2005

DOMINO'S PIZZA UK & IRL plc INTERIM RESULTS FOR THE TWENTY-SIX WEEKS ENDED 3 JULY 2005

Domino's Pizza UK & IRL plc ("Domino's Pizza", the "Company" or the "Group"), the UK and Ireland's leading pizza delivery company, announces its interim results for the twenty-six weeks ended 3 July 2005.

Highlights

- Profit before tax, before exceptionals, increased 22.6% to £5.0m (2004: £4.1m) and after exceptionals, increased 34.7% to £5.5m (2004: £4.1m)
- Earnings per share:
 - Basic earnings per share up 38.1% to 7.97p (2004: 5.77p)
 - Diluted earnings per share up 42.7% to 7.82p (2004: 5.48p)
- Interim dividend increased 40.9% to 3.10p per share (2004: 2.20p)
- A record 23 new stores opened in the period (2004: 19 stores) resulting in a total of 380 stores at the period end (2004: 337 stores)
- Like-for-like sales in 317 mature stores up 8.4% (2004: 4.9% in 268 stores)
- System sales increased 19.1% to £97.1m (2004: £81.5m)
- E-commerce sales up 64.0% to £6.5m (2004: £4.0m). E-commerce now represents 10.6% of our delivered pizza sales in the UK
- Sale of 13 corporate stores for £4.0m, generating an exceptional profit of £0.8m
- Cash at bank and in hand of £8.5m (2004: £2.9m)

Stephen Hemsley, Chief Executive of Domino's Pizza, commented:

"Your Company has continued to make excellent progress in the first twenty-six weeks of 2005, with record store openings and robust like-for-like sales growth. Strong cash flow, boosted by the sale of most of the remaining corporate stores in June, has enabled us to continue to return cash to shareholders by further share buybacks and strong growth in dividends.

"As our market share continues to grow within this expanding sector, we look forward to opening a total of between 800 and 1,000 Domino's Pizza stores in the UK and Ireland, which should enable us to continue to deliver exceptional growth to shareholders."

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CHIEF EXECUTIVE'S STATEMENT

Introduction

Your Company has continued to make excellent progress in the first twenty-six weeks of 2005, with record store openings and robust like-for-like sales growth. Strong cash flow, boosted by the sale of most of the remaining corporate stores in June, has enabled us to continue to return cash to shareholders by further share buybacks and strong growth in dividends.

As we celebrate our 20th anniversary this week, we know that providing our customers with good service, quality pizzas, delivered to their homes and offices, is the key to our success. These basic principles, delivered by a committed franchise community and assisted by a strengthened corporate team, should enable us to maintain our momentum for many years to come.

Sales

System sales, which are the sales of all stores in the Domino's system in the UK and Republic of Ireland, rose by 19.1% to £97.1m (2004: £81.5m) in the twenty-six weeks ended 3 July 2005. Like-for-like sales in the 317 mature stores grew by 8.4% (2004: 4.9% in 268 stores).

The strong like-for-like sales can, in part, be attributed to the highly successful launch of the Cheese Steak Melt pizza in the second quarter and also to relatively weaker comparables in the same period last year. Our e-commerce sales also continue to go from strength to strength, up 64.0% over the previous year. This channel now generates 10.6% of our delivered pizza sales in the UK.

Whilst we are pleased with the strong first half like-for-like sales performance, we are mindful of the strong comparables for the second half of the year, following the unprecedented success of the Double Decadence™ pizza in the last quarter of 2004. Accordingly, whilst we remain confident of solid like-for-like sales growth in the second half of the year, matching the first half's like-for-like growth will be challenging.

Trading Results

Group turnover, which includes the sales generated from royalties, fees, food sales and rental income as well as the turnover of corporately-owned and operated stores, grew by 16.6% to £40.5m (2004: £34.7m). Group turnover will be impacted by the disposal of most of the remaining corporate stores. These stores contributed £2.8m to Group turnover in the first half (2004: £3.0m).

Group operating profit before exceptional items was up 19.3% to £5.1m from £4.3m. As a result of the rapid growth in profitability and earnings per share over the last three years, your Company announced in June that the Long Term Incentive Plan (LTIP) performance targets are likely to be achieved earlier than expected and will therefore vest after three years instead of the originally expected five years. As a result, and following adoption of FRS20, the Company will now accelerate the £0.6m charge that would have been made in 2006 and 2007. This amount has been included in the profit and loss account for the current year, of which £0.3m will be charged in the first half. After taking account of this charge, group operating profits were up 12.0% to £4.8m.

As your Company continues to roll out new franchised stores and drive like-for-like sales, we have made additional investments in certain areas of our central infrastructure to ensure the consistent and sustainable development of our franchisee network. We have made a sizeable step change in the team which supports franchisees in their stores and have now regionalised this structure to enable us to better oversee and support the growing network. This will allow us to maintain and improve the already rigorous standards expected of our franchisees.

The second area of additional staffing is in the store opening and business development teams. We are already reaping the rewards of this investment with record store openings in the first half of the year. In the first half, the strengthening of these two areas has added £0.4m to our overhead. These costs were anticipated in the Company's forecasts.

As highlighted in the 2004 preliminary results, our franchisees have been under a number of external cost pressures. In order to assist, we introduced a performance related rebate scheme at the start of the year by which franchisees now receive a rebate on the cost of the purchases they make from our commissaries, provided they achieve certain percentage sales increases. This replaced a more limited discount scheme, resulting in a cost increase of £0.2m over the comparable period in 2004.

Profit before tax was up 34.7% to £5.5m (2004: £4.1m). This includes the profit of £0.8m on the sale of 13 corporate stores in June 2005 and the exceptional charge of £0.3m relating to the acceleration of the LTIP charge. Prior to these exceptional items, profit before tax was up 22.6%. The tax charge has reduced to 26.0% from 28.5% as a result of the tax relief available on the exercise of share options and the tax relief on the profit from the sale of corporate stores under the substantial shareholding exemption. As a result, profit after tax was up 39.5% to £4.1m (2004: £2.9m).

Earnings per share and dividend

Basic earnings per share were up 38.1% to 7.97 pence (2004: 5.77 pence). Diluted earnings per share increased by 42.7% to 7.82 pence, from 5.48 pence for the same period in 2004.

Your Board continues to believe that cash flow not required for the growth and expansion of the business should be returned to shareholders in the form of increased dividends and share buybacks. We are therefore pleased to declare an increase of 40.9% in the interim dividend to 3.10 pence per share (2004: 2.20 pence per share). This dividend will be paid on 31 August 2005 to shareholders on the register on 5 August 2005.

Cash Flow & Balance Sheet

Your Company is in a stronger cash position now than at the beginning of the year, with operating activities generating net cash of £4.0m (2004: £3.4m).

In the first twenty-six weeks of the year, options over 548,000 shares have been exercised generating a cash inflow of £0.3m (2004: £0.4m). During the period, the Company purchased 400,000 of its shares at a cost of £1.1m (2004: 100,000 shares at a cost of £0.2m). Further share buybacks are planned during the course of the year as your Company continues its commitment to return surplus cash to shareholders.

The Group continues to assist franchisees by providing 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 £0.6m were made which were matched by similar repayments resulting in borrowings of £2.6m (2004: £2.7m) at the half year.

As at 3 July 2005, the Group had cash-in-hand of £8.5m (2004: £2.9m), which taken together with the leasing borrowings noted above and the EBT loan of £6.4m (2004: £5.2m), gave consolidated net borrowings of £0.5m (2004: £5.0m). After the deduction of the cost of the shares held in the EBT, shareholders' funds were £17.1m (2004: £12.7m), resulting in a gearing ratio of 3.2% (2004: 39.7%).

System Expansion & Corporate Stores

During the first twenty-six weeks of 2005, a record 23 new stores were opened (2004: 19 stores). There were no store closures in the period (2004: nil). As a result, the total store count at 3 July 2005 was 380 (2004: 337 stores). These store openings have created approximately 575 new jobs across the UK.

The amendment to the Use Classes Order, which saw the introduction of the new A5 planning category, came into effect on 21 April 2005. Whilst it will take some time for the effects of the new planning category to be assessed, the Company is successfully working with planners to gain consents and continues its policy of responsible growth.

The sale of most of the remaining corporate stores underlines the Board's commitment to focus on building the Domino's brand using our franchise model. Of the remaining corporate stores the Company only intends to retain, on a long term basis, the store attached to its training centre in Milton Keynes.

Board Composition

John Hodson joined the Board as a Non-Executive Director on 14 February. As highlighted at this year's AGM, Gerald Halpern retired as a Non-Executive Director of the Board. We welcome John to the Board and thank Gerald for his outstanding contribution.

Outlook

The outlook for the remainder of the year is positive, although we are cautious that the strong like-for-like system sales in 2004 will be challenging to match in the second half of the year. Current store openings are excellent and we are confident that we will fully meet the market's estimate for the year. As our market share continues to grow within this expanding sector, we look forward to operating a total of between 800 and 1,000 Domino's pizza stores in the UK and Ireland, which should enable us to continue to deliver exceptional growth to shareholders for many years to come.

STEPHEN HEMSLEY
Chief Executive

GROUP PROFIT AND LOSS ACCOUNT

		<i>(Unaudited)</i> 26 weeks to 3 July 2005 £000	<i>(Unaudited)</i> 26 weeks to 27 June 2004 £000	53 weeks ended 2 January 2005 £000
TURNOVER				
Turnover: group and share of joint venture's turnover		41,780	36,214	77,254
Less: share of joint venture's turnover		(1,278)	(1,478)	(3,039)
GROUP TURNOVER		<u>40,502</u>	<u>34,736</u>	<u>74,215</u>
Cost of sales		(23,612)	(20,386)	(43,815)
GROSS PROFIT		<u>16,890</u>	<u>14,350</u>	<u>30,400</u>
Distribution costs		(4,752)	(3,760)	(8,404)
Administration expenses - normal		(7,135)	(6,383)	(12,963)
Administration expenses – exceptional LTIP charge		(313)	-	-
GROUP OPERATING PROFIT		<u>4,690</u>	<u>4,207</u>	<u>9,033</u>
Share of operating profit in joint venture		79	52	105
TOTAL OPERATING PROFIT: GROUP AND SHARE OF JOINT VENTURE		<u>4,769</u>	<u>4,259</u>	<u>9,138</u>
Profit/(loss) on disposal of fixed assets		812	(45)	(47)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX		<u>5,581</u>	<u>4,214</u>	<u>9,091</u>
Net interest payable and similar charges		(50)	(109)	(270)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>5,531</u>	<u>4,105</u>	<u>8,821</u>
Tax on profit on ordinary activities	2	(1,438)	(1,170)	(2,058)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>4,093</u>	<u>2,935</u>	<u>6,763</u>
Minority interests		-	(18)	(32)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY		<u>4,093</u>	<u>2,917</u>	<u>6,731</u>
Dividends on equity shares		-	(1,158)	(2,688)
RETAINED PROFIT FOR THE PERIOD		<u><u>4,093</u></u>	<u><u>1,759</u></u>	<u><u>4,043</u></u>
Earnings per share - basic	3	7.97p	5.77p	13.23p
- diluted		7.82p	5.48p	12.67p

There are no recognised gains or losses other than those included in the Profit and Loss Account.

GROUP BALANCE SHEET

		<i>(Unaudited)</i>	<i>(Unaudited)</i>	
		<i>3 July</i>	<i>27 June</i>	<i>2 January</i>
		<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>Notes</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
FIXED ASSETS				
Intangible assets		1,428	1,604	1,520
Tangible assets		13,483	13,879	14,595
Investment in joint venture		421	372	383
		<hr/>	<hr/>	<hr/>
		15,332	15,855	16,498
		<hr/>	<hr/>	<hr/>
CURRENT ASSETS				
Stocks		2,372	2,172	2,700
Debtors	4	13,518	13,780	13,456
Cash at bank and in hand		8,496	2,914	4,824
		<hr/>	<hr/>	<hr/>
		24,386	18,866	20,980
CREDITORS: amounts falling due within one year	5	(13,941)	(14,353)	(15,121)
		<hr/>	<hr/>	<hr/>
NET CURRENT ASSETS		10,445	4,513	5,859
		<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		25,777	20,368	22,357
		<hr/>	<hr/>	<hr/>
CREDITORS: amounts falling due after more than one year	6	(8,060)	(7,032)	(8,102)
PROVISION FOR LIABILITIES AND CHARGES				
– DEFERRED TAXATION		(623)	(630)	(857)
		<hr/>	<hr/>	<hr/>
		17,094	12,706	13,398
		<hr/>	<hr/>	<hr/>
CAPITAL AND RESERVES				
Called up share capital		2,748	2,699	2,740
Share premium account		4,514	3,601	4,241
Own shares held by Employee Benefit Trust		(6,360)	(5,160)	(6,360)
Capital Redemption Reserve		60	5	40
Profit and loss account		16,132	11,493	12,655
		<hr/>	<hr/>	<hr/>
Equity shareholders' funds		17,094	12,638	13,316
Minority interest		-	68	82
		<hr/>	<hr/>	<hr/>
		17,094	12,706	13,398
		<hr/>	<hr/>	<hr/>

GROUP STATEMENT OF CASH FLOWS

		<i>(Unaudited)</i> 26 weeks to 3 July 2005 £000	<i>(Unaudited)</i> 26 weeks to 27 June 2004 £000	53 weeks ended 2 January 2005 £000
NET CASH INFLOW FROM OPERATING ACTIVITIES	7	4,005	3,392	9,943
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		263	70	100
Interest paid		(195)	(91)	(308)
Interest element of finance lease rental payments		(2)	(4)	(7)
		66	(25)	(215)
TAXATION				
Corporation tax paid		(518)	(1,028)	(2,021)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire intangible fixed assets		(381)	(85)	(200)
Payments to acquire tangible fixed assets		(1,255)	(2,468)	(3,905)
Receipts from sales of tangible and intangible fixed assets		407	463	417
Receipts for repayment of joint venture loan		27	44	108
Payment to acquire finance lease assets and advance of franchise loans		(576)	(367)	(946)
Receipts from repayment of finance lease and franchise loans		676	495	1,098
		(1,102)	(1,918)	(3,428)
ACQUISITIONS AND DISPOSALS				
Disposal/(acquisition) of subsidiary undertaking and un-associated business		3,586	(280)	(280)
EQUITY DIVIDEND PAID				
		(1,536)	(1,112)	(2,235)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING				
		4,501	(971)	1,764
FINANCING				
Issue of shares		301	399	1,071
New long-term loans		588	1,538	3,299
Repayments of long-term loans		(610)	(1,547)	(2,198)
Repayment of capital element of finance leases and hire purchase contracts		(12)	(25)	(23)
Purchase of shares of Employee Benefit Trust		-	-	(1,200)
Purchase of own shares		(1,096)	(201)	(1,610)
		(829)	164	(661)
INCREASE/(DECREASE) IN CASH				
		3,672	(807)	1,103

NOTES TO THE INTERIM REPORT

1. BASIS OF PREPARATION OF INTERIM FINANCIAL INFORMATION

The interim financial information has been prepared on the basis of the accounting policies set out in the group's statutory accounts for the fifty-three weeks ended 2 January 2005. The taxation charge is calculated by applying the directors' best estimate of the annual tax rate to the profit for the period. All other accounting policies set out in the accounts for the fifty-three weeks ended 2 January 2005 were applied for the purposes of this statement except for the following changes, which are the result of adopting new accounting standards:

FRS 20, share-based payments, requires an expense to be recognised in the profit and loss account based on the intrinsic value of share options granted using an option-pricing model. The effect of the revised policy does not have a significant impact on retained earnings, nor does it have a significant impact on the charge recognised in the interim profit and loss account. The increase in the charge recognised in the interim profit and loss account relates to the fact that the vesting conditions surrounding the LTIP are likely to be achieved earlier than originally expected, and consequently the charge for 2006 and 2007 has been accelerated.

FRS 21, events after the balance sheet date, require dividends which are proposed after the balance sheet date to be disclosed and not recognised as a liability.

Basis of consolidation

The group accounts consolidate the accounts of Domino's Pizza UK & IRL plc and all its subsidiary undertakings drawn up to the nearest Sunday of the month end.

2. TAXATION

The taxation charge is made up as follows:

	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>53 weeks ended</i>
	<i>3 July</i>	<i>27 June</i>	<i>2 January</i>
	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
UK & IRL corporation tax:			
Profit for the period	1,418	1,163	2,162
Share of joint venture tax	20	7	14
Adjustment in respect of the previous period	-	-	(345)
Total current tax	<u>1,438</u>	<u>1,170</u>	<u>1,831</u>
UK deferred tax			
Origination and the reverse of timing differences in respect of:			
Profit in the period	-	-	227
Total deferred tax	<u>-</u>	<u>-</u>	<u>227</u>
Tax on profit on ordinary activities	<u>1,438</u>	<u>1,170</u>	<u>2,058</u>

3. EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on earnings of £4,093,000 (2004: £2,917,000) and on 51,379,161 (2004: 50,587,803) ordinary shares.

The diluted earnings per share is based on 52,337,175 (2004: 53,252,178) 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.

4. DEBTORS

	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
	<i>3 July</i>	<i>27 June</i>	<i>2 January</i>
	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	2,724	2,709	3,109
Amounts owed by joint venture	469	578	497
Other debtors	4,213	5,081	4,557
Prepayments and accrued income	3,272	2,452	2,353
Net investment in finance lease	2,840	2,960	2,940
	<u>13,518</u>	<u>13,780</u>	<u>13,456</u>
	<u><u>13,518</u></u>	<u><u>13,780</u></u>	<u><u>13,456</u></u>

Included within debtors is £2,674,000 (2004: £2,836,000) due after more than one year.

5. CREDITORS: amounts falling due within one year

	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
	<i>3 July</i>	<i>27 June</i>	<i>2 January</i>
	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Other loans	934	884	916
Finance lease creditors	13	13	24
Trade creditors	2,703	4,197	4,318
Corporation tax	1,718	1,183	814
Other taxes and social security costs	1,283	1,003	1,217
Other creditors	1,684	973	1,909
Accruals and deferred income	5,606	4,970	4,386
Proposed dividend	-	1,130	1,537
	<u>13,941</u>	<u>14,353</u>	<u>15,121</u>
	<u><u>13,941</u></u>	<u><u>14,353</u></u>	<u><u>15,121</u></u>

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

	<i>(Unaudited)</i>	<i>(Unaudited)</i>	
	<i>3 July</i>	<i>27 June</i>	<i>2 January</i>
	<i>2005</i>	<i>2004</i>	<i>2005</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans	6,360	1,098	6,360
Finance lease creditors	17	26	18
Other loans	1,683	5,908	1,724
	<u>8,060</u>	<u>7,032</u>	<u>8,102</u>
	<u><u>8,060</u></u>	<u><u>7,032</u></u>	<u><u>8,102</u></u>

7. NOTES TO THE STATEMENT OF CASHFLOWS

Reconciliation of operating profit to net cash flows from operating activities

	<i>(Unaudited)</i>	<i>(Unaudited)</i>	<i>53 weeks</i>
	<i>3 July</i>	<i>27 June</i>	<i>ended</i>
	<i>2005</i>	<i>2004</i>	<i>2 January</i>
	<i>£000</i>	<i>£000</i>	<i>2005</i>
			<i>£000</i>
Operating profit	4,769	4,207	9,033
Depreciation charge	752	644	1,386
Amortisation charge	76	71	133
LTIP charge	479	–	333
(Increase) in debtors	(452)	(1,877)	(1,505)
Decrease/(increase) in stocks	304	(329)	(857)
(Decrease)/increase in creditors	(1,923)	676	1,420
	<u>4,005</u>	<u>3,392</u>	<u>9,943</u>
	<u><u>4,005</u></u>	<u><u>3,392</u></u>	<u><u>9,943</u></u>

8. EQUITY DIVIDENDS ON ORDINARY SHARES

The Directors propose an interim dividend of 3.10p per share of £1,593,000 (2004: 2.20p £1,158,000). The liability in respect of the 2005 interim dividend has not been accrued for at the 3 July 2005, in accordance with FRS 21 Events after the balance sheet date.

9. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information contained in this statement does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The financial information for the full preceding year is based on the statutory accounts for the fifty-three weeks ended 2 January 2005. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

10. This report is being sent to all registered shareholders. Copies can also be obtained from the Registered Office at Domino's House, Lasborough Road, Kingston, Milton Keynes MK10 OAB.

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 twenty-six weeks ended 3 July 2005 which comprises the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, and Consolidated Statement of Total Recognised Gains and Losses, and the related notes 1 to 10. 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 having regard to guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by the 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.

Review work performed

We conducted our review having regard to the 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 management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. 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 United Kingdom Auditing Standards 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 twenty-six weeks ended 3 July 2005.

Ernst & Young LLP
Luton
22 July 2005