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IAWS Group PLC
14 March 2005

IAWS Group, plc

Interim Results Announcement

IAWS Group, plc the international food and nutrition/agri group reports interim results for the half year ended 31 January 2005

Financial Highlights

- Earnings per share (diluted)* up 20.5% to 26.6c
- Group sales growth (incl share of JV) of 9%
- Total operating profit (before goodwill amortisation) up 20.4% to €48.6m
- Associate and joint venture contribution increased by 76% to €14.2m
- Group operating profit before goodwill amortisation up 6.5 % to €34.4m
- Pre tax profits* up 23% to €42.8m
- Dividend per share up 15% to 5.835c

*(adjusted for goodwill amortisation and exceptional items)

Commenting on the 2005 half year performance, IAWS Group Chief Executive Owen Killian said

"The Group had a satisfactory performance in the first six months. Geographic diversification continued with a strategic acquisition in France bringing an additional range of quality food concepts to the Group. Our business in North America performed very well following the commissioning of new production facilities during the period. There was some margin erosion in our food business due to our ongoing business integration in the UK and trading conditions continue to be difficult in Nutrition/Agri. The Group continues to generate substantial free cash and is well placed to continue its expansion"

Ends. 14 March 2005

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Interim Statement

Results

IAWS Group, plc announces an increase of 23 per cent in pre tax profits (before goodwill amortisation and exceptional items) for the half year ended 31st

January 2005, to €42.8 million compared with €34.8 million for the same period in the previous year. On the same basis diluted earnings per share is 20.5 per cent higher at 26.6c compared with 22.1c. The interim dividend has been increased by 15 per cent to 5.835c per share.

Total turnover including share of joint venture increased by nine per cent in the period, with underlying sales growth showing a six per cent increase when account is taken of foreign currency fluctuations and acquisitions. Underlying sales growth from food was 14 per cent in the period compared with a five per cent decrease in underlying sales from Nutrition/Agri. The drivers of the strong food sales performance were Lifestyle Foods in Ireland and the UK, La Brea in the USA and the joint venture with Tim Hortons in Canada. The principal factors impacting Nutrition/Agri turnover was lower commodity prices and lower feed ingredient volumes.

Total operating profit before goodwill increased by 20.4 per cent to €48.6 million from €40.3 million. The food division reported a 26 per cent increase in profits before acquisitions. Total profits from the food division inclusive of acquisitions were €41.3 million compared with €31.4 million last year. Group operating margin in the period was 5.5 per cent compared to 5.6 per cent in the previous period. The reduction occurred in both the Nutrition/Agri and Food divisions. Nutrition/Agri operating margin fell from 3 per cent to 2.5 per cent with Food falling from 7.5 per cent to 7.3 per cent.

The Group's investments in associate and joint venture companies contributed significantly to earnings, with operating contribution increasing to over €14 million from €8 million in the same period last year. These businesses now contribute 29 per cent of total operating profit compared with 20 per cent previously. They include a growing contribution from the Tim Horton joint venture and from associate A. Hiestand Holding AG and solid performances from John Thompson, feed compounders and Odlum, flour millers. A.Hiestand Holding AG, in which the Group has a 22 per cent shareholding, posted 20 per cent sales growth for 2004 with double digit organic growth a key feature.

The Nutrition/Agri contribution fell by 19 per cent to €7.3 million in the period. On a trading basis animal feed experienced a difficult first half. The exceptional item of €8.7 million in the Profit and Loss Account relates to the completion of the disposal of the animal protein business. The disposal proceeds were €15.3 million and the operating profit associated with this business was €2.5 million in the year to July 2004.

The Group balance sheet remains strong. Net borrowings are €275 million compared with €219 million at the same date last year, following an acquisition spend of €116 million within the period. Interest cover has increased to 8.1 from 7.1 and cash earnings per share is 36.14c.

Review of Operations

Food Division

Ireland: Sales growth within Lifestyle Foods was six per cent in the period.

A new promotional and marketing campaign was launched in January designed to strengthen Cuisine de France's position as the in-store bakery market leader. The campaign focuses on the ever evolving lifestyle trends in the retail market by developing the brand and packaging in line with changing consumer trends. It is supported by TV, radio and outdoor advertising.

Lifestyle Foods Ireland has commenced the marketing of Carroll Cuisine products and this is providing the Group with an established route to market in the chilled category.

Shamrock Foods had a satisfactory performance for the half year. The Shamrock Foods logistics system has benefited from the introduction of a new enterprise resource planning system (ERP) which went live at the end of the period.

United Kingdom and Europe: The UK achieved sales growth of 15 per cent in the period.

The UK convenience store sector continues to consolidate. There is significant investment going into this market segment through upgrading of stores and investment in the in-store bakery category. This consolidation is positive for the development of the UK Lifestyle Foods business and affords an opportunity to provide new food retailing solutions to this dynamic sector.

In November 2004, the cold store facility at the Delice de France distribution centre at Southall in London was partially destroyed by fire. Delice de France invoked its contingency plan, and the business serviced its customers through its outlying depots. The total focus over the period has been to maximise customer deliveries and service levels while minimising disruption. The disruption caused by the fire at Southall has delayed the IT integration project and this initiative will not be completed in the current financial year. While sales growth in the UK was very satisfactory, the results were impacted by the ongoing integration of our food business.

In December 2004 the Group acquired Groupe Hubert. Groupe Hubert is supplying customised, innovative solutions to the craft and foodservice markets in France and is a pioneer in the creation and distribution of bakery and savoury

products. It has expertise in creating the products the market requires and a proven ability to deliver them. Groupe Hubert presents IAWS Group, plc with new exciting growth opportunities and gives us a major presence in the French food market. The business has an extensive sales, telesales and logistical network which services over 20,000 customers in the morning goods and savoury products channel. The acquisition of Groupe Hubert is an extension of our existing business model into a new geographical territory. Groupe Hubert contributed €19.4 million of sales and €1.8 million in operating profit (before interest and tax) in the period.

North America: The Group's operations in the United States and Canada had an excellent performance in the first half of the year. Additional production capacity at La Brea Bakery, New Jersey was commissioned while the capital expenditure programme at the Canadian joint venture facility at Brantford was completed in the 2004 financial year.

The merging of La Brea Bakery and Cuisine de France operations in the United States has been very successful and the combined business reported underlying sales growth of over 20 per cent in the period.

The completed capital expenditure programme at La Brea Bakery New Jersey is the second phase of development and is servicing La Brea's needs on the East Coast of the United States. La Brea Bakery is currently selling its branded artisan offering to 7,000 customers in both retail and foodservice across the US. La Brea Bakery has introduced a number of new products in the period with particular emphasis on the wholegrain range, which is recognised as an important component of a healthy diet and lifestyle.

The Canadian joint venture reported a particularly strong underlying sales performance compared with the same period last year reflecting the full roll out of the concept throughout the Tim Horton estate. The strong sales performance of Tim Hortons continues, with average same store sales for 2004 up 7.4 per cent in Canada and 9.9 per cent in the US. The joint venture is supplying all 2,721 Tim Hortons stores in Canada and the United States.

Nutrition/Agri Division

The Group's animal feed ingredients business had a difficult first half with the overall market suffering the effects of mild weather, a bumper cereal and sugar beet harvest, all of which are adversely affecting demand for feed ingredients. Weaker farm incomes combined with higher unit prices for fertiliser are having a negative impact on fertiliser volumes in the UK.

Fertiliser sales in Ireland are heavily weighted to the spring and summer months. Sales in the first half provide no indication on fertiliser use for the year as a whole.

Irish farm incomes increased in 2004 and this year marks the beginning of the single decoupled farm payment and the ending of all subsidies tied to production. The supply response of farmers to full decoupling is difficult to anticipate given the lack of precedent with respect to such a policy adjustment.

The protein and oil business had a satisfactory performance in the period.

Dividend

The Board has approved an interim dividend of 5.835c per share, an increase of 15 per cent on the 2004 interim dividend of 5.074c. It will be paid on 22 April 2005 to shareholders on the register on 8 April 2005

Outlook

The board is pleased with the performance year to date and the Group continues to trade satisfactorily.

ENDS

March 14, 2005

IAWS Group, plc
GROUP PROFIT & LOSS ACCOUNT
for the six months ended 31 January 2005

Unaudited Half Year Ended	Unaudited Half Year Ended
31.01.05	31.01.04
€'000	€'000

Turnover, including share of joint venture	653,304	599,678
Less share of joint venture	23,130	18,814
Group turnover	<u>630,174</u>	<u>580,864</u>
Group operating profit before goodwill amortisation	34,398	32,293
Goodwill amortisation	(1,821)	(1,445)
Group operating profit	<u>32,577</u>	<u>30,848</u>
Share of operating results of associated undertakings and joint venture	14,168	8,031
Total operating profit	<u>46,745</u>	<u>38,879</u>
Exceptional Items	8,670	-
Profit on ordinary activities before interest and tax	<u>55,415</u>	<u>38,879</u>
Net interest payable and similar charges	(5,742)	(5,482)
Profit on ordinary activities before taxation	<u>49,673</u>	<u>33,397</u>
Tax on profit on ordinary activities	(10,926)	(7,061)
Profit on ordinary activities after taxation	<u>38,747</u>	<u>26,336</u>
Minority Interests	(84)	43
Profit on ordinary activities attributable to the group	<u>38,663</u>	<u>26,379</u>
Dividends proposed	(7,271)	(6,278)
Retained profit for the financial period	<u>31,392</u> =====	<u>20,101</u> =====

IAWS GROUP, plc
GROUP PROFIT & LOSS ACCOUNT
for the six months ended 31 January 2005 (Continued)

	Unaudited Half Year Ended 31.01.05	Unaudited Half Year Ended 31.01.04
Earnings per share for the period		
Basic		
- Excluding exceptional items and goodwill amortisation	27.00c	22.34c
Diluted		
- Excluding exceptional items and goodwill amortisation	26.63c	22.10c
Basic		
- Including exceptional items and goodwill amortisation	31.16c	21.34c
Diluted		
- Including exceptional items and goodwill amortisation	30.73c	21.11c
Dividend per ordinary share	5.835c	5.074c
Fully diluted cash earnings per share	36.14c	31.73c

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the six months ended 31 January 2005

Unaudited Unaudited

	Half Year Ended 31.01.05	Half Year Ended 31.01.04
	€'000	€'000
Profit on ordinary activities attributable to the group	38,663	26,379
Exchange adjustments	(5,837)	(195)
Total recognised gains and losses for the financial period	<u>32,826</u>	<u>26,184</u>
	=====	=====

IAWS GROUP, plc
GROUP BALANCE SHEET
as at 31 January 2005

	Unaudited As at 31.01.05	Unaudited As at 31.01.04
	€'000	€'000
FIXED ASSETS		
Intangible	309,182	158,937
Tangible	247,405	240,873
Financial		
Investment in joint venture	56,281	54,014
Investment in associates	60,517	49,636
Other investments	241	242
	<u>673,626</u>	<u>503,702</u>
CURRENT ASSETS		
Stocks	113,771	113,404
Debtors	178,680	142,217
Cash at bank and on hand	36,505	22,231
	<u>328,956</u>	<u>277,852</u>
CREDITORS (amounts falling due within one year)	<u>(420,232)</u>	<u>(263,074)</u>
NET CURRENT ASSETS	<u>(91,276)</u>	<u>14,778</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>582,350</u>	<u>518,480</u>
Creditors (amounts falling due after more than one year)	(201,461)	(217,902)
Government grants	(3,540)	(4,393)
PROVISIONS FOR LIABILITIES AND CHARGES	<u>(7,959)</u>	<u>(7,727)</u>
	<u>369,390</u>	<u>288,458</u>
	=====	=====
Capital and reserves		
Called up share capital	37,382	37,120
Share premium	42,010	37,474
Other reserves	3,198	3,198
Profit and loss account	282,715	207,618
	<u>365,305</u>	<u>285,410</u>
Minority interests	4,085	3,048
	<u>369,390</u>	<u>288,458</u>
	=====	=====

IAWS Group, plc
SUMMARY GROUP CASH FLOW STATEMENT
for the six months ended 31 January 2005

	Unaudited 31.01.05	Unaudited 31.01.04
	€'000	€'000
Inflows		
Group operating profit	32,577	30,848
Depreciation (net of grants released) and goodwill amortisation	13,793	13,473
Disposals	15,575	4,424
Issue of shares (including premium)	4,297	607
Other	(231)	17
	<u>66,011</u>	<u>49,369</u>
Outflows		
Working capital movement	69,317	69,485
Capital expenditure:		
- Ongoing	4,482	4,940
- New investments	12,167	17,589
Acquisitions and investments	115,709	21,587
Tax and interest	10,808	10,673
Dividends (net of dividends receivable)	(4,786)	(2,859)
	<u>207,697</u>	<u>121,415</u>
Net outflow	(141,686)	(72,046)
Translation adjustment	8,434	8,108
Increase in net debt	<u>(133,252)</u>	<u>(63,938)</u>
Net debt at beginning of period	(141,410)	(155,098)
Net debt at end of period	<u>(274,662)</u>	<u>(219,036)</u>
	=====	=====
MOVEMENT IN SHAREHOLDERS' FUNDS		
for the six months ended 31 January 2005		
	31.01.05	31.01.04
	€'000	€'000
At 1 August	334,122	264,897
Retained profit for the period	31,392	20,101
Exchange adjustments	(5,837)	(195)
Issue of shares (including premium)	4,297	607
Goodwill reinstated on disposal	1,331	-
At 31 January	<u>365,305</u>	<u>285,410</u>
	=====	=====

IAWS GROUP, plc
Notes to the Interim Results
for the six months ended 31 January 2005

1 - Basis of Preparation

The interim financial statements for the six months ended 31 January 2005 have been prepared in accordance with the accounting policies set out in the annual report for the year ended 31 July 2004.

2- Segmental Analysis

	2005	2005	2005	2004	2004	2004
	Food	Nut/Agri	Total	Food	Nut/Agri	Total
	€'000	€'000	€'000	€'000	€'000	€'000

Turnover

Group and share of joint venture	415,892	237,412	653,304	351,781	247,897	599,678
Less: share of joint venture	(23,130)	-	(23,130)	(18,814)	-	(18,814)
Group turnover	<u>392,762</u>	<u>237,412</u>	<u>630,174</u>	<u>332,967</u>	<u>247,897</u>	<u>580,864</u>
Group operating profit before goodwill amortisation	28,526	5,872	34,398	24,820	7,473	32,293
Share of joint venture and associates	12,756	1,412	14,168	6,540	1,491	8,031
Total operating profit before goodwill amortisation	<u>41,282</u>	<u>7,284</u>	<u>48,566</u>	<u>31,360</u>	<u>8,964</u>	<u>40,324</u>
Goodwill amortisation	(1,748)	(73)	(1,821)	(1,372)	(73)	(1,445)
Total operating profit after goodwill amortisation	<u>39,534</u>	<u>7,211</u>	<u>46,745</u>	<u>29,988</u>	<u>8,891</u>	<u>38,879</u>
Exceptional items	-	8,670	8,670	-	-	-
Profit before interest and taxes	<u>39,534</u>	<u>15,881</u>	<u>55,415</u>	<u>29,988</u>	<u>8,891</u>	<u>38,879</u>

IAWS GROUP, plc
Notes to the Interim Results
for the six months ended 31 January 2005

2 - Segmental Analysis (Continued)

	Half Year Ended 31.01.05	Half Year Ended 31.01.04
	€'000	€'000
Turnover	---	---
Geographical analysis by origin:		
Republic of Ireland	316,724	311,955
United Kingdom and Europe	261,466	222,724
North America	51,984	46,185
	<u>630,174</u>	<u>580,864</u>

3 - Earnings per Share

	Earnings per share		Earnings per share	
	2005	2005	2004	2004
	€'000	Cent	€'000	Cent

Basic Profit for the financial year	38,663	31.16	26,379	21.34
Exceptional items (net of Tax)	(6,660)	(5.37)	-	-
Goodwill amortisation (net of tax)	1,494	1.21	1,235	1.00
Adjusted earnings per share	<u>33,497</u> =====	<u>27.00</u> =====	<u>27,614</u> =====	<u>22.34</u> =====
Diluted Profit for the financial year	38,663	30.73	26,379	21.11
Exceptional items (net of tax)	(6,660)	(5.29)	-	-
Goodwill amortisation (net of tax)	1,494	1.19	1,235	0.99
Adjusted earnings per share	<u>33,497</u> =====	<u>26.63</u> =====	<u>27,614</u> =====	<u>22.10</u> =====

The calculation of earnings per share is based on the weighted average number of shares in issue during the period of 124,067,316 (2004: 123,596,011). Fully diluted earnings per share is also disclosed in accordance with the requirements of Financial Reporting Standard 14 'Earnings per Share'. The weighted average number of shares used in the calculation of fully diluted earnings per share is 125,806,935 (2004: 124,944,500).

4 - Business Acquisitions

The acquisition of Groupe Hubert from the Apax Partners was completed on 10th December, 2004. The maximum consideration payable will be €130 million, of which up to €25 million will be paid by way of deferred consideration. In addition IAWS Group, plc has paid €8.4 million of debt assumed on acquisition. The turnover of Groupe Hubert from the date of acquisition to 31st January 2005 was €19.4 million. The operating profit of the acquisition in the same period was €1.8 million.

5 - Southall Fire

On 26 November 2004, a cold store at the Group's food distribution centre in Southall, London, England was partially destroyed by fire. The Group has business interruption insurance cover.

6 - Exceptional Items

The exceptional profit of €8.7 million in the accounts relates to the completion of the sale of the animal proteins businesses previously owned by the Group to the Irish Agricultural Wholesale Society Limited. The disposal proceeds arising from the sale were €15.3m. These businesses were part of the Group's Nutrition/Agri division and generated an operating profit of €2.5 million for the year ended 31 July 2004.

The tax charge attributable to the exceptional item amounted to €2 million (2004: Nil).

7 - International Financial Reporting Standards

IAWS Group plc will begin to account under the International Financial Reporting Standards from August 1, 2005.

8 - Distribution of Interim Report

These interim results are available on the Group's website (www.iaws.com). The Interim Report is being sent by post to all registered shareholders. Copies are also available to the public at the Company's registered office at 151 Thomas Street, Dublin 8, Ireland.

Dividend Information

Payment of Interim Dividend 22 April 2005
Record Date 8 April 2005
Ex-dividend Date 6 April 2005

This information is provided by RNS
The company news service from the London Stock Exchange

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