APPENDIX 4E
DOMINO'S PIZZA ENTERPRISES LIMITED

Current Reporting Period: Financial Year Ended 02 July 2017

Previous Corresponding Period: Financial Year Ended 03 July 2016

Section A: Results for announcement to the market

Revenue and net profit	**Percentage change %**	**Amount $'million**
Revenue from ordinary activities	up 15.36%	to 1,073.1
Profit from ordinary activities after tax from continuing operations	up 22.19%	to 105.8
Profit from ordinary activities after tax attributable to members	up 24.79%	to 102.9
Net profit attributable to members	up 24.79%	to 102.9
Dividends	**Amount per security**	**Franked percentage per security**
Final dividend in respect of full year ended 2 July 2017 - Payable 6 September 2017	44.9 cents	50%
Record date for determining entitlements to the final dividend: - 22 August 2017		
Interim dividend in respect of half-year ended 02 January 2017	48.4 cents	50%
Net tangible assets per security	**2 July 2017**	**3 July 2016**
Net tangible assets per security	(3.09)	(3.46)

Section B: Commentary on results

Brief explanation of revenue, net profit and dividends (distributions)

For comments on trading performance during the year, refer to the media release.

The final 50% franked dividend of 44.9 cents per share was approved by the Board of Directors on 14 August 2017. In complying with accounting standards, as the dividend was not approved prior to period end, no provision has been taken up for this dividend in the full year financial statements.

Additional Information

This report is based on accounts which have been audited. The audit report, which was unqualified, is included within the Annual Financial Report which accompanies this Appendix 4E. Additional Appendix 4E disclosure requirements can be found in the Annual Financial Report.

DOMINO'S PIZZA ENTERPRISES LIMITED

ACN 010 489 326

Annual Financial Report
for the financial year ended 02 July 2017

Annual financial report for the financial year ended 02 July 2017

Corporate governance statement

OVERVIEW

Corporate Governance is an important matter to Domino's Pizza Enterprises Limited ("DPE", "Group" or the "Company") and the Board of Directors (the "Board").

The Board and management strongly support the principles of good corporate governance, and believe that strong corporate governance practices provide the foundations for effective decision-making and accountability, which lead to long-term sustainability.

The Board endorses the 3rd edition of the Australian Securities Exchange ("ASX") Corporate Governance Council's Corporate Governance Principles and Recommendations ("ASX Principles").

In developing the appropriate corporate governance practices, the Group takes into account all applicable legislation and recognised standards, which include but are not limited to the *Corporations Act 2001* (Cth) ("Corporations Act"), the ASX listing rules and ASX Principles.

Set out below is a table describing the various ASX Principles and statements as to the Company's compliance or otherwise with them. Terms used in the table have the meanings given to them in the ASX Principles unless otherwise defined

Principle No.	Best practice recommendation	Compliance	Reason for non-compliance
Principle 1 – Lay solid foundations for management and oversight			
1.1	A listed entity should disclose: - the respective roles and responsibilities of its board and management; and - those matters expressly reserved to the board and those delegated to management.	Yes. Refer to pages 5-6	Not applicable
1.2	A listed entity should: - undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and - provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes. Refer to page 7	Not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes. Refer to page 6	Not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes. Refer to page 6	Not applicable
1.5	A listed entity should: - have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; - disclose that policy or a summary of it; and - disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: ▪ the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or ▪ if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	Yes. Refer to pages 13-14	Not applicable

Principle No.	Best practice recommendation	Compliance	Reason for non-compliance
1.6	A listed entity should: - have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and - disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes. Refer to page 13	Not applicable
1.7	A listed entity should: - have and disclose a process for periodically evaluating the performance of its senior executives; and - disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes. Refer to page 13	Not applicable
Principle 2 – Structure the Board to add value			
2.1	The board of a listed entity should: - have a nomination committee which: ▪ has at least three members, a majority of whom are independent directors; and ▪ is chaired by an independent director, and disclose: ▪ the charter of the committee; ▪ the members of the committee; and ▪ as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or - if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Company is currently in compliance with this recommendation. Refer to pages 9-10	Not applicable
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes. Refer to pages 6-7	Not applicable
2.3	A listed entity should disclose: - the names of the directors considered by the board to be independent directors; - if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Principles, however the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and - the length of service of each director.	Yes. Refer to pages 8-10 and 19	Not applicable
2.4	A majority of the board of a listed entity should be independent directors.	Yes. Refer to page 8	Not applicable

Principle No.	Best practice recommendation	Compliance	Reason for non-compliance
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Mr Cowin, a non-independent director chairs the board. Refer to page 8	The benefits of Mr Cowin's extensive food retailing and corporate governance experience outweighed the disadvantages of any lack of independence –Refer to page 7
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes. Refer to pages 5-6	Not applicable
Principle 3 – Promote ethical and responsible decision-making			
3.1	A listed entity should: - have a code of conduct for its directors, senior executives and employees; and - disclose that code or a summary of it.	Yes. Refer to page 12	Not applicable
Principle 4 – Safeguard integrity in financial reporting			
4.1	The board of a listed entity should: - have an audit committee which: ▪ has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and ▪ is chaired by an independent director, who is not the chair of the board, and disclose: ▪ the charter of the committee; ▪ the relevant qualifications and experience of the members of the committee; and ▪ in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or - if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Yes. Refer to pages 10-11	Not applicable
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes. The Board has received the declaration	Not applicable
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes. Refer to page 16	Not applicable

Principle No.	Best practice recommendation	Compliance	Reason for non-compliance
Principle 5 – Make timely and balanced disclosure			
5.1	A listed entity should: - have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and - disclose that policy or a summary of it.	Yes. Refer to page 14	Not applicable
Principle 6 – Respect the rights of shareholders			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes. Refer to page 16	Not applicable
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes. Refer to pages 15-16	Not applicable
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes. Refer to pages 15-16	Not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes. Refer to pages 15-16	Not applicable
Principle 7 – Recognise and manage risk			
7.1	The board of a listed entity should: - have a committee or committees to oversee risk, each of which: ▪ has at least three members, a majority of whom are independent directors; and ▪ is chaired by an independent director, and disclose: ▪ the charter of the committee; ▪ the members of the committee; and ▪ as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or - if it does not have a risk committee or committees that satisfy above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	The audit committee performs this function, and refer to pages 10 and 16-17	Not applicable
7.2	The board or a committee of the board should: - review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and - disclose, in relation to each reporting period, whether such a review has taken place.	Yes. Refer to pages 10 and 16-17	Not applicable
7.3	A listed entity should disclose: - if it has an internal audit function, how the function is structured and what role it performs; or - if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Yes. Refer to pages 10-12	Not applicable
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes. Refer to pages 17-18	Not applicable
Principle 8 – Remunerate fairly and responsibly			
8.1	The board of a listed entity should: - have a remuneration committee which: ▪ has at least three members, a majority of whom are independent directors; and ▪ is chaired by an independent director, and disclose: ▪ the charter of the committee;	Yes. Refer to pages 9-10 and 24-26.	Not applicable

Principle No.	Best practice recommendation	Compliance	Reason for non-compliance
	▪ the members of the committee; and ▪ as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or - if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes. Refer to pages 29-31	Not applicable
8.3	A listed entity which has an equity-based remuneration scheme should: - have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and - disclose that policy or a summary of it.	Yes. Refer to pages 32-36	Not applicable

The Board has adopted a Corporate Governance Charter, a Code of Conduct for all staff and a comprehensive set of Board policies regarding: Independence and Conflicts of Interest, Risk Management, Board Performance Evaluation, Group Chief Executive Officer Performance Evaluation, Continuous Disclosure, Diversity, External Communications and Securities Trading, Investor Relations, a Nomination and Remuneration Charter and an Audit Committee Charter to assist in the discharge of its Corporate Governance responsibilities. Copies are available from the Company's registered office or may be downloaded from the Company's website under the investor section.

The Board has in place Corporate Governance practices that it considers to be the most appropriate for DPE. The Board also recognises that Corporate Governance is not a static matter, and needs reviewing regularly as DPE evolves. This statement describes the main Corporate Governance practices in place during the year.

ROLES OF THE BOARD, MANAGEMENT AND COMPANY SECRETARY

Board

The Board is responsible for guiding and monitoring DPE on behalf of shareholders. While at all times the Board retains full responsibility, in discharging its stewardship it makes use of committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the Board. The Board seeks to identify the expectations of shareholders, as well as other regulatory obligations. In addition, the Board is also responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The Board is responsible, and primarily accountable to the shareholders, for the effective Corporate Governance of the Company. The Board is responsible for directing management to optimise the Company's performance and increase shareholder wealth by:

- providing leadership and strategic direction;
- overseeing management's implementation of the Company's strategic objectives;
- approving the annual operating budget;
- appointing the chair a deputy chair (or a senior independent director);
- appointing and appraising, and where necessary, replacing the Managing Director/Group Chief Executive Officer and other senior executives;
- ensuring that there are adequate plans and procedures for succession planning;
- ensuring a clear relationship between performance and executive directors' and executives' compensation;
- ensuring that the performance of senior executives (including executive directors) is monitored and evaluated;
- approving and monitoring major capital expenditure programs;
- monitoring the operating and financial performance of the Company;

- overseeing the integrity of the Company's accounting and corporate reporting systems, including the external audit;
- overseeing the Company and developing key Company policies, including its control and accountability systems;
- ensuring compliance with laws, regulations, appropriate accounting standards and corporate policies (including the Code of Conduct);
- ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate;
- ensuring that the market and shareholders are fully informed of all material developments concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- recognising the legitimate interests of stakeholders.

To assist the Board with carrying out its responsibility and functions, certain powers have been delegated to management, including the authority to undertake transactions and incur expenditure on behalf of the Group up to specified thresholds.

Management

Management is specifically responsible for:

- implementing the strategic objectives and operating within the risk appetite set by the Board and for all other aspects of the day to day running of the Company; and
- Providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

Company Secretary

The Company Secretary is responsible for:

- advising the Board and its committee members on governance matters;
- monitoring that board and committee policies and procedures are followed;
- co-ordinating the timely completion and despatch of board and committee papers;
- ensuring that the business at board and committee meetings is accurately captured in the minutes; and
- helping to organise and facilitate the induction and professional development of directors.

The Company Secretary is accountable directly to the Board, through the Chair. Each director is able to communicate directly with the Company Secretary and vice versa.

Letters of appointment

Non-executive directors receive formal letters of appointment setting out the key terms, conditions, the term of appointment, time commitment, special duties, remuneration, superannuation entitlement, the requirement to disclose the directors' interests and matter affecting independence, requirement to comply with key corporate policies, the Company's policy on when directors may seek independent professional advice, circumstances in which the director's office becomes vacant, indemnity and insurance arrangements, ongoing right of access to corporate information, ongoing confidentiality obligations and expectations of their appointment.

Executive directors and senior executives are engaged under written employment agreements setting out the terms as outlined above and their roles and responsibilities, the person or body to whom they report, the circumstances in which their service may be terminated and termination entitlements (if applicable).

Board and Committee Meetings

The Board held 10 formal meetings during the year. Attendance at the 2017 Board and Committee meetings is detailed on page 23 of the Annual Report.

BOARD SKILLS MATRIX

The Board's Nomination and Remuneration Committee undertakes a regular assessment of Board composition using a skills matrix to assess the skills and experience of each director and the combined capabilities of the Board. The results of the assessment are considered in the context of the Group's operations and strategy and enables the identification of particular competencies and perspectives that will best increase the Board's effectiveness. The skills matrix is an important, but not the only, basis of criteria applying to director appointments.

The Board skills matrix sets out the mix of skills experience and expertise that the Board currently has and is looking to achieve in its membership. The areas addressed in the Board skills matrix are:

- (**Industry specific experience**) retail and food sectors and international business
- (**Strategic leadership**) development and oversight of corporate and business strategy and business growth and development, both organically and by acquisition
- (**Risk management**) oversight of risk frameworks to identify and manage risks
- (**Market and customer knowledge**) product development, sales and marketing
- (**Business leadership and development**) successful career at senior executive level in a large and complex organisation
- (**Financial acumen**) accounting, internal and external reporting, audit, capital markets and corporate finance
- (**Legal and compliance**) oversight of legal obligations
- (**Technology and digital**) development of and investment in IT infrastructure, adaption to digital change and innovation
- (**Corporate governance**) commitment to strong corporate governance
- (**Human resources and executive remuneration**) oversight of remuneration policy and framework

The Board considers that its current members collectively have an appropriate mix of skills that enable it to discharge its responsibilities and deliver the Company's strategy and corporate objectives.

CRITERIA FOR BOARD MEMBERSHIP

The Board actively seeks to ensure it has an appropriate mix of diversity, skills, experience and expertise to enable it to discharge its responsibilities effectively.

For directors appointed by the Board, the Board will consider the range of skills and experience required in light of:

- the strategic direction and progress of the Company;
- the current composition of the Board (taking into account any 'gaps' identified during an assessment of the Board skills matrix); and
- the need for independence.

The appointment of directors follows a process during which the full Board assesses the necessary and desirable competencies of potential candidates and considers a number of candidates before deciding on the most suitable candidate for appointment.

Appropriate recruitment processes, enquiries and reference checks are carried out to satisfy the Board that the candidate is of sound character and has the relevant attributes required by the Board to be a director of the Company.

Confirmation is sought from prospective directors that they would have sufficient time to fulfil their duties as a director.

At the time of appointment of a new non-executive director, the key terms and conditions of their appointment, the Board's responsibilities and the Company's expectations of the director are set out in a letter of appointment.

When candidates are submitted to shareholders for election or re-election, the Company includes in the notice of meeting all information in its possession that is material to the decision whether to elect or re-elect the candidate.

STRUCTURE OF THE BOARD

At the date of this report the Board comprises six directors and includes:

- one non-executive director (Chairman);
- one executive director (Managing Director); and
- four independent non-executive directors.

The qualifications, skills, experience and dates of appointment of each Board member are detailed on the Corporate Directory page of the Annual Report. The compensation paid to DPE's directors for the year ended 2 July 2017 is set out in the Remuneration Report on pages 24-36.

Independence of Directors

All directors, whether independent or not, are required to act in the bests interests of the Group and to exercise unfettered and independent judgment.

The Group considers that an independent director is a non-executive director who is free of any business or other relationship that could materially interfere or be perceived to materially interfere with the exercise of his or her judgment and ability to act in the Group's best interests.

When assessing the independence of a director, the Board considers the matters set out in Box 2.3 of the ASX Principles. Materiality is assessed on a case-by-case basis from the perspective of both the Company and the director, and consideration is given to both qualitative and quantitative factors.

At each Board meeting the Board requires each independent director to disclose any new information which could, or could reasonably be perceived to, impair the director's independence. To further assist in ensuring that the Board operates independently of management, non-executive directors meet as required in the absence of management.

The Board is cognisant of the need to monitor the effect of length of tenure on a director's actual or perceived independence. However, the Board does not believe that it should establish an arbitrary limit on tenure.

In assessing the independence of Mr Ross Adler, Mr Paul Cave and Mr Grant Bourke, the Board (without any of those directors present) considered whether their tenure had impacted on their independence. It was determined that each of those directors remained able to bring an independent mind to bear on issues before the Board and to act in the best interests of the Company and its shareholders generally. The valuable contribution of each director based on their expertise, judgement, industry knowledge and understanding of the Company's operations was also noted and considered a significant asset of the Board. Accordingly, each of Messrs Adler, Cave and Bourke and Ms O'Grady have been assessed as independent.

Mr Jack Cowin does not satisfy one of the criteria under the ASX Principles to be considered independent because of his relationship with the major shareholder, Somad Holdings Pty Ltd, which is the trustee of a trust for the benefit of Mr Cowin's adult children. Mr Cowin does not control the trust, however, the family relationship with the ultimate trust beneficiaries may be perceived as impacting on Mr Cowin's independence.

The Board (excluding Mr Cowin due to his personal interest) unanimously considers that the benefits of Mr Cowin's involvement as a director and Chairman, significantly outweighs non-compliance with this aspect of the ASX Principles. Mr Cowin has extensive food retailing and corporate governance experience and makes an invaluable contribution to the Company.

The Board has appointed independent director, Mr Ross Adler, as the Deputy Chairman, who can fulfil the role of chairman whenever Mr Cowin is conflicted.

The Group considers that its Board comprises a majority of independent non-executive directors who have extensive commercial experience and bring independence, accountability and judgement to the Board's deliberations to ensure maximum benefit to shareholders and employees.

Conflicts of interest

Directors must take all reasonable steps to avoid any actual, potential or perceived conflicts of interests. This is a matter for ongoing and active consideration by all directors, and any director who has a material personal interest in a matter relating to the Group's affairs must notify the other directors of that interest. Except as permitted by the Corporations Act, directors with a material personal interest in a matter being considered by the Board may not be present when that matter is being considered and may not vote on the matter.

Director induction and continuing education

Directors are expected to maintain knowledge and skills required to discharge their duties and obligations.

All new directors participate in an induction process co-ordinated by the Company Secretary, which assists in providing a smooth transition for new Board members. The induction process for non-executive directors includes briefing on strategy, financial, operational and risk management matters, the Group's governance framework, its culture and values and key developments in the Group and the sectors and environments in which it operates.

All directors are provided with all relevant corporate governance materials and policies and are given access to the Group's external and internal auditors. Management also provides briefing sessions on operational matters and updates on legal, corporate and financial and tax developments. The Group also provides other professional development opportunities for directors to develop and maintain their skills and knowledge needed to perform their role as directors effectively.

Re-election of Directors

In accordance with DPE's Constitution, at each AGM of DPE, one third of the directors (excluding the Managing Director) must stand for re-election. If their number is not three or a multiple of three, then the number nearest but not exceeding one third must stand for re-election. The directors to retire in every year are those who have been longest in office since their last election and, as between directors appointed on the same day, must (unless otherwise agreed between themselves) be determined by lot. In addition, no director other than the Managing Director may hold office for more than three years without standing for re-election, and any director appointed by the Board since the last AGM must stand for re-election at the next AGM. All retiring directors are eligible for re-election.

The Board does not regard nominations for re-election as being automatic but rather as being based on the individual performance of directors and the needs of the Company. Before business to be conducted at the Annual General Meeting is finalised, the Board discusses the performance of directors standing for re-election in the absence of those directors. Each director's suitability for re-election is considered on a case-by-case basis, having regard to individual performance.

BOARD'S ACCESS TO INFORMATION AND INDEPENDENT ADVICE

All Directors have complete and open access to management through the Chairman, Group CEO or the Company Secretary. In addition to regular presentations by management to the Board and Board Committee meetings, Directors may seek briefings from management on specific matters. Where appropriate, the Board also seeks additional information by consulting with external advisers.

Agendas for Board meetings include all matters operational, financial, strategic and compliance which are important to DPE. Whilst most agenda items have a degree of detail and background information included in the pre-meeting papers, a few items may be listed on the agenda as discussion points. Papers are distributed to Board members in a timely manner prior to each meeting of the Board.

To enable the Company's Board and its committees to fulfil their roles, it is considered appropriate that Directors may obtain independent experts' advice at DPE's expense, within specified limits, after first indicating to the Chairman the nature of the advice to be sought and the party from whom the advice is to be sought. The Chairman will ensure that the party from whom the advice is to be sought has no conflict with DPE in providing that advice.

BOARD COMMITTEES

The Board has established two committees to assist in the execution of its responsibilities. Together the committees play a significant role by focusing in more detail on specific areas of the Company's operations and governance framework, which assists in strengthening the Board's oversight of the Group.

The following committees were in place at the date of this report:

- Nomination and Remuneration Committee, and
- Audit Committee.

The Board has adopted a charter for each committee setting out its responsibilities and composition.

Each committee reports to the Board and makes recommendations to the full Board for its consideration as appropriate. Details of each of these committees are discussed below.

NOMINATION AND REMUNERATION COMMITTEE

The Board has established a Nomination and Remuneration Committee, which comprises each of the directors except the Managing Director. The majority of the Committee are independent directors.

Purpose of the Committee

The purpose of the committee is to review, evaluate and make recommendations to the Board in relation to the selection, appointment and remuneration practices of the Company.

Committee Charter

The Committee has a Charter to govern its operations – see http://www.dominos.com.au/corporate/investors. The Charter is reviewed every two years, and, if appropriate, updated by the Board on recommendation from the Committee.

Composition

The Nomination and Remuneration Committee will consist of a minimum 3 non-executive directors. The majority of members should be independent directors.

Membership of the Committee

Committee members are appointed by the Board. The members of the Committee are Messrs Cowin, Adler, Cave, Bourke and Ms O'Grady. The chair is held by Mr Bourke, an independent director. Details of the qualifications and experience of the members and their attendance at Committee meetings during the reporting period are detailed in the Directors' Report and Corporate Directory.

Duties and Responsibilities of the Committee

The principal responsibilities of the Committee are:

In relation to nominations:

- Board succession planning generally;
- induction and continuing professional development;
- development and implementation of a process for evaluating the performance of the Board, its committee and directors;
- the process of recruiting a new director;
- the appointment and re-election of directors;
- succession planning of the Group CEO and other senior executives; and
- setting out the committee's role and powers

In relation to remuneration, to review and make recommendations to the Board in relation to:

- the remuneration framework for directors, including the process by which any pool of director's fees approved by security holders is allocated to directors;
- the remuneration packages to be awarded to senior executive and other employees;
- equity-based remuneration plans for senior executive and other employees;
- superannuation arrangements for directors, senior executives and other employees; and
- whether there is any gender or other inappropriate bias in remuneration for directors, senior executives or other employees.

Each member of the Committee has the right to seek advice from external consultants or specialists.

AUDIT COMMITTEE

DPE has a Board convened Audit Committee which is comprised of:

- at least three members;
- entirely of non-executive independent directors of DPE; and
- has a Chairman, who is not Chairman of the Board of DPE.

Purpose of the Committee

The Audit Committee supports the Board by maintaining oversight of the Group's internal control systems, compliance with applicable laws and regulations, and application of accounting policies and procedures designed to maintain integrity in external financial disclosure and reporting.

An Audit Committee is required by the Company under ASX Listing Rule 12.7.

Committee Charter

The Committee has a Charter to govern its operations – see http://www.dominos.com.au/corporate/investors. The Charter is reviewed every two years, and, if appropriate, updated by the Board on recommendation from the Audit Committee.

Membership of the Committee

Committee members are appointed by the Board. Under the Committee's Charter, members will have a range of diverse and yet complementary skills and will be financially literate. The members of the Committee are Messrs Adler, Cave, and Bourke. The chair is Mr Adler, an independent director. Particulars of their qualifications and experience are set out in the Corporate Directory section of the Annual Report.

Membership of the Committee, details of their qualifications and experience and their attendance at Committee meetings during the reporting period are detailed in the Directors' Report on page 23.

Duties and Responsibilities of the Committee

The Committee advises the Board on all aspects of internal and external audit, the adequacy of accounting and risk management procedures, systems, control and financial reporting.

Specific responsibilities include:
- recommending to the Board the appointment, re-appointment and removal of external auditors;
- monitoring the independence of the external auditors;
- recommending and supervising the engagement of the external auditors and monitoring auditor performance;
- reviewing the effectiveness of management information and other systems of internal control;
- reviewing all areas of significant financial risk and arrangements in place to contain those to acceptable levels;
- reviewing significant transactions that are not a normal part of the Company's business;
- monitoring the internal controls and accounting compliance with the Corporations Act, ASX Listing Rules, reviewing external audit reports and ensuring prompt remedial action; and
- reviewing the Company's full year ASX Appendix 4E, Annual Report and half-year Appendix 4D, prior to submission to the Board.

In carrying out these functions, the Committee maintains unobstructed lines of communication between the Committee, the internal auditors, the external auditors and DPE's management and has the power to seek advice from external consultants or specialists where the committee believes it is appropriate.

As part of its agenda, the Audit Committee meets with the external auditors at least twice during the year, with a portion of the meetings in the absence of all management.

Rotation of the External Audit Engagement Partners

The Corporations Act has introduced a five-year rotation requirement for audit partners. DPE's external auditor, Deloitte Touche Tohmatsu has an internal policy which is consistent with this requirement.

Independence of the External Auditors

The Committee will consider annually any non-audit services provided by the external auditors to determine whether the provision of those non-audit services is compatible with the independence of the external auditors. Policies are in place to restrict the type of non-audit services which can be provided by the external auditors.

Internal audit

Ernst & Young has been engaged to undertake, on a periodic basis, an independent and objective internal audit review function charged with evaluating, testing and reporting on the adequacy and effectiveness of DPE's internal control, risk management and governance systems and processes.

This internal audit function is independent of management and has full access to all Group entities, records and personnel. The internal auditors provide reports to the Audit Committee.

During this reporting period, key risks and issues addressed by the internal audit function included a review of compliance in relation to personal expenditure reimbursements.

Group Chief Executive Officer and Group Chief Financial Officer sign-off to the Board in respect of DPE's financial statements

The Board has received a joint declaration from the Group Chief Executive Officer ("Group CEO") and the Group Chief Financial Officer ("Group CFO") that:

- in their opinion the financial records of the Group have been properly maintained in accordance with the Corporations Act;
- in their opinion the financial statements and notes comply with the appropriate accounting standards and give a true and fair view of financial position and performance of the Group; and
- their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The experience and qualifications of members of the Audit Committee are set out in Corporate Directory section of the Annual Report. Membership of and attendance at 2017 Committee meetings are detailed in the Directors' Report on page 23.

ACTING ETHICALLY AND RESPONSIBLY

Vision, mission and values

At DPE, our vision, mission and values are:

Vision	No. 1 in people No. 1 in pizza
Mission	Sell more pizza, have more fun!
Values	• Treat people as you'd like to be treated; • Produce the best for less; • Measure, manage and share what's important; • Think big and grow; • Incentivise what you want to change; • Set the bar high, train, never stop learning; • Promote from within; and • We are not ordinary, we are exceptional.

Code of conduct

ETHICAL VALUES

The Board has a Code of Conduct which sets the standards to which each director, executive and employee will adhere whilst conducting their duties. The Code requires directors, executives and employees, amongst other things, to:

- act honestly, in good faith and in the best interests of the Company as a whole;
- act with high standards of personal integrity;
- comply with the laws and regulations that apply to the Company and its operations;
- not knowingly participate in any illegal or unethical activity;
- not enter into any arrangements or participate in any activity that would conflict with the Company's best interests or that would be likely to negatively affect the Company's reputation;
- not take advantage of the property or information of the Company or its customers for personal gain or to cause detriment to the Company or its customers; and
- not take advantage of their position or the opportunities arising therefrom for personal gain.

All directors and officers of the Company must, as far as possible, act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company, and where possible, to act in accordance with the interests of the shareholders, staff, clients and all other stakeholders in the Company.

BOARD AND BOARD COMMITTEE AND SENIOR EXECUTIVE PERFORMANCE EVALUATION

A formal review of Board, individual director and Committee performance is undertaken annually by the Chairman. The Deputy Chairman undertakes an annual performance evaluation of the Chairman. All reviews include open discussions by the Board of the results of the evaluations.

The performance of senior executives (except the Group CEO) is periodically evaluated and monitored by the Group CEO and measured against agreed key performance indicators. The performance of the Group CEO is periodically reviewed and monitored by the Chairman and measured against agreed key performance indicators.

Performance evaluations of the Board, each director, the Board Committees and senior executives (including the Group CEO) have occurred in the reporting period in accordance with the procedures described above. No governance changes arose from the evaluations.

DIVERSITY POLICY

Diversity is an important aspect of the Company's success. DPE Limited has adopted a Diversity Policy which aims to ensure that:

- employment decisions are transparent, equitable and fair;
- a safe and supportive workplace is provided in which differences are valued and respected;
- recruitment decisions take account of the diversity of the community; and
- employees have the ability to contribute and access opportunities based on merit.

In accordance with its Diversity Policy, the Board has adopted measurable objectives for achieving gender diversity in Australia. Those measurable objectives, and the performance against those objectives for the 2017 financial year, are outlined in the following table:

Objective	Initiatives to facilitate achievement of the objective	Status of the objective(i)
Maintain a fair and balanced level of participation by women in Corporate Services(ii).	A diversity support program has been initiated by DPE Limited.	Ongoing – as at 02 July 2017, 45% of the Corporate Services staff were women.
Maintain a balanced level of participation by women as in-store staff.	As part of the program equal employment treatment is to be given without regard to gender.	Ongoing – as at 02 July 2017, 49% of the in-store staff were women, 14% of delivery drivers were women and 6% of our e-bike riders were women.
Increase the level of participation by women in management at regional and store level.	Under the diversity support program, equal treatment is to be given in training and promotion.	Ongoing – as at 02 July 2017, the following proportions of women are in management: • State Managers – 33%; • Regional Managers – 24%; and • Store Managers – 18%.
Achieve a high parental leave return rate.	The Company has implemented a parental leave policy for full and part-time employees in Corporate Services.	Ongoing – For the year ending 02 July 2017, the Company achieved a 100% parental leave return rate.

(i) The statistics are in respect of Australia only.
(ii) Corporate Services means staff working at the Company's Australian head office.

The following table shows the proportional representation of men and women at various levels within the Company's Australian workforce in 2017:

Role	Women (%)
Non-executive directors	20%
Leadership team members	8%
Other	25%
Total in the whole organisation	25%

The Company understands that diversity is a larger dimension than just gender and includes matters of age, disability, ethnicity, marital or family status, religious or cultural background. The Company ensures that the recruitment and selection practices (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered and that there are no conscious or unconscious biases that might discriminate against certain candidates.

Workplace Gender Equality
The *Workplace Gender Equality Act 2012* (the **WGE Act**) puts a focus on promoting and improving gender equality and outcomes for both women and men in the workplace. All non-public sector employers with 100 or more employees are required to report annually under the WGE Act.

The Company has submitted its 2017 report to the Workplace Gender Equality Agency. A copy of this report can be found in the Investors section of the Company's website http://www.dominos.com.au/corporate/investors/workplace-gender-equality).

SECURITIES TRADING POLICY

The Company has adopted a securities trading policy that imposes certain restrictions on officers, employees and franchisees trading in the securities of the Company as required under ASX Listing Rule 12.9. The restrictions have been imposed to prevent inadvertent contraventions of the insider trading provisions of the Corporations Act.

The key aspects of the securities trading policy are:

- trading whilst in the possession of material price-sensitive information is prohibited;
- trading is permitted without approval in the three-week period after the release to the ASX of the half-yearly and annual results, the end of the AGM or at any time the Company has a prospectus open, but only if they have no inside information and the trading is not for short-term or speculative gain; and
- trading in other circumstances is only permitted if the person is personally satisfied that they are not in possession of inside information and they have obtained approval. Permission will be given for such trading only if the approving person is satisfied that the transaction would not be contrary to law, for speculative gain or to take advantage of inside information.

DPE's price-sensitive information is information which a reasonable person would expect to have a material effect on the price or value of DPE's securities.

CONTINUOUS DISCLOSURE AND EXTERNAL COMMUNICATIONS POLICY

DPE values open and transparent communication with all stakeholders, including shareholders. The Company understands the importance of providing relevant information as quickly and efficiently as possible to shareholders.

The Corporations Act and the ASX Listing Rules require the Company to promptly disclose to the market matters which could be expected to have a material effect on the price or value of its shares.

The Company has adopted a continuous disclosure and external communications policy so as to comply with its continuous disclosure obligations and to maintain the market integrity and efficiency of its shares – see http://dominosinvestors.com.au/files/continuous_disclosure_amended_10.8.15.pdf
.

The policy aims to:

- assess new information and co-ordinate any disclosure or releases to the ASX, or any advice required in relation to that information, in a timely manner;
- provide an audit trail of the decisions regarding disclosure to substantiate compliance with the Company's continuous disclosure obligations; and
- ensure that employees, consultants, associated entities and advisers of the Company understand the obligations to bring material information to the attention of the Company Secretary.

Accountabilities and responsibilities

Every employee has an obligation and responsibility to comply with the Company's continuous disclosure obligations. If an employee becomes aware of information which they believe could be material, the employee must advise the Company Secretary or the CEO of that information.

All ASX and media releases are to be approved by the Board except for:

- urgent releases which must be approved by the Chairman or Group CEO and advised to all directors prior to release; and

- administrative releases such as disclosure of directors' interests and substantial holder notices.

For administrative convenience, DPE has nominated the Company Secretary as the person responsible for communications with the ASX. In addition, the Company Secretary has responsibility for overseeing and co-ordinating disclosure of information to the ASX and communicating with the Group CEO and Group CFO in relation to continuous disclosure matters. The Company Secretary and Group CFO are also responsible for overseeing and co-ordinating disclosure of information to the media and to analysts, brokers and shareholders and communicating with the Board in relation to continuous disclosure matters.

Disclosure principle

In order to ensure DPE meets its obligations of timely disclosure of such information, DPE adheres to the following practice:

> Immediate notification to the ASX of information concerning DPE that a reasonable person would expect to have a material effect on the price or value of DPE's securities as prescribed under Listing Rule 3.1, except where such information is not required to be disclosed in accordance with the exception provisions of the ASX Listing Rules.

External communications

Under this Policy, only those DPE employees who have been authorised by the Chairman or Group CEO can speak on behalf of the Company to the media, analysts or investors. DPE will not disclose price-sensitive information to any investor or analyst before formally disclosing the information to the market.

Release of briefing materials/media releases

All draft DPE media releases and external presentations are reviewed by senior management to determine if they are subject to the continuous disclosure requirements. The purpose of that review is to ensure:

- the factual accuracy of any information;
- there is no material omission of information; and
- that the information will be disclosed in a timely manner.

As a result of that review, any written material containing price-sensitive information to be used in briefing media, institutional investors or analysts, must be lodged with the ASX prior to the brief commencing. As soon as practicable after confirmation of receipt by the ASX, the briefing material is posted to DPE's corporate website.

INVESTOR RELATIONS POLICY

The Board aims to ensure that DPE's shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders through:

- **Annual reporting** - All shareholders have to elect to receive a copy of the full Annual Report, unless they have elected not to receive one, and a copy is available, on request. Current Corporations' legislation allows for the default option of receiving annual reports via the internet. Shareholders must be given notification of this change and be given the opportunity to elect to receive a hard copy of the Annual Report;

- **Company announcements** – DPE endeavours to post announcements on its corporate website the same day they are released to the ASX;
- **General meetings** – DPE encourages shareholders to attend and participate in DPE's AGM to canvass relevant issues of interest by scheduling the AGM at an appropriate time and CBD location. If shareholders are unable to attend the AGM personally, they are encouraged to participate through the appointment of a proxy or proxies. Notices of meeting are accompanied by explanatory notes to provide shareholders with information to enable them to decide whether or not to attend and how to vote upon the business of the meeting;
- **Annual General Meetings** – At the AGM, shareholders have a reasonable opportunity to ask the external auditor questions in relation to the conduct of the audit and the preparation and the content of the Auditor's Report;
- **Investor relations program** – DPE investor relations program which is designed to facilitate effective two–way communication with investors. At any time, including ahead of the AGM, shareholders are able to contact DPE or its share registrar, Link Market Services Limited ("Link"), by mail, telephone, email or online via the Link Investor Centre portal. Shareholders may choose to receive communications from, and send communications to, DPE and Link electronically;
- **Domino's Investors App** – DPE has developed an app to assist shareholders keep up to date with the latest DPE announcements, investor insights and shareholder information. Shareholders can review the key financial performance of the Group across seven markets including end of year financial results, highlights and achievements. The app also includes all important corporate performance data released by the Group including trading updates; and
- **Company website** - The corporate website is located at http://www.dominos.com.au and contains:
  - the full financial statements of DPE;
  - all media releases made to the ASX by DPE. Each media release posted to the website clearly shows the date it was released to the market;
  - a Company profile;
  - contact details for DPE's head office; and
  - copies of corporate governance policies.

  The website has a dedicated investor information section which is intended to facilitate quick and easy access for shareholders.

Attendance of the external auditor at the DPE AGM

It is both DPE's policy and the policy of the auditor for the lead audit engagement partner to be present at the AGM to answer questions about the conduct of the audit and the preparation and content of the Auditors' Report. These policies are consistent with the Corporations Act. Shareholders attending the AGM are made aware they can ask questions of the auditor concerning the conduct of the audit.

RISK MANAGEMENT POLICY

The Audit Committee is responsible for monitoring the effectiveness of the Group's risk and compliance internal controls and systems. It regularly considers and monitors the Company's exposure to significant risks, and makes recommendations to the Board in respect of monitoring such findings, including strategic and operational improvements in risk management planning and implementation and insurance strategies.

The Board, through the Audit Committee, adopts a framework for risk management which recognises that the Company is engaged in activities, which necessarily demand that the Company take certain usual business, entrepreneurial and operational risks. Accordingly, and in the interests of the enhanced performance of the Company, the Board embraces a responsible approach to risk management, as a risk-aware Company, but not necessarily a risk-averse one.

Specifically in managing risk, the Company and the Board adopts a framework which adheres to the following principles:

- When considering new strategies or projects, management analyse the major risks of those opportunities being secured or being lost and considers appropriate strategies for minimising those risks where they are identified;
- The Company will, when thought prudent by the Group CEO or the Board, take appropriate external advice to determine the best way to manage a particular risk;
- Financial risk will be managed by the whole of the Board working closely with the Group CEO and the Group CFO to ensure that the financial statements and other financial reporting are rigorously tested prior to submission to audit;

- To complement risk management by the Company, appropriate insurances are put in place and advice taken from the Company's brokers or insurers where necessary to cover the usual extraordinary risks which arise in the circumstances of the Company; and
- The Company's approach to risk management, and the effectiveness of its implementation, is reported by exception to the Board at least annually and as such has been undertaken during this reporting period.

Through the use of its internal review function, the management of the Company has reported to the Board that the risk management policies adopted by the Company are the best to manage the material business risks of each part of the Company's business operations.

The Board has received formal assurance from the Group CEO and the Group CFO in the declaration provided in accordance with section 295A of the Corporations Act that the financial statements give a true and fair view of the financial position and performance of the Company.

Economic, environmental and social sustainability risks

DPE considers economic, environmental and social sustainability factors as part of its consideration of both strategic and operational risk. Each year, the Company undertakes an assessment to determine those risks and opportunities that are most important to its business and stakeholders.

Following its annual assessment, DPE has determined that it does not, at this time, have a material exposure to environmental or social sustainability risks. However, DPE continuously seeks opportunities to reduce the environmental impact of its operations on the planet. Some initiatives undertaken by DPE in this regard include:

- **Electric bikes (E-bikes)** – During the year approximately 445,000 deliveries were made on eco-friendly E-bikes. There are currently around 780 E-bikes in use in approximately 300 stores with a further 350 E-bikes on order.
- **Renewable Energy Battery Storage** – A 10-cell Tesla powerwall has been installed in a store in Sydney. Testing is currently being carried out to assess whether the powerwall will meet the required specifications of the business. If successful, the intention is to connect the powerwall to solar panels to reduce power usage from the grid.
- **Business Partner Code of Conduct** – DPE has a Business Partner Code of Conduct which sets principles for its business partners in relation to environmental management. Under the code, business partners are responsible for managing, measuring and minimising the environmental impact of their facilities, with a specific focus on areas such as air emissions, waste reduction, recovery and management, water use and disposal and greenhouse gas emissions.

In relation to social sustainability, DPE understands that there is more to business than just improving its bottom line and strongly believes that it has a duty to try and improve the communities and people around it as well. Accordingly, DPE is active in the community through its Give for Good program, which focuses on four specific key areas in Australia, where it aims to develop sustainable best practices and innovative ideas to make a difference to the community:

- **Education and youth initiatives** – DPE fundamentally believes in supporting the youth of Australia by supporting programs that provide opportunities for young adults to gain work experience, learn new skills and connect socially with their peer.
- **Disaster relief** - DPE prides itself on supporting the ongoing rebuilding of community facilities and infrastructure, economic recovery, improved social cohesion and connectedness and the management of the wide range of social impacts following a natural disaster.
- **Leadership and entrepreneurial skills** – DPE's goal is to help develop, foster and skill local leaders as they create viable, vibrant and adaptive communities. Accordingly, the Company is proud to support initiatives focussed on better equipping people to take on leadership roles, skilling, upskilling, mentoring and building effective leaders that strengthen and connect local communities.
- **Food** – DPE remains committed to providing focused funding and support for local farming needs, sustainability initiatives as well as meaningful programs that improve the overall impact of its sustainable food procurement journey.

As part of its Give for Good program, DPE has established 'Chocolate for Charity' which allows its customers to make a charitable donation to a worthy cause with 10 cents from every signature Belgian Choc Lava Cake sold donated to the Give for Good program which supports worthy charities and causes all over Australia.

DPE also has established a Partners Foundation, an internal non-profit organisation created to assist team members in times of special need or tragedy as a result of natural disasters, unexpected afflictions and other emergencies.

Economic risks

Information in respect of DPE's assessment of the principal economic risks that could have a material impact on the Company, and the Company's mitigation strategies for those risks is set out below.

- **Competition** – DPE operates in a competitive market. DPE's financial performance or operating margin could be adversely affected if the actions of competitors or potential competitors become more effective, or if new competitors enter the market. DPE addresses this risk by closely monitoring the market in which it operates so that it is able to respond quickly to any competitor.
- **Consumer preferences and perceptions** – Food service businesses are affected by changes in consumer tastes national, regional and local economic conditions, and demographic trends. There could be a material adverse effect on DPE's business and operating results if consumer preferences changes. DPE addresses this risk through consumer data and research, innovative product development and updates to its menu offerings.
- **Franchise risk** – DPE's right to operate Domino's Pizza stores and grant franchises in Australia, New Zealand, Europe and Japan is conferred by separate Master Franchise Agreements (**MFAs**). These MFAs may be terminated in certain circumstances, such as breach by DPE, its insolvency and failure to achieve growth targets. If a MFA in respect of a territory is terminated, DPE will lose the right to operate Domino's Pizza stores in that territory and this will fundamentally impact on its business. DPE addresses this risk by maintaining a close working relationship with its Master Franchisor, and by actively monitoring compliance with obligations and operational standards.
- **Talent risk** – DPE is committed to providing an attractive employment environment, conditions and prospects to assist in retaining and attract key senior management personnel. However, there can be no assurance that DPE will be able to maintain or attract key personnel. DPE aims to mitigate this risk by creating an all-inclusive, fun, friendly and energetic culture.
- **Reputation and brand** – The success of DPE is heavily reliant on its reputation and branding. Unforeseen issues or events which place DPE's reputation at risk may impact on its future growth and profitability. DPE aims to mitigate this risk by fostering strong relationships with key stakeholders and to continue to build its reputation through ongoing positive contributions to the community.
- **Safety** – DPE employs people to run and operate stores that provide food products to the public, a health or safety incident in its operations or health incident of a supplier involving the input of products it uses, could impact on DPE's financial results. DPE aims to address this risk through robust internal food safety and sanitation practices and occupational health and safety practices, audit programs, customer complaints processes and supplier selection protocols.
- **Supply chain** – Disruption to DPE's supply chain caused by an interruption to the availability of key components and raw materials may adversely affect sales and/or customer relations, resulting in unexpected costs. DPE aims to mitigate this risk by implementing a multi-sourcing strategy for the supply of raw materials, conducting supplier due diligence and risk management and entering into contracts that provide for the regular and timely procurement of raw materials.
- **Franchisee risk** – There is a risk of DPE's franchisees not operating their franchise in accordance with the terms and conditions of their respective franchise agreements. The consequences of non-compliance may include damage to the brand, fines or other sanctions from regulators, and/or a reduction in franchise fees received from the franchises. DPE mitigates this risk by continually monitoring and evaluating the financial and operating performance of each franchisee to actively assess compliance with executed franchise agreements and conducting random audits.

ASX Corporate Governance Recommendations

At the date of this report the Company considers that the above Corporate Governance practices comply with the ASX Principles, except for the independence of the Chairman. The information required to be disclosed by those recommendations is found both in this Corporate Governance Statement and in the Directors' Report on pages 19 to 36.

Directors' report

The directors of Domino's Pizza Enterprises Limited ("DPE Limited", or the "Company") submit herewith the annual financial report of the Company and its controlled entities ("Consolidated entity") for the financial year ended 02 July 2017. In order to comply with the provisions of the *Corporations Act 2001*, the Directors Report as follows:

Information about the directors and senior management

The names and particulars of the directors of the Company during or since the end of the financial year are:

Name	Position	
Jack Cowin	Non-Executive Chairman	Appointed 20 March 2014
Ross Adler	Non-Executive Deputy Chairman	Appointed 23 March 2005
Grant Bourke	Non-Executive Director	Appointed 24 August 2001
Paul Cave	Non-Executive Director	Appointed 23 March 2005
Lynda O'Grady	Non-Executive Director	Appointed 16 April 2015
Don Meij	Managing Director/Group Chief Executive Officer	Appointed 24 August 2001

Directorships of other listed companies

Mr Jack Cowin is currently a director of Ten Network Holdings, Fairfax Media Limited and Chandler Macleod Group Ltd. Mr Grant Bourke is currently a director of Pacific Smiles Group Limited. Paul Cave is currently a director and chairman of Lovisa Holdings Limited. There were no other directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year.

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the Company as at the date of this report.

Directors	Domino's Pizza Enterprises Limited		
	Fully paid ordinary shares number	Share options number	Convertible notes number
Jack Cowin	-	-	-
Ross Adler	205,796	-	-
Grant Bourke	1,798,344	-	-
Paul Cave	369,166	-	-
Lynda O'Grady	2,000	-	-
Don Meij	2,686,807	1,000,000	-

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the Remuneration Report of this Directors' Report on pages 24 to 36.

Share options granted to directors and senior management

During and since the end of the financial year, an aggregate 880,500 share options were granted to the following directors and senior management of the Company as part of their remuneration.

Directors and senior management	Number of options granted	Issuing entity	Number of ordinary shares under option
Don Meij	400,000	DPE Limited	1,000,000
Richard Coney	54,000	DPE Limited	162,000
Andrew Rennie	200,000	DPE Limited	500,000
Scott Oelkers	60,000	DPE Limited	120,000
Nick Knight	47,000	DPE Limited	121,000
Allan Collins	38,500	DPE Limited	115,500
John Harney	27,000	DPE Limited	81,000
Wayne McMahon	27,000	DPE Limited	81,000
Craig Ryan	27,000	DPE Limited	81,000

Company Secretary

Craig Ryan General Counsel	Craig is a solicitor of the Supreme Court of Queensland, Australian Capital Territory and New South Wales and a Solicitor of the High Court of Australia with over 20 years' experience. Craig joined the Company as General Counsel on 8 August 2006 and was appointed to the position of Company Secretary on 18 September 2006. Craig holds a Bachelor of Arts and a Bachelor of Laws from the University of Queensland and a Masters of Laws from the University of New South Wales. Craig is also a Chartered Secretary with the Governance Institute Australia.

Principal activities

The Consolidated entity's principal activities in the course of the financial year were the operation of retail food outlets and the operation of franchise services. During the financial year there were no significant changes in the nature of those activities.

Review of operations

The result for the financial year ended 02 July 2017 was as follows:

	2017 $'000	2016 $'000
Profit before related income tax expense	150,680	125,819
Income tax expense	(44,876)	(39,227)
Profit after related income tax expense	**105,804**	**86,592**

The following are the key operational highlights for the year.

<u>Consolidated entity:</u>

The Consolidated entity achieved a statutory net profit after tax (NPAT) of $105.8 million for the year ending 02 July 2017 which represents growth from the prior year of 22.2%. This result was primarily driven by continued strong sales and new store openings across all regions. Same Store Sales (SSS) grew by 13.6% in ANZ and 2.8% in Europe (EU). Japan had a negative 0.6% SSS.

In ANZ, this is mainly due to effective marketing, digital innovation and new 'Taste the Colour' menu offerings. In EU, the growth is attributable to continued economies of scale including utilising the new Commissary, targeted promotional marketing and integration of quicker and easier order platforms. Japan's profitability remained robust, reflecting a year of consolidation, offset by additional profits arising from the conversion of Corporate stores to Franchised.

The Consolidated entity's NPAT was impacted by one-off significant charges totalling $30.1 million, pre-tax. In Europe, these relate to the acquisition of Joey's Pizza, Domino's Germany and Pizza Sprint, as well as redundancy, make-good and write-off of equipment incurred as a result of relocating the Paris Commissary.

Cash flows from operating activities have increased by $4.4 million, 3.4% from prior year, due to increased revenue across all regions, partly offset by the significant charges for year ending 02 July 2017. During the year 178 new stores were opened in existing regions. This has resulted in a total network store count of 777 in ANZ, 865 in Europe and 493 in Japan as at 02 July 2017 (including 7 store closures and 19 conflict stores that did not convert to Domino's from the company's acquisitions in France and Germany in the prior year).

<u>Australia and New Zealand:</u>

ANZ achieved EBITDA of $113.8 million, which represents an increase of 24.2% from prior year. Revenue increased by 30% which was driven by SSS growth of 13.6% in the current year. Highlights for the ANZ market, included the 'Taste the Colour' menu launch, the biggest since 2009 and the roll-out of Thickshakes to the majority of the Australian market. Furthermore, there was a continued focus on the pursuit of Project 3-10 to provide a hotter-fresher pizza to customers.

Digital innovation included pursuing an A.I. first strategy, demonstrated by the launch of DRU assist, the first virtual assistant for the Australian QSR industry and utilising machine learning within Tanda, our new intelligent rostering system.

ANZ unveiled DRU Drone by Flirtey during the year in New Zealand, including the first aviation-regulator approved delivery of Pizza by drone.

ANZ opened 66 new stores during the financial year.

Europe

Europe EBITDA increased by 18.1% and revenue increased by 24.8%, compared with the prior year, while underlying EBITDA increased by 47.1%. This was driven by SSS growth of 2.8% for the year and the opening of 72 new organic stores.

Online sales continue to break records in all three countries, with Germany showing the highest online orders growth in Europe.

In Germany, highlights include Dominos rolling out 'Taste the Colour' menu, fully integrating Pulse and OneDigital and with DRU making daily deliveries in Hamburg.

For France, the new commissary is now 100% commissioned. The OneDigital platform was also launched and now enables France to access ANZ digital tools.

The Netherlands and Belgium experienced a record year for new store openings, with 38 stores open during the year. The offers App was also launched successfully in both The Netherlands and Belgium.

Japan

Japan EBITDA increased by 17.0% and revenue rose by 4.2%, compared with the prior year. Contributing towards the increase in revenue were the opening of 40 new store as well as the benefit from a stronger exchange rate. Franchised stores now comprise 37% of the network, up from 29% last year. Domino's Japan continues to relocate stores to pick-up friendly locations and remodel existing stores, which further assisted in profit growth.

This year Japan saw the highest carry-out sales percentage in the history of Domino's in Japan and now has over 300 'Mugen' design (new image) stores.

In April 2017 Japan also opened its first store that delivers solely through the use of e-bikes.

Changes in state of affairs

There has been no significant changes in the state of affairs of the Consolidated entity that occurred during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated entity, the results of those operations, or the state of affairs of the Consolidated entity in future financial years other than the matters disclosed in note 43.

Future developments

Renewal of Master Franchise Agreement – Territories of Australia and New Zealand.

The Company has exercised its option to renew the Master Franchise Agreement of the territories of Australia and New Zealand with Domino's Pizza Inc. for a further term of 10 years. The Company is in the process of confirming store network growth targets for the renewal term. The Directors expect to reach agreement, and for the renewed term to commence on 02 February 2018.

Environmental and social sustainability risks

The Consolidated entity is not subject to any significant environmental regulation or mandatory emissions reporting and does not consider that it has material exposure to environmental and social sustainability risks.

To the best of the directors' knowledge the Consolidated entity complies with its obligations under environmental regulations and holds all licences required to undertake its business activities.

Dividends

In respect of the financial year ended 03 July 2016, as detailed in the Directors' Report for the financial year, a final dividend of 38.8 cents per share franked to 70% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 07 September 2016.

In respect of the financial year ended 02 July 2017, an interim dividend of 48.4 cents per share franked to 50% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 15 February 2017. The Company will be paying a final dividend of 44.9 cents per share franked to 50% at 30% corporate income tax rate to the holders of fully paid ordinary shares on 06 September 2017.

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
DPE Limited	300,000	Ordinary	$22.89	28-Oct-20
DPE Limited	319,250	Ordinary	$22.89	31-Aug-18
DPE Limited	150,000	Ordinary	$16.52	31-Aug-18
DPE Limited	43,000	Ordinary	$22.89	31-Aug-18
DPE Limited	37,100	Ordinary	$36.31	31-Aug-18
DPE Limited	300,000	Ordinary	$40.95	28-Oct-20
DPE Limited	729,250	Ordinary	$40.95	31-Aug-19
DPE Limited	400,000	Ordinary	$76.23	31-Aug-20
DPE Limited	200,000	Ordinary	$76.23	31-Aug-20
DPE Limited	692,750	Ordinary	$76.23	31-Aug-20

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme. Details of shares or interests issued during or since the end of the financial year as a result of exercise of an option are:

Issuing entity	Number of shares issued	Class of shares	Amount per share	Amount unpaid on shares
DPE Limited	166,667	Ordinary	$9.13	$nil
DPE Limited	600,000	Ordinary	$14.90	$nil
DPE Limited	456,667	Ordinary	$13.74	$nil

Indemnification of officers and auditors

The Company has entered into deeds of indemnity, insurance and access with each director. To the extent permitted by law and subject to the restrictions in s.199A of the *Corporations Act 2001*, the Company must continuously indemnify each director against liability (including liability for costs and expenses) for an act or omission in the capacity of director. However, this does not apply in respect of any of the following:

- a liability to the Company or a related body corporate;
- a liability to some other person that arises from conduct involving a lack of good faith;
- a liability for costs and expenses incurred by the director in defending civil or criminal proceedings in which judgment is given against the officer or in which the officer is not acquitted; or
- a liability for costs and expenses incurred by the director regarding an unsuccessful application for relief under the *Corporations Act 2001* in connection with the proceedings referred to above.

The Company has also agreed to provide the directors with access to Board documents circulated during the directors' term in office.

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary and all senior management of the Company and of any related body corporate against a liability incurred as such a director, secretary or senior management to the extent permitted by the *Corporations Act 2001*.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contract as such disclosure is prohibited under the terms of the contract.

Directors' meetings

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, ten (10) board meetings, six (6) nomination and remuneration committee meetings and eight (8) audit committee meetings were held.

Directors	Board of directors		Nomination & remuneration committee		Audit committee	
	Held	Attended	Held	Attended	Held	Attended
Jack Cowin	10	10	6	6	-	-
Ross Adler	10	10	6	6	8	8
Grant Bourke	10	10	6	6	8	8
Paul Cave	10	9	6	5	8	7
Lynda O'Grady	10	10	6	6	-	-
Don Meij	10	10	-	-	-	-

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in note 42 to the financial statements. The directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 42 to the financial statements do not compromise the external auditor's independence, based on the advice received from the Audit Committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and
- none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct *APES 110 Code of Ethics for Professional Accountants* issued by the Accounting Professional & Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is included on page 37 of the Annual Report.

Rounding of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Remuneration report

Domino's Pizza Enterprises is a geographically diverse business with a long history of growth. The Board remains committed to a strong growth focus and has designed it remuneration strategies to ensure that Key Management Personnel (KMP) are focused on achieving sustainable growth in shareholder value over the long term.

This Remuneration Report (Audited), which forms part of the Directors' Report, sets out information about the remuneration of the Company's directors and its KMP for the financial year ended 02 July 2017.

The prescribed details for each person covered by this report are detailed below under the following headings:

- Director and KMP details
- Remuneration policy
- Alignment between the remuneration policy and company performance
- Remuneration of directors and senior management
- Key terms of employment contracts

Director and KMP details

The following persons acted as directors of the Company during or since the end of the financial year:

Name	Position
Jack Cowin	Non-Executive Chairman
Ross Adler	Non-Executive Deputy Chairman
Grant Bourke	Non-Executive Director
Paul Cave	Non-Executive Director
Lynda O'Grady	Non-Executive Director
Don Meij	Managing Director / Group Chief Executive Officer (Group CEO)

The term 'KMP' is used in this Remuneration Report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

- Richard Coney, Group Chief Financial Officer
- Andrew Rennie, Chief Executive Officer Europe
- Scott Oelkers, President and Chief Executive Officer of Japan
- Nick Knight, Chief Executive Officer ANZ
- John Harney, Group Chief Procurement Officer
- Allan Collins, Group Chief Marketing Officer
- Craig Ryan, General Counsel and Company Secretary
- Wayne McMahon, Group Chief Information Officer

Remuneration Policy

The performance of the Company depends upon the quality of its Directors, KMP and their support teams. To prosper, the Company must attract, motivate and retain highly skilled directors and other KMP. The remuneration structure is designed to strike an appropriate balance between fixed and variable pay, rewarding capability and experience and providing recognition for contribution to the Company's overall goals and objectives.

The Board Remuneration Policy is to ensure that KMP remuneration packages properly reflect the individual's duties and accountabilities and level of performance; and that remuneration is market competitive in order to attract, retain and motivate people of the highest quality.

The Board has a Nomination and Remuneration Committee. Information about this Committee is set out on pages 9 and 10.

Non-Executive Director Remuneration

Non-executive Directors are remunerated by way of cash fees and superannuation contributions in accordance with the Superannuation Guarantee legislation. The level of Directors' fees reflect their time commitment and responsibilities in accordance with market standards. During the reporting period, non-executive directors did not receive any performance based remuneration or equity-based remuneration. Non-executive directors are not entitled to receive any termination payments on ceasing to be a director.

Executive remuneration

The Board of Directors ("The Board"), in conjunction with its Nomination and Remuneration Committee, is responsible for approving the performance objectives and measures for the Group CEO and providing input into the evaluation of performance against them.

The Nomination and Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and the Group CEO. The Group CEO is responsible for preparing recommendations on remuneration packages applicable to the other KMP of the Company.

Relationship between the Remuneration Policy and Company performance

The remuneration structures explained below are designed to attract suitably qualified candidates, reward them for the achievement of strategic objectives, and achieve the broader outcome of value creation for shareholders. The remuneration framework takes into account:

- the capability and experience of the KMP;
- the KMPs ability to control the relevant segments' performance;
- the Consolidated entity's performance including:
    - the Consolidated entity's earnings;
    - growth in earnings per share;
    - return on shareholders' investment wealth

Remuneration packages include a mix of fixed, short-term and long-term performance-based incentives. Executives' bonus payments reflect the achievement of specific goals related to performance of the Company's financial and operational results. The mix of these components is based on the role the individual performs. In addition to their salaries, the Consolidated entity also provides non-cash benefits to its KMP, and contributes to a post-employment superannuation plan (or equivalent) on their behalf.

Egan Associates, an independent remuneration consultant is engaged by the Remuneration Committee to ensure that the reward practices and levels of remuneration for KMPs are consistent with market practice. A statement of recommendation from the remuneration consultant has been received for the 2017 financial year. Payment of $72,072 (2016: $36,960) has been made to the remuneration consultant for the remuneration advisory services provided on the remuneration recommendation. No other advice has been provided by the remuneration consultant for the financial year. In order to ensure that the remuneration recommendation would be free from undue influence by KMP to whom the recommendation relates to, the remuneration consultant is not a related party to any KMP. As such, the Committee is satisfied that the remuneration recommendation were made free from undue influence by the member or members of the KMP to whom the recommendation relates.

Executive remuneration objectives are delivered through three categories of remuneration, as illustrated in the following table:

Executive Remuneration Objectives			
Attract, motivate and retain highly skilled executives across diverse geographies	Reward capability and experience and provide recognition for the contribution to the Company's overall objectives	An appropriate balance between fixed and variable remuneration	Alignment to shareholder interests through equity components

Total Remuneration is set by reference to the relevant geographic market		
Fixed	Performance Linked Remuneration	
Fixed Remuneration	Short-term Incentive (STI)	Long-term Incentive (LTI)
Fixed remuneration is set relative to the market, reflecting the KMPs accountability, performance, experience, and geographic location	Key Performance Indicators (KPIs) are set each year by the Board reflective of the Group or Geographically relevant segment and include financial and individual performance targets relevant to the specific position	LTI targets are linked to EPS growth, EBITDA or EBIT depending on whether the role has Group or segment responsibility.

Remuneration will be delivered as:		
Base remuneration (which is calculated on a total cost basis and includes any fringe benefits tax ("FBT" charges related to employee benefits including motor vehicles) as well as employer contributions to superannuation funds or equivalents	Cash Payment following a review of the audited performance of the Consolidated entity, the relevant segment and individual performance against the KPIs set at the beginning of the Financial Year. Short Term Incentive amounts are capped at 100% of available bonus. KPIs are either achieved or not achieved – partial achievement is not rewarded. KPIs are predominately financial, and all are subject to audit.	Equity in options. All equity is held subject to service and performance for a minimum of 3 years from grant date. The equity is at risk until vesting. Performance is tested once at the vesting date.
Strategic intent		
Fixed remuneration will take into account the relevant market data, provided by an independent remuneration consultant, or other independent data (e.g. Mercer), considering the individual's expertise and performance in the role	Short Term Incentive is directed to achieving Board approved targets, reflective of the Consolidated Group plan	LTI's are intended to reward Executives for sustainable long-term growth aligned to shareholder value creation.

Fixed remuneration

Remuneration levels are reviewed annually by the Nomination and Remuneration Committee and Group CEO through a process that considers individual, segment and overall performance of the Consolidated entity. In addition, external consultants provide analysis and advice to ensure the directors and KMP remuneration is competitive in the marketplace. A KMPs remuneration is also reviewed on promotion. All roles are benchmarked against comparable market data.

Performance-linked remuneration

Performance-linked remuneration includes both short-term and long-term incentives and is designed to reward KMP for meeting or exceeding their financial and personal objectives. The short-term incentive ("STI") is an 'at risk' bonus provided in the form of cash, while the long-term incentive ("LTI") is provided as options over ordinary shares of the Company under the rules of the employee share options plan ("ESOP"). The quantum of STI is set as a maximum amount by the Nomination and Remuneration Committee on a yearly basis.

Short-term incentive

Each year the Nomination and Remuneration Committee sets the key performance indicators ("KPI's") for the Group CEO and the Group CEO proposes the KPI's for the other KMP. The KPI's generally include measures relating to the Consolidated entity, the relevant segment, and the individual, and include financial and operational measures that are audited. The measures are chosen as they directly align the individual's reward to the KPI's of the Consolidated entity and to its strategy and performance. The Company undertakes a rigorous and detailed annual forecasting and budget process. The Board believes achievement of the annual forecast and budget is therefore the most relevant short-term performance condition.

The financial performance objectives include but are not limited to "Earnings before Interest, Tax, Depreciation and Amortisation" ("EBITDA"), Earnings before Interest and Tax ("EBIT") in local currencies, "Corporate store EBITDA", "Franchise operations EBITDA", Net Profit After Tax ("NPAT"), and Franchisee profitability (EBITDA) compared to budget and last year. The specific targets are not detailed in this report due to their commercial sensitivity. Annual incentives for every KMP are capped, the maximum incentive being reflective of significant over-achievement. KPI's are either achieved or not achieved, partial achievement is not rewarded.

Long-term incentive

Options are issued under the ESOP, and it provides for KMP to receive a number of options, as determined by the Board, over ordinary shares. Options issued under the ESOP will be subject to performance conditions that are detailed on pages 28-29.

The Nomination and Remuneration Committee considers this equity performance-linked remuneration structure to be appropriate as KMP only receive a benefit where there is a corresponding direct benefit to shareholders.

The tables below set out summary information about the Consolidated entity's earnings and movements in shareholder wealth for the five years to 02 July 2017:

	02 July 2017 $'000	03 July 2016 $'000	28 June 2015 $'000	29 June 2014 $'000	30 June 2013 $'000
Revenue	1,073,125	930,218	702,437	588,673	294,890
Net profit before tax	150,680	125,819	97,840	66,560	40,765
Net profit after tax	105,804	86,592	68,421	45,296	28,657

	02 July 2017	03 July 2016	28 June 2015	29 June 2014	30 June 2013
Share price at start of year	$ 68.82	$ 36.16	$ 21.82	$ 11.17	$ 10.05
Share price at end of year	$ 52.08	$ 68.82	$ 36.16	$ 21.82	$ 11.17
Interim dividend per share[1]	48.4 cents	34.7 cents	24.6 cents	17.7 cents	15.5 cents
Final dividend per share[1]	44.9 cents	38.8 cents	27.2 cents	19.0 cents	15.4 cents
Basic earnings per share	116.0 cents	94.4 cents	74.2 cents	50.5 cents	39.1 cents
Diluted earnings per share	114.7 cents	92.2 cents	72.8 cents	49.8 cents	38.7 cents

[1] Interim and final dividends for the year ended 02 July 2017 are franked to 50% at 30% corporate income tax rate, for the year ended 03 July 2016 interim and final dividends are franked to 70% at 30% corporate income tax rate and prior periods interim and final dividends were franked to 100% at 30% corporate income tax rate.

Policy on hedging equity incentive schemes

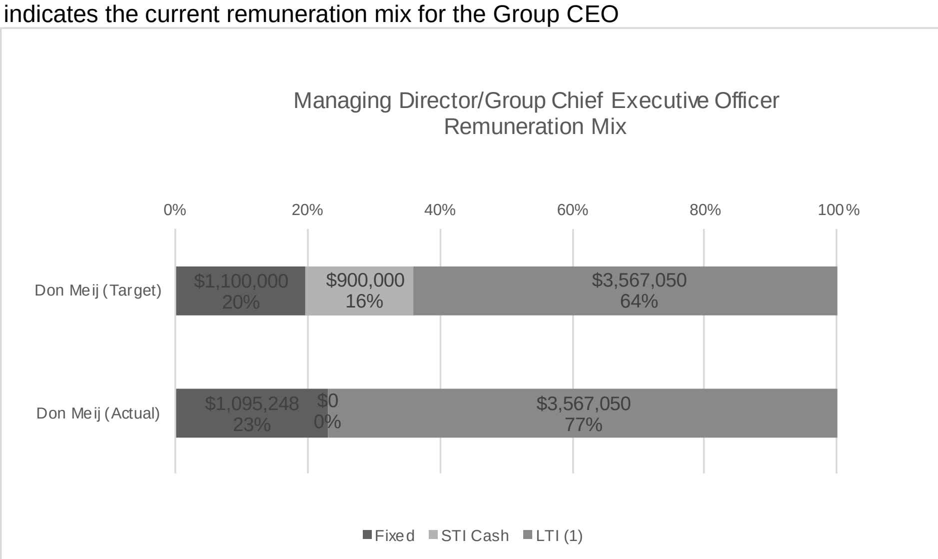
Participants are not permitted, without the prior written consent of the Chairman, to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme.

Managing Director/Group Chief Executive Office (Group CEO) Remuneration Structure

The following remuneration structure applied to the Group CEO for FY17:

Fixed remuneration	$1,100,000 per annum, reviewed annually by the Board in accordance with normal remuneration processes
Performance linked remuneration	• Short term incentive up to $900,000, subject to the achievement of KPIs set annually, and approved by the Board. Paid as 100% cash. • Long-term Incentive - Options subject to performance conditions were granted on 1 September 2016. These options were approved by Shareholder Resolution on 28 October 2014. • The options regardless of whether they are vested or unvested and any other shares issued on exercise of the Options will be escrowed until 28 October 2019.

The table below indicates the current remuneration mix for the Group CEO



(1) LTI is calculated using the number of options granted by the grant date fair value over the vesting period, taking the cost that relates to the financial year ending 2 July 2017.

Key Performance Indicators

The Board set the Key Performance Indicators (KPIs) for the Group CEO in 2017 in line with the plan for the consolidated entity. The first and largest consideration was the financial performance of the consolidated entity. This accounts for 90% of the total weighting for the short-term incentive bonus, based on year on year NPAT growth, and EBIT performance in individual markets. The second consideration was the net increase in new stores across the Group with 10% of the total weighting for the short-term incentive.

KPI	Weighting	Measures
Financial Performance	90%	• Group NPAT – budgeted and stretch targets ($) • Australia and New Zealand budgeted EBIT ($) • Europe budgeted EBIT (€) • Japan budgeted EBIT (¥) • Network Sales relating to newly acquired business (€) • Annual EBITDA growth related to newly acquired business (€)
New Store Growth	10%	• Net increase in new stores across the Group

The Group CEO achieved approximately 60% of his FY17 short term incentive. However, he elected to forgo his bonus entitlement to acknowledge the negative effect of publicity in relation to the franchise network.

Fixed Remuneration and Short-term incentive for FY18
The Group CEO recommended to the Board that he not receive an increase in his fixed remuneration and short-term incentive potential for FY18. The Board accepted this recommendation.

Long Term Incentive (Executive Share and Option Plan)
The Long-Term incentive approved by shareholder resolution on the 28 October 2014 resulted in the granting of three tranches of options in calendar years 2014, 2015 and 2016 as follows:

Series	Number Granted	Exercise Price	Grant Date Fair Value	Grant Date	First Exercise Date
Series 18	300,000	$22.89	$7.16	29-Oct-14	31-Aug-17
Series 23	300,000	$40.95	$8.20	3-Sep-15	31-Aug-18
Series 25	400,000	$76.23	$17.00	1-Sep-16	31-Aug-19

The options were granted under the terms and conditions of the Company's Executive Share and Option Plan. The plan rules are available for inspection on the ASX's announcements platform. The options (regardless of whether they are vested or remain unvested) and any shares issued on exercise of the options will be escrowed until 28 October 2019.

Option vesting conditions

Options granted to the Group CEO vest in accordance with the following table if the Company's cumulative annual compound earnings per share (EPS) growth as determined by the Board acting reasonably based on the audited financial statements of the Company, over the relevant performance period is at least 9%. Options granted to the Group CEO are subject to escrow conditions.

Annual Compound EPS Growth during the Performance Period	Proportion of options which vest	Series 18 Number of Options which vest	Series 23 Number of Options which vest	Series 25 Number of Options which vest
Less than 9%	0%	0	0	0
9% up to less than 9.5%	10%	30,000	30,000	40,000
9.5% up to less than 10%	20%	60,000	60,000	80,000
10% up to less than 10.5%	40%	120,000	120,000	160,000
10.5% up to less than 11%	50%	150,000	150,000	200,000
11% up to less than 12%	60%	180,000	180,000	240,000
12% up to less than 13%	70%	210,000	210,000	280,000
13% up to less than 14%	80%	240,000	240,000	320,000
14% up to less than 15%	90%	270,000	270,000	360,000
15% or over	100%	300,000	300,000	400,000

For options which do not vest they automatically lapse and are cancelled.

Remuneration of directors and KMP

2017[i]	Short-term employee benefits			Post-employment benefits	Other long-term employee benefits[iii]	Termination benefits	Share-based payment	Total	Percentage of remuneration for the year consisting of options
	Salary & fees $	Incentive $	Non-monetary $	Super-annuation $	$	$	Options & rights [iv] $	$	%
Non-executive directors									
Jack Cowin	250,000	-	5,893	19,652	-	-	-	275,545	-
Ross Adler	160,000	-	5,893	15,200	-	-	-	181,093	-
Grant Bourke	112,000	-	5,893	10,640	-	-	-	128,533	-
Paul Cave	100,000	-	5,893	9,500	-	-	-	115,393	-
Lynda O'Grady	100,000	-	5,893	9,500	-	-	-	115,393	-
Executive director									
Don Meij	1,049,461	-	5,893	19,616	20,732	-	3,567,050	4,662,752	76.5%
Executive officers									
Richard Coney	451,268	-	12,572	19,616	10,682	-	524,119	1,018,257	51.5%
Andrew Rennie (ii)	668,046	126,673	-	-	6,072	-	1,974,986	2,775,777	71.2%
Scott Oelkers (ii) (v)	1,028,458	266,397	149,454	-	-	-	(123,261)	1,321,048	-9.3%
Nick Knight	357,884	-	5,893	19,616	45,342	-	395,052	823,787	48.0%
Allan Collins	433,088	193,775	5,893	19,616	10,312	-	373,904	1,036,588	36.1%
John Harney	297,804	88,396	5,893	19,616	5,963	-	254,729	672,401	37.9%
Wayne McMahon	329,865	96,542	5,893	19,616	-	-	262,060	713,976	36.7%
Craig Ryan	287,532	-	5,893	19,616	6,074	-	254,729	573,844	44.4%
	5,625,406	771,783	226,849	201,804	105,177	-	7,483,368	14,414,387	**51.9%**

(i) The short-term incentive and long-term incentive and the options are dependent on satisfaction of performance conditions.
(ii) Included in salary & fees are amounts relating to tax equalisation.
(iii) Relates to long term employee entitlements expense.
(iv) Share-based payment is calculated using the number of options granted by the grant date fair value over the vesting period, taking the cost that relates to the financial year ending 02 July 2017.
(v) The adjustment to share based payments remuneration reflects the derecognition of prior year's remuneration as a result of re-assessment of probability of achievement of the non-market vesting conditions.

2016[i]	Short-term employee benefits			Post-employment benefits	Other long-term employee benefits[iii] $	Termination benefits $	Share-based payment	Total $	Percentage of remuneration for the year consisting of options %
	Salary & fees $	Incentive $	Non-monetary $	Super-annuation $			Options & rights $		
Non-executive directors									
Jack Cowin	213,077	-	4,504	18,701	-	-	-	236,282	-
Ross Adler	163,077	-	4,504	15,492	-	-	-	183,073	-
Grant Bourke	104,000	-	4,504	9,830	-	-	-	118,334	-
Paul Cave	96,923	-	4,504	9,208	-	-	-	110,635	-
Lynda O'Grady	96,923	-	4,504	9,208	-	-	-	110,635	-
Executive director									
Don Meij	1,010,544	765,000	4,504	19,679	21,659	-	2,175,919	3,997,305	54.4%
Executive officers									
Richard Coney	416,302	210,375	45,791	19,679	11,115	-	329,655	1,032,917	31.9%
Andrew Rennie (ii)	695,579	217,929	-	-	6,188	-	1,168,503	2,088,199	56.0%
Scott Oelkers (ii) (v)	861,262	325,251	126,428	-	-	-	123,261	1,436,202	8.6%
Nick Knight (iv)	339,226	127,750	4,417	18,598	-	-	199,053	689,044	28.9%
Allan Collins	411,090	186,000	4,504	19,679	11,128	-	235,555	867,956	27.1%
John Harney	292,842	123,200	4,504	19,679	5,889	-	147,887	594,001	24.9%
Wayne McMahon (vi)	204,123	92,120	2,858	12,253	-	-	110,102	421,456	26.1%
Craig Ryan	284,276	109,936	4,504	19,679	6,002	-	147,887	572,284	25.8%
Previous Executive Officers									
Andrew Megson (iv)	12,826	-	148	743	362	-	2,268	16,347	0.0%
	5,202,070	**2,157,561**	**220,178**	**192,428**	**62,343**	**-**	**4,640,090**	**12,474,670**	**36.8%**

(i) The short-term incentive and long-term incentive and the options are dependent on satisfaction of performance conditions.
(ii) Included is salary & fees are amounts relating to tax equalisation.
(iii) Relates to long term employee entitlements expense.
(iv) On July 2015, Nick Knight was appointed as Chief Executive Officer ANZ, as a result of this appointment, Nick Knight is considered a KMP and Andrew Megson ceased to meet this definition. The remuneration for Nick Knight and Andrew Megson is for the period the individuals were considered KMP. On 24 November 2016, the Board, approved the achievement of Nick Knight's corporate store profitability target which was previously noted as not achieved; accordingly, an amount of $18,250 has been included in bonus to reflect the achievement of this short-term incentive.
(v) Amounts have been retrospectively adjusted for revisions made for tax equalisation.
(vi) On 16 November 2015 Wayne McMahon was appointed as Group Chief Information Officer as a result of this appointment he meets the definition of a KMP; accordingly, the remuneration in the above table is for the period Wayne McMahon is considered a KMP.

No director or KMP appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

Incentives and share-based payments granted as remuneration for the financial year

Incentives
On 14 August 2017, Andrew Rennie, Scott Oelkers, Allan Collins, John Harney and Wayne McMahon were granted a cash incentive for their performance during the year ended 02 July 2017. The incentive conditions were agreed by the Board during the year. The amounts were determined and approved by the Board based on a recommendation by the Nomination and Remuneration Committee.

Andrew Rennie received a €57,000 discretionary incentive relating to the integration of Pizza Sprint and Joey's Germany.

No other incentives were granted during 2017.

Short-term incentive

	Included in compensation $ (i)	Percentage vested in year %	Percentage forfeited in year %
Directors			
Don Meij (iii)	-	-	100
Key management personnel			
Richard Coney (iii)	-	-	100
Andrew Rennie (ii)	126,673	10	90
Scott Oelkers (ii)	266,397	65	35
Nick Knight (iii)	-	-	100
Allan Collins (ii)	193,775	86	14
John Harney (ii)	88,396	70	30
Wayne McMahon (ii)	96,542	70	30
Craig Ryan (iii)	-	-	100

(i) Amounts included in remuneration for the financial year represent the amount that vested in the financial year based on achievement of satisfaction of specified performance criteria. No amounts vest in future financial years in respect of the incentive schemes for the current financial year.
(ii) The amounts forfeited are due to the performance or service criteria not being met in relation to the current financial year or where an executive has recommended to the Board that they should not receive bonus.
(iii) Messrs Meij, Coney, Knight and Ryan achieved approximately 60%, 58%, 55% and 80% respectively of their FY17 short term incentive. However, they each elected to forgo their incentive entitlement to acknowledge the negative effect of publicity in relation to the franchise network.

Long term incentives

There were no long-term cash incentives granted for the financial year ended 02 July 2017.

Executive share and option plan (ESOP)

The Company established the ESOP to assist in the recruitment, reward, retention and motivation of directors and KMP of the Company ("the participants").

In accordance with the provisions of the scheme, KMP within the Company, to be determined by the Board, are granted options for no consideration to purchase parcels of shares at various exercise prices. Each option confers an entitlement to subscribe for and be issued one share, credited as fully paid, at the exercise price.

Options issued under the ESOP may not be transferred unless the Board determines otherwise. The Company has no obligation to apply for quotation of the options on the ASX. However, the Company must apply to the ASX for official quotation of shares issued on the exercise of the options.

Effective 30 April 2009, the Company must not issue any shares or grant any option under this plan if, immediately after the issue or grant, the sum of the total number of unissued shares over which options, rights or other options (which remain outstanding) have been granted under this plan and any other Group employee incentive scheme would exceed 7.5% of the total number of shares on issue on a Fully Diluted Basis at the time of the proposed issue or grant.

Fully Diluted Basis means the number of shares which would be on issue if all those securities of the Company which are capable of being converted into shares, were converted into shares. If the number of shares into which the securities are capable of being converted cannot be calculated at the relevant time, those shares will be disregarded.
During the prior and current financial year, the following share-based payment arrangements were in existence:

Options series	Issue & Grant date	Granted to	Expiry date	Grant date fair value	Exercise price	Vesting date
(18)	29 Oct. 2014	Don Meij	28 Oct. 2020	$7.16	$22.89	01 Sep. 2017
(19)	29 Oct. 2014	ANZ Employees	31 Aug. 2018	$7.39	$22.89	01 Sep. 2017
(20)	27 Jan. 2015	Andrew Rennie	31 Aug. 2020	$10.51	$16.52	01 Sep. 2017
(21)	03 Feb. 2015	Europe Employees	31 Aug. 2018	$7.11	$22.89	01 Sep. 2017
(22)	20 Jun. 2015	Europe Employees	31 Aug. 2018	$7.03	$36.31	01 Sep. 2017
(23)	03 Sep. 2015	Don Meij	31 Aug. 2020	$8.20	$40.95	31 Aug. 2018
(24)	03 Sep. 2015	ANZ Employees	31 Aug. 2019	$8.28	$40.95	31 Aug. 2018
(24)	03 Sep. 2015	Europe Employees	31 Aug. 2019	$8.28	$40.95	31 Aug. 2018
(24)	03 Sep. 2015	Japan Employees	31 Aug. 2019	$8.28	$40.95	31 Aug. 2018
(25)	01 Sep. 2016	Don Meij	31 Aug. 2020	$17.00	$76.23	31 Aug. 2019
(26)	01 Sep. 2016	Andrew Rennie	31 Aug. 2020	$16.50	$76.23	31 Aug. 2019
(27)	01 Sep. 2016	ANZ Employees	31 Aug. 2020	$16.80	$76.23	31 Aug. 2019
(27)	01 Sep. 2016	Europe Employees	31 Aug. 2020	$16.80	$76.23	31 Aug. 2019
(27)	01 Sep. 2016	Japan Employees	31 Aug. 2020	$16.80	$76.23	31 Aug. 2019

Options and shares issued on the exercise of options to Don Meij and Andrew Rennie are subject to an escrow.

Don Meij's escrow period commencing on the date of issue and ending on 28 October 2019. Andrew Rennie's escrow period commencing on the date of issue and ending on 01 January 2019.

ANZ Employee and Don Meij option vesting conditions

Options vest in accordance with the cumulative annual compound EPS growth over the relevant three-year performance period.

Performance condition	Percentage of performance hurdle achieved	Proportion of options vesting
DPE EPS percentage growth over the relevant performance period ($AUD)	Less than 9%	0%
	9% up to less than 9.5%	10%
	9.5% up to less than 10%	20%
	10% up to less than 10.5%	40%
	10.5% up to less than 11%	50%
	11% up to less than 12%	60%
	12% up to less than 13%	70%
	13% up to less than 14%	80%
	14% up to less than 15%	90%
	15% or over	100%

Europe Employees & Andrew Rennie option vesting conditions

Options vest in accordance with the following table. If the options vest, the vesting date will be the date on which the DPE Europe EBIT three-year performance is determined. If the options do not vest, they automatically lapse. Options granted to Andrew Rennie, Chief Executive Officer Europe and CEO France are subject to escrow conditions.

Performance condition	Percentage of performance hurdle achieved	Proportion of options vesting
Europe EBIT performance (€)	Less than 90%	0%
	90%	25%
	More than 90% but less than 100%	Between 25% and 100% on a pro-rata basis
	100% or more	100%

Japan Employees option vesting conditions

Each tranche of options granted is subject to a DPE Japan EBITDA performance hurdle over a three-year performance period over its respective performance period.

Performance condition	Percentage of performance hurdle achieved	Proportion of options vesting
Japan EBITDA performance (¥)	Less than 96%	0%
	96%	25%
	More than 96% but less than 100%	Between 25% and 100% on a pro-rata basis
	100% or more	100%

Other vesting service or performance criteria:
Other than the above vesting conditions specified by Region, there are no further service or performance criteria that need to be met before the options vest.

Exercised options
During the year, the following Directors and KMP exercised options that were granted to them as part of their remuneration. Each option converts into one ordinary share of DPE Limited.

Name	No. of options exercised	No. of ordinary shares of DPE Limited issued	Amount paid	Amount unpaid
Don Meij	600,000	600,000	$8,940,000	$nil
Richard Coney	80,000	80,000	$1,099,200	$nil
Andrew Rennie	333,334	333,334	$3,811,674	$nil
Nick Knight	40,000	40,000	$549,600	$nil
Allan Collins	57,500	57,500	$790,050	$nil
John Harney	25,000	25,000	$343,500	$nil
Wayne McMahon	40,000	40,000	$549,600	$nil
Craig Ryan	25,000	25,000	$343,500	$nil

The following table summarises the value of options granted, exercised or lapsed during the financial year to directors and senior management:

Name	Value of options granted at the grant date (i) $	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse (ii) $
Don Meij	1,885,800	35,742,000	-
Richard Coney	258,640	4,944,000	-
Andrew Rennie	732,001	21,813,377	-
Scott Oelkers	-	-	-
Nick Knight	129,320	1,674,400	-
Allan Collins	185,898	3,553,500	-
John Harney	80,825	1,480,000	-
Wayne McMahon	129,320	2,472,000	-
Craig Ryan	80,825	1,545,000	-

(i) The value of options granted during the period is recognised in remuneration over the vesting period of the grant, in accordance with Australian accounting standards.
(ii) The value of options lapsing during the period due to the failure to satisfy a vesting condition is determined assuming the vesting condition had been satisfied.

Employee Share Scheme
The Company has adopted an Employee Share Acquisition Plan **(ESAP)** which allows eligible employees **(Participants)** to make contributions from their pre-tax cash salary and wages to acquire fully paid ordinary shares in the Company. Participation is voluntary. Shares will be allocated monthly, commencing April 2017 and ending June 2018. Shares will either be acquired on market or the Company will issue new shares.

The market price is:

- If any shares have been acquired on-market, the average cost to the Company (excluding brokerage and transaction costs) of purchasing a Share on ASX, for the purpose of providing an allocation to relevant Participants, as determined by the Board in its discretion: and
- If all shares have been issued directly by the Company, the 5-day volume weighted average price of Shares as traded on ASX up to (but excluding) the relevant allocation date, as determined by the Board.

Allocated shares will be subject to trading restrictions for 12 months from each allocation date (unless the employee elects for a longer restriction period of up to 3 years).

Plan details	Type of Instrument	Details	Purpose
Domino's Employee Share Acquisition Plan (ESAP)	Ordinary shares held under holding lock	Issue of ordinary shares monthly to eligible employees	The purpose of the ESAP is to encourage general employee equity participation through tax concessional legislation, which currently facilitates salary sacrificed issues of up to $5,000 of shares annually per eligible employee.

Fully paid ordinary shares of Domino's Pizza Enterprises Limited

	Balance at beginning of financial year No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at the end of financial year No.	Balance held nominally No.
2017						
Ross Adler	205,796	-	-	-	205,796	-
Grant Bourke	1,798,344	-	-	-	1,798,344	-
Paul Cave	369,166	-	-	-	369,166	-
Lynda O'Grady	2,000	-	-	-	2,000	-
Don Meij	2,138,360	-	600,000	(51,553)	2,686,807	-
Richard Coney	25,719	-	80,000	(60,000)	45,719	-
Andrew Rennie	856,370	-	333,334	(83,038)	1,106,666	-
Nick Knight	42,700	-	40,000	(10,418)	72,282	-
Allan Collins	175,000	-	57,500	32	232,532	-
John Harney	20,150	-	25,000	(23,970)	21,180	-
Wayne McMahon	44,390	-	40,000	(22,182)	62,208	-
Craig Ryan	755	-	25,000	(24,857)	898	-
2016						
Ross Adler	215,796	-	-	(10,000)	205,796	-
Grant Bourke	1,798,344	-	-	-	1,798,344	-
Paul Cave	369,166	-	-	-	369,166	-
Lynda O'Grady	-	-	-	2,000	2,000	-
Don Meij	1,849,506	-	500,000	(211,146)	2,138,360	-
Richard Coney	25,719	-	80,000	(80,000)	25,719	-
Andrew Rennie	689,305	-	166,667	398	856,370	-
Nick Knight	42,700	-	-	-	42,700	-
Allan Collins	117,500	-	57,500	-	175,000	-
John Harney	19,000	-	25,000	(23,850)	20,150	-
Wayne McMahon	4,390	-	40,000	-	44,390	-
Craig Ryan	285	-	25,000	(24,530)	755	-

Executive share options of Domino's Pizza Enterprises Limited

	Balance at beginning of financial year No.	Granted as compen-sation No.	Exercised No.	Net other change No.	Balance at the end of financial year No.	Balance vested at the end of financial year No.	Vested but not exercise-able No.	Vested and exercise-able No.	Options vested during year No.
2017									
Don Meij	1,200,000	400,000	(600,000)	-	1,000,000	-	-	-	600,000
Richard Coney	188,000	54,000	(80,000)	-	162,000	-	-	-	80,000
Andrew Rennie	633,334	200,000	(333,334)	-	500,000	-	-	-	166,667
Nick Knight	114,000	47,000	(40,000)	-	121,000	-	-	-	40,000
Scott Oelkers	60,000	60,000	-	-	120,000	-	-	-	-
Allan Collins	134,500	38,500	(57,500)	-	115,500	-	-	-	57,500
John Harney	79,000	27,000	(25,000)	-	81,000	-	-	-	25,000
Craig Ryan	79,000	27,000	(25,000)	-	81,000	-	-	-	25,000
Wayne McMahon	94,000	27,000	(40,000)	-	81,000	-	-	-	40,000
2016									
Don Meij	1,400,000	300,000	(500,000)	-	1,200,000	-	-	-	500,000
Richard Coney	214,000	54,000	(80,000)	-	188,000	-	-	-	80,000
Andrew Rennie	650,001	150,000	(166,667)	-	633,334	166,667	-	166,667	166,667
Nick Knight	67,000	47,000	-	-	114,000	-	-	-	-
Scott Oelkers	-	60,000	-	-	60,000	-	-	-	-
Allan Collins	153,500	38,500	(57,500)	-	134,500	-	-	-	57,500
John Harney	77,000	27,000	(25,000)	-	79,000	-	-	-	25,000
Craig Ryan	77,000	27,000	(25,000)	-	79,000	-	-	-	25,000
Wayne McMahon	107,000	27,000	(40,000)	-	94,000	-	-	-	40,000

Contracts for services of KMP

Name	Term of contract	Contract commencement	Notice termination – by Company	Notice termination – by executive	Termination Payment
Richard Coney	Ongoing	16 May 2005	6 months	6 months	Amount equal to 6 months remuneration
Craig Ryan	Ongoing	8 August 2012	3 months	3 months	Amount equal to 3 months remuneration
Allan Collins	Ongoing	8 January 2013	3 months	3 months	Amount equal to 3 months remuneration
Don Meij	5 years plus 1 year extension	2 November 2011	12 months	12 months	Amount equal to 12 months remuneration
Andrew Rennie	5 years	2 January 2014	6 months	6 months	Amount equal to 6 months remuneration
John Harney	Ongoing	2 July 2010	3 months	3 months	Amount equal to 3 months remuneration
Scott Oelkers	5 years	3 September 2013	6 months	4 months	Amount equal to 6 months remuneration
Nick Knight	Ongoing	1 October 2012	3 months	3 months	Amount equal to 3 months remuneration
Wayne McMahon	Ongoing	23 May 2011	6 months	6 months	Amount equal to 6 months remuneration

The Directors believe that the remuneration for each of the KMP is appropriate given their allocated accountabilities, the scale of the Company's business and the industry in which the Company operates. The service contracts outline the components of remuneration paid to the executive directors and KMP but do not prescribe how the remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the KMP and any changes required to meet the principles of the Remuneration Policy.

Each of the KMP has agreed that during their employment and for a period of up to six months afterwards, they will not compete with the Company, canvass, solicit, induce or encourage any person who is or was an employee of the Company at any time during the employment period to leave the Company or interfere in any way with the relationship between the Company and its clients, customers, employees, consultants or suppliers.

Don Meij, Managing Director/Group CEO, has a contract of employment with Domino's Pizza Enterprises Limited dated 2 November 2011. The contract specifies the duties and obligations to be fulfilled by the Group CEO and provides that the Board and Group CEO will, early in each financial year, consult and agree objectives for achievement during that year.

Don Meij's contract provides that he may terminate the agreement by giving 12 month's written notice. He may also resign on one month's notice if there is a change in control of the Company, and he forms the reasonable opinion that there have been material changes to the policies, strategies or future plans of the Board and, as a result, he will not be able to implement his strategy or plans for the development of the Company or its projects. If Don Meij resigns for this reason, then in recognition of his past service to the Company, on the date of termination, in addition to any payment made to him during the notice period or by the Company in lieu of notice, the Company must pay him an amount equal to the salary component and superannuation that would have been paid to him in the 12 months after the date of termination.

A change in control occurs when any shareholder (either alone or together with its associates) having a relevant interest in less than 50% of the issued shares in the Company acquires a relevant interest in 50% or more of the shares on issue at any time in the capital of the Company or the composition of a majority of the Board changes for a reason other than retirement in the normal course of business or death.

Non-executive directors

The Constitution of the Company provides that non-executive directors are entitled to receive remuneration for their services as determined by the Company in a general meeting. The Company has resolved that the maximum aggregate amount of directors' fees (which does not include remuneration of executive directors and other non-director services provided by directors) is $1,000,000 per annum. The non-executive directors may divide that remuneration among themselves as they decide. Non–executive directors are entitled to be reimbursed for their reasonable expenses incurred in connection with the affairs of the Company. A non-executive director may also be compensated as determined by the directors if that director performs additional or special duties for the Company. A former director may also receive a retirement benefit of an amount determined by the Board of Directors in recognition of past services, subject to the ASX Listing Rules and the *Corporations Act 2001*.

Non-executive directors do not receive performance-based remuneration. Directors' fees cover all main Board activities.

Fees for the current financial year for the non-executive directors were $100,000 per director per annum (2016: $100,000), Chairman of the Board was $250,000 per annum (2016: $250,000), Deputy Chairman of the Board/ Chairman of the Audit Committee was $160,000 (2016: $160,000) and Director/Chairman of the Nomination & Remuneration Committee was $112,000 (2016: $112,000), plus superannuation where applicable.

Remuneration framework 2018 Financial Year

The Directors are proposing minimal adjustments to fixed remuneration for KMPs and other senior staff in the 2018 financial year. The level of incentive opportunity for the Group CEO will not be varied and will remain unchanged for the 2018 financial year. A proposal will be put to shareholders for resolution at the November Annual General Meeting of the Company seeking approval for the issue of further options to the Managing Director for the 5-year period ahead.

The cumulative compound annual EPS hurdle set out in relation to the approvals at the 2014 Annual General Meeting will be amended. The minimum hurdle will be increased from 9% to 12% and the maximum hurdle will be increased from 15% to 20%. This is consistent with the Board's view that management should be rewarded for increasing shareholder returns and continuing to grow the business in a sustainable manner.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors

Jack Cowin
Chairman
Sydney, 14 August 2017

Don Meij
Managing Director/ Group Chief Executive Officer
Sydney, 14 August 2017

Auditor's independence declaration
Domino's Pizza Enterprises Limited

Deloitte.

Deloitte Touche Tohmatsu
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14 August 2017

The Directors
Domino's Pizza Enterprises Limited
Level 5, KSD1
485 Kingsford Smith Drive
HAMILTON QLD 4007

Dear Directors,

Domino's Pizza Enterprises Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Domino's Pizza Enterprises Limited.

As lead audit partner for the audit of the financial statements of Domino's Pizza Enterprises Limited for the financial year ended 2 July 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Tarling
Partner
Chartered Accountants

Independent auditor's report
to the members of Domino's Pizza Enterprises Limited

Deloitte.

Deloitte Touche Tohmatsu
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Independent Auditor's Report to the Members of Domino's Pizza Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Domino's Pizza Enterprises Limited (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 2 July 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended on that date, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company and Group's financial position as at 2 July 2017 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter and why it was considered to be a matter of most significance in the audit</th><th>How the Key Audit Matter was addressed in the audit</th></tr>
<tr><td>Carrying Value of Goodwill and Indefinite Life Intangible Assets in the Japan and Germany Cash Generating Units (CGUs)

As at 2 July 2017, the carrying value of the Japan CGU included goodwill of $240.7 million and indefinite life intangible assets of $40.3 million. The carrying value of the German CGU included goodwill of $49.4 million and indefinite life intangible assets of $149.4 million, as disclosed in Note 19 and 20.

The evaluation of the recoverable amount is affected by management's expectations on the market growth rates and sensitivity in discount rates which requires significant judgement in determining the expected present value of future cash flows of the CGU.</td><td>In conjunction with our valuation experts, our audit procedures included, but were not limited to:
Evaluating the appropriateness of the methodology applied by the directors in calculating the recoverable amounts of the CGUs;
Challenging the assumptions used to calculate the discount rates and recalculating these rates;
Comparing and assessing the projected cash flows, including the assumptions relating to expected growth rates and operating margins, against historical performance, management's projections and observed industry economic data;
Evaluating the Group's categorisation of CGUs and the allocation of goodwill to the carrying value of CGUs based on our understanding of the Group's business;
Testing the mathematical accuracy of the recoverable amount models; and
Performing sensitivity analysis on the recoverable amount of the CGU's around the key drivers of growth rates used in the cash flow forecasts and the discount rate used.
We also assessed the appropriateness of the related disclosures included in Notes 3.19, 3.20, 4.1.1, 4.1.6, 19 and 20 to the financial statements.</td></tr>
<tr><td>Valuation of the put option related to the future exit of the non-controlling interest in the German component

As at 2 July 2017, the put option relating to the non-controlling interest in Germany is valued at $81.4 million as disclosed in notes 4.1.8 and 33.11.

The put option financial liability is classified as Level 3 on the fair value hierarchy due to significant unobservable inputs used to determine fair value. Consequently, management are required to make significant judgements in respect of valuation inputs relating to market growth rates, the expected timing of exercise of the put option and the discount rates.</td><td>In conjunction with our valuation experts, our audit procedures included, but were not limited to:
Assessing the appropriateness of the methodology applied by management's expert in valuing the option and assessing the key assumptions used, including expected future earnings of the component, the expected timing of exercise of the put option and the discount rate;
Assessing the assumptions used in the valuation model to ensure they are in accordance with the terms of the put options as prescribed by the shareholders' agreement;</td></tr>
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Deloitte.

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Evaluating the independence, competence and objectivity of management's expert;
Performing a sensitivity analysis over the key assumptions in the valuation model; and
Testing the mathematical accuracy of the put option calculation.

We also assessed the appropriateness of the related disclosures included in note 4.1.8 and 33.11 to the financial statements.
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<td>
Valuation of the put option related to the future exit of the non-controlling interest in the Japanese component

As at 2 July 2017, the put option relating to the non-controlling interest in Japan is valued at $46.4 million as disclosed in notes 4.1.7 and 24.

Prior to year end the minority shareholder as counterparty to the put option exercised the put option, with completion to occur subsequent to the date of the financial statements.

The put option financial liability has been valued based on the interpretation of the terms of the Shareholders Agreement contract and remains subject to commercial negotiations.
</td>
<td>
In conjunction with our valuation experts, our audit procedures included but were not limited to:

Assessing the methodology applied by the Group in the calculation of the put option liability;
Challenging the inputs and calculation of the put option liability in accordance with the terms prescribed by the shareholders' agreement; and
Inspecting correspondence with the counterparty as part of the completion of the put option exercise.

We also assessed the appropriateness of the related disclosures included in note 4.1.7 and 24 to the financial statements.
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<td>
Accounting for guarantees, contingencies and claims related to the Group

The Group operates in a number of jurisdictions with different regulatory and legal requirements.

Given this complexity, management is at times required to exercise judgement in evaluating compliance with relevant laws and regulations, as disclosed in note 4.1.10 and 41.2.
</td>
<td>
Our audit procedures included, but were not limited to:

Evaluating management's process of recording guarantees, contingencies and claims; and
Assessing the status of new and existing claims and contingencies through:

Inquiring of management and the Group's legal advisors;
Obtaining confirmation from the legal advisors;
Inspecting minutes of board meetings and relevant information presented to the directors; and
Inspecting selected correspondence from regulatory authorities.

We also assessed the appropriateness of the related disclosures included in note 4.1.10 and 41.2 to the financial statements.
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Other Information

The directors are responsible for the other information. The other information comprises the Corporate Governance Statement, Directors' Report, Additional Securities Exchange Information as at 10 August 2017, Glossary and the Corporate Directory, which we obtained prior to the date of this auditor's report, and also includes the following information which will be included in the annual report (but does not include the financial report and our auditor's report thereon): Group Highlights, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Group Highlights, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the director's report for the year ended 2 July 2017.

In our opinion, the Remuneration Report of Domino's Pizza Enterprises Limited, for the year ended 2 July 2017, complies with section 300A of the *Corporations Act 2001*.

Deloitte.

Responsibilities

The directors of Domino's Pizza Enterprises Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Stephen Tarling
Partner
Chartered Accountants
Brisbane, 14 August 2017

Directors' declaration

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 3.1 to the financial statements;

(c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated entity; and

(d) the directors have been given the declarations required by s.295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Don Meij
Managing Director/Group Chief Executive Officer
Sydney, 14 August 2017

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Contents

Consolidated statement of profit or loss and other comprehensive income for the year ended 02 July 2017

	Note	2017 $'000	2016 $'000
Continuing operations			
Revenue	5	790,861	705,702
Other revenue	7	282,264	224,516
Other gains and losses	8	18,566	9,758
Food, equipment and packaging expenses		(354,127)	(298,477)
Employee benefits expense	11	(239,471)	(217,703)
Plant and equipment costs		(19,776)	(19,225)
Depreciation and amortisation expense	11	(47,409)	(38,129)
Occupancy expenses		(39,943)	(36,683)
Finance costs	9	(4,451)	(3,297)
Marketing expenses		(49,220)	(48,251)
Royalties expense		(52,282)	(46,655)
Store related expenses		(21,799)	(19,785)
Communication expenses		(17,760)	(15,486)
Acquisition, integration and conversion related costs		(28,384)	(12,735)
Other expenses		(66,389)	(57,731)
Profit before tax		**150,680**	**125,819**
Income tax expense	10	(44,876)	(39,227)
Profit for the period from continuing operations	11	**105,804**	**86,592**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain/(loss) on net investment hedge taken to equity		5,132	(11,575)
Exchange differences arising on translation of foreign operations		(35,736)	61,838
Gain/(loss) on cash flow hedges taken to equity		7,176	(5,489)
Income tax relating to components of other comprehensive income		(1,822)	(151)
Other comprehensive gain/(loss) for the period (net of tax)		(25,250)	44,623
Total comprehensive income for the period		**80,554**	**131,215**
Items not to be reclassified to profit or loss:			
Remeasurement of defined benefit obligation		950	(323)
Income tax relating to components of other comprehensive income		(293)	100
Net other other comprehensive income not to be reclassified to profit or loss in subsequent periods for the period		**657**	**(223)**
Other comprehensive income/(loss) for the year, net of tax		**(24,593)**	**44,400**
Total comprehensive income for the year		**81,211**	**130,992**
Profit attributable to:			
Owners of the parent		102,857	82,427
Non-controlling interests		2,947	4,165
		105,804	**86,592**
Total comprehensive income attributable to:			
Owners of the parent		85,835	115,517
Non-controlling interests		(4,624)	15,475
		81,211	**130,992**
Earnings per share from continuing operations			
Basic (cents per share)	12	116.0 cents	94.4 cents
Diluted (cents per share)		114.7 cents	92.2 cents

This statement should be read in accompaniment with the notes to the financial statements.

Consolidated statement of financial position as at 02 July 2017

	Note	2017 $'000	2016 $'000
Assets			
Current assets			
Cash and cash equivalents	38	50,454	60,334
Trade and other receivables	13	72,615	72,143
Other financial assets	14	18,784	13,117
Inventories	15	21,098	16,675
Current tax assets	10	470	592
Other assets	21	24,404	21,374
Total current assets		**187,825**	**184,235**
Non-current assets			
Other financial assets	14	53,181	40,400
Investment in joint venture	16	3,231	2,405
Property, plant and equipment	18	198,674	188,050
Deferred tax assets	10	-	14,754
Goodwill	19	387,111	408,211
Other intangible assets	20	302,745	289,927
Other assets	21	26	50
Total non-current assets		**944,968**	**943,797**
Total assets		**1,132,793**	**1,128,033**
Liabilities			
Current liabilities			
Trade and other payables	22	136,376	146,988
Borrowings	23	17,910	36,285
Other financial liabilities	24	54,598	55,893
Current tax liabilities	10	9,339	13,133
Provisions	25	11,923	13,951
Total current liabilities		**230,146**	**266,250**
Non-current liabilities			
Borrowings	23	311,330	285,507
Other financial liabilities	24	120,287	121,018
Provisions	25	7,851	10,971
Deferred tax liabilities	10	48,115	49,741
Total non-current liabilities		**487,583**	**467,237**
Total liabilities		**717,729**	**733,487**
Net assets		**415,064**	**394,546**
Equity			
Issued capital	28	340,040	248,554
Reserves	29	(85,545)	11,194
Retained earnings	30	160,569	134,798
Total equity		**415,064**	**394,546**

This statement should be read in accompaniment with the notes to the financial statements.

Consolidated statement of changes in equity
for the year ended 02 July 2017

	Issued capital $'000	Hedging reserve $'000	Foreign currency translation reserve $'000	Other reserve $'000	Retained earnings $'000	Non-controlling interest $'000	Total $'000
Balance at 28 June 2015	**198,291**	**4,517**	**(17,694)**	**13,567**	**106,375**	**-**	**305,056**
Profit for the period	-	-	-	-	82,427	4,165	86,592
Other comprehensive income	-	(13,298)	46,556	(168)	-	11,310	44,400
Total comprehensive income for the period	-	(13,298)	46,556	(168)	82,427	15,474	130,992
Issue of shares to non-controlling interest	-	-	-	-	-	38,038	38,038
Issue of share capital under employee share option plan	41,433	-	-	-	-	-	41,433
Issue of share capital for acquisition of a business	8,830	-	-	-	-	-	8,830
Share options trust	-	-	-	19,894	-	-	19,894
Recognition of share based payments	-	-	-	(27,650)	-	-	(27,650)
Non-controlling interest put option	-	-	-	(14,530)	-	(53,512)	(68,042)
Payment of dividends	-	-	-	-	(54,004)	-	(54,004)
Balance at 03 July 2016	**248,554**	**(8,781)**	**28,862**	**(8,887)**	**134,798**	**-**	**394,546**
Balance at 04 July 2016	**248,554**	**(8,781)**	**28,862**	**(8,887)**	**134,798**	**-**	**394,546**
Profit for the period	-	-	-	-	102,857	2,947	105,804
Other comprehensive income	-	8,623	(26,137)	492	-	(7,571)	(24,593)
Total comprehensive income for the period	-	8,623	(26,137)	492	102,857	(4,624)	81,211
Issue of shares to non-controlling interest	-	-	-	-	-	(1,486)	(1,486)
Issue of share capital under employee share option plan	91,486	-	-	-	-	-	91,486
Share options trust	-	-	-	94	-	-	94
Recognition of share based payments	-	-	-	(65,209)	-	-	(65,209)
Non-controlling interest put option	-	-	-	(14,602)	-	6,110	(8,492)
Payment of dividends	-	-	-	-	(77,086)	-	(77,086)
Balance at 02 July 2017	**340,040**	**(158)**	**2,725**	**(88,112)**	**160,569**	**-**	**415,064**

This statement should be read in accompaniment with the notes to the financial statements.

Consolidated statement of cash flows
for the year ended 02 July 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from customers		1,223,033	1,021,623
Payments to suppliers and employees		(1,050,619)	(857,771)
Interest received		1,787	1,479
Interest and other finance costs		(4,451)	(3,297)
Income taxes paid		(36,881)	(33,562)
Net cash generated from operating activities	38	**132,869**	**128,472**
Cash flows from investing activities			
Payments for investments and business operations, net of cash and inventory acquired	37	(17,026)	(17,411)
Net cash outflow on investment in joint ventures		(812)	(779)
Repayments of loans to third parties and franchisees		15,443	4,337
Payment for property, plant & equipment		(66,009)	(86,768)
Proceeds from sale of businesses and other non-current assets		21,602	20,849
Payments for intangible assets		(32,635)	(27,106)
Net cash outflow on acquisition of subsidiaries	45	(8,823)	(157,090)
Net cash used in investing activities		**(88,260)**	**(263,968)**
Cash flows from financing activities			
Proceeds from borrowings		47,916	201,620
Repayment of borrowings		(37,077)	(27,027)
Repayments of finance leases		(4,694)	-
Dividends paid		(77,086)	(54,004)
Contributions from non-controlling interest		1,445	22,082
Proceeds from issue of equity securities		16,871	7,870
Net cash generated from/(used in) financing activities		**(52,625)**	**150,541**
Net increase in cash and cash equivalents held		**(8,016)**	**15,045**
Cash and cash equivalents at the beginning of the period		**60,334**	**43,174**
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1,864)	2,115
Cash and cash equivalents at the end of the period	**38**	**50,454**	**60,334**

This statement should be read in accompaniment with the notes to the financial statements.

Notes to the financial statements

1. General information

Domino's Pizza Enterprises Limited ("DPE Limited", or the "Company") is a public company listed on the Australian Stock Exchange (trading under the symbol 'DMP'), incorporated and operating in Australia, New Zealand, France, Belgium, the Netherlands, Germany and Japan. The ultimate parent company is Domino's Pizza Enterprises Limited.

Domino's Pizza Enterprises Limited's registered office and its principal place of business are as follows:

Registered office	**Principal place of business**
KSD1, L5 485 Kingsford Smith Drive Hamilton Brisbane Queensland 4007	KSD1, L5 485 Kingsford Smith Drive Hamilton Brisbane Queensland 4007
Tel: +61 (7) 3633 3333	Tel: +61 (7) 3633 3333

The entity's principal activities are the operation of retail food outlets and operation of franchise services.

2. Application of new and revised Accounting Standards

2.1 Amendments to AASBs and the new interpretation that are mandatorily effective for the current year

In the current year, the Consolidated entity has applied a number of amendments to AASBs and a new Interpretation issued by the Australian Accounting Standards Board ('AASB') that are mandatorily effective for an accounting period that begins on or after 1 July 2015, and therefore relevant for the current year end.

Standards affecting presentation and disclosure

AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn.
AASB 2015-4 'Amendments to Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent'	The amendments to AASB 128 align the relief available in AASB 10 and AASB128 in respect of the financial reporting requirements for Australian groups with a foreign parent. The amendments require that the ultimate Australian entity shall apply the equity method in accounting for interests in associates and joint ventures if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Consolidated entity financial statements.

There is no impact on basic and diluted earnings per share as a result of the application of the new and revised Standards.

2.2 Standards and interpretations in issue

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. We are currently undertaking an assessment of the standards.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15', AASB 2015-8 'Amendments to Australian Accounting Standards – Effective date of AASB 15'	1 January 2018	30 June 2019

2. Application of new and revised Accounting Standards (cont'd)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 16 'Leases'	1 January 2019	30 June 2020
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	1 January 2017	30 June 2018
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative Amendments to AASB 107'	1 January 2017	30 June 2018
Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2018	30 June 2019

3. Significant accounting policies

3.1 Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Consolidated entity for the 52-week period ended 02 July 2017 (2016: 53 week period). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Consolidated entity comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 14 August 2017.

3.2 Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Consolidated entity takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 102 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. Significant accounting policies (cont'd)

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The principal accounting policies are set out below.

3.3 Basis of going concern

The financial statements have been prepared on the basis that the Consolidated entity will continue as a going concern. The Consolidated entity has a net current liability position of $42.3 million at 02 July 2017 (2016: $78.5 million) which is primarily due to the Japan non-controlling interest put / call liability of $46.4 million being classified as current. The Consolidated entity will extend existing debt facilities and / or enter into new debt facilities to extinguish this liability as and when it falls due.

The directors are of the opinion that no material uncertainties exist in relation to events or conditions which cast doubt on the Consolidated entity's ability to continue as a going concern.

3.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) (referred to as 'the Consolidated entity' in these financial statements). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Consolidated entity's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Consolidated entity are eliminated in full on consolidation.

3.5 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Consolidated entity in exchange for control of the acquire. Acquisition-related costs are recognised in profit or loss as incurred.

3. Significant accounting policies (cont'd)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Consolidated entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Consolidated entity's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 *Income Taxes* and AASB 119 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Consolidated entity of an acquiree's share-based payment awards are measured in accordance with AASB 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued* Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Consolidated entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Consolidated entity obtains complete information about facts and circumstances that existed as of the acquisition date – and is subject to a maximum of one year.

3.6 Investments in associates

An associate is an entity over which the Consolidated entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but has no control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost and adjusted for post-acquisition changes in the

3. Significant accounting policies (cont'd)

entity's share of associate profit. When losses of an associate exceeds the Consolidated entity's interest in that associate (which includes any long-term interests that, in substance, form part of the Consolidated entity's net investment in the associate), the Consolidated entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Consolidated entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Any excess of the cost of acquisition over the Consolidated entity's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of the acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Consolidated entity's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Consolidated entity, profits and losses are eliminated to the extent of the Consolidated entity's interest in the relevant associate.

3.7 Foreign currencies

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars ('$'), which is the functional currency of Domino's Pizza Enterprises Limited and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see 3.25 below for hedge accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, (therefore forming part of the net investment in a foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit and loss on disposal or partial disposal of the net investment.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Consolidated entity's foreign operations are expressed in Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On disposal of a foreign operation (i.e. a disposal of the Consolidated entity's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Consolidated entity are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3. Significant accounting policies (cont'd)

3.8 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

3.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

3.9.1 Sale of goods

Revenue from the sale of goods is recognised when the Consolidated entity has transferred to the buyer the significant risks and rewards of ownership of the goods.

3.9.2 Franchise income

Franchise income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

3.9.3 Rendering of services

Service revenue relates primarily to store building services and is recognised by reference to the stage of completion of the contract.

3.9.4 Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the Consolidated entity and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on sales and other measures are recognised by reference to the underlying arrangement.

3.9.5 Dividend and interest revenue

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Consolidated entity and the amount of revenue can be reliably measured).

Interest revenue is recognised when it is probable that the economic benefits will flow to the Consolidated entity and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, with reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.10 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 34.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Consolidated entity's estimate of equity instruments that will eventually vest. At each reporting period, the Consolidated entity revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3. Significant accounting policies (cont'd)

3.11 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.11.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit and loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Consolidated entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of this reporting period.

3.11.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of goodwill or other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures except where the Consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Consolidated entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they related to income taxes levied by the same taxation authority and the Consolidated entity intends to settle its current tax assets and liabilities on a net basis.

3.11.3 Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the profit or loss, except when they relate to items that are recognised outside the profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside the profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

3.11.4 Tax consolidation

The Company and all its wholly-owned Australian resident entities are part of a tax consolidated group under Australian taxation law. Domino's Pizza Enterprises Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group approach' by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The entities in the tax-consolidated group have not entered into a tax sharing agreement or tax funding agreement. Income tax liabilities payable to the tax authorities in respect of the tax-consolidated group are recognised in the financial statements of the parent entity.

3. Significant accounting policies (cont'd)

3.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

3.13 Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) 'financial assets', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3.13.1 <u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets as at FVTPL.

3.13.2 <u>Financial assets at FVTPL</u>

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the Consolidated entity manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a Consolidated entity of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Consolidated entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 33.

3.13.3 <u>Held-to-maturity investments</u>

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates where the Consolidated entity has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

3. Significant accounting policies (cont'd)

3.13.4 Available-for-sale financial assets

Financial assets held by the Consolidated entity are classified as being AFS and are stated at fair value. Fair value is determined in the manner described in note 33. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit and loss when the Consolidated entity's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

3.13.5 Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3.13.6 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Consolidated entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

3. Significant accounting policies (cont'd)

3.13.7 Derecognition of financial assets

The Consolidated entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Consolidated entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Consolidated entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Consolidated entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Consolidated entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.15 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Consolidated entity is committed to a sale plan involving the loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Consolidated entity will retain a non-controlling interest in its former subsidiary after the sale. When an asset is reclassified to Property, Plant & Equipment, depreciation is applied for the period from when it was first reclassified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3.16 Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance leases are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of an item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment excluding land. Depreciation is calculated on a straight-line basis so as to write off the cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

- Plant and equipment 1 – 10 years
- Equipment under finance leases 3 – 10 years

3.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. Significant accounting policies (cont'd)

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.18 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

3.18.1 Consolidated entity as lessee

Assets held under finance leases are initially recognised as assets of the Consolidated entity at their fair value at the inception date of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Consolidated entity's general policy on borrowing costs (see 3.17 above). Contingent rentals are recognised as an expense in the periods in which they are incurred.

Finance leased assets are amortised on a straight-line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.19 Goodwill

At cost less accumulated impairment losses, if any:

Goodwill arising in a business combination is recognised as an asset at the date that the control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Consolidated entity's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Review of potential impairment:

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Consolidated entity's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent periods.

3.20 Intangible assets

3.20.1 Intangible assets acquired separately

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

3.20.2 Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

3. Significant accounting policies (cont'd)

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The following useful lives are used in the calculation of amortisation:

- Capitalised development intangibles 2 – 10 years
- Licenses 2 – 10 years

3.20.3 <u>Intangible assets acquired in a business combination</u>

Intangible assets acquired in a business combination are identified and recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

3.21 Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Refer to note 19 for our detailed assessment of impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at the revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. Significant accounting policies (cont'd)

3.22 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Consolidated entity in respect of services provided by employees up to reporting date.

3.22.1 Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement

The Consolidated entity presents the first two components of defined benefit costs in profit or loss in the line item employee benefits expense. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Consolidated entity's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available.

3.23 Provisions

Provisions are recognised when the Consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.23.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the Consolidated entity has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

3.23.2 Make good obligations

A provision is recognised for the make good obligations in respect of restoring sites to their original condition when the premises are vacated. Management has estimated the provision based on historical data in relation to store closure numbers and costs, as well as future trends that could differ from historical amounts.

3. Significant accounting policies (cont'd)

3.23.3 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with AASB 137 *'Provisions, Contingent Liabilities and Contingent Assets'* and the amount initially recognised less cumulative amortisation recognised in accordance with AASB 118 '*Revenue*'.

3.24 Financial liability and equity instruments

3.24.1 Classification as debt and equity

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

3.24.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Consolidated entity are recorded at the proceeds received, net of direct issue costs.

3.24.3 Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL, are subsequently at the higher of:

- the amount of the obligation under the contract, as determined in accordance with AASB 137 *'Provisions, Contingent Liabilities and Contingent Assets'*; and
- the amount initially recognised less, where appropriate, cumulative amortisation in accordance with the revenue recognition policies set out in 3.9 above.

3.24.4 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

3.24.5 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the Consolidated entity manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading is designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance evaluated on a fair value basis, in accordance with the Consolidated entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the statement of comprehensive income. Fair value is determined in the manner described in note 33.

3. Significant accounting policies (cont'd)

3.24.6 Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or where appropriate, a shorter period.

3.24.7 Derecognition of financial liabilities

The Consolidated entity derecognises financial liabilities when, and only when, the Consolidated entity's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.25 Derivative financial instruments

The Consolidated entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in note 33.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Consolidated entity designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3.25.1 Hedge accounting

The Consolidated entity designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives, in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Consolidated entity documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 33 sets out details of the fair values of the derivative instruments used for hedging purposes.

3.25.2 Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Consolidated entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

3.25.3 Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

3. Significant accounting policies (cont'd)

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Consolidated entity revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gains or losses accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

3.25.4 <u>Hedges in net investments in foreign operations</u>

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and included in the 'other gains and losses' line item.

Gains and losses on hedging instruments relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss in the same way as exchange differences relating to the foreign operation as described at 3.7 above.

3.26 Non-controlling interest

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The carrying amounts of the Consolidated entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

We have applied the partial recognition of the non-controlling interest (equity method) method when accounting for the put option liability and non-controlling interest. This approach is appropriate given the company has no present ownership of the minority interest shares. While the non-controlling interest remains, the accounting treatment is as follows:

- The non-controlling interest receives an allocation of the profit or loss for the period;
- A put option liability is recognised at fair value in accordance with IAS 39;
- The non-controlling interest is de-recognised at that date; and
- The difference between the recognising of the put option liability and de-recognising the non-controlling interest is recorded through equity in the parent company.

The put options held by non-controlling interests are classified as a financial liability and are measured at fair value. Whilst unexercised, the non-controlling interests continue to have access to voting rights and dividends in the subsidiaries and continue to be attributed a share of profits. Subsequent changes in the financial liability are recorded directly in equity.

3.27 Investment in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of the joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Consolidated entity's share of the profit or loss and other comprehensive income of the joint venture. When the Consolidated entity's share of losses of a joint venture exceeds the Consolidated entity's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Consolidated entity's net investment in the joint venture), the Consolidated entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Consolidated entity has incurred legal or constructive obligations or made payments on behalf of the joint venture.

3. Significant accounting policies (cont’d)

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Consolidated entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Consolidated entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Consolidated entity’s investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Consolidated entity discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Consolidated entity retains an interest in the former joint venture and the retained interest is a financial asset, the Consolidated entity measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 139. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Consolidated entity accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Consolidated entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Consolidated entity continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Consolidated entity reduces its ownership interest in a joint venture but the Consolidated entity continues to use the equity method, the Consolidated entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Consolidated entity transacts with a joint venture of the group, profits and losses resulting from the transactions with the joint venture are recognised in the Consolidated entity's consolidated financial statements only to the extent of interests in the joint venture that are not related to the group.

3.27 Comparative information

Comparative amounts have, where necessary, been reclassified so as to be consistent with current year disclosures. This resulted in an immaterial reclassification from other expenses to food and packaging expenses to more accurately reflect the nature of the underlying expense.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Consolidated entity’s accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Key sources of estimation uncertainty and critical judgements in applying the entity’s accounting policies

The following are the key assumptions and critical judgements concerning the future, and other key sources of estimation of uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

4 Key sources of estimation uncertainty (cont'd).

4.1.1 Impairment of non-financial assets (including goodwill and indefinite life assets)

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next 5 years and do not include restructuring activities that the Consolidated entity is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the Discounted Cash Flow ("DCF") model as well as the expected future growth rate. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 19.

At the end of each reporting period, the Group reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Determining whether goodwill and indefinite life assets are impaired requires an estimation of the value in use or the cash-generating units to which the assets relate. The value in use and fair value less costs to sell calculations require the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill and indefinite life assets at the end of the reporting period was $387,111 thousand and $235,197 thousand respectively. Refer to note 19 and 20 for further details.

4.1.2 Fair value of derivatives and other financial instruments

As described in note 33, management uses their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Details of assumptions are provided in note 33.

4.1.3 Employee benefits

Management judgement is applied in determining the following key assumptions used in the calculation of long service leave and annual leave at balance date:

- future increases in wages and salaries;
- future on-cost rates; and
- experience of employee departures and period of service.

4.1.4 Useful lives of other intangibles

As described in note 3.20.2, management uses their judgement to assess the useful lives of capitalised development intangibles and licenses. This is based on the estimated life of the asset and future economic benefits of the asset. The majority of these assets have a life of between 2 – 10 years.

4.1.5 Impairment of loans and receivables

As described in note 3.13.5, management assesses impairment based on objective evidence including the Consolidated entity's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on loans and receivables.

4.1.6 Master Franchise Rights & Franchise Network Assets acquired in a business combination

The Consolidated entity estimates the fair value of the Domino's German Master Franchise Rights (MFA) (refer note 20) and the Franchise Network Assets (FNAs) acquired in the Joey's Pizza and Pizza Sprint acquisitions (refer note 45). The Master Franchise Rights are valued using the Cost approach taking into account forecast EBITDA and a discount rate applied. The Franchise Network Assets are valued using a Multi-Period Excess Earnings Method income approach taking into account forecast revenue and EBITDA margin and a discount rate applied.

The fair value of both the MFA and FNAs are sensitive to the above noted inputs.

Management has determined that the MFA relating to Domino's Pizza Germany and the FNAs related to Joey's Pizza and Pizza Sprint are to be treated as indefinite life intangible assets. In addition, the same treatment has been applied to the MFA and associated franchise agreements recognised on the acquisition of Domino's Pizza Japan. This judgement is based on the sufficiency of available evidence supporting the ability of the Consolidated entity to renew the underlying agreements beyond their initial terms without incurring significant cost.

4. Key sources of estimation uncertainty (cont'd)

4.1.7 Japan Put Option Liability

On 26 May 2017, the minority shareholder of Domino's Pizza Japan exercised their put option with completion due subsequent to year ended 02 July 2017. Management has valued this option at $46.4 million based on interpretation and application of the terms of the shareholders agreement which is based on unlevered NPAT for the year ended 03 July 2016 with prescribed adjustments applied. This valuation involves judgements to be applied and the final settlements is subject to commercial negotiations.

4.1.8 Germany Put Option Liability

The put option associated with Domino's Pizza Germany (refer to note 45) is valued by management by taking into account adjusted unlevered price/earnings multiple rates and estimate of the timing of the exercise of the put. This is based on management's experience and knowledge of market conditions of the Germany Pizza industry and dealings with the sellers of Joey's Pizza. As the inputs are not observable the liability is considered Level 3 (refer note 33.11).

4.1.9 Discount rate used to determine the carrying amount of the Consolidated entity's defined benefit obligation

The Consolidated entity's defined benefit obligation is discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded.

4.1.10 Legal and Regulatory Matters

The Group operates in a number of jurisdictions with different regulatory and legal requirements. Given this complexity, management is at times required to exercise judgement in evaluating compliance with relevant laws and regulations (refer to note 41).

5. Revenue

The following is an analysis of the Consolidated entity's revenue for the year, from continuing operations (excluding other revenue – see note 7).

	2017 **$'000**	**2016** **$'000**
Revenue from the sale of goods	774,367	693,217
Revenue from rendering of services	16,494	12,485
	790,861	**705,702**

6. Segments

6.1 Products and services from which reportable segments drive their revenues

The Consolidated entity has identified its operating segments on the basis of internal reports about components of the Consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Consolidated entity's Group Chief Executive Officer for the purpose of resource allocation and assessment of performance is specifically focused on the geographical location the Consolidated entity operates in. The Consolidated entity's reportable segments under AASB 8 are therefore as follows:

- Australia / New Zealand
- Europe (includes non-controlling interest, refer to note 31)
- Japan (includes non-controlling interest, refer to note 31)

6. Segment information (cont'd)

6.2 Segment revenues and results

The following is an analysis of the Consolidated entity's revenue and results from continuing operations by reportable segment.

	Year ended 02 July 2017			
	ANZ $'000	Europe $'000	Japan $'000	Total $'000
Continuing operations				
Revenue	329,456	325,571	418,098	1,073,125
EBITDA	113,789	33,164	55,587	202,540
Depreciation & Amortisation	(16,822)	(13,131)	(17,456)	(47,409)
EBIT	96,967	20,033	38,131	155,131
Interest				(4,451)
Net profit before tax				**150,680**

	Year ended 03 July 2016			
	ANZ $'000	Europe $'000	Japan $'000	Total $'000
Continuing operations				
Revenue	267,958	260,895	401,365	930,218
EBITDA	91,640	28,085	47,520	167,245
Depreciation & Amortisation	(13,150)	(10,259)	(14,720)	(38,129)
EBIT	78,490	17,826	32,800	129,116
Interest				(3,297)
Net profit before tax				**125,819**

Revenue reported above represents revenue generated from external customers and franchisees. There were no inter-segment sales during the period (2016: Nil).

The accounting policies of the reportable segments are the same as the Consolidated entity's policies described in note 3. Segment net profit before tax represents the profit earned by each segment using the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

6.3 Segment assets and liabilities

Segment assets

	2017 $'000	2016 $'000
Continuing operations		
Australia / New Zealand	225,964	191,611
Europe	433,991	422,533
Japan	472,838	513,889
Total segment assets	**1,132,793**	**1,128,033**
Unallocated assets	-	-
Consolidated assets	**1,132,793**	**1,128,033**

6. Segment information (cont'd)

Segment liabilities

	2017 $'000	2016 $'000
Continuing operations		
Australia / New Zealand	(209,716)	(203,451)
Europe	(302,228)	(288,291)
Japan	(205,785)	(241,745)
Total segment liabilities	**(717,729)**	**(733,487)**
Unallocated liabilities	-	-
Consolidated liabilities	**(717,729)**	**(733,487)**

6.4 Other segment information

The Consolidated entity operates in three principal geographical areas – Australia (country of domicile)/New Zealand, Europe and Japan.

The Consolidated entity's revenue from continuing operations from external customers and franchisees can be found in note 6.2. The non-current assets by geographical location are detailed below.

	Depreciation and amortisation		Additions to non-current assets		Non-current assets	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Australia / New Zealand	16,820	13,151	69,592	38,630	155,882	126,269
Europe	13,133	10,258	42,352	311,842	363,678	350,423
Japan	17,456	14,720	29,624	54,790	425,408	467,105
	47,409	**38,129**	**141,568**	**405,262**	**944,968**	**943,797**

Goodwill by geographical location can be found in note 19.

6.6 Information about major customers

There are no major customers that contribute an amount that is 10% or greater of total revenue.

7. Other revenue

	2017 $'000	2016 $'000
Interest revenue:		
Bank deposits	271	362
Other loans and receivables	1,516	1,128
	1,787	1,490
Store asset rental revenue	6,571	5,064
Royalties, franchise service & supplier fees	251,468	201,833
Other revenue	22,438	16,129
	282,264	**224,516**

7. Other revenue (cont'd)

The following is an analysis of other revenue earned on assets by category of asset:

	2017 $'000	2016 $'000
Loans and receivables (including cash and bank balances)	1,787	1,490
Other income earned on non-financial assets	280,477	223,026
	282,264	**224,516**

8. Other gains and losses

	2017 $'000	2016 $'000
Net gain on disposal of property, plant & equipment, goodwill and other non-current assets	18,325	9,660
Other	241	98
	18,566	**9,758**

No other gains or losses have been recognised in respect of loans and receivables other than as disclosed in note 7 and impairment losses recognised/reversed in respect of trade and other receivables (see note 13).

9. Finance costs

	2017 $'000	2016 $'000
Interest on commercial bill and loans	4,451	3,297
	4,451	**3,297**

The weighted average interest rate on funds borrowed is 1.43% per annum (2016: 1.37%)

10. Income taxes

10.1 Income tax recognised in profit or loss

	2017 $'000	2016 $'000
Tax expense comprises:		
Current tax expense in respect of the current year	31,837	28,467
Adjustments recognised in the current year in relation to the current tax of prior years	1,096	(62)
	32,933	28,405
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	11,991	10,849
Deferred tax expense/(income) in relation to previously unrecognised deferred tax assets	84	150
Deferred tax expense/(income) in relation to change in tax rate in other jurisdiction	(132)	(177)
Total tax expense relating to continuing operations	**44,876**	**39,227**

10. Income taxes (cont'd)

The expense for the year can be reconciled to the accounting profit as follows:

	2017 $'000	2016 $'000
Profit before tax from continuing operations	150,680	125,819
Income tax expense calculated at 30%	45,204	37,746
Effect of expenses that are not deductible in determining taxable profit	1,861	1,121
Other assessable/(deductible) amounts	171	156
Effect of different tax rates of subsidiaries operating in other jurisdictions	(619)	2,607
Effect of tax concessions (research and development and other allowances)	(1,691)	(2,314)
	44,926	39,316
Adjustments recognised in the current year in relation to the deferred tax of prior years	1,240	150
Adjustments recognised in the current year in relation to the current tax of prior years	(1,252)	(62)
Effect of change in tax rate in other jurisdictions	(38)	(177)
Income tax expense recognised in profit or loss	**44,876**	**39,227**

The tax rate used for the 2017 and 2016 reconciliation above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

10.2 Income tax recognised in equity

	2017 $'000	2016 $'000
Arising on income and expenses in other comprehensive income:		
(Gain)/Loss on cashflow hedge taken to equity	(1,824)	(1,979)
(Gain)/Loss on defined benefit plan taken to equity	(293)	100
(Gain)/Loss on net investment hedge taken to equity	2	1,630
Share options trust	94	19,895
	(2,021)	**19,646**

10.3 Current tax assets and liabilities

	2017 $'000	2016 $'000
<u>Current tax assets</u>		
Income tax refund receivable	470	592
	470	**592**
<u>Current tax liabilities</u>		
Income tax payable	(9,339)	(13,133)
	(9,339)	**(13,133)**

10. Income taxes (cont'd)
10.4 Deferred tax balances

2017	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Acquisitions / disposals $'000	Exchange difference $'000	Closing balance $'000
Temporary differences						
Property, plant & equipment	(863)	(1,563)	-	-	(50)	(2,476)
Intangible assets	(65,972)	(83)	-	-	1,514	(64,541)
Provision for employee entitlements	4,841	(153)	-	83	(415)	4,356
Other provisions	222	(82)	-	-	-	140
Doubtful debts	811	(492)	-	-	5	324
Other financial liabilities	772	311	(2,115)	-	(78)	(1,110)
Options reserve	21,147	(15,021)	94	-	-	6,220
Unearned income	(32)	37	-	-	3	8
Other	2,003	(966)	-	-	(174)	863
	(37,071)	(18,012)	(2,021)	83	805	(56,216)
Unused tax losses and credits						
Tax losses	2,084	6,071	-	-	(54)	8,101
	2,084	6,071	-	-	(54)	8,101
	(34,987)	**(11,941)**	**(2,021)**	**83**	**751**	**(48,115)**
Deferred tax asset						-
Deferred tax (liability)						(48,115)
						(48,115)

2016	Opening balance $'000	Charged to income $'000	Charged to equity $'000	Acquisitions / disposals $'000	Exchange difference $'000	Closing balance $'000
Temporary differences						
Property, plant & equipment	560	(2,273)	-	1,229	(379)	(863)
Intangible assets	(18,125)	(4,704)	-	(47,562)	4,419	(65,972)
Provision for employee entitlements	3,980	1,545	-	-	(684)	4,841
Other provisions	177	45	-	-	-	222
Doubtful debts	337	477	-	-	(3)	811
Other financial liabilities	588	478	(248)	-	(46)	772
Options reserve	9,804	(8,551)	19,894		-	21,147
Unearned income	(29)	(3)	-	-	-	(32)
Other	835	1,103	-	-	65	2,003
	(1,873)	(11,883)	19,646	(46,333)	3,372	(37,071)
Unused tax losses and credits						
Tax losses	1,330	1,033	-	-	(279)	2,084
	1,330	1,033	-	-	(279)	2,084
	(543)	**(10,850)**	**19,646**	**(46,333)**	**3,093**	**(34,987)**
Deferred tax asset						14,754
Deferred tax (liability)						(49,741)
						(34,987)

10. Income taxes (cont'd)

Deferred tax balances are presented in the statement of financial position as follows:

	2017 $'000	2016 $'000
Deferred tax asset	-	14,754
Deferred tax (liability)	(48,115)	(49,741)
	(48,115)	**(34,987)**

10.5 Unrecognised deferred tax assets

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

(a) assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
(b) conditions for deductibility imposed by the law are compiled with; and
(c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

10.6 Unrecognised taxable temporary differences associated with investments and interests

At the end of the financial year, an aggregate deferred tax liability of $92,110 thousand (2016: $85,474 thousand) was not recognised in relation to investments in subsidiaries as the parent Company is able to control the timing of the reversal of the temporary differences and it is not probable that the temporary difference will reverse in the foreseeable future.

10.7 Tax consolidation

Relevance of tax consolidation to the Consolidated entity

The Company and its wholly-owned Australian resident entities formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Domino's Pizza Enterprises Limited. The members of the tax-consolidated group are identified at note 17.

Nature of tax funding arrangements and tax sharing arrangements

The entities in the tax-consolidated group have not entered into a tax sharing agreement or tax funding agreement. Income tax liabilities payable to the taxation authorities in respect of the tax-consolidated group are recognised in the financial statements of the parent entity.

11. Profit for the year from continuing operations

	2017 $'000	2016 $'000
Profit from continuing operations	**105,804**	**86,592**
Profit for the year from continuing operations was arrived at after charging (crediting):		
11.1 Depreciation and amortisation expenses		
Depreciation of property, plant and equipment	(32,213)	(25,414)
Amortisation of intangible assets	(14,182)	(12,258)
Amortisation of borrowing costs and other assets	(1,014)	(457)
	(47,409)	**(38,129)**
11.2 Employee benefits expense		
Employee benefit expense:		
Post employment benefits:		
Defined contribution plans	(5,666)	(4,731)
Retirement benefit plans (see note 26)	(1,048)	(932)
Share-based payments:		
Equity settled share-based payments	(9,297)	(5,883)
Other employee benefits	(223,460)	(206,157)
Total employee benefits expense	**(239,471)**	**(217,703)**

12. Earnings per share

	2017 Cents per share	2016 Cents per share
Basic earnings per share	116.0	94.4
Diluted earnings per share	114.7	92.2

12.1 Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2017 $’000	2016 $’000
Profit for the year attributable to owners of the Company	102,857	82,427
Earnings used in the calculation of basic EPS from continuing operations	102,857	82,427

	2017 No. '000	2016 No. '000
Weighted average number of ordinary shares for the purposes of basic earnings per share (all measures)	88,656	87,319

12.2 Diluted earnings per share

The earnings used in the calculation of diluted earnings per share are as follows:

	2017 $’000	2016 $’000
Profit for the year attributable to owners of the Company	102,857	82,427
Earnings used in the calculation of diluted EPS from continuing operations	102,857	82,427

The weighted average number of ordinary shares for the purposes of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2017 No. '000	2016 No. '000
Weighted average number of ordinary shares used in the calculation of basic EPS	88,656	87,319
Shares deemed to be issued for no consideration in respect of:		
- Options on issue	1,046	2,083
Weighted average number of ordinary shares used in the calculation of diluted EPS (all measures)	**89,702**	**89,402**

The diluted earnings per share calculation takes into account all options issued under the ESOP, as in accordance with AASB 133 Earnings per Share, the average market price of ordinary shares during the period exceeds the exercise price of the options or warrants.

13. Trade and other receivables

	2017 $'000	2016 $'000
Trade receivables	69,527	67,419
Allowance for doubtful debts	(3,100)	(2,780)
	66,427	64,639
Other receivables	6,188	7,504
	72,615	**72,143**

13.1 Trade receivables

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The average credit period on sales of goods and rendering of services is 30 days. No interest is charged on the outstanding balance. An allowance has been made for estimated irrecoverable amounts from the past sale of goods and rendering of services, determined by reference to past default experience. Trade receivables 60 days and over are provided for based on the estimated irrecoverable amounts from the sale of goods and rendering of services, determined by reference to past default experience.

Before accepting any new franchisees and business partners, the Consolidated entity uses a system to assess the potential franchisee's and business partner's credit quality and defines credit limits. Limits attributed to franchisees and business partners are reviewed twice a year.

Included in the Consolidated entity's trade receivables balance are debtors with a carrying amount of $2,840 thousand (2016: $1,142 thousand), which are past due at the reporting date for which the Consolidated entity has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Ageing of past due but not impaired

	2017 $'000	2016 $'000
30 - 60 days	1,258	431
60 - 90 days	644	196
90 days and over	938	515
Total	**2,840**	**1,142**

Movement in allowance for doubtful debts

	2017 $'000	2016 $'000
Balance at the beginning of the year	2,780	3,178
Impairment losses recognised on receivables	1,693	1,106
Amounts written off as uncollectible	(1,082)	(907)
Amounts recovered during the year	(175)	(665)
Impairment losses reversed	(124)	-
Effect of foreign currency	8	68
Balance at the end of the year	**3,100**	**2,780**

In determining the recoverability of a trade receivable, the Consolidated entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further allowance required in excess of the allowance for doubtful debts.

13. Trade and other receivables (cont'd)

Included in the allowance for doubtful debts are individually impaired trade receivables with a balance of $3,100 thousand (2016: $2,780 thousand) for the Consolidated entity. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected recoverable proceeds. The Consolidated entity does not hold any collateral over these balances.

Ageing of impaired trade receivables	2017 $'000	2016 $'000
0 - 30 days	220	107
30 - 60 days	74	63
60 - 90 days	142	15
90 days and over	2,664	2,595
Total	**3,100**	**2,780**

14. Other financial assets

	2017 $'000	2016 $'000
Investments carried at fair value:		
Non-current		
Other	26	17
	26	**17**
Current		
Other	-	-
	-	-
Loans carried at amortised cost:		
Current		
Loans to franchisees (i)	16,926	11,682
Other		
	16,926	**11,682**
Non-current		
Loans to franchisees (i)	40,884	25,849
Allowance for doubtful loans	(1,114)	(1,445)
Other	-	-
	39,770	**24,404**
Financial guarantee contracts:		
Non-current		
Financial guarantee receivable	145	186
	145	**186**

14. Other financial assets (cont'd)

	2017 $'000	2016 $'000
Derivatives:		
Current		
Cross currency swap	1,858	1,435
Foreign exchange forward contracts	-	-
	1,858	**1,435**
Non-current		
Cross currency swap	-	-
Foreign exchange forward contracts	-	-
	-	**-**
Other long term deposits		
Non-current		
Long term store rental security deposits	13,240	15,793
	13,240	**15,793**
	71,965	**53,517**
Current	18,784	13,117
Non-current	53,181	40,400
	71,965	**53,517**

(i) Before providing any new loans to franchisees, the Consolidated entity reviews the potential franchisee's credit quality, which is determined by reviewing a business plan and the projected future cash flows for that store, to ensure the franchisee is able to meet its interest repayments on the loan. On average, the interest charged is based on the Westpac Indicator Lending Rate ('WILR') plus 3% (2016: 3%) margin in Australia and New Zealand, the average interest charged in France is 5.5% (2016: 5.5%), in the Netherlands is 7.1% (2016: 7.1%), in Germany is 4.3% and the average interest charged in Japan is 5.0% (2016: 5.0%). Included in the Consolidated entity's balance are loans to franchisees with a carrying amount of $1,114 thousand (2016: $1,445 thousand), which are past due at reporting date and the Consolidated entity has provided for these amounts. The Consolidated entity holds the respective franchisee's store assets as collateral over these balances.

	2017 $'000	2016 $'000
Franchisee Loans	57,810	37,531
Allowance for doubtful loans	(1,114)	(1,445)
	56,696	**36,086**

In determining the recoverability of the loans to franchisees, the Consolidated entity considers any amount that has been outstanding at reporting date. Accordingly, management believe that there is no further allowance required in excess of the allowances for doubtful loans.

Included in the allowance for the loans are individually impaired loans to franchisees with a balance of $1,114 thousand (2016: $1,445 thousand) for the Consolidated entity. The impairment recognised represents the difference between the carrying amount of these loan balances and the present value of the expected recoverable proceeds. The Consolidated entity holds collateral of the stores assets over these balances.

14. Other financial assets (cont'd)

Ageing of Franchisee Loans

	2017 $'000	2016 $'000
Amounts not yet due	56,696	36,086
	56,696	**36,086**

Ageing of impaired Franchisee loans receivables

	2017 $'000	2016 $'000
30 - 60 days	85	-
60 - 90 days	-	-
90 days and over	1,029	1,445
Total	**1,114**	**1,445**

Movement in allowance for doubtful debts

	2017 $'000	2016 $'000
Balance at the beginning of the year	1,445	949
Impairment losses recognised on loans	111	623
Amounts written off as uncollectible	(423)	-
Impairment losses reversed	(19)	(127)
Balance at the end of the year	**1,114**	**1,445**

15. Inventories

	2017 $'000	2016 $'000
Raw materials	3,557	4,168
Finished goods	17,541	12,507
	21,098	**16,675**

There are no inventories (2016: $nil) expected to be recovered after more than 12 months. Expenses relating to inventories are recorded under Food equipment and packaging expenses.

16. Investment in joint venture

On the 24th November 2014, the Consolidated entity acquired 50% equity of a joint venture called Stuart Preston Pty Ltd as Trustee for the Preston Holdings Family Trust / Hot Cell Pty Ltd Partnership. On the 30th March 2015, the Consolidated entity acquired 50% equity of a joint venture called Triumphant Pizza Pty Ltd / Hot Cell Partnership.

On the 4th April 2016, the consolidated equity acquired 50% equity of a joint venture called Northern Beaches Enterprises Pty Ltd as trustee for the Northern Beaches Trust/ Hot Cell Pty Ltd Partnership.

The result has not been separately presented in the consolidated statement of profit or loss and other comprehensive income due to it being below materiality.

As per February 3, 2017 Domino's Pizza Netherlands B.V. entered into a joint venture named Domino's Pizza GEO B.V. with a franchisee Mr. Steenks (50% each). Upon establishing this joint venture a total of three corporate stores previously owned by Domino's and two stores owned by the franchisee were transferred to the legal entity. The legal entity is therefore new in the legal structure

17. Subsidiaries

Details of the Company's subsidiaries at 02 July 2017 are as follows:

Name of entity	Place of incorporation and operation	Portion of ownership interest and voting power held	
		2017 %	2016 %
Ashbourke Pty Ltd (i)	Australia	100%	100%
Domino's Development Fund Pty Ltd (i)	Australia	100%	100%
Hot Cell Pty Ltd (i)	Australia	100%	100%
MFT – DPA JV Nominee Pty Ltd	Australia	100%	100%
Reel (NT) Pty Ltd (i)	Australia	100%	100%
Shear Pizza Pty Ltd (i)	Australia	100%	100%
Silvio's Dial-a-Pizza Pty Ltd (i)	Australia	100%	100%
Twenty/Twenty Pizza Pty Ltd (i)	Australia	100%	100%
Twenty/Twenty Pizza Pty Ltd & Domino's Pizza Australia Pty Ltd Partnership (i)	Australia	100%	100%
Nisco Trading Pty Ltd (i)	Australia	100%	100%
Catering Service & Supply Pty Ltd (i)	Australia	100%	100%
IPG Marketing Solutions Pty Ltd (i)	Australia	100%	-
Domino's Pizza Enterprises Ltd Employee Share Trust	Australia	100%	100%
Domino's Pizza New Zealand Limited	New Zealand	100%	100%
DPH NZ Holdings Limited	New Zealand	100%	100%
DPE Japan Co., Ltd.	Japan	75%	75%
Domino's Pizza Japan, Inc.	Japan	75%	75%
K.K. DPJ Holdings 1	Japan	75%	75%
Domino's Pizza Europe B.V.	The Netherlands	100%	100%
Domino's Pizza Netherlands B.V.	The Netherlands	100%	100%
DOPI Vastgoed B.V.	The Netherlands	100%	100%
Domino's Pizza Geo B.V.	The Netherlands	50%	-
Domino's Pizza Belgium S.P.R.L.	Belgium	100%	100%
Global Mogul PTC Limited	British Virgin Islands	100%	100%
Mogul (B.V.I.) Unit Trust	British Virgin Islands	100%	100%
Daytona Holdco Limited (UK)	UK	100%	100%
Daytona JV Limited (UK)	UK	67%	67%
Daytona Germany HRB	Germany	67%	67%
Domino's Pizza Deutschland GmbH (previously Joey's Pizza International GmbH) (ii)	Germany	67%	67%
Joey's Pizza Services (Deutschland) GmbH (ii)	Germany	-	67%
Joey's Filial und Pacht GmbH (ii)	Germany	-	67%
Agentur fur Wertbung und Etatverwaltung GmbH	Germany	67%	67%
DPEU Holdings S.A.S.	France	100%	100%
Domino's Pizza France S.A.S.	France	100%	100%
HVM Pizza S.A.R.L.	France	100%	100%
Fra-Ma-Pizz SAS	France	100%	100%
Pizza Center France SAS	France	100%	100%
Emma Pizz Sarl	France	100%	100%
FP Ille Et Vilaine SARL	France	100%	100%
FP Nord SARL	France	100%	100%
FP Sud SARL	France	100%	100%
FP Centre SARL	France	100%	100%
Mayenne Pizz SARL (iii)	France	-	100%
Morlaix Pizz SARL	France	100%	100%
PV Pizz SARL (iii)	France	-	100%
FP Le Mans SARL	France	100%	100%
FP La Chapelle SARL	France	100%	100%
FP Saint Gregoire SARL	France	100%	100%

(i) This entity is a member of the tax-consolidated group where Domino's Pizza Enterprises Limited is the head entity within the tax-consolidated group.
(ii) Entities have been legally merged into Domino's Pizza Deutschland GmbH.
(iii) Entities have been liquidated

18. Property, plant and equipment

	2017 $'000	2016 $'000
Cost	**265,523**	**241,157**
Accumulated depreciation and impairment losses	(66,849)	(53,107)
	198,674	188,050
Plant and equipment	183,806	177,137
Equipment under finance lease	14,868	10,913
	198,674	**188,050**

	Plant & equipment at cost $'000	Equipment under finance lease at cost $'000	Total $'000
Cost			
Balance at 29 June 2015	**153,573**	**8,656**	**162,229**
Additions	84,166	6,522	90,688
Disposals	(36,760)	-	(36,760)
Acquisitions through business combinations (note 37)	4,073	-	4,073
Reclassification (including asset held for sale)	1,555	-	1,555
Acquired through business combinations (note 45)	(770)	-	(770)
Net foreign currency exchange differences	17,445	2,697	20,142
Balance at 03 July 2016	**223,282**	**17,875**	**241,157**
Additions	66,009	11,374	77,383
Acquisitions through business combinations (note 37)	4,291	-	4,291
Disposals	(47,767)	(1,140)	(48,907)
Acquisitions of subsidiaries (note 45)	4,227	-	4,227
Reclassification	4	100	104
Net foreign currency exchange differences	(10,299)	(2,433)	(12,732)
Balance at 02 July 2017	**239,747**	**25,776**	**265,523**
Accumulated depreciation and impairment			
Balance at 29 June 2015	**(37,647)**	**(2,970)**	**(40,617)**
Disposals	15,580	-	15,580
Depreciation expense	(22,381)	(3,033)	(25,414)
Reclassification (including asset held for sale)	-	-	-
Net foreign currency exchange differences	(1,697)	(959)	(2,656)
Other expensed items	-	-	-
Balance at 03 July 2016	**(46,145)**	**(6,962)**	**(53,107)**
Disposals	14,754	835	15,589
Depreciation expense	(26,532)	(5,681)	(32,213)
Reclassification	(4)	(100)	(104)
Net foreign currency exchange differences	840	1,000	1,840
Other expensed items	1,146	-	1,146
Balance at 02 July 2017	**(55,941)**	**(10,908)**	**(66,849)**

18. Property, plant and equipment (cont'd)

There was no depreciation during the period that was capitalised as part of the cost of other assets.

18.1 Assets pledged as security

In accordance with the security arrangements of liabilities, as disclosed in note 23 to the financial statements, all non-current assets of the Consolidated entity, except goodwill and deferred tax assets, have been pledged as security. The holder of the security does not have the right to sell or re-pledge the assets other than in an event of default. The Consolidated entity does not hold title to the equipment under finance lease pledged as security.

19. Goodwill

	2017 $'000	2016 $'000
Cost	387,111	408,211
Accumulated impairment losses	-	-
	387,111	**408,211**
Gross carrying amount		
Balance at the beginning of the period	408,211	283,497
Additional amounts recognised from business combinations occurring during the period	12,735	13,338
Acquired through subsidiaries	9,336	68,782
Amounts disposed of during the period	(12,186)	(9,503)
Effects of foreign currency exchange differences	(31,744)	51,717
Other	759	380
Balance at the end of the period	**387,111**	**408,211**
Accumulated impairment losses	-	-
Balance at beginning of financial year	-	-
Impairment losses for the year	-	-
Balance at end of financial year	**-**	**-**

19.1 Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash generating units:

Australia and New Zealand markets
Europe market, which comprises:

- The Netherlands & Belgium stores located in the region of Antwerp (NL)
- France & the rest of Belgium (FR) & (BE)
- Germany (DE)

Japanese market

The carrying amount of goodwill was allocated to the following cash-generating units:

	2017 $'000	2016 $'000
Australia & New Zealand	53,179	43,237
Europe		
FR & BE	36,750	33,060
NL	6,983	9,362
DE	49,465	49,840
Japan	240,734	272,712
	387,111	**408,211**

19. Goodwill (cont'd)

Key assumptions

The key assumptions used in the value in use and fair value less costs to sell calculations for the various significant cash-generating units are budgeted store cash flows which are assumed to continue to increase, driven by higher sales, increased market share and number of stores. These assumptions reflect prior experience and management's plan to focus on store level efficiencies and to leverage market share for higher overall profitability. Management has reviewed sensitivity on the key assumptions on which the recoverable amounts are based and believes that any reasonable change would not cause the cash-generating units carrying amount to exceed its recoverable amount. The sensitivity tests applied were to reduce the forecasted EBITDA growth rates to a range of 9% to 9.5% and an increase to the post-tax discount rates by 1% for each cash-generating unit, which did not result in the cash-generating units carrying amounts exceeding the recoverable amounts.

ANZ cash-generating unit

The recoverable amounts of the cash-generating unit is based primarily on a value in use calculation which uses cash flow projections based on the financial budget approved by the Board for the 2018 financial year as the year one cash flow.

The cash flows for years one to five are based on the expected average sales percentage growth across corporate and franchise markets, which has been estimated a compound annual growth rate of 19.4%. These figures are based on management's estimate of forecast cash flow by store after considering the 2016 and 2017 financial years with the 2018 budget year. Management believes that these growth percentages are reasonable considering forecast sales growth and economies of scale. A post-tax discount rate of 9.5% has been applied to years one to five. An indefinite terminal cash flow calculation has been applied for cash flows beyond year five, using the year five cash flow as a base. A growth rate of 2.5% has been used in determining the terminal value.

European cash-generating units

The recoverable amount of the cash-generating units is determined based on a value in use which uses a five-year financial plan that has been prepared, including the growth of the store network. The cash flows for years one to five are based on the expected sales growth rates, which represent a compound annual growth rate of 24.7% for The Netherlands, 24.3% for France/Belgium and 23.4% for Germany. A post-tax discount rate of 10.3% has been used for The Netherlands, 11.2% for France/Belgium and 9.3% for Germany has been applied to the years one to five. A growth rate of 2.0% has been used in determining the terminal value for all the European markets.

Japanese cash-generating unit

The recoverable amount of the cash-generating unit is determined based on a value in use which includes future cash flows over a 5-year period based on management's expectations on the market growth rates and the growth of the store network, accordingly a compound annual growth rate of 12.1% has been used. A post-tax discount rate of 10.1% has been applied and a growth rate of 1.5% has been used in determining the terminal value. Based on this analysis, no impairment has been identified since the acquisition of the market.

20. Other intangible assets

	2017 $'000	2016 $'000
Cost	358,333	330,967
Accumulated impairment losses	(55,588)	(41,040)
	302,745	289,927

Indefinite life asset breakdown by region

	2017 $'000	2016 $'000
Australia & New Zealand	203	-
Europe		
FR & BE	45,279	45,259
NL	-	-
DE	149,393	149,562
Japan	40,322	45,278
	235,197	**240,099**

20. Other intangible assets (cont'd)

	Finite Life			Indefinite Life		
	Capitalised development $'000	Licences $'000	Other Finite Life Intangibles $'000	Other Indefinite Life Intangibles $'000	Franchise Network Asset $'000	Total $'000
Gross carrying amount						
Balance at 29 June 2015	47,613	12,935	-	36,485	-	97,033
Additions (i)	5,424	3,637	-	50,055	-	59,116
Acquisitions through business combinations	-	-	3,922	-	151,781	155,703
Additions from internal developments	16,218	-	-	-	-	16,218
Disposals	(358)	(43)	-	-	-	(401)
Net foreign currency exchange	219	1,399	(98)	7,543	(5,765)	3,298
Balance at 03 July 2016	**69,116**	**17,928**	**3,824**	**94,083**	**146,016**	**330,967**
Additions	9,726	473	-	-	-	10,199
Acquisitions of subsidiaries (note 45)	-	-	-	203	-	203
Additions from internal developments	22,436	-	-	-	-	22,436
Disposals	(760)	(30)	-	-	-	(790)
Reclassification	749	618	-	-	(230)	1,137
Net foreign currency exchange	(172)	(774)	2	(4,934)	59	(5,819)
Balance at 02 July 2017	**101,095**	**18,215**	**3,826**	**89,352**	**145,845**	**358,333**
Accumulated amortisation and						
Balance at 29 June 2015	(22,025)	(6,274)	-	-	-	(28,297)
Amortisation expense (ii)	(8,340)	(2,492)	(1,426)	-	-	(12,258)
Disposals	90	30	-	-	-	120
Reclassification	-	3	-	-	-	3
Net foreign currency exchange	(110)	(535)	38	-	-	(608)
Balance at 03 July 2016	**(30,385)**	**(9,268)**	**(1,387)**	**-**	**-**	**(41,040)**
Amortisation expense (ii)	(10,111)	(4,071)	-	-	-	(14,182)
Disposals	181	(811)	-	-	-	(630)
Reclassification	-	-	-	-	-	-
Net foreign currency exchange	(48)	312	-	-	-	264
Balance at 02 July 2017	**(40,363)**	**(13,838)**	**(1,387)**	**-**	**-**	**(55,588)**

(i) During the prior year the consolidated entity has entered into a joint venture arrangement with DPG. The consolidated entity has agreed to pay a maximum of €25 million as compensation for DPG to forfeit 66.67% of their exclusive rights to the German market and entry into a new Master Franchise Agreement for Germany. In 100% terms the total value of the Master Access Right is €37.5 million if the maximum amount is paid. The difference between the asset value and the consolidated entity's liability represents an equity contribution by DPG into the Daytona Joint Venture which is has been recorded in Non-controlling interest, refer to note 31.

20. Other intangible assets (cont'd)

The consolidated entity's liability is based on the estimated profitability of the Daytona Joint Venture operations and will be paid over future periods. A liability of $31.4 million (2016: $30.1 million) (refer note 24) has been recorded based on the present value of the estimated cash flows based on the EBITDA of the Daytona Joint Venture discounted based on the Consolidated entity incremental borrowing rate. The liability is level 3 liability under the Fair Value Hierarchy, refer to note 33.11.

(ii) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the statement of profit or loss and comprehensive income.

Refer to note 3.19 and 3.20 to the financial statements for descriptions on intangible assets, their useful life and impairment. For details of the impairment assessment performed, refer to note 19.

21. Other assets

	2017 $'000	2016 $'000
Current		
Prepayments	14,931	14,247
Work in progress – store builds	813	1,698
Other	8,660	5,429
	24,404	**21,374**
Non-current		
Other	26	50
	26	**50**

22. Trade and other payables

	2017 $'000	2016 $'000
Current		
Trade payables (i)	73,671	73,349
Goods and services tax (GST)/Value added tax (VAT) payable	10,226	5,678
Other creditors and accruals	52,479	67,961
	136,376	**146,988**

(i) The average credit period on purchases of goods is 30 days. The Consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Included within Other creditors and accruals is a liability of $3.5 million (2016: $9.3 million), which relates to the surplus held in relation to the National Advertising Fund ("AdFund"). In addition to franchise fees, franchisees pay contributions which are collected by the Group for specific use within the AdFund. The Group operates the funds on behalf of the franchisees with the objective of driving revenues for their stores. The fund is specifically used to pay for marketing and advertising and other promotional related activities as permitted under the terms of the franchise agreement. As all AdFund contributions are designated for specific purposes and do not result in a profit or loss for the Group, the revenue and expenditure are presented net within the Consolidated Statement of Profit or Loss. Total contributions made to the fund during the 52 weeks ended 02 July 2017 were $124.2 million (2016: $108.3 million).

23. Borrowings

	2017 $'000	2016 $'000
Unsecured		
Loans from other entities	22,041	20,546
	22,041	**20,546**
Unsecured (i)		
Finance lease liabilities (ii)	16,078	10,913
Euro loan	158,355	150,202
Japan acquisition - Australian Dollar loan	50,659	50,627
Japan acquisition - Japanese Yen loan	52,483	58,916
Other Bank Loans	29,624	30,588
	307,199	**301,246**
Current	17,910	36,285
Non-current	311,330	285,507
	329,240	**321,792**

23.1 Summary of borrowing arrangements:

During the year ended 03 July 2016 the Company secured additional funding through the execution of multicurrency facility agreements with multiple institutions. This included an extension to existing secured variable rate loan with the expiry date being 03 September 2020.

(i) Loans to meet the cost of DPE's acquisitions in Germany and Japan are secured by way of a mortgage over shares DPE holds in the relevant joint venture entities that own the German and Japanese territory assets. DPE's borrowings are otherwise unsecured.

(ii) Secured by the assets leased, the current market value of each exceeds the value of the finance lease liability.

The unused facilities available on the Consolidated entity's bank overdraft are $4,857 thousand (2016: $3,354 thousand).

24. Other financial liabilities

	2017 $'000	2016 $'000
Non-current		
Financial guarantee contracts	-	148
Rent incentive liabilities	1,325	1,338
Interest rate swaps	2,891	3,091
Cross currency swaps	-	9,224
Contingent / deferred consideration	3,250	-
Market access right (i)	31,389	31,619
Put / call minority interest liability (ii)	81,432	75,598
	120,287	**121,018**

24. Other financial liabilities (cont'd)

	2017 $'000	2016 $'000
Current		
Interest rate swaps	1,170	903
Foreign currency forward contracts	-	3,288
Rent incentive liabilities	121	121
Security deposits	4,865	4,117
Other	17	17
Contingent / deferred consideration	2,000	3,713
Put / call minority interest liability (iii)	46,425	43,734
	54,598	**55,893**
Current	54,598	55,893
Non-current	120,287	121,018
	174,885	**176,911**

(i) Market access right arising in respect of the consolidated entity contractual arrangements with DPG (refer to note 33.11)
(ii) Put / call option liability arises in respect of the minority interest in Domino's Germany (refer to note 33.11)
(iii) Put / call option liability arises in respect of the minority interest in Domino's Japan (refer to note 4.1.7)

25. Provisions

	2017 $'000	2016 $'000
Employee benefits (i)	6,191	5,502
Defined benefit plan (note 26) (i)	5,681	7,733
Other	7,902	11,687
	19,774	**24,922**
Current	11,923	13,951
Non-current	7,851	10,971
	19,774	**24,922**

(i) The provision for employee benefits represents annual leave and vested long service leave entitlements accrued.

	Make good (ii) $'000	Straight line leasing (iii) $'000	Legal provisions (iv) $'000	Total $'000
Balance at 28 June 2015	**2,804**	**169**	**-**	**2,973**
Additional provisions recognised	138	15	8,972	9,125
Reductions resulting from remeasurement	(411)	-	-	(411)
Balance at 03 July 2016	**2,531**	**184**	**8,972**	**11,687**
Additional provisions recognised	-	5	-	5
Reductions arising from payments	-	-	(2,980)	(2,980)
Reductions resulting from remeasurement	(818)	-	8	(810)
Balance at 02 July 2017	**1,713**	**189**	**6,000**	**7,902**

25. Provisions (cont'd)

(ii) The provision for the make good is in respect of restoring sites to their original condition when the premises are vacated. Management has estimated the provision based on historical data in relation to the store closure numbers and costs, as well as future trends that could differ from historical amounts.

(iii) The provision for straight line leasing arises as fixed percentage increases in operating leases are recognised as an expense on a straight line basis, over the period of the lease.

(iv) The provision for legal costs relate to claims that were brought against the company by a number of former and current Pizza Sprint franchisees, refer to note 45.

26. Retirement benefit plans

26.1 Defined benefit plans

Domino's Pizza Japan, Inc.

The Consolidated entity operates an unfunded retirement benefit plan where a lump-sum amount is paid out to eligible full-time employees of Domino's Pizza Japan with more than three years of service as of retirement.

The lump-sum amount is calculated as monthly salary as of retirement multiplied by a multiple. The multiple is based on years of service up to a maximum of 41 years and whether retirement is voluntary or involuntary.

The plan typically exposes the Consolidated entity to actuarial risks such as: interest rate risk, retention risk and salary risk.

Interest rate risk

A decrease in the bond interest rate in Japan will increase the plan liability by reducing the discount rate. The rate used at last valuation was 0.7%.

Retention risk

The present value of the defined benefit plan liability is calculated by reference to the expected length of service of full-time staff. As such, an increase in the length of service above the expected length will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at 02 July 2017 by Mr. K Taniguchi, Fellow of the Institute of Actuaries of Japan.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2017	2016
Discount rate	0.15%	0.70%
Expected rate of salary increase	2.59%	3.04%
Number of employees	465	465
Average service years	4.6 yrs	4.9 yrs
Expected service years	5.2 yrs	7.4 yrs

26. Retirement benefit plans (cont'd)

Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

	2017 $'000	2016 $'000
Service cost:		
Current service cost	996	884
Net interest expense	52	48
Components of defined benefit costs recognised in profit or loss	1,048	932
Remeasurement on the net defined benefit liability:		
Actuarial gains and losses arising from changes in financial assumptions	(950)	224
Components of defined benefit costs recognised in other comprehensive income	(950)	224
Total	**98**	**1,156**

Of the expense for the year, an amount of $1,048 thousand has been included in profit or loss as administration expenses. (2016: $932 thousand).

The re-measurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the consolidated statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	2017 $'000	2016 $'000
Present value of unfunded defined benefit obligation	5,681	7,733
Fair value of plan assets	-	-
Unfunded status	5,681	7,733
Net liability arising from defined benefit obligation	5,681	**7,733**

Movements in the present value of the defined benefit obligation in the current year were as follows:

	2017 $'000	2016 $'000
Opening defined benefit obligation	7,733	6,113
Current service cost	996	885
Net interest expense	52	48
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	(950)	224
Benefits paid	(1,360)	(1,058)
Exchange differences on foreign plans	(790)	1,521
Closing defined benefit obligation	5,681	7,733

The Consolidated entity expects to make a contribution of $888 thousand (2016: $1,120 thousand) to the defined benefit plans during the next financial year.

27. Obligations under finance leases

27.1 Leasing arrangements

Finance leases relate to plant & equipment with lease terms between three and ten years, and motor vehicles with lease terms between three and five years. The Consolidated entity has options to purchase the leased assets for a nominal amount at the completion of the lease arrangements.

27.2 Finance lease liabilities

	Present value of minimum future lease payments	
	2017	**2016**
	$'000	**$'000**
No later than 1 year	3,537	3,767
Later than 1 year and not later than 5 years	12,541	7,146
Later than 5 years	-	-
Minimum lease payments (i)	16,078	10,913
Less future finance charges	-	-
Present value of minimum lease payments	**16,078**	**10,913**
Included in the financial statements as: (note 23)		
Current borrowings	3,537	3,767
Non-current borrowings	12,541	7,146
	16,078	**10,913**

(i) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual value.

27.3 Fair value

The fair value of the finance lease liabilities is approximately equal to their carrying amount.

28. Issued capital

	2017	**2016**
	$'000	**$'000**
88,873,775 fully paid ordinary shares (03 July 2016: 87,648,158)	340,040	248,554

Changes to the Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

28.1 Fully paid ordinary shares

	2017		**2016**	
	Number of shares '000	**Share capital $'000**	**Number of shares '000**	**Share capital $'000**
Balance at beginning of financial year	87,648	248,554	86,561	198,291
Shares issued:				
Issue of shares under executive share option plan	1,223	91,351	939	41,433
Issue of shares under employee share plan	2	136	-	-
Issue of shares related to Joey's Pizza Acquisition	-	-	148	8,830
Capital costs associated with equity raising	-	(1)	-	-
Balance at end of financial year	**88,873**	**340,040**	**87,648**	**248,554**

28. Issued capital (cont'd)

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Share options on issue

Series	Total Number (a)	Number Quoted	Exercise price of option	Expiry date of options
18	300,000	Ordinary	$22.89	28-Oct-20
19	319,250	Ordinary	$22.89	31-Aug-18
20	150,000	Ordinary	$16.52	31-Aug-18
21	43,000	Ordinary	$22.89	31-Aug-18
22	37,100	Ordinary	$36.31	31-Aug-18
23	300,000	Ordinary	$40.95	28-Oct-20
24	729,250	Ordinary	$40.95	31-Aug-19
25	400,000	Ordinary	$76.23	31-Aug-20
26	200,000	Ordinary	$76.23	31-Aug-20
27	692,750	Ordinary	$76.23	31-Aug-20

(a) Options

The Company approved the establishment of the Executive Share and Option Plan ("ESOP") to assist in the recruitment, reward and retention of its directors and executives. The Company will not apply for quotation of the options on the ASX.

Subject to any adjustment in the event of a bonus issue, rights issue or reconstruction of capital, each option is convertible into one ordinary share.

Terms and conditions of the ESOP

The Company must not issue any shares or grant any option under this plan if, immediately after the issue or grant, the sum of the total number of unissued shares over which options, rights or other options (which remain outstanding) have been granted under this plan and any other Group employee incentive scheme would exceed 7.5% of the total number of shares on issue on a Fully Diluted Basis at the time of the proposed issue or grant.

Fully Diluted Basis means the number of shares which would be on issue if all those securities of the Company which are capable of being converted into shares, were converted into shares. If the number of shares into which the securities are capable of being converted cannot be calculated at the relevant time, those shares will be disregarded.

During the year, 1,223,334 options were exercised (2016: 939,179). A total of $91,351,051 was received as consideration for 1,223,334 fully paid ordinary shares of Domino's Pizza Enterprises Limited on exercise of the options in the current financial year (2016: $41,433,564).

(b) Dividend reinvestment plan

On listing, the Board adopted but did not commence operation of a Dividend Reinvestment Plan ("DRP"). The DRP provides shareholders the choice of reinvesting some or all of their dividends in shares rather than receiving those dividends in cash.

The Board of Directors resolved to activate the DRP on 17 August 2006 with a commencement date of 21 August 2006. Shareholders with registered addresses in Australia or New Zealand are eligible to participate in the DRP. Shareholders outside Australia and New Zealand are not able to participate due to legal requirements applicable in their place of residence.

Shares allocated under the DRP rank equally with existing shares. Shares will be issued under the DRP at a price equal to the average of the daily volume weighted average market price of the Company's shares (rounded to the nearest cent) traded on the ASX during a period of ten trading days commencing on the second business day following the relevant record date, discounted by an amount determined by the Board.

28. Issued capital (cont’d)

Domino’s Pizza Enterprises Limited entered into an Underwriting Agreement with Goldman Sachs JBWere for its first four dividend payments commencing with the final dividend for the year ended 2 July 2006. The Board decided to continue the DRP Underwriting and entered into a renewed agreement with Goldman Sachs JBWere for the next four dividends commencing with the final dividend for the year ended 29 June 2008.

On 18 August 2009, the Board resolved to suspend the DRP until further notice. Therefore, the final dividend for the year ended 02 July 2017 will be paid in cash only.

29. Reserves

	2017 $’000	2016 $’000
Foreign currency translation	2,725	28,861
Other	(88,112)	(8,887)
Hedging	(158)	(8,781)
	(85,545)	**11,193**

29.1 Foreign currency translation

	2017 $’000	2016 $’000
Balance at beginning of financial year	28,862	(17,694)
Translation of foreign operations	(26,137)	46,556
Balance at end of financial year	**2,725**	**28,862**

Exchange differences relating to the translation of the net assets of the Consolidated entity's foreign operations from their functional currencies to the Consolidated entity's presentation currency (i.e. Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. The significant movement in the translation of the foreign operations has arisen as a result of the weakening of the Japanese Yen.

29.2 Other reserve

	2017 $’000	2016 $’000
Balance at beginning of financial year	(8,887)	13,567
Share-based payment	(65,209)	(27,650)
Movement in put option liability and non controlling interest	(14,602)	(14,530)
Share options trust	94	19,894
Remeasurement of defined benefit plan	492	(168)
Balance at end of financial year	**(88,112)**	**(8,887)**

The equity settled share-based benefits reserve arises on the grant of share options to executives under the Executive Share and Option. Further information about ESOP is made in note 34 to the financial statements. The Consolidated entity settled the Domino's Pizza Enterprises Limited Employee Share Trust to manage the share option plan.

29. Reserves (cont'd)

29.3 Hedging reserve

	2017 $'000	2016 $'000
Balance at beginning of financial year	(8,781)	4,517
Gain/(loss) recognised:		
Net investment hedge	5,132	(11,575)
Cash flow hedge	7,176	(5,489)
Income tax related to gain/(loss) on hedging items	(3,685)	3,766
Balance at end of financial year	**(158)**	**(8,781)**

The hedging reserve represents hedging gains and losses recognised on the effective portion of net investment hedges.

30. Retained earnings

	2017 $'000	2016 $'000
Balance at beginning of year	134,798	106,375
Net profit attributable to members of the Company	102,857	82,427
Payment of dividends (note 32)	(77,086)	(54,004)
Balance at end of year	**160,569**	**134,798**

31. Non-controlling interest

	2017 $'000	2016 $'000
Balance at beginning of year	-	-
Non-controlling interest contributions during the period	(1,486)	22,228
Non-controlling interest MAF contribution (refer to note 20)	-	15,809
Share of profit	2,947	4,165
Foreign currency translation	(7,736)	11,366
Remeasurement of defined benefit plan	165	(56)
Non-controlling interest put option adjustment	6,110	(53,512)
Balance at end of year	**-**	**-**

The non-controlling interest relates to a 25% interest in the Consolidated entity's operations in Japan and 33.3% non-controlling interest in Germany. During the prior year the consolidated entity acquired Joey's Pizza to which Domino's Pizza Group plc (DPG) was a non-controlling interest in the acquisition. Refer to note 45 for the acquisition of the business.

32. Dividends

	2017		2016	
	Cents per share	Total $'000	Cents per share	Total $'000
Recognised amounts				
Fully paid ordinary shares				
Interim partially franked dividend for half-year ended	48.4	43,014	34.7	30,414
Partially franked dividend for full year ended	38.8	34,072	27.2	23,590
	87.2	77,086	**61.9**	**54,004**
Unrecognised amounts				
Fully paid ordinary shares				
Partially franked dividend for full year ended	44.9	39,906	38.8	34,072

On 14 August 2017, the directors declared a fully franked final dividend of 44.9 cents per share to the holders of fully paid ordinary shares in respect of the financial year ended 02 July 2017, to be paid to shareholders on 06 September 2017. The dividend will be paid to all shareholders on the Register of Members on 22 August 2017. The total estimated dividend to be paid is $39,906 thousand.

33. Financial instruments

33.1 Capital risk management

The Consolidated entity manages its capital to ensure that entities in the Consolidated entity will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Consolidated entity's overall strategy remains unchanged from 2016.

The capital structure of the Consolidated entity consists of net debt, which includes the borrowings disclosed in note 23, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves, retained earnings and non-controlling interest as disclosed in notes 28, 29, 30 and 31 respectively.

The Consolidated entity is not subject to any externally imposed capital requirements.

The Consolidated entity operates globally, primarily through subsidiary companies established in the markets in which the Consolidated entity trades. None of the Consolidated entity's subsidiaries are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand the Consolidated entity's assets, as well as to make the routine outflows of tax, dividends and repayment of maturing debt. The Consolidated entity's policy is to borrow centrally; using a variety of capital market issues and borrowing facilities, to meet anticipated funding requirements.

The Consolidated entity's management and board of directors review the capital structure formally on an annual basis. As part of this review, management and the board of directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of management and the Board of Directors, the Consolidated entity will balance its overall capital structure through the payment of dividends, and new share issues as well as the issue of new debt or the redemption of existing debt.

33.1.1 Gearing ratio

	2017 $'000	2016 $'000
Debt (1)	329,241	321,792
Cash and cash equivalents	(50,454)	(60,334)
Net Debt	**278,787**	**261,458**
Equity (2)	**415,064**	**394,546**
Net debt to equity ratio	67.2%	66.3%

33. Financial instruments (cont'd)

The gearing ratio at the end of the reporting period was as follows:

(i) Debt is defined as long-term and short-term borrowings, as detailed in note 23.
(ii) Equity includes all capital and reserves that are managed as capital.

33.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

33.3 Categories of financial assets and liabilities

			2017		2016	
		Note	Interest rate % (1)	$'000	Interest rate % (1)	$'000
Financial assets						
Trade and other receivables	Trade and other receivables	13	-	72,615	-	72,143
Loans receivables	Loans and receivables	14	4.94	56,696	5.76	36,084
Other financial assets	Available for sale financial asset	14	-	26	-	17
Cash and cash equivalents	Cash and bank balances	38	0.51	50,454	0.66	60,334
Financial guarantee contracts	Loans and receivables	14	6.25	145	6.25	186
Deposits	Other receivables	14	-	13,240	-	15,793
Financial liabilities						
Euro loans	Other	23	1.21	158,355	1.19	150,202
Loans from other entities	Other	23	3.00	22,041	3.00	20,546
Other financial liabilities	Amortised cost	22	-	127,322	-	144,852
Finance lease liability	Other	23	-	-	7.86	32
Other Finance lease liabilities	Other	23	1.13	16,078	1.14	10,881
Other bank loans	Other	23	1.36	29,624	1.88	30,588
AUD denominated loan	Other	23	1.25	50,659	1.52	50,627
YEN denominated loan	Other	23	1.15	52,483	1.26	58,916
Master access right	Other	24	-	31,389	-	31,619

(1) Interest rates represent the weighted average effective interest rate.

33.4 Financial risk management objectives

The Consolidated entity's finance department co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Consolidated entity in line with the Consolidated entity's policies. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Consolidated entity seeks to minimise the effects of the above mentioned risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Consolidated entity's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the Board of Directors. The Consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Consolidated entity's management and Board of Directors' review annually the risks and policies implemented to mitigate risk exposures.

33. Financial instruments (cont'd)

33.5 Market risk

The Consolidated entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer to note 33.7) and interest rates (refer to note 33.8). The Consolidated entity enters into a variety of derivative and non-derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- Interest rate swaps to mitigate risk of rising interest rates.
- Cross currency interest rate swap to mitigate rising interest rates and foreign exchange fluctuation.
- Debt to manage currency risk.
- Forward foreign exchange contracts to hedge the exchange rate risk of purchases.

Market risk exposures are measured using sensitivity analysis. There has been no change to the Consolidated entity's manner in which it manages and measures the risk from previous period.

33.6 Hedging activities

The Consolidated entity holds financial instruments to hedge risks relating to underlying transactions. The major exposure to interest rate risk and foreign currency risk arises from investment in foreign operations. Details of hedging activities are provided below.

<u>Cash Flow hedge</u>

- The Consolidated entity uses JPY denominated interest rate swaps to hedge variability in the cash flows arising from future changes in floating rates on the Japan Acquisition Loan AUD and Japan Acquisition Loan JPY debt facility. The hedge strategy is to designate the interest rate swap as a hedge against the variability in the cashflow arising from future changes in interest rates. This is a Cash Flow Hedge.

<u>Net investment hedge</u>

- The Consolidated entity designated the Euro loan as a hedge of a net investment in foreign operations. As at 02 July 2017, no ineffectiveness has been recognised in profit or loss arising from hedging the net investment in Europe. For further details, refer to note 3.25.
- The Consolidated entity designated the Japan Acquisition Loan Yen as a hedge of a net investment in foreign operations. The Consolidated entity's presentation currency is Australian dollars and foreign currency risk arises from net investments in foreign operations. The strategy is to hedge the foreign currency translation risk arising on the net investment in its foreign operations. As at 02 July 2017, no ineffectiveness has been recognised in profit or loss arising from hedging the net investment in Europe.
- The Consolidated entity uses a cross currency interest rate swap to hedge the foreign currency translation risk arising on the net investment in its foreign operations. There is foreign currency risk arising between the functional currency of the foreign operation and the presentation currency of the Consolidated entity. This is a net investment hedge.

33.7 Foreign currency risk management

As DPE Limited's Australian operations are predominantly conducted in Australian dollars, there is limited foreign currency exchange risk associated with the Australian business.

DPE Limited also has operations in New Zealand, Europe and Japan. The operations and revenues of these businesses are predominantly transacted in New Zealand dollars, Euros and Japanese Yen respectively. DPE Limited intends to mitigate its foreign currency translation risk exposure by denominating a portion of its senior debt in Euros and Japanese Yen. This creates a natural hedge and mitigates the potential for currency movements to negatively impact DPE Limited.

DPE Limited also purchases some equipment in a range of currencies, but predominantly USD, and has an exchange rate exposure due to delays between entering into a contract and final payment. DPE Limited will only enter into a hedge position (forward contract) in respect of equipment purchase once it has committed to the purchase.

The Consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The Consolidated entity has designated cash flow and net investment hedges are noted above to mitigate these risks.

The carrying amount of the Consolidated entity's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

33. Financial instruments (cont'd)

	Assets		Liabilities	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Cash and bank balances	34,213	33,872		
Trade and other receivables	49,207	49,140		
Loans receivables	38,625	26,853		
Trade and other payables			107,918	116,548
Other financial liabilities			163,645	150,951
Loans payable			258,654	271,070

33.7.1 Foreign currency sensitivity analysis

The Consolidated entity is mainly exposed to Euros and Japanese Yen.

The foreign currency risk exposure recognised from assets and liabilities arises primarily from the borrowings denominated in foreign currencies. There is no significant impact on the Consolidated entity's profit from foreign currency movements associated with these borrowings as they are effectively designated as a hedge of the net investment in foreign operations. At balance date, all hedges were considered effective.

For the Consolidated entity, the foreign currency translation risk associated with the foreign investment results in some volatility to the foreign currency translation reserve. The impact on the foreign currency translation reserve relates to translation of the net assets of the foreign controlled entities including the impact of any hedging transactions.

Hedges of net investments in foreign operations

In the consolidated financial statements, the exposure to foreign currency translation risk is a result of the investment in offshore activities with Europe and Japan where any exchange gains and losses on translation of the foreign denominated loans are taken to the net investment hedge reserve (in the foreign currency translation reserve) only to the extent of the gains and losses on the value of the foreign net assets, including any intercompany loans. Exchange differences on the excess between the loans and net assets, including any intercompany loans payable, if any, are recognised in the consolidated statement of profit and loss.

The effectiveness of the hedging relationship is tested using prospective and retrospective effectiveness tests. In a retrospective effectiveness test, the changes in the value of the hedging instrument and the change in the value of the hedged net investment from spot rate changes are calculated. If the calculation is between 80% and 125%, then the hedge is considered effective.

Any gains or losses on re-measurement of derivative or non-derivative financial instruments designated as hedges of foreign investments are recognised in the net investment hedge reserve in equity only to the extent that the hedging relationship is effective. The accumulation of the recognised gains or losses recorded in equity is transferred to the income statement when the foreign operation is sold.

Any gains or losses of the ineffective portion of the hedge are recognised in the income statement within other revenue or other expenses. During the year there was no hedge ineffectiveness attributable to the net investment hedges.

The following table details the value of the instrument designated and the impact on the hedge reserve.

	Liabilities		Equity	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Euro loan	140,664	149,958	-	-
Designated hedge of net foreign investment	-	-	1,199	1,001
Japan Acquisition loan	50,776	50,776	-	-
Designated hedge of JPY loan	-	-	(37)	(5,594)
	191,440	200,734	1,162	(4,593)

33. Financial instruments (cont'd)

The following details the Consolidated entity's sensitivity to a 10% increase and decrease in the Australian Dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. Adjustments have only been made for transactions outstanding at period end using a 10% change in foreign currency rates. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency.

	Euros Impact		Japanese Yen Impact	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Profit or (loss)				
If there was a 10% increase in exchange rates with all other variables held constant	-	-	-	-
If there was a 10% decrease in exchange rates with all other variables held constant	-	-	-	-
Other equity				
If there was a 10% increase in exchange rates with all other variables held constant	8,232	3,390	177	3,035
If there was a 10% decrease in exchange rates with all other variables held constant	(10,956)	(4,144)	(217)	(3,709)

(i) This is mainly as a result of changes in fair value of borrowings designated as net investment of foreign operation hedges.

33.7.2 Forward foreign exchange contracts

It is the policy of the Consolidated entity to enter into forward foreign exchange contracts to hedge specific foreign currency payments and receipts. A forward foreign exchange contract is only entered into once the Consolidated entity has committed to the purchase transaction. At 02 July 2017, the notional amount of these contracts is $13,976,657. These contracts are held in USD and are used by the Japanese business. The notional value in USD is $11,192 thousand and the notional value in Yen is ¥1,204 million. The value that is less than 3 months is $5,135 thousand and over 3 months is $8,841 thousand. The aggregate amount of gains under forward foreign exchange contracts recognised in other comprehensive income and accumulated in the cash flow hedging reserve relating to the exposure on these anticipated future transactions is $496 thousand. At 02 July 2017, no ineffectiveness has been recognised in profit and loss arising from these contracts.

33.8 Interest rate risk management

The Consolidated entity is exposed to interest rate risk because entities in the Consolidated entity borrow funds at both fixed and floating interest rates. The risk is managed by the Consolidated entity by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

33.8.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates. At reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Consolidated entity's:

- Net profit before tax would increase by $1,478 thousand and decrease by $224 thousand (2016: increase by $551 thousand and decrease by $438 thousand). This is mainly attributable to the Consolidated entity's exposure to interest rates on its variable rate borrowings.

33.8.2 Interest rate swap contracts

Under interest rate swap contracts, the Consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts.

33. Financial instruments (cont'd)

Such contracts enable the Consolidated entity to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period. The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding at the end of the reporting period.

	Average contracted fixed interest rate		Notional principal value		Fair value	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Interest rate swap - less than 5 years	1.16%	1.39%	103,005	109,424	(2,281)	(4,022)

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the local interbank rate of Australia. The Consolidated entity will settle the difference between the fixed and floating interest rate on a net basis. Refer to note 33.9.1 for the current and non-current split.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Consolidated entity's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

33.8.3 Cross currency interest rate swap contract

Under a cross currency interest rate swap contract, the Consolidated entity agrees to exchange the difference between fixed and floating rate interest and foreign currency amounts calculated on agreed notional principal amounts. Such contracts enable the Consolidated entity to mitigate the risk of changing interest and foreign exchange rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of swap at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period. The swap in existence has a fixed rate of 1.16% on a notional value of $50,776 thousand and has a fair value of $7,827 thousand at balance date. The swap settles on a quarterly basis. The swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

33.9 Credit risk management

Credit risk refers to the risk that a franchisee or business partner will default on its contractual obligations resulting in financial loss to the Consolidated entity. The Consolidated entity has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by limits that are continually reviewed. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	2017 $'000	2016 $'000
Guarantee provided under deed of guarantee	6,003	12,889

33.9.1 Financial assets and other credit exposures

The Consolidated entity provides guarantees to third party financiers in order to enable internal candidates (i.e. franchisees and managers) to fund the purchase of DPE stores. The Consolidated entity's policy in this regard is to predominantly support internal candidates who have displayed strong operational expertise. Further, the Consolidated entity generally provides guarantees to internal candidates in the metropolitan markets where it has operated or is operating corporate stores. In the event that a loan defaults, the Consolidated entity's policy is to purchase and operate the failed store as a corporate store.

33. Financial instruments (cont'd)

The Consolidated entity has also provided a guarantee to third party financial institutions in relation to borrowings of the European subsidiary.

33.10 Liquidity risk management

The Consolidated entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established in an appropriate liquidity management framework for the management of the Consolidated entity's short medium and long term funding and liquidity management requirements. Included in note 33.10.2 is a listing of additional undrawn facilities that the Consolidated entity has at its disposal to further reduce liquidity risk.

33.10.1 Liquidity and interest risk tables

The following tables detail the Consolidated entity's remaining contractual maturity for its financial assets and liabilities and non-derivative financial assets and liabilities. The tables have been drawn up based on the undiscounted cash flows of financial assets and financial liabilities based on the earliest date on which the Consolidated entity can be required to pay. The table includes both interest and principal cash flows.

02 July 2017	Less than 1 Year	1-5 years	More than 5 years
Financial assets	**$'000**	**$'000**	**$'000**
Trade and other receivables	72,615	-	-
Derivative instruments in designated hedge accounting relationships	1,361	320	
Loans receivables	15,040	35,211	6,663
Other financial assets	26	-	-
Cash and cash equivalents	50,454	-	-
Financial guarantee contracts	-	145	-
Deposits	-	13,240	-
Financial Liabilities			
Trade payables	(73,671)	-	-
Derivative instruments in designated hedge accounting relationships	(1,183)	(12,636)	-
Other payables	(62,705)	-	-
Commercial bills	(14,373)	(7,000)	-
Euro loan	-	(158,355)	-
Loans from other entities	-	(22,041)	-
Finance lease liability	(3,537)	(12,541)	-
Japan acquisition - Australian Dollar loan	-	(50,659)	-
Japan acquisition - Japanese Yen loan	-	(52,483)	-
Market Access Right	-	(31,389)	-
Contingent / deferred consideration	(2,000)	(3,250)	
Put Option Liability	(46,425)	(81,432)	-
Lease Incentive Liability	(121)	(1,325)	-

33. Financial instruments (cont'd)

03 July 2016 Financial assets	Less than 1 Year $'000	1-5 years $'000	More than 5 years $'000
Trade and other receivables	72,143	-	-
Derivative instruments in designated hedge accounting relationships	1,396	-	-
Loans receivables	3,600	7,382	2,040
Other financial assets	17	-	-
Cash and cash equivalents	60,334	-	-
Financial guarantee contracts	-	186	-
Deposits	-	15,793	
Financial Liabilities			
Trade payables	(76,335)	-	-
Derivative instruments in designated hedge accounting relationships	(4,191)	(11,994)	-
Other payables	(108,377)	-	-
Commercial bills	-	-	-
Euro loan	-	(149,958)	-
Loans from other entities	-	(20,546)	-
Finance lease liability	(32)	-	-
Other liabilities	-	-	-
Japan acquisition - Australian Dollar loan	-	(50,776)	-
Japan acquisition - Japanese Yen loan	-	(59,065)	-
Financial guarantee contracts	-	(31,788)	-
Put Option Liability	(43,734)	(75,598)	-
Lease Incentive Liability	(121)	(1,300)	-

The following table details the Consolidated entity's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

	Less than 1 month $'000	1-3 months $'000	3 months to 1 year $'000	1-5 years $'000
Net Settled				
Interest rate swaps	-	-	(1,183)	(1,098)
Cross currency interest rate swaps	-	352	1,008	(11,219)
Gross Settled	-	-	-	-
Foreign exchange forward contracts	879	4,256	8,841	-
	879	4,608	8,666	(12,317)

33.10.2 Financing facilities

The Consolidated entity has access to financing facilities at reporting date as indicated above and expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The Consolidated entity expects to maintain a current debt to equity ratio approved by the Board.

33. Financial instruments (cont'd)

	2017 $'000	2016 $'000
Unsecured bank overdraft, reviewed annually and payable at call:		
amount used	-	-
amount unused	4,857	3,354
	4,857	3,354
Unsecured commercial bill facility, reviewed annually:		
amount used	291,121	290,333
amount unused	97,262	103,814
	388,383	394,147

33.11 Fair value of financial instruments

This note provides information about how the Consolidated entity determines fair values of various financial assets and financial liabilities. Some of the Consolidated entity's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/financial liabilities	Fair value as at 2 July 2017 $'000	Fair value as at 03 July 2016 $'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
1) Interest Rate and Cross Currency Swaps	Current asset $1,362, non current liability of $2,891, and current liability $1,170 as recognised in other financial assets and financial liabilities.	Current asset $1,435, non current liability of $9,224, current liability $903 and non current liability $3,091 (As recognised in other financial assets and financial liabilities).	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
2) Forward foreign exchange contracts	Current liability of $496 as recognised in other financial assets.	Current liability of $3,288 (As recognised in other financial assets).	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contractual interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
3) Put option over non-controlling interest	Liability - $81,432 (Europe) recognised in other financial non current liabilities. The movement in the put option has been recognised in the statement of other comphensive income.	Liability - $75,598 (Europe) and $43,734 (Japan) (As recognised in other financial non current liabilities).	Level 3	Estimating future put obligation taking into account future earnings.	Adjusted unlevered price/earnings multiple rates. The earnings used are based on management's experience and knowledge of market conditions of the industry.	The higher the earnings, the higher the fair value.
					The Put option is exercisable after 3 years from the the acquisition date.	The shorter the time period, the lower the fair value.
4) Market Access Right	Liability - $31,389 recognised in other financial non current liabilities.	Liability - $31,619 (As recognised in other financial non current liabilities).	Level 3	Income approach in this approach the discounted cash flows was used to capture the future cost of the asset.	Adjusted unlevered price/earnings multiple rates. The earnings used are based on management's experience and knowledge of market conditions of the industry.	The higher the earnings, the higher the fair value.
5) Contingent consideration in a business combination	Liability - $3,500	-	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits that will flow out of the Group arising from the contingent consideration.	Projected gross margin based on management's experience and knowledge of market conditions of the industry.	Significant increase (descrease) in the gross profit would result in a higher (lower) fair value of the contingent consideration liability.

33. Financial instruments (cont'd)

Management consider that the financial instruments previously disclosed are classified as Level 2, and there have been no transfers between Level 1 and Level 2. The put option was previously recognised as Level 2 and has been transferred to Level 3. The fair values of the financial assets and financial liabilities included in the level 2 and 3 category above has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

The only financial liabilities subsequently measured at fair value on Level 3 fair value measurement represent the fair value of the put option liability relating to the acquisition of Domino's Pizza Japan and Domino's Pizza Germany. No gain or loss for the year relating to this contingent consideration has been recognised in profit or loss. The opening balance for this put option liability was $119.3 million and has a value at year end of $127.8 million with the movement recorded in other reserves. No reasonable change in the key inputs would result in a material change of this value.

34. Share-based payments

34.1 Equity-settled share-based benefits

The Company has one share plan and one share and option plan available for employees and directors and executives of the Company: the Domino's Pizza Exempt Employee Share Plan ("Plan") and the Domino's Pizza Executive Share and Option Plan. Both plans were approved by a resolution of the Board of Directors on 11 April 2005. Fully paid ordinary shares issued under these plans rank equally with all other existing fully paid ordinary shares, in respect of voting and dividend rights and future bonus and rights issues.

34.2 Executive Share and Option Plan

The Company established the ESOP to assist in the recruitment, reward, retention and motivation of directors and executives of the Company ("the participants").

In accordance with the provisions of the scheme, executives within the Company, to be determined by the Board, are granted options to purchase parcels of shares at various exercise prices. Each option confers an entitlement to subscribe for and be issued one share, credited as fully paid, at the exercise price.

Options issued under the ESOP may not be transferred unless the Board determines otherwise. The Company has no obligation to apply for quotation of the options on the ASX. However, the Company must apply to the ASX for official quotation of shares issued on the exercise of the options.

The Company must not issue any shares or grant any option under this plan if, immediately after the issue or grant, the sum of the total number of unissued shares over which options, rights or other options (which remain outstanding) have been granted under this plan and any other Group employee incentive scheme would exceed 7.5% of the total number of shares on issue on a fully diluted basis at the time of the proposed issue or grant.

Fully diluted basis means the number of shares which would be on issue if all those securities of the Company which are capable of being converted into shares, were converted into shares. If the number of shares into which the securities are capable of being converted cannot be calculated at the relevant time, those shares will be disregarded.

The following share-based payment arrangements were in existence during the current and comparative reporting period:

Options series / Issue & Grant date	Granted to	Grant date	Expiry date	Grant date fair value	Exercise price
(18) Issued 29 October 2014	Don Meij	29 October 2014	28 October 2020	$ 7.16	$ 22.89
(19) Issued 29 October 2014	ANZ Employees	29 October 2014	31 August 2018	$ 7.39	$ 22.89
(20) Issued 27 January 2015	Andrew Rennie	27 January 2015	31 August 2020	$ 10.51	$ 16.52
(21) Issued 03 February 2015	EU Employees	03 February 2015	31 August 2018	$ 7.11	$ 22.89
(22) Issued 20 June 2015	EU Employees	20 June 2015	31 August 2018	$ 7.03	$ 36.31
(23) Issued 03 September 2015	Don Meij	03 September 2015	31 August 2020	$ 8.20	$ 40.95
(24) Issued 03 September 2015	ANZ Employees	03 September 2015	31 August 2019	$ 8.28	$ 40.95
(24) Issued 03 September 2015	EU Employees	03 September 2015	31 August 2019	$ 8.28	$ 40.95
(24) Issued 03 September 2015	JPN Employees	03 September 2015	31 August 2019	$ 8.28	$ 40.95
(25) Issued 01 September 2016	Don Meij	01 September 2016	31 August 2020	$ 17.00	$ 76.23
(26) Issued 01 September 2016	Andrew Rennie	01 September 2016	31 August 2020	$ 16.50	$ 76.23
(27) Issued 01 September 2016	ANZ Employees	01 September 2016	31 August 2020	$ 16.80	$ 76.23
(27) Issued 01 September 2016	EU Employees	01 September 2016	31 August 2020	$ 16.80	$ 76.23
(27) Issued 01 September 2016	JPN Employees	01 September 2016	31 August 2020	$ 16.80	$ 76.23

34. Share-based payments (cont'd)

	Option Series									
	Series 18	Series 19	Series 20	Series 21	Series 22	Series 23	Series 24	Series 25	Series 26	Series 27
Grant date share price	$26.53	$26.53	$26.76	$26.76	$36.44	$37.50	$37.50	$74.47	$74.47	$74.47
Exercise price (i)	$22.89	$22.89	$16.52	$22.89	$36.31	$40.95	$40.95	$76.23	$76.23	$76.23
Expected volatility	30.00%	30.00%	30.00%	30.00%	30.00%	35.00%	35.00%	34.00%	34.00%	34.00%
Option life years	4.40	3.30	4.10	3.10	2.70	3.49	3.49	3.18	3.00	3.11
Dividend yield	1.50%	1.50%	1.50%	1.50%	1.50%	1.10%	1.10%	0.99%	0.99%	0.99%
Risk-free interest rate	2.74%	2.56%	1.85%	1.80%	1.89%	1.90%	1.90%	1.73%	1.73%	1.73%

(i) This is based on a normal 365-day year.

34.3 Fair value of share options granted in the year

The weighted average fair value of the options granted during the 2016 year is $76.23 (2016: $8.26). Options were priced using a Black Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural conditions. Expected volatility is based on the historical share price volatility since listing on 16 May 2005.

34.4 Movement in share options in the period

The following reconciles the outstanding share options granted under the ESOP at the beginning and end of the year:

	2017		2016	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the year	3,131,934	25.27	3,045,901	25.27
Granted during the financial year	1,301,250	76.23	1,069,250	40.95
Forfeited during the financial year	(38,500)	40.76	(44,050)	30.92
Exercised during the financial year	(1,223,334)	13.68	(939,167)	8.38
Expired during the financial year	-	-	-	-
Balance at end of the year	**3,171,350**	**25.27**	**3,131,934**	**25.27**
Exercisable at end of the year	-	-	166,667	9.13

34.5 Share options exercised during the year

The following share options granted under the ESOP were exercised during the year:

2017 Option series	Number exercised	Exercise date	Share price at exercise date ($)
(15) Issued 7 November 2012	166,667	18 August 2016	80.10
(17) Issued 29 October 2013	225,000	31 August 2016	75.54
(16) Issued 1 November 2013	600,000	2 September 2016	74.47
(17) Issued 29 October 2013	166,667	7 September 2016	73.65
(17) Issued 29 October 2013	25,000	8 September 2016	72.94
(17) Issued 29 October 2013	40,000	22 February 2017	55.60
2016 Option series	**Number exercised**	**Exercise date**	**Share price at exercise date ($)**
(13) Issued 4 November 2011	166,667	13 August 2015	41.13
(13) Issued 4 November 2011	22,500	28 August 2015	40.07
(15) Issued 15 November 2013	80,000	31 August 2015	39.65
(15) Issued 15 November 2013	25,000	31 August 2015	39.65
(15) Issued 15 November 2013	40,000	31 August 2015	39.65
(15) Issued 15 November 2013	57,500	31 August 2015	39.65
(15) Issued 15 November 2013	25,000	1 September 2015	39.86
(15) Issued 15 November 2013	22,500	1 September 2015	39.86
(14) Issued 7 November 2012	500,000	6 November 2015	47.38

34. Share based payments (cont'd)

34.6 Share options outstanding at end of the year

2017

The share options outstanding at the end of the year consist of:

- 300,000 options with an exercise price of $22.89, and a weighted average remaining contractual life of 3.33 years.
- 319,250 options with an exercise price of $22.89, and a weighted average remaining contractual life of 1.16 years.
- 150,000 options with an exercise price of $16.52, and a weighted average remaining contractual life of 2.50 years.
- 43,000 options with an exercise price of $22.89, and a weighted average remaining contractual life of 1.16 years.
- 37,100 options with an exercise price of $36.31, and a weighted average remaining contractual life of 1.16 years.
- 300,000 options with an exercise price of $40.95, and a weighted average remaining contractual life of 3.33 years.
- 729,250 options with an exercise price of $40.95, and a weighted average remaining contractual life of 2.16 years.
- 400,000 options with an exercise price of $76.23, and a weighted average remaining contractual life of 3.17 years.
- 200,000 options with an exercise price of $76.23, and a weighted average remaining contractual life of 3.17 years.
- 692,750 options with an exercise price of $76.23, and a weighted average remaining contractual life of 3.17 years.

2016

The share options outstanding at the end of the year consist of:

- 166,667 options with an exercise price of $9.13, and a weighted average remaining contractual life of 0.16 years.
- 600,000 options with an exercise price of $14.90, and a weighted average remaining contractual life of 1.33 years.
- 456,667 options with an exercise price of $13.74, and a weighted average remaining contractual life of 1.16 years.
- 300,000 options with an exercise price of $22.89, and a weighted average remaining contractual life of 4.32 years.
- 319,250 options with an exercise price of $22.89, and a weighted average remaining contractual life of 2.16 years.
- 150,000 options with an exercise price of $16.52, and a weighted average remaining contractual life of 1.08 years.
- 50,500 options with an exercise price of $22.89, and a weighted average remaining contractual life of 1.26 years.
- 37,100 options with an exercise price of $36.31, and a weighted average remaining contractual life of 2.16 years.
- 300,000 options with an exercise price of $40.95, and a weighted average remaining contractual life of 4.32 years.
- 751,750 options with an exercise price of $40.95, and a weighted average remaining contractual life of 3.17 years.

35. Key management personnel compensation

	2017 $	2016 $
Short-term employee benefits	6,624,038	7,579,809
Post-employment benefits	201,804	192,428
Other long-term employee benefits	105,177	62,343
Termination benefits	-	-
Equity settled share-based payments	7,483,368	4,640,090
	14,414,387	**12,474,670**

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Egan & Associates, an independent remuneration consultant is engaged by the Remuneration Committee to ensure that the reward practices and levels for senior management are consistent with market practice. A statement of recommendation from the remuneration consultant has been received by the board for the 2017 financial year. Payment of $72,072 (2016: $38,220) has been made to the remuneration consultant for the services provided on the remuneration recommendation. Additional services provided in the current year were in relation to the issuing of options under the ESOP. No other advice has been provided by the remuneration consultant for the financial year.

In order to ensure that the remuneration recommendation would be free from undue influence by members of the key management personnel to whom the recommendation relates to, the board has ensured that the remuneration consultant is not a related party to any member of the key management personnel. As such, the Board is satisfied that the remuneration recommendation was made free from undue influence by the member or members of the key management personnel to whom the recommendation relates.

36. Related party transactions

36.1 Other related party transactions

36.1.1 Equity interests in related parties

(i) Equity interest in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 17 to the financial statements.

(ii) Equity interests in other related parties

There are no equity interests in other related parties.

36.1.2 Transactions with key management personnel

(i) Key management personnel compensation

Details of key management personnel compensation are disclosed in note 35 to the financial statements.

(ii) Loans to key management personnel

There were no loans outstanding at any time during the financial year to key management personnel or to their related parties.

All executive share options issued to the directors and key management personnel were made in accordance with the provisions of the ESOP. Each share option converts on exercise to one ordinary share of Domino's Pizza Enterprises Limited. No amounts are paid or payable by the recipient on receipt of the option.

Further details of the ESOP are contained in note 28 to the financial statements.

(iii) Other transactions with directors of the Consolidated entity

During the year the Group engaged the services of Bourke Family Investments Pty Ltd, a related party of Mr Grant Bourke, to provide investigative acquisition related services to the Group. Amounts were billed to the Group based on normal market rates for such services and were due and payable under normal payment terms. A total of $4,000, excluding GST, was paid or payable to Bourke Family Investments Pty Ltd during the year ended 02 July 2017.

During the year the Group engaged the services of Mr Michael Cowin, a related party of Mr Jack Cowin, as a Board Member of DPE Japan Co. Ltd. The services rendered were based on market rates for such services and were due and payable under normal payment terms. A total of $50,000, excluding GST, was paid or payable to Mr Michael Cowin during the year ended 02 July 2017.

(iv) Transactions with key management personnel of Domino's Pizza Enterprises Limited

During the financial year, key management personnel and their related parties purchased goods, which were domestic or trivial in nature, from the Company on the same terms and conditions available to employees and customers.

(v) Transactions with other related parties

Other related parties include:
- associates;
- directors of related parties and their director-related entities; and
- other related parties.

Where applicable, details of dividend and interest revenue from other related parties are disclosed in note 7 to the financial statements.

(vi) Transactions within the group

The group includes:

- the ultimate parent entity of the group;
- controlled entities; and
- other entities in the wholly-owned group.

36. Related party transactions (cont’d)

The wholly-owned Australian entities within the Consolidated entity are taxed as a single entity effective from 1 July 2003. The entities in the tax-consolidated group have not entered into a tax sharing agreement or tax funding agreement. Income tax liabilities payable to the taxation authorities in respect of the tax-consolidated group are recognised in the financial statements of the parent entity. Refer to note 17 to the financial statements for members of the tax-consolidated group.

The Company provided accounting, marketing, legal and administration services to entities in the wholly-owned group during the financial year. The Company also paid costs on behalf of entities in the wholly-owned group and subsequently on-charged these amounts to them.

During the year the Company extended or had in place loans to Joint Venture partnerships of which the Group has a 50% interest. The balance of these loans as at 02 July 2017 is $7.1 million and interest is charged based on commercial rates and terms.

During the financial year, Domino’s Pizza New Zealand Limited provided management, franchisee and store development services to the Company. Domino’s Pizza New Zealand Limited also collected debtor receipts on behalf of the Company.

During the financial year, services were provided between entities in the group in accordance with the relevant Service Agreements. All transaction were at arm’s length.

(vii) Parent entities

The parent entity and the ultimate parent entity in the Consolidated entity is Domino’s Pizza Enterprises Limited.

37. Acquisition of businesses

	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Cost of acquisition $'000
Acquisition of stores				
During the year ended 2017:				
13 stores in aggregate in Australia	Pizza stores	July - June 2017	100%	8,071
4 stores in aggregate in New Zealand	Pizza stores	July - June 2017	100%	1,861
4 stores in aggregate in Japan	Pizza stores	July - June 2017	100%	622
16 stores in aggregate in Europe	Pizza stores	July - June 2017	100%	6,562
				17,116
During the year ended 2016:				
14 stores in aggregate in Australia	Pizza stores	July - June 2016	100%	6,712
2 stores in aggregate in New Zealand	Pizza stores	July - June 2016	100%	1,109
1 stores in aggregate in Japan	Pizza stores	July - June 2016	100%	447
30 stores in aggregate in Europe	Pizza stores	July - June 2016	100%	9,266
				17,534

The above acquisitions relate to stores purchased for the purpose of expanding the operations.

Goodwill arising on acquisition of stores in Europe is expected to be deductible for tax purposes. For the other jurisdictions, Goodwill arising on acquisitions is not deductible for tax purposes.

37. Acquisition of businesses (cont'd)

The cost of acquisitions comprise cash for all of the acquisitions. In each acquisition, the Consolidated entity has paid a premium for the acquiree as it believes the acquisitions will introduce additional synergies to its existing operations.

	2017 $'000	2016 $'000
Fair Value of net assets acquired		
Current assets:		
Cash and cash equivalents	5	9
Inventories	85	114
	90	**123**
Non-current assets		
Property plant & equipment	4,291	4,073
	4,291	4,073
Net assets	**4,381**	**4,196**
Goodwill on acquisition	12,735	13,338
	17,116	**17,534**

Goodwill arose in the business combination as the consideration paid included a premium. In addition, the consideration paid for the stores effectively included amounts in relation to benefits from expected synergies, revenue growth and future market development. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

38. Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2017 $'000	2016 $'000
Cash and cash equivalents	50,454	60,334
	50,454	**60,334**

38. Cash and cash equivalents (cont'd)

38.1 Reconciliation of profit for the period to net cash flows from operating activities

	2017 $'000	2016 $'000
Profit for the period	**105,804**	**86,590**
Profit on sale of non-current assets	(18,325)	(9,660)
Equity settled share-based payments	9,298	5,884
Depreciation and amortisation	47,409	38,129
Other	1,018	3,670
	145,204	124,613
Movement in working capital		
(Increase)/decrease in assets:		
Trade and other receivables	(568)	(17,216)
Inventory	(4,332)	(3,469)
Other current assets	(3,125)	(5,239)
Increase/(decrease) in liabilities:		
Trade and other payables	(8,781)	17,142
Provisions	(3,523)	(500)
Current tax liabilities	(3,482)	(295)
Deferred tax balances	11,476	13,436
Net cash generated from operating activities	**132,869**	**128,472**

Included in the movement of other financial assets are non-cash transactions of $40.7 million (2016: $9.5 million) for loans to Franchisees.

38.2 Businesses acquired

Acquisition of stores
During the financial year, 37 businesses were acquired in Australia, New Zealand, Japan and Europe (2016: 47 businesses). The net cash outflow on acquisition in the financial statements was $17,026 thousand (2016: $17,411 thousand).

38.3 Non-cash financing and investing activities

During the current financial year, the Consolidated entity acquired $11.4 million of assets under finance lease (2016: $6.1 million).

39. Operating lease arrangements

39.1 Leasing arrangements

Operating leases relate to both property leases with lease terms of between five and ten years, the majority of which have an option to renew for a further five-year period, and motor vehicles with lease terms of three years. All store related operating lease contracts contain market review clauses in the event that the Consolidated entity exercises its options to renew. The Consolidated entity does not have an option to purchase the leased asset at the expiry of the lease period.

39. Operating lease arrangements (cont'd)

	2017 $'000	2016 $'000
Not longer than 1 year	64,672	53,685
Longer than 1 year and not longer than 5 years	153,598	126,194
Longer than 5 years	62,460	51,517
	280,730	**231,396**

In respect of non-cancellable operating leases the following liabilities have been recognised:

	2017 $'000	2016 $'000
Current		
Make good (note 25)	173	192
Non-current		
Straight line leasing (note 25)	189	183
Make good (note 25)	1,540	2,339
	1,902	**2,714**

40. Commitments for expenditure

40.1 Capital expenditure commitments

	2017 $'000	2016 $'000
Plant and equipment	3,460	4,603
	3,460	**4,603**

40.2 Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 27 and 39 to the financial statements.

41. Contingent liabilities and contingent assets

41.1 Contingent liabilities

	2017 $'000	2016 $'000
Guarantees - franchisee loans and leases	6,003	5,463
	6,003	**5,463**

Included above are guarantees provided to third party financial institutions in relation to franchisee loans. This is a contingent liability representing the amounts guaranteed in respect of franchisees that would not, without the guarantee, have been granted the loans. The directors believe that if the guarantees are ever called on, the Company will be able to recover the amounts paid upon disposal of the stores.

41. Contingent assets and contingent liabilities (cont'd)

Other
Set out below are details of significant claims against the Consolidated entity. The Company believes that no provision is required as it is not probable that a sacrifice of future economic benefit will be required or the amount is not capable of reliable measurement.

Speed Rabbit Pizza
There are various separate French legal proceedings by a competitor, Speed Rabbit Pizza (SRP) against subsidiary, Domino's Pizza France (DPF) (the main claim) and seven SRP franchisees against DPF and the relevant DPF franchisees (the local claims). The allegations are that DPF and its franchisees breached French laws governing payment time limitations and lending, thereby giving DPF and its franchisees an unfair competitive advantage. SRP claimed significant damages for impediment of the development of its franchise network, lost royalty income from SRP franchisees and harm to SRP's image. DPF and its franchisees denied liability and vigorously defended the claims. On 7 July 2014 the Court handed down its decision in the main claim, as well as in five of the local claims. All of the claims of SRP and the relevant SRP franchisees were dismissed. SRP has filed an appeal to these decisions which is scheduled to be heard on 20 September 2017 (postponed from February 2017). The two remaining local claims have yet to be heard at first instance.

Contingent Liabilities - Pizza Sprint
Shortly before the year ending 03 July 2016, the company became aware of a legal matter in relation to Fra-Ma Pizz SAS, the Pizza Sprint entity acquired during the prior year. The claims were brought against the company by a number of former and current franchisees whom allege a significant imbalance in the rights and obligations by the franchisor. The alleged practices predate the acquisition of Pizza Sprint by the company, accordingly during the re-measurement period the company has adjusted the purchase price accounting to recognise a contingent liability and asset in relation to the above matter. In addition, the contingent consideration payable has been revised to reflect additional information and conditions prevailing as at acquisition date. Refer to note 45 for the changes to the acquisition accounting.

During the current year and subsequent to the re-measurement period the French Ministry for the Economy and Finance has brought proceedings involving the same facts against Fra-Ma Pizza S.A.S. and Domino's Pizza France S.A.S.. The claims are being defended and no date has been set for the hearing of the claims in the first instance.

42. Remuneration of auditors

	2017 $	2016 $
42.1 Auditor of the parent entity		
Audit or review of the consolidated financial statements	325,149	365,285
Other non audit services:		
Investigating accountants	-	-
Other asssurance services	35,000	10,000
Other advisory services	117,500	109,775
Due diligence	-	-
	477,649	**485,060**

	2017 $	2016 $
42.2 Network firm of parent entity auditor		
Audit of the financial statements:		
Europe	362,755	319,126
Japan	199,319	252,054
Other non audit services:		
Europe - taxation compliance services	83,671	30,922
Europe - transaction services	-	-
Japan - transaction services	19,446	45,698
	665,191	**647,800**

The auditor of Domino's Pizza Enterprises Limited is Deloitte Touche Tohmatsu.

43. Events after the reporting period

On 14 August 2017, the directors declared a final dividend for the financial year ended 02 July 2017 as set out in note 32.

Other than the above, there has been no further matters or circumstance occurring subsequent to the end of the financial year that has significantly affected, the operations of the Consolidated entity, the results of those operations, or the state of affairs.

44. Parent entity information

44.1 Financial position

	2017 $'000	2016 $'000
Assets		
Current assets	57,028	58,995
Non-current assets	667,528	609,874
Total assets	**724,556**	**668,869**
Liabilities		
Current liabilities	56,556	43,214
Non-current liabilites	309,164	303,335
Total liabilities	**365,718**	**346,549**
Equity		
Issued capital	340,040	248,554
Retained earnings	79,021	73,468
Reserves		
Equity-settled share-based benefits	(57,399)	7,915
Hedging	(2,824)	(7,617)
Total equity	**358,838**	**322,320**

44.2 Financial performance

	2017 $'000	2016 $'000
Profit for the year	82,639	73,548
Other comprehensive income	(5,647)	(13,297)
Total comprehensive income	**76,992**	**60,251**

44.3 Contingent liabilities of the parent entity

Guarantees are provided to third party financial institutions in relation to franchisee loans. The amount disclosed as a contingent liability represents the amounts guaranteed in respect of franchisees that would not, without the guarantee, have been granted the loans. The directors believe that if the guarantees are ever called on, the Company will be able to recover the amounts paid upon disposal of the stores.

45. Acquisition of subsidiaries

Acquisition of IPG Marketing Services Pty Ltd.

On the 20 January 2017, the Consolidated entity acquired 100% interest in IPG Marketing Solutions Pty Ltd, an unlisted company based in Australia and specialising in the production of print and digital media. The acquisition was funded through the consolidated entity's cash reserves.
The fair value of the identifiable assets and liabilities of IPG Marketing Solutions Pty Ltd as at the date of acquisition were:

	Fair value on acquisition $'000
Assets	
Cash and cash equivalents	-
Inventories	503
Property, plant & equipment	4,227
Other intangible assets	203
Deferred tax assets	84
	5,017
Liabilities	
Current provisions	(143)
Non-current provisions	(137)
Total identifiable assets	**(280)**
Total identifiable net assets at fair value	**4,737**
Total consideration	14,073
Less Identifiable net assets at fair value	(4,737)
Goodwill	**9,336**
Total consideration	
Cash	8,823
Deferred payment	1,750
Contingent consideration	3,500
Total consideration	**14,073**
Net cash outflow arising on acquisition	
Cash consideration	8,823
Less: cash and cash equivalent balances acquired	-
	8,823

The initial accounting for the acquisition of IPG Marketing Solutions Pty Ltd has only been provisionally determined at the end of the reporting period. At the date of finalisation of the consolidated financial statements, the necessary market valuations and other calculations had not been finalised and have therefore only been provisionally determined based on the directors' best estimate of the likely fair values.

Goodwill arose in the acquisition because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of IPG Marketing Solutions Pty Ltd. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductable for tax purposes.

The purchase price of IPG comprised initial consideration of $10.4 million, with $8.6 million payable on completion and a further, $1.8 million over the next 3 years and an earn out of up to a further $3.5 million payable up-to and over a 30-month period which is conditional on certain criteria being satisfied.

As at the acquisition date, the key performance indicators of IPG Marketing Solutions Pty Ltd show that it is highly probable that the target will be achieved due to a significant expansion of the business and the synergies realised, therefore the fair value of the contingent consideration was estimated to be $3.5 million. There has been no changes to the fair value of the contingent consideration as at 02 July 2017. Included in the profit for the year is $2.0 million attributable to the acquisition of IPG Marketing Solutions.

45. Acquisition of subsidiaries (cont'd)

Acquisition of Pizza Sprint

On the 26 January 2016, the consolidated entity acquired 100% interest of Pizza Sprint. Pizza Sprint is a chain of 89 pizza stores in France, comprising 12 corporate stores and 77 franchise stores.

At 3 July 2016, the fair value of assets acquired and liabilities assumed were recognised on a provisional basis. In the current financial period, the fair value of assets acquired and liabilities assumed has been finalised and the effect on the financial statements has been summarised below:

	Provisional fair value $'000	Purchase price adjustment $'000	Final fair value on acquisition $'000
Cash and cash equivalents	4,700	-	4,700
Trade and other receivables	2,800	-	2,800
Other current assets	882	1,893	2,775
Property, plant & equipment	945	-	945
Other intangible assets	47,437	-	47,437
Other non-current financial assets	99	-	99
Trade and other payables	(4,050)	-	(4,050)
Provisions	-	(9,388)	(9,388)
Non-current borrowings	(1,101)	-	(1,101)
Deferred tax liabilities	(15,117)	3,129	(11,988)
Total identifiable assets	**36,595**	**(4,366)**	**32,229**
Total consideration	55,663	(3,847)	51,816
Less fair value of net identifiable assets	(36,595)	4,366	(32,229)
Goodwill	**19,068**	**519**	**19,587**
Total consideration			
Cash	51,816	-	51,816
Contingent consideration	3,847	(3,847)	-
Total consideration	**55,663**	**(3,847)**	**51,816**

The purchase price adjustments are the result of a legal matter being brought against Fra-Ma Pizz SAS, the Pizza Sprint entity. The consolidated entity has assessed that the legal matter relates to alleged practices predating the acquisition and has accordingly adjusted the purchase price accounting to recognise a contingent liability and asset related to the matter. In addition, contingent consideration payable has been revised to reflect additional information and conditions prevailing as at acquisition date.

Acquisition of Joey's Pizza

There has been no changes to the provisional acquisition accounting of Joey's Pizza which was disclosed in the financial report for the year ending 3 July 2016.

46. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 14 August 2017.

Additional securities exchange information as at 10 August 2017

Number of holders of equity securities

Ordinary share capital

- 88,873,882 fully paid ordinary shares are held by 8,403 individual shareholders.
- All issued ordinary shares carry one vote per share, however partly paid shares do not carry the rights to dividends.

Options

- 3,171,350 options are held by 95 individual option holders.
- Options do not carry a right to vote.

Distribution of holders of equity securities

	Fully paid ordinary shares	Partly paid ordinary shares	Converting cumulative preference shares	Redeemable preference shares	Converting non-participating preference shares	Convertible notes	Options
100,001 and over	29	-	-	-	-	-	6
10,001 – 100,000	83	-	-	-	-	-	28
5,001 – 10,000	99	-	-	-	-	-	15
1,001 – 5,000	959	-	-	-	-	-	38
1 – 1,000	7,233	-	-	-	-	-	8
	8,403	**-**	**-**	**-**	**-**	**-**	**95**

Substantial shareholders

Ordinary shareholders	Fully Paid		Partly Paid	
	Number	Percentage	Number	Percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,704,733	26.67%	-	-
SOMAD HOLDINGS PTY LTD	23,050,966	25.94%	-	-
J P MORGAN NOMINEES AUSTRALIA LIMITED	14,324,910	16.12%	-	-
	61,080,609	**68.73%**	**-**	**-**

Additional securities exchange information as at 10 August 2017

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully Paid		Partly Paid	
	Number	Percentage	Number	Percentage
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,704,733	26.67%	-	-
SOMAD HOLDINGS PTY LTD	23,050,966	25.94%	-	-
J P MORGAN NOMINEES AUSTRALIA LIMITED	14,324,910	16.12%	-	-
CITICORP NOMINEES PTY LIMITED	4,378,995	4.93%	-	-
NATIONAL NOMINEES LIMITED	3,285,011	3.70%	-	-
MR DONALD JEFFREY MEIJ	1,890,000	2.13%	-	-
CITICORP NOMINEES PTY LIMITED	1,799,789	2.03%	-	-
BNP PARIBAS NOMS PTY LTD	1,662,275	1.87%	-	-
BNP PARIBAS NOMINEES PTY LTD	1,219,409	1.39%	-	-
MRS ESME FRANCESCA MEIJ	789,280	0.89%	-	-
MR GRANT BRYCE BOURKE	718,523	0.81%	-	-
MR GRANT BRYCE BOURKE & MRS SANDRA EILEEN BOURKE	718,516	0.81%	-	-
MR ANDREW CHARLES RENNIE	509,742	0.57%	-	-
CS THIRD NOMINEES PTY LIMITED	431,730	0.49%	-	-
MR DONALD JEFFREY MEIJ	369,868	0.42%	-	-
NATIONAL NOMINEES LIMITED	354,714	0.40%	-	-
SUCCESS PIZZAS PTY LTD	340,149	0.38%	-	-
CLYDE BANK HOLDINGS (AUST) PTY LTD	308,296	0.35%	-	-
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	267,761	0.30%	-	-
MR ANDREW CHARLES RENNIE	250,334	0.28%	-	-
	80,375,001	**90.48%**	**-**	**-**

Glossary

ASIC means the Australian Securities & Investments Commission.

ASX means Australian Securities Exchange Limited (ABN 98 008 624 691).

Australian Store Network means the network of Corporate Stores and Franchised Stores located in Australia.

Board or **Board of Directors** or **Directors** means the Board of Directors of the Company.

CAGR means Compound Annual Growth Rate.

Capital Reduction means the selective reduction of capital described in Section 11.4 of the prospectus.

Company or Consolidated entity means Domino's Pizza Enterprises Limited (ACN 010 489 326).

Corporate Store means a Domino's Pizza store owned and operated by the Company.

Corporate Store Network means the network of Corporate Stores.

Corporations Act means the *Corporations Act 2001* (Clth).

Directors means the Directors of the Company from time to time.

Director and Executive Share and Option Plan or **ESOP** means the Domino's Pizza Director and Executive Share and Option Plan summarised in note 34 to the financial statements.

Domino's means the Domino's Pizza brand and network, owned by Domino's Pizza, Inc.

Domino's Pizza means the Company and each of its subsidiaries.

Domino's Pizza Stores means Corporate Stores and Franchised Stores.

DPE Limited means Domino's Pizza Enterprises Limited (ACN 010 489 326)

Earnings Per Share or **EPS** means NPAT divided by the total number of Shares on issue.

EBIT means earnings before interest expense and tax.

EBITDA means earnings before interest expense, tax, depreciation and amortisation.

Existing Store Sales Growth means sales growth of stores that have been trading for 54 weeks or more.

European Same Store Sales Growth means comparable growth in sales across those European stores that were in operation at least 12 months prior to the date of the reported period.

Franchised Store means a pizza store owned and operated by a Franchisee and Franchise Network means the network of Franchised Stores.

Franchisees means persons and entities who hold a franchise from the Company to operate a pizza store under the terms of a sub-franchise agreement.

Listing Rules means the Listing Rules of the ASX.

Network or **Domino's Pizza Network** or **Network Stores** means the network of Corporate Stores and Franchised Stores.

Network Sales means the total sales generated by the Network.

New Zealand Network means the network of Corporate Stores and Franchised Stores located in New Zealand.

NPAT means net profit after tax.

Related Bodies Corporate has the meaning given to it by section 50 of the Corporations Act.

Registry means Link Market Services Pty Limited.

Same Store Sales Growth means comparable growth in sales across those stores that were in operation at least 12 months prior to the date of the reported period.

Share means any fully paid ordinary share in the capital of the Company.

Underlying EBITDA and **Underlying NPAT** excludes transaction and integration related costs associated with the acquisition and one-off costs relating to the relation of the Paris Commissary.

Corporate directory

Directors

Jack Cowin

Non-Executive Chairman

Jack has extensive experience in the quick restaurant service industry and is the founder and Executive Chairman of Competitive Foods Australia Pty Ltd. Competitive Foods was founded in 1969 and owns and operates over 350 Hungry Jack's fast food restaurants in Australia, while also operating several food manufacturing plants for the supermarket and food service industries. Jack holds a Bachelor of Arts from the University of Western Ontario.

Ross Adler

Non-Executive Deputy Chairman

Ross has held numerous Directorships including Non-Executive Director of the Commonwealth Bank of Australia from 1991 to 2004 and Director of Telstra from 1995 to 2001. His other appointments include Chief Executive Officer of Santos Limited from 1984 to 2000 and Chairman of AUSTRADE from 2001 to 2006. Ross is currently Executive Chairman of Amtrade International Pty Ltd and holds a Bachelor of Commerce from Melbourne University as well as an MBA from Columbia University.

Grant Bourke

Non-Executive Director

Grant joined Domino's Pizza in 1993 as a franchisee and in 2001 sold his eight stores to Domino's Pizza. In 2001, Grant became a Director for Domino's Pizza and from 2001 to 2004 he managed the Company's Corporate Store Operations. In July 2006, Grant was appointed Managing Director, Europe. Grant has been a Non-Executive Director since September 2007. Grant holds a Bachelor of Science (Food Technology) from the University of NSW and a MBA from The University of Newcastle.

Paul Cave

Non-Executive Director

Paul is the Chairman and Founder of BridgeClimb, which he started in 1998. Paul and the BridgeClimb business have been highly recognised by the tourism and business community in Australia. Made a Member of the Order of Australia, in the Queen's Birthday Honours 2010, for his services to the tourism industry. Awarded the National Entrepreneur of the Year (Business Award) in 2001, and the Australian Export Heroes Award in 2002-03. Worked in marketing and general management roles for B&D Roll-A-Door and also founded the Amber Group in 1974, which he sold in 1996. Director of Chris O'Brien Lifehouse at RPA, and founding Director of InterRisk Australia Pty Ltd. Paul holds a Bachelor of Commerce from the University of NSW.

Lynda O'Grady

Non-Executive Director

Lynda has extensive experience in executive roles in IT, telecommunications and media organisations including Executive Director and Chief of Product at Telstra and Commercial Director of the publishing division of PBL. She is a Fellow of the Australian Institute of Company Directors and is Chair of the Aged Care Financing Authority. Lynda holds a Bachelor of Commerce (Hons) from the University of Queensland.

Don Meij

Group Chief Executive Officer / Managing Director

Don started as a delivery driver in 1987 and held various management positions with Silvio's Dial-a-Pizza and Domino's Pizza until 1996. Don then became a Domino's Pizza franchisee, owning and operating 17 stores before selling them to Domino's Pizza in 2001. At that time, Don became Chief Operating Officer and Group Chief Executive Officer / Managing Director in 2002. Don was Ernst & Young's Australian Young Entrepreneur of the Year in 2004.

Company Secretary

Mr C.A. Ryan BA LLB LLM AGIS

Registered office

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ABN 16 010 489 326

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Auditors

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Brisbane QLD 4000

Solicitors

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1 Eagle Street
Brisbane QLD 4000

DLA Piper Australia
Level 9,
480 Queen Street
Brisbane QLD 4000

Share registry

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Tel: 1300 554 474 (in Australia)
Tel: +61 (0) 2 8280 7111 (overseas)

Securities Exchange

Domino's Pizza Enterprises Limited shares are listed on the Australian Securities Exchange

ASX Code

DMP

Website Address

dominos.com.au