MEDIA INFORMATION

20 February 2007

DOMINO'S PIZZA UK & IRL plc
PRELIMINARY RESULTS
FOR THE FIFTY-TWO WEEKS ENDED 31 DECEMBER 2006

Domino's Pizza UK & IRL plc ("Domino's Pizza" or the "Company"), the UK and Ireland's leading pizza delivery company, announces its preliminary results for the fifty-two weeks ended 31 December 2006.

Highlights

- System sales increased 19.7% to £240.1m (2005: £200.7m)
- Profit before tax increased 28.0% to £14.3m (2005: £11.2m)
- Earnings per share:
  - Basic earnings per share up 27.9% to 20.78p (2005: 16.25p)
  - Diluted earnings per share up 31.9% to 20.40p (2005: 15.47p)
- Total dividend increased 35.2% to 9.80p per share (2005: 7.25p)
- 46 new stores opened in the year (2005: 50 stores) and two closed (2005: nil) resulting in a total of 451 stores at the year end (2005: 407 stores)
- Like-for-like sales in 357 mature stores up 9.7% (2005: 7.1% in 317 stores). First six weeks in 2007 up 14.3% (first six weeks of 2006: 10.3%)
- E-commerce sales up 43.8% to £20.1m (2005: £13.9m)
- Net cash at bank and in hand of £4.3m (2005: £5.9m) after returning £10.2m cash to shareholders in share buybacks (2005: £8.2m). £25.8m of cash has been returned to shareholders over the past two years via share buybacks of £18.4m and dividends of £7.4m
- Proposed three for one share split to improve marketability and liquidity

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

"I am very pleased to report that your Company recorded another year of excellent progress in 2006, further strengthening our leadership of the fast-growing home delivery pizza market.

"The significant growth in sales, fuelled by strong like-for-like increases and new store openings, combined with our relatively fixed cost base, has resulted in profits once again reaching record levels. Operating cash flow was also very strong and the capital needs of the business in 2006 were limited. This allowed us to continue a strategy of returning

surplus cash to shareholders and this was reflected in another year of record dividends and a continuing share buyback programme.

"Trading in the first six weeks of 2007 has got off to an excellent start with like-for-like sales up 14.3% (2006:10.3%). We are encouraged by this performance given the demanding comparatives of the previous year. E-commerce has continued to grow strongly with an increase of 36.2% and we believe that the launch of our e-commerce platforms in the Republic of Ireland will fuel the pace of online sales growth. Our 2007 new store opening programme has got off to a good start, but we are mindful that the planning related issues remain a significant restraining factor in our drive to open 50 new stores per annum."

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Notes to Editors:

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

As at 31 December 2006, there were 451 stores in the UK and Ireland. Of these, 361 stores are in England, 34 are in Scotland, 15 are in Wales, 11 are in Northern Ireland and 30 are in the Republic of Ireland.

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

Founded in 1960, the Domino's Pizza brand is the recognised world leader in pizza delivery. Through its primarily franchised system, Domino's operates a global network of over 8,000 stores in more than 55 countries.

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

Chairman's Statement

2006 was a record breaking year for Domino's Pizza. System sales, store count and e-commerce all reached record levels, further establishing our leadership of the pizza delivery market in the UK and Ireland. These exceptional results also underlined our success within the Domino's system worldwide, with nine out of the top ten highest international store sales coming from our UK and Irish markets in 2006.

Whilst we are very pleased with these results, I am most impressed with the relentless focus to detail that drives our success. It would be easy to assume that after 20 years of delivering hot, fresh pizzas we would have learned everything there is to know about our business. But what is so exciting about this company is that it is always striving to do better. A great example is the new focus we gave to getting our pizza 'out-the-door' in the minimum amount of time, using 'real-time' technology'– an industry first.

'Out-the-door' is the time we measure from the moment we receive the order, to the time it takes to leave the store. We recognized that driving down the 'out-the-door' time had a direct impact on sales, as stores with the lowest 'out-the-door' times had the highest like-for-like sales growth in 2006. These stores also had the fastest level of repeat ordering, which will be a key driver of like-for-like sales increases over the coming years.

By displaying in 'real-time' the average speed of the pizza making and baking process, we were able to improve the number of orders leaving the store in under 15 minutes by 34%. The 'real-time' display screens show national average times for the whole system, as well as for individual stores. The competitive spirit that using 'real-time' has encouraged is so impressive that we are already approaching the out-the-door time goal we had set for 2010.

Speed of service was a running theme for Domino's in 2006 and we were immensely proud that our franchisee, Pali Grewal, achieved the best international time in the World's Fastest Pizza Maker competition. This reflects our commitment to driving high standards of product and service through training and competition.

Another award-winning first for Domino's in 2006 came when franchisee Antony Tagliamonti became the youngest ever winner of the British Franchise Association 'Franchisee of the Year Award'. Having started at Domino's as a delivery driver, Antony, aged just 27, now owns four stores. It is this kind of home-grown talent and success which is vital to the future growth of our franchise community.

We were also honoured to receive two awards from the Pizza, Pasta and Italian Food Association, including Chain Pizza Delivery Operator of the Year for the second time and Overall Operator of the Year title, presented to our Chief Executive Stephen Hemsley.

The expansion of Domino's in the UK and Ireland continues a pace, but as we push our national growth, our stores are still run like local businesses. We know that our stores' commitment to the communities we serve is at the heart of their success and in 2006 we strengthened this commitment by launching an association with our new charities of choice, Special Olympics Great Britain and Special Olympics Ireland.

These achievements would never have been possible without the talent, spirit and relentless focus of our team members; from our Board of Directors, managers and their teams to our franchisees and the men and women who are out there delivering hot, fresh pizzas on cold, rainy nights. Yet we know that none of our successes would be possible if it were not for the confidence that you, our shareholders, have placed in us. For your trust in us and for your continued support I thank you most sincerely.

Colin Halpern
Chairman

Chief Executive's Statement

Introduction

I am very pleased to report that your Company recorded another year of excellent progress in 2006, further strengthening our leadership of the fast-growing home delivery pizza market.

The significant growth in sales, fuelled by strong like-for-like increases and new store openings, combined with our relatively fixed cost base, has resulted in profits once again reaching record levels. Operating cash flow was also very strong and the capital needs of the business in 2006 were limited. This allowed us to continue a strategy of returning surplus cash to shareholders and this was reflected in another year of record dividends and a continuing share buyback programme.

Although the 46 new store openings in the year are short of our target of 50, the average sales levels achieved by those that were opened were up over 20% on 2005, making them the most successful on record. This positive performance was made possible by some significant enhancements to the marketing and operational support we provide to new stores. It also reflects our belief that high quality, sustainable expansion must always take priority over simply achieving an impressive but short-lived volume of store openings.

The increasing popularity of home delivered food continues to present Domino's Pizza with an exciting growth opportunity in the UK and Ireland. As a result, I remain confident that our franchise system will ultimately operate 1,000 stores in these territories.

System Sales

In 2006, system sales, which are the sales of all stores in the Domino's system in the UK and Republic of Ireland, rose by 19.7% to £240.1m (2005: 15.1%). Like-for-like sales in the 357 stores open for more than twelve months in both periods grew by 9.7% (2005: 7.1% in 317 stores). This is the highest like for like sales growth over the past four years and is particularly pleasing given the increase in the number of stores falling into this population. It brings the average annual like-for-like growth over the last five years to 8.4%.

To further reinforce our leading position in the home delivery pizza market we agreed with our franchisees to increase the contribution they make to the National Advertising Fund. This has provided us with a greater opportunity for more integrated marketing campaigns that included a mix of targeted direct mail, online activity, local store marketing, PR and TV. At the heart of these campaigns was further new product launches which gave us the required news value to drive sales right across the menu. Of particular note was the launch in the fourth quarter of the MeltDown, our spiciest pizza ever.

E-commerce continues to be our fastest-growing channel to market. In 2006 total sales via these platforms reached £20.1m (2005: £13.9m), an increase of 43.8%. E-commerce accounts for almost 13% of our delivered pizzas sold in the UK. Improvements to our website capacity (www.dominos.co.uk) have made it faster and easier for customers to order and they now benefit from local deals which have previously not been available on the web.

Online ordering went live in the Republic of Ireland (www.dominos.ie) in February 2007 and initial results are encouraging and highlight that this market has the potential to grow our online sales still further.

Expansion

In 2006 we opened 46 new stores (2005: 50) and closed two stores (2005: nil) bringing the year-end store count to 451 stores (2005: 407). As mentioned in my introduction, this is short of our target of 50 stores each year. Whilst our ability to identify new sites has greatly improved as a result of a strengthened team, and demand for new stores from potential and existing franchisees remains very high with over 4,000 enquiries from candidates in 2006 (up 28%), our expansion programme is often subject to inconsistent and lengthy planning decisions. We are addressing this ongoing challenge by further investing in our property acquisitions team to ensure that we have sufficient properties in the pipeline to secure our store opening target.

Last year we continued to work towards our goal of increasing the number of stores operated by each franchisee and this ratio currently stands at three stores per franchisee (2005: 2.7 stores). There has been a net decrease in the number of franchisees from 157 in 2005 to 150 in 2006. This is in line with our strategy of encouraging multi-unit operators to create a franchise community of a size that can be efficiently managed and supported by a modestly increased corporate team. The increased store to franchisee ratio also serves to further drive the benefits of the operational gearing.

Towards the end of 2006 we successfully negotiated the extension of the development clause of our Master Franchise Agreement. This allows us to maintain our current royalty discount until 2016, provided we grow our store count by a minimum of 27 new stores per annum from a base of 450 stores. We have the right to further renewals thereafter.

In January 2007, the Company was pleased to announce the promotion of Chris Moore from Chief Operating Officer to Deputy Chief Executive. Chris recently assumed board-level responsibility for the company's three commissaries, in addition to marketing and operations and this promotion reflects his extended remit.

During 2007, we plan to acquire the freehold land and begin construction of a new commissary and Head Office facility in Milton Keynes to service our growing number of stores. Completion of this new facility is expected towards the end of 2008. We also intend to significantly expand our existing commissary in Penrith during 2007. Anticipated capital expenditure on these projects will be in the region of £15m. This expenditure will be incurred over 2007 and 2008 and it is likely that this will be debt financed.

Trading Results

Group turnover, which includes the sales generated by the Group from royalties, fees on new store openings, food sales, finance lease and rental income, as well as the turnover of corporately owned and operated stores, grew by 16.3% to £95.0m (2005: £81.7m). This rate of growth is marginally slower than the system sales growth rate due to lower revenues from corporate stores, following the sale of 14 stores during the first half of 2005 and a further three in 2006.

EBITDA for the year was £16.2m (2005: £12.9m) up 25.9% on the previous year. This increase is higher than the rate of the system sales increase due to the limited growth in overheads needed to support the system.

Group operating profit, including our share of operating profit in joint ventures, but before exceptional items and the accelerated Long Term Incentive Plan (LTIP) charge in 2005 was up 29.8% to £14.3m from £11.0m. As highlighted previously, the Group has taken the decision not to invest in corporately owned stores. During the year, the Group continued its strategy of exiting these stores and sold three stores and closed one. Exceptional costs of £0.5m relating to this activity were incurred during the year. Excluding the above, Group operating profit for the year was up 32.9% to £13.8m (2006: £10.4m)

Profit on ordinary activities before interest and tax grew by 28.0% to £14.4m (2005: £11.3m). This includes the profit on the sale of corporate stores of £0.2m (2005: £0.9m) as well as the release of property and legal provisions of £0.4m, raised at the time of the sale of corporate stores last year, which are no longer required, (2005: £nil).

Net interest paid ended at £0.1m (2005: £0.1m). The tax charge for the year was 27.0% (2005: 26.2%) and is lower than the statutory tax rate of 30%, primarily due to the relief available on the exercise of employee share options, as well as the impact of the lower corporation taxation rate applicable in our Irish subsidiary company.

Profit after tax and minority interest was up 27.4% to £10.5m (2005: £8.3m)

Earnings per Share and Dividend

Basic earnings per share were up 27.9% to 20.78 pence from 16.25 pence. Diluted earnings per share increased by 31.9% to 20.40 pence from 15.47 pence.

In line with our strategy of returning cash surplus to the requirements of the business to shareholders, the Board is pleased to recommend a further significant increase in the dividend payment which, if approved by shareholders, will give a final dividend of 5.65 pence per share (2005: 4.15 pence per share). This would give a total dividend for the year of 9.80 pence per share (2005: 7.25 pence per share), a 35.2% increase. The full year dividend is 2.1 times covered by profits after tax (2005: 2.2 times).

Subject to shareholders' approval the final dividend will be payable on 4 May 2007 to shareholders on the register on 10 April 2007.

Proposed Share Split

The directors, having consulted with the Company's brokers, consider that having a larger number of ordinary shares with a lower market value than at present will serve to improve the marketability and liquidity of the Company's shares. They are therefore announcing today the proposed sub division of the Company's share capital (the "Share Split").

An ordinary resolution to subdivide each issued and unissued ordinary share of 5p each in the capital of the Company ("Existing Ordinary Shares") into three new ordinary shares of 1.67p each ("New Ordinary Shares") will be proposed at the next Annual General Meeting ("AGM") of the Company which is to be held on 26 April 2007. Further details about the background of the Share Split will be contained in the explanatory notes that will accompany the notice of the AGM.

This change will only become effective if approved by shareholders of the forthcoming AGM. The final dividend will therefore be paid by reference to the Existing Ordinary Shares.

Cash Flow and Balance Sheet

Net cash inflow from operating activities reached £19.0m, up from £12.7m in 2005. This increase was attributable mainly to the higher operating profits as well as an improvement in working capital.

During the year, outflows of £0.1m of interest, £3.8m of taxes and £2.3m of capital expenditure and financial investment were incurred. Further outflows related to the utilisation of the prior year's corporate store disposal provisions of £0.2m and £0.1m for the purchase of minority share interests and dividends of £4.2m.

Overall, the net cash inflow before financing was £8.3m. This strong cash generation has allowed us to return a further £10.2m to shareholders through share buybacks during the year. We have now returned £25.8m of cash to shareholders over the past two years via share buybacks of £18.4m and dividends of £7.4m.

In the year, options over 0.4m shares were exercised generating an inflow of £0.4m (2005: £0.5m).

During the year, DP Capital continued to provide leasing support to franchisees for the fit-out of new stores and the refit of existing stores, with new advances of £1.0m (2005: £1.2m). After repayments, the balance outstanding at the year end on these leases was £2.6m (2005: £2.9m). These facilities are financed by a limited recourse loan facility and the amount drawn down at the end of the year stood at £2.3m (2005: £2.5m).

At the year end, the Group had cash at bank and in hand of £10.3m (2005: £5.9m) and consolidated debt of £15.8m (2005: £10.0m) all of which related to the loans in the Employment Benefit Trust ("EBT"), bank overdraft and DP Capital. Net borrowings at the year end therefore stood at £5.6m (2005: £4.1m) representing 65.2% (2005: 34.5%) of shareholders' funds.

The Group will be adopting IFRS for the 2007 financial year. As previously highlighted, a preliminary assessment has indicated that the adoption of IFRS is not expected to have any significant impact on the Group's reported results. A restated opening balance sheet at the date of transition to IFRS, January 2006, together with restated comparatives for both the full year and the half year 2006 and reconciliations of the changes will be made available at the time of our interim announcement.

Corporate Stores, Joint Ventures and Subsidiaries

As stated at the preliminary results stage last year, your Company remains focussed on withdrawing entirely from the operation of corporate stores, favouring instead joint ventures or subsidiaries set up with carefully-selected and experienced partners. We have an equity interest in six (2005: five) joint ventures and subsidiaries which totals £0.7m (2005: £0.6m) involving a total of 32 stores (2005: 26 stores).

In 2006, joint ventures contributed £0.2m to operating profits in 2006 (2005: £0.2m).

The Market

The UK eating out market is estimated by Mintel to be worth £29bn in 2006, with £1.3bn of this attributed to the home delivered food segment. Whilst this proportion is small, home delivered food is the fastest-growing segment. It is estimated that there are 3,000 stores offering some form of pizza delivery in the UK. Domino’s Pizza is estimated to handle one in seven of the UK’s home delivered meals and one in three of home delivered pizzas.

It is predicted that the home delivered food segment will grow to £1.96 billion over the next five years, a compound growth rate of 7% per annum. This presents your Company with a very favourable background for future growth in both store count and like-for-like sales increases. A number of factors are influencing the shape of the market including the increase in in-home entertainment occasions, greater broadband internet use, an increased number of working women and one person households, the continuance of the cash-rich, time poor society and a predicted increase of 11% in real personal disposable income by 2011.

Food quality continues to be of prime importance to customers. A cornerstone of the Domino’s Pizza brand is the use of fresh ingredients and hand making our pizzas from fresh dough. In 2006, the Food Standards Agency developed its nutrient profiling model which aims to determine which foods are high in fat, salt and sugar (‘HFSS’). We took this model and applied it to our 36 best-selling pizzas. Based on our analysis, 18 of those pizzas are non-HFSS, reinforcing the very wide-ranging choice on offer in our stores. The position of Domino’s Pizza within the lifestyles of consumers remains as an occasional treat or meal replacement enjoyed approximately once every five weeks and we therefore feel that our current menu provides our customers with sufficient choice. We will however continue to actively pursue healthier alternatives that also meet our standards in both quality and taste.

Throughout 2006 we closely monitored the Ofcom ruling which in November used the Food Standards Agency’s nutrient profiling model to determine which HFSS food and drink products should not be advertised to children on TV. Domino’s Pizza has always been consistent about its policy of never marketing directly to children, nevertheless based on the current Ofcom guidelines, we may no longer be able to sponsor the Simpsons on Sky One beyond June 2007. With brand awareness now at 98% and the continuing change in consumer lifestyles, we continue to explore innovative new ways to engage with 18–34 year old consumers in an ever increasingly fragmented media market, including direct mail and online platforms. We are very pleased with the results from some of these new approaches which have already been deployed.

Current Trading and Outlook

Trading in the first six weeks of 2007 has got off to an excellent start with like-for-like sales up 14.3% (2006:10.3%). We are encouraged by this performance given the demanding comparatives of the previous year. E-commerce has continued to grow strongly with an increase of 36.2% and we believe that the launch of our e-commerce platforms in the Republic of Ireland will fuel the pace of online sales growth. Our 2007 new store opening programme has got off to a good start but we are mindful that the planning related issues remain a significant restraining factor in our drive to open 50 new stores per annum.

Conclusion & Thanks

At Domino's Pizza we strive to set the pace for the rest of the home delivery food industry. In order to do so we must achieve very high standards and meet ambitious growth targets. Neither would be possible without the dedication and experience of our 300-strong corporate team, our 150 franchisees and their 10,000 in-store team members who continue to drive our vision forward and make success a reality every day. Once again, my thanks and admiration, go out to all of them.

Stephen Hemsley
Chief Executive

Group profit and loss account

	Notes	52 weeks ended 31 December 2006 £000	52 weeks ended 1 January 2006 £000
Turnover from continuing operations			
Turnover: group and share of joint ventures' turnover		98,937	85,004
Less: share of joint ventures' turnover		(3,972)	(3,344)
Group turnover from continuing operations		94,965	81,660
Cost of sales		(57,811)	(48,778)
Gross profit		37,154	32,882
Distribution costs		(8,177)	(8,538)
Administrative expenses – pre accelerated LTIP charge		(14,860)	(13,504)
Accelerated LTIP charge		-	(626)
Administrative expenses		(14,860)	(14,130)
Group operating profit pre exceptionals and share of joint ventures		14,117	10,214
Share of operating profit in joint ventures		184	179
Amortisation of goodwill in joint ventures		(13)	(15)
		171	164
Total operating profit pre exceptionals		14,288	10,378
Operating exceptionals	2	(499)	-
Total group operating profit from continuing operations		13,789	10,378
Profit on sale of fixed assets	2	159	206
Profit on sale of subsidiary undertakings	2	454	670
Profit on ordinary activities before interest and taxation		14,402	11,254
Interest receivable		397	273
Interest payable and similar charges		(507)	(358)
Profit on ordinary activities before taxation		14,292	11,169
Tax on profit on ordinary activities		(3,865)	(2,922)
Profit on ordinary activities after taxation		10,427	8,247
Minority interests		88	8
Profit for the financial year attributable to members of the parent company		10,515	8,255
Earnings per share - basic - continuing operations	4	20.78p	16.25p
- diluted - continuing operations	4	20.40p	15.47p

Group balance sheet

	Notes	*At 31 December 2006* £000	*At 1 January 2006* £000
Fixed assets			
Intangible assets		2,159	1,326
Tangible assets		13,780	13,593
Investments in joint ventures:			
Share of gross assets		2,018	1,477
Share of gross liabilities		(1,429)	(1,026)
		589	451
Total fixed assets		16,528	15,370
Current assets			
Stocks		1,838	2,186
Debtors:			
amounts falling due within one year		10,304	10,753
amounts falling due after more than one year		1,940	2,168
		12,244	12,921
Cash at bank and in hand		10,262	5,885
Total current assets		24,344	20,992
Creditors: amounts falling due within one year		(22,607)	(13,742)
Net current assets		1,737	7,250
Total assets less current liabilities		18,265	22,620
Creditors: amounts falling due after more than one year		(9,009)	(9,085)
Provision for liabilities		(652)	(1,447)
		8,604	12,088
Capital and reserves			
Called up share capital	6	2,574	2,645
Share premium account	6	4,765	4,677
Capital redemption reserve	6	261	171
Treasury shares held by Employee Benefit Trust	6	(4,216)	(7,500)
Profit and loss account	6	5,172	12,013
Equity shareholders' funds		8,556	12,006
Minority interest		48	82
		8,604	12,088

Group statement of cash flows

	Notes	*52 weeks ended 31 December 2006 £000*	*52 weeks ended 1 January 2006 £000*
Net cash inflow from operating activities	5(a)	18,989	12,674
Returns on investments and servicing of finance			
Interest received		389	273
Interest paid		(455)	(307)
Interest element of finance lease payments		(4)	(4)
Dividends received from joint ventures		21	-
		(49)	(38)
Taxation			
Corporation tax paid		(3,755)	(1,549)
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets		(898)	(395)
Payments to acquire tangible fixed assets		(2,262)	(2,246)
Receipts from sales of tangible and intangible fixed assets		453	576
Receipts from repayment of joint venture loan		105	60
Payments to acquire finance lease assets and advance of franchisee loans		(1,026)	(1,166)
Receipts from repayment of finance leases and franchisee loans		1,349	1,172
		(2,279)	(1,999)
Acquisitions and disposals			
Sale of subsidiary undertakings		-	3,354
Utilisation of provisions related to disposal of subsidiary undertakings		(221)	(309)
Cash balances disposed of with subsidiary undertakings		-	(5)
Sale of minority interest		30	90
Purchase of minority interest		(133)	(82)
		(324)	3,048
Equity dividends paid	3	(4,234)	(3,169)
Net cash inflow before financing		8,348	8,967
Financing			
Issue of ordinary share capital		403	472
New long-term loans		1,244	2,146
Repayments of long-term loans		(1,445)	(1,146)
Repayment of capital element of finance leases and hire purchase contracts		(12)	(16)
Purchase of shares by Employee Benefit Trust		-	(1,140)
Purchase of own shares		(10,161)	(8,222)
		(9,971)	(7,906)
(Decrease)/Increase in cash	5(b)	(1,623)	1,061

Notes to the accounts
At 31 December 2006

1. Accounting Policies

Basis of preparation

This preliminary announcement has been prepared on the basis of the accounting policies set out in the Group's financial statements for the fifty-two weeks ended 1 January 2006.

2. Exceptional Items

Recognised as part of operating profit

Following the sale of DPGS Limited and Triple A Pizza Limited in 2005 (noted below), the Group has taken the decision not to invest in or trade in corporately owned stores. During the year three corporately owned stores were sold and one closed. A further store, owned and operated by a franchisee, was also closed during the year.

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

	52 weeks ended 31 December 2006 *£000*
Onerous lease and dilapidation provisions	76
Restructuring and reorganisation costs	252
Assets written off	52
Lease finance and other bad debts provided for	119
	499

Except for the assets written off, for stores closed, the charges should be deductible for corporation taxation purposes. Except for the restructuring and reorganisation costs, these charges had no impact on the cash flow of the Group during the year (see note 5(a)).

Recognised below operating profit

During the 2005 financial year the Group sold two subsidiary undertakings, DPGS Limited and Triple A Pizza Limited (which included 12 corporate stores at the date of the transaction). The main elements of the transaction were as follows:

	52 weeks ended 31 December 2006 *£000*	***52 weeks ended 1 January 2006*** *£000*
Cash consideration received	-	3,650
Net assets disposed of	-	(1,495)
Disposal costs	-	(296)
Provisions	454	(1,189)
Profit on disposal of subsidiary undertakings	454	670

Notes to the accounts (continued)

2. Exceptional Items (continued)

These subsidiary undertakings were sold to Dough Trading Limited a company controlled by Marc Halpern. In addition to the sale of DPGS Limited and Triple A Pizza Limited, the Group sold one corporate store to Dough Trading Limited for a cash consideration of £350,000 resulting in a profit on sale of £144,000.

During the year partial resolution relating to the conditions for the property provisions made in relation to the sale of the subsidiaries in the prior year, was reached and as a result £454,000 of the provisions created in the prior year have been released. These provisions were treated as timing differences in 2005 hence the reversal will not be chargeable to corporation tax in 2006.

In addition the Group sold three corporate stores resulting in a profit of £115,000 (2005: £62,000). The gain in respect of these disposals will be chargeable to corporation tax at the statutory rate of 30%.

During the year the Group's share of profit realised on the disposal of a joint venture store was £44,000.

	52 weeks ended 31 December 2006	*52 weeks ended 1 January 2006*
	£000	*£000*
Profit on sale of fixed assets		
Sale of three (2005: two) corporate stores resulting in a profit of	115	206
Group's share of profit on disposal of joint venture store	44	-
	159	206

3. Dividends paid and proposed

	52 weeks ended 31 December 2006	*52 weeks ended 1 January 2006*
	£000	*£000*
Declared and paid during the year:		
Final dividend for 2005 4.15p (2004: 3.05p)	2,115	1,531
Interim dividend for 2006 4.15p (2005: 3.10p)	2,119	1,638
	4,234	3,169
Proposed for approval at AGM (not recognised as a liability as at 31December 2006 and at 1January 2006)		
Final dividend for 2006 5.65p (2005: 4.15p)	2,792	2,031

Notes to the accounts (continued)

4. Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on earnings of £10,515,000 (2005: £8,255,000) and on 50,614,710 (2005: 50,810,785) ordinary shares.

The diluted earnings per share is based on earnings of £10,515,000 (2005: £8,255,000) and on 51,556,922 (2005: 53,368,778) ordinary shares. The difference relates to share options, which takes into account theoretical ordinary shares that would have been issued, based on average market value of all outstanding options likely to be exercised and the impact of reversionary interests where the performance conditions have been met.

Reconciliation of basic and diluted earnings per share

	52 weeks ended 31 December 2006	*52 weeks ended 1 January 2006*
	No.	*No.*
Ordinary shares - basic earnings per share	50,614,710	50,810,785
Unexercised share options - average market value	732,027	832,056
Reversionary interests	210,185	1,725,937
Ordinary shares - diluted earnings per share	51,556,922	53,368,778

Reversionary interests granted over 2,075,000 shares and share options granted over 785,972 shares have not yet vested at 31 December 2006. The performance conditions for these reversionary interests and share options have not been met in the current year and therefore the dilutive effect of the number of shares which would have vested at the year end have not been included in the diluted earnings per share calculation.

5. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	52 weeks ended 31 December 2006	*52 weeks ended 1 January 2006*
	£000	*£000*
Operating profit (after operating exceptionals – see below)	13,618	10,214
Depreciation charge	1,671	1,508
Amortisation charge	161	131
Share option and accelerated LTIP charge	344	963
Decrease in stocks	349	489
Decrease in debtors	82	337
Increase/(decrease) in creditors	2,764	(968)
	18,989	12,674
Operating exceptionals - non cash flow items	247	-
- cash flow items	252	-
	499	-

Notes to the accounts (continued)

5. Notes to the statement of cash flows (continued)

(b)Reconciliation of net cash flow to movement in net debt

	52 weeks ended 31 December 2006 £000	52 weeks ended 1 January 2006 £000
Decrease in cash before sale of subsidiary undertakings	(1,623)	(2,589)
Proceeds from the sale of subsidiary undertakings	-	3,650
(Decrease)/increase in cash including sale of subsidiary undertakings	(1,623)	1,061
Cash outflow from increase in loans	(1,244)	(2,146)
Repayment of long-term loans	1,445	1,146
Repayments of capital element of finance leases and hire purchase contracts	12	16
Change in net debt resulting from cash flows	(1,410)	77
Other	(31)	-
Movement in net debt	(1,441)	77
Net debt at 1 January 2006	(4,141)	(4,218)
Net debt at 31 December 2006	(5,582)	(4,141)

6. Reconciliation of Shareholders Funds and Movement on Reserves

	Share Capital £000	Share Premium Account £000	Capital Redemption Reserve £000	Treasury Shares held by EBT £000	Profit & Loss Account £000	Total Shareholders' Funds £000
At 1 January 2006	2,645	4,677	171	(7,500)	12,013	12,006
Proceeds from share issue	19	384	-	-	-	403
Share buybacks	(90)	(296)	90	-	(10,161)	(10,457)
Treasury shares held by EBT	-	-	-	3,284	(3,284)	-
Profit for the year	-	-	-	-	10,515	10,515
Exchange difference on translation of net assets of subsidiary undertaking	-	-	-	-	(21)	(21)
Share option and LTIP charge	-	-	-	-	344	344
Dividends	-	-	-	-	(4,234)	(4,234)
At 31 December 2006	2,574	4,765	261	(4,216)	5,172	8,556

Notes to the accounts (continued)

7. Financial Information

The financial information set out in the announcement does not constitute the Company's statutory accounts for the 52 weeks ending 31 December 2006. The financial information for the 52 weeks ended 1 January 2006 is derived from the statutory accounts for that year, which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985. The statutory accounts for the 52 weeks ended 31 December 2006 will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.