



MEDIA INFORMATION



19 February 2008

**DOMINO'S PIZZA UK & IRL plc
PRELIMINARY RESULTS
FOR THE FIFTY-TWO WEEKS ENDED 30 DECEMBER 2007**

Domino's Pizza UK & IRL plc ("Domino's Pizza" or the "Company"), the UK and Ireland's leading pizza delivery company, announces its preliminary results for the fifty-two weeks ended 30 December 2007.

Highlights

- System sales increased 23.4% to £296.3m (2006: £240.1m)
 - Profit before tax* increased 33.1% to £18.7m (2006: £14.1m)
 - Like-for-like sales in 404 mature stores up 14.7% (2006: 9.7% in 357 stores). First six weeks in 2008 up 11.0% (2007: 14.3%)
 - Earnings per share*:
 - Basic earnings per share up 39.0% to 8.48p (2006: 6.10p)
 - Diluted earnings per share up 39.1% to 8.33p (2006: 5.99p)
 - Total dividend increased 43.8% to 4.40p per share (2006: 3.06p)
 - 50 new stores opened in the year (2006: 46 stores) and none closed (2006: two) resulting in a total of 501 stores at the year end (2006: 451 stores)
 - E-commerce sales up 60.5% to £32.2m (2006: £20.1m)
 - Net cash at bank and in hand of £8.6m (2006: £4.3m) after returning £8.3m cash to shareholders in share buybacks (2006: £10.2m).
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- Announcement of intention of moving to the Official List
 - Official sponsor to Britain's Got Talent on ITV and America's Got Talent on ITV2. This is in addition to continuing our sponsorship of The Simpsons on Sky One

* Before accelerated LTIP charge and operating and non-operating exceptionals

Chris Moore, Chief Executive of Domino's Pizza, commented:

"In 2007, Domino's Pizza recorded another year of excellent results with the opening of 50 new stores and exceptional like-for-like sales growth. The Company leveraged its relatively fixed cost base to generate record profits and, with strong operating cash flow and very little capital required by the business, we continued our programme of returning surplus cash to shareholders by way of share buybacks and record dividends.

“Trading in the first six weeks of 2008 has got off to a strong start with like-for-like sales up 11.0% (2006: 14.3%). This is particularly encouraging given the strong comparatives of last year. E-commerce has continued to show robust growth with an increase of 90.6% in the same period (2006:36.2%). E-commerce in the first six weeks accounted for 21% of all UK delivered sales.

“Our store opening programme is looking more encouraging with more sites in the pipeline with planning approval than at the same time last year. This gives us optimism at this early stage that we are on track to once again achieve our target of 50 new store openings this year.

Your Company is well positioned for another year of strong growth.”

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Notes to Editors:

Domino's Pizza Group Limited is the leading operator in the UK and Ireland's fast-growing pizza delivery market and is a subsidiary of AIM-listed Domino's Pizza UK & IRL plc (symbol: DOM). Domino's Pizza Group Ltd holds the exclusive licence to own, operate and franchise Domino's Pizza stores in the UK and Ireland. The first UK store opened in 1985 and the first Irish store opened in 1991.

As at 30 December 2007, there were 501 stores in the UK and Ireland. Of these, 398 stores are in England, 38 are in Scotland, 19 are in Wales, 12 are in Northern Ireland and 34 are in the Republic of Ireland.

As part of a commitment to delivering more to the communities served by its stores, Domino’s Pizza Group Limited is proud to support Special Olympics GB and Special Olympics Ireland.

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

For photography visit www.dominos.uk.com/media or contact The Hogarth Partnership on 020 7357 9477.

Chairman's Statement

As your newly appointed Chairman, may I open my report by congratulating Chris Moore on his appointment as Chief Executive on 31 December 2007. Chris and I have worked together for almost ten years and during that time he has had, at one time or another, responsibility for almost every area of the business. A more qualified and able "new" Chief Executive would be hard to imagine! I therefore personally wish him every success in leading us toward and hopefully beyond, 1,000 stores.

In 2007, Domino's Pizza recorded another year of excellent results with the opening of 50 new stores and exceptional like-for-like sales growth. The Company leveraged its relatively fixed cost base to generate record profits and, with strong operating cash flow and very little capital required by the business, we continued our programme of returning surplus cash to shareholders by way of share buybacks and record dividends.

As I know only too well, this can only be achieved with a great team of people behind you. Domino's Pizza is a rather unique business, being almost entirely franchised which means that we have a small central team, currently 325, supporting a much larger group of franchisees and team members in the stores, currently numbering 12,000. One of the huge benefits of franchising is that the stores are run by local entrepreneurs who know their local market, employ local people and become part of the communities in which they operate.

In a business structured in the way we have chosen, it is equally important that we in the centre ensure that we deliver the services that are our responsibility to the highest standards. One of the key functions is the manufacture and distribution of all the food items used in our stores. The specification we have set ourselves is extremely demanding. We deliver fresh food to every one of our stores three times a week, at times when the stores are not operating. This is a significant logistical effort for which we need the best facilities and systems. We have therefore recently embarked on a major capital expenditure programme that will see the doubling in size of our Penrith commissary and the construction of a new state-of-the-art commissary on a newly to be acquired ten acre site in Milton Keynes. When fully operational in late 2009, this new commissary will be the most advanced manufacturing and distribution facility anywhere in the Domino's Pizza system worldwide and will provide our business with significant additional operating efficiencies and resilience.

Maintenance of the consistently high standards expected of a brand such as Domino's Pizza requires careful monitoring, training and investment by both the franchisees and corporate. We have therefore launched a number of initiatives in recent years to assist our franchisees in achieving the high standards we expect from them in the areas of health and safety, employment practices and environmental health standards.

Finally, having opened by welcoming our new CEO, I would like to close by paying tribute to our retiring Chairman, Colin Halpern. Colin acquired the rights to Domino's Pizza in the UK and Ireland back in 1993. His "feel" for the market and his wise commercial counsel have been of invaluable help to me in guiding the business to the enviable position we are in today. I am pleased to say that we will not be losing this advice, as Colin has agreed to stay on as Non-Executive Vice Chairman. I look forward to working with him for many years to come.

Stephen Hemsley
Executive Chairman

Chief Executive's Report

Introduction

It is with great pleasure that I present my first report as Chief Executive and I would like to open it by thanking the Board and shareholders for their confidence.

Domino's Pizza is now a 500 store system which is accessible to 55% of UK and Irish households. Our franchisees and in store team members and employees in our three commissaries and headquarters, have worked with passion to reach this stage and I would like to convey my thanks to them at the start of this report.

The strong performance of our stores against a backdrop of tough comparatives is representative of two areas of focus for your Company over the past year: increasingly innovative, targeted marketing and tangible improvements to customer service standards.

Whilst our 500th store milestone was cause for celebration across the company, we are mindful of the fact that Domino's is still only halfway to its target of 1,000 stores. I am confident that the combination of our talented people, high quality pizza and market-leading service standards, will deliver against this target by 2017.

System Sales

In 2007 system sales, which are the sales of all stores in the Domino's system in the UK and Republic of Ireland, rose by 23.4% (2006: 19.7%) to £296.3m (2006: £240.1m). Like-for-like sales in the 404 stores open for more than twelve months in both periods grew by 14.7% (2006: 9.7% in 357 stores), the highest percentage increase recorded since 2001.

Product innovation

As I mentioned in my introduction, stores have delivered impressive sales results thanks, in part, to the effectiveness of both centralised and localised marketing activity as well as one of the wettest British summers. This programme was driven by a calendar of innovative product development which included the hugely popular Meateor pizza, a back-to-basics focus on the classic Pepperoni Passion and the rugby-themed Scrummy.

Given the stable central cost base of running the marketing fund, more of the franchisees' contributions to our £15m National Advertising Fund were effectively spent on more national TV advertising volumes, targeted direct mail and intensive online promotion. Considerable effort has also been directed at price promotions which, whilst still communicating our reputation for premium quality pizza, offer great value to consumers.

Service excellence

I can also attribute 2007's sales performance to a measurable improvement in customer service standards. Domino's is not just a pizza business, it's a service business and we recognise that our financial performance is driven by our service standards. These standards must be good enough to make customers talk about us and create the vital word of mouth recommendations that generate sales. In 2006, we began a programme of training and high value incentives designed to help stores improve on the time it takes to get a customer's pizza to the door – the single most important metric when it comes to evaluating our service standards. We did this by improving speed in the store, never on the road, as the safety of our team members remains of paramount importance.

Innovation

E-commerce continues to be our fastest-growing channel to market as well as one which enhances store-level profitability through labour savings. In 2007, total sales via these platforms, which include online and SMS ordering, reached £32.2m (2006: £20.1m), an increase of 60.5%. In 2007, e-commerce accounted for 16% of our delivered pizzas sold in the UK (2006:13%) and generates a higher than average ticket value. The Irish service, which was launched in February 2007, is already delivering close to 5% of delivered sales.

Last year was defined by your Company's push into digital multi-channel retail platforms. We now feature on 16 e-commerce platforms including the launch of SMS ordering in August 2007.

Food Cost Pressures

Unprecedented increases in the prices of raw materials since the middle of 2007, in particular milk and wheat, had a significant effect on both us and our franchisees. This was exacerbated by our cheese supplier going into receivership and the consequential ending of our fixed price contract. As a result, new supply arrangements saw the cost of cheese increasing by over 50% over the course of the year. Wheat has also recently increased significantly in price, but by less than the 100% we had feared and is now fixed for the remainder of the year. The outlook for pricing in 2008 looks more stable.

These increases in raw material prices have now been passed on to our franchisees who have had time to reflect them in their menu prices. The new menu pricing which fully recovered all cost increases, saw increases average around 4%. This new pricing has been accepted by customers as witnessed by the continued momentum in sales since November when prices first increased.

Expansion

In 2007 we opened 50 new stores (2006: 46) and closed none (2006: two) bringing the year-end store count to 501 stores (2006: 451). Whilst we continue to experience some inconsistency in planning decisions, this did not significantly hamper our expansion last year. The aim of many local authorities appears to be the regeneration of secondary retail space and this has worked in our favour, with Domino's being recognised as a responsible and attractive occupant of previously redundant units.

This successful expansion was the result of considerable efforts, particularly in the fourth quarter, by our expanded business development team who have worked in close conjunction with our existing franchisees to identify sites, secure planning permission and build stores.

Over 4,300 applications to franchise were received in 2007 but only 16 went on to be awarded franchises. Our rigorous interview process ensures that only the best candidates, with aspirations to franchise multiple stores, join our system.

It remains important to your Company that we increase the number of stores operated by each franchisee so that they have a viable, long-term business. However, we only allow franchisees with the highest standards to expand which in turn assures the quality growth of our system. As at 30 December 2007, we had 144 franchisees (2006: 150), of whom 56 are single unit operators. Each franchisee has an average of 3.5 stores. (2006: 3.0 stores). This consolidation of the number of stores for each franchisee also means that we can manage our growing system more efficiently and further improve operational gearing.

During 2008, your Company will acquire freehold land for a new commissary and headquarters in Milton Keynes and construction is expected to complete towards the latter part of 2009. The project cost of £25m will be incurred over 2008 and 2009. The commissary in Penrith will also be expanded this year at a cost of £4m which will double the capacity of that facility. We will also need to expand the commissary operation in Naas to meet the increasing demand for Domino's Pizza in Ireland. These developments, combined with the addition of a fourth commissary, in the UK, which we expect will be needed by 2012, will complete the infrastructure required for 1,000 stores.

Store Image

Last year we commissioned a new store design to refresh the current image of the estate which was introduced seven years ago. We will now begin to roll-out the new image across the system. Recent store openings have already started to feature this new design and we envisage that up to 100 refits for the older looking stores in the system will be implemented in 2008 with the rest of the estate being upgraded over the next few years. All such refits are funded by the franchisees some of whom may use the facilities offered by our in-house leasing company.

The Market

The UK eating out market was estimated by Mintel to be worth £30bn in 2007. The home-delivered food market continues to grow at a fast pace and in 2007 was worth an estimated £1.5bn which is a third more than it was just 5 years ago. The extent of current research by Mintel predicts that the market is expected to grow at a compound rate of 7% a year over the next four years. Based on these estimates we are currently selling around one in six of all home delivered meals. The popularity of home delivered food shows no signs of slowing down and lifestyle factors such as longer working weeks, more dual income households, more in-home entertainment and more one person households work in our favour.

Corporate Social Responsibility

Food Quality

We constantly review the quality of our ingredients and have pioneered pizza innovation within our market. Last year we were pleased to complete the removal of added hydrogenated fats and MSG (Monosodium Glutamate) from all products on the menu in addition to our long-standing policy of not allowing any GMO's (Genetically Modified Organisms). Our ongoing review of ingredients serves to maintain quality standards whilst also identifying opportunities to improve the nutrient profile of our food.

Environment

The new commissary in Milton Keynes is being designed to be certified to BREEAM excellence (Building Research Establishment Environmental Assessment Method). A third of our truck fleet, which deliver food to our stores, are already registered "Euro 5", currently the highest standard in emissions control. It is anticipated that half the fleet will be Euro 5 by the end of the current year and all trucks will be at this level by 2012. New fuel alternatives, such as biodiesel, are constantly being tested.

Currently 80% of our pizza boxes are made with recycled board and are 100% recyclable. Furthermore all invoices and statements are now sent to our franchisees electronically. Not only is this more efficient but is importantly saving substantial paper and wastage in the process.

We continue to seek further ways in which our business can become more environmentally aware and are about to embark on a study of the whole business to establish what opportunities we have for improvement.

People

In stores, our franchisees today employ approximately 12,000 team members, a large and diverse group of people including some who require a short-term income and others looking for a long-term career. We rely upon these people to work with a fanatical focus on customer service and food quality without which we will lose the momentum required to fuel our growth.

Considerable effort continues to be directed at helping franchisees to keep pace with ever-changing employment legislation and at ensuring that their people benefit from a hard-working environment which is still huge fun and very rewarding. We have bolstered the support provided to the stores with the appointment of a full-time franchisee HR consultant, nationwide seminars, telephone hotlines and web-based resources. Improvements to the scope and volume of training available to franchisees and in-store teams will serve to underline our reputation as a great place to work.

Charity

The phrase 'Delivering More' sums up our franchisees' approach to developing relationships with their local communities. It is these local activities that build loyalty and sustain long term success. In 2007 our stores have made considerable strides in terms of their community relations efforts, driven in particular by our first full year of association with Special Olympics GB and Special Olympics Ireland. Special Olympics is a major provider of sporting opportunities for people with a learning disability and provides equality of opportunity for all our athletes regardless of ability or degree of disability. The Company also organised and funded a number of events aimed at encouraging regional participation in Special Olympics activities and promoted the charity on boxes and menus.

Current Trading and Outlook

Trading in the first six weeks of 2008 has got off to a strong start with like-for-like sales up 11.0% (2006: 14.3%). This is particularly encouraging given the strong comparatives of last year. E-commerce has continued to show robust growth with an increase of 90.6% in the same period (2006: 36.2%). E-commerce in the first six weeks accounted for 21% of all UK delivered sales.

Our store opening programme is looking more encouraging than at the same stage last year. We have more sites in the pipeline with planning than at the same time last year and this gives us optimism at this early stage that we are on track to once again achieve our target of 50 new store openings this year.

Cash flows remains strong and we have the debt facilities in place to secure the expansion of our existing commissary in Penrith and the investment in our new commissary in Milton Keynes. Accordingly it is the Directors' intention to continue to return surplus cash to shareholders by further share buybacks and dividends.

Your Company is well positioned for another year of strong growth.

Chris Moore
Chief Executive Officer

Chief Financial Officer's Review

Introduction

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This is the first year in which the Group financial statements of Domino's Pizza UK & IRL plc have been prepared in accordance with IFRS and the comparative amounts for 2006 have been restated from UK Generally Accepted Accounting Practice (UK GAAP) to comply with IFRS.

Trading results

Group turnover, which includes the sales generated by the Group from royalties, fees on new store openings, food sales, finance lease and rental income, as well as the turnover of corporately owned and operated stores, grew by 21.0% to £114.9m (2006: £95.0m).

Group operating profit, including our share of operating profit in joint ventures, but before exceptional costs and the accelerated Long Term Incentive Plan (LTIP) charge was up 32.7% to £18.8m (2006: £14.2m). Exceptional operating costs were incurred as a result of your Company's continuing strategy of exiting its corporate stores and amounted to £0.3m (2006: £0.5m). In addition, as a result of the rapid growth in profitability and earnings per share over the last three years, the performance targets included in the 2004 LTIP award have been achieved. The early vesting of these awards necessitates the acceleration of the 2008 and 2009 charge and a charge of £0.2m was incurred in the year (2006: £nil).

The commissary rebate scheme, first launched in 2005 to help our franchisees overcome the burden of new external cost pressures, continued to benefit the system strongly in 2007. This scheme enhances the profitability of franchisees who achieve like-for-like sales targets and fully comply with our operating standards. Included in Group operating profit is the cost of this rebate which amounted to £1.4m (2006: £0.6m). The rebate was substantially higher than last year as a result of stronger like-for-like sales.

As highlighted in the Chief Executive's report, the Group saw unprecedented increases in the prices of many raw materials towards the latter part of the year. This had an adverse impact to our food margin of £0.5m in 2007 as we felt unable to pass those increases on as quickly as they came through. Excluding these unexpected costs, Group operating profits, before exceptionals, would have reached £19.3m, an increase of 35.9%.

Finally, the Group sold six stores during the year, five of which were in a subsidiary company DP Newcastle & Sunderland Limited. The Group generated an exceptional profit on the sale of these stores of £0.3m (2006: £0.2m).

Profit on ordinary activities before interest and tax grew by 30.5% to £18.7m (2006: £14.3m). This includes the profit on the sale of the corporate stores of £0.3m (2006: £0.2m). In 2007 there was £0.1m of property and legal provision releases relating to the sale of corporate stores in prior periods (2006: £0.5m).

Profit before tax and the accelerated LTIP charge of £0.2m was up 32.1% to £18.7m (2006: £14.2m). Unadjusted profit before tax was £18.6m (2006: £14.2m) an increase of 30.9%. One of our key measurements of profitability is the ratio of profit before tax to system sales which grew to 6.3% in 2007 from 5.9% in the previous year. This highlights the strength of the underlying operational gearing of our business model.

The tax charge for the year was 28.7% (2006: 29.6%) and is lower than the corporation tax rate of 30%, primarily due to the impact of the lower tax rate applicable in our Irish subsidiary company.

Profit after tax and minority interest was up 31.3% to £13.2m (2006: £10.1m).

Earnings per share and dividend

Basic earnings per share before the accelerated LTIP charge of £0.2m and exceptional items were up 39.0% to 8.48 pence. (2006: 6.10 pence). Diluted earnings per share before the accelerated LTIP charge of £0.2m and exceptional items increased by 39.1% to 8.33 pence (2006: 5.99 pence).

Unadjusted basic earnings per share were up 34.5% to 8.38 pence (2006: 6.23 pence) and diluted earnings per share were up 34.6% to 8.24 pence (2006: 6.12 pence).

In line with our strategy of returning cash not required for the growth and expansion of the business to shareholders, the Board is pleased to recommend a further significant increase in the dividend payment which, if approved by shareholders, will give a final dividend of 2.50 pence per share (2006: 1.76 pence per share). This would give a total dividend for the year of 4.40 pence per share (2006: 3.06 pence per share) a 43.8% increase. The full year dividend is 1.9 times covered by profits after tax (2006: 2.1 times).

Subject to shareholders' approval at the Annual General Meeting to be held on 24 April 2008 the final dividend will be payable on 2 May 2008 to shareholders on the register on 11 April 2008.

Cash flow and balance sheet

Our cash position continues to remain strong. Net cash generated from operations reached £24.4m, up from £18.8m in 2006. This increase was mainly attributable to the higher operating profits as well as an improvement in working capital.

During the year, outflows of £0.1m of net interest, £4.3m of taxes and £1.1m of capital expenditure and financial investment were incurred.

Overall net cash flow before financing was £19.5m. This strong cash generation has allowed us to return a further £8.3m to shareholders through share buybacks during the year.

In the year, options over 1.4m shares were exercised generating an inflow of £0.7m (2006: £0.4m).

DP Capital continued to provide leasing support to franchisees for the fit-out of new stores and the refit of existing stores, with new advances of £1.3m (2006: £1.0m). After repayments, the balance outstanding at the year end on these leases was £2.8m (2006: £2.6m). These facilities are financed by a limited recourse loan facility and the amount drawn down at the end of the year stood at £2.4m (2006: £2.3m).

At the end of the year, the Group had cash at bank and in hand of £14.6m (2006: £10.3m), which taken together with the leasing borrowings of DP Capital as noted above of £2.4m, the loans in the Employee Benefit Trust ("EBT") of £7.7m and term loan debt of £6.0m, gave consolidated net debt of £1.6m (2006: £5.6m). After the deduction of the cost of the shares held in the EBT, shareholders funds were £9.9m (2006: £8.9m), resulting in a gearing ratio of 15.9% (2006: 62.5%).

Towards the end of the year, the Group also finalised a £25.0m five-year term loan facility to enable it to finance the expansion to its commissary facilities thereby leaving the net cash flows generated by operating activities free to return to shareholders. This facility had not been utilised at the year end.

Corporate store, associates and subsidiaries

As stated at the preliminary stage last year, your Company remains focussed on withdrawing entirely from the operation of corporate stores. We have an equity interest in five (2006: six) associates and subsidiaries which totals £0.6m (2006: £0.7m) involving a total of 30 stores (2006: 34 stores).

In 2007, our share of post tax profits of associates amounted to £0.2m (2006: £0.2m).

Share split

On 27 February 2007, the Company announced a sub-division of its share capital. The Company's ordinary shares of 5 pence each prior to the sub-division were divided into 3.2 new ordinary shares of 1.5625 pence. These shares were admitted to trading on Aim on 27 April 2007.

Intention to move to the Official List

Your Company has grown considerably in the past few years, and the Board now feels that it is of a size that is more appropriate to be listed on the Official List of the London Stock Exchange. The move is expected to take place in the second quarter of this year.

Conclusion

We are particularly pleased with another year of strong growth operationally and financially. Long term financing at competitive rates, combined with the strong cash flows generated by the business give us both the confidence and the opportunity to continue to return funds to shareholders by way of share buybacks and dividends.

Lee Ginsberg
Chief Financial Officer

Group income statement

		52 weeks ended 30 December 2007 £000	52 weeks ended 31 December 2006 £000
	Notes		
Revenue		114,891	94,965
Cost of sales		(70,736)	(57,811)
Gross Profit		44,155	37,154
Distribution costs		(9,246)	(8,177)
Administrative costs (including operating exceptional charges)		(16,746)	(15,462)
		18,163	13,515
Share of post tax profits of associates		158	171
Operating profit		18,321	13,686
Accelerated LTIP charge		(174)	-
Operating exceptional charges	2	(333)	(499)
Operating profit before exceptional charges		18,828	14,185
Profit on the sale of non current assets and assets held for sale	2	288	159
Profit on the sale of subsidiary undertakings	2	58	454
Profit before interest and taxation		18,667	14,299
Finance income		528	397
Finance expense		(619)	(507)
Profit before taxation		18,576	14,189
Taxation	3	(5,337)	(4,193)
Profit for the year		13,239	9,996
Profit for the year attributable to:			
Equity holders of the parent		13,245	10,084
Minority interest		(6)	(88)
		13,239	9,996
Earnings per share			
- Basic (pence)	5	8.38	6.23
- Diluted (pence)	5	8.24	6.12

Group balance sheet

		At 30 December 2007 £000	At 31 December 2006 £000
Non current assets			
Goodwill and intangible assets		713	1,496
Property, plant and equipment		13,816	12,378
Prepaid operating lease charges		702	683
Net investment in finance leases		1,923	1,748
Investments in associates		685	589
Deferred tax asset	3	565	1,209
		<hr/>	<hr/>
		18,404	18,103
Current assets			
Inventories		2,340	1,818
Trade and other receivables		10,071	9,632
Net investment in finance leases		857	864
Prepaid operating lease charges		220	247
Cash and cash equivalents		14,629	10,262
		<hr/>	<hr/>
		28,117	22,823
Non current assets held for sale		1,772	1,172
		<hr/>	<hr/>
Total assets		48,293	42,098
		<hr/>	<hr/>
Current liabilities			
Trade and other payables		(18,187)	(13,433)
Deferred income		(68)	(31)
Financial liabilities		(6,817)	(6,835)
Current tax liabilities		(2,503)	(2,339)
		<hr/>	<hr/>
		(27,575)	(22,638)
Non current liabilities			
Provisions		(155)	(233)
Financial liabilities		(9,380)	(9,009)
Deferred income		(1,071)	(989)
Deferred tax liabilities	3	(215)	(243)
		<hr/>	<hr/>
Total liabilities		(38,396)	(33,112)
		<hr/>	<hr/>
Net assets		9,897	8,986
		<hr/>	<hr/>
Shareholders' equity			
Called up share capital	7	2,538	2,574
Share premium account	7	5,307	4,765
Capital redemption reserve	7	319	261
Treasury share reserve	7	(4,403)	(4,216)
Currency translation reserve	7	209	(21)
Retained earnings	7	5,888	5,575
		<hr/>	<hr/>
Equity shareholders' funds		9,858	8,938
Minority interest	7	39	48
		<hr/>	<hr/>
Total equity		9,897	8,986
		<hr/>	<hr/>

Group cash flow statement

	Notes	52 weeks ended 30 December 2007 £000	52 weeks ended 31 December 2006 £000
Cash flows from operating activities			
Profit before taxation		18,576	14,189
Net finance costs		91	110
Share of post tax profits of associates		(158)	(171)
Amortisation and depreciation		1,545	1,815
Profit on disposal of non current assets		(346)	(613)
Share option and LTIP charge (including accelerated LTIP charge)		880	344
(Increase)/decrease in inventories		(535)	349
(Increase)/decrease in debtors		(685)	82
Increase in creditors		4,956	2,764
Increase in deferred income		119	120
Decrease in provisions		(20)	(221)
		<hr/>	<hr/>
Cash generated from operations		24,423	18,768
UK corporation tax		(4,117)	(3,624)
Overseas corporation tax paid		(218)	(131)
		<hr/>	<hr/>
Net cash generated by operating activities		20,088	15,013
Cash flows from investing activities			
Interest received		528	389
Dividends received		62	21
Receipts from repayment of associate loan		171	105
Receipts from repayment of franchisee finance leases		1,127	1,349
Purchase of property, plant and equipment		(3,509)	(2,294)
Purchase of other non current assets		(451)	(866)
Net cash acquired on the disposal of subsidiary undertaking		1,118	-
Receipts from the sale of non current assets		335	453
Purchase of minority interests		-	(103)
		<hr/>	<hr/>
Net cash used by investing activities		(619)	(946)
		<hr/>	<hr/>
Cash inflow before financing		19,469	14,067
Cash flow from financing activities			
Interest paid		(619)	(459)
Issue of ordinary share capital		700	403
Purchase of own shares		(8,346)	(10,161)
Short term loans – bank overdraft		(6,000)	6,000
Bank revolving facility		6,000	-
New long term loans		1,302	1,244
Repayment of long term loans		(1,169)	(1,457)
Payments to acquire finance lease assets		(1,295)	(1,026)
Equity dividends paid	4	(5,816)	(4,234)
		<hr/>	<hr/>
Net cash used by financing activities		(15,243)	(9,690)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		4,226	4,377
Cash and cash equivalents at beginning of period		10,262	5,885
Foreign exchange gains on cash and cash equivalents		141	-
		<hr/>	<hr/>
Cash and cash equivalents at end of period		14,629	10,262

Notes to the accounts

At 30 December 2007

1. Accounting Policies

Basis of preparation

The preliminary results for the year ended 30 December 2007 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and are in line with the accounting policies set out in the interim financial statements for the six months to 30 June 2007.

The financial information in the preliminary statement of results does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the "Act"). The financial information for the year ended 30 December 2007 has been extracted from the statutory accounts on which an unqualified audit opinion has been issued. Statutory accounts for the year ended 30 December 2007 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The financial statements, and this preliminary statement, of Domino's Pizza UK & IRL plc for the year ended 30 December 2007 were authorised for issue by the Board of Directors on 19 February 2008 and the balance sheet was signed on behalf of the Board by Lee Ginsberg.

The statutory accounts have been delivered to the Registrar of Companies in respect of the year ended 31 December 2006 and the Auditors of the Company made a report thereon under Section 235 of the Act. That report was an unqualified report and did not contain a statement under Section 237(2) or (3) of the Act.

2. Exceptional Items

Recognised as part of operating profit

The Group has taken the decision not to invest in or trade in corporately owned stores. During the year one (2006: three) corporately owned store was sold and none (2006: one) closed.

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

	52 weeks ended 30 December 2007 £000	52 weeks ended 31 December 2006 £000
Onerous lease and dilapidation provisions	45	76
Restructuring and reorganisation costs	143	252
Assets written off	145	52
Lease finance and other bad debts provided for*	-	119
	<hr/>	<hr/>
	333	499
	<hr/>	<hr/>

*relates to a store owned and operated by a franchisee, closed during the 2006 financial year.

Except for the assets written off, for stores closed, the charges should be deductible for corporation tax purposes. Except for the restructuring and reorganisation costs, these charges had no impact on the cash flow of the Group during the year.

Notes to the accounts (continued)

2. Exceptional Items (continued)

Recognised below operating profit

Profit on the sale of subsidiary undertakings

During the 2005 financial year the Group sold two subsidiary undertakings, DPGS Limited and Triple A Pizza Limited (which included 12 corporate stores at the date of the transaction). As a result of this transaction, certain legal and property provisions were made.

	52 weeks ended 30 December 2007 £000	52 weeks ended 31 December 2006 £000
Movement in provisions	58	454
	<hr/>	<hr/>
	58	454
	<hr/>	<hr/>

During the year partial resolution relating to the conditions for the provisions made in relation to the sale of the subsidiary undertakings was reached and as a result £58,000 (2006: £454,000) of the provisions created have been released. These are reported in the profit on sale of subsidiary undertakings line on the income statement.

Profit on the sale of non current assets and assets held for sale

The Group disposed of its subsidiary undertaking, DP Newcastle & Sunderland Limited in June 2007, generating a profit of £279,000. The gain in respect of this disposal will be chargeable to corporation tax at the statutory rate of 30%.

In addition the Group sold one (2006: three) corporate store resulting in a profit of £6,000 (2006: £159,000). The gain in respect of this disposal will be chargeable to corporation tax at the statutory rate of 30%.

	52 weeks ended 30 December 2007 £000	52 weeks ended 31 December 2006 £000
Sale of one (2006: three) corporate store	6	159
Profit on sale of assets held for sale – DP Newcastle & Sunderland Limited	279	-
Profit on sale of other non current assets	3	-
	<hr/>	<hr/>
	288	159
	<hr/>	<hr/>

Notes to the accounts (continued)

3. Taxation

(a) Tax on profit on ordinary activities

Tax charged in the income statement	52 weeks ended 30 December 2007 £000	52 weeks ended 31 December 2006 £000
Current income tax:		
UK corporation tax		
- current year - continuing operations	5,497	4,677
- adjustment in respect of prior periods	(430)	(418)
	<hr/>	<hr/>
	5,067	4,259
Income tax of overseas operations on profits for the year	198	154
	<hr/>	<hr/>
Total current income tax	5,265	4,413
	<hr/>	<hr/>
Deferred tax:		
Origination and reversal of temporary differences	(81)	(220)
Effect of change in tax rate	(28)	-
Adjustment in respect of prior periods	181	-
	<hr/>	<hr/>
Total deferred tax	72	(220)
	<hr/>	<hr/>
	5,337	4,193
	<hr/>	<hr/>
Tax charge in the income statement		
	<hr/>	<hr/>
The tax charge in the income statement is disclosed as follows:		
Income tax expense on continuing operations	5,337	4,193
	<hr/>	<hr/>
Tax relating to items (charged) or credited to equity:		
Reduction in current tax liability as a result of the exercise of share options	780	400
Origination and reversal of temporary differences in relation to unexercised share options	(566)	483
	<hr/>	<hr/>
Tax credit in the group statement of changes in equity	214	883
	<hr/>	<hr/>

Notes to the accounts (continued)

3. Taxation (continued)

(b) Reconciliation of the total tax charge

The tax expense in the income statement for the 52 weeks ended 30 December 2007 is lower than the statutory corporation tax rate of 30% (2006: 30%). The differences are reconciled below:

	52 weeks ended 30 December 2007 £000	52 weeks ended 31 December 2006 £000
Profit before taxation	18,576	14,189
Accounting profit before income tax	<u>18,576</u>	<u>14,189</u>
Accounting profit multiplied by the UK statutory rate of corporation tax of 30% (2006: 30%)	5,573	4,257
Expenses not deductible for tax purposes	168	171
Profit on disposal of tangible assets – not taxable	19	(6)
Accounting depreciation not eligible for tax purposes	135	196
Adjustments relating to prior years corporation tax	(247)	(418)
Effect of decreased tax rate	(28)	-
Tax rate differences	<u>(283)</u>	<u>(7)</u>
Total tax expense reported in the income statement	<u>5,337</u>	<u>4,193</u>
Effective tax rate	<u>28.73%</u>	<u>29.55%</u>

The standard UK rate of corporation tax will reduce to 28% from 1 April 2008. On the basis that the Group's deferred tax assets and liabilities are not expected to materially crystallise before 1 April 2008 the Group's deferred tax balances have been recognised at 28% at 30 December 2007.

(c) Temporary differences associated with Group investments

At 30 December 2007, there was no recognised deferred tax liability (2006: nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, or its associates, as:

- there are no corporation tax consequences of the Group's UK subsidiaries or associates paying dividends to their parent companies; and
- the Group has determined that undistributed profits of its Irish subsidiary will not be distributed in the foreseeable future. The temporary difference associated with the investment in the Group's Irish subsidiary, for which deferred tax has not been recognised aggregate to £3,340,000 (2006: £1,816,000).

There are no income tax consequences for the Group attaching to the payment of dividends by the Group to its shareholders.

Notes to the accounts (continued)

3. Taxation (continued)

(d) Deferred tax

The deferred tax included in the balance sheet is as follows:

	At 30 December 2007 £000	At 31 December 2006 £000
Deferred tax liabilities	(215)	(243)
Deferred tax assets	565	1,209
	<u>350</u>	<u>966</u>

	At 30 December 2007 £000	At 31 December 2006 £000
	<u>350</u>	<u>966</u>

Gross movement in the deferred income tax account

Opening balance	966	263
Tax credited to equity	(566)	483
Income statement (credit)/charge	(72)	220
Release on sale of subsidiary undertaking	22	-
	<u>350</u>	<u>966</u>

Deferred tax assets

	Share based payments £000	Accelerated capital allowances £000	Lease inducements £000	Goodwill and amortisation £000	Provisions £000	Total £000
At 1 January 2006	751	(671)	270	-	159	509
Credit to equity	483	-	-	-	-	483
Credit/(charge) to income	41	290	36	(5)	(145)	217
	<u>1,275</u>	<u>(381)</u>	<u>306</u>	<u>(5)</u>	<u>14</u>	<u>1,209</u>
At 31 December 2006	1,275	(381)	306	(5)	14	1,209
Charge to equity	(566)	-	-	-	-	(566)
Credit/(charge) to income	68	(170)	13	(10)	(1)	(100)
Released on sale of subsidiary undertaking	-	22	-	-	-	22
	<u>777</u>	<u>(529)</u>	<u>319</u>	<u>(15)</u>	<u>13</u>	<u>565</u>
At 30 December 2007	777	(529)	319	(15)	13	565

Notes to the accounts (continued)

3. Taxation (continued)

(d) Deferred tax (continued)

Deferred tax liabilities

	Roll over relief £000	Accelerated capital allowances £000	Total £000
At 1 January 2006	191	55	246
Credit to income	-	(3)	(3)
At 31 December 2006	191	52	243
Credit to income	(13)	(15)	(28)
At 30 December 2007	178	37	215

4. Dividends paid and proposed

	52 weeks ended 30 December 2007 £000	52 weeks Ended 31 December 2006 £000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2006: 1.76p (2005: 1.30p)	2,792	2,115
Interim dividend for 2007: 1.90p (2006: 1.30p)	3,024	2,119
Dividends paid	5,816	4,234
Proposed for approval by shareholders at the AGM (not recognised as a liability at 30 December 2007 or 31 December 2006)		
Final dividend for 2007: 2.50p (2006: 1.76p)	3,896	2,792

5. Earnings per ordinary share

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

Notes to the accounts (continued)

5. Earnings per ordinary share (continued)

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	52 weeks ended 30 December 2007 £000	52 weeks ended 31 December 2006 £000
Profit for the 52 weeks	13,239	9,996
Adjusted for – minority interests	6	88
Profit attributable to equity holders of the parent	<u>13,245</u>	<u>10,084</u>
Analysed as:		
Profit attributable to equity holders of the parent – adjusted for the effect of dilution	<u>13,245</u>	<u>10,084</u>
	At 30 December 2007 No.	At 31 December 2006 No.
Reconciliation of basic and diluted weighted average number of shares*:		
Basic weighted average number of shares (excluding treasury shares)	157,975,572	161,967,072
Dilutive potential ordinary shares:		
Employee share options	1,759,797	2,342,486
Reversionary interests	<u>1,089,001</u>	<u>672,592</u>
Diluted weighted average number of shares	<u>160,824,370</u>	<u>164,982,150</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

The performance conditions for reversionary interests granted over 9,920,000 (2006: 6,640,000) shares and share options granted over 3,097,485 (2006: 2,515,110) shares have not been met in the current financial period and therefore the dilutive effect of the number of shares which would have been issued 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.

Earnings per share before 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 the trends in financial performance.

Notes to the accounts (continued)

5. Earnings per ordinary share (continued)

To this end, basic and diluted earnings from continuing operations per share is also presented on this basis and using the weighted average number of shares for both basic and diluted amounts as per the table above. The amounts for earnings per share from continuing operations before exceptional items are as follows:

	52 weeks ended 30 December 2007	52 weeks ended 31 December 2006
Basic earnings per share	8.48p	6.10p
Diluted earnings per share	8.33p	5.99p

Net profit from continuing operations before exceptional items and attributable to equity holders of the parent is derived as follows:

	52 weeks ended 30 December 2007 £000	52 weeks ended 31 December 2006 £000
Profit for the year	13,239	9,996
Adjusted for - minority interests	6	88
Profit attributable to equity holders of the parent	13,245	10,084
Exceptional items after tax – attributable to equity holders of the parent	148	(200)
Profit before exceptional items attributable to equity holders of the parent	13,393	9,884

6. Additional cash flow information

Analysis of Group net debt

	At 31 December 2006 £000	Cash Flow £000	Non-cash movements £000	At 30 December 2007 £000
Cash and cash equivalents	10,262	4,226	141	14,629
Bank revolving facility	-	(6,000)	-	(6,000)
Bank overdraft	(6,000)	6,000	-	-
Loans	(9,799)	(149)	(221)	(10,169)
Finance leases	(45)	17	-	(28)
	(5,582)	4,094	(80)	(1,568)

	At 1 January 2006 £000	Cash Flow £000	Non-cash Movements £000	At 31 December 2006 £000
Cash and cash equivalents	5,885	4,377	-	10,262
Bank overdraft	-	(6,000)	-	(6,000)
Loans	(10,000)	201	-	(9,799)
Finance leases	(26)	12	(31)	(45)
	(4,141)	(1,410)	(31)	(5,582)

Notes to the accounts (continued)

7. Reconciliation of Shareholders Funds and Movement on Reserves

	Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Treasury Share Reserve £000	Currency Translation Reserve £000	Retained Earnings £000	Equity Shareholders' Funds £000	Minority Interest £000	Total Equity £000
At 31 December 2006	2,574	4,765	261	(4,216)	(21)	5,575	8,938	48	8,986
Exchange difference on the translation of net assets of subsidiary undertaking	-	-	-	-	230	-	230	-	230
Tax credit on employee share options	-	-	-	-	-	214	214	-	214
Total income and expense for the year recognised directly in equity	-	-	-	-	230	214	444	-	444
Profit for the period	-	-	-	-	-	13,245	13,245	(6)	13,239
Total income and expense for the year	-	-	-	-	230	13,459	13,689	(6)	13,683
Proceeds from share issue	22	678	-	-	-	-	700	-	700
Share buybacks	(58)	-	58	-	-	(8,210)	(8,210)	-	(8,210)
Treasury shares held by EBT	-	-	-	(187)	-	-	(187)	-	(187)
Share transaction charges	-	(136)	-	-	-	-	(136)	-	(136)
Share option and LTIP charge	-	-	-	-	-	880	880	-	880
Equity dividends paid	-	-	-	-	-	(5,816)	(5,816)	-	(5,816)
Minority interest movement	-	-	-	-	-	-	-	(3)	(3)
At 30 December 2007	2,538	5,307	319	(4,403)	209	5,888	9,858	39	9,897