Domino's Pizza NEWS

16 February 2010

DOMINO'S PIZZA UK & IRL plc
PRELIMINARY RESULTS FOR THE 52 WEEKS ENDED 27 DECEMBER 2009

DRIVEN TO DELIVER

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 27 December 2009.

Financial Highlights

- System sales[1] increased by 16.0% to £406.9m (2008: £350.8m)
- Profit before tax[2] increased by 27.8% to £29.9m (2008: £23.4m), statutory profit before tax was £41.0m (2008: £22.1m)
- Like-for-like sales[3] in 501 mature stores up by 8.4% (2008: 10.0% in 450 stores)
- Earnings per share[2]:
    - Basic earnings per share up 27.2% to 13.81p (2008: 10.86p)
    - Diluted earnings per share up 26.0% to 13.49p (2008: 10.71p)
- Total dividend increased by 31.4% to 7.75p per share (2008: 5.90p)
- 55 new stores opened in the year (2008: 52 stores) and none closed (2008: nil) resulting in a total of 608 stores at the year end (2008: 553)
- Online sales increased by 40.4% (2008: 73.7%) to £78.5m (2008: £55.9m)
- Adjusted net debt[4] to EBITDA of 0.5:1 (2008: 0.3:1), highlighting our low financial leverage

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

"I am delighted to report another exceptional set of results. With like-for-like sales growth of 8.4% across 501 mature stores (2008: 10.0% in 450 stores), an increase in system sales of 16.0% to £406.9m (2008: £350.8m), and a record 55 new store openings (2008: 52), we are in a great position as we enter a new decade and our twenty-fifth year of operating in the UK.

"We continue to succeed, even in the current harsh economic conditions, because of our unrelenting focus on the quality of our pizzas, intense devotion to service and by marketing to our customers when and where they want to order. It is this passion that has delivered profit growth of 27.8% to £29.9m (2008: £23.4m) and that will continue to drive our business in years to come.

"There is a strong desire for expansion by our existing franchisees as well as a significant number of new franchisees wishing to enter the system. This demand, combined with our recent successes in smaller locations and the availability of good properties at sensible rents, has led us to accelerate our store opening plans and move our expectations from 50 to 55 new stores each year.

"We have had an exceptional start to 2010, with like-for-like sales for the first six weeks up 11.0%, despite the snow in the early part of the year being a mixed blessing. While encouraging people to stay at home, which is good for our business, the extent and severity of the conditions caused large numbers of stores to cease deliveries to protect driver safety.

"While we are delighted with this early performance, we face some very tough comparatives particularly in the second half, and an unpredictable economic environment. Despite this, we are confident that we are well-positioned for another year of strong growth."

Corporate Progress

- Store openings target increased to 55 per year
- New stores created over 1,600 new jobs in 2009, taking the total number of employees in the system to in excess of 20,000
- Record viewing figures for Britain's Got Talent and good use of short-term tactical promotions helped build business
- Recruited 18 new franchisees and increased average number of stores per franchisee to 4.5 (2008: 4.2)
- New Milton Keynes commissary development on schedule for opening at the end of the second quarter of 2010
- Delivered to 3.4m households, an increase of 18.9%
- Out of the circa 8,900 stores globally, Domino's Pizza UK & Ireland has eight out of the Top 10 stores and 20 of the Top 20 in international sales

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 30 December 2007
4 Excludes Domino's Leasing Limited's non-recourse loans and the share buyback obligation

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A presentation to analysts will be held at 09.30 on 16 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 is the leading player in the fast-growing pizza delivery market and holds the exclusive master franchise to own, operate and franchise Domino's Pizza stores in the UK and the Republic of Ireland. The first UK store opened in Luton in 1985 and the first Irish store opened in 1991.

As at 27 December 2009, there were 608 stores in the UK and the Republic of Ireland. Of these, 481 stores are in England, 45 are in Scotland, 22 are in Wales, 14 are in Northern Ireland, 45 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 8,900 Domino's Pizza stores in over 60 countries. Domino's Pizza has a singular focus – the home delivery of pizza, freshly made to order with high quality ingredients.

Customers in the UK can order from Domino's via the national hotline 087 12121212 (Calls cost 10p per minute from a BT line. Calls from mobiles may vary) and online at www.dominos.co.uk. Orders can also be placed via SMS and to register for this service, customers should visit www.dominos.co.uk. Customers in the Republic of Ireland can order online at www.dominos.ie.

For photography, please visit the media centre at www.dominos.uk.com, contact the Domino's Press Office on +44 (0)1908 580732, or call Hogarth on +44 (0)20 7357 9477.

Chairman's statement

It gives me enormous pleasure to report on another set of great figures and a Company in excellent health as we enter our silver anniversary year. With profit before tax and exceptional items rising by 27.8% to £29.9m (2008: £23.4m) and system sales growth of 16.0% to £406.9m (2008: £350.8m), Domino's is continuing to exceed even my expectations!

This year saw the opening of a record number of new stores, with 55 additions to the Domino's system including the arrival of the new mobile unit, which has already broken global sales records. This record number of store openings, combined with the fact that a number of these new stores are in smaller towns across the country, means we are now in a position to revise our store opening plans, moving to 55 new stores each year and are targeting 1,200 stores by the end of 2021. This upgraded corporate plan will have a significant positive impact on the growth in future profitability and cash flow.

With the new commissary in West Ashland, Milton Keynes, nearing completion, we have been able to use our surplus capital to restart our share buyback programme. Providing good returns for our shareholders is a key goal for Domino's and, with the purchase of 2.6m shares for £7.6m and dividends paid during the year totalling £10.5m, we have returned a total of £18.1m in 2009 alone and £69.8m over the last five years. We will continue to ensure that we return capital that is not required in the business in this manner.

Of course our success is due to our franchisees, their in-store teams and all our head office employees. I am still amazed and encouraged by the passion and enthusiasm of those involved with the Domino's system and their desire to make things even better every day. This has resulted in significant growth in sales and particularly store profitability in 2009 and, supported by the help our franchisees get from the head office team, this positive trend should continue.

We were delighted to open our 600th store during 2009, especially as the store in High Holborn, London, is operated by one of our longest standing franchisees, opening his thirteenth store. We have also been opening a number of stores in smaller towns, where customer reaction has been extremely positive. This, combined with a focused marketing approach by our franchisees, has resulted in high opening sales and good sustainable weekly volumes thereafter. This is a very encouraging sign for the future.

Finally, there are a couple of changes to the Domino's senior management team to report. We are sorry that Robin Auld, our sales and marketing director, has decided to stand down in 2010. Robin has been instrumental in our success and we wish him well. Looking forward, we are delighted to have a great candidate in Simon Wallis of Papa John's to replace him. In addition, I will be moving to the role of non-executive chairman at the time of the Annual General Meeting, although I will still be on hand to provide support and guidance to the leadership team as required.

Domino's benefits from a great team from store to board room as well as a robust and successful business model. These factors, combined with its consistent growth in recent years and the accelerated expansion plans, put the Company in a strong position to capitalise on the next 25 years of business in the UK and the Republic of Ireland. We are only half way to our target store number and our existing stores still have relatively low customer penetration. These opportunities, combined with a great product, excellent service and innovative marketing, make me confident that Domino's is extremely well-placed for the future.

Stephen Hemsley
Executive Chairman
16 February 2010

Chief Executive Officer's review

I am delighted to report another exceptional set of results. With like-for-like sales growth of 8.4% across 501 mature stores (2008: 10.0% in 450 stores), an increase in system sales of 16.0% to £406.9m (2008: £350.8m), and a record 55 new store openings (2008: 52), we are in a great position as we enter a new decade and our twenty-fifth year of operating in the UK.

We continue to succeed, even in the current harsh economic conditions, because of our unrelenting focus on the quality of our pizzas, intense devotion to service and by marketing to our customers when and where they want to order. It is this passion that has delivered profit growth of 27.8% to £29.9m (2008: £23.4m) and that will continue to drive our business in years to come.

Our franchisees' businesses are also more profitable than ever. Average weekly unit sales in our mature stores have risen by 8.4% and average profit by an incredible 23.4%. It is this win-win relationship that ensures our franchisees are as motivated as we are to push the boundaries of their business.

Passionate about winning

We know that if we want to keep our existing customers and attract new ones, we have to be better than we were before. Every day, every week and every year, our franchisees and their store teams raise their game. We were delighted to see the manager of one of our Irish stores win the International Manager of the Year title in 2009. This is the third year running that Domino's UK and Ireland has beaten off competition from every corner of the globe to take this award.

This drive for gaining customers has also fuelled our aggressive opening programme. During 2009, we opened a record number of stores with 55 new branches of Domino's appearing in the UK and the Republic of Ireland (2008: 52), including our first mobile unit.

We have also had phenomenal success in areas with smaller household counts such as Devizes and Glastonbury. In previous years, these locations might have been seen as too small to warrant a store – yet we have seen incredible opening weeks, followed by sustainable, above average, weekly sales.

The combination of newly identified smaller locations, a record number of openings in 2009, and the availability of good properties at sensible rents, leads us to make two changes to our store opening targets. The Company now plans to open 55 new stores every year and we have moved our target number of stores from 1,000 to 1,200 by 2021.

This year has also seen a new tactic in our marketing programme with the launch of a number of short-term, value-led promotions. We understand the need to offer value in the current economic climate and promotions such as *Two for Tuesday* have been key drivers, especially in attracting new customers. This year we delivered to around 3.4m households, an increase of 18.9%.

In addition, our sponsorship of *Britain's Got Talent* took on a whole new dimension with the Susan Boyle phenomenon. With viewing figures for the show exceeding everyone's expectations, the three-year sponsorship proved to be a well-timed decision and still has a year left to run.

Passionate about Service

Our passion for service is well documented and we continue to focus on the time we take to make, bake and deliver our custom-made pizzas. During the year, our stores delivered an extra 5.4m pizzas, yet our average OTD time (the time taken for a pizza to be ready to leave the store) has decreased further to 13.4 minutes (2008: 13.7 minutes) and our average delivery time is now an incredible 23.0 minutes (2008: 23.4 minutes).

We have also continued to develop our online business and during 2009 we celebrated the tenth anniversary of our e-commerce platform with record online sales. As part of our commitment to e-commerce, we also launched a new application to make it easier for customers with iPhones to get their favourite pizza and we launched the pizza tracker system so web customers can follow the progress of their pizza along the makeline, through the oven and on the road.

E-commerce now accounts for 27.8% of UK delivered sales (2008: 23.2%) and in 2009 online orders in the UK and Republic of Ireland increased by 40.4% (2008: 73.7%) to £78.5m (£55.9m). During the week in which we celebrated 10 years since launching our e-commerce offering, over a third of all orders were taken online. In support of this activity, we have increased our online marketing and, both corporately and at store level, have a major presence in the social media field with Facebook pages, Twitter accounts and our own You Tube channel.

Another great example of the Company's commitment to service is with the development of our first mobile unit. This was the brainchild of two Scottish franchisees who believed that they could provide a high quality and financially viable service to large events such as music festivals and sports events. The result is a mobile unit capable of doing 240 pizzas per hour. This has raised the bar in terms of branded food at these types of events. The unit has already broken the world record for weekly sales from a single Domino's mobile unit and expectations are high for future years.

Passionate about Quality

Without a fanatical commitment to product quality and menu innovation, our great service and excellent marketing would be pointless and this dedication to ensuring we provide the best pizzas, side orders and desserts has been a key driver in our commissary development programme.

During the year, we have completed work in our Penrith commissary with the installation of a new spiral chiller. This piece of equipment is used to cool the dough to the correct storage temperature and has cut production time as well as producing a better, more consistent dough ball.

Work on the new Milton Keynes commissary at West Ashland continues apace and the capital investment is almost complete. The new equipment is being installed and we expect it to be fully up and running by the end of the second quarter of 2010 following three months of testing.

We have also continued to work with our existing and new suppliers to ensure the quality and consistent supply of raw ingredients, toppings, side orders and desserts. We have several fixed contracts in place to protect us against fluctuating food costs and exchange rates and we have challenged our suppliers to look at reducing the saturated fat and salt content of our products in line with our commitment to the Food Standards Agency.

During the year, we launched a new website, www.takeafreshlook.co.uk, to focus on the quality and provenance of our food and to provide a source of extensive nutritional and allergen information for customers. We will continue to develop this site and use it to communicate with our customers around the food agenda.

The Company also continues to focus on quality in store with new and improved training programmes – including nationally recognised qualifications. Over 900 franchisees and team members went through our training facilities in Milton Keynes and Ireland during 2009, with many more benefitting from in-store and regional training courses.

Our stores have also reaped the rewards of an extensive refit programme and 70 stores were refurbished during the year complete with new fascias, improved customer areas, and more visible food preparation areas.

Passionate about Relationships

Finally, we view our relationships – with our franchisees, customers, suppliers, shareholders, employees and every other stakeholder that interacts in some way with Domino's – as a key business driver.

We continue to develop our relationship with our franchisees through regular communication and face to face meetings as well as a detailed business review programme. As a result of our commitment to this win-win relationship, 68 stores in 2009 had a turnover in excess of £1.0m (2008: 47) and all 20 of the Top 20 international stores in terms of sales are located in the UK and Republic of Ireland.

As a result of our franchisees' success, interest from potential new franchisees has increased and we recruited 18 new franchisees into the business in 2009. The franchisees we have recruited are from a variety of backgrounds and have joined the system with a view to owning more than one store in the future. Many of the new franchisees have bought existing stores from those looking to leave the system and the average number of stores per franchisee now stands at 4.5 (2008: 4.2).

We are also passionate about our relationship with our shareholders and, to that end, have been delighted this year to return £18.1m to shareholders through a combination of dividends and share buybacks. With the capital expenditure on the new commissary now almost complete, we will continue this programme of share buybacks and progressive dividends in the future.

Going Forward

It is clear that as a company we will continue to be *Driven to Deliver*, despite the fact that yet again we are up against some incredibly tough comparatives. Our compound growth over the last five years has been exceptional and we are committed to building on these results to add value to our shareholders, franchisees and employees.

There is a strong desire for expansion by our existing franchisees as well as a significant number of new franchisees wishing to enter the system. This demand, combined with our recent successes in smaller locations and the availability of good properties at sensible rents, has led us to accelerate our store opening plans and move our expectations from 50 to 55 new stores each year.

We have had an exceptional start to 2010, with like-for-like sales for the first six weeks up 11.0%, despite the snow in the early part of the year being a mixed blessing. While encouraging people to stay at home, which is good for our business, the extent and severity of the conditions caused large numbers of stores to cease deliveries to protect driver safety.

While we are delighted with this early performance, we face some very tough comparatives particularly in the second half, and an unpredictable economic environment. Despite this, we are confident that we are well-positioned for another year of strong growth.

Chris Moore
Chief Executive Officer
16 February 2010

Chief Financial Officer's review

The Group's financial statements for the 52 weeks ended 27 December 2009 (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

Despite the challenging economic conditions experienced during the year, the Group has continued to deliver impressive results with total system sales growing by 16.0% to £406.9m (2008: £350.8m). 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 the stores in subsidiary undertakings, grew by 14.0% to £155.0m (2008: £136.0m).

Cost and margin management continues to be a key focus for the Group. Once again, this has allowed the Group to report strong conversion of its sales growth into profit as we continue to benefit from the underlying operational gearing of our business model. As a result, operating profit before exceptional charges was up 26.4% to £30.0m (2008: £23.7m), profit before tax before exceptional charges was up 27.8% to £29.9m (2008: £23.4m) and diluted earnings per share before exceptional charges was up 26.0% to 13.49p (2008: 10.71p). These results have been achieved despite some very strong prior year comparatives.

Cash generated from operations reached £35.6m (2008: £24.3m) demonstrating the strong cash flows of the business. These robust and predictable cash flows underpin the Board's proposal to increase the full year dividend by 31.4% to 7.75p (2008: 5.90p). At 27 December 2009, the Group had cash and cash equivalents of £24.0m (2008: £18.6m) and adjusted net debt of £15.7m (2008: £8.2m).

Trading results

System sales increased by 16.0% to £406.9m (2008: £350.8m). The main drivers of this growth were:

- Like-for-like sales growth of 8.4% (2008: 10.0%).
- Continued focus on driving e-commerce sales with a growth of 40.4% to £78.5m (2008: £55.9m).
- A record 55 (2008: 52) new store openings, with the 600th store opening in early December 2009.
- Increase in the average number of pizzas per order, driven by our *Two for Tuesday* promotion and other tactical offers during the second half of the year.
- Targeted promotional and marketing initiatives and the successful sponsorship of *Britain's Got Talent.*

Group operating profit, before exceptional items was up 26.4% to £30.0m (2008: £23.7m). Group operating profit, after exceptional items was up 10.1% to £26.1m (2008: £23.7m).

Food prices were relatively stable throughout the year after the fall in prices of cheese and flour at the start of 2009. The business did not experience the unprecedented commodity price fluctuations as in the prior year. Food price increases and decreases were passed onto franchisees where necessary and, as a result of a more stable commodity market, our franchisees had time to reflect them in their menu prices. The steps we put in place during the latter part of 2008, which involved placing the vast majority of our supplies under fixed price contracts, has contributed to the far more stable food price environment.

The net interest charge for the year, including the non-cash impact of £0.2m arising from the unwinding of the discount on the deferred consideration of the acquisition of Dresdner Kleinwort Leasing March (2) Limited was £0.4m (2008: £0.4m). Excluding the above, the net increase charge decreased by 62.2% on the prior year due to the reduction in the LIBOR rates during the year.

Profit before tax, before exceptional items, increased by 27.8%. The ratio of profit before tax, before exceptional items to system sales, a key ratio which highlights the strength of the underlying operational gearing of the business, grew to 7.3% in 2009 (2008: 6.7%). This highlights the benefits that come from substantially higher volumes through our system, greater efficiencies from improvements in our procurement and distribution processes and a tight control over overheads in the business. Profit before tax, after exceptional items, increased by 85.5% to £41.0m (2008: £22.1m). This growth was boosted by the exceptional credit of £15.1m from the goodwill arising on the acquisition of Dresdner Kleinwort Leasing March (2) Limited (see note 2 on exceptional items).

Exceptional items

Operating exceptionals

During the year the Group accelerated the IFRS2 charge relating to the Long Term Incentive Programme (LTIP's) granted in 2006 and 2007 as the performance targets set were achieved earlier than expected. This resulted in an additional charge of £1.0m in 2009. This charge had no impact on the cash flows of the Group during the year.

The Group also incurred restructuring and reorganisation costs of £0.3m relating to the procurement department. These one-off charges are included in the other operating exceptional charges.

As a result of the new Milton Keynes commissary being on track for completion at the end Q2 2010, together with the decline in the local commercial property market, the Group has reconsidered the residual value and remaining life of the existing Milton Keynes commissary. Consequently the Group has taken an impairment charge of £2.7m relating to the buildings and equipment used in this commissary.

Non-operating exceptionals

The Group realised a profit on sale of a subsidiary undertaking, DP Peterborough Ltd, of £0.2m (2008: loss of £0.2m).

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 from Dresdner Kleinwort Leasing Limited. Following the acquisition, the name of the company acquired was changed to Domino's Leasing Limited. Domino's Leasing Limited carries on a trade of finance leasing, and has entered into equipment leases across multiple jurisdictions. Dresdner Kleinwort Leasing Limited has also entered into certain financing arrangements with Domino's Leasing Limited in connection with the ongoing funding requirements for Domino's Leasing Limited's leasing business. The benefits arising from Domino's Leasing Limited from its leasing trade and its entitlement to certain tax reliefs from its ownership of the equipment under lease will be available to the wider Group and will enable the Company to further maximize cash flows and returns to shareholders. The anticipated tax relief to the Group is approximately £29.0m, substantially all of which will be available over the period from 2010 to 2016. Deferred consideration up to a maximum aggregate amount of approximately £15.0m is payable over the period 2011 to 2016. The excess of fair value of net assets acquired over consideration arising on the acquisition of £15.1m is included in exceptional costs, shown below operating profit, being the difference between the deferred tax asset relating to the tax allowances available and the net present value of the deferred payments.

As a result of the above transaction, the Group has recognised £0.2m as an exceptional interest charge due to the unwinding of the discount on the deferred consideration. This is a non-cash interest charge – refer to note 2 for further details.

Taxation

The effective tax rate in 2009, including the effect of exceptional items, was 18.2% (2008: 29.3%). Excluding the effect of the excess of fair value of net assets acquired over consideration arising on the acquisition, the effective tax rate is 28.8%. This is lower than the effective tax rate in 2008 and marginally higher than the underlying corporation tax rate of 28%. The variance to the prior year is predominantly due to the impact of the costs associated with the move to the Main Market on the London Stock Exchange incurred in 2008 which were disallowed for tax purposes as well as the impact of the phasing out of the Industrial Buildings Allowances in the Finance Act 2008. The marginally higher effective tax rate compared to the underlying corporation rate is due to the impact of expenses not deductible for taxation purposes, partially offset by the impact of the lower tax rate applicable in the Group's Irish subsidiary.

Earnings per Share

Basic earnings per share for the period, before exceptional items, of 13.81p was up 27.2% on the prior year (2008: 10.86p). Diluted earnings per share for the period, before exceptional items, of 13.49p, was up 26.0% on the prior year (2008: 10.71p).

Unadjusted basic earnings per share for the period of 21.45p, was up 112.0% on the prior year (2008: 10.12p). Unadjusted diluted earnings per share for the period of 20.95p, was up 110.1% on the prior year (2008: 9.97p).

Dividends

The Board is recommending a final dividend for 2009 of 4.25p per share. Together with the interim dividend of 3.5p per share paid on 28 August 2009, the total dividend for the year will be 7.75p per share, an increase of 31.4% on the dividend paid for the prior year (2008: 5.9p). The full year dividend is 1.68 times covered by profits after tax (2008: 1.72 times).

Subject to shareholders' approval at the Annual General Meeting on 30 March 2010 the final dividend will be payable on 31 March 2010 to shareholders on the register as at 26 February 2010.

Cash flow and net debt

The Group is in a strong cash position with cash generated from operations of £35.6m (2008: £24.3m).

During the year, outflows of £0.1m of net interest, £5.5m of corporation taxes, £20.7m of capital expenditure and financial investment were incurred.

Overall net cash inflow before financing was £9.5m, after £22.5m capital expenditure of which £20.2m was spent on the new commissary expansion programme. The strong cash generation during the year has allowed us to return a further £7.6m to shareholders through share buybacks during the year.

In the period, options over 2.4m shares were exercised generating an inflow of £2.1m (2008: £0.8m).

DP Capital Ltd continued to provide leasing support to franchisees for their in-store equipment as well as the refit of existing stores, with new advances of £2.1m (2008: £1.0m). After repayments, the balance outstanding at the year end on these leases was £3.3m (2008: £2.8m). These facilities are financed by a limited recourse facility and the amount drawn down at the end of the year stood at £2.7m (2008: £2.4m).

Non-recourse loans of £5.7m (2008: nil) were acquired with Domino's Leasing Limited. The loans are repayable over terms of up to six years and bear interest at 0.5% above LIBOR. The loans are secured over the related lease receivables and are only repayable provided the related lease receivables are settled in full.

At the end of the year the Group's adjusted net debt was £15.7m (2008: £8.2m). The increase of £7.5m is due mainly to the further drawdown of £16.7m of the £25m five-year term loan facility for the commissary expansion programme, offset by an increase of £5.4m in cash and cash equivalents and the repayment of the outstanding revolving credit facility of £4m.

The Group monitors the ratio of adjusted 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 Group includes within adjusted net debt, interest bearing loans and borrowings, bank revolving facilities, less cash and cash equivalents and excludes, for this calculation, the Domino's Leasing Limited's non-recourse loans and the share buyback obligation. The ratio of adjusted net debt to EBITDA remains exceptionally low at 0.5 (2008: 0.3) against a covenant of 2.5:1.

Net debt, which includes non-recourse loans of £5.7m and the share buyback obligation of £10.6m, was £32.0m (2008: £8.2m).

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

Share buyback programme

In November 2009 the Group announced a £17.5m share buyback programme. On 22 December 2009 the Group entered into an irrevocable non-discretionary programme with Numis Securities Limited to purchase up to a maximum of 3,408,502 shares at up to 105% of the average market value of a share for the five business days immediately preceding the day on which the share is purchased, from 28 December 2009 to 15 February 2010, on their behalf. This agreement entered into regarding share buybacks during the close period has been recognised as a financial liability of £10.6m.

As at the close business on 15 February 2010, 500,000 shares had been repurchased under the share buyback programme at 310p per share for a total consideration of £1.55m. Accordingly, at the date of the issuing of these results, no further financial liability exists and hence the £10.6m liability noted in the report and accounts will not crystalise.

Banking facilities

At 27 December 2009 the Group had a total of £43.0m of banking facilities, of which £3.3m was undrawn. The Group also has £24.0m of cash and taken together with the undrawn facilities has effective headroom of £27.3m in its funding requirements. The key facility required for the expenditure on the new Milton Keynes commissary is a £25m five-year facility which attracts an interest margin 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 also enjoys a £13m seven-year term facility, also with an interest margin of LIBOR plus 50bps. This facility expires on 31 January 2014.

Capital employed

Non-current assets increased in the year from £27.7m to £78.5m due to the capital expenditure of £20.2m on the expansion of the Penrith commissary and the new Milton Keynes commissary and the £29.2m deferred tax asset as a result of the acquisition of Domino's Leasing Limited. The expansion of the Penrith facility was completed and operational in May 2009 and the new Milton Keynes commissary is due for completion at the end of the second quarter 2010.

Current assets increased from £35.8m to £41.1m. This was predominantly due to an increase in cash and cash equivalents of £5.4m.

Current liabilities increased from £28.1m to £40.4m, driven principally by the £10.6m share buyback obligation detailed above, an increase in trade and other payables of £3.8m and the current corporation tax liability of £1.0m, offset by the repayment of the outstanding revolving credit facility of £4m during the period.

Non-current liabilities increased from £23.3m to £58.6m, due to £16.7m draw down from the £25m five-year term loan facility for the commissary expansion programme, the £13.7m deferred consideration and the £4.8m non-recourse long term liability relating to the acquisition of Domino's Leasing Limited.

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

Conclusion

We are delighted with another year of strong growth financially, despite the increasing challenging economic environment. We have continued to invest in and grow our business. We are confident that the strong cash flows generated by the business combined with long term financing at what is, in today's market, extremely competitive rates will allow us to continue to return surplus funds not required by the business to shareholders.

Lee Ginsberg
Chief Financial Officer
16 February 2010

Group income statement

	Notes	52 weeks ended 27 December 2009 Before exceptional items £000	Exceptional items (Note 2) £000	Total £000	52 weeks ended 28 December 2008 Before exceptional items £000	Exceptional items (Note 2) £000	Total £000
Revenue		155,044	-	155,044	135,977	-	135,977
Cost of sales		(95,597)	-	(95,597)	(85,153)	-	(85,153)
Gross profit		59,447	-	59,447	50,824	-	50,824
Distribution costs		(9,993)	-	(9,993)	(9,185)	-	(9,185)
Administrative costs		(19,999)	(3,950)	(23,949)	(18,087)	(54)	(18,141)
		29,455	(3,950)	25,505	23,552	(54)	23,498
Share of post tax profits of associates		553	-	553	187	-	187
Operating profit		30,008	(3,950)	26,058	23,739	(54)	23,685
Profit / (loss) on the sale of non-current assets and assets held for sale		-	247	247	-	(184)	(184)
(Loss) / profit on the sale of subsidiary undertakings		-	(30)	(30)	-	28	28
Admission to Official List fees		-	-	-	-	(1,002)	(1,002)
Excess of fair value of assets acquired over consideration	7	-	15,053	15,053	-	-	-
Profit before interest and taxation		30,008	11,320	41,328	23,739	(1,212)	22,527
Finance income		165	-	165	584	-	584
Finance expense		(308)	(217)	(525)	(962)	-	(962)
Profit before taxation		29,865	11,103	40,968	23,361	(1,212)	22,149
Taxation	3	(8,291)	816	(7,475)	(6,546)	61	(6,485)
Profit for the period		21,574	11,919	33,493	16,815	(1,151)	15,664
Profit for the period attributable to:							
Owners of the parent				33,484			15,652
Minority interests				9			12
				33,493			15,664
Earnings per share (post exceptional items)							
- Basic (pence)	4			21.45			10.12
- Diluted (pence)	4			20.95			9.97
Earnings per share (pre exceptional items)							
- Basic (pence)	4			13.81			10.86
- Diluted (pence)	4			13.49			10.71

Group statement of comprehensive income

	52 weeks Ended 27 December 2009 £000	52 weeks Ended 28 December 2008 £000
Profit for the period	33,493	15,664
Other comprehensive income:		
Exchange differences on retranslation of foreign operations	(554)	1,644
Other comprehensive income for the period, net of tax	(554)	1,644
Total comprehensive income for the period	32,939	17,308
Total comprehensive income for the year attributable to:		
Owners of the parent	32,930	17,296
Minority interests	9	12
	32,939	17,308

Group balance sheet

	Notes	At 27 December 2009 £000	At 28 December 2008 £000
Non-current assets			
Goodwill and intangible assets		1,634	1,247
Property, plant and equipment		39,363	22,964
Prepaid operating lease charges		622	742
Net investment in finance leases		7,229	1,917
Investments in associates		960	790
Deferred tax asset	3	28,706	-
		78,514	27,660
Current assets			
Inventories		2,735	2,542
Trade and other receivables		12,514	13,650
Net investment in finance leases		1,745	858
Prepaid operating lease charges		138	132
Cash and cash equivalents		23,997	18,602
		41,129	35,784
Non-current assets held for sale		954	736
Total assets		120,597	64,180
Current liabilities			
Trade and other payables		(24,345)	(20,523)
Deferred income		(77)	(77)
Financial liabilities		(1,772)	(4,867)
Financial liabilities - Share buyback obligation		(10,592)	-
Current tax liabilities	3	(3,644)	(2,627)
		(40,430)	(28,094)
Non-current liabilities			
Provisions		(127)	(141)
Financial liabilities		(43,657)	(21,909)
Deferred income		(1,078)	(1,126)
Deferred consideration		(13,672)	-
Deferred tax liabilities	3	(57)	(130)
Total liabilities		(99,021)	(51,400)
Net assets		21,576	12,780
Shareholders' equity			
Called up share capital		2,519	2,523
Share premium account		8,012	5,917
Capital redemption reserve		387	346
Capital reserve – own shares		(7,200)	(7,897)
Currency translation reserve		1,299	1,853
Retained earnings		16,437	9,986
Equity shareholders' funds		21,454	12,728
Minority interests		122	52
Total equity		21,576	12,780

Lee Ginsberg
Chief Financial Officer
16 February 2010

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 Shareholder's Funds £000	Minority 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	-	-	-	-	-	15,652	15,652	12	15,664
Other comprehensive income – exchange differences	-	-	-	-	1,644	-	1,644	-	1,644
Total comprehensive income for the period	-	-	-	-	1,644	15,652	17,296	12	17,308
Proceeds from share issue	12	641	-	-	-	-	653	-	653
Share buybacks	(27)	-	27	-	-	(3,752)	(3,752)	-	(3,752)
Share transaction charges	-	(31)	-	-	-	-	(31)	-	(31)
Treasury shares held by EBT	-	-	-	(4,308)	-	-	(4,308)	-	(4,308)
Vesting of LTIP grants	-	-	-	814	-	(814)	-	-	-
Share option and LTIP charge	-	-	-	-	-	1,106	1,106	-	1,106
Tax on employee share options	-	-	-	-	-	(59)	(59)	-	(59)
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**
Profit for the period	-	-	-	-	-	33,484	33,484	9	33,493
Other comprehensive income – exchange differences	-	-	-	-	(554)	-	(554)	-	(554)
Total comprehensive income for the period	-	-	-	-	(554)	33,484	32,930	9	32,939
Proceeds from share issue	37	2,095	-	-	-	-	2,132	-	2,132
Share buybacks	(41)	-	41	-	-	(7,569)	(7,569)	-	(7,569)
Share transaction charges	-	-	-	-	-	(55)	(55)	-	(55)
Vesting of LTIP grants	-	-	-	697	-	(697)	-	-	-
Share option and LTIP charge	-	-	-	-	-	1,897	1,897	-	1,897
Tax on employee share options	-	-	-	-	-	449	449	-	449
Equity dividends paid	-	-	-	-	-	(10,466)	(10,466)	-	(10,466)
Share buyback obligation	-	-	-	-	-	(10,592)	(10,592)	-	(10,592)
Minority interest movement	-	-	-	-	-	-	-	61	61
At 27 December 2009	**2,519**	**8,012**	**387**	**(7,200)**	**1,299**	**16,437**	**21,454**	**122**	**21,576**

Group cash flow statement

	Notes	52 weeks ended 27 December 2009 £000	52 weeks ended 28 December 2008 £000
Cash flows from operating activities			
Profit before taxation		40,968	22,149
Excess of fair value of assets acquired over consideration	7	(15,053)	-
Net finance costs		360	378
Share of post tax profits of associates		(553)	(187)
Amortisation and depreciation		2,014	1,958
Impairment		2,706	-
(Profit)/loss on disposal of non-current assets		(217)	156
Share option and LTIP charge (including accelerated LTIP charge)		1,897	1,106
Increase in inventories		(224)	(115)
Decrease / (increase) in receivables		335	(3,489)
Increase in payables		3,464	2,299
(Decrease) / increase in deferred income		(48)	64
Decrease in provisions		(14)	(14)
Cash generated from operations		35,635	24,305
UK corporation tax		(5,158)	(5,692)
Overseas corporation tax paid		(353)	(273)
Net cash generated by operating activities		30,124	18,340
Cash flows from investing activities			
Interest received		165	584
Dividends received from associates		383	82
Receipts from repayment of associate loan		69	119
Payments to acquire finance lease assets		(2,058)	(1,019)
Receipts from repayment of franchisee finance leases		1,993	1,014
Purchase of property, plant and equipment		(21,150)	(10,533)
Acquisition of subsidiary	7	(509)	-
Purchase of other non-current assets		(1,358)	(895)
Cash proceeds on the disposal of subsidiary undertaking		23	31
Receipts from the sale of other non-current assets		2,000	1,044
Acquisition of minority interest		(216)	-
Net cash used by investing activities		(20,658)	(9,573)
Cash inflow before financing		9,466	8,767
Cash flow from financing activities			
Interest paid		(260)	(962)
Issue of ordinary share capital		2,132	653
Purchase of own shares		(7,624)	(3,783)
Purchase of shares for EBT		-	(4,308)
Bank revolving facilities – current		(4,000)	(2,000)
Bank revolving facilities – non-current		16,700	8,300
New long terms loans – EBT		-	4,314
New long term loans		1,637	1,014
Repayment of long term loans		(1,788)	(1,038)
Equity dividends paid		(10,466)	(8,035)
Net cash used by financing activities		(3,669)	(5,845)
Net increase in cash and cash equivalents		5,797	2,922
Cash and cash equivalents at beginning of period		18,602	14,629
Foreign exchange (loss)/gain on cash and cash equivalents		(402)	1,051
Cash and cash equivalents at end of period		23,997	18,602

Notes to the Group financial statements

1. ACCOUNTING POLICIES

Basis of preparation

The preliminary results for the 52 weeks ended 27 December 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and are in line with the accounting policies set out in the interim financial statements for the 26 weeks ended 28 June 2009.

The financial information in the preliminary statement of results does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006 (the Act). The financial information for the 52 weeks ended 27 December 2009 has been extracted from the statutory accounts on which an unqualified audit opinion has been issued. Statutory accounts for the 52 weeks ended 27 December 2009 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 27 December 2009 were authorised for issue by the Board of directors on 16 February 2010 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 27 December 2009 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 498(2) or (3) of the Act.

2. EXCEPTIONAL ITEMS

Recognised as part of operating profit

	52 weeks Ended 27 December 2009 £000	52 weeks ended 28 December 2008 £000
Accelerated LTIP charge	980	-
Restructuring and reorganisation	264	54
Impairment	2,706	-
	3,950	54

Accelerated LTIP charge

During the period the Group's IFRS 2 charge relating to reversionary interests in ordinary shares granted in 2006 and 2007 has increased as the performance targets have been achieved earlier than expected, resulting in an accelerated charge of £980,000. This acceleration has no impact on the Group's tax charge for the period (2008: nil).

Restructuring and reorganisation

Restructuring and reorganisation costs of £264,000 result in a £74,000 reduction in the Group's tax charge for the period (2008: £15,000 reduction).

Impairment

As a results of the new Milton Keynes commissary being on track for completion at the end of June 2010, together with the decline in the local commercial property market the Group has reconsidered the residual value and remaining life of the existing Milton Keynes commissary. Consequently, the Group has taken an impairment charge of £2,706,000. This impairment results in a £758,000 reduction in the Group's tax charge for the period (2008: nil).

2. EXCEPTIONAL ITEMS (continued)

Recognised below operating profit

Profit / (loss) on the sale of non-current assets and assets held for sale

	52 weeks ended 27 December 2009 £000	52 weeks Ended 28 December 2008 £000
Profit / (loss) on the sale of four (2008: one) corporate stores	239	(50)
Profit on sale of non-current assets held for sale – DP Peterborough Limited	191	-
Loss on sale of non-current assets held for sale – DPGL Birmingham Limited	-	(134)
Loss on sale of other non-current assets	(183)	-
	247	(184)

The Group has taken the decision not to invest in or trade in corporately owned stores. During the period four (2008: one) corporately owned stores were sold for a total cash consideration of £1,050,000 (2008: £160,000) resulting in a profit of £239,000 (2008: loss of £50,000).

The Group disposed of its subsidiary undertaking, DP Peterborough Limited in December 2009 for a total cash consideration of £1,100,000 generating a profit of £191,000. The Group disposed of its subsidiary undertaking, DPGL Birmingham Limited in April 2008 for a total cash consideration of £1,000,000 generating a loss of £134,000.

The total impact of the profit (2008: loss) on the disposal of non-current assets and assets held for sale on the Group's tax charge for the period is an increase of £16,000 (2008: reduction of £46,000).

The following exceptional items have no impact on the Group's tax charge in the current or prior period:

(Loss)/profit on the sale of subsidiary undertakings

	52 weeks Ended 27 December 2009 £000	52 weeks ended 28 December 2008 £000
Disposal of 15% of DP Milton Keynes Limited	(30)	-
Disposal of 5% of DP Peterborough Limited	-	28
Movement in provisions	-	-
(Loss) / profit on the sale of subsidiary undertakings	(30)	28

2. EXCEPTIONAL ITEMS (continued)

In August 2009 DP Milton Keynes Limited issued additional share capital to its minority interest for a total cash consideration of £23,000. This resulted in a reduction in the Group's shareholding from 75% to 60% and a loss on disposal of £30,000.

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.

Admission to Official List fees
During the period ended 28 December 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 period costs of £nil (2008: £1,002,000) 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).

Excess of fair value of assets acquired over consideration
On 1 July 2009, the Group acquired 100% of the ordinary shares of Dresdner Kleinwort Leasing March (2) Limited, a private company based in England which provides funding in the form of finance leases to a number of corporate clients. On 2 July 2009, the company changed its name to Domino's Leasing Limited (Domino's Leasing). The resulting excess of fair value of assets acquired over consideration of £15,053,000 that arises on acquisition has been immediately recognised in the income statement in accordance with IFRS 3. See note 7 for further details.

Unwinding of discount
Included within finance costs is a charge of £217,000 relating to the unwinding of the discount on the deferred consideration payable in relation to the acquisition of Domino's Leasing Limited during the period.

All of these transactions related to the United Kingdom operating segment.

Notes to the Group financial statements

3. TAXATION

(a) Tax on profit on ordinary activities

Tax charged in the income statement

	52 weeks Ended 27 December 2009 £000	52 weeks ended 28 December 2008 £000
Current income tax:		
UK corporation tax		
- current period	7,024	6,243
- adjustment in respect of prior periods	(187)	(251)
	6,837	5,992
Income tax of overseas operations on profits for the period	301	308
Total current income tax	7,138	6,300
Deferred tax:		
Origination and reversal of temporary differences	299	18
Effect of change in tax law	-	462
Adjustment in respect of prior periods	38	(295)
Total deferred tax	337	185
Tax charge in the income statement	7,475	6,485
The tax charge in the income statement is disclosed as follows:		
Income tax expense on continuing operations	7,475	6,485
Tax relating to items credited / (charged) to equity:		
Reduction in current tax liability as a result of the exercise of share options	592	236
Origination and reversal of temporary differences in relation to unexercised share options	(143)	(295)
Tax credit / (charge) in the Group statement of changes in equity	449	(59)

There is no tax impact in relation to the foreign exchange differences in the statement of comprehensive income.

3. TAXATION (continued)

(b) Reconciliation of the total tax charge

The tax expense in the income statement for the 52 weeks ended 27 December 2009 is lower than the statutory corporation tax rate of 28.0% (2008: 28.5%*). The differences are reconciled below:

	52 weeks Ended 27 December 2009 £000	52 weeks ended 28 December 2008 £000
Profit before taxation	40,968	22,149
Accounting profit multiplied by the UK statutory rate of corporation tax of 28.0% (2008: 28.5%*)	11,471	6,312
Expenses not deductible for tax purposes	626	139
Profit on disposal of non-current assets – not taxable	(121)	44
Accounting depreciation not eligible for tax purposes	208	221
Adjustments relating to prior years	(149)	(545)
Adjustment to deferred tax in respect of change in tax law	-	462
Excess of fair value of assets acquired over consideration	(4,215)	-
Tax rate differences	(345)	(376)
Admission to Official List fees	-	228
Total tax expense reported in the income statement	7,475	6,485
Effective tax rate (%)	18.2	29.3

* 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. This has the effect of preventing the Group from fully 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 accounting base. The initial recognition exemption is not available in these circumstances. The recognition of the resulting deferred tax liability led to an increase in the effective tax rate of 2.09 percentage points from 27.19% to 29.28% for the period ended 28 December 2008. 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 27 December 2009, there was no recognised deferred tax liability (2008: 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 or Irish subsidiaries or associates paying dividends to their parent companies.

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

Notes to the Group financial statements

3. TAXATION (continued)

(d) Deferred tax

The deferred tax included in the balance sheet is as follows:	At 27 December 2009 £000	At 28 December 2008 £000
Deferred tax arising in the UK on non capital items	28,706	(88)
Deferred tax arising in Ireland and the UK on capital gains	(57)	(42)
	28,649	(130)

	At 27 December 2009 £000	At 28 December 2008 £000
Gross movement in the deferred income tax account		
Opening balance	(130)	350
Tax charged to equity	(143)	(295)
Income statement charge	(337)	(185)
Release on sale of subsidiary undertaking	19	-
Acquired on purchase of subsidiary undertaking	29,240	-
Closing balance	28,649	(130)

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 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)
Charge to equity	(143)	-	-	-	-	(143)
Credit/(charge) to income	44	(326)	(22)	-	(18)	(322)
Sale of subsidiary	-	19	-	-	-	19
Acquisition of subsidiary undertaking	-	29,240	-	-	-	29,240
At 27 December 2009	481	27,892	315	(15)	33	28,706

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 30 December 2007	(178)	(37)	(215)
Credit to income	152	21	173
At 28 December 2008	(26)	(16)	(42)
Charge to income	-	(15)	(15)
At 27 December 2009	(26)	(31)	(57)

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 27 December 2009 £000	52 weeks ended 28 December 2008 £000
Profit for the period	33,493	15,664
Adjusted for – minority interests	(9)	(12)
Profit attributable to owners of the parent	33,484	15,652

	At 27 December 2009 No.	At 28 December 2008 No.
Basic weighted average number of shares (excluding treasury shares)	156,119,696	154,651,355
Dilutive potential ordinary shares:		
Employee share options	1,422,261	1,732,003
Reversionary interests	2,293,090	560,549
Diluted weighted average number of shares	159,835,047	156,943,907

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

The performance conditions for reversionary interests granted over 5,929,878 (2008: 12,510,000) shares and share options granted over 2,465,686 (2008: 2,198,798) 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 nil (2008: 161,478) shares have not been included in the diluted earnings per share calculation because they are anti dilutive at the period end.

4. EARNINGS PER SHARE (continued)

Earnings per share pre 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 27 December 2009	52 weeks ended 28 December 2008
Basic earnings per share	13.81p	10.86p
Diluted earnings per share	13.49p	10.71p

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

	52 weeks ended 27 December 2009 £000	52 weeks ended 28 December 2008 £000
Profit for the period	33,493	15,664
Adjusted for – minority interests	(9)	(12)
Profit attributable to owners of the parent	33,484	15,652
Exceptional items after tax – attributable to equity holders of the parent	(11,919)	1,151
- Accelerated LTIP charge	980	-
- Operating exceptional charges	264	54
- Loss/(profit) on the sale of non-current assets and assets held for sale	(247)	184
- Profit on the sale of subsidiary undertakings	30	(28)
- Admission to Official List	-	1,002
- Excess of fair value of assets acquired over consideration	(15,053)	-
- Impairment	2,706	-
- Unwinding of discount	217	-
- Taxation impact	(816)	(61)
Profit before exceptional items attributable to owners of the parent	21,565	16,803

Notes to the Group financial statements

5. DIVIDENDS PAID AND PROPOSED

	52 weeks Ended 27 December 2009 £000	52 weeks ended 28 December 2008 £000
Declared and paid during the year:		
Equity dividends on ordinary shares:		
Final dividend for 2008: 3.20p (2007: 2.50p)	4,983	3,882
Interim dividend for 2009: 3.50p (2008: 2.70p)	5,483	4,153
Dividends paid	10,466	8,035

Proposed for approval by shareholders at the AGM (not recognised as a liability at 27 December 2009 or 28 December 2008)

Final dividend for 2009: 4.25p (2008: 3.20p)	6,592	4,983

6. ADDITIONAL CASH FLOW INFORMATION

Analysis of Group net debt

	At 28 December 2008 £000	Cash Flow £000	Exchange differences £000	Non-cash movements £000	At 27 December 2009 £000
Cash and cash equivalents	18,602	5,797	(402)	-	23,997
Bank revolving facility	(12,300)	(12,700)	-	-	(25,000)
Bank loans	(12,035)	-	-	-	(12,035)
Other loans	(2,424)	(279)	-	-	(2,703)
Finance leases	(17)	-	-	17	-
Adjusted net debt	(8,174)	(7,182)	(402)	17	(15,741)
Non-recourse loans	-	430	-	(6,121)	(5,691)
Share buyback obligation	-	-	-	(10,592)	(10,592)
Net debt	(8,174)	(6,752)	(402)	(16,696)	(32,024)

6. ADDITIONAL CASH FLOW INFORMATION (continued)

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 overdraft	(7,721)	(4,314)	-	-	(12,035)
Bank loans	(2,448)	24	-	-	(2,424)
Other loans	(28)	11	-	-	(17)
Finance leases					
	(1,568)	(7,657)	1,051	-	(8,174)

7. BUSINESS COMBINATIONS

Acquisition of Dresdner Kleinwort Leasing March (2) Limited

On 1 July 2009, the Group acquired 100% of the ordinary shares of Dresdner Kleinwort Leasing March (2) Limited, a private company based in England which provides funding in the form of finance leases to a number of corporate clients. On 2 July 2009, the company changed its name to Domino's Leasing Limited (Domino's Leasing). The acquisition has been accounted for using the purchase method of accounting. The financial statements include the results of Domino's Leasing for the period from the date of acquisition to the period end.

The book and fair values of the identifiable assets and liabilities of Domino's Leasing as at the date of acquisition were as follows:

	Fair value to Group £000	Previous carrying value £000
Net investment in finance leases	6,131	6,131
Other receivables	20	20
Deferred tax asset	29,240	-
	35,391	6,151
Loans payable	(6,120)	(6,120)
Other payables	(5)	(5)
	(6,125)	(6,125)
Net assets	29,266	**26**
Excess of fair value of assets acquired over consideration	(15,053)	
Total acquisition cost	**14,213**	

7. BUSINESS COMBINATIONS (continued)

As a company with an established leasing trade, Domino's Leasing 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 £29,240,000.

A deferred consideration up to a maximum aggregate amount of £15,364,000 is 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 April 2016.

The total acquisition costs of £14,213,000 comprise the present value of the expected cash consideration (discounted at 3.2%, the Group's estimated cost of debt) of £13,455,000, costs of £732,000 directly attributable to the acquisition and initial consideration paid of £26,000. During the 52 weeks ended 27 December 2009, a finance expense of £217,000 has been recognised in relation to the unwinding of the discount on the deferred consideration, resulting in a liability of £13,672,000 for deferred consideration as at the 27 December 2009.

Cash outflow on acquisition:

	£000
Net cash acquired with the subsidiary	-
Cash paid	509
Net cash outflow	**509**

From the date of acquisition, Domino's Leasing has contributed £9,000 to the net profit of the Group. If the combination had taken place at the beginning of the period, the profit before tax (excluding exceptional items) for the Group would have been £29,874,000 and revenue from continuing operations would have been £155,089,000.

The excess of the fair value of assets acquired over the total consideration has been immediately recognised in the income statement in accordance with IFRS 3.