Domino's Pizza NEWS

17 February 2009

DOMINO'S PIZZA UK & IRL plc
PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 28 DECEMBER 2008

Domino's Pizza UK & IRL plc ("Domino's", the "Company" or the "Group"), the leading pizza delivery company in the UK and Ireland, announces it results for the 52 weeks ended 28 December 2008.

Financial Highlights

- System sales[1] increased by 18.4% to £350.8m (2007: £296.3m)
- Profit before tax[2] increased 24.7% to £23.4m (2007: £18.7m)
- Like-for-like sales[3] in 450 mature stores up by 10.0% (2007: 14.7% in 404 stores)
- Earnings per share[2]:
    - Basic earnings per share up 28.1% to 10.86p (2007: 8.48p)
    - Diluted earnings per share up 28.6% to 10.71p (2007: 8.33p)
- Total dividend increased 34.1% to 5.9p per share (2007: 4.4p)
- 52 new stores opened in the year (2007: 50 stores) and none closed (2007: nil) resulting in a total of 553 stores at the year end (2007: 501)
- E-commerce continues to drive business with online sales of £55.9m (2007: £32.2m), an increase of 73.7%, representing 23.3% of delivered sales
- Net debt to EBITDA of 0.3:1 (2007: 0.1:1), highlighting our low financial leverage

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

"I am delighted to report another excellent set of results this year, which reflects great momentum in the business with like-for-like sales growth of 10.0%, building on the very strong performance in 2007. This growth has been achieved while continuing our aggressive expansion programme, with a record 52 new stores successfully opened during the year, bringing the total number of stores at the year end to 553 and leaving us on track to exceed our target of at least 1,000 stores in the next 10 years.

"Our growth continues to be driven by our unfaltering focus and passion for the delivery of our three key priorities – namely great quality pizza, outstanding customer service and innovative marketing that resonates with our customers. This combination has resulted in total system sales increasing by 18.4% and profit before tax, pre-exceptionals, up 24.7%.

"We have had an exceptional start to 2009, with like-for-like sales for the first six weeks up 15.0% (2008: 11.0%). While we are delighted with this performance, we face some very tough comparatives and an unpredictable economic environment.

"Our store opening programme continues apace and plans for another 50 new store openings this year are well underway with numerous sites in the pipeline.

"We are confident that we are well positioned for another year of strong growth."

Corporate Progress

- Created 1,600 new jobs in 2008, taking the total number of employees in the system to over 18,000
- Increase in the National Advertising Fund (NAF) to £18m (2007: £15m), which combined with the falling cost of media, led to increased television advertising and the opportunity to sponsor *Britain's Got Talent*, generating additional sales during the show
- Strong demand for new stores with all but one opened by existing franchisees. Average stores per franchisee now at 4.2 (2007: 3.5). An additional seven new franchisees purchased existing stores
- Work started on the new Milton Keynes Commissary and capacity improvements at our Penrith facility
- Successfully moved to the Official List from AIM in May 2008 and joined the FTSE 250
- A third of the 2.7m customers we delivered to were new customers

1 *Sales from all stores in the UK and Republic of Ireland*
2 *Pre-exceptional items*
3 *Like-for-like sales are sales in stores that were open before 31 December 2006*

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A presentation to analysts will be held at 09.30 on 17 February 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 December 2008, there were 553 stores in the UK and Ireland. Of these, 434 stores are in England, 43 are in Scotland, 22 are in Wales, 13 are in Northern Ireland and 41 are in the Republic of Ireland.

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

I am pleased, in my first year as Chairman, to be reporting a year of significant achievement both operationally and corporately. Profit before tax and exceptional items rose 24.7% to £23.4m, on system sales growth up 18.4% to £350.8m. In addition, we opened 52 new stores, exceeding our annual target of 50 stores for the first time. This was an excellent performance given both the uncertain economic climate and the very tough comparatives we were up against from last year.

Corporately it has also been an eventful year with our move from the Alternative Investment Market ("AIM") to the Official List on 19 May 2008 ("Admission"). AIM had served us well since 1999, but with the rapid growth we have achieved and our objective to broaden our investor base, a change was necessary. Admission was closely followed by our inclusion in the FTSE 250 index and we are confident that over the long term this will improve the liquidity and marketability of our shares. We were particularly proud during the last 12 months to have our achievements recognised by winning both the AIM Investors Company of the Year and the Shares Magazine Main Market Company Achievement awards, as well as a Catey Award for Best Use of Technology.

Our continued expansion this year could not have been achieved without the hard work, passion and entrepreneurial flair of our franchisees. We have a strong and positive relationship with all of our franchisees and together we work very closely in maintaining our position as the leading home delivery pizza company in the UK and Ireland. It is particularly pleasing that the impressive growth of last year was predominantly achieved in partnership with our existing franchisees, who opened all but one of the new stores. This, combined with further consolidation in the ownership of existing stores, has increased the average number of stores per franchisee. This greater concentration further improves the returns our franchisees can achieve and makes them significantly more resilient to a changing economic climate.

Our recent strong growth in more challenging times keeps us on target to exceed 1,000 stores in the next 10 years. In addition, as a result of our recent successes in smaller towns, the growing acceptance of home delivered meals and the predicted growth in population and new housing, we now believe that there is capacity for well in excess of 1,000 stores in the UK and Ireland.

Our dedicated corporate and commissary teams have also played an essential part in the success of the business over the last year and I would like to thank all of them for their focus and professionalism, which has helped to drive one of the best performances in the leisure sector. A unique feature of our business model is that as we grow the number of stores and system sales, our headcount and costs do not need to grow proportionally. This is enhanced when the number of stores per franchisee increases, as the larger franchisee groups rely less on the corporate team to support their activities. We therefore remain confident that our growth in profits can continue to outpace the growth in system sales.

We were delighted to welcome Peter Klauber to our Board during the year as an additional, independent Non-Executive Director. Peter is a former senior partner at Ernst & Young and brings a wealth of experience to the Board. We also strengthened our senior management team in the first quarter with the appointment of Adam Batty as General Counsel and Company Secretary and Jon Campbell as Procurement Director. Adam joined from leading pub company Mitchells & Butlers plc and was responsible for the process of Domino's joining the Official List. Adam is also in charge of the Company's compliance with legal, regulatory and governance matters. Jon was previously Purchasing Director at Bakkavor, the international food manufacturing company, and is responsible for the cost-effective procurement of food and non-food items supplied to franchisees as well as the re-engineering of our supply chain in a number of our key product lines.

Our strategy has been and remains to return surplus cash to shareholders. For 2008, the Board is proposing a final dividend to shareholders for the year of 3.2p per share, up 28.0% on last year which, if approved, will result in a total dividend for 2008 of 5.9p per share, up 34.1% on last year. During the first half of the year we undertook a programme of share buybacks which, combined with the dividend payments, resulted in a total of £11.8m being returned to shareholders in 2008. This represents 75% of 2008 post-tax earnings and brings the five year average of cash returned to shareholders to 103% of post-tax earnings, totalling £55.6m. It is our intention to continue to return surplus cash to shareholders in the most effective way possible.

In the current economic climate, we are pleased to be able to continue our aggressive expansion plans, which are a real cause for celebration. If we deliver our target of an additional 50 new store openings in 2009, we will create at least another 1,500 new jobs in the UK and the Republic of Ireland. Our business model is proving to be extremely resilient during the downturn as people dine out less and order from a trusted brand that offers great value for money. We believe that current market conditions will allow us to further increase our market share and strengthen our position in the home delivery market. We therefore look forward to the future with confidence.

Stephen Hemsley
Executive Chairman
17 February 2009

Chief Executive Officer's Report

I am delighted to report another excellent set of results this year, which reflects great momentum in the business with like-for-like sales growth of 10.0%, building on the very strong performance in 2007. This growth has been achieved while continuing our aggressive expansion programme, with a record 52 new stores successfully opened during the year, bringing the total number of stores at the year end to 553 and leaving us on track to exceed our target of at least 1,000 stores in the next 10 years.

Our growth continues to be driven by our unfaltering focus and passion for the delivery of our three key priorities – namely great quality pizza, outstanding customer service and innovative marketing that resonates with our customers. This combination has resulted in total system sales increasing by 18.4% and profit before tax, pre-exceptionals, up 24.7%.

I am particularly delighted that this growth was achieved with our existing franchisees, who between them opened 51 of the 52 new stores, moving the average number of stores per franchisee – a measure we have been looking to increase – to 4.2 in 2008, up from 3.5 in 2007 and 3.0 in 2006.

And it's not surprising to see why there is so much internal demand. The average mature store now takes 45% more than it did five years ago resulting in 47 stores with sales in excess of £1.0m and, of the 8,700 Domino's stores worldwide, 38 of the top 50 stores are in our territory.

So how do we do it?

Our Market

Firstly, we operate in a market that offers strong growth potential for a number of different reasons.

Many of the consumer dynamics affecting the market are helping to underpin the strength of our business model. These dynamics have been primarily driven by social and lifestyle changes over the decade, such as:

- a broader target market, as our original 18-34 year old consumer moves into the 35-54 year old bracket, taking their eating habits with them, while new young adults come into the market;
- the increasing length of the working week, resulting in more cash–rich, time-poor consumers reliant, in part, on prepared food;
- a growth in one-person households and the number of working women; and
- an increase in households opting for in-home entertainment accompanied by delivered food at the expense of eating or drinking out – a dynamic that has been reinforced by the current economic downturn. We believe many of these customers have come from the restaurant sector and, by exceeding their expectations in terms of product quality and speed of delivery, that these customers will stay with Domino's when the economy becomes more buoyant.

Our Strategy

The first part of our strategy is to maximise the profitability of both our franchisees and the Group by positioning Domino's as the best pizza delivery company in the UK and Ireland. This premium positioning has been attained and is underpinned by three key elements:

- **A passion for product quality and menu innovation**

Despite the recent downward pressure on food prices, key ingredients are still more expensive than they were two years ago. In this recessionary environment, we believe many of our competitors have reduced the quality of their food. At Domino's we have resolutely upheld the quality of our pizza and side orders and maintained our stance on no genetically modified food, no added hydrogenated fats and no monosodium glutamate. Additionally, we continue to keep the menu fresh with a consistent stream of new pizzas, side dishes and desserts.

- **A fanatical focus on speed of service**

For the last three years we have focused in-store on reducing the time it takes to get an order ready for delivery and "out-the-door". This gives our drivers ample time to deliver each order safely. This focus has seen the "out-the-door" time reduce from 17 minutes in 2005 to 13 minutes in 2008, which means that the average delivery time is now a market-beating 23 minutes. As a business, we know that the faster the customer receives their order, the sooner they are likely to reorder.

- **The relentless marketing activity with which we support our brand**

As our system sales grow, our franchisees' contribution to the National Advertising Fund ("NAF") grows, allowing us to continue in a virtuous marketing circle. This year the NAF increased to £18m (2007: £15m), which gave us the ability to secure the sponsorship of *Britain's Got Talent* – another step change in the prominence of the brand in the UK. Viewing figures exceeded everyone's expectations as it captured the nation's attention. The final show attracted an audience of around 14 million, which made it the third most watched programme of the year, and we are looking forward to the next two series of this three year deal. In the Republic of Ireland, we sponsored a number of high profile shows including *X-Factor* and *I'm a Celebrity*. Crucially, this greater buying power has been complemented by the deflationary media market, giving access to an increased number of advertising slots on prime time television.

Through this strong combination of marketing at both a national and local level, we have increased our customer penetration and order frequency and attracted a significant number of new customers. Some 2.7m households ordered from us during the year, a third of which were entirely new to the brand. Additionally, our e-commerce platform, which this year celebrates its tenth anniversary, continues to exceed expectations. Mainly as a result of increased spend in highly targeted online marketing in 2008, sales grew by an extraordinary 74% while average ticket value was 20% higher than regular phone orders. E-commerce in 2008 generated 23% of delivered sales in the UK (2007: 16%) while online sales in the Republic of Ireland reached 7% of delivered sales for its first full year of operation.

Our Expansion Potential

The second part of our strategy is to pursue an aggressive store rollout and we are delighted to have exceeded our target of opening 50 new stores. This achievement is all the more remarkable given the fact that the business model is 100% franchised, which clearly limits the control that we have over the speed of rollout. It is therefore only through the delivery of a highly profitable business model that our franchisees invest, enabling us to grow further. The new stores opened during the last 12 months had sales, on average, 26% higher than those stores opened in 2007, proving that we are still able to find exceptional locations and franchisees to operate them.

Our strategy and business model relies on strong relationships with our franchisees and we invest heavily in ensuring that we have open lines of communication. As well as a dedicated franchisee intranet, which provides real time data on virtually every aspect of their operation, we hold regular events to ensure that they can talk directly to the Company's Directors and senior management and we provide training courses for both franchisees and their store teams.

Our Investment Plans

We have also embarked on an ambitious refurbishment project, rolling out our new look stores. The new store template includes more visible kitchens to increase the theatre of the pizza maker, lighter, brighter customer service areas and a new, more eye-catching fascia.

We have also invested in new facilities that will enable us to both improve our efficiency and to give us the additional capacity needed to meet our rollout plans. We are in the process of expanding our facility at Penrith, with work nearly completed on doubling its capacity, at a cost of £4.0m. We have also acquired the freehold land for the new commissary and headquarters in Milton Keynes and work is already underway. The total cost of this project is estimated at around £27m and the commissary is expected to be completed by mid 2010 with the head office following in the third quarter of 2010. We are currently on track to meet both of these targets. We will also need to expand the commissary capacity in Ireland to meet the increasing demand in that territory and are currently investigating various options to achieve this goal.

Our Cost Controls

In line with this strong organic growth, we have also focused over the last year on controlling our costs and managing our central overhead as effectively as possible. After the spiralling food costs of 2007, we made purchasing a major focus in 2008. We have strengthened our procurement team to utilise our growing buying power and, encouragingly, many food prices are beginning to come down. The procurement team will also be concentrating on other major costs such as utilities for both us and our franchisees. Our goal is to ensure that a small and highly efficient centre supports an ever-growing network of franchised stores.

The successful delivery of this strategy continues to result in strong cash flows and we already have the debt facilities in place to fund the new Milton Keynes commissary development. Accordingly, it is the Directors’ intention to continue to return surplus cash to shareholders by further share buybacks and dividends, or to repay debt.

Current Trading and Outlook

We have had an exceptional start to 2009, with like-for-like sales for the first six weeks up 15.0% (2008: 11.0%). While we are delighted with this performance, we face some very tough comparatives and an unpredictable economic environment.

Our store opening programme continues apace and plans for another 50 new store openings this year are well underway with numerous sites in the pipeline.

We are confident that we are well positioned for another year of strong growth.

Chris Moore
Chief Executive Officer
17 February 2009

Chief Financial Officer's Report

The Group's financial statements for the 52 weeks ended 28 December 2008 ('the period') have been prepared in accordance with International Financial Reporting Standards ('IFRS') as were the results for the comparative period last year.

Financial highlights

The strong trading momentum has continued to deliver impressive results over the period with total system sales growing by 18.4% to £350.8m (2007: £296.3m). Group revenue, 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 stores in subsidiary undertakings, grew by 18.4% to £136.0m (2007: £114.9m).

The conversion of this sales growth into profit has been strong as we continue to benefit from the underlying operational gearing of our business model. As a result, operating profit before exceptional charges was up 26.1% to £23.7m (2007: £18.8m), profit before tax before exceptional charges was up 24.7% to £23.4m (2007: £18.7m) and diluted earnings per share before exceptional charges was up 28.6% to 10.71p (2007: 8.33p).

Our cash position continues to remain strong. Net cash generated from operations reached £24.3m (2007: £24.4m) demonstrating the highly cash generative nature of the business. These robust and resilient cash flows have underpinned the Board's proposal to increase the final dividend by 28.0% to 3.2p (2007: 2.5p). At 28 December 2008, the Group had cash and cash equivalents of £18.6m (2007: £14.6m) and consolidated net debt of £8.2m (2007: £1.6m).

Trading results

System sales increased by 18.4% to £350.8m (2007: £296.3m). The main drivers of this growth were:

- Like-for-like sales growth of 10.0% (2007:14.7%)
- An increased focus on driving e-commerce sales with growth of 73.7% to £55.9m (2007: £32.2m)
- 52 new store openings
- Increased average spend per order
- Excellent marketing initiatives and the successful sponsorship of *Britain's Got Talent*

The business managed to mitigate the unprecedented increases in food prices experienced towards the end of 2007 and the start of 2008. Raw material price increases were passed onto franchisees where justifiable, who in turn had time to reflect them in their menu prices. Raw material prices continued to rise particularly in the first half of 2008 however, we were not impacted by these continuing increases as we put the vast majority of our supplies under fixed price contracts in 2008 as well as starting to realise some of the early benefits of re-engineering our procurement processes.

Included in exceptional costs, shown below operating profit, are the costs incurred of £1.0m with our move from AIM to the Official List of the Financial Services Authority and to trading on the London Stock Exchange main market. In addition, the Group incurred a net loss on sale of subsidiaries and non current assets and assets held for sale of £0.2m (2007: profit of £0.3m).

The net interest charge for the year was £0.4m (2007: £0.1m). This higher interest cost was incurred primarily due to the higher debt in the Employee Benefit Trust ("EBT") as a result of the purchase of 2,000,000 shares for the incentivisation of senior management. Profit before tax, after exceptional items, increased by 19.2% to £22.1m (2007: £18.6m). The ratio of profit before tax (before exceptional items) to system sales – a key ratio that highlights the strength of the underlying operational gearing of our business model – grew to 6.7% in 2008 (2007: 6.3%). This highlights the greater efficiencies gained from the improvements in our procurement and distribution processes and a tight control over overhead expenses in the business.

Taxation

Including the effect of exceptional items, the effective tax rate in 2008 was 29.3% (2007: 28.7%). This is higher than the effective tax rate in 2007 and the underlying corporation tax rate of 28%, effective from 1 April 2008, due to the impact of the phasing out of the Industrial Building Allowances in the Finance Act 2008 and the disallowable costs associated with Admission, partially offset by the impact of the lower tax rate applicable in the Group's Irish subsidiary company.

Earnings per Share

Basic earnings per share for the period, before exceptional items, of 10.86p was up 28.1% on the prior year (2007: 8.48p). Diluted earnings per share for the period, before exceptional items, of 10.71p, was up 28.6% on the prior year (2007: 8.33p).

Unadjusted basic earnings per share for the period of 10.12p was up 20.8% on the prior year (2007: 8.38p). Unadjusted diluted earnings per share for the period of 9.97p was up 21.0% on the prior year (2007: 8.24p).

Dividends

The Board is recommending a final dividend for 2008 of 3.2p per share. Together with the interim dividend of 2.7p per share paid on 29 August 2008, the total dividend for the financial period will be 5.9p per share, an increase of 34.1% on the dividend paid for the prior year (2007: 4.4p). The total dividend is 1.7 times covered by profits after tax (2007: 1.9 times).

Subject to shareholders' approval at the Annual General Meeting on 23 April 2009, the final dividend will be payable on 1 May 2009, to shareholders on the register as at 3 April 2009.

Cash flow and net debt

The highly cash generative nature of the business continues to provide for a strong cash position with net cash generated from operations of £24.3m (2007: £24.4m).

During the year outflows of £0.4m of net interest, £6.0m of corporation tax and £9.1m of capital expenditure and financial investment were incurred.

Overall net cash flow before financing was £9.8m, after £11.4m capital expenditure of which £9.2m was spent on the commissary expansion programme. The cash generation during the year has allowed us to return a further £3.8m to shareholders through share buybacks.

In the year, options over 0.8m shares were exercised generating an inflow of £0.7m (2007: £0.7m).

DP Capital Limited, a wholly owned subsidiary of the Company, continued to provide leasing support to franchisees for their new store equipment as well as the refit of existing stores, with new advances of £1.0m (2007: £1.3m). After repayments, the balance outstanding at the year end on these leases was £2.8m (2007: £2.8m). These facilities are financed by a limited recourse facility and the amount drawn down at the end of the year stood at £2.4m (2007: £2.4m).

At the end of the year, the Group's net debt was £8.2m (2007: £1.6m). The increase of £6.6m is mainly due to the increase in the EBT loan of £4.3m, the 2,000,000 shares purchased during the period and £9.2m capital expenditure on the commissary expansion programme.

The Group monitors the ratio of net debt to earnings before interest, taxation, depreciation and amortisation ("EBITDA") on a quarterly basis as this is one of the financial covenants for the £25m five-year facility. The ratio of net debt to EBITDA remains exceptionally low at 0.3:1 (2007: 0.1:1) against a covenant of 2.5:1.

Based on the cash flow forecasts and the available facilities within the Group, the Directors are of the opinion that no additional debt financing is required for the Group's capital expenditure programme to 2017.

Banking facilities

At 28 December 2008, the Group had a total of £49.0m of banking facilities, of which £22.3m was undrawn. The key facility required for the expenditure on the new Milton Keynes commissary is a £25m five-year facility which attracts an interest rate of LIBOR plus 50bps. This facility expires on 20 December 2012 and includes debt cover and fixed charges cover financial covenants, which are monitored and reported on a quarterly basis. The Group has been comfortably within these covenants at all times. The Group also has a £13m 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 50bps and expires on 31 January 2014.

Capital employed

Non-current assets increased in the financial period from £20.2m to £28.4m due to the capital expenditure of £9.2m on the expansion of the Penrith commissary and the new Milton Keynes commissary. The expansion of the Penrith facility is due to be operational in the first quarter of 2009 and the new Milton Keynes commissary is due for completion in the second quarter of 2010.

Current assets increased from £28.1m to £35.8m. This was predominantly due to an increase in trade and other receivables of £3.6m and cash and cash equivalents of £4.0m.

Non current liabilities increased from £10.8m to £23.3m, due to the increase of £4.3m in the EBT loan and £8.3m draw down of the £25m five-year term loan facility for the commissary expansion programme.

Treasury management

The Group's main treasury risks relate to the availability of funds to meet its future requirements and fluctuations in interest rates. The treasury policy of the Group is determined and monitored by the Board.

The Group monitors its cash resources through short, medium and long-term cash forecasting. Surplus cash is pooled into an interest bearing account. The Group monitors its overall level of financial gearing monthly, with our short and medium-term forecasts showing underlying levels of gearing well within our targets and banking covenants, as discussed earlier under cash flow, net debt and bank facilities.

In addition, as the Group has a presence in the Republic of Ireland, it also buys and sells goods and services in currencies other than sterling. As a result, the Group is affected by movements in exchange rates and the Euro in particular. It is the Group's policy to mitigate these effects by agreeing fixed Euro rates with its franchisees and suppliers wherever possible.

Conclusion

We are very pleased with another year of strong growth financially, particularly given the increasingly challenging economic environment. We have continued to invest in and grow our business. 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 surplus funds not required by the business to shareholders.

Lee Ginsberg
Chief Financial Officer
17 February 2009

Group income statement

	Notes	52 weeks ended 28 December 2008 £000	52 weeks ended 30 December 2007 £000
Revenue		135,977	114,891
Cost of sales		(85,153)	(70,736)
Gross profit		50,824	44,155
Distribution costs		(9,185)	(9,246)
Administrative costs (including operating exceptional charges)		(18,141)	(16,746)
		23,498	18,163
Share of post tax profits of associates		187	158
Operating profit		23,685	18,321
Accelerated LTIP charge		-	(174)
Operating exceptional charges	2	(54)	(333)
Operating profit before exceptional charges		**23,739**	**18,828**
(Loss)/profit on the sale of non current assets and assets held for sale	2	(184)	288
Profit on the sale of subsidiary undertakings	2	28	58
Admission to Official List Fees	2	(1,002)	-
Profit before interest and taxation		22,527	18,667
Finance income		584	528
Finance expense		(962)	(619)
Profit before taxation		22,149	18,576
Taxation	3	(6,485)	(5,337)
Profit for the period		15,664	13,239
Profit for the period attributable to:			
Equity holders of the parent		15,652	13,245
Minority interest		12	(6)
		15,664	13,239
Earnings per share (post-exceptional charges)			
- Basic (pence)	4	10.12	8.38
- Diluted (pence)	4	9.97	8.24
Earnings per share (pre-exceptional charges)			
- Basic (pence)	4	10.86	8.48
- Diluted (pence)	4	10.71	8.33

Group balance sheet

	Notes	At 28 December 2008 £000	At 30 December 2007 £000
Non current assets			
Goodwill and intangible assets		1,247	713
Property, plant and equipment		22,964	13,816
Prepaid operating lease charges		742	702
Net investment in finance leases		1,917	1,923
Investments in associates		790	685
Deferred tax asset	3	-	565
		27,660	18,404
Current assets			
Inventories		2,542	2,340
Trade and other receivables		13,650	10,071
Net investment in finance leases		858	857
Prepaid operating lease charges		132	220
Cash and cash equivalents		18,602	14,629
		35,784	28,117
Non current assets held for sale		736	1,772
Total assets		64,180	48,293
Current liabilities			
Trade and other payables		(20,523)	(18,187)
Deferred income		(77)	(68)
Financial liabilities		(4,867)	(6,817)
Current tax liabilities		(2,627)	(2,503)
		(28,094)	(27,575)
Non current liabilities			
Provisions		(141)	(155)
Financial liabilities		(21,909)	(9,380)
Deferred income		(1,126)	(1,071)
Deferred tax liabilities	3	(130)	(215)
Total liabilities		(51,400)	(38,396)
Net assets		12,780	9,897
Shareholders' equity			
Called up share capital		2,523	2,538
Share premium account		5,917	5,307
Capital redemption reserve		346	319
Capital reserve – own shares		(7,897)	(4,403)
Currency translation reserve		1,853	209
Retained earnings		9,986	5,888
Equity shareholders' funds		12,728	9,858
Minority interest		52	39
Total equity		12,780	9,897

Group statement of changes in equity

	Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Capital Reserve - Own Shares £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 period 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 period	**-**	**-**	**-**	**-**	**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**
Exchange difference on the translation of net assets of subsidiary undertaking	-	-	-	-	1,644	-	1,644	-	1,644
Tax charge on employee share options	-	-	-	-	-	(59)	(59)	-	(59)
Total income and expense for the period recognised directly in equity	-	-	-	-	**1,644**	**(59)**	**1,585**	-	**1,585**
Profit for the period	-	-	-	-	-	15,652	15,652	12	15,664
Total income and expense for the period	-	-	-	-	**1,644**	**15,593**	**17,237**	**12**	**17,249**
Proceeds from share issue	12	641	-	-	-	-	653	-	653
Share buybacks	(27)	-	27	-	-	(3,752)	(3,752)	-	(3,752)
Treasury shares held by EBT	-	-	-	(4,308)	-	-	(4,308)	-	(4,308)
Vesting of LTIP grants	-	-	-	814	-	(814)	-	-	-
Share transaction charges	-	(31)	-	-	-	-	(31)	-	(31)
Share option and LTIP charge	-	-	-	-	-	1,106	1,106	-	1,106
Equity dividends paid	-	-	-	-	-	(8,035)	(8,035)	-	(8,035)
Minority interest movement	-	-	-	-	-	-	-	1	1
At 28 December 2008	**2,523**	**5,917**	**346**	**(7,897)**	**1,853**	**9,986**	**12,728**	**52**	**12,780**

Group cash flow statement

	Notes	52 weeks ended 28 December 2008 £000	52 weeks ended 30 December 2007 £000
Cash flows from operating activities			
Profit before taxation		22,149	18,576
Net finance costs		378	91
Share of post tax profits of associates		(187)	(158)
Amortisation and depreciation		1,958	1,545
Loss/(profit) on disposal of non current assets		156	(346)
Share option and LTIP charge (including accelerated LTIP charge)		1,106	880
Increase in inventories		(115)	(535)
Increase in debtors		(3,489)	(685)
Increase in creditors		2,299	4,956
Increase in deferred income		64	119
Decrease in provisions		(14)	(20)
Cash generated from operations		24,305	24,423
UK corporation tax		(5,692)	(4,117)
Overseas corporation tax paid		(273)	(218)
Net cash generated by operating activities		18,340	20,088
Cash flows from investing activities			
Interest received		584	528
Dividends received from associates		82	62
Receipts from repayment of associate loan		119	171
Receipts from repayment of franchisee finance leases		1,014	1,127
Purchase of property, plant and equipment		(10,533)	(3,509)
Purchase of other non current assets		(895)	(451)
Cash proceeds on the disposal of subsidiary undertaking		31	1,118
Receipts from the sale of other non current assets		1,044	335
Net cash used by investing activities		(8,554)	(619)
Cash inflow before financing		9,786	19,469
Cash flow from financing activities			
Interest paid		(962)	(619)
Issue of ordinary share capital		653	700
Purchase of own shares		(3,783)	(8,346)
Purchase of shares for EBT		(4,308)	-
Short term loans – bank overdraft		-	(6,000)
Bank revolving facilities – current		(2,000)	6,000
Bank revolving facilities – non current		8,300	-
New long terms loans – EBT		4,314	-
New long term loans		1,014	1,302
Repayment of long term loans		(1,038)	(1,169)
Payments to acquire finance lease assets		(1,019)	(1,295)
Equity dividends paid	5	(8,035)	(5,816)
Net cash used by financing activities		(6,864)	(15,243)
Net increase in cash and cash equivalents		2,922	4,226
Cash and cash equivalents at beginning of period		14,629	10,262
Foreign exchange gains on cash and cash equivalents		1,051	141
Cash and cash equivalents at end of period		18,602	14,629

Notes to the accounts at 28 December 2008

1. ACCOUNTING POLICIES

Basis of preparation
The preliminary results for the 52 weeks ended 28 December 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 52 weeks ended 28 December 2008 has been extracted from the statutory accounts on which an unqualified audit opinion has been issued. Statutory accounts for the 52 weeks ended 28 December 2008 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 52 weeks ended 28 December 2008 were authorised for issue by the Board of directors on 17 February 2009 and the balance sheet was signed on behalf of the Board by Lee Ginsberg, Chief Financial Officer.

The statutory accounts have been delivered to the Registrar of Companies in respect of the 52 weeks ended 28 December 2008 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 incurred the following exceptional charges relating to store closures and stores sold during the financial period:

	52 weeks ended 28 December 2008 £000	52 weeks ended 30 December 2007 £000
Onerous lease and dilapidation provisions	-	45
Restructuring and reorganisation costs	54	143
Assets written off	-	145
	54	333

Except for the assets written off in the prior period, the charges are deductible for corporation tax purposes.

2. EXCEPTIONAL ITEMS (continued)

Recognised below operating profit

Profit on the sale of subsidiary undertakings

	52 weeks ended 28 December 2008 £000	52 weeks ended 30 December 2007 £000
Disposal of 5% of DP Peterborough Limited	28	-
Movement in provisions	-	58
Profit on the sale of subsidiary undertakings	28	58

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.

During the 2005 financial period 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. In the previous period 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 of the provisions created was released. These items are reported in the profit on sale of subsidiary undertakings line on the income statement.

(Loss)/profit on the sale of non current assets and assets held for sale

	52 weeks ended 28 December 2008 £000	52 weeks Ended 30 December 2007 £000
Sale of one (2007: one) corporate store	(50)	6
Profit on sale of non current assets held for sale – DP Newcastle & Sunderland Limited	-	279
Loss on sale of non current assets held for sale – DPGL Birmingham Limited	(134)	-
Profit on sale of other non current assets	-	3
	(184)	288

The Group has taken the decision not to invest in or trade in corporately owned stores. During the period one (2007: one) corporately owned store was sold resulting in a loss of £50,000 (2007: gain of £6,000). The Group disposed of its subsidiary undertaking, DPGL Birmingham Limited in April 2008 generating a loss of £134,000.

The Group disposed of its subsidiary undertaking, DP Newcastle & Sunderland Limited in June 2007 generating a profit of £279,000.

2. EXCEPTIONAL ITEMS (continued)

Admission to Official List fees

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 year costs of £1,002,000 (2007: nil) were incurred in relation to the admission to the Official List. Operating cash flows are stated after the payment of these amounts (less amounts accrued).

3. TAXATION

(a) Tax on profit on ordinary activities

Tax charged in the income statement

	52 weeks ended 28 December 2008 £000	52 weeks ended 30 December 2007 £000
Current income tax:		
UK corporation tax		
- current period	6,243	5,497
- adjustment in respect of prior periods	(251)	(430)
	5,992	5,067
Income tax of overseas operations on profits for the period	308	198
Total current income tax	6,300	5,265
Deferred tax:		
Origination and reversal of temporary differences	18	(81)
Effect of change in tax law	462	-
Effect of change in tax rate	-	(28)
Adjustment in respect of prior periods	(295)	181
Total deferred tax	185	72
Tax charge in the income statement	6,485	5,337
The tax charge in the income statement is disclosed as follows:		
Income tax expense on continuing operations	6,485	5,337
Tax relating to items credited or (charged) to equity:		
Reduction in current tax liability as a result of the exercise of share options	236	780
Origination and reversal of temporary differences in relation to unexercised share options	(295)	(566)
Tax (charge)/credit in the Group statement of changes in equity	(59)	214

3. TAXATION (continued)

(b) Reconciliation of the total tax charge

The tax expense in the income statement for the 52 weeks ended 28 December 2008 is higher than the statutory corporation tax rate of 28.5%* (2007: 30%). The differences are reconciled below:

	52 weeks ended 28 December 2008 £000	52 weeks ended 30 December 2007 £000
Profit before taxation	22,149	18,576
Accounting profit multiplied by the UK statutory rate of corporation tax of 28.5%* (2007: 30%)	6,312	5,573
Expenses not deductible for tax purposes	139	168
Profit on disposal of non current assets – not taxable	44	19
Accounting depreciation not eligible for tax purposes	221	135
Adjustments relating to prior years	(545)	(247)
Adjustment to deferred tax in respect of change in tax law	462	-
Effect of decreased tax rate	-	(28)
Tax rate differences	(376)	(283)
Exceptional costs (Admission to Official List fees)	228	-
Total tax expense reported in the income statement	6,485	5,337
Effective tax rate	29.28%	28.73%

* Weighted average UK rate of corporation tax in effect for the period ended 28 December 2008.

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

In April 2008 legislation was introduced to withdraw industrial buildings allowances. For Domino's this has the effect of preventing the Group from relieving the cost of the commissary buildings against its trading profits chargeable to corporation tax. For the purpose of IAS 12 this will reduce the tax base of the commissary buildings without having a corresponding impact on their accounts base. The initial recognition exemption is not available in these circumstances. The recognition of the resulting deferred tax liability has led to an increase in the effective tax rate of 2.09 percentage points from 27.19% to 29.28%. The deferred tax liability is expected to reverse over the period that the commissary buildings are recovered.

(c) Temporary differences associated with Group investments

At 28 December 2008, there was no recognised deferred tax liability (2007: 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 £5,524,000 (2007: £3,340,000).

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

3. TAXATION (continued)

(d) Deferred tax

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

	At 28 December 2008 £000	At 30 December 2007 £000
Deferred tax arising in the UK on non capital items	(88)	565
Deferred tax arising in Ireland and the UK on capital items	(42)	(215)
	(130)	350

	At 28 December 2008 £000	At 30 December 2007 £000
Gross movement in the deferred income tax account		
Opening balance	350	966
Tax credited to equity	(295)	(566)
Income statement credit	(185)	(72)
Release on sale of subsidiary undertaking	-	22
Closing balance	(130)	350

Deferred tax arising in the UK on non capital items

	Share based payments £000	Accelerated capital allowances £000	Lease inducements £000	Goodwill and amortisation £000	Provisions £000	Total £000
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
At 30 December 2007	777	(529)	319	(15)	13	565
Charge to equity	(295)	-	-	-	-	(295)
Credit/(charge) to income	98	(512)	18	-	38	(358)
At 28 December 2008	580	(1,041)	337	(15)	51	(88)

3. TAXATION (continued)

(d) Deferred tax (continued)

Deferred tax arising in Ireland and the UK on capital gains

	Roll over relief £000	Accelerated capital allowances £000	Total £000
At 31 December 2006	(191)	(52)	(243)
Credit to income	13	15	28
At 30 December 2007	(178)	(37)	(215)
Credit to income	152	21	173
At 28 December 2008	(26)	(16)	(42)

4. 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 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.

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

	52 weeks ended 28 December 2008 £000	52 weeks ended 30 December 2007 £000
Profit for the period	15,664	13,239
Adjusted for – minority interests	(12)	6
Profit attributable to equity holders of the parent	15,652	13,245

	At 28 December 2008 No.	At 30 December 2007 No.
Basic weighted average number of shares (excluding treasury shares)*	154,651,355	157,975,572
Dilutive potential ordinary shares:		
Employee share options	1,732,003	1,759,797
Reversionary interests (see director's remuneration report)	560,549	1,089,001
Diluted weighted average number of shares	156,943,907	160,824,370

4. EARNINGS PER SHARE (continued)

The performance conditions for reversionary interests granted over 12,510,000 (2007: 9,920,000) shares and share options granted over 2,198,798 (2007: 3,097,484) 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.

Share options granted over 161,478 (2007: nil) shares have not been included in the diluted earnings per share calculation because they are anti dilutive at the period end.

*After the share split of 3.2 ordinary shares of 1.56 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.

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 28 December 2008	52 weeks ended 30 December 2007
Basic earnings per share	10.86p	8.48p
Diluted earnings per share	10.71p	8.33p

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

	52 weeks ended 28 December 2008 £000	52 weeks ended 30 December 2007 £000
Profit for the period	15,664	13,239
Adjusted for - minority interests	(12)	6
Profit attributable to equity holders of the parent	15,652	13,245
Exceptional items after tax – attributable to equity holders of the parent	1,151	148
- Accelerated LTIP charge	-	174
- Operating exceptional charges	54	333
- Loss/(profit) on the sale of non current assets and assets held for sale	184	(288)
- Profit on the sale of subsidiary undertakings	(28)	(58)
- Admission to Official List	1,002	-
- Taxation impact	(61)	(13)
Profit before exceptional items attributable to equity holders of the parent	16,803	13,393

5. DIVIDENDS PAID AND PROPOSED

	52 weeks ended 28 December 2008 £000	52 weeks ended 30 December 2007 £000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2007: 2.50p (2006: 1.76p)	3,882	2,792
Interim dividend for 2008: 2.70p (2007: 1.90p)	4,153	3,024
Dividends paid	8,035	5,816

Proposed for approval by shareholders at the AGM (not recognised as a liability at 28 December 2008 or 30 December 2007)

Final dividend for 2008: 3.2p (2007: 2.50p)	4,930	3,882

6. ADDITIONAL CASH FLOW INFORMATION

Analysis of Group net debt

	At 30 December 2007 £000	Cash Flow £000	Exchange differences £000	Non-cash movements £000	At 28 December 2008 £000
Cash and cash equivalents	14,629	2,922	1,051	-	18,602
Bank revolving facility	(6,000)	(6,300)	-	-	(12,300)
Bank loans	(7,721)	(4,314)	-	-	(12,035)
Other loans	(2,448)	24	-	-	(2,424)
Finance leases	(28)	11	-	-	(17)
	(1,568)	(7,657)	1,051	-	(8,174)

Analysis of Group net debt

	At 31 December 2006 £000	Cash Flow £000	Exchange differences £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	-	-	-
Bank loans	(7,500)	-	-	(221)	(7,721)
Other loans	(2,299)	(149)	-	-	(2,448)
Finance leases	(45)	17	-	-	(28)
	(5,582)	4,094	141	(221)	(1,568)