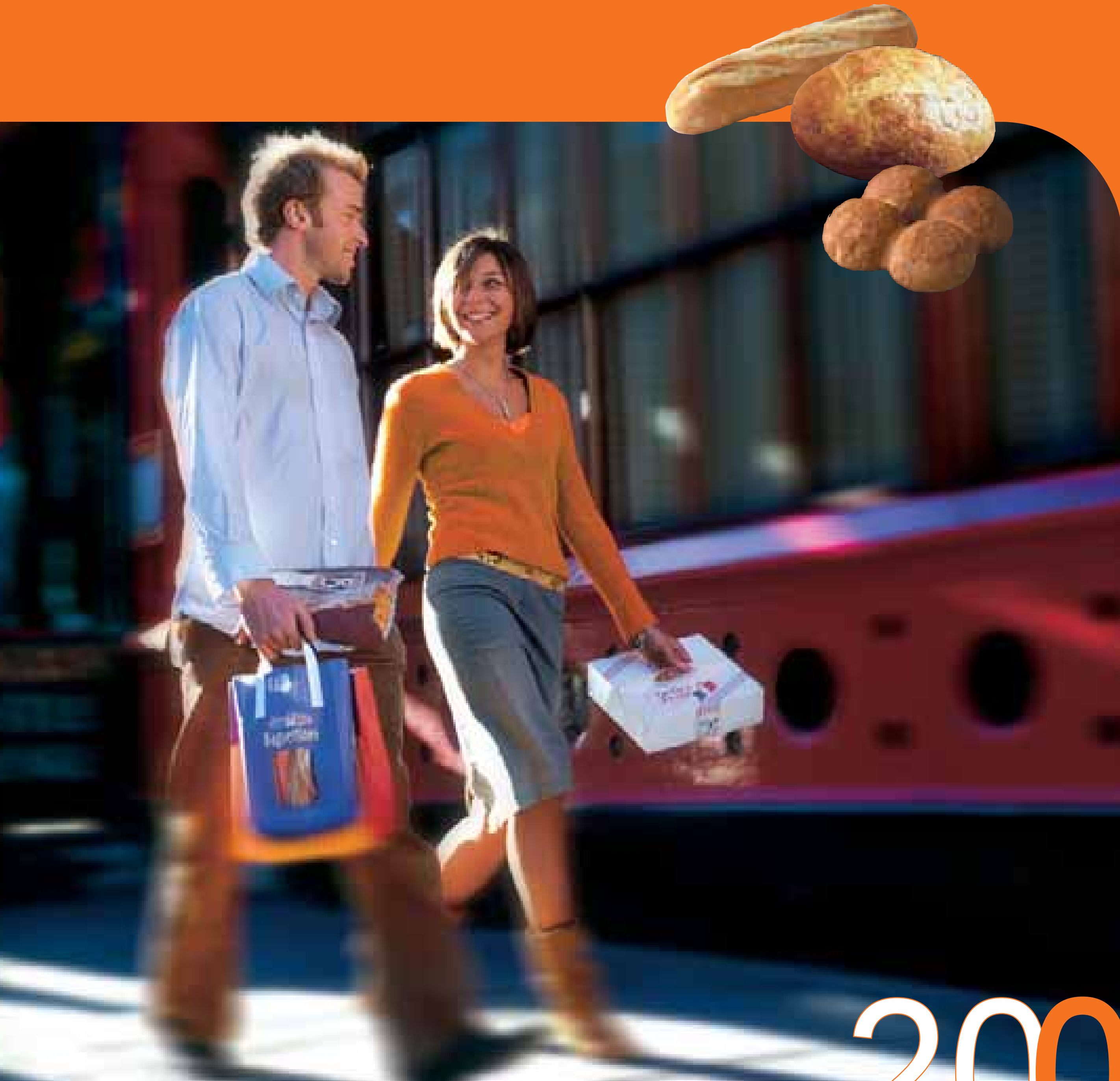


annual report & accounts 2003

IAWS GROUP plc

IAWS Group plc is a market leader in speciality convenience foods in Ireland, the United Kingdom and North America. The Group has a century old tradition of food production rooted in Ireland's agricultural co-operative movement as a major fertiliser, fish protein and animal nutrition supplier. IAWS is a fully listed company on the Irish and London Stock Exchanges which has expanded successfully from its traditional agricultural base into the rapidly growing international "food-to-go" business.

IAWS entered the convenience food market in 1998 with the acquisition of Cuisine de France in Ireland. This business, which produces speciality breads and confectionery for the retail trade, has since expanded into the United Kingdom and the United States. Delice de France, acquired in 1999, offers the foodservice industry a wide range of desserts, speciality confectioneries and savoury products. The Group's hot food offering is marketed under the Pierre's brand through forecourts and other convenience food outlets.

La Brea is the leading producer of premium artisan breads in the United States, with state of the art bakeries in California and New Jersey. In Canada the Group operates a joint venture bakery facility with Tim Hortons producing baked goods for the Tim Hortons quick serve restaurant outlets in Canada and the US.

In Ireland, Shamrock Foods has a leading position in the distribution of branded household food, including the IAWS owned Roma Foods. Roma is the brand leader in pasta for home cooking and its product range also includes rice, ready made meals, tomato based products and stir in sauces.

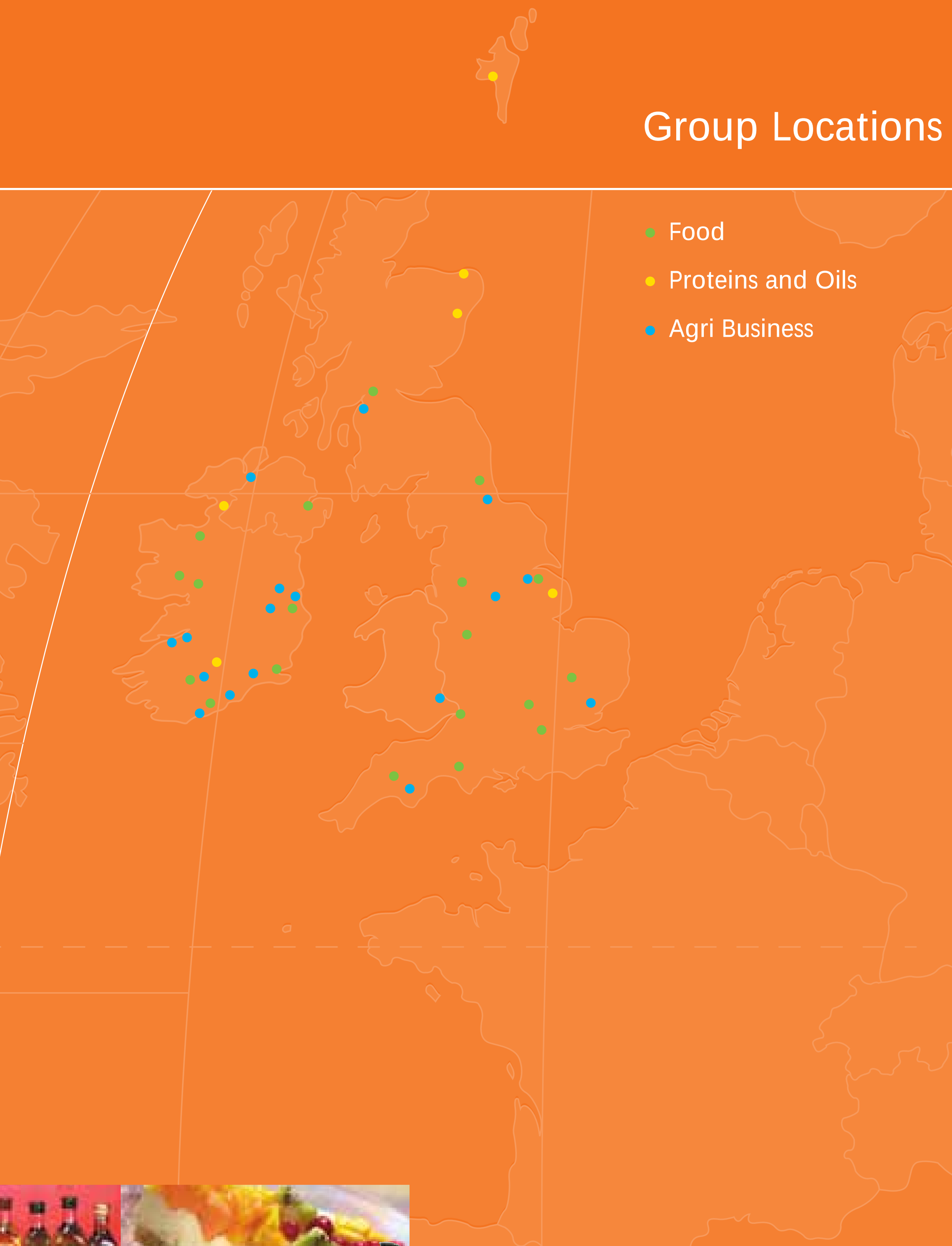
IAWS is a substantial blended fertiliser supplier in Ireland and Britain. The Group's UK horticultural fertiliser producer, PB Kent, supplies the professional, niche agricultural and home garden markets. In Ireland, Goulding is a major supplier to agriculture. R&H Hall has key installations in major ports throughout Ireland for the importation and supply of animal feed ingredients to provender millers. The marine protein and oil business supplies quality fishmeal for the growing aquaculture sector from processing plants in major Irish and UK fishing ports.

IAWS' roots in the agricultural sector have provided the background and cash flow to enable it to grow successfully into the international convenience food business. Based on these twin pillars, the Group has grown rapidly in recent years.

Highlights/Key aspects 2003

- New manufacturing facilities in Canada and New Jersey fully operational
- €40m investment committed for North America in 2004
- Cuisine de France, Delice de France and Pierre's businesses successfully integrated in Ireland
- Purchase of 22% shareholding in Swiss gourmet bakery – A. Hiestand Holding AG
- New horticultural production facility constructed in the UK
- Profit on Ordinary Activities before Taxation up 17% to €82.2m *(adjusted for goodwill and exceptional items)
- Underlying total sales growth of 7%
- New Chairman and Group Managing Director

Group Locations



Contents

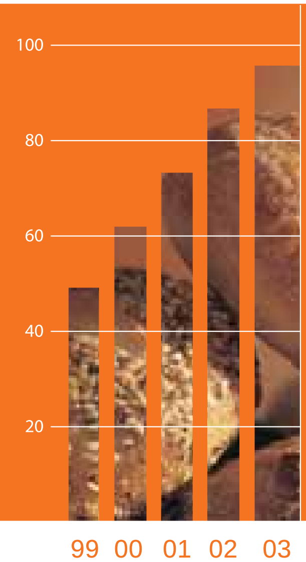
Financial Highlights

	2003 €'000	2002 €'000	% Change
Total Sales	**1,250,816**	1,214,878	3%
Total Operating Profit pre Goodwill	**95,721**	86,732	10%
Profit Before Tax (Excluding Exceptional Items and Goodwill Amortisation)	**82,173**	70,349	17%
Fully Diluted Earnings Per Share (adjusted)	**53.0c**	44.8c	18%
Fully Diluted Free Cashflow Per Share	**77.1c**	69.4c	11%
Dividend Per Share	**9.03c**	7.86c	15%

Five Year Financial Review

	2003 €'000	2002 €'000	2001 €'000	2000 €'000	1999 €'000
Total Sales	**1,250,816**	1,214,878	1,101,573	982,186	849,782
Total Operating Profit pre Goodwill	**95,721**	86,732	73,267	61,951	49,157
Profit Before Tax (Excluding Exceptional Items and Goodwill Amortisation)	**82,173**	70,349	60,112	50,142	40,998
Fully Diluted Earnings Per Share (adjusted)	**53.0c**	44.8c	37.5c	31.4c	25.6c
Fully Diluted Free Cashflow Per Share	**77.1c**	69.4c	61.0c	55.3c	39.3c
Dividend Per Share	**9.03c**	7.86c	6.83c	5.94c	5.17c

Total Operating Profit pre Goodwill (€000's)



Fully Diluted Earnings Per Share (adjusted) (cent)

Delice de France reported strong sales growth for its speciality, superior quality bakery, savoury and confectionery offerings.

Chairman's Statement

I am pleased to report on an excellent year for IAWS. We continued to invest substantially in the high growth convenience food sector. New facilities constructed to supply this sector traded successfully in their first full year of operations and provided a strong basis for future growth in new markets. At the same time, our traditional agri and nutrition businesses performed well and held their market position.

It was a challenging year internationally for business. Our emphasis on niche products, quality and customer service ensured good sales growth. Management's focus on securing a competitive cost base was unwavering. This, combined with increased sales in both existing and new markets, produced further growth in earnings. Earnings per share were 18 per cent higher at 53.04 cent.

The highlight of the year was undoubtedly our major investment in North America. Our operations there are entering an exciting phase of development.

In the United States, we are investing in developing the highly successful La Brea artisan bread brand. We have two bakeries in Los Angeles serving the West Coast and a substantially larger new bakery in New Jersey supplying the East Coast. This is already operating to full capacity and further expansion is planned.

The joint venture bakery, in Ontario Canada, which supplies the Tim Hortons restaurant chain, has proved particularly successful. Phase two expansion is now underway and will bring the total joint venture investment to €130m. The plant also supplies the expanding Cuisine de France network in the United States.

The Group continues to generate momentum in the core lifestyle food operations across the Cuisine de France, Delice de France and Pierre's brands. In Ireland solid growth was achieved while successfully completing the integration of Cuisine de France, Delice de France and Pierre's. These brands are growing steadily in the UK and the first stage of integrating their operations in that market is underway.

In July 2003, the Group acquired a 22 per cent stake in A. Hiestand Holding AG, a Swiss gourmet bakery company. This represents a strategic investment for IAWS as Hiestand has a significant presence in markets where IAWS is not currently represented. Hiestand has operations in Switzerland, Germany, Poland, Japan, Austria and Southeast Asia. The association also gives both companies access to new product ranges and cross selling opportunities.

Our agri and nutrition businesses traded satisfactorily with underlying sales increasing by 2 per cent year on year. They continue to be a strong contributor to cash flow and an important component of the Group's success. The UK horticultural fertiliser company, PB Kent, completed construction of a new plant to service a growing market sector.

In the past year further improvements in the operational, managerial and financial dimensions of IAWS' activities have taken place. All indications are towards future profitable growth.

Dividend

A final dividend of 4.732 cent is being proposed by the Board, giving a total dividend for the year of 9.032 cent per share, an overall increase of 15 per cent on the prior year. This is the fifth consecutive year that the dividend has been increased by 15 per cent.

Board Changes

On behalf of the Board of Directors and all at IAWS, I would like to express my condolences to the family of Nicholas McEniry who died in May of this year. Nicholas made an outstanding contribution to IAWS during his time on the Board.

On a personal note, this is my last Annual Report as Chairman of the Group. I have been very privileged to have chaired the Group since 1991. In that time, great progress and expansion has taken place and I would like to thank the shareholders, my fellow Board members, the management and staff and all our world wide patrons for helping to build IAWS into such a successful international Group.

I would particularly like to congratulate Philip Lynch for his outstanding achievements during his tenure as Group Managing Director. Philip's vision, dedication and leadership skills, together with his management team, were the drivers that have made IAWS Group the success story it is today. I wish Philip every success in his new role as Chairman. I look forward to continued progress in the future under our new Group Managing Director Owen Killian.

Annual General Meeting – Special Business

In addition to the usual business to be transacted at the AGM, your board proposes that Resolutions numbered 6 to 10 of the Notice of the Annual General Meeting be dealt with as special business. These resolutions are customary, save for Resolution 10 which is proposed in compliance with the Combined Code on Corporate Governance, and may be summarised as follows:

On the move with La Brea

Resolutions 6 & 7 – Authorities regarding allotment of shares

Ordinary and Special Resolutions empowering the directors to allot equity securities for cash to shareholders in connection with a rights issue or open offer to shareholders generally or otherwise to allot equity securities for cash representing up to 5% of the Company's issued ordinary share capital.

Resolutions 8 & 9 – Authority to purchase own shares and authority to set price range for reissue of treasury shares off-market

Special Resolutions empowering the Company to make market purchases of its own shares and permitting their re-issue in accordance with and subject to the restrictions set out in the Company's Articles of Association. Your board undertakes to exercise this power in the future only when it believes that such exercise is in the best interests of the shareholders generally.

Resolution 10 – Amendment to require all board members, including executive directors, to retire by rotation

Special Resolution amending the Articles of Association to require all board members, rather than non-executive directors only, to retire by rotation at the annual general meeting of the Company.

James Moloney
Chairman

24 September 2003

With La Brea, the Group is now positioned as the market leader in the artisan bread category.

Lunch to go with Cuisine de France

Cuisine de France continues to increase market penetration in the UK and the Tim Hortons joint venture is now also servicing the supply needs of Cuisine de France in the US.

Group Managing Director's Review

IAWS made excellent progress in 2003 achieving record sales, profitability and cash flow. The strong performance reflects the strategic repositioning of the Group's businesses which began in 1997. This repositioning has resulted in IAWS becoming a major force in the rapidly expanding retail convenience food and food service markets in Ireland, the United Kingdom and North America. We remain very confident about our prospects for sustained growth.

Results

Total turnover (including share of joint venture) increased by three per cent to €1.25 billion. The continued weakness of both the US Dollar and Pound Sterling against the Euro over the course of the year masked strong growth in turnover. Total underlying turnover (adjusted for the effects of disposals, currency fluctuations and joint venture) grew by seven per cent.

Total operating profit before goodwill amortisation increased by 10 per cent to €95.7m. Share of operating profits from associates and joint venture more than doubled to €9.97m.

The Group's operating margin increased by 20 basis points to seven per cent due to improved efficiencies and continued changes in the mix of the Group's business.

Pre tax profits (adjusted for goodwill and exceptionals), increased by 17 per cent to €82.2m. Fully diluted earnings per share increased by 18 per cent to 53.04 cent.

The Group generated €96m in free cash flow, an increase of 11 per cent on last year. Group net debt reduced by €29m to €155m, reducing the debt equity ratio to 59 per cent. An interest cover of seven times leaves the Group comfortably positioned to fund both acquisitions and capital expenditure from operating cash flow from existing operations.

During the year the Group invested over €91m in existing businesses and new acquisitions, spending €54m on its capital investment programme and €37m on new acquisitions and deferred consideration.

The tax charge in the year includes a credit attributable to exceptional items amounting to €2m, which principally relates to the write back of a deferred tax provision made in the prior period which is no longer required.

The success of the Group's repositioning is very evident in these results, with food now accounting for 55 per cent of Group turnover and in excess of 60 per cent of Group operating profit with the Group operating margin increasing to seven per cent. Five years ago food only accounted for 15 per cent of Group operating profit, the overall Group operating margin was 5.5 per cent. Total turnover in the food division grew by €56.5m or nine per cent to €693.4m. Adjusted for the effects of currency fluctuations, joint venture and disposals, the actual underlying increase was 12 per cent.

Food products that meet consumer needs

Shamrock Foods had a very satisfactory year, benefiting from the strength in its agency business and ongoing growth of the Roma Foods business.

Business Operations: Food

The Group's food division is a solutions provider to rapidly growing food sectors. It manufactures and markets food of the highest quality for the bakery, savoury, confectionery and hot food sectors of the retail convenience food and foodservice markets in Ireland, the UK, the United States and Canada.

Ireland

The food businesses in Ireland performed very well and sales momentum exceeded expectations. This growth is being driven by expansion of the product line and new concept development.

Cuisine de France/Delice de France/Pierre's

The integration of the operations of Cuisine de France, Delice de France and Pierre's was completed successfully during the year. There is now one Irish lifestyle food company with three strong brands, targeting different market channels. The businesses operate from one IT and operational platform, which will improve both customer service and capacity utilisation. The integration resulted in the closure of three distribution centres in Ireland. Customers will now receive even greater consistency in terms of product offering, service and opportunity. The integration has enhanced the business with improved operating efficiencies, additional product development opportunities and greater visibility to both the foodservice and retail markets.

Shamrock Foods

Shamrock Foods had a very satisfactory year, benefiting from the strength in its agency business and ongoing growth of the Roma Foods business. Roma is the established market leader in the pasta and rice sectors and experiences strong brand loyalty from its consumers.

UK

The food business in the UK had another excellent year and is well positioned to take advantage of the growth in both the convenience and food service markets. Investment in infrastructure and personnel continued with the objective of expanding the business throughout the UK and of gaining market share.

The first stage of integrating the activities of Cuisine de France and Delice de France in the United Kingdom is underway.

Cuisine de France

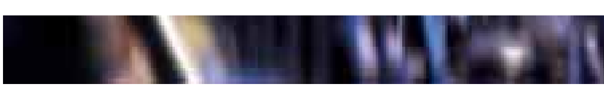
Cuisine de France increased its penetration of the available convenience store universe across the UK. Consolidation in this market segment is ongoing and is creating opportunities for Cuisine de France. This dynamic is improving the quality of convenience stores and creating more openings for in-store bakeries. Changing demographic and social patterns, including the growth in single person households, is driving the expansion in the convenience store market. Cuisine de France is positioned to benefit from these developments with specialised convenience stores forecast to grow at twice the rate of the grocery market overall. Volume sales with existing customers are increasing steadily.

Delice de France

Delice de France operates in the higher value-added sectors of the foodservice market, such as restaurants, coffee houses and hotels. London proved to be a difficult market to operate in during the year as it felt the effect of lower tourist numbers and the impact of the war in Iraq. However, despite this challenging environment, Delice de France achieved sales growth during the year. Delice de France's expansion into the UK regions continued with new distribution points being opened in Avonmouth (South West), Eastleigh (South) and Cambridge (Anglia). Penetration levels of Delice de France products in these markets continued to grow during the year. These regions offer strong growth potential over the long term.

Time out with Pierre's

Pierre's was successfully integrated with the operations of Cuisine de France and Delice de France in Ireland. Customers will see even greater consistency in terms of product offering and service.



Food

United States and Canada

IAWS' operations in the United States and Canada performed well during the period. La Brea's new facility in New Jersey and the Tim Hortons joint venture facility at Brantford, Ontario provides a major growth platform for the Group. An additional €40m was committed earlier in the year for further expansion at these facilities.

La Brea

La Brea, operates in the par-bake niche high margin artisan bread market. La Brea experienced strong growth during the year, facilitated by the completion of the New Jersey plant. Sales increased strongly despite a softening in the US economy and perceived concerns over carbohydrate consumption.

The Group is now positioned as the market leader in the par-bake artisan bread category.

Demand for La Brea artisan breads on the East Coast of the United States is strong. This market had been serviced by daily shipping of bread across the continent from the Californian bakery. The New Jersey facility allows customers to be serviced locally and in a more cost effective manner. It also enables IAWS to build on the relationships established with major national and international grocers in this territory. La Brea's facility in New Jersey is now running at full capacity. Additional plant capacity will be commissioned during 2004/2005.

Tim Hortons

IAWS and Wendy's International Inc formed a strategic alliance in 2001 through their respective subsidiaries, Cuisine de France and Tim Hortons. A 50/50 joint venture between the two companies has been successfully established to supply the Tim Hortons chain with fresh quality baked goods. Tim Hortons is the leading coffee and baked goods restaurant chain in Canada, with a growing presence in the United States.

The joint venture has invested in constructing a new generation bakery in Brantford, Ontario, Canada. The new bakery facility is supplying bakery products to the Tim Hortons estate. By the end of 2004, the bakery facility will be supplying the entire existing Tim Hortons estate.

The Brantford facility was commissioned during the financial year under review, at a total cost to the joint venture of €90m. The second phase of construction, to expand capacity at this facility, will bring the total combined joint venture investment to €130m. This work is under way and will be completed in early 2004.

Cuisine De France

Cuisine de France has been successfully established in the Mid West and Baltimore/Washington region and now supplies continental breads and confectionery to in excess of 1,000 retail outlets. The growth in new store accounts has further extended the geographic territory being serviced into Massachusetts, Virginia, Pennsylvania and Ohio. The Brantford joint venture facility is also supplying the bread requirements of Cuisine de France in the US.

Business Operations: Agri/Nutrition

Fertiliser

Ireland

In Ireland Goulding delivered a satisfactory trading performance for the year. Goulding is the leading producer of blended fertiliser in Ireland with four plants in Cork, Askeaton, New Ross and Ardee. Goulding is also a major supplier of industrial chemicals. The closure of Irish Fertiliser Industries, which had been supplying 25 per cent of the Irish fertiliser market, created a void in the market and provided an opportunity for Goulding and other producers to increase their market share of blended nitrogen products.

UK

The Group's UK fertiliser business had a difficult year with the overall market suffering the effects of low pricing and income pressure at farm level. With the increase in grain prices and improved milk prices, farmers' attitudes are now more positive than they have been for a number of years. There is evidence of a return to higher phosphate and potash applications. The new season has started well, we are confident of an improved performance in the current year.

The UK Horticulture business, PB Kent, had an excellent year and exceeded sales targets. The new granulation plant at Immingham will substantially increase capacity. This is the first purpose built plant in the UK capable of producing a full range of quality products for the home garden, professional and niche agricultural markets. It puts IAWS at the leading edge of technology in the industry and provides a solid foundation for developing niche markets.

Animal Feed Ingredients

R & H Hall

R & H Hall delivered a satisfactory result for the year. It is involved in the sourcing of a wide range of protein and energy ingredients for the animal feed compounding industry. These include soya beans, corn gluten and feed wheat. Feed volumes were in line with expectations during the year and there continues to be a strong demand for feed grains, both native and imported.

Marine Protein and Oil

The Marine Protein and Oil business performed satisfactorily in the year. The production base of the business is located in Ireland and the UK with four strategically located facilities supported by extensive laboratory facilities at Killybegs and Aberdeen.

Marine protein is a high value feed ingredient used in specialist diets for poultry, pigs and the growing aquaculture industry. One of the key drivers behind the growth in aquaculture is the high conversion rate of feed into protein by fish. We have built a substantial direct presence in the UK market which is one of the largest import markets for marine protein in Europe. IAWS is the market leader in marine protein and oil production in Ireland and the UK and the fourth largest in Europe. We have an ongoing capital investment programme and our facilities are producing to the most exacting standards required by the industry.

We will continue to invest in our Protein and Oil business in order to ensure our future competitiveness in this niche sector.

Sowing the development seed

Our Agri/Nutrition business had a satisfactory year and continues to be a strong contributor to cash flow and an important component of the Group's success.

Outlook

The Group has established quality businesses which are well diversified geographically. We now have strong market positions in Ireland, the UK, USA, and Canada. Each of these markets offer exciting potential and the drivers of growth for the future are clearly mapped out.

To date, growth in our food businesses has been the result of expansion in both Ireland and the UK. IAWS is now a leading player in convenience food in these markets. The Group has made substantial investment in the North American market, which will be the key platform of future growth.

The recent investment in Hiestand opens opportunities to the Group in Europe and also Asia Pacific.

The Group's acquisition policy will continue to focus on selecting complementary quality businesses that will provide further growth within the Groups' existing markets.

With IAWS on the brink of a new era, the business needs to have continuity of management through this next phase of growth. I am delighted that Owen Killian is taking over the role of Group Managing Director. Owen has played a central role in the development of the Group over the past 20 years. In recent years his contribution as Chief Operations Officer has been outstanding and he will build on the successes already achieved.

Our business is about people and I have been fortunate to have worked with a superb management team and a group of employees who have a tremendous work ethic. The role played by Jim Moloney both as Chairman of the public company, and prior to that, in the restructuring of IAWS has been nothing short of remarkable. Jim and I have been aided considerably by a board who supported us in every possible way. I look forward to contributing to future growth in my new role as Chairman of IAWS.

Financial Review

Financial Review

Accounting policies

There was no change in the Accounting Policies of the Group in the year.

Analysis of performance

Pre tax profits adjusted for goodwill and exceptionals increased by 17 per cent to €82.2m. Operating margins increased by 20 basis points to seven per cent as a result of improved efficiencies and continued changes in the mix of the Group's business.

Basic earnings per ordinary share were 53.19c. Fully diluted earnings per ordinary share (as adjusted for goodwill and exceptional items) were 53.04c compared with 44.80c, an increase of 18 per cent.

Dividend

A final dividend of 4.732c per ordinary share is recommended. This makes a total dividend of 9.032c for the year which represents an increase of 15 per cent on last year. Dividend cover at 5.9 times remains strong.

Cash Flow

Free cash flow per share was 77.12c representing an increase of 11 per cent. This reflects the strong cash generative nature of our business.

Borrowings

The financial position of the Group improved with a reduction in net debt of €29m to €155m. This was after spending over €91m on acquisitions and capital investment.

Interest cover was seven times.

Treasury

The funding of the Group and its operating subsidiaries is managed centrally. It is Group policy to minimise exposure to both currency and interest rate fluctuations. This is achieved by matching assets and liabilities in foreign currencies and the use of interest rate swaps and foreign currency forward contracts to hedge specific or estimated payables or receivables.

Philip Lynch
Group Managing Director

24 September 2003

Directors

The board of IAWS GROUP, plc consists of two executive directors and nine non-executive directors.

(a) Chairman

Philip Lynch (57) is Chairman of the company. He was appointed to that position on 1 October 2003, following his retirement as Group Managing Director. He joined the Irish Agricultural Wholesale Society Ltd. (The Society) as Chief Executive in 1983 from R & H Hall Limited, where he held positions of Managing Director of Power Seeds Limited and Corporate Development Manager for R & H Hall Limited from 1975 to 1982. Prior to that, he held senior management positions with the Odlum group of companies. He is Chairman of An Bord Bia and a director of The Society, FBD Holdings plc, Heiton Group plc and Irish Life and Permanent plc.

(b) Executive Directors

Owen Killian (50) was appointed Chief Executive on 1 October 2003. He held various managerial positions prior to and since the flotation of IAWS Group plc in 1988. In 1997 he was appointed Chief Operations Officer where he played a key role in providing strategic direction, particularly in assessing new opportunities for growth in the food sector. He became Head of Food in 2001 and has been focused on maximising the earnings stream from all food operations and developing future strategy for this sector across all markets.

David Martin, FCMA, (59) was appointed Group Financial Director in 1988. He joined the Society in 1983 as Financial Controller. Prior to joining the Society, he was a management consultant with KPMG from 1978 to 1983 and had previously held senior financial positions with a number of companies.

(c) Non-executive directors

Denis Buckley (57) is Chairman of Kerry Group plc, Kerry Co-Operative Creameries Limited and Irish Agricultural Wholesale Society Limited.

Beatrice Dardis (58) is engaged in tillage farming and is a former adviser on farm family policy.

J. Brian Davy (61) is Chairman of Davy Stockbrokers. He is also a non-executive director of the Irish Stock Exchange as well as various other unquoted companies. He is a former director of Arnotts plc.

Denis Lucey (66) is Senior Independent Director. He was formerly chief executive of Dairygold Co-Operative Society Limited. He is a director of a number of unlisted companies.

Patrick McCarrick (73) is a director of Sligo Dairies Limited and Irish Agricultural Wholesale Society Limited and a former director of Connacht Gold Co-Operative Society Limited.

James Colman Moloney, MA, (77) is a former Chairman of the Company and a former director of the Society. He was formerly Director-General of the Irish Co-Operative Organisation Society Limited and is a former director of the Irish Nationwide Building Society.

William G. Murphy (58) is an executive director of Glanbia plc and a director of Irish Agricultural Wholesale Society Limited.

Paul N. Wilkinson (58) joined the board on 29 September 2003. He previously held senior managerial positions with Unilever plc, Grand Metropolitan plc and RHM plc.

Directors' Report

for the year ended 31 July 2003

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 July 2003.

Principal Activities, Review of Business and State of Affairs

The Group's principal activities comprise the manufacture and distribution of convenience food, agri and nutrition products. Through its subsidiaries, associates and joint venture, the Group has manufacturing, trading and distribution operations based in the Republic of Ireland, the United Kingdom, Continental Europe, the United States of America and Canada.

During the year under review, the Group continued to expand and develop its core activities, through a policy of strategic acquisitions. A detailed review of the performance of the Group is included in the Chairman's statement and Group Managing Director's review.

The directors consider the state of affairs of the Company and the Group to be satisfactory.

A list of the Company's significant subsidiaries, associates and joint venture is set out in note 35 on pages 58 to 59.

Results

The results for the year and the appropriations thereof are set out in the Group Profit and Loss Account on pages 30 and 31.

Dividends

An interim dividend of 4.30 cent per share amounting to €5,317,031 was paid on ordinary shares. The directors recommend a final ordinary dividend of 4.732 cent per share which amounts to €5,842,507 subject to the shareholders' approval. The total dividend for the year is 9.032 cent per ordinary share, an increase of 15% from last year.

Future Developments

The Group will continue to pursue new developments and expand its existing activities, through both organic growth and acquisitions, while maximising the synergies available from the integration of previous acquisitions.

Research and Development

The Group, through its extensive laboratory and testing facilities, pursues ongoing research and development programmes directed towards the development of new value added products.

Health and Safety at Work

The welfare of the Group's employees is safeguarded through adherence to rigorous health and safety standards and all relevant companies within the Group meet the requirements of the Safety, Health and Welfare at Work Act, 1989.

Books and Accounting Records

The directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act 1990, are kept by the Company. The directors have appointed appropriate accounting personnel including a professionally qualified Finance Director, who reports to the Board on a regular basis, in order to ensure that these requirements are complied with.

The books and accounting records of the Company are maintained at the principal executive offices located at 151 Thomas Street, Dublin 8.

Directors' and Secretary's Interests

Details of the directors' and company secretary's interests in share capital and options are set out in the report on directors' remuneration on pages 21 to 23.

Substantial Holdings

As at 24 September 2003 the directors have been notified of the following shareholdings which amount to 3% or more of the Company's issued ordinary share capital:

	Number of shares	%
Irish Agricultural Wholesale Society Limited	22,004,111	17.82%
FMR Corporation / Fidelity International Limited	15,034,614	12.18%
IAWS Nominees Ltd.	10,521,014	8.52%

Directors' Report

for the year ended 31 July 2003 *(continued)*

Important Events Since the Year End

Since the year end it has been announced that Mr J C Moloney will step down as Chairman and that Mr Philip Lynch has been appointed Chairman with effect from 1st October 2003. Mr Owen Killian has been appointed Chief Executive also with effect from 1st October 2003.

There have been no other significant events since the year end.

Directors

Mr P. Lynch, Mr J. B. Davy and Mr W. G. Murphy retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election. None of these directors has a service contract with any Group company.

During the year the Group suffered the sad loss of Mr Nicholas McEniry who had served on the board in a non-executive capacity with distinction until his untimely death.

Also during the year Mr Ronan McNamee who served on the board in an executive capacity resigned in order to pursue other Group interests with the North American Joint Venture.

Corporate Governance

The Group continues to be committed to maintaining the highest standards of corporate governance. The Irish Stock Exchange requires Irish listed companies to make a statement on how they have applied the principles and how they have complied with the provisions set out in "The Combined Code: Principles of Good Governance and Code of Best Practice". This statement is set out below.

Compliance with the Combined Code provisions

The directors confirm that, except in relation to the minor matter highlighted below, the Company has complied throughout the accounting period with the provisions of the Combined Code.

The Board and Committees

The board comprises three executive and seven non-executive directors. Biographical details are set out on page 16. Enhanced and effective governance is achieved by the separation of the roles of Chairman and Chief Executive. The board meets regularly throughout the year and all directors have full and timely access to the information necessary to enable them to discharge their duties. The board has a formal schedule of key matters that are reserved for its decision, with certain other matters delegated to board committees, the details of which are set out below. The directors have full access to the advice and services of the Company Secretary, who is responsible to the board for ensuring that board procedures are followed and applicable rules and regulations are complied with. The directors also have access to independent professional advice, at the Group's expense, if and when required.

At present, only the non-executive directors are required to retire by rotation in accordance with the Company's Articles of Association. The board has however resolved to put to the shareholders as a special resolution, that the Articles be amended to require all board members to retire by rotation. The board has also resolved that with effect from 1st August 2003 non-executive director's appointments will be for a period of three years with the prospect of a second three year term. Following that they will leave the board unless in exceptional circumstances they are requested to serve a further three year term. During the year, the board appointed Mr Denis Lucey as senior independent non-executive director.

Membership of the audit committee comprises four non-executive directors, namely P. McCarrick, J. C. Moloney, W. G. Murphy, and D. Lucey. The audit committee is responsible to the board for the review of internal control procedures and the scope and effectiveness of the Group internal audit function. It also reviews the scope and results of the external audit and the nature and extent of services provided by the external auditors.

Membership of the nomination committee comprises J. C. Moloney, J. B. Davy, B. Dardis and D. Buckley. They are responsible for recommending to the board directors for co-option and for the continuous review of senior management succession plans.

The remuneration committee comprises J. C. Moloney and D. Buckley, both non-executive directors, who determine and approve the Group policy on executive remuneration packages. The Company's remuneration policy for executive directors and details of directors' remuneration in accordance with the Listing Rules of the Irish Stock Exchange are contained in the Report on Directors' Remuneration on pages 21 to 23 of the financial statements.

Communication with Shareholders

Communications with shareholders are given high priority and there is regular dialogue with individual shareholders, as well as general presentations at the time of the release of the annual and interim results. The Group issues its results promptly to individual shareholders and also publishes them on the Company's website, www.iaws.com. The Company's annual general meeting affords each shareholder the opportunity to question the Chairman and the board. In addition, the Company responds throughout the year to numerous queries from shareholders on a broad range of issues.

Internal Financial Control

The directors have overall responsibility for the Group's system of internal control and for reviewing its effectiveness. This involves an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and reviewing the effectiveness of the resultant system of internal control throughout the period and up to the date of approval of the Annual Report and Accounts. This system is designed to manage risks that may impede the achievement of the Group's business objectives rather than to eliminate these risks. The internal controls system therefore provides reasonable, though not absolute, assurance against material misstatement or loss.

The directors confirm that the Group's ongoing process for identifying, evaluating and managing its significant risks is in accordance with the Turnbull Guidance "Internal Control: Guidance for Directors on the Combined Code" for the year under review and to the date of approval of the Annual Report and Accounts. These procedures, which are subject to regular review, provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group.

The key risks, which might impair the business from achieving its objectives, are identified and assessed by conducting detailed reviews with executive management at business unit level. Management at all levels is responsible for internal control. As such, the system of internal control throughout the Group's operations ensures that the organisation is capable of responding quickly to evolving business risks, and that significant internal control issues, should they arise, are reported promptly to appropriate levels of management.

Annual assessment

The directors confirm that they have conducted an annual review of the effectiveness of the system of internal control up to and including the date of approval of the financial statements. This has had regard to the processes for identifying the principal business risks facing the Group, the methods of managing those risks, the controls that are in place to contain them and the procedures to monitor them.

The directors have established a number of key procedures designed to provide an effective system of internal control, which include a provision for the directors to review the effectiveness of the system. The key procedures, which are supported by detailed controls and processes, include:

Control environment

Maintaining an organisation structure with defined lines of responsibility and specified delegation of authority within which the Group's activities can be planned and monitored.

Financial reporting

A comprehensive financial reporting system involving the setting of annual budgets and plans, timely monthly reporting and variance analysis and ongoing review, supported by information systems developed for the purpose.

Risk management policies
Comprehensive policies and procedures relating to computer security, capital expenditure, treasury risk management and credit risk management.

Human resources
Emphasis is placed on the quality and abilities of our people through continuing education, training and development.

Monitoring system
A group internal audit function, reporting directly to the Audit Committee, undertakes examinations of business processes on a risk basis and reports on controls throughout the Group.

The Audit Committee has reviewed the effectiveness of the system of internal control for the period covered by the financial statements.

Going concern
The directors have a reasonable expectation, having made appropriate enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditors

The auditors, Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Board

J. C. Moloney
P. Lynch
Directors
24 September 2003

Report on Directors' Remuneration

for the year ended 31 July 2003

Remuneration committee

The remuneration committee at 31 July 2003, comprised the non-executive chairman, Mr J. C. Moloney, and the non-executive director Mr D. Buckley, who have no financial interests, other than as shareholders, in the matters to be decided, no potential conflicts of interest arising from cross-directorships and no day-to-day involvement in the running of the business.

The terms of reference of the remuneration committee are to determine the Group's policy on remuneration of executive directors and to consider and approve the salaries and other terms of the remuneration package for the executive directors.

Remuneration policy

The remuneration of the non-executive directors is determined by the Board. The Group's policy on executive directors' remuneration recognises that employment and remuneration conditions for senior executives must properly reward and motivate them to perform in the best interests of the shareholders. The typical elements of the remuneration package for executive directors are basic salary and benefits, performance related bonuses, pensions and participation in the Company's share option plan. It is the policy to grant options to key management to encourage identification with shareholder interests. Options are exercisable based on the achievement of EPS performance targets over a three to five year period.

Executive directors' basic salary and benefits

Basic salary of executive directors is reviewed annually with regard to personal performance, company performance and competitive market practice. Employment related benefits consist principally of a company car.

Performance related bonus

The Group pays performance related annual bonuses to executive directors which are linked to the overall performance of the Group.

Pensions

Pensions for certain executive directors are calculated on basic salary and performance-related bonus. For the other executive directors, it is based on basic salary only.

Directors' service contracts

One of the directors has a service contract providing for termination not exceeding three years' salary and benefits in kind. At the time this contract was entered into, it was considered appropriate to give the director concerned the security referred to above.

No other director has a service contract.

Report on Directors' Remuneration

for the year ended 31 July 2003 *(continued)*

Directors' remuneration

	2003 €'000	2002 €'000
Executive directors		
Basic salaries	**1,245**	1,150
Performance bonus	**973**	871
Benefits in kind	**86**	84
Pensions	**214**	109
	2,518	2,214
Average number of executive directors	**4**	4
Non-executive directors		
Fees	**221**	206
Average number of non-executive directors	**8**	8

Individual directors' remuneration for the year ended 31 July 2003

	Basic salary €'000	**Performance bonus €'000**	**BIK €'000**	**Pension €'000**	**Total 2003 €000**	**Total 2002 €000**
Executive directors						
P. Lynch	520	519	37	119	1,195	1,039
D.Martin	276	256	28	62	622	526
O.Killian	227	198	19	27	471	420
R.McNamee	222	–	2	6	230	229
	1,245	973	86	214	2,518	2,214

	Fees €'000	**Total 2003 €'000**	**Total 2002 €'000**
Non-executive directors			
J. C. Moloney	50	50	50
D. Buckley	25	25	25
J. B. Davy	25	25	25
B. Dardis	25	25	6
P. McCarrick	25	25	25
N. McEniry	21	21	25
W. G. Murphy	25	25	25
D.Lucey	25	25	25
	221	221	206

Pension entitlements

The aggregate pension benefits attributable to executive directors under defined benefit schemes for the year were as follows:

	Accumulated accrued benefits €'000	**Increase in accumulated accrued benefits (excluding inflation) €'000**	**Transfer value of increase in accumulated accrued benefits (excluding inflation) €'000**
P. Lynch	567	130	2,426
D.Martin	335	78	1,428
O. Killian	110	14	112
	1,012	222	3,966

Report on Directors' Remuneration

for the year ended 31 July 2003 *(continued)*

Directors' and company secretary's share interests

The directors and company secretary who held office at 31 July 2003 had no interests, other than those shown below, in the shares and loan stock of the Company and Group undertakings:

(a) Beneficial interest in ordinary shares of the Company at 31 July 2003 and 31 July 2002 or date of appointment, if later, was as follows:

	2003 Shares	2002 Shares
Directors		
J. C. Moloney	**51,006**	51,006
P. Lynch	**247,438**	222,438
D. Martin	**180,158**	180,158
O. Killian	**87,435**	72,435
D. Buckley	**4,500**	4,500
B. Dardis	**3,800**	–
J. B. Davy	**116,373**	116,373
D. Lucey	**2,500**	2,500
P. McCarrick	**5,566**	2,066
W. G. Murphy	**6,912**	3,412
Secretary		
A. Lowther	**107,534**	107,534

(b) Shareholding in subsidiaries:

Seed Controllers Limited		**Number of shares at 31 July 2003**	Number of shares at 31 July 2002
	Description of share		
P. Lynch	'B' ordinary shares of €1.269738 each	**9,000**	9,000
D. Martin	'C' ordinary shares of €1.269738 each	**4,000**	4,000
O. Killian	'E' ordinary shares of €1.269738 each	**2,000**	2,000

There have been no changes in the interests as shown in (a) and (b) above between 31 July 2003 and 24 September 2003.

Directors' and company secretary's interests in share options

	2002 Options	Granted in year	Exercised in year	2003 Options	Earliest exercisable date †	Latest expiry date ‡	**Weighted average option price at 31 July 2003**
Directors							
P. Lynch	818,000	–	–	818,000	05/11/2002	30/10/2011	**703.49c**
D. Martin	310,000	–	–	310,000	05/11/2000	31/03/2011	**521.45c**
O. Killian	465,000	–	230,000	235,000	19/04/2003	30/10/2011	**743.94c**
Secretary							
A. Lowther	20,000	–	–	20,000	07/10/2001	19/04/2010	**439.75c**

† *First tranche of options granted*
‡ *Last tranche of options granted*

Options over 230,000 ordinary shares were exercised by the directors of IAWS GROUP, plc during the year at an average option price of 265.65 cent per share. The market price of the ordinary shares at 31 July 2003 was 792 cent and the range during the year was 675 cent to 850 cent. The register of directors' interests contains full details of directors' options to subscribe for shares.

Statement of Directors' Responsibilities

in respect of the Group's Financial Statements

Irish company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group as a whole will continue in business.

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors' Report

to the members of IAWS Group, plc

We have audited the Group's financial statements for the year ended 31 July 2003 which comprise the Statement of Accounting Policies, Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Balance Sheet, Company Balance Sheet, Group Cash Flow Statement and the related notes 1 to 35. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Irish law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, Auditing Standards issued by the Auditing Practices Board for use in Ireland and the United Kingdom and the Listing Rules of the Irish Stock Exchange.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. We also report to you our opinion as to: whether proper books of account have been kept by the Company; whether at the balance sheet date there exists a financial situation which may require the convening of an extraordinary general meeting of the Company; and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the Company balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law or by the Listing Rules regarding directors' remuneration and transactions with the Group is not given and, where practicable, include such information in our report.

We review whether the Corporate Governance Statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report and the Report on Directors' Remuneration. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent Auditors’ Report

to the members of IAWS Group, plc *(continued)*

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 July 2003 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company balance sheet is in agreement with the books of account.

In our opinion the information given in the Directors’ report is consistent with the financial statements.

In our opinion the Company balance sheet does not disclose a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

Ernst & Young
Registered Auditors, Dublin
24 September 2003

Statement of Accounting Policies

for the year ended 31 July 2003

Basis of Preparation

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts 1963 to 2001. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those promulgated by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The financial statements have been prepared in accordance with Financial Reporting Standard 18 'Accounting Policies'. The standard addresses the adoption of appropriate accounting policies, judged against the objectives of relevance, reliability, comparability and understandability. The directors have reviewed the Group's existing accounting policies and consider that they are already consistent with this standard.

Accounting Convention

The financial statements are prepared under the historical cost convention.

Basis of Consolidation

The Group financial statements reflect the consolidation of the results, assets and liabilities of the parent undertaking and all its subsidiaries, together with the Group share of profits/losses of associates and joint ventures. Where a subsidiary, associate or joint venture is acquired or disposed of during the financial year, the Group financial statements include the attributable results from or to the effective date of acquisition or disposal.

Goodwill

Goodwill comprises the net excess cost of the Group's interest in subsidiaries, associates and joint ventures over the fair value of the identifiable net assets attributable thereto at the effective date of acquisition.

Goodwill arising on acquisitions made prior to 1 August 1998 was set off directly against reserves. Goodwill arising on acquisitions made after 1 August 1998 is capitalised and reviewed on a case-by-case basis to determine its useful economic life. It is then amortised on a straight line basis over that period to the profit and loss account. In some cases, the useful economic life may be deemed indefinite, resulting in no annual amortisation charge.

Where the useful economic life of goodwill exceeds twenty years, or is deemed to have an indefinite life, annual impairment reviews are carried out to ensure that carrying values remain appropriate.

If a subsidiary, associate, joint venture or business is subsequently sold or closed, any goodwill arising on acquisition that was directly written off to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Turnover

Turnover represents the invoiced value of goods and services supplied to third parties, exclusive of discounts and value added tax.

Commodity Trading

Credit is taken for profits arising on commodity trading when realised. Provision is made for any anticipated losses on future positions.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation and provisions for impairment.

Freehold land is not depreciated. The cost of other fixed assets including leased assets is written off by equal instalments over their expected useful lives as follows:

Buildings	25 to 50 years
Plant and machinery	3 to 15 years
Motor vehicles	3 to 7.5 years

The carrying value of tangible assets is reviewed for impairment if events or changes in circumstances indicate that the net book amount may not be recoverable.

Statement of Accounting Policies

for the year ended 31 July 2003 *(continued)*

Stocks

Stocks are valued at the lower of cost and net realisable value on a first in, first out basis. Cost includes all expenditure which has been incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of stock on hand less all further costs to completion and all costs expected to be incurred in marketing, distribution and selling.

Pensions

The Group continues to account for pension costs in accordance with Statement of Standard Accounting Practice 24 'Accounting for Pension Costs'. The disclosures required under the transitional arrangements of Financial Reporting Standard 17 'Retirement Benefits' are shown in Note 29.

The Group policy is to fund the pension entitlement of employees through external superannuation schemes which are entirely independent from Group finances. Contribution rates are determined on the basis of independent actuarial advice. Pension costs are recognised on a systematic basis so that the cost of providing retirement benefits to employees is evenly matched, so far as is possible, to the service lives of the employees concerned. Any excess or deficiency of the actuarial value of assets over the actuarial liabilities of the pension schemes is allocated over the average expected remaining service lives of the employees in proportion to their expected payroll costs.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that result in an obligation to pay more tax or a right to pay less tax in the future.

Timing differences are differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different periods for taxation purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign Currencies

The financial statements are presented in euro. Transactions denominated in foreign currencies are translated into euro at the rates of exchange ruling at the date of the transaction or at forward contract rates where appropriate.

Assets and liabilities denominated in foreign currencies have been translated into euro at the following rates:

- Monetary assets and liabilities have been translated at the rates ruling at the balance sheet date, or at forward contract rates where applicable.

- The results of foreign subsidiaries, associates and joint ventures have been translated at the average rate for the year and the assets and liabilities at the rates ruling at the balance sheet date.

Exchange differences arising from the retranslation of the opening net investment in foreign subsidiaries are dealt with through reserves. Exchange gains or losses on foreign currency borrowings and long term inter-company loans used to finance or provide a hedge against the Group's equity investments in foreign subsidiaries, associates and joint ventures are offset against revenue reserves to the extent of the exchange differences arising on the net investments. All other translation differences are included in arriving at trading profit.

Financial Instruments

The Group enters into transactions in the normal course of business using a variety of financial instruments, including spot and forward exchange contracts and interest and currency rate swap agreements, in order to reduce exposure to foreign exchange risk and interest rate fluctuations.

The Group does not hold or issue derivative financial instruments for speculative purposes.

The Group considers its derivative instruments qualify for hedge accounting when certain criteria are met.

Forward foreign currency contracts

The criteria for forward foreign currency contracts are:

- the instrument must be related to a foreign currency asset or liability that is probable and whose characteristics have been identified;
- it must involve the same currency or similar currencies as the hedged item; and
- it must reduce the risk of foreign currency exchange movements on the Group's operations.

The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets or liabilities or, where the instrument is used to hedge a committed or probable future transaction, it is deferred until the transaction occurs.

Interest rate swaps

The Group's criteria for interest rate swaps are:

- the instrument must be related to an asset or liability; and
- it must change the nature of the interest rate by converting a variable rate to a fixed rate.

Interest differentials under these swaps are recognised by adjusting net interest payable over the period of the contract.

Government Grants

Government grants on capital expenditure are credited to a deferred income account. Annual transfers to income are made from that account to amortise such grants by equal annual instalments on the same basis as the related assets are depreciated.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Research and Development

All expenditure on research and development is written off in full against the results of the period in which it is incurred.

Leased Assets

Tangible fixed assets acquired under finance leases are included in the balance sheet at their equivalent capital value and are depreciated over the shorter of the lease term and their useful lives. The corresponding liabilities are recorded as a creditor and the interest element of the finance lease rentals is charged to the profit and loss account on an annuity basis. Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Group Profit and Loss Account

for the year ended 31 July 2003

	Note	2003 €'000	2002 €'000
Turnover:			
Group and share of joint venture		1,250,816	1,214,878
Less: share of joint venture		(19,748)	–
Group turnover – continuing operations	1	1,231,068	1,214,878
Cost of sales	2	(976,614)	(972,915)
Gross profit		254,454	241,963
Net operating costs	2	(168,699)	(159,433)
Group operating profit before goodwill amortisation	3	85,755	82,530
Goodwill amortisation		(1,363)	(1,807)
Group operating profit: continuing operations		84,392	80,723
Share of operating results of associates and joint venture	4	9,966	4,202
Total operating profit: Group and share of associates and joint venture		94,358	84,925
Exceptional items	5	(945)	2,001
Profit on ordinary activities before interest and taxation		93,413	86,926
Net interest payable and similar charges (including Group share of associates and joint venture)	6	(13,548)	(16,383)
Profit on ordinary activities before taxation		79,865	70,543
Taxation on profit on ordinary activities	7	(13,621)	(15,162)
Profit on ordinary activities after taxation		66,244	55,381
Minority interests in profits of subsidiaries (equity and non-equity interests)		(728)	(962)
Profit on ordinary activities attributable to the Group	8	65,516	54,419
Dividends (all equity):			
Paid	9	(5,317)	(4,615)
Proposed	9	(5,843)	(5,060)
Profit retained for the financial year	24	54,356	44,744

Group Profit and Loss Account

for the year ended 31 July 2003 *(continued)*

	Note	2003	2002
Earnings per share	10		
Basic			
Excluding exceptional items and goodwill amortisation		**53.44 cent**	45.45 cent
Diluted			
Excluding exceptional items and goodwill amortisation		**53.04 cent**	44.80 cent
Basic			
Including exceptional items and goodwill amortisation		**53.19 cent**	44.38 cent
Diluted			
Including exceptional items and goodwill amortisation		**52.79 cent**	43.75 cent
Free cash flow per fully diluted ordinary share		**77.12 cent**	69.44 cent
Dividend per ordinary share		**9.03 cent**	7.86 cent

A statement of the movement on reserves is set out in Note 24.

Approved by the board on 24 September 2003

J. C. Moloney
P. Lynch
Directors

Group Statement of Total Recognised Gains and Losses

for the year ended 31 July 2003

	2003 €'000	2002 €'000
Profit for the financial year	**65,516**	54,419
Exchange adjustments	**(6,050)**	(2,530)
Total recognised gains and losses for the financial year	**59,466**	51,889
Prior year adjustment – deferred tax	**–**	274
Total recognised gains and losses since last annual report	**59,466**	52,163

Group Balance Sheet

at 31 July 2003

	Note	2003 €'000	2002 €'000
Fixed Assets			
Intangible assets	13	149,528	156,738
Tangible assets	14	234,515	232,258
Financial assets:			
Investment in joint venture:			
Share of gross assets	15	61,302	40,632
Share of gross liabilities	15	(7,821)	(4,005)
Investments in associates	15	49,221	35,886
Other investments	15	240	5,200
		486,985	466,709
Current Assets			
Stocks	16	70,772	81,937
Debtors	17	115,088	134,331
Cash at bank and on hand		47,105	8,903
		232,965	225,171
Creditors (amounts falling due within one year)	18	(257,939)	(268,361)
Net Current Liabilities		(24,974)	(43,190)
Total Assets Less Current Liabilities		462,011	423,519
Creditors (amounts falling due after more than one year)	19	(181,539)	(189,204)
Government Grants	21	(4,688)	(5,347)
Provisions for Liabilities and Charges	22	(7,840)	(9,587)
		267,944	219,381
Capital and Reserves			
Called up share capital	23	37,040	36,891
Share premium	24	36,947	35,651
Other reserves	24	3,198	3,198
Profit and loss account	24	187,712	140,338
Equity Shareholders' Funds	25	264,897	216,078
Minority interest in subsidiaries (equity and non-equity interests)		3,047	3,303
		267,944	219,381

Approved by the board on 24 September 2003

J. C. Moloney
P. Lynch
Directors

Company Balance Sheet

at 31 July 2003

	Note	2003 €'000	2002 €'000
Fixed Assets			
Tangible assets	14	20,442	20,976
Financial assets	15	169,676	193,615
		190,118	214,591
Current Assets			
Debtors	17	5,208	5,267
Cash at bank and on hand		860	5,755
		6,068	11,022
Creditors (amounts falling due within one year)	18	(52,184)	(92,475)
Net Current Liabilities		(46,116)	(81,453)
Total Assets Less Current Liabilities		144,002	133,138
Creditors (amounts falling due after more than one year)	19	(58,101)	(51,425)
Provisions for Liabilities and Charges		50	(34)
		85,951	81,679
Capital and Reserves			
Called up share capital	23	37,040	36,891
Share premium	24	36,947	35,651
Other reserves	24	2,118	2,118
Profit and loss account	24	9,846	7,019
Equity Shareholders' Funds		85,951	81,679

Approved by the board on 24 September 2003

J. C. Moloney
P. Lynch
Directors

Group Cash Flow Statement

for the year ended 31 July 2003

	Note	2003 €'000	2002 €'000
Net cash inflow from operating activities	31	**111,506**	98,658
Dividends from joint ventures and associates			
Dividends received from associates		**3,849**	3,354
Returns on investment and the servicing of finance			
Interest received		**86**	326
Interest paid		**(12,519)**	(15,396)
Dividends paid to minorities		**(866)**	(1,228)
Net cash outflow from returns on investment and the servicing of finance		**(13,299)**	(16,298)
Taxation			
Corporation tax paid net of refunds		**(9,159)**	(14,377)
Capital expenditure and financial investment			
Purchase of tangible fixed assets:			
Ongoing		**(8,988)**	(9,346)
New investments		**(31,159)**	(43,041)
Disposal of tangible fixed assets		**8,067**	26,286
Net cash outflow from capital expenditure and financial investment		**(32,080)**	(26,101)
Acquisitions and disposals			
Purchase of subsidiaries and associates	26	**(35,016)**	(13,190)
Purchase of minority interests		**–**	(1,710)
Investments in and advances to associates and joint ventures		**(14,402)**	(33,345)
Deferred acquisition consideration paid		**(1,782)**	(82,033)
Loan stock redemption regarding acquisitions		**(59)**	(39)
Disposal of associates and investments	26	**12,813**	–
Disposal of subsidiary and business		**1,295**	3,647
Net cash outflow from acquisitions and disposals		**(37,151)**	(126,670)
Equity dividends paid		**(10,377)**	(8,983)
Net cash inflow (outflow) before financing		**13,289**	(90,417)
Financing			
Issue of shares (including premium)		**1,445**	2,348
Drawdown of loan capital	32/33	**8,539**	40,531
Capital element of finance leases repaid	32/33	**(1,231)**	(1,913)
Net cash inflow from financing		**8,753**	40,966
Increase (decrease) in cash	32/33	**22,042**	(49,451)

1. Group Turnover

	2003 €'000	2002 €'000
Class of business:		
Food products	673,677	636,957
Nutrition/Agri	557,391	577,921
	1,231,068	1,214,878
Geographical analysis by origin:		
Republic of Ireland	687,244	666,280
United Kingdom	451,168	472,428
North America	92,656	76,170
	1,231,068	1,214,878
Geographical analysis by destination:		
Republic of Ireland	679,743	654,294
United Kingdom	449,412	474,944
Rest of Europe	9,257	9,470
North America	92,656	76,170
	1,231,068	1,214,878
Group share of turnover of associates	146,410	133,633

An analysis of Group profit and net assets by geographical area and business activity is not provided since, in the opinion of the directors, the disclosure of this information would be prejudicial to the interests of the Group.

2. Cost of Sales and Net Operating Costs

	2003 €'000	2002 €'000
(a) Cost of sales		
Cost of sales	976,614	972,915
(b) Net operating costs		
Distribution costs	98,771	94,059
Administrative expenses	70,974	69,160
Other operating income	(1,046)	(3,786)
	168,699	159,433

3. Group Operating Profit before Goodwill Amortisation

	2003 €'000	2002 €'000
This is arrived at after charging (crediting):		
Auditors' remuneration	**481**	420
Depreciation	**25,511**	26,162
Research and development	**2,057**	498
Government grants released	**(635)**	(727)
Operating lease rentals - plant and machinery	**1,122**	1,173
- other	**4,522**	5,124

4. Share of Operating Results of Associates and Joint Venture

	2003 €'000	2002 €'000
Group		
Share of operating profit (loss) of joint venture	**3,724**	(1,316)
Share of operating profit of associates	**6,242**	5,518
	9,966	4,202

5. Exceptional Items

	2003 €'000	2002 €'000
Group		
Profit on termination of operations	**–**	10,364
Loss on disposal of businesses:		
Alba Proteins Limited	**–**	(6,396)
Trade of Sherriff Grain Limited	**–**	(1,978)
Profit on disposal of interests in associates	**1,864**	–
Profit/(loss) on sale of fixed assets:		
Tangible fixed assets	**1,873**	336
Financial fixed assets – listed investments	**(4,900)**	–
	(1,163)	2,326
Share of Associates		
Loss on termination of operations	**(1,316)**	–
Profit/(loss) on sale of tangible fixed assets	**1,534**	(325)
	218	(325)
	(945)	2,001

The exceptional profit on disposal of interests in associates in the current year relates to the disposal of the Group's interests in Cedest Engrais SA and in Irish Pride Bakeries Limited to Irish Agricultural Wholesale Society Limited (see Note 26).

In accounting for the disposal of interests in associates negative goodwill of €1,201,000 (2002: goodwill €3,848,000) previously credited to reserves was reinstated through the profit and loss account.

The exceptional loss is entirely attributable to continuing operations.

The tax charge attributable to the exceptional items amounted to €835,000 (2002: tax charge €1,500,000), offset by a credit of €2,835,000 relating to the prior period.

6. Net Interest Payable and Similar Charges
(including Group share of associates and joint venture)

	2003 €'000	2002 €'000
Borrowings wholly repayable within five years	13,230	16,450
Interest receivable	(86)	(326)
Group net interest payable	13,144	16,124
Share of net interest payable of associates and joint venture	404	259
Total net interest payable	13,548	16,383

7. Tax on Profit on Ordinary Activities

	2003 €'000	2002 €'000
Current Tax:		
Republic of Ireland:		
Corporation tax on profits for the year at 13.96% (2002: 17.67%)	11,043	7,575
Less: Manufacturing relief	(1,259)	(1,493)
Adjustments in respect of prior years	(68)	(1,340)
Double taxation relief	(1,115)	(167)
	8,601	4,575
Overseas:		
Current tax on profit for the year	4,660	5,673
Adjustments in respect of prior years	(363)	727
	4,297	6,400
Share of associates and joint venture tax charge	2,033	1,974
Total current tax charge	14,931	12,949
Deferred Tax:		
Origination and reversal of timing differences	914	2,542
Adjustments in respect of prior years	(2,224)	–
Share of joint venture tax credit	–	(329)
Total deferred tax (credit)/charge	(1,310)	2,213
Current tax charge	13,621	15,162

7. Tax on Profit on Ordinary Activities *(continued)*

Deferred Tax *(continued):*

The tax assessed for the period is lower than the standard rate of corporation tax in the Republic of Ireland. The differences are explained below:

	2003 €'000	2002 €'000
Profit on ordinary activities before tax	**79,865**	70,543
Profit on ordinary activities multiplied by the standard rate of tax in the Republic of Ireland of 13.96% (2002: 17.67%)	**11,149**	12,463
Effects of:		
Expenses not deductible for tax purposes/non-taxable income	**(389)**	3,191
Capital allowances for period in excess of depreciation	**(56)**	(422)
Other timing differences	**1,351**	(1,791)
Double tax relief	**(1,115)**	(167)
Manufacturing relief	**(1,259)**	(1,493)
Rollover relief on profit on disposal of property	**300**	(1,599)
Higher rates of tax on other income	**(614)**	112
Higher rates of tax on overseas earnings	**6,012**	3,262
Adjustments in respect of prior years	**431**	(613)
Other	**(879)**	6
	14,931	12,949

No provision has been made for deferred tax on gains arising from the sale of properties, where these gains have been, or are expected to be, rolled over into replacement assets. Such gains will not be taxable until such time as the replacement assets are disposed of, without themselves being replaced. The total amount of deferred tax unprovided on such gains amounts to €8,451,000. At present it is not envisaged that any tax will become payable in the foreseeable future.

8. Profit on Ordinary Activities Attributable to the Group

As permitted by Section 3(2) of the Companies (Amendment) Act, 1986, the profit and loss account of the Company is not separately presented as part of these Group financial statements. The profit on ordinary activities in the parent undertaking for the year amounted to €14,404,000 (2002: €4,346,000).

9. Dividends

	2003 €'000	2002 €'000
Paid		
Interim dividend of 4.300 cent (2002: 3.740 cent) per ordinary share	**5,317**	4,615
Proposed		
Final dividend of 4.732 cent (2002: 4.115 cent) per ordinary share	**5,843**	5,060
Equity dividends	**11,160**	9,675

10. Earnings Per Share

The calculation of basic earnings per share is based on the weighted average number of ordinary shares in issue during the year. For the calculation of fully diluted earnings per share, the weighted average number of ordinary shares in issue during the year has been adjusted as follows:

	2003 Number '000	2002 Number '000
Weighted average number of ordinary shares in issue	**123,176**	122,612
Dilutive potential ordinary shares:		
Options	**924**	1,773
Fully diluted weighted average number of ordinary shares in issue	**124,100**	124,385

The earnings per share as adjusted for exceptional items and goodwill is set out below:

	2003 €'000	**Earnings per share 2003 cent**	2002 €'000	Earnings per share 2002 cent
Basic				
Profit for the financial year	**65,516**	**53.19**	54,419	44.38
Exceptional items (net of tax)	**(1,055)**	**(0.86)**	(501)	(0.40)
Goodwill amortisation	**1,363**	**1.11**	1,807	1.47
Adjusted earnings per share	**65,824**	**53.44**	55,725	45.45
Diluted				
Profit for the financial year	**65,516**	**52.79**	54,419	43.75
Exceptional items (net of tax)	**(1,055)**	**(0.85)**	(501)	(0.40)
Goodwill amortisation	**1,363**	**1.10**	1,807	1.45
Adjusted earnings per share	**65,824**	**53.04**	55,725	44.80

11. Employment

	2003 €'000	2002 €'000
The staff costs for the year were:		
Wages and salaries	**92,622**	87,655
Social welfare costs	**8,394**	8,038
Pension costs	**3,519**	2,665
	104,535	98,358

11. Employment *(continued)*

The average number of persons employed in the Group during the year under review was as follows:

	2003 Number	2002 Number
Sales and distribution	**1,014**	992
Production	**1,059**	1,002
Management and administration	**506**	513
	2,579	2,507

Divided geographically as follows:

	2003 Number	2002 Number
Republic of Ireland	**997**	1,000
United Kingdom	**925**	953
North America	**657**	554
	2,579	2,507

12. Directors' Remuneration

Directors' remuneration is set out on pages 22 and 23.

13. Intangible Assets – Goodwill

	2003 €'000	2002 €'000
Cost		
At 1 August	**158,363**	162,092
Arising on acquisitions:		
During the year	**9,080**	15,448
Prior years	**(2,303)**	(2,336)
Disposals	**–**	(3,677)
Translation adjustment	**(12,748)**	(13,164)
At 31 July	**152,392**	158,363
Amortisation		
At 1 August	**1,625**	437
Amortised during the year	**1,363**	1,807
Disposals	**–**	(520)
Translation adjustment	**(124)**	(99)
At 31 July	**2,864**	1,625
Net book amount at 31 July	**149,528**	156,738

At 31 July 2003, goodwill with a value of €126,749,000 (2002: €141,563,000) has been deemed by the directors to have an indefinite useful economic life due to the brand quality and market strength of the underlying businesses. The directors are satisfied that this departure from the requirements of the Companies Acts, 1963 to 2001 is necessary for the overriding purpose of giving a true and fair view.

14. Tangible Fixed Assets

Group

	Land and buildings €'000	Plant and machinery €'000	Motor vehicles €'000	**Total €'000**
Cost				
At 1 August 2002	143,703	197,831	17,028	**358,562**
Additions	10,131	28,213	3,312	**41,656**
Acquisitions	74	169	510	**753**
Disposals	(771)	(5,695)	(3,355)	**(9,821)**
Translation adjustments	(5,107)	(10,735)	(1,019)	**(16,861)**
At 31 July 2003	148,030	209,783	16,476	**374,289**
Depreciation				
At 1 August 2002	19,601	97,211	9,492	**126,304**
Charge for year	3,234	19,135	3,142	**25,511**
Disposals	(6)	(3,446)	(2,521)	**(5,973)**
Translation adjustments	(642)	(4,779)	(647)	**(6,068)**
At 31 July 2003	22,187	108,121	9,466	**139,774**
Net book amounts				
At 31 July 2003	125,843	101,662	7,010	**234,515**
At 31 July 2002	124,102	100,620	7,536	**232,258**

Company

	Land and buildings €'000	Plant and machinery €'000	Motor vehicles €'000	**Total €'000**
Cost				
At 1 August 2002	20,456	1,473	590	**22,519**
Additions	–	35	64	**99**
Disposals and Group transfers	(421)	–	(240)	**(661)**
At 31 July 2003	20,035	1,508	414	**21,957**
Depreciation				
At 1 August 2002	19	1,108	416	**1,543**
Charge for year	16	80	80	**176**
Disposals and Group transfers	–	–	(204)	**(204)**
At 31 July 2003	35	1,188	292	**1,515**
Net book amounts				
At 31 July 2003	20,000	320	122	**20,442**
At 31 July 2002	20,437	365	174	**20,976**

15. Financial Fixed Assets

Group

(a) Joint Venture

	Share of net assets €'000	Goodwill €'000	**Total €'000**
At 1 August 2002	32,216	4,411	**36,627**
Additions:			
Investments, advances and repayments	12,967	1,482	**14,449**
Share of net profit	2,791	–	**2,791**
Exchange adjustments	(342)	(44)	**(386)**
At 31 July 2003	47,632	5,849	**53,481**

(b) Associates

	Share of net assets €'000	Goodwill €'000	**Total €'000**
At 1 August 2002	34,321	1,565	**35,886**
Additions:			
Investment, advances and repayments	14,673	11,031	**25,704**
Share of net profit excluding exceptionals	4,738	–	**4,738**
Share of exceptionals	218	–	**218**
Dividends	(3,849)	–	**(3,849)**
Exchange adjustments	(1,376)	–	**(1,376)**
Disposals	(12,100)	–	**(12,100)**
At 31 July 2003	36,625	12,596	**49,221**

The interest in associates and the joint venture represents the Group share of the net assets of those undertakings.

(c) Other Investments

	€'000
At 1 August 2002	**5,200**
Disposals	**(4,950)**
Exchange adjustments	**(10)**
At 31 July 2003	**240**

Other investments comprise €83,000 (2002: €5,043,000) listed investments and €157,000 (2002: €157,000) unlisted investments.

The market value of the listed financial assets at the balance sheet date was €97,000 (2002: €1,354,000).

In the opinion of the directors, the value of the unlisted investments is not less than the book values shown above.

15. Financial Fixed Assets *(continued)*

The Group's net investment in joint venture and associates at 31 July comprises the following:

	Joint Venture 2003 €'000	Joint Venture 2002 €'000	**Associates 2003 €'000**	Associates 2002 €'000
Group share of:				
Fixed assets	**43,869**	31,962	**35,464**	27,634
Current assets	**11,584**	4,259	**41,353**	41,739
Total assets	**55,453**	36,221	**76,817**	69,373
Liabilities:				
Amounts falling due within one year	**(4,044)**	(4,005)	**(28,130)**	(31,744)
Amounts falling due after more than one year	**(3,777)**	–	**(12,062)**	(3,308)
Share of attributable net assets	**47,632**	32,216	**36,625**	34,321

Company

	Investments in subsidiaries €'000	Investments in associates €'000	Shares in unlisted companies €'000	**Total €'000**
At 1 August 2002	178,778	14,835	2	**193,615**
Additions:				
Investment, advances and repayments	14,263	–	–	**14,263**
Disposals	(23,009)	(14,835)	–	**(37,844)**
Translation adjustments	(358)	–	–	**(358)**
At 31 July 2003	169,674	–	2	**169,676**

16. Stocks

Group

	2003 €'000	2002 €'000
Raw materials	**10,168**	12,659
Finished goods	**56,284**	67,104
Consumable stores	**4,320**	2,174
	70,772	81,937

The replacement cost of stocks did not differ materially from the values stated above.

Notes to the Group Financial Statements

31 July 2003 *(continued)*

17. Debtors

	2003 Group €'000	2003 Company €'000	2002 Group €'000	2002 Company €'000
Amounts falling due within one year				
Trade debtors	99,164	60	109,945	51
Amounts owed by associates	62	–	1,942	1,878
VAT recoverable	1,771	–	2,555	–
Corporation tax recoverable	–	2,267	–	811
PAYE and PRSI recoverable	–	–	–	27
Other debtors	14,091	2,881	19,889	2,500
	115,088	5,208	134,331	5,267

The Group and Company have no debtors which fall due after more than one year.

18. Creditors
(amounts falling due within one year)

	2003 Group €'000	2003 Company €'000	2002 Group €'000	2002 Company €'000
Bank overdrafts	26,740	1,527	9,420	447
Bank loans	5,634	–	6,120	–
Trade creditors	108,586	11,662	143,140	9,740
Deferred consideration	12,806	–	16,296	112
Accruals and other creditors	81,870	11,257	68,514	7,575
Leasing creditors	243	–	1,872	–
VAT payable	429	344	4,582	85
Corporation tax	13,626	–	10,603	–
PAYE and PRSI	1,470	15	1,307	–
Amounts due to subsidiaries	–	21,536	–	69,456
Amounts due to associates	692	–	1,447	–
Dividends proposed	5,843	5,843	5,060	5,060
	257,939	52,184	268,361	92,475

19. Creditors
(amounts falling due after more than one year)

	2003 Group €'000	2003 Company €'000	2002 Group €'000	2002 Company €'000
Long term debt				
Repayable				
between one and two years	5,585	–	6,056	–
between two and five years	163,517	58,101	169,526	51,425
	169,102	58,101	175,582	51,425
Leasing creditors	484	–	269	–
Deferred consideration	11,038	–	12,563	–
Loan stocks	–	–	65	–
Other creditors	915	–	725	–
	181,539	58,101	189,204	51,425

(a) All Group borrowings are secured by guarantees from IAWS GROUP, plc and cross guarantees from various companies within the Group.

(b) A placing of US$37,500,000 guaranteed senior notes with US institutional investors was completed on 23 April 1996. The guaranteed senior notes replaced existing borrowings. As at 31 July 2003, US$18,750,000 of these notes remain outstanding and are repayable on specific dates ranging between 2004 and 2006. These notes rank pari passu with other Group debt.

20. Financial Instruments and Risk Management

An explanation of the Group's objectives, policies and strategies for the role of derivatives and other financial instruments in creating and changing the risks that the Group faces in its activities is outlined on pages 45 to 47 below.

Financial instruments are used to minimise exposure to both currency and interest rate fluctuations arising from the Group's operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks which are managed arising from the Group's financial instruments are interest rate risk, foreign currency risk and liquidity risk. The board reviews and agrees policies for managing each of these risks. These policies have not altered since the beginning of the financial period.

As permitted by Financial Reporting Standard Number 13, "Derivatives and Other Financial Instruments: Disclosures", short term debtors and creditors have not been categorised in these disclosures.

Interest rate risk management

The Group policy is to fix a substantial proportion of the Group's medium to long term exposure in individual currencies. To achieve this objective, the Group enters into interest rate swaps, options and forward rate agreements with a view to changing interest receivable or payable on the Group's underlying cash and borrowing from variable to fixed rates. The Group policy is to maintain between 45% and 65% of overall Group average annual borrowings at fixed rates of interest.

20. Financial Instruments and Risk Management *(continued)*

Interest rate profile of financial liabilities

The interest rate profile of financial liabilities of the Group as at 31 July 2003 was as follows:

	Euro amount '000	Foreign currency amount '000	Fixed rate financial liability '000	Floating rate financial liability '000	Non-interest bearing financial liability '000	Weighted average fixed interest rate %	Weighted average period of fixed interest (years)
Currency							
Euro	8,655	8,655	5,330	–	3,325	4.89%	0.8
Sterling	39,015	27,408	23,150	4,058	200	6.24%	1.1
US dollar	101,664	115,135	50,034	43,184	21,917	3.94%	1.7
CAD dollar	51,042	81,090	40,000	39,690	1,400	4.44%	1.4
Swiss Franc	25,671	39,769	–	39,769	–	–	–

The floating rate financial liabilities comprise bank borrowings bearing interest at rates fixed in advance for periods ranging from overnight to one year by reference to the relevant Euribor and Libor rates.

During the year, fixed rate borrowings as a proportion of total borrowings remained within the Group policy limits.

Interest rate profile of financial assets

The interest rate profile of financial assets of the Group as at 31 July 2003 was as follows:

	Euro amount '000	Fixed rate financial assets (foreign currency amount) '000	Floating rate financial assets (foreign currency amount) '000
Currency			
Euro	42,308	29,500	12,808
Sterling	2,826	–	1,985
US dollar	1,971	–	2,232

Fixed and floating rate financial assets are predominantly comprised of cash deposits and other interest earning credit balances. The weighted average fixed rate on cash deposits was 2.04% at the year end.

Foreign currency risk management

There are two principal types of currency exchange risk to which the Company is exposed resulting from its operations.

(a) *Translational exposures*

The Group manages its balance sheet having regard to the currency exposures arising from its assets being denominated in a wide range of currencies. To this end, where foreign currency assets are funded by borrowing, such borrowing is generally sourced in the currency of the related assets. The Group also hedges a portion of its currency exposure through the use of currency swaps.

(b) *Transactional exposures*

Transactional exposures arise from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group requires all its operating units to use forward currency contracts to eliminate the currency exposures on any future balances as they arise. The forward currency contracts must be in the same currency as the hedged item.

Foreign currency exposures

When account is taken of the effect of currency swaps and forward contracts, the amount of the Group's foreign currency exposure at 31 July 2003 was not material.

20. Financial Instruments and Risk Management *(continued)*

Liquidity risk management

The Group's objective is to maintain a balance between flexibility and continuity of funding. The Group's policy is that not more than 40% of bank borrowings should mature in any twelve month period. 93% of the Group's total borrowings at the year end will mature between two and five years.

Short-term flexibility is achieved by overdraft facilities and short-term borrowings. The Group has a syndicated loan facility agreement totalling €374 million and a placing of US$18.75 million guaranteed senior notes (see Note 19) at 31 July 2003.

Market price risk management

The Group continually monitors market price risk arising from its financial instruments.

Maturity of financial liabilities

The maturity profile of financial liabilities is shown in Notes 18 and 19 to these financial statements.

Borrowing facilities

The Group has various borrowing facilities available to it. The undrawn committed facilities available at 31 July 2003 are as follows:

	2003 €'000
Expiring in one year or less	**20,000**
Expiring in one to two years	**25,000**
Expiring in over two years	**32,068**
Total undrawn borrowing facilities	**77,068**

Fair values of financial assets and liabilities

Set out below is a comparison by category of book values and fair values of the Group's financial assets and liabilities as at 31 July 2003.

	Book value 2003 €'000	**Fair value adjustment 2003 €'000**
Primary financial instruments		
Short-term borrowings	(32,374)	*
Long-term borrowings	(169,102)	*
Cash and short-term deposits	47,105	*
Other assets	–	
Other liabilities	(24,571)	*
Derivative financial instruments held to manage the interest rate profile		
Interest rate swaps	–	**(2,244)**
Derivative financial instruments held to hedge the currency exposure expected on future sales		
Forward foreign currency contracts	–	**2,625**

* Fair value of financial instrument approximates to book value.

Market values have been used to determine the fair value of all swaps and forward currency contracts.

21. Government Grants

Group

	2003 €'000	2002 €'000
At beginning of year	5,347	6,253
Released to profit and loss	(635)	(727)
Disposals	–	(157)
Translation adjustment	(24)	(22)
At end of year	4,688	5,347

22. Provisions for Liabilities and Charges

Group

	2003 Pension Provision €'000	2003 Deferred taxation €'000	2003 Total €'000	2002 Pension provision €'000	2002 Deferred taxation €'000	2002 Total €'000
At 1 August	2,509	7,078	9,587	2,548	5,469	8,017
Charged (utilised) during the year	(156)	(1,310)	(1,466)	(35)	2,542	2,507
Acquisition – revision to fair value	–	–	–	–	(207)	(207)
Disposals	–	–	–	–	(654)	(654)
Exchange adjustments	(8)	(273)	(281)	(4)	(72)	(76)
At 31 July	2,345	5,495	7,840	2,509	7,078	9,587

	2003 €'000	2002 €'000
The deferred taxation provision consists of the following amounts:		
Tax effect of timing differences due to:		
- accelerated capital allowances	8,553	4,982
- other timing differences	(3,058)	2,096
	5,495	7,078

23. Called Up Share Capital

	2003 €'000	2002 €'000
Authorised		
228,000,000 ordinary shares of 30 cent each	68,400	68,400
15,000,000 8.5% cumulative redeemable convertible preference shares of €1.20 each	18,000	18,000
	86,400	86,400
Allotted, called up and fully paid		
123,468,035 ordinary shares of 30 cent each (2002: 122,969,535 ordinary shares of 30 cent each)	37,040	36,891
	37,040	36,891

Ordinary shares

Options are held over a total number of 4,745,000 (2002: 5,247,500) unissued ordinary shares at prices ranging from 114 cent to 920 cent. Options were exercised during the year, resulting in the issue of 498,500 (2002: 884,500) ordinary shares.

24. Movement on Reserves

Group

	Share Premium €'000	Capital Conversion Reserve €'000	Other non-distributable reserves €'000	Profit and loss €'000	Total €'000
At 1 August 2002	35,651	2,118	1,080	140,338	179,187
Goodwill reinstated on disposal of associates	–	–	–	(1,201)	(1,201)
Goodwill – prior years acquisitions	–	–	–	269	269
Profit retained for year	–	–	–	54,356	54,356
Premium on shares issued	1,296	–	–	–	1,296
Translation adjustment	–	–	–	(6,050)	(6,050)
At 31 July 2003	36,947	2,118	1,080	187,712	227,857

In accordance with the Group's accounting policy, goodwill arising on acquisitions prior to 1 April 1998, set off against reserves amounts to €111,206,000.

In accordance with the Group's accounting policy, exchange gains of €8,150,000 (2002:€14,976,000) arising on foreign currency borrowings have been offset against the currency movements arising on the translation of net assets of subsidiaries where the operating currency is other than euro.

24. Movements on Reserves *(continued)*

Company

	Share Premium €'000	Capital Conversion Reserve €'000	Profit and loss €'000	**Total €'000**
At 1 August 2002	35,651	2,118	7,019	**44,788**
Profit for year	–	–	14,404	**14,404**
Dividends	–	–	(11,160)	**(11,160)**
Premium on shares issued	1,296	–	–	**1,296**
Translation adjustment	–	–	(417)	**(417)**
At 31 July 2003	36,947	2,118	9,846	**48,911**

25. Reconciliation of Movements in Equity Shareholders' Funds

Group

	2003 €'000	2002 €'000
Profit for the financial year	**65,516**	54,419
Dividends	**(11,160)**	(9,675)
Exchange adjustments	**(6,050)**	(2,530)
Share capital issued (excluding conversions)	**149**	265
Share premium (excluding conversions)	**1,296**	2,083
Goodwill reinstated on disposal	**(1,201)**	3,848
Goodwill – prior years' acquisitions	**269**	–
Movement on equity shareholders' funds in year	**48,819**	48,410
Equity shareholders' funds at beginning of year	**216,078**	167,668
Equity shareholders' funds at end of year	**264,897**	216,078

26. Acquisitions and Disposal of Subsidiaries and Associates

The principal acquisitions completed during the year were the 22% associate investment in A. Hiestand Holding AG on 4 July 2003 and Tullamore Frozen Foods Limited (100%), which was acquired on 23 May 2003.

A summary of the effect of the acquisitions in the year is as follows:

	Fair Value at acquisition 2003 €'000	2002 €'000
New subsidiaries and associates:		
Fixed assets	**753**	–
Stocks	**921**	298
Debtors	**321**	2,966
Creditors	**(978)**	(3,637)
Net assets acquired at fair value	**1,017**	(373)
Share of net assets of associate acquired	**14,673**	–
Goodwill arising on acquisition	**20,111**	15,448
Consideration	**35,801**	15,075
Satisfied by:		
Cash	**34,182**	11,708
Bank overdrafts assumed on acquisition	**834**	1,482
Deferred purchase consideration	**785**	1,885
	35,801	15,075

There were no material fair value adjustments to the book values of the net assets acquired.

The interest in the Hiestand business was acquired on 4 July 2003. The acquisition has no material impact on IAWS GROUP, plc's consolidated results for the year ended 31 July 2003. The profit after tax and minority interests for the year ended 31 December 2002 and the six months ended 30 June 2003 amounted to €7.8 million and €4.8 million respectively.

Associates and subsidiaries disposed of:

On 29 April 2003 and 6 May 2003, respectively, the Group disposed of its 45% interest in Cedest Engrais SA and its 31.67% direct interest in Irish Pride Bakeries Limited (see Note 5) to Irish Agricultural Wholesale Society Limited. The net proceeds received for the disposal of Cedest Engrais SA and Irish Pride Bakeries Limited were €6,493,000 and €6,270,000, respectively. A summary of the effect of these disposals is as follows:

	2003 €'000	2002 €'000
Fixed assets	**–**	6,661
Financial assets	**12,100**	33
Stocks	**–**	2,833
Debtors	**–**	1,488
Creditors	**–**	(2,075)
Grants	**–**	(157)
Provisions for liabilities and charges	**–**	(654)
Net assets at disposal	**12,100**	8,129
Goodwill on disposals (including goodwill reinstatement)	**(1,201)**	5,429
Profit/(loss) on disposals (including goodwill reinstatement)	**1,864**	(8,374)
Consideration	**12,763**	5,184
Discharged by:		
Cash received (net of costs)	**12,763**	344
Overdraft and loans disposed	**–**	3,303
Deferred proceeds	**–**	1,537
Consideration	**12,763**	5,184

27. Contingent Liabilities

	2003 Group €'000	2003 Company €'000	2002 Group €'000	2002 Company €'000
(a) Government grants repayable if grant conditions are not met	6,917	–	7,552	–

(b) Pursuant to the provisions of Section 17 of the Companies (Amendment) Act, 1986, the Company has irrevocably guaranteed the liabilities of all its subsidiaries incorporated in the Republic of Ireland and, as a result, such subsidiaries are exempt from the filing provisions of Section 7 of the Companies (Amendment) Act, 1986.

28. Future Commitments

	2003 Group €'000	2003 Company €'000	2002 Group €'000	2002 Company €'000
Capital expenditure				
Contracted for	24,767	–	4,330	–
Not contracted for	1,627	–	15,300	–

Operating Leases

Annual commitments under non-cancellable operating leases are as follows:

Group

	Land and buildings 2003 €'000	Land and buildings 2002 €'000	Other 2003 €'000	Other 2002 €'000
Operating leases which expire:				
Within one year	1,049	1,149	145	574
In two to five years	1,990	2,298	4,710	2,945
In over five years	4,212	2,410	112	119
	7,251	5,857	4,967	3,638

Company

	Land and buildings 2003 €'000	Land and buildings 2002 €'000	Other 2003 €'000	Other 2002 €'000
Operating leases which expire:				
In two to five years	–	200	–	282

29. Pensions

The Group has continued to account for pensions in accordance with SSAP 24 and the relevant disclosures are given in note (a) below. The Group has deferred full adoption of Financial Reporting Standard 17 'Retirement Benefits' (FRS 17) until 2005, in line with the delayed mandatory implementation date issued by the Accounting Standards Board. The transitional disclosures required by FRS 17 are shown in note (b).

(a) SSAP 24 Disclosures

The Group operates a number of pension schemes, comprising both defined benefit schemes and defined contribution schemes, with assets held in separate trustee administered funds.

The total pension costs for the year amounted to €3,519,000 (2002: €2,665,000), of which €915,000 (2002: €862,000) was paid in respect of defined contribution schemes.

At 31 July 2003, €2,054,000 (2002 : €Nil) was included in creditors in respect of pension liabilities and €Nil (2002: €280,000) was included in debtors in respect of prepaid pension contributions.

29. Pensions *(continued)*

(a) SSAP 24 Disclosures *(continued)*

The pension costs relating to the Group's defined benefit schemes are assessed in accordance with the advice of independent, professionally qualified actuaries using either the projected unit credit or the attained age method.

The most recent actuarial valuations were completed over periods from 1 January 1999 to 6 April 2001. The assumptions which have the most significant effect on the results of the actuarial valuations are those relating to the rates of return on investments and the rates of increase in remuneration and pensions. It was assumed that over the long term, the annual rate of return on investments would exceed the annual increase in total pensionable salaries by an average of 2.0% to 2.5%.

The market value of the assets of the Group's defined benefit schemes at these valuations was €72,199,000 (2002: €72,199,000). At these valuations, the assets of the schemes were in excess of the liabilities of the schemes based on the benefits accrued to members on a discontinuance basis.

As permitted by Statement of Standard Accounting Practice Number 24, a provision was made in 1989 to meet pension fund deficiencies in subsidiaries acquired, mostly relating to unfunded pensions. The residual actuarial deficit of €2,345,000 is being spread over the average remaining service lives of current employees.

The actuarial reports are available to the pension scheme members only.

(b) FRS 17 Disclosures

On 5 September 2002, the IAWS Group Plc defined benefit scheme was closed to new members. The IAWS Group Plc (UK) defined benefit scheme was closed to new members in 1998. The annual service cost in relation to both of these schemes is expected to increase as the current members approach retirement.

The valuations of the defined benefit schemes used for the purposes of the following FRS 17 disclosures are those of the most recent actuarial valuations carried out from 1 January 1999 to 6 April 2001 and updated to 31 July 2003 by an independent, qualified actuary. The valuations have been performed using the projected unit method.

The main financial assumptions used by the actuary were as follows:

	At 31 July 2003	At 31 July 2002	At 31 July 2001
Rate of increase in salaries	**4.02%**	4.00%	4.00%
Rate of increases in pensions in payment and deferred benefits	**2.07%**	2.05%	2.05%
Discount rate in scheme liabilities	**5.27%**	5.78%	6.00%
Inflation rate	**2.07%**	2.05%	2.05%

The expected long term rate of return on the assets of the schemes were:

	At 31 July 2003	At 31 July 2002	At 31 July 2001
Equities	**7.60%**	8.11%	8.78%
Bonds	**4.63%**	5.20%	5.88%
Other	**5.38%**	6.50%	6.83%

29. Pensions *(continued)*

(b) FRS 17 Disclosures *(continued)*

The net pension (liability) asset is analysed as follows:

	At 31 July 2003 €'000	At 31 July 2002 €'000	At 31 July 2001 €'000
Market value of scheme assets:			
Equities	34,332	35,910	51,721
Bonds	12,133	12,141	14,132
Other	7,965	9,036	7,686
Total market value of assets	54,430	57,087	73,539
Present value of scheme liabilities	(85,076)	(72,371)	(67,442)
(Deficit) surplus in the scheme	(30,646)	(15,284)	6,097
Related deferred tax asset (liability)	4,701	2,441	(714)
Net pension (liability) asset	(25,945)	(12,843)	5,383

The net assets and reserves of the Group incorporating the pension asset are as follows:

	At 31 July 2003 €'000	At 31 July 2002 €'000
Net Assets:		
Net assets excluding pension liability	264,897	216,078
Pension liability	(25,945)	(12,843)
Net assets including pension liability	238,952	203,235
Reserves:		
Profit and loss reserve excluding pension liability	187,712	140,338
Pension liability	(25,945)	(12,843)
Profit and loss reserve including pension liability	161,767	127,495

If FRS 17 had been fully adopted, the following amounts would have been recognised in the Group Profit & Loss Account in respect of defined benefit schemes:

	2003 €'000	2002 €'000
Charged to operating profit:		
Current service cost	1,934	1,360
Past service cost	177	567
	2,111	1,927
Charged (credited) to other finance income:		
Interest on scheme liabilities	4,100	3,948
Expected return on scheme assets	(4,049)	(5,547)
	51	(1,599)

29. Pensions (continued)

(b) FRS 17 Disclosures *(continued)*

If FRS 17 had been adopted, the following amounts would have been recognised in the Group Statement of Total Recognised Gains and Losses:

	2003 €'000	2002 €'000
Actual return less expected return on scheme assets	**(4,598)**	(19,682)
Experience gains and losses on scheme liabilities	**(3,668)**	(417)
Changes in demographic and financial assumptions	**(6,008)**	(2,536)
Actuarial loss	**(14,274)**	(22,635)
Deferred tax credit	**2,189**	2,991
Actuarial loss recognised in Group STRGL	**(12,085)**	(19,644)

The Group's defined benefit schemes have been closed to new members and as a result their annual service cost is expected to increase as the current members approach retirement

	2003 €'000	2002 €'000
Movement in (deficit) surplus during the year:		
(Deficit)/surplus in scheme at 1 August	**(15,284)**	6,097
Movement in year:		
Current service cost	**(1,834)**	(1,360)
Contributions	**975**	1,582
Past service costs	**(177)**	(567)
Other finance income	**(52)**	1,599
Actuarial loss	**(14,274)**	(22,635)
Deficit at 31 July	**(30,646)**	(15,284)

	2003	2002
History of experience gains and losses:		
Difference between expected and actual return on assets		
Amount (€'000)	**(4,598)**	(19,682)
% of scheme assets	**(8.4%)**	(34.5%)
Experience gains and losses on scheme liabilities		
Amount (€'000)	**(3,668)**	(417)
% of scheme liabilities	**(4.3%)**	(0.6%)
Total actuarial gain/(loss) recognised in STRGL		
Amount (€'000)	**(12,085)**	(19,644)
% of scheme liabilities	**(14.2%)**	(27.1%)

30. Related Party Transactions

In the normal course of business, the Group undertakes transactions with its associates, joint venture and Irish Agricultural Wholesale Society Limited. The transactions with these related parties during the year are summarised as follows:

	2003 €'000	2002 €'000
Sale of tangible fixed assets	**–**	25,742
Sale of financial assets	**12,763**	–
Sale of goods	**55,289**	57,918
Purchase of goods	**(7,381)**	(6,348)
Rendering of services	**5,034**	7,090
Receiving of services	**(1,737)**	(1,633)

The trading balances owing to the Group from these related parties were €1,868,000 (2002: €8,865,000) and the trading balances owing from the Group to these related parties were €13,726,000 (2002: €9,798,000).

The amount relating to sale of financial assets above, is the disposal by the Group of interests in associate companies to Irish Agricultural Wholesale Society Limited. Details of the disposals are disclosed in note 26 to these financial statements.

The receiving and rendering of services relate to leasing, management and administration charges.

In April 2003 CillRyan's Bakery Limited, a joint venture with Tim Hortons of Canada, exercised its option to enter into a licence agreement for the use of certain intellectual property. Mr R. McNamee, a former director of the Group holds a controlling interest in the licensor. The amount of the royalty is contingent upon CillRyan's achieving financial and operational targets at a future date. A wholly owned subsidiary of CillRyan's Bakery Limited, entered into an option agreement to acquire ownership of the intellectual property referred to above for an amount yet to be determined.

31. Reconciliation of Operating Profit to Net Cash Flows from Operating Activities

	2003 €'000	2002 €'000
Operating profit	84,392	80,723
Depreciation less grants released	24,876	25,435
Amortisation of goodwill	1,363	1,807
Decrease in stocks	8,843	5,649
Decrease (increase) in debtors	6,724	(179)
Decrease in creditors	(12,403)	(9,382)
Pensions	(156)	(35)
Translation adjustments	(2,133)	(1,926)
Net cash inflow from ongoing operating activities	111,506	102,092
Net cash outflow in respect of termination of operations	–	(3,434)
Net cash inflow from operating activities	111,506	98,658

32. Reconciliation of Net Cash Flow to Movement in Net Debt

	2003 €'000	2002 €'000
Increase (decrease) in cash (net of overdraft position)	22,042	(49,451)
Increase in debt	(7,308)	(38,618)
Change in net debt resulting from cash flows	14,734	(88,069)
Translation adjustment	14,528	2,811
Net movement	29,262	(85,258)
Net debt at beginning of year	(184,360)	(99,102)
Net debt at end of year	(155,098)	(184,360)

33. Analysis of Net Debt

	At 31/7/2002 €'000	Cash flow €'000	Exchange adjustment €'000	At 31/7/2003 €'000
Cash	8,903	40,085	(1,883)	47,105
Overdrafts	(9,420)	(18,043)	723	(26,740)
Loans:				
Due less than one year	(6,120)	350	136	(5,634)
Due more than one year	(175,582)	(8,889)	15,369	(169,102)
Finance leases	(2,141)	1,231	183	(727)
Net debt	(184,360)	14,734	14,528	(155,098)

34. Significant Events Since the Year End

There have been no significant events since the year end.

35. Subsidiaries, Associates and Joint Ventures

At 31 July 2003 the Company had the following significant subsidiaries, associates and joint venture:

	Name	Nature of business	Group % share	Registered office
(a)	**Subsidiaries – Ireland**			
	Cuisine de France Limited	Bread distribution	100 *	3
	Goulding Chemicals Limited	Fertiliser blending and distribution	100 *	1
	IAWS Management Services Limited	Management	100	1
	Power Seeds Limited	Seed assemblers	100	1
	R. & H. Hall Limited	Grain and feed trading	100 *	1
	Shamrock Foods Limited	Food distribution	100 *	1
	United Fish Industries Limited	Fish processing	100	1
(b)	**Subsidiaries – United Kingdom**			
	Delice de France plc	Bread distribution	100	11
	Hall Silos Limited	Grain handling	100	5
	Cuisine de France (UK) Limited	Food distribution	100	8
	IAWS Fertilisers (UK) Limited	Fertiliser blending and distribution	100	2
	R. & H. (Holdings) Limited	Holding company	100	6
	SFP (Shetland Fish Products) Limited	Fish processing	50 (i)	7
	United Fish Industries (UK) Limited	Fish processing	100	12
(c)	**Subsidiaries – United States of America**			
	Cuisine de France, Inc.	Bread distribution	100	9
	La Brea Holdings, Inc.	Bread manufacturing and distribution	100 (ii)	10
(d)	**Associates:**			
	John Thompson and Sons Limited	Provender millers	50	4
	North West Silos Limited	Feed processing	50	13
	Odlum Group	Flour milling	50	14
	West Twin Silos Limited	Silo operation	50	5
	A. Hiestand Holding AG	Gourmet bakery	22	15
(e)	**Joint venture**			
	CillRyan's Bakery Limited	Bread manufacturing and distribution	50	1

** Direct ownership*

(i) SFP (Shetland Fish Products) Limited is consolidated on the basis of the Group being able to exercise a dominant influence over the financial and operating policies of this undertaking.

(ii) The Group holds 81% of the common stock including 100% of the voting common stock of La Brea Bakery Holdings, Inc.

35. Subsidiaries, Associates and Joint Ventures *(continued)*

Registered offices

1. 151 Thomas Street, Dublin 8, Ireland.
2. Orchard Road, Royston, Hertfordshire SG8 5HW, England.
3. Belgard Square, Tallaght, Dublin 24, Ireland.
4. 35/39 York Road, Belfast BT15 3GW, Northern Ireland.
5. 7 McCaughey Road, Belfast BT3 9AG, Northern Ireland.
6. Unit 4a, McLean Road, Campsie Real Estate, Londonderry, BT47 3PF, Northern Ireland.
7. Greenwell Place, Aberdeen AB12 3AY, Scotland.
8. Unit 5, Blaris Industrial Estate, Old Hillsborough Road, Lisburn, Co. Antrim, BT27 5QB, Northern Ireland.
9. 203 North La Salle Street, Suite 1800, Park Ridge, Chicago, Illinois 60601, United States of America.
10. 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, United States of America.
11. Rubastic Road, Southhall, Middlesex UB2 5LL, England.
12. Gilbey Road, Grimsby, South Humberside DN31 2SL, England.
13. Clarendon House, 23 Clarendon Road, Belfast BT1 3BG, Northern Ireland.
14. Alexandra Road, Dublin 1, Ireland.
15. Ifangstrasse 9-11 / P.O. Box, CH-8952 Schlieren-Zürich, Switzerland.

The country of registration is also the principal location of activities in each case.

A full list of Subsidiaries, Associates and Joint Ventures will be filed with the relevant Registrar of Companies.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of IAWS GROUP, plc will be held at the registered office of the Company, 151 Thomas Street, Dublin 8 on Thursday 29 January 2004 at 11.00am for the following purposes:

1. To receive and consider the Director's Report and Financial Statements for the year ended 31 July 2003.

2. To approve a final dividend of 4.732c per Ordinary Share payable on 2 February 2004 to shareholders on the record on 23 January 2004.

3. To re-elect the following Directors who retire by rotation and being eligible offer themselves for re-election (as separate resolutions):
   (a) Mr P. Lynch
   (b) Mr J.B. Davy
   (c) Mr W.G. Murphy

4. To elect Mr P.N. Wilkinson who was co-opted on 29 September 2003 and retires in accordance with the Articles of Association.

5. To authorise the Directors to fix the remuneration of the Auditors.

Special Business

6. *To consider and, if thought fit, pass the following Resolution as an Ordinary Resolution (Resolution No 6)*
   That the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities within the meaning of Section 20 of the Companies (Amendment) Act, 1983, ("the 1983 Act") provided that:

   (a) the maximum amount of relevant securities which may be allotted under the authority hereby conferred shall be shares with an aggregate nominal value equivalent to one third of the nominal value of the issued share capital of the Company at the date of passing of this resolution;

   (b) the authority hereby conferred shall expire at the close of business on the earlier of the date of the next Annual General Meeting of the Company after the passing of this resolution or 29 April 2005 save that the Company may, before such expiry, make an offer or agreement which would, or might, require relevant securities to be allotted or issued after such expiry and the Directors may allot relevant securities in pursuance of any such offer or agreement nothwithstanding that the authority hereby conferred has expired; and

   (c) all previous authorities under section 20 of the 1983 Act shall henceforth cease to have effect.

7. *To consider and, if thought fit, pass the following Resolution as a Special Resolution (Resolution No. 7):*
   That, subject to the passing of Resolution No. 6 before this meeting, for the purposes of Section 24 (1) of the Companies (Amendment) Act, 1983, the directors be and are hereby empowered to allot equity securities for cash pursuant to and in accordance with Article 7(d) of the Articles of Association of the Company. The authority hereby conferred shall expire at the close of business on the earlier of the date of the next Annual General Meeting of the Company after the passing of this Resolution or 29 April 2005 unless previously revoked or renewed in accordance with the provisions of the Companies (Amendment) Act, 1983.

8. *To consider and, if thought fit, pass the following Resolution as a Special Resolution (Resolution No. 8):*
   That the Company and/or any subsidiary (being a body corporate as referred to in the European Communities (Public Limited Companies: Subsidiaries) Regulations, 1997) of the Company be and they are hereby generally authorised to make market purchases (as defined by Section 212 of the Companies Act, 1990) of shares of any class of the Company on such terms and conditions and in such manner as the directors may from time to time determine in accordance with and subject to the provisions of the Companies Act, 1990 and the restrictions and provisions set out in Article 4 (iii)of the Articles of Association of the Company.

   The authority hereby conferred shall expire at the close of business on the earlier of the date of the next Annual General Meeting of the company after the passing of this Resolution or 28 July 2005 unless previously revoked or renewed in accordance with the provisions of the Companies Act, 1990.

9. *To consider and, if thought fit, pass the following Resolution as a Special Resolution (Resolution No. 9):*
   That the reissue price range at which any treasury shares (as defined by Section 209 of the Companies Act, 1990) for the time being held by the Company may be reissued off-market shall be the price range set out in Article 4(iv) of the Articles of Association of the Company. The authority hereby conferred shall expire at the close of business on the earlier of the date of the next Annual General Meeting of the Company after the passing of this Resolution or 28 July 2005 unless previously revoked or renewed in accordance with the provisions of the Companies Act, 1990.

10. *To consider and, if thought fit, pass the following Resolution as a Special Resolution (Resolution No 10)*
    That the Articles of Association of the Company be amended by the deletion of the existing article 96 and the substitution therefor of the following:-

    "96. At every annual general meeting of the Company one third of the Directors or, if their number is not three or a multiple of three, then the number nearest one third shall retire from office. A Director retiring at a meeting shall retain office until the close or adjournment of the meeting".

By Order of the Board

Alan Lowther
Secretary
151 Thomas Street
Dublin 8

Notes

(a) Any member of the Company entitled to attend and vote may appoint another person (whether a member or not) as his/her proxy to attend, speak and vote on his/her behalf. For this purpose a proxy form is enclosed with this Notice. To be effective a form of proxy must be deposited at the registered office of the Company not later than 48 hours before the time appointed for the holding of the meeting.

(b) The Register of Directors' interests and service contracts will be available for inspection at the registered office of the Company during normal business hours from the date of this notice until the date of the meeting and on that date until the conclusion of the meeting.

Corporate Information

Directors	**P. Lynch** Chairman **O. Killian** Chief Executive **D. Martin** Finance **D. Buckley** **B.Dardis** **J.B. Davy** **D. Lucey** **P. McCarrick** **J.C. Moloney** **W.G. Murphy** **P.N. Wilkinson**
Secretary	**A. Lowther**
Registered Office	**151 Thomas Street,** Dublin 8.
Solicitors	**L.K. Shields, Solicitors,** 39/40 Upper Mount Street, Dublin 2.
Principal Bankers	**Bank of Ireland,** Lower Baggot Street, Dublin 2. **Ulster Bank Ireland Ltd.,** George's Quay, Dublin 2.
Registrars	**Capita Corporate Registrars Plc,** PO Box 7117, Dublin 2.
Stockbrokers	**J. & E. Davy,** 49 Dawson Street, Dublin 2.
Auditors	**Ernst & Young,** Chartered Accountants, Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2.

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IAWS GROUP plc

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