Domino's Pizza NEWS

20 July 2009

DOMINO'S PIZZA UK & IRL plc
INTERIM RESULTS FOR THE 26 WEEKS ENDED 28 JUNE 2009

Domino's Pizza UK & IRL plc ("Domino's", the "Company" or the "Group"), the leading pizza delivery company in the UK and Ireland, announces its results for the 26 weeks ended 28 June 2009.

Financial Highlights

- System sales[1] increased by 15.4% to £196.4m (2008: £170.2m)
- Profit before tax[2] increased 25.2% to £13.6m (2008: £10.9m)
- Like-for-like sales[3] in 501 mature stores up by 7.1% (2008: 11.4% in 450 stores)
- Earnings per share[2]:
  - Basic earnings per share up 20.9% to 6.26p (2008: 5.18p)
  - Diluted earnings per share up 21.3% to 6.21p (2008: 5.12p)
- Operating cash flow of £11.3m (2008: £4.5m)
- Total dividend increased 29.6% to 3.5p per share (2008: 2.7p)
- 23 new stores opened in the period (2008: 25 stores) and nil closed (2008: nil) resulting in a total of 576 stores as at 28 June 2009 (2008: 526)
- E-commerce continues to drive business with total online sales of £35.2m (2008: £25.4m), an increase of 38.9%, representing 26.2% (2008: 19.9%) of UK delivered sales
- Strong balance sheet with net debt to EBITDA of only 0.6:1 (2008: 0.6:1)

Commenting on the results Chief Executive Officer, Chris Moore, said:

"I am pleased to announce a strong set of half year results, with a rise in total system sales of 15.4% to £196.4m (2008: £170.2m) and profit before tax and pre-exceptional items increasing by 25.2% to £13.6m (2008: £10.9m). Our like-for-like sales also increased, by 7.1% (2008: 11.4%). This growth was achieved against a backdrop of continued economic turbulence, the recent good weather and some very strong comparatives from last year.

"We have continued with our expansion plans, opening 23 (2008: 25) new stores during the period, taking the total number of stores as at 28 June 2009 to 576 (2008: 526). Our new stores have created around 650 new jobs and we anticipate welcoming a further 800 team members to the Domino's system before the year end.

"While hot weather does have an impact on our business, sales start to come back after prolonged periods of warmer weather as the lure of the barbecue fades. With the addition of short-term, price-led marketing activity, we will ensure that Domino's remains a regular part of our customers' culinary routine. These tactical offers drive profitability for both the Company and our franchisees without jeopardising the brand in the long-term through permanent discounting.

"We are mindful of the tougher second half comparatives, especially towards the latter part of the year. However, given the strong performance in the first half, the number of new store openings anticipated in the second half and the operational gearing within the business, the Board believes it is on track to exceed market expectations for the full year."

1. *Sales from all stores in the UK and Republic of Ireland*
2. *Pre-exceptional costs of £0.5m (2008: £1.2m)*
3. *Like-for-like sales are sales in stores that were open before 30 December 2007*

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A presentation to analysts will be held at 09.30 on 20 July 2009 at Numis Securities Ltd, The London Stock Exchange Building, 10 Paternoster Square, London, EC4M 7LT.

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.

As at 28 June 2009, there were 576 stores in the UK and Ireland. Of these, 450 stores are in England, 45 are in Scotland, 22 are in Wales, 14 are in Northern Ireland, 44 are in the Republic of Ireland and one is a mobile unit.

Founded in 1960, Domino's Pizza is one of the world's leading pizza delivery brands. Through its primarily franchised system, Domino's Pizza operates a global network of more than 8,700 stores in over 60 countries.

For photography visit www.dominos.uk.com/media or contact Hogarth on +44 (0)20 7357 9477.

Chairman's Statement

Against the background of a particularly challenging consumer environment, I am particularly pleased to announce another set of strong results from Domino's Pizza. At a time when many companies are struggling to increase sales and, in some cases, even to stay in business, it is a real testament to the strength of our business model and the dedication of our franchisees and their teams – as well as the support from our head office and commissaries – that we continue to show strong growth at this time.

Another particularly compelling aspect of the Domino's Pizza business model is our ability to generate strong cash flows even in a period of increased capital expenditure. The key ratio of net debt to EBITDA has remained unchanged at 0.6:1 since last year's interim results, despite capital expenditure of £21.6m over this period. This excellent performance has allowed us to declare an increase in the interim dividend of nearly 30%. Even this increase still leaves us further scope to consider share buybacks in the second half of the year.

In addition, Domino's continues to show its ability to adapt to changing conditions. The recent price-led marketing activity is a great example of this. By making the most of the current media prices, we have been able to heavily promote these short-term offers to give special value to our customers without the risk of long-term damage to the brand through permanent discounting. On one particular night recently, we saw like-for-like sales increases of more than 80%!

Our franchisees show no sign of losing their appetite for growing their businesses and this competition for new stores keeps everyone at the top of their game. This has allowed us to stay on track for 50 new store openings this year and our near-term target of 1,000 stores by 2017. Progress in opening new stores in towns where the population is below our anticipated build-out average encourages us to believe that the eventual number of stores may well exceed our current plan.

The infrastructure to support so many stores is well on track with work completed at Penrith and the new site at Milton Keynes due to come into operation in 2010. These new commissaries incorporate much innovative technology, which it is hoped will both further improve the quality of our product and reduce our unit costs.

To summarise, we are in a very good position as we enter the second half of the year and I am looking forward to, and confident of, continued strong progress over the next six months.

Stephen Hemsley
Executive Chairman
20 July 2009

Chief Executive Officer's Review

I am pleased to announce a strong set of half year results with a rise in total system sales of 15.4% to £196.4m (2008: £170.2m) and profit before tax and pre-exceptional items increasing by 25.2% to £13.6m (2008: £10.9m). Our like-for-like sales also increased, by 7.1% (2008: 11.4%). This growth was achieved against a backdrop of continued economic turbulence, the recent good weather and some very strong comparatives from last year.

We have continued with our expansion plans, opening 23 (2008: 25) new stores during the period, taking the total number of stores as at 28 June 2009 to 576 (2008: 526). Our new stores have created around 650 new jobs and we anticipate welcoming a further 800 team members to the Domino's system before the year end.

It is not just the Company that has produced a solid financial performance during the period. Our franchisees have invested £12.1m in new stores, the purchase of existing stores from other franchisees and refurbishments. This investment is possible due to the success of their own Domino's businesses and the continued willingness of banks to invest in Domino's franchisees.

We know how to play to our strengths and our continued success has come from focusing on the Domino's triumvirate of great quality pizza, outstanding customer service and innovative marketing that resonates with our customers. We have successfully combined this focused approach with some short-term, highly targeted price-led marketing activity to offer additional value to our customers.

One of the highlights of the first 26 weeks has been the success of *Britain's Got Talent*, which we sponsored for the second year running. The show's final was the most watched programme on television this year and became the UK's highest rated entertainment programme of the decade.

While we are still focused on increasing the average number of stores per franchisee, we are also seeing more interest in taking on a Domino's franchise than ever before. This record number of applications helps to ensure that our expansion plans can be delivered, as well as offering existing franchisees who wish to exit the system the possibility of doing so. The calibre of these new applicants is higher than ever, they are better capitalised and we are in a position to continue to exploit new and existing opportunities to grow the business through new stores, new customers and by building existing custom.

Our Product

During the period, we have continued to focus on our obsession with the quality of our product, including removing all artificial colours and flavours from our menu. We have launched a new website, www.takeafreshlook.co.uk, which includes extensive nutritional information, as well as videos about our suppliers, and how our dough, cheese, sauce and toppings are made.

At Domino's we are very proud of the taste, texture and consistency of our pizzas and this is only possible with the right ingredients. While others may cut back on quality in the current economic climate, we will strive to make ours better. In order to lead the market, you must have the best quality product and it is our aim to ensure that Domino's does just that.

We have also seen some successful new products on the menu – including the Piri Piri Pizza and our new hot cookies. We continue to invest in menu development, bringing new flavours to our customers on a regular basis.

In addition, we have launched three halal stores during the period. These stores are located in Birmingham, Bradford and Blackburn and are a reflection on the ability of our system to be flexible in catering for the specific needs of a local community.

Our Customer Service

At Domino's, we continue to measure every element of the pizza making process to see if there are any areas where we can improve our customer service times.

The key metric we use is the time it takes from ordering the pizza to it being ready to leave the store – the Out the Door (OTD) time. Our average OTD is currently 13.2 minutes (2008: 13.6 minutes) and we have reaped the benefits of the positive correlation between the time it takes for a customer to get their pizza and the time it takes before they re-order. This is one of the main points of difference between Domino's and its competitors and we will continue to build on this competitive advantage.

Our training team continues to develop first-class programmes for new and existing franchisees and store staff. We are now able to deliver a National Vocational Qualification – Level Two in the UK, improving the career path from team member to management while raising the standard of the teams in Domino's stores throughout the business.

Domino's also continues to place a heavy emphasis on the franchisor / franchisee relationship. We hold regular franchisee meetings on a one to one basis and in regional and national forums and our flat head office structure allows all franchisees direct access to senior management and directors. Only by offering great support to our franchisees, can we ensure they offer exceptional customer service to our consumers.

Our Marketing

As well as our successful sponsorship of *Britain's Got Talent*, we have had more airtime on television than ever before. The successful business model of the National Advertising Fund has given us the ability to capitalise on low media costs and we have managed to buy a large number of extra slots compared to previous years, giving us an increase in our television ratings of 40%.

In addition, our local store marketing team has been very active with highly targeted direct mail and short-term, price-led activity. We have increased the amount of online marketing activity undertaken and, as a result, our online sales continue to grow, rising by 38.9% to £35.2m (2008: £25.4m). During the period, online sales in the UK accounted for 26.2% (2008: 19.9%) of delivered sales.

Domino's has also recently gained a valuable presence in the outside catering arena, with two of our Scottish franchisees investing in a mobile Domino's Pizza unit. This unit, believed to be the largest mobile catering unit in the UK, has already made its presence felt at the Donington Download festival, the World Superbike Championship and the Wireless festival in London's Hyde Park. It has broken the world record for weekly sales from a single Domino's mobile unit and we expect it to continue to do well in the coming months.

Our Infrastructure

In order to support our growth plans of at least 1,000 stores by 2017 and to keep to our goal of ensuring that a small and highly efficient centre supports an ever-growing network of franchised stores, we have invested in our commissaries and introduced innovative equipment, which will save time and reduce costs. One such innovation at the recently completed commissary in Penrith, Cumbria, is a spiral chiller, which cools the dough to the correct storage temperature in a third of the previous time.

Work on the new commissary in Milton Keynes is well underway with the main structure and loading bays already in place. We hope to be making dough and running all the associated warehousing and distribution operations out of this facility by the end of the second quarter of 2010.

We have also been rolling out a contemporary new image in the stores, which includes new fascias and customer areas. The signage has been bought up to date and customers like the more open style of the kitchens, adding to the theatre of pizza making and reinforcing our hand-made, fresh dough credentials.

Going Forward

As well as our passionate focus on product, service and marketing, there are other factors that continue to help fuel our success. As we grow, we benefit from further cost efficiencies and economies of scale.

While hot weather does have an impact on our business, sales start to come back after prolonged periods of warmer weather as the lure of the barbecue fades. With the addition of short-term, price-led marketing activity, we will ensure that Domino’s remains a regular part of our customers’ culinary routine. These tactical offers drive profitability for both the Company and our franchisees without jeopardising the brand in the long-term through permanent discounting.

Our continued growth and the delivery of this cohesive and comprehensive strategy results in strong cash flows. Accordingly, it is the Directors’ intention to continue to return surplus cash to shareholders by further share buybacks and dividends.

We are mindful of the tougher second half comparatives, especially towards the latter part of the year. However, given the strong performance in the first half, the number of new store openings anticipated in the second half and the operational gearing within the business, the Board believes it is on track to exceed market expectations for the full year.

The success of our business is down to our franchisees, their in-store crews, our support staff and commissary teams. In particular, I would like to thank all our delivery drivers who, during the first six months of 2009, have survived snow, storms and, for two particular drivers in Northern Ireland, terrorist gunfire. Without the dedication of all those in the Domino’s system, we would not be able to deliver these great results.

Chris Moore
Chief Executive Officer
20 July 2009

Chief Financial Officer's Review

Overview

The business continued to see strong growth over the period despite the difficult economic conditions experienced in the first half of the year and the hot weather experienced in the last few months of the first half.

Improved margins and maintaining strict control of overheads has further allowed the Group to benefit from the underlying operational gearing of our business model where system sales grew by 15.4% and operating profit, before operating exceptionals, grew by 24.1% to £13.7m (2008: £11.1m).

Profit before tax and exceptional items for the period was £13.6m (2008: £10.9m), up 25.2% on the prior period. Diluted earnings per share, before exceptional items and the tax impact on exceptional items, grew by 21.3% to 6.21p (2008: 5.12p). This rate of diluted earnings per share growth is below that of the profit before tax rate of growth noted above due to the tax impact of exceptional items in 2008. Excluding this tax impact, diluted earnings per share before exceptional items grew by 25.2% to 6.21p (2008: 4.96p).The cash generative nature of the business remains strong, with net cash generated from operations of £8.7m (2008: £2.1m).

This robust performance, together with the resilience and positive outlook of future anticipated free cashflows, reinforces the Board's confidence in paying an interim dividend per share of 3.5p (2008: 2.7p), an increase of 29.6% on the prior year.

Trading results

The increase in system sales of 15.4% to £196.4m (2008: £170.2m) has mainly been driven by:

- Like-for-like sales growth of 7.1% (2008: 11.4%)
- E-commerce sales growth of 38.9% (2008: 85.1%)
- 23 new store openings (2008: 25)
- Immature and new stores performing ahead of expectations
- Marketing and promotional initiatives, including the second year of our highly successful sponsorship of *Britain's Got Talent*

Group revenue, which includes revenues generated from royalties, fees on new store openings, food sales and rental income, as well as revenues from stores in subsidiary companies, grew by 11.3% to £73.7m (2008: £66.2m). The growth of group revenues of 11.3% is lower than the system sales growth due to food price reductions being passed on to franchisees and due to there being fewer stores in subsidiary companies in the current reporting period compared to the same period last year and the resultant lower revenues.

Operating margins have improved over the period and the Group is benefitting from greater efficiencies and productivity across several fronts. Our basket of food prices is lower than the same period last year and cheese and flour in particular have seen significant reductions. While there has been some upward pressure on some product lines, for example meats, the system as a whole has benefited from the reduction in food costs. In addition to this, margins have also widened as a result of the higher volume flowthrough and the resultant labour productivity in our commissaries. While prices are broadly stable at the moment, there is still price inflation looming in some product lines, although the action we have taken by entering into fixed price contracts across the vast majority of our food basket will preclude any major pressure on the system over the balance of the year.

We have also seen further improvements in the routing of deliveries to our stores and this, together with a lower than anticipated fuel cost, has improved the efficiency of our delivery infrastructure.

Profit before tax, after exceptional items, was £13.1m (2008: £9.7m), up 35.0% on the prior period. Diluted earnings per share, after exceptional items, was 5.93p (2008: 4.40p), up 34.8% on the prior period.

The ratio of profit before tax (before exceptional items) to system sales – a key ratio highlighting the strength of the underlying operational gearing of the business – grew to 6.9% for the 26 weeks ended 28 June 2009 (2008: 6.4%)

Exceptional items

Exceptional items are separately disclosed in order to aid understanding of the Group's underlying trading. They generally represent items which do not form part of the core operations of the Group, or which are sufficiently large to warrant separate disclosure in order to facilitate comparisons with earlier trading periods. Given the nature of these items, the Board uses "pre-exceptional" performance measures in order to compare underlying performance year on year.

During the 26 weeks ended 28 June 2009, exceptional operating charges of £0.5m were incurred. The main elements of this comprised accelerated IFRS 2 charges relating to the earlier vesting of LTIP awards of £0.2m and £0.3m comprising restructuring and reorganisation costs.

Interest

The net finance charge for the 26 weeks ended 28 June 2009 was £0.1m (2008: £0.2m). The higher interest cost in the Employee Benefit Trust ("EBT") was due to higher debt in the EBT as a result of further share purchases during the first half of last year, but this was more than offset by the reduction in interest rates since the beginning of the year.

Despite the Group having higher net debt compared to last year as a result of the expenditure on the commissary expansion programme, the net finance charge for the period was lower than the same period last year as interest of £0.2m (2008: £0.1m) was capitalised.

Taxation

The tax charge of £3.8m represents an effective tax charge of 29.0% (2008: 29.0%), in line with the prior year and higher than the statutory corporation tax rate of 28% due to the impact of the IFRS 2 charge for share schemes, which is disallowable for tax purposes, as well as ineligible depreciation, offset by the lower tax rate applicable in the Group's Irish subsidiary company.

Earnings per share ("EPS")

Adjusted basic EPS, before exceptional items, for the 26 weeks ended 28 June 2009 of 6.26p was up 20.8% on the prior period (2008: 5.18p). Adjusted diluted EPS before exceptional items of 6.21p was up 21.3% on the prior period (2008: 5.12p).

Unadjusted basic EPS for the 26 weeks ended 28 June 2009 of 5.98p was up 34.4% on the prior period (2008: 4.45p). Unadjusted diluted EPS of 5.93p was up 34.8% on the prior period (2008: 4.40p).

Dividends

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 29.6% in the interim dividend to 3.50 pence per share (2008: 2.70 pence per share).

This dividend, which is 1.7 times covered by post-exceptional earnings (2008: 1.7 times), will be paid on 28 August 2009 to shareholders on the register as at 31 July 2009.

Cash flow and net debt

Our strong operational cash flows continued with £11.3m (2008: £4.5m) of net cash generated from operations for the 26 weeks ended 28 June 2009.

Outflows of £0.2m of net interest, £2.6m of corporation tax and £12.7m net financial investment were incurred during the period.

£13.8m of capital expenditure was incurred during the period, of which £12.8m was spent on the commissary expansion programme.

The Group generated a net increase in cash and cash equivalents of £3.0m (2008: net decrease of £4.6m) for the period under review. The net decrease in cash in 2008 was due to the Group's share buyback of £3.8m. No share buybacks were undertaken in the first half of 2009.

At 28 June 2009, the Group's net debt was £18.0m (2008: £13.5m). Despite £21.6m of expansionary capital expenditure incurred over the last 12 months, net debt only increased by £4.5m over this period emphasising the cash generative nature of the business.

The ratio of net debt to EBITDA was 0.6:1 (2008: 0.6:1), against a financial covenant of 2.5:1 for our banking facilities. This highlights the Group's conservative policy towards financial leverage.

Banking facilities

At 28 June 2009, the Group had only £18.0m net debt with total banking facilities of £43.0m. The key facility required for the expenditure on the new Milton Keynes commissary is a £25.0m five-year facility which attracts an interest rate of LIBOR plus 50 bps. This facility expires on 20 December 2012 and includes debt cover and interest cover covenants, which are monitored and reported on a quarterly basis. The Group has been comfortably within these covenants at all times. £24.0m of this facility has been utilised as at 28 June 2009.

The Group also has a £13.0m seven-year term facility, which is mainly used for the purchase of shares into the EBT. This facility also has an interest rate of LIBOR plus 50 bps and expires on 31 January 2014. £12.0m of this facility has been utilised as at 28 June 2009.

DP Capital Limited, our subsidiary company which lends to the franchisees for their in-store equipment purchasing, has a £5m five-year facility of which £2.9m has been utilised as at 28 June 2009.

Treasury management and principal risks

The treasury policy of the Group is determined and approved by the Board. The treasury activities are implemented and carried out in accordance with the Board approved policies. The key financial risks and uncertainties that affect the Group, which remain unchanged, are set out in the 2008 Financial Statements which are available on the Domino's Pizza website at www.dominos.uk.com.

Key financial risks faced by the Group include exposure to movement in:

- Interest rates
- Foreign exchange
- Commodity prices

The banking facilities in place within the business, combined with the strong cash flows generated by the business, support the Directors' view that the Group has sufficient facilities available to meet its foreseeable working capital and funding requirements.

The principal operational, regulatory and strategic risks facing the Group for the remaining 26 weeks of the year are unchanged from those reported in the Annual Report and Accounts 2008. These risks are detailed on pages 21 and 22 of the Annual Report and Accounts 2008.

Capital employed

Non-current assets increased in the 26 weeks to 28 June 2009 from £27.7m to £40.3m due to the capital expenditure of £12.8m on the expansion of the Penrith commissary and the new Milton Keynes commissary. The expansion of the Penrith facility has been completed and is now operational and the new Milton Keynes commissary is on track for completion in the second quarter of 2010.

Current assets increased from £35.8m to £41.0m in the 26 weeks to 28 June 2009 primarily due to an increase in trade and other receivables of £2.5m and cash and cash equivalents of £2.3m.

Non-current liabilities increased from £23.3m to £40.0m over the same period due to a further £15.7m drawdown of the £25m five-year term facility for the commissary expansion programme.

Post balance sheet event

On 1 July 2009 the Company, through its subsidiary Domino's Pizza Group Limited, acquired the entire issued share capital of Dresdner Kleinwort Leasing March (2) Limited ("March 2") from Dresdner Kleinwort Leasing Limited.

March 2 carries on a trade of finance leasing, and has entered into three equipment leases across multiple jurisdictions. Dresdner Kleinwort Leasing Limited has also entered into certain financing arrangements with March 2 in connection with the ongoing funding requirements for March 2's leasing business.

Following the acquisition, as a member of the Group, the benefits arising to March 2 from its leasing trade and its entitlement to certain tax reliefs arising from its ownership of the equipment under lease will also be available to the wider Group, which will enable the Company to further maximise cashflows and returns to shareholders.

The anticipated tax relief available to the Group amounts to approximately £29m, most of which will be available over the period from 2010 to 2016. Domino's will also pay deferred consideration up to a maximum aggregate amount of approximately £15m over the period from 2011 to 2016.

Over half of the positive net cashflow benefit of £13.8m will arise over the period from 2010 to 2016 and will further improve the Group's financial performance and enhance shareholder returns.

Lee Ginsberg
Chief Financial Officer
20 July 2009

GROUP INCOME STATEMENT

	Notes	(Unaudited) 26 weeks ended 28 June 2009 £000	(Unaudited) 26 weeks ended 29 June 2008 £000	52 weeks ended 28 December 2008 £000
Revenue	3	73,699	66,200	135,977
Cost of sales		(45,664)	(41,660)	(85,153)
Gross Profit		28,035	24,540	50,824
Distribution costs		(4,825)	(4,695)	(9,185)
Administrative costs (including operating exceptional charges)		(10,221)	(9,071)	(18,141)
		12,989	10,774	23,498
Share of post tax profits of associates		219	137	187
Operating profit		13,208	10,911	23,685
Accelerated LTIP charge	12	(249)	-	-
Operating exceptional charges	6	(264)	(146)	(54)
Operating profit before exceptional charges		**13,721**	**11,057**	**23,739**
Loss on the sale of non current assets and assets held for sale	6	-	(137)	(184)
Profit on the sale of subsidiary undertakings	6	-	-	28
Admission to Official List fees	6	-	(887)	(1,002)
Profit before interest and taxation		13,208	9,887	22,527
Finance income		93	364	584
Finance expense		(206)	(552)	(962)
Profit before taxation		13,095	9,699	22,149
Taxation	7	(3,798)	(2,812)	(6,485)
Profit for the period		9,297	6,887	15,664
Profit for the period attributable to:				
Owners of the parent		9,296	6,911	15,652
Non-controlling interests		1	(24)	12
		9,297	6,887	15,664
Earnings per share (post exceptional charges)				
- Basic (pence)	9	5.98	4.45	10.12
- Diluted (pence)	9	5.93	4.40	9.97
Earnings per share (pre exceptional charges)				
- Basic (pence)	9	6.26	5.18	10.86
- Diluted (pence)	9	6.21	5.12	10.71

GROUP STATEMENT OF COMPREHENSIVE INCOME

	(Unaudited) 26 weeks ended 28 June 2009 £000	(Unaudited) 26 weeks ended 29 June 2008 £000	52 weeks ended 28 December 2008 £000
Profit for the period	9,297	6,887	15,664
Other comprehensive income:			
Exchange differences on retranslation of foreign operations	(929)	368	1,644
Tax (charge) / credit on employee shares options	(52)	56	(59)
Other comprehensive income for the period, net of tax	(981)	424	1,585
Total comprehensive income for the period	8,316	7,311	17,249
Total comprehensive income for the year attributable to:			
Owners of the parent	8,315	7,335	17,237
Non-controlling interests	1	(24)	12
	8,316	7,311	17,249

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	Non-Controlling Interests £000	Total Equity £000
At 30 December 2007	**2,538**	**5,307**	**319**	**(4,403)**	**209**	**5,888**	**9,858**	**39**	**9,897**
Profit for the period	-	-	-	-	-	6,911	6,911	-	6,911
Other comprehensive income – exchange differences	-	-	-	-	368	-	368	-	368
Other comprehensive income – tax on employee share options	-	-	-	-	-	56	56	-	56
Total comprehensive income for the period	-	-	-	-	368	6,967	7,335	-	7,335
Proceeds from share issue	8	493	-	-	-	-	501	-	501
Share buybacks	(26)	-	26	-	-	(3,751)	(3,751)	-	(3,751)
Share transaction charges	-	(31)	-	-	-	-	(31)	-	(31)
Treasury shares held by EBT	-	-	-	(4,317)	-	-	(4,317)	-	(4,317)
Vesting of LTIP grants	-	-	-	814	-	(814)	-	-	-
Share option and LTIP charge	-	-	-	-	-	535	535	-	535
Equity dividends paid	-	-	-	-	-	(3,882)	(3,882)	-	(3,882)
Non-controlling interests	-	-	-	-	-	-	-	(25)	(25)
At 29 June 2008	**2,520**	**5,769**	**345**	**(7,906)**	**577**	**4,943**	**6,248**	**14**	**6,262**
Profit for the period	-	-	-	-	-	8,741	8,741	-	8,741
Other comprehensive income – exchange differences	-	-	-	-	1,276	-	1,276	-	1,276
Other comprehensive income – tax on employee share options	-	-	-	-	-	(115)	(115)	-	(115)
Total comprehensive income for the period	-	-	-	-	1,276	8,626	9,902	-	9,902
Proceeds from share issue	4	148	-	-	-	-	152	-	152
Share buybacks	(1)	-	1	-	-	(1)	(1)	-	(1)
Treasury shares held by EBT	-	-	-	9	-	-	9	-	9
Share option and LTIP charge	-	-	-	-	-	571	571	-	571
Equity dividends paid	-	-	-	-	-	(4,153)	(4,153)	-	(4,153)
Non-controlling interests	-	-	-	-	-	-	-	38	38
At 28 December 2008	**2,523**	**5,917**	**346**	**(7,897)**	**1,853**	**9,986**	**12,728**	**52**	**12,780**
Profit for the period	-	-	-	-	-	9,296	9,296	-	9,296
Other comprehensive income – exchange differences	-	-	-	-	(929)	-	(929)	-	(929)
Other comprehensive income – tax on employee share options	-	-	-	-	-	(52)	(52)	-	(52)
Total comprehensive income for the period	-	-	-	-	(929)	9,244	8,315	-	8,315
Proceeds from share issue	18	1,007	-	-	-	-	1,025	-	1,025
Vesting of LTIP grants	-	-	-	547	-	(547)	-	-	-
Share option and LTIP charge	-	-	-	-	-	625	625	-	625
Equity dividends paid	-	-	-	-	-	(4,983)	(4,983)	-	(4,983)
Non-controlling interests	-	-	-	-	-	-	-	1	1
At 28 June 2009	**2,541**	**6,924**	**346**	**(7,350)**	**924**	**14,325**	**17,710**	**53**	**17,763**

GROUP BALANCE SHEET

	Notes	(Unaudited) At 28 June 2009 £000	(Unaudited) At 29 June 2008 £000	At 28 December 2008 £000
Non current assets				
Goodwill and intangible assets		1,238	1,017	1,247
Property, plant and equipment	10	35,516	16,084	22,964
Prepaid operating lease charges		691	723	742
Net investment in finance leases		2,207	1,867	1,917
Investments in associates		629	802	790
Deferred tax asset		-	687	-
		40,281	21,180	27,660
Current assets				
Inventories		2,883	3,104	2,542
Trade and other receivables		16,174	15,804	13,650
Net investment in finance leases		889	874	858
Prepaid operating lease charges		138	274	132
Cash and cash equivalents	5	20,929	10,156	18,602
		41,013	30,212	35,784
Non current assets held for sale		1,037	717	736
Total assets		82,331	52,109	64,180
Current liabilities				
Trade and other payables		(20,309)	(17,814)	(20,523)
Deferred income		(77)	(37)	(77)
Financial liabilities	11	(883)	(9,857)	(4,867)
Current tax liabilities		(3,271)	(2,885)	(2,627)
		(24,540)	(30,593)	(28,094)
Non current liabilities				
Provisions		(134)	(142)	(141)
Financial liabilities	11	(38,066)	(13,770)	(21,909)
Deferred income		(1,088)	(1,127)	(1,126)
Deferred tax liabilities		(740)	(215)	(130)
Total liabilities		(64,568)	(45,847)	(51,400)
Net assets		17,763	6,262	12,780
Shareholder's equity				
Called up share capital		2,541	2,520	2,523
Share premium account		6,924	5,769	5,917
Capital redemption reserve		346	345	346
Treasury share reserve		(7,350)	(7,906)	(7,897)
Currency translation reserve		924	577	1,853
Retained earnings		14,325	4,943	9,986
Equity shareholder's funds		17,710	6,248	12,728
Non-controlling interests		53	14	52
Total equity		17,763	6,262	12,780

GROUP CASHFLOW STATEMENT

	(Unaudited) 26 weeks ended 28 June 2009	(Unaudited) 26 weeks ended 29 June 2008	52 weeks ended 28 December 2008
Cash flows from operating activities	£000	£000	£000
Profit before taxation	13,095	9,699	22,149
Net finance costs	113	188	378
Share of post tax profits of associates	(219)	(137)	(187)
Amortisation and depreciation	907	847	1,958
Loss on disposal of non current assets and subsidiary undertakings	-	137	156
Share option and LTIP charge (including accelerated LTIP charge)	625	535	1,106
Increase in inventories	(387)	(758)	(115)
Increase in debtors	(2,698)	(5,665)	(3,489)
(Decrease)/increase in creditors	(69)	(388)	2,299
(Decrease)/increase in deferred income	(38)	25	64
Decrease in provisions	(7)	(13)	(14)
Cash generated from operations	11,322	4,470	24,305
UK corporation tax	(2,429)	(2,334)	(5,692)
Overseas corporation tax paid	(169)	-	(273)
Net cash generated by operating activities	8,724	2,136	18,340
Cash flows from investing activities			
Interest received	93	320	584
Dividends received	380	41	82
Receipts from repayment of associate loan	64	22	119
Receipts from repayment of franchisee finance leases	617	547	1,014
Purchase of property, plant and equipment	(13,230)	(3,168)	(10,533)
Purchase of other non current assets	(569)	(501)	(895)
Net cash acquired on the disposal of subsidiary undertaking	-	875	31
Receipts from the sale of other non current assets	-	161	1,044
Net cash used by investing activities	(12,645)	(1,703)	(8,554)
Cash (outflow)/inflow before financing	(3,921)	433	9,786
Cash flow from financing activities			
Interest paid	(333)	(508)	(962)
Issue of ordinary share capital	1,025	501	653
Purchase of own shares	-	(3,782)	(3,783)
Purchase of shares for EBT	-	(4,317)	(4,308)
Bank revolving facilities – current	(4,000)	-	(2,000)
Bank revolving facilities – non-current	15,700	3,000	8,300
New long term loan - EBT	-	4,317	4,314
New long term loans	1,065	700	1,014
Repayment of long term loans	(575)	(576)	(1,038)
Payments to acquire finance lease assets	(956)	(509)	(1,019)
Equity dividends paid	(4,983)	(3,882)	(8,035)
Net cash generated/(used) by financing activities	6,943	(5,056)	(6,864)
Net increase/(decrease) in cash and cash equivalents	3,022	(4,623)	2,922
Cash and cash equivalents at beginning of period	18,602	14,629	14,629
Foreign exchange (loss)/gain on cash and cash equivalents	(695)	150	1,051
Cash and cash equivalents at end of period	20,929	10,156	18,602

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 London Stock Exchange. 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

The interim financial information has been prepared on the basis of International Financial Reporting Standards ("IFRS"), as adopted by the European Union, that are effective at 28 June 2009 and are consistent with the accounting policies adopted in the preparation of the Group's annual report and accounts for the 52 weeks ended 28 December 2008.

This interim report has been prepared in accordance with IAS 34 'Interim Financial Reporting'. The financial information contained in this interim statement does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985.

The financial information for the 52 weeks ended 28 December 2008 has been extracted from the statutory accounts for the Group for that period. These published accounts 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.

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

Changes in accounting policy

IFRS 8 Operating Segments

In the current financial period, the Group has adopted the requirements of IFRS 8 Operating Segments. IFRS 8 concerns the presentation and disclosure of segment information in the Group's financial statements and consequently has not affected the measurement of the Group's profit, assets or liabilities. IFRS 8 requires segment information to be presented on the same basis as that used for internal reporting purposes. This has not resulted in any additional segments being presented.

IAS 1 Revised Presentation of Financial Statements

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

IAS 23 Borrowing Costs (Revised)

The standard has been revised to require capitalisation of borrowing costs on qualifying assets, which is in line with the Group's current policy.

IFRS 2 Amendment to IFRS 2 Vesting conditions and cancellations

The amendment to IFRS 2 restricts the definition of vesting conditions to include only service conditions (requiring a specified period of service to be completed) and performance conditions (requiring the other party to achieve a personal goal or contribute to achieving a corporate target). All other features are not vesting conditions. This amendment to the standard has no impact on the financial statements of the Group.

Other new standards and interpretations applied by the Group are consistent with those disclosed in the Group's annual report and financial statements for the 52 weeks ended 28 December 2007, these do not have a material impact on this interim report.

NOTES TO THE GROUP INTERIM REPORT

3. REVENUE

Revenue recognised in the income statement is analysed as follows:

	(Unaudited) 26 weeks ended 28 June 2009 £000	(Unaudited) 26 weeks ended 29 June 2008 £000	52 weeks ended 28 December 2008 £000
Royalties and sales to franchisees	68,027	60,665	125,602
Rental income on leasehold and freehold property	5,534	5,402	10,111
Finance lease income	138	133	264
	73,699	66,200	135,977

4. SEGMENT INFORMATION

For management purposes, the Group is organised into two geographical business units, United Kingdom and Ireland, based on the territories governed by the Master Franchise Agreement ("MFA").

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

Operating Segments

	(Unaudited) 26 weeks ended 28 June 2009			(Unaudited) 26 weeks ended 29 June 2008			52 weeks ended 28 December 2008		
	Ireland £000	United Kingdom £000	Total £000	Ireland £000	United Kingdom £000	Total £000	Ireland £000	United Kingdom £000	Total £000
Segment revenue									
Sales to external customers	8,083	65,616	73,699	7,443	58,757	66,200	13,021	122,956	135,977
Results									
Segment result	1,705	11,284	12,989	1,515	9,259	10,774	2,923	20,575	23,498
Share of profit of associates	-	219	219	-	137	137	-	187	187
Group operating profit	1,705	11,503	13,208	1,515	9,396	10,911	2,923	20,762	23,685

NOTES TO THE GROUP INTERIM REPORT

4. SEGMENT INFORMATION (continued)

Loss on the sale of non current assets and assets held for sale	-	-	-	-	(137)	(137)	-	(184)	(184)
Profit on the sale of subsidiary undertakings	-	-	-	-	-	-	-	28	28
Admission to Official List fees	-	-	-	-	(887)	(887)	-	(1,002)	(1,002)
	1,705	11,503	13,208	1,515	8,372	9,887	2,923	19,604	22,527
Net finance costs			(113)			(188)			(378)
Profit before tax			13,095			9,699			22,149

5. CASH AND CASH EQUIVALENTS

	(Unaudited) 26 weeks ended 28 June 2009 £000	(Unaudited) 26 weeks ended 29 June 2008 £000	52 weeks ended 28 December 2008 £000
Cash at bank and in hand	3,209	1,988	4,245
Short term deposits	17,720	8,168	14,357
	20,929	10,156	18,602

NOTES TO THE GROUP INTERIM REPORT

6. 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 28 June 2009 £000	(Unaudited) 26 weeks ended 29 June 2008 £000	52 weeks ended 28 December 2008 £000
Onerous lease and dilapidation provisions	-	63	-
Restructuring and reorganisation costs	264	53	54
Assets written off	-	30	-
	264	146	54

Recognised below operating profit

Profit on the sale of subsidiary undertaking

	(Unaudited) 26 weeks ended 28 June 2009 £000	(Unaudited) 26 weeks ended 29 June 2008 £000	52 weeks ended 28 December 2008 £000
Disposal of 5% of DP Peterborough Limited	-	-	28
	-	-	28

In May 2008 the Group disposed of 5% of its investment in DP Peterborough Limited for a total cash consideration of £31,000, reducing the shareholding to 75%. This transaction resulted in a profit on disposal of £28,000.

NOTES TO THE GROUP INTERIM REPORT

6. EXCEPTIONAL ITEMS (continued)

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

	(Unaudited) 26 weeks ended 28 June 2009 £000	(Unaudited) 26 weeks ended 29 June 2008 £000	52 weeks ended 28 December 2008 £000
Sale of corporate stores (2008: one store)	-	(4)	(50)
Loss on the sale of non current assets held for sale – DPGL Birmingham Limited	-	(134)	(134)
Profit on the sale of other non current assets	-	1	-
	-	(137)	(184)

The Group has taken the decision not to invest in or trade in corporately owned stores. During the period nil (2008: one) corporately owned stores were sold resulting in a loss of £nil (2008: £4,000). The Group disposed of its subsidiary undertaking, DPGL Birmingham Limited in April 2008 generating a loss of £134,000.

Admission to Official List fees

During 2008, the Company commenced and successfully completed the process of applying for admission to the Official List of the Financial Services Authority ("FSA") and to trading on the main market of the London Stock Exchange ("LSE") for listed securities. The Ordinary Shares were simultaneously cancelled from trading on the Alternative Investment Market ("AIM") and admitted to the listing on the Official List of the FSA and to trading on the main market of the LSE on 19 May 2008. During the 52 weeks ended 28 December 2008 costs of £1,002,000 were incurred in relation to the admission to the Official List. No additional costs were incurred in the current period.

7. INCOME TAX

	(Unaudited) 26 weeks ended 28 June 2009 £000	(Unaudited) 26 weeks ended 29 June 2008 £000	52 weeks ended 28 December 2008 £000
Current income tax			
Current income tax charge	3,240	2,981	6,300
Deferred income tax			
Relating to origination and reversal of temporary differences	558	(169)	185
Income tax expense	3,798	2,812	6,485

NOTES TO THE GROUP INTERIM REPORT

8. DIVIDENDS PAID AND PROPOSED

	(Unaudited) 26 weeks ended 28 June 2009 £000	(Unaudited) 26 weeks ended 29 June 2008 £000	52 weeks ended 28 December 2008 £000
Declared and paid during the year			
Final dividend for 2007 2.50p (2006: 1.76p)	-	3,882	3,882
Interim dividend for 2008 2.70p (2007:1.90p)	-	-	4,153
Final dividend for 2008 3.20p (2007: 2.50p)	4,983	-	-
	4,983	3,882	8,035

The directors propose an interim dividend of 3.50p per share of £5,692,000 (2008: 2.70p £4,153,000).

9. EARNINGS PER 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 owners 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.

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

	(Unaudited) 26 weeks ended 28 June 2009 £000	(Unaudited) 26 weeks ended 29 June 2008 £000	52 weeks ended 28 December 2008 £000
Profit for the period	9,297	6,887	15,664
Adjusted for – non-controlling interests	(1)	24	(12)
Profit attributable to owners of the parent	9,296	6,911	15,652

	(Unaudited) At 28 June 2009 No.	(Unaudited) At 29 June 2008 No.	At 28 December 2008 No.
Reconciliation of basic and diluted weighted average number of shares:			
Basic weighted average number of shares (excluding treasury shares)	155,437,666	155,433,468	154,651,355
Dilutive potential ordinary shares:			
Employee share options	1,215,378	1,712,846	1,732,003
Reversionary interests	179,227	-	560,549
Diluted weighted average number of shares	156,832,271	157,146,314	156,943,907

NOTES TO THE GROUP INTERIM REPORT

9. EARNINGS PER SHARE (continued)

	(Unaudited) 26 weeks ended 28 June 2009 £000	(Unaudited) 26 weeks ended 29 June 2008 £000	52 weeks ended 28 December 2008 £000
Basic earnings per share	5.98	4.45	10.12
Diluted earnings per share	5.93	4.40	9.97

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

The performance conditions for reversionary interests granted over 12,632,907 (2008: 13,710,000) shares and share options granted over 2,949,322 (2008: 3,050,741) 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.

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.

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:

	(Unaudited) 26 weeks ended 28 June 2009 £000	(Unaudited) 26 weeks ended 29 July 2008 £000	52 weeks ended 28 December 2008 £000
Adjusted basic earnings per share	6.26	5.18	10.86
Adjusted diluted earnings per share	6.21	5.12	10.71

NOTES TO THE GROUP INTERIM REPORT

9. EARNINGS PER SHARE (continued)

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

	(Unaudited) 26 weeks ended 28 June 2009 £000	(Unaudited) 26 weeks ended 29 June 2008 £000	52 weeks ended 28 December 2008 £000
Profit for the period	9,297	6,887	15,664
Adjusted for – non-controlling interests	(1)	24	(12)
Profit attributable to owners of the parent	9,296	6,911	15,652
Exceptional items after tax – attributable to owners of the parent	439	1,134	1,151
- Accelerated LTIP charge	249	-	-
- Operating exceptional charges	264	146	54
- Loss on the sale of non current assets and assets held for sale	-	137	184
- Profit on the sale of subsidiary undertakings	-	-	(28)
- Admission to Official List fees	-	887	1,002
- Taxation impact	(74)	(36)	(61)
Profit before exceptional items attributable to owners of the parent	9,735	8,045	16,803

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment additions in the period

During the 26 weeks ended 28 June 2009, the Group acquired assets with a cost of £13.2m (2008: £3.2m). £12.8m (2008: £2.7m) of the additions in the period related to the investment in the new Milton Keynes commissary and the extension to the Penrith commissary.

Capital commitments

At 28 June 2009, the Group had capital commitments of £7.4m (2008: £3.9m) principally relating to the acquisition of property, plant and equipment for the extension to the Penrith commissary and for the new Milton Keynes commissary.

NOTES TO THE GROUP INTERIM REPORT

11. INTEREST-BEARING LOANS AND BORROWINGS

Bank loans

The Group has entered into an agreement to obtain bank loans and mortgage facilities. These are secured by a fixed and floating charge over the Group's assets and an unlimited guarantee provided by the Company. At 28 June 2009 the balance due under these facilities was £12,035,000 (2008: £12,035,000) all of which is in relation to the Employee Benefit Trust. The loan bears interest at 0.50% (2008: 0.50%) per annum above LIBOR. The loan has a term of 7 years and matures on 31 January 2014.

Bank revolving facility

The Group entered into an agreement to obtain a revolving credit facility from Barclays Bank plc. The limit for this facility was £6,000,000. The facility expired in February 2009 and therefore, the balance drawn down at 28 June 2009 was £nil (2008: £6,000,000). The facility incurred interest at 0.50% (2008: 0.50%) per annum above LIBOR. The facility was secured by share pledges, constituting first fixed charges over the shares of DPG Holdings Limited and Domino's Pizza Group Limited as well as negative pledges given by the Company, DPG Holdings Limited and Domino's Pizza Group Limited.

The Group entered into an agreement on 20 December 2007 to obtain an additional revolving facility from Barclays Bank plc. The limit for this facility is £25,000,000. The balance drawn down on the facility at 28 June 2009 was £24,000,000 (2008: £3,000,000). The facility has a term of 5 years and interest is charged at 0.50% (2008: 0.50%) per annum above LIBOR. The facility is secured by an unlimited cross guarantee between the Company, Dominos Pizza Group Limited, DPG Holdings Limited, DP Realty Limited and DP Developments Limited as well as negative pledges given by the Company, Dominos Pizza Group Limited, DPG Holdings Limited, DP Realty Limited and DP Developments Limited.

Other loans

The Group has an asset finance facility of £5,000,000 (2008: £5,000,000) with a term of 5 years. The balance drawn down on this facility and held within 'other loans' as at 28 June 2009 is £2,914,000 (2008: £2,424,000). The loans are repayable in equal instalments over a period of up to 5 years. The loans are secured by a limited guarantee and indemnity by the Company and Domino's Pizza Group Limited (limited to an annual sum of £300,000) and a mortgage charge over the assets financed. The interest rate on these loans is fixed at an average of 8.60% (2008: 8.70%).

12. SHARE-BASED PAYMENTS

The expense recognised for share-based payments in respect of employee services received during the 26 weeks to 28 June 2009 is £625,000 (2008: £535,000). This all arises on equity settled share-based payment transactions.

During the period the Group's IFRS 2 charge relating to reversionary interests in ordinary shares granted in 2006 has increased as the performance targets have been achieved earlier than expected, resulting in an accelerated charge of £249,000 (2008: £nil).

Long Term Senior Executive Incentive Plan

Reversionary interests over assets held in the Domino's Pizza UK & IRL plc employee benefit trust are approved and granted, at the discretion of the trustees, to senior executives. The interests are capable of vesting within a five year period should certain performance targets be achieved by the Group. In June 2009, 2,139,878 reversionary interests were granted to senior executives under the Long Term Incentive Plan.

NOTES TO THE GROUP INTERIM REPORT

12. SHARE-BASED PAYMENTS (continued)

The following table lists the performance criteria attached to the reversionary interests granted and not vested:

Grant date	Grant price per interest	Annual growth in EPS	No. of Interests granted
June 2009	206.25p	RPI plus 9%	2,139,878

The contractual life of each interest is 5 years and all awards are equity settled. The weighted average fair value of each reversionary interest granted during the 26 week period was 36.0p.

Employee Share-option

All other employees are eligible for grants of options, which are approved by the Board. In May 2009, 207,404 share options were granted under the Unapproved Share Option Scheme and 1,073,056 share options were granted under the Approved Share Option Scheme. The options vest after a 3 year period and are exercisable subject to the condition that the growth in basic earnings per share in any financial year between grant and vesting exceeds the real growth by at least 3%. The contractual life of each option granted is 10 years. There are no cash settlement alternatives and all awards are equity settled.

The weighted average fair value of each option granted in 2009 was 38.0p.

Sharesave scheme

During 2009 the Group introduced a Sharesave scheme giving employees the option to acquire shares in the Company. Employees have the option to save an amount per month up to a maximum of £250 and at the end of three years they have the option to purchase shares in the company or to take their savings in cash. The contractual life of the scheme is three years. The weighted average fair value of each option granted in 2009 was 46.0p.

The fair value of both options and reversionary interests granted is estimated at the date of granting using a Black-Scholes model, taking into account the terms and conditions upon which they were granted.

The following table lists the inputs to the model used for 2009:

	Dividend yield (%)	Expected volatility (%)	Historical volatility (%)	Risk-free rate (%)	Expected term (years)	Initial value/ exercise price (p)	Share price (p)
LTIP	3.8	30.0	52.3	2.5	3.0	206.25	206.25
Employee Share Option	3.8	30.0	52.3	2.5	4.0	205.50	205.50
SAYE	3.8	30.0	48.1	2.0	3.3	135.80	173.25

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is not indicative of future trends, which may also not necessarily be the actual outcome. No other features of options were incorporated into the measurement of fair value, and non-market conditions have not been included in calculating the fair value.

NOTES TO THE GROUP INTERIM REPORT

13. RELATED PARTY TRANSACTIONS

During the 26 weeks ended 28 June 2009, the Group entered into transactions, in the ordinary course of business, with related parties. Transactions entered into, and trading balances outstanding at 28 June 2009 with related parties, are as follows:

	Sales to related party £000	Amounts owed by related party £000
Associates		
28 June 2009	2,107	102
29 June 2008	1,820	181
28 December 2008	3,727	139
Non-controlling interests		
28 June 2009	589	48
29 June 2008	766	69
28 December 2008	1,406	51

14. ANALYSIS OF NET DEBT

	(Unaudited) At 28 June 2009 £000	(Unaudited) At 29 June 2008 £000	At 28 December 2008 £000
Bank loan EBT	12,035	12,035	12,035
Other loans	2,914	2,574	2,424
Finance leases	-	18	17
Bank revolving facility	24,000	9,000	12,300
Less: cash and cash equivalents	(20,929)	(10,156)	(18,602)
Net debt	18,020	13,471	8,174

NOTES TO THE GROUP INTERIM REPORT

15. POST BALANCE SHEET EVENT

On 1 July 2009, the Group acquired 100% of the ordinary shares of Dresdner Kleinwort Leasing March (2) Limited ("March 2"), a private company based in England which provides funding in the form of finance leases to a number of corporate clients.

The book and fair values of the identifiable assets and liabilities of March 2 as at the date of acquisition were as follows:

	(Unaudited) Provisional fair value to Group £000	(Unaudited) Previous carrying value £000
Net investment in finance leases	6,130	6,130
Other receivables	20	20
Deferred tax asset	29,400	-
	35,550	6,150
Loans payable	(6,120)	(6,120)
Other payables	(5)	(5)
	(6,125)	(6,125)
Net assets	29,425	
Excess of consideration paid less fair value of assets and liabilities acquired	(15,325)	
Total acquisition cost	**14,100**	

The fair values on acquisition of March 2 are provisional due to the timing of the transaction and will be finalised during the 2009 financial year.

As a company with an established leasing trade, March 2 owns the leased equipment, is entitled to an ongoing rental income from each lease for the remaining term of that lease; and is entitled to certain tax reliefs arising from its ownership of the equipment. The tax reliefs available have a total value of approximately £29,400,000.

The total acquisition costs of £14,100,000 comprise the present value of the expected cash consideration discounted at 3.2%, the Group's estimated cost of debt and costs of £500,000 directly attributable to the acquisition. The initial consideration paid for the acquisition of March 2 was £26,000. A deferred consideration up to a maximum aggregate amount of approximately £15,500,000 is also payable. The amount and timing for the payments of deferred consideration will depend on the amount and timing of the benefits to the Group which it is anticipated will arise from the date of acquisition and which are described above. The deferred consideration will be paid from January 2011 until 2016.

If the combination had taken place at the beginning of the period, the profit for the Group would have been £9,406,000 and revenue from continuing operations would have been £73,948,000.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

a) the financial statements have been prepared in accordance with IAS 34;
b) the interim management report includes a fair review of the information required by the financial statements Disclosure and Transparency Rules (DTR 4.2.7R) – indication of important events during the 26 weeks and their impact on the financial statements and description of principal risks and uncertainties for the remaining 26 weeks of the financial year; and
c) the interim management report includes a fair review of the information required by DTR 4.2.8R – disclosure of related party transactions and changes therein.

On behalf of the Board

Christopher Moore	Lee Ginsberg
Chief Executive Officer	Chief Financial Officer

Independent review report to Domino's Pizza UK & IRL plc

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the twenty six weeks ended 28 June 2009 which comprises the Group income statement, Group statement of comprehensive income, Group statement of changes of equity, Group balance sheet, Group cash flow statement and the related explanatory notes that have been reviewed. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the twenty six weeks ended 28 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP
Luton
20 July 2009