IAWS GROUP plc

ANNUAL REPORT AND ACCOUNTS 2004

CONTENTS

CORPORATE PROFILE

IAWS Group plc is a major food and agribusiness group with operations in Ireland, the United Kingdom, Continental Europe, the United States of America and Canada.

The Group has two main businesses focused on

- Food
- Nutrition/Agri

Since the flotation on the London and Irish Stock Exchanges in 1988, IAWS Group plc has expanded through a combination of organic growth and acquisition with sales increasing from €174m in 1988 to €1.3bn in 2004 and pre tax profit (before exceptional items and goodwill amortisation) increasing from €5.6m to €97.7m over the same period.

IAWS has a clear and focused strategy to maximise the potential of the Group through its next phase of development, with the objective of further enhancing returns to shareholders.

FINANCIAL HIGHLIGHTS

"2004 saw the Group return 19 per cent pre tax profit growth in a challenging environment. This was the outcome of solid performances from our continuing businesses as well as the benefits derived from the investments made in the United States, Canada and Europe. We have a strong balance sheet and our businesses continue to deliver excellent free cash flow."

Owen Killian, Chief Executive Officer.

FINANCIAL HIGHLIGHTS	**2004 €'000**	2003 €'000	% Change
Total Sales	**1,316,436**	1,250,816	5%
Total Operating Profit pre Goodwill	**109,138**	95,721	14%
Profit Before Tax*	**97,722**	82,173	19%
Diluted Earnings Per Share (adjusted*) (Cent)	**62.1**	53.0	17%
Dividend Per Share (Cent)	**10.52**	9.03	16%

5 YEAR FINANCIAL PERFORMANCE	2000 €m	2001 €m	2002 €m	2003 €m	**2004 €m**
Total Sales	982	1,102	1,215	1,251	**1,316**
Total Operating Profit pre Goodwill	62	73	87	96	**109**
Free Cash Flow (pre disposal)	48	61	56	74	**81**
Diluted Earnings Per Share (adjusted*) (Cent)	31.4	37.5	44.8	53.0	**62.1**
Dividend Per Share (Cent)	5.94	6.83	7.86	9.03	**10.52**

*(Before Exceptional Items and Goodwill Amortisation)

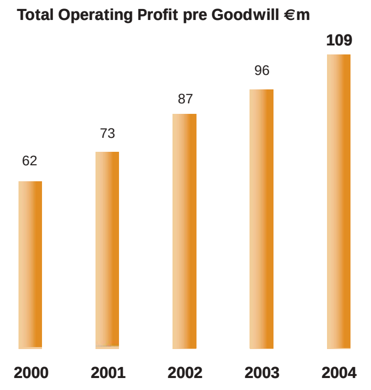
EPS GROWTH OVER 5 YEARS	2000	2001	2002	2003	**2004**
Adjusted diluted EPS (Cent)	31.43	37.53	44.80	53.04	**62.10**
Year on Year Growth	23%	19%	19%	18%	**17%**
Compound Growth 2000-2004					**19%**
Restated 2001 EPS including PYA re FRS 19					

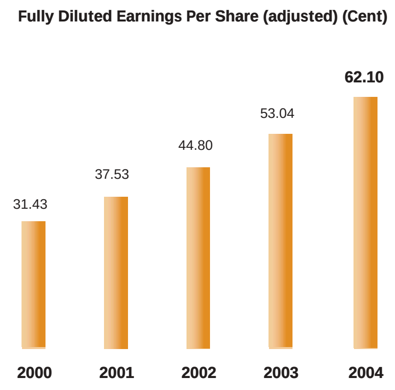
CASHFLOW	2000 €'000	2001 €'000	2002 €'000	2003 €'000	**2004 €'000**
Free Cash (including disposal proceeds)	67,280	75,226	86,375	95,707	**89,757**
Acquisition/ Development spend	(97,941)	(71,634)	(176,792)	(82,418)	**(79,927)**

DIVIDENDS PAID		€ cent per share
Dividend	**Period End**	**(Gross)**
Final	Year 31/07/2004	5.442
Interim	Half Year 31/01/2004	5.074
Final	Year 31/07/2003	4.732
Interim	Half Year 31/01/2003	4.300
Final	Year 31/07/2002	4.115
Interim	Half Year 31/01/2002	3.740
Final	Year 31/07/2001	3.578
Interim	Half Year 31/01/2001	3.252

FOOD REVENUES 2000-2004	2000 €'000	2001 €'000	2002 €'000	2003 €'000	**2004 €'000**
Food products*	429,785	531,260	636,957	673,677	**687,669**

*(Excluding JV turnover.)





CHAIRMAN'S STATEMENT

IAWS Group plc had another year of excellent results with solid growth. The repositioning of the Group by way of investment of over €540m in the Lifestyle Food business since 1998, has underpinned the performance of the business.

IAWS Group plc achieved another excellent performance during the financial year 2004.

Pre tax profits (adjusted for goodwill and exceptionals) increased by a very strong 19 per cent to €97.7m. Double digit diluted earnings per share growth was achieved for the seventh consecutive year, rising by 17 per cent to 62.10 cent. Underlying sales growth, including the share of the joint venture rose by six per cent.

OVERALL TRADING ENVIRONMENT

During the year our Lifestyle Food businesses performed very well. In Ireland, Lifestyle Food sales continued to grow, aided by new product development and a buoyant economy. The Shamrock Food business however suffered a nine per cent fall in sales primarily as a result of lower sales in chocolate confectionery.

In the UK, consolidation in the convenience store sector continued at a significant pace. We view this as a positive development as store owners will need to invest and upgrade their stores in order to remain competitive. Our Lifestyle Food operations in the UK are well positioned to take advantage of these developments.

In North America, the market was challenging with an increased focus by consumers on health and dietary issues, specifically carbohydrates, resulting in varying reactions within both the retail and foodservice industries. La Brea, with its premium quality products, is well positioned to deal with such challenges. Its products are recognised in its sector as an important element of a healthy diet and lifestyle.

The joint venture with Tim Hortons performed very well during the year. The second phase of development at the Brantford facility was completed and commissioned, and all the stores in the Tim Hortons estate are now being serviced from this facility.

The Nutrition/Agri business faced a difficult year. In Ireland compound feed market volumes were down six per cent on the year, whilst on-farm fertiliser usage fell by seven per cent. The marine protein business was affected by weak price realisations.

IAWS Group plc had another year of excellent results with solid growth. The repositioning of the Group by way of investment of over €540m in the Lifestyle Food business since 1998, has underpinned the performance of the business.

BOARD APPOINTMENTS

At Board level there were three new appointments to the Board. In September 2003, Mr Paul N. Wilkinson was appointed to the Board. In March 2004, Ms Noreen Hynes was appointed and in July 2004, Dr Patrick Wall was appointed to the Board.

Subsequent to the end of the 2004 financial year, Mr Hugo Kane, Chief Executive of the IAWS Food Division in Ireland and the UK, was co-opted to the Board. Mr Patrick McEniff was appointed Group Finance Director Designate to be co-opted to the Board upon the retirement on the 1st November 2004 of Mr David Martin. Mr Martin will remain on the Board in a non-executive capacity.

La Brea is the leading artisan premium breads producer selling coast to coast in the United States.

DIVIDEND

The Board is proposing a final dividend of 5.442 cent per share, raising the total dividend payment for the year to 10.516 cent per share.

I would like to congratulate Owen Killian for an excellent performance in his first year as Chief Executive of IAWS Group plc and also the staff of the Group for their hard work and effort. I would also like to congratulate David Martin on his retirement on the 1st November 2004. David has been an integral part of IAWS Group plc and its success since its flotation. The Board and I are very pleased that David will remain on the Board in a non-executive capacity.

The investment that the Group has undertaken in North America over the last few years is now starting to flow through and the investments made in the different markets in which the Group operates will provide the platform for future growth.

Philip Lynch
Chairman

22 September 2004

CHIEF EXECUTIVE OFFICER'S REVIEW: REVIEW OF BUSINESS OPERATIONS

The outstanding feature of the year to July 2004 was the performance of the Group's investment in its joint venture and associates. They contributed substantially to the increase of 14 per cent to €109.1m in total operating profit before goodwill amortisation, up from €95.7m in 2003. The Food Division increased its contribution by over €18m or 30 per cent while Nutrition/Agri fell by €4.7m or 14 per cent.

Excluding joint venture and associates, Group operating profit before goodwill amortisation declined to €84.6m compared with €85.8m in the previous year, due to a combination of difficult trading conditions in the Nutrition/Agri Division and costs associated with the commencement of the integration of the UK Lifestyle Food business.

Pre tax profits (before goodwill amortisation and exceptional items) increased by 19 per cent to €97.7m compared with €82.2m in the previous year. Diluted earnings per share increased by 17 per cent to 62.10 cent from 53.04 cent in 2003.

Total turnover including share of joint venture increased by five per cent to €1.32bn. Total underlying turnover (allowing for the effects of acquisitions and currency fluctuations) grew by six per cent. Underlying sales in the Food Division increased by five per cent. Underlying sales in the Nutrition/Agri Division were boosted by seven per cent, due to higher raw material prices of fertiliser and feed ingredients. This had a negative impact on volumes and resulted in reduced operating profit in this business.

The Lifestyle Food business delivered seven per cent underlying sales growth in Ireland and the UK. This performance was achieved in a year in which the Group commenced the integration of Cuisine de France and Delice de France in the UK.

We also acquired Gilson's Bakery in the UK and the Hiestand UK business, while in Ireland we acquired the Carroll Cuisine Group. These businesses are an important element in the growth strategy for Lifestyle Foods in these markets.

Shamrock Foods experienced a nine per cent reduction in sales as a result of lower volumes in chocolate confectionery lines and this impacted on the overall Food Division's sales growth.

Sales at La Brea grew by 13 per cent and at Cuisine de France Inc. in Chicago by 12 per cent. The Tim Hortons joint venture generated sales growth of over 100 per cent, due to the rollout of the "Always Fresh" bakery concept to the entire estate of Tim Hortons restaurants.

The Group has invested €540m in building its Food Division since 1998. Over 70 per cent of total operating profit is now derived from food.

There were lower contributions from the Irish feed ingredients business due to lower sales volumes and from the marine protein division due to the impact of the weaker US dollar on end product price realisations.

Total operating margin was 6.6 per cent. The operating margin within Nutrition/Agri fell by one per cent. Food margins increased by 0.3 per cent in the year to 8.3 per cent. Return on investment was 17.7 per cent, compared with 17.5 per cent in 2003. The return on investment in the Food Division increased by over two per cent to 16.2 per cent while within the Nutrition/Agri Division there was a decline of seven per cent to 23.3 per cent.

Total operating profit from joint venture and associates grew strongly increasing by two and half times to €24.5m compared with €9.97m in 2003. The Tim Hortons joint venture increased its contribution significantly, while strong performances were also returned by associates A. Hiestand Holding AG, John Thompsons, feed compounders and Odlum Group, flour millers. The Group has a 22 per cent shareholding in Hiestand, a Swiss based gourmet bakery, which posted excellent half year results in June 2004 with 20 per cent sales growth. Total Hiestand net income grew 39 per cent in this six month period.

Free cash flow excluding disposals increased by almost ten per cent to over €80m. Total free cash flow for the year was €89.8m. The Group's balance sheet remains strong. Group net debt was €141m compared with €155m at the same date last year. Interest cover was nine times and the debt equity ratio fell to 42 per cent from 59 per cent.

There were a number of senior management appointments made during the year and also just after the end of the financial year. In the Nutrition/Agri Division, Liam Larkin was appointed Chief Executive and Tom Tynan was appointed Commercial Director. In the Food Division, Hugo Kane was appointed Chief Executive of the Irish and UK Food businesses and was co-opted to the Board of Directors of IAWS Group plc since year end. At Group level, Tom O'Mahony was appointed Chief Operations Officer since year end.

In June 2004, David Martin, Group Finance Director announced his intention to retire on the 1st November 2004, and Patrick McEniff was appointed Group Finance Director Designate in the interim. I would like to thank David Martin for his enormous contribution to IAWS Group plc since its inception and to wish him well in his retirement. I would like to acknowledge the contribution of the management and staff of IAWS Group plc and their commitment and dedication during the year. Finally, I would like to thank you, our shareholders, for your continuing support.

This Delice de France confectionery outlet is located in Waterloo Railway station in London.

Sales at La Brea grew by 13 per cent and at Cuisine de France Inc. in Chicago by 12 per cent. The Tim Hortons joint venture generated sales growth of over 100 per cent, due to the continued rollout of the “Always Fresh” bakery concept to the entire estate of Tim Hortons restaurants.

Quality breads supplied by Cuisine de France that are freshly baked in-store have brought a new dimension to convenience store shopping in Ireland.

CHIEF EXECUTIVE OFFICER'S REVIEW: FOOD DIVISION

IAWS Group plc's Food Division, Lifestyle Foods, has operations in Ireland and the UK. Shamrock Foods is an Irish importer and distributor of ambient, fast moving goods. In North America, La Brea Bakery, our artisan bread bakery, is part of IAWS Group plc. Cuisine de France Inc. also has a growing presence in the Chicago region. In Canada, we have a very successful joint venture with Tim Hortons, a subsidiary of Wendy's International.

FOOD EUROPE: IRELAND
Irish operations performed well during the year, with seven per cent sales growth within Lifestyle Foods.

The three Lifestyle Food businesses of Cuisine de France, Delice de France and Pierre's were all successfully integrated during the year. In Ireland we now have one Lifestyle Food business with a retail division and a foodservice division. The rationale for the integration was to enable us to grow the business and build a corporate capability where we are now a single integrated solutions provider to our customers.

Benefits are already flowing from the integration. There is now one new product development team who focus on developing new products and concepts to satisfy customer needs. Product and channel innovation is the key to creating future demand in this market.

In May 2004, the Group acquired Carroll Cuisine Group, the leading supplier of ready meals and premium meats to delicatessens in Ireland. This acquisition gives IAWS Group plc entry to the chilled sector of the food to go market for the first time and brings new growth opportunities across both the hot food and deli counter as well as in take home convenience food offerings.

The sales process, structure and systems in the Lifestyle Foods business will complement Carroll Cuisine's product and manufacturing capability and generate growth in a new market sector.

Shamrock Foods performed well despite a fall of nine per cent in like for like sales in the period. This fall in sales was attributable to a fall in demand for chocolate confectionery. During the year the Shamrock brand was successfully re-launched, resulting in three per cent year on year sales growth. New product development is a key part of the Shamrock Foods business philosophy and the past year has seen the launch of several new products under the Roma and Shamrock brands. Shamrock expanded its product range, introducing "Snack Packs" to the market. These are a range of 13 healthy snacking products offering both fruit and nut options. The Shamrock snack packs are proving popular with consumers looking for healthy options in the snack market.

Roma had a very satisfactory year and has enjoyed strong sales growth in recent years as a result of successful customer promotions and new product introductions. 2004 saw the launch of a number of new and exciting products including the Roma Children's Safari Pasta and three new microwaveable rice products.

Shamrock's range of rice packs

Roma Food's range of olive oils

SHAMROCK
Shamrock Foods is one of Ireland's leading sales, marketing and distribution companies and a member of IAWS Group plc. Shamrock Foods delivers to over 3,000 distribution points and its customer base includes all of the major Irish multiples as well as the majority of independent retailers and symbol groups nation-wide. Shamrock Foods also supplies the catering sector in Ireland under its Roma and Shamrock foodservice brands.

BAKING ACADEMY

One of the key factors that drives the success of an in-store bakery is the commitment and training of the staff responsible for the in-store bakery. Our commitment to training is clearly demonstrated through the success of our baking academies in both Ireland and the UK. The Baking Academy, since its foundation in 1994, has evolved into three training modules to meet the different needs of our customers. The courses provide a deeper insight into bakery technology, food hygiene, product promotion and display.

A Cuisine de France freshly baked in-store bread display.

Training as an in-store baker in the Cuisine de France baking academy.

CHIEF EXECUTIVE OFFICER'S REVIEW: FOOD DIVISION
(CONTINUED)

Ger Enright, winner of the Food To Go Award with Mary Fenton Tutty, Marketing Manager, Cuisine de France

FOOD EUROPE: UK

The integration of Cuisine de France and Delice de France in the UK commenced during the year. The integration will be completed during the financial year 2005 when the separate IT platforms will be integrated. This is an investment for the long term development of our business in the UK market. The creation of an integrated business platform and management structure is essential to deliver future growth. Sales growth was seven per cent in the period across the business.

During the year, our UK food operation acquired Gilson's Bakery, giving the Group a manufacturing presence in the UK for the first time. The Group also acquired the Hiestand UK business. This acquisition gives us sole rights to sell and distribute under the Hiestand brand in the UK and Ireland. The product range affords the opportunity to enhance our product offering to existing and new customers.

In recent years the UK convenience store sector has become the fastest growing segment within grocery retailing in the UK. Convenience shopping is on the rise across the UK, driven by changing lifestyles and purchasing patterns. Last year, the market value of the convenience sector outpaced the wider grocery market, growing at over seven per cent against three per cent for the total market.

The consolidation of the sector continues apace as the large UK retailers target smaller local convenience stores as part of their growth strategy. UK convenience store owners are investing in upgrading their stores to enable them compete with the multiples and attract consumer spending power. Consumers shopping habits have been changing in recent times with "Top Up" shopping in local convenience stores now the norm, as opposed to one large weekly shop in a multiple store.

Cuisine de France, as the number one in-store bakery supplier to the convenience trade in the UK, is well positioned to benefit from this consolidation. This investment in the convenience sector provides Cuisine de France with a solid opportunity to capitalise on its track record in providing retailers with well-proven category management systems in the food to go sector.

The foodservice market in London continued to be difficult as a result of reduced tourist numbers, but would appear to be improving. Expansion outside London was satisfactory and Delice de France continues to focus on the regions to maintain growth.

FOOD TO GO AWARDS

The Food To Go Awards were established to reward excellence in the baking, merchandising and retailing of Cuisine de France and Pierre's products throughout Ireland. The 2003/04 Awards were entered by over 1,200 Cuisine de France customers. The overall title 'Cuisine de France/Pierre's Food to Go Outlet of the Year 2003/04' went to a jubilant Ger Enright of EuroSpar, Dungarvan, Co. Waterford. On accepting his award, a delighted Ger spoke of his passion for retail and praised Cuisine de France for establishing the awards and for the ongoing commitment and support shown to their customers. "It's rare in today's commercial world that you find a company so dedicated to their customers needs and which always has an immediate response for you" said Ger during his acceptance speech.

HIESTAND

In July 2003, IAWS acquired a 22% shareholding in Hiestand for €26m. This acquisition represents a strategic investment for IAWS, giving it a window into mainland Europe where Hiestand has a significant presence in markets where IAWS currently does not have a position. In December 2003 IAWS acquired the Hiestand UK business and now has sole sales and distribution rights for the Hiestand brand in the UK and Ireland.

Pierre's supplies hot food solutions for forecourts, convenience stores and food outlets throughout Ireland.

CHIEF EXECUTIVE OFFICER'S REVIEW: FOOD DIVISION
(CONTINUED)

NORTH AMERICA

IAWS Group plc's operations in the USA and Canada performed well. The second phase expansion programme at the La Brea facility in New Jersey is well advanced and the Tim Hortons joint venture facility at Brantford has been completed.

La Brea is positioned in the premium artisan bread segment of the bakery market. Additional production capacity at the New Jersey facility is currently being commissioned. This investment is an extension of the La Brea production facility, which was established two years ago and is servicing customer needs on the East Coast of the USA. The new facility is complementing par-baked production at La Brea's Southern California facility. La Brea sales in the USA grew 13 per cent in the year.

Increased demand for rustic breads has been evident over the past few years. The growing interest in artisan bread coincides with the increase in awareness of speciality, high quality foods and a growing consumer health-consciousness.

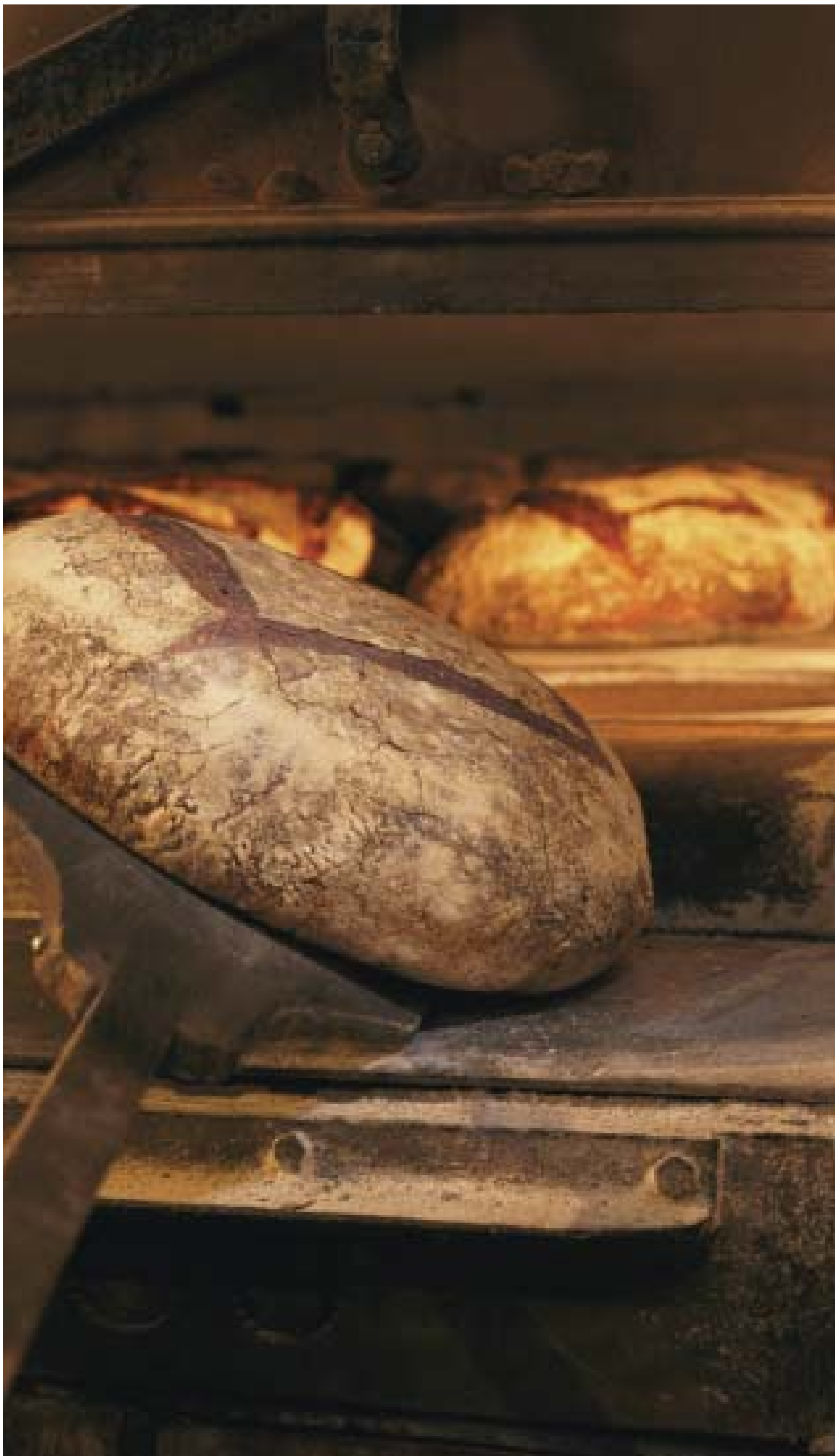
The issues of diet, nutrition and obesity received an increasing amount of attention over the course of the year. Bread sales have fallen in the USA as consumers adjust their eating habits and adopt a healthier lifestyle. La Brea benefited from this shift in consumer taste and we believe is well positioned to further capitalise on healthier eating trends as it is a natural product without additives or preservatives.

LA BREA BAKERY

La Brea Bakery was founded in 1989 in Los Angeles, in response to a lack of high quality bread in the marketplace.

La Brea bread is unique as it is baked using a starter made from flour, water and organic grapes. This is in contrast to most breads which are baked using commercial yeast. Unlike commercial yeast, a starter contains active, wild yeasts that cause the dough to rise slowly over time, allowing the bread to develop its deep, complex flavours, textures and uniquely aerated and creamy-coloured interior.

Demand for La Brea bread spread across the USA and it was developed as a par-baked bread, thus enabling transport to anywhere in North America. In 2002, a new manufacturing facility was built in New Jersey to satisfy East Coast demand. La Brea is the only branded artisan bread available nation-wide in the USA.



Artisan loaves baked using traditional methods have been a feature of European cuisine for centuries.

The Cuisine de France Inc. business in Chicago performed well with 12 per cent sales growth in the period. The integration of the Cuisine de France Inc. and La Brea operations in the USA is underway which will result in the more efficient use of resources and will allow us to offer a more comprehensive in-store bakery solution.

The Canadian joint venture is now supplying par-baked products to the entire Tim Hortons estate of restaurants in Canada and the USA. There are currently 2,399 restaurants in Canada and 233 restaurants in the USA. Tim Hortons same store sales are very robust. Average same store sales for the first nine months of 2004 were up 7.7 per cent at Tim Hortons restaurants in Canada and up 10.1 per cent in the USA.

At restaurant level, the "Always Fresh" bakery concept is proving extremely popular because of the availability of freshly baked goods throughout the day.

The capital investment programme at Brantford has been completed. The second phase of the development was completed and commissioned during the period. There is now sufficient capacity to meet projected sales growth over the next couple of years. There is space within the facility to meet additional expansion requirements beyond this timeframe.

La Brea and the Tim Hortons joint venture are major contributors to the company's growth and will provide a growth platform for the Group in the world's largest convenience food market over the coming years.

MAIDSTONE BAKERY JOINT VENTURE

IAWS Group plc and Tim Hortons, a subsidiary of Wendys International, formed a 50/50 joint venture in 2001, to build and operate a bakery plant in Brantford, Ontario. The Maidstone Bakery produces par-baked donuts and baguettes for the Tim Hortons estate of quick serve restaurants. Cuisine de France Inc., based in Chicago, also sources its baguette requirements from the facility.

Tim Hortons has over 2,632 stores in Canada and the USA and on average is growing by 200 stores per annum. Through the third quarter, Tim Hortons revenues grew by 20.5 per cent over the same time period in 2003. Tim Hortons has excellent execution capability in converting stores from scratch baking to using par-baked technology.

The Maidstone Bakery joint venture with Tim Hortons produces par-baked donuts, baguettes and confectioneries for 2,632 Tim Hortons quick serve restaurants in Canada and the USA.

CHIEF EXECUTIVE OFFICER'S REVIEW: THE NUTRITION/AGRI DIVISION

The Nutrition/Agri Division is comprised of animal feed ingredients, fertiliser blending and marine proteins. The Group has consistently invested in enhancing facilities and efficiencies in this Division. This has generated good returns on invested capital and strong cash flow.

FEED INGREDIENTS

R&H Hall sources, ships, discharges, warehouses and transports a wide range of protein and energy ingredients for the animal compounding industry in Ireland. The raw materials are mainly ingredients such as soya beans, corn gluten, distillers grains and citrus pulp. While most of the grain used in animal feedstuffs in Ireland is provided from domestic sources the country has always been a major deficit area for feed ingredients.

Over 65 per cent of Irish feed ingredient raw materials are imported, necessitating quality port facilities. R&H Hall have five high quality port installations across Ireland with total portside capacity exceeding 450,000 tonnes.

The total animal feedstuffs market is equivalent to 6.5 million tonnes per annum of which four million tonnes are imported. R&H Hall is a key supplier to the major feed compounders. Feed consumption is directly related to livestock numbers and animal production systems. Cattle numbers on farms are slightly lower than previous years and the impact of the decoupling of support payments from the farm enterprise has yet to be established. The increased consumption of beef within the EU and the emergence of a considerable deficit this year has boosted trade. This should be positive for Irish beef production.

The prices of feed ingredients fluctuate, in some cases very significantly, from year to year and consequently the turnover of the business can be a poor indicator of performance. 2004 was characterised by significant price volatility. Higher unit prices contributed to an overall reduction in sales volumes of feed ingredients in Ireland.

R&H Hall imports raw materials for animal feed compounders in Ireland through five strategically located portside facilities with a capacity of over 450,000 tonnes of storage. These commodities include soya beans, corn gluten, distillers grains and citrus pulp.

FERTILISER

The IAWS fertiliser business operates in Ireland and the UK, and the combination of Irish and UK volumes gives competitive purchasing power on raw materials, packaging and distribution.

The mechanical mixing process involved in fertiliser blending is lower cost compared with chemical manufacture. The competitive advantage of blends has resulted in blended fertilisers accounting for 25 per cent of EU compound capacity. This has forced rationalisation within the chemical fertiliser sector. The structural change in the EU fertiliser sector also reflects the growth constraint on the industry as a result of CAP policies. Quotas on the dairy and sugar sectors, and set aside in the crops sector which have imposed limits on fertiliser usage have been the dominant influences.

During the year fertiliser sales in the UK were much improved. This demand was driven by a 25 per cent increase in UK farm incomes in 2003. Total income from farming in the UK breached £3bn for the first time since 1996. The recent trend in the UK of omitting applications, particularly of phosphate and potash on cereal acreage was arrested. A continuation of this practice was unsustainable.

2003 was also a good year for farming in Ireland with aggregate Irish farm income increasing by five per cent to €2.6bn. Goulding maintained volumes in difficult trading conditions.

Farmers are using fertiliser more efficiently as nutrients continue to be adjusted more precisely to meet crop needs. Technological progress via new crop varieties, more efficient farming methods and better nutrient management will limit the demand for agricultural fertilisers.

A new purpose built granulation plant for horticultural products was completed in the UK during the year, widening the product offering and supporting sales into the niche agricultural and professional sectors.

Goulding produces a popular range of horticultural fertilisers for sale through retail outlets.

Goulding is meeting farmer's needs to use fertiliser more efficiently, fulfilling crop needs more precisely.

PROTEINS AND OILS

IAWS is a primary producer of fishmeal and fishoil which are the key ingredients of fish feed. Fishmeal provides a natural, balanced source of nutrients for pigs, poultry and fish farming. It is an excellent source of protein and is readily digested.

Over the past 30 years the production of fishmeal worldwide has increased from three million to six million tonnes. In the 1970's, 90 per cent of fishmeal was used in pig and poultry diets. This had dropped to 50 per cent by 2000 due to the growth in aquaculture. In the past ten years the consumption of fishmeal by aquaculture has grown continuously while consumption of fishoil has developed to the extent that all suitable domestically produced oil goes to that sector.

The fish feed market is largely consolidated into a small number of vertically integrated global companies. Continued growth of consumer demand and a stable to declining wild stock of salmon should ensure that growth of the farmed salmon industry is maintained over the coming years.

The fishmeal market suffered the effects of the weaker dollar which had an adverse impact on the performance of the proteins and oils business. While production volumes were ahead of budget at all locations, product realisations were significantly less than previous years.

During the year the Killybegs manufacturing facility achieved Feed Materials Assurance Scheme quality assurance accreditation (FEMAS). Killybegs is following in the footsteps of the Aberdeen facility which was the first in the fishmeal industry worldwide to achieve this accreditation in 2002. As quality assurance gains greater importance, our ability to ensure the integrity of the food chain should allow the group to capture market share. Our strategy is to ensure that we become the preferred supplier to our customers by operating to the highest possible standards in our production process.

Fishmeal provides a natural balanced source of nutrients for pigs, poultry and fish farming. IAWS is a major European producer of fishmeal and fishoil.

CHIEF EXECUTIVE OFFICER'S REVIEW: FINANCIAL REVIEW

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

ANALYSIS OF PERFORMANCE
Pre tax profits adjusted for goodwill and exceptionals increased by 19 per cent to €97.7m. Operating margins were 6.6 per cent with Nutrition/Agri margins falling by one per cent while food margins increased during the year by 0.3 per cent.

Return on investment was 17.7 per cent compared with 17.5 per cent in the previous year. The return on investment in the Food Division increased by over two per cent to 16.2 per cent, while the Nutrition/Agri return fell by seven per cent to 23.3 per cent.

Basic earnings per ordinary share were 62.74 cent. Diluted earnings per ordinary share (adjusted) were 62.10 cent compared with 53.04 cent in the previous year, an increase of 17 per cent.

DIVIDEND
A final dividend of 5.442 cent per ordinary share is recommended. This makes a total dividend of 10.516 cent for the year, which represents an increase of 16 per cent on last year. Dividend cover at 5.9 times remains strong.

CASH FLOW
Free cash flow excluding disposals represented an increase of ten per cent to over €80m. 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 €14m to €141m. This was after spending €89m on acquisitions and capital investment.

Interest cover was nine 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.

Owen Killian
Chief Executive Officer

22 September 2004

DIRECTORS

The board of IAWS Group, plc as at 31 July 2004 consisted of two executive directors and eleven non-executive directors.

(a) Chairman
Philip Lynch (58) 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, director of the Society, C & C Group PLC, Coillte Teo, FBD Holdings plc, Heiton Group plc and Irish Life and Permanent plc.

(b) Executive Directors
Owen Killian (51) 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 was focused on maximising the earnings stream from all food operations and developing future strategy for this sector across all markets.

David Martin FCMA (60) 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 (58) is Chairman of Kerry Group plc, Kerry Co-operative Creameries Limited and Irish Agricultural Wholesale Society Limited.

Beatrice Dardis (59) is a social scientist with an MA from UCD. She has researched rural industrialisation and the role of women in farming.

J.Brian Davy (62) 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.

Noreen Hynes (51) B.Comm. FCA joined the board on 15 March 2004. She is managing director of Aquarius Properties Abroad and previously held senior management positions with Irish Distillers, Coal Distributors and ICL. She is a former member of the Council of the Institute of Chartered Accountants in Ireland.

Denis Lucey (67) 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 (74) 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, (78) 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 Nation-wide Building Society.

William G. Murphy (59) is an executive director of Glanbia plc and a former director of Irish Agricultural Wholesale Society Limited.

Patrick Wall (49) M.Sc., M.D., MBA joined the board on 21 July 2004. He is Adjunct Professor of Food Safety in the Centre of Food Safety in U.C.D. He is a member of the management board of the European Food Safety Authority, a director of FPS Biotech Ltd and a member of the Food Safety Advisory board of Numico. Previous positions held by Dr Wall included Chief Executive of The Food Safety Authority of Ireland and consultant in the U.K. National Health Service.

Paul N. Wilkinson (59) joined the board on 29 September 2003. He previously held senior management positions with Unilever plc, Grand Metropolitan plc and RHM plc

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2004

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 July 2004.

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 Chief Executive'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 56 to 57.

RESULTS

The results for the year and the appropriations thereof are set out in the Group Profit and Loss Account on pages 34 and 35. The profit retained for the year was €64,601,000 (2003: €54,356,000).

DIVIDENDS

An interim dividend of 5.074 cent per share amounting to €6,285,140 was paid on ordinary shares. The directors recommend a final ordinary dividend of 5.442 cent per share which amounts to €6,744,000 subject to the shareholders' approval. The total dividend for the year is 10.516 cent per ordinary share, an increase of 16% 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, in order to ensure that those 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 25 to 27.

SUBSTANTIAL HOLDINGS

As at 22 September 2004 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	21,532,820	17.38
FMR Corporation / Fidelity International Limited	15,034,614	12.13
IAWS Nominees Ltd	10,205,540	8.24

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2004 (CONTINUED)

IMPORTANT EVENTS SINCE THE YEAR END

Mr. D. Martin has indicated that he will retire as Group Finance Director on 1 November 2004. On 9 September 2004 the company announced the appointment of Mr. P. McEniff as Finance Director Designate. Mr. Martin will remain on the board in a non-executive capacity subject to his re-election by the shareholders.

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

DIRECTORS

Mr. J. C. Moloney stepped down as Chairman on 1 October 2003. Mr. P. Lynch stepped down as Group Managing Director and was appointed Chairman on 1 October 2003. Mr. O. Killian was appointed Chief Executive on 1 October 2003.

Mr. P. N. Wilkinson was co-opted to the board on 29 September 2003, and was subsequently elected at the Annual General Meeting in January 2004.

Ms. N. Hynes was co-opted to the board on 15 March 2004 and Dr P. Wall was co-opted to the board on 21 July 2004. Mr. H. Kane was co-opted to the board as an executive director on 1 September 2004. In accordance with the Articles of Association they will retire at the annual general meeting and, being eligible, offer themselves for election.

Mr. D. Buckley, Mr. O. Killian, Mr. D. Lucey and Mr. D. Martin 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.

There were no other changes in directors during the year.

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.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Council of the European Union announced in June 2002 that listed companies will adopt International Financial Reporting Standards (IFRS) for accounting periods commencing on or after 1 January 2005. The Group is well advanced in preparing for the conversion and will report its financial statements for the year ended 31 July 2006 under IFRS.

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
P. Lynch
O. Killian

Directors
22 September 2004

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 JULY 2004

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 the Company has complied throughout the accounting period with all of the provisions set out in Section 1 of the 1998 Combined Code.

A revised Combined Code on corporate governance, applicable to the Company for the accounting year commencing 1 August 2004, has been appended to the Listing Rules of the Irish and London Stock Exchanges. Board practices and procedures are being revised, where necessary, to comply with the requirements of the revised Code.

The Board and Committees

At 31 July 2004, the board comprised of two executive and eleven non-executive directors. Biographical details are set out on page 20. 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.

All directors are required to retire by rotation in accordance with the Company's Articles of Association. Since 1 August 2003 non-executive director's appointments are 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. Mr. D. Lucey continues in the role as Senior Independent Director.

Membership of the audit committee comprises four non-executive directors, namely Ms. N. Hynes, Mr. D. Lucey, Mr. J. C. Moloney and Mr. W. G. Murphy. 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 Mr. J. B. Davy (Chairman), Mr. D. Buckley, Ms. B. Dardis and Mr. J. C. Moloney. 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 Mr. J. C. Moloney, Mr. D. Lucey and Mr. D. Buckley, all 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 25 to 27 of the financial statements.

The acquisition and strategy committee comprises Mr. P. Lynch, Mr. O. Killian, Mr. D. Martin, Mr. P. N. Wilkinson and Mr. J. B. Davy. They are responsible to the board for the detailed evaluation of acquisition prospects and for making recommendations thereon. They are also responsible to the board for the continuous review of the strategic direction and plans being pursued by the Group.

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.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 JULY 2004 (CONTINUED)

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 control 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 as operated 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 are in place 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.

REPORT ON DIRECTORS' REMUNERATION

FOR THE YEAR ENDED 31 JULY 2004

REMUNERATION COMMITTEE

The remuneration committee at 31 July 2004, comprised Mr. J. C. Moloney, Mr. D. Lucey and Mr. D. Buckley, all non-executive directors, 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

Pension benefits are determined solely in relation to basic salary with the exception of pension benefits for Mr. P. Lynch and Mr. D. Martin. In line with their employment contracts, final pensionable salary for Mr. P. Lynch and Mr. D. Martin includes bonus earnings, averaged over the three years preceding retirement to take into account the variable nature of bonus earnings.

REPORT ON DIRECTORS' REMUNERATION

FOR THE YEAR ENDED 31 JULY 2004 (CONTINUED)

DIRECTORS' REMUNERATION

	2004	2003
Executive directors	**€'000**	€'000
Basic salaries	**861**	1,245
Performance bonus	**742**	973
Benefits in kind	**49**	86
Pensions	**334**	214
	1,986	2,518
Average number of executive directors	**2**	4
Non-executive directors		
Fees	**588**	221
Average number of non-executive directors	**9**	8

INDIVIDUAL DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 JULY 2004

	Basic salary €'000	Performance Bonus €'000	BIK €'000	Pension €'000	Total 2004 €'000	Total 2003 €'000
Executive Directors						
P. Lynch *	88	38	10	38	174	1,195
D.Martin	313	304	22	176	815	622
O.Killian	460	400	17	120	997	471
R.McNamee	–	–	–	–	–	230
	861	742	49	334	1,986	2,518

	Fees €'000	Special Fees €'000	Total 2004 €'000	Total 2003 €'000
Non-executive directors				
P. Lynch *	167	83	250	–
J. C. Moloney	42	–	42	50
D. Buckley	40	–	40	25
J. B. Davy	40	–	40	25
B. Dardis	40	–	40	25
P. McCarrick	40	–	40	25
N. McEniry	–	–	–	21
W. G. Murphy	40	–	40	25
D.Lucey	40	–	40	25
N. Hynes	20	–	20	–
P. Wall	3	–	3	–
P. Wilkinson	33	–	33	–
	505	83	588	221

* Mr. P. Lynch retired from an executive role on 1 October 2003.

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	698	129	2,524
D.Martin	413	71	1,336
O. Killian	145	32	290
	1,256	232	4,150

REPORT ON DIRECTORS' REMUNERATION

FOR THE YEAR ENDED 31 JULY 2004 (CONTINUED)

DIRECTORS' AND COMPANY SECRETARY'S SHARE INTERESTS

The directors and company secretary who held office at 31 July 2004 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 2004 and 31 July 2003 or date of appointment, if later, was as follows:

	2004 Shares	2003 Shares
Directors		
P. Lynch	**181,438**	247,438
D. Martin	**180,158**	180,158
O. Killian	**87,435**	87,435
D. Buckley	**4,500**	4,500
B. Dardis	**3,800**	3,800
J. B. Davy	**116,373**	116,373
N. Hynes	**–**	–
D. Lucey	**2,500**	2,500
P. McCarrick	**5,566**	5,566
J. C. Moloney	**51,006**	51,006
W. G. Murphy	**6,912**	6,912
P. Wall	**–**	–
P. Wilkinson	**–**	–
Secretary		
A. Lowther	**107,534**	107,534

(b) Shareholding in subsidiaries:

Seed Controllers Limited		**Number of shares At 31 July 2004**	Number of shares At 31 July 2003
Description of share			
P. Lynch	'B' ordinary shares of €1.269738 each	**–**	9,000
D. Martin	'C' ordinary shares of €1.269738 each	**–**	4,000
O. Killian	'E' ordinary shares of €1.269738 each	**–**	2,000

There have been no changes in the interests as shown in (a) and (b) above between 31 July 2004 and 21 September 2004.

DIRECTORS' AND COMPANY SECRETARY'S INTERESTS IN SHARE OPTIONS

	2003 Options	Granted in year	Exer-cised in year	2004 Options	Earliest exer-cisable date †	Latest expiry date ‡	**Weighted average option price at 31 July 2004**
Directors							
P. Lynch	818,000	–	–	818,000	05/11/2002	30/10/2011	**703.49**
D. Martin	310,000	–	100,000	210,000	07/10/2001	31/03/2011	**659.48**
O. Killian	235,000	–	–	235,000	19/04/2003	30/10/2011	**743.94**
Secretary							
A. Lowther	20,000	–	20,000	–	–	–	**–**

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

Options over 120,000 ordinary shares were exercised by the directors and company secretary of IAWS GROUP, plc during the year at an average option price of 266.62 cent per share. The market price of the ordinary shares at 31 July 2004 was 986 cent and the range during the year was 785 cent to 1,010 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 Company 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 2003 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 2004 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 are responsible for preparing the Annual Report, including the financial statements which are required to be prepared in accordance with applicable Irish law and accounting standards as set out in the Statement of Directors' Responsibilities in respect of the financial statements.

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 Corporate Governance Statement. 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 judgments 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 2004 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 2003 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
Chartered Accountants &
Registered Auditors
Dublin
22 September 2004

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2004

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 2003 and the European Communities (Companies: Group Accounts) Regulations 1992. 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.

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.

REVENUE RECOGNITION

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

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 2004 (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 substantively 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.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 JULY 2004 (CONTINUED)

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.

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.

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 2004

	Note	**2004 €'000**	2003 €'000
TURNOVER:			
Group and share of joint venture		**1,316,436**	1,250,816
Less: share of joint venture		**(40,167)**	(19,748)
Group turnover – continuing operations	1	**1,276,269**	1,231,068
Cost of sales	2	**(1,021,520)**	(976,614)
GROSS PROFIT		**254,749**	254,454
Net operating costs	2	**(170,101)**	(168,699)
GROUP OPERATING PROFIT BEFORE GOODWILL AMORTISATION	3	**84,648**	85,755
Goodwill amortisation		**(3,300)**	(1,363)
GROUP OPERATING PROFIT: CONTINUING OPERATIONS		**81,348**	84,392
Share of operating results of associates and joint venture	4	**24,490**	9,966
TOTAL OPERATING PROFIT: GROUP AND SHARE OF ASSOCIATES AND JOINT VENTURE		**105,838**	94,358
Exceptional items	5	**1,584**	(945)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		**107,422**	93,413
Net interest payable and similar charges (including Group share of associates and joint venture)	6	**(11,416)**	(13,548)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**96,006**	79,865
Taxation on profit on ordinary activities	7	**(17,738)**	(13,621)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**78,268**	66,244
Minority interests in profits of subsidiaries (equity and non-equity interests)		**(638)**	(728)
PROFIT ON ORDINARY ACTIVITIES ATTRIBUTABLE TO THE GROUP	8	**77,630**	65,516
Dividends (all equity):			
Paid	9	**(6,285)**	(5,317)
Proposed	9	**(6,744)**	(5,843)
PROFIT RETAINED FOR THE FINANCIAL YEAR	24	**64,601**	54,356

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2004 (CONTINUED)

	Note	**2004 €'000**	2003 €'000
EARNINGS PER SHARE	10		
Basic			
Before exceptional items and goodwill amortisation		**62.77 cent**	53.44 cent
Diluted			
Before exceptional items and goodwill amortisation		**62.10 cent**	53.04 cent
Basic			
After exceptional items and goodwill amortisation		**62.74 cent**	53.19 cent
Diluted			
After exceptional items and goodwill amortisation		**62.07 cent**	52.79 cent
Free cash flow per diluted ordinary share		**71.76 cent**	77.12 cent
Dividend per ordinary share		**10.52 cent**	9.03 cent

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

Approved by the board on 22 September 2004

P. Lynch
O. Killian
Directors

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2004

	2004 €'000	2003 €'000
Profit for the financial year	**77,630**	65,516
Translation adjustments	**3,516**	(6,050)
Total recognised gains and losses for the financial year	**81,146**	59,466

GROUP BALANCE SHEET

AT 31 JULY 2004

	Note	2004 €'000	2003 €'000
FIXED ASSETS			
Intangible assets	13	**183,531**	149,528
Tangible assets	14	**247,135**	234,515
Financial assets:			
Investment in joint venture:			
Share of gross assets	15	**69,818**	61,302
Share of gross liabilities	15	**(6,808)**	(7,821)
Investments in associates	15	**53,981**	49,221
Other investments	15	**245**	240
		547,902	486,985
CURRENT ASSETS			
Stocks	16	**88,740**	70,772
Debtors	17	**130,588**	115,088
Cash at bank and on hand		**46,508**	47,105
		265,836	232,965
CREDITORS (amounts falling due within one year)	18	**(271,723)**	(257,939)
NET CURRENT LIABILITIES		**(5,887)**	(24,974)
TOTAL ASSETS LESS CURRENT LIABILITIES		**542,015**	462,011
CREDITORS (amounts falling due after more than one year)	19	**(191,936)**	(181,539)
GOVERNMENT GRANTS	21	**(4,429)**	(4,688)
PROVISIONS FOR LIABILITIES AND CHARGES	22	**(8,258)**	(7,840)
		337,392	267,944
CAPITAL AND RESERVES			
Called up share capital	23	**37,177**	37,040
Share premium	24	**37,918**	36,947
Other reserves	24	**3,198**	3,198
Profit and loss account	24	**255,829**	187,712
EQUITY SHAREHOLDERS' FUNDS	25	**334,122**	264,897
Minority interest in subsidiaries (equity and non-equity interests)		**3,270**	3,047
		337,392	267,944

Approved by the board on 22 September 2004

P. Lynch
O. Killian

Directors

COMPANY BALANCE SHEET

AT 31 JULY 2004

	Note	2004 €'000	2003 €'000
FIXED ASSETS			
Tangible assets	14	**17,884**	20,442
Financial assets	15	**169,541**	169,676
		187,425	190,118
CURRENT ASSETS			
Debtors	17	**75,901**	5,208
Cash at bank and on hand		**1,087**	860
		76,988	6,068
CREDITORS (amounts falling due within one year)	18	**(34,766)**	(52,184)
NET CURRENT ASSETS/(LIABILITIES)		**42,222**	(46,116)
TOTAL ASSETS LESS CURRENT LIABILITIES		**229,647**	144,002
CREDITORS (amounts falling due after more than one year)	19	**(46,252)**	(58,101)
PROVISIONS FOR LIABILITIES AND CHARGES		**166**	50
		183,561	85,951
CAPITAL AND RESERVES			
Called up share capital	23	**37,177**	37,040
Share premium	24	**37,918**	36,947
Other reserves	24	**2,118**	2,118
Profit and loss account	24	**106,348**	9,846
EQUITY SHAREHOLDERS' FUNDS		**183,561**	85,951

Approved by the board on 22 September 2004

P. Lynch
O. Killian

Directors

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JULY 2004

	Note	2004 €'000	2003 €'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	31	**113,959**	111,506
DIVIDENDS FROM JOINT VENTURES AND ASSOCIATES			
Dividends received from associates		**6,284**	3,849
RETURNS ON INVESTMENT AND THE SERVICING OF FINANCE			
Interest received		**66**	86
Interest paid		**(11,760)**	(12,519)
Dividends paid to minorities		**(499)**	(866)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENT AND THE SERVICING OF FINANCE		**(12,193)**	(13,299)
TAXATION			
Corporation tax paid net of refunds		**(10,244)**	(9,159)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets:			
Ongoing		**(8,811)**	(8,988)
New investments		**(32,858)**	(31,159)
Disposal of tangible fixed assets		**8,789**	8,067
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		**(32,880)**	(32,080)
ACQUISITIONS AND DISPOSALS			
Purchase of subsidiaries, businesses and associates	26	**(38,861)**	(35,016)
Purchase of minority interests		**(20)**	–
Investments in and advances from/(to) associates and joint ventures		**3,766**	(14,402)
Deferred acquisition consideration paid		**(8,188)**	(1,782)
Loan stock redemption regarding acquisitions		**–**	(59)
Disposal of associates and investments	26	**–**	12,813
Disposal of subsidiary and business		**335**	1,295
NET CASH OUTFLOW FROM ACQUISITIONS AND DISPOSALS		**(42,968)**	(37,151)
EQUITY DIVIDENDS PAID		**(12,128)**	(10,377)
NET CASH INFLOW BEFORE FINANCING		**9,830**	13,289
FINANCING			
Issue of shares (including premium)		**1,108**	1,445
Drawdown of loan capital	32/33	**8,606**	8,539
Capital element of finance leases repaid	32/33	**(482)**	(1,231)
Net cash inflow from financing		**9,232**	8,753
INCREASE IN CASH	32/33	**19,062**	22,042

1. SEGMENTAL INFORMATION

(a) Analysis by class of business

The Group comprises two reporting segments, Food and Nutrition/Agri, and an analysis of turnover, Group profit and net assets has been provided by reportable segment. No further analysis has been provided since, in the opinion of the directors, the disclosure of this information would be prejudicial to the interests of the Group. Comparative figures have been provided to enhance the usefulness of this disclosure.

Food businesses are primarily involved in the manufacture and distribution of convenience food. Nutrition/Agri businesses are involved in the manufacture and distribution of feeds, fertiliser, seeds and chemicals, proteins and oils.

		2004			2003	
	Food €'000	**Nut/Agri €'000**	**Total €'000**	Food €'000	Nut/Agri €'000	Total €'000
Turnover:						
Group and share of joint venture	**727,836**	**588,600**	**1,316,436**	693,425	557,391	1,250,816
Less: share of joint venture	**(40,167)**	**–**	**(40,167)**	(19,748)	–	(19,748)
Group turnover – continuing operations	**687,669**	**588,600**	**1,276,269**	673,677	557,391	1,231,068
Group operating profit before goodwill amortisation	**56,957**	**27,691**	**84,648**	53,985	31,770	85,755
Share of joint venture and associates	**22,120**	**2,370**	**24,490**	6,930	3,036	9,966
Total operating profit before goodwill amortisation	**79,077**	**30,061**	**109,138**	60,915	34,806	95,721
Goodwill amortisation	**(3,154)**	**(146)**	**(3,300)**	(1,218)	(145)	(1,363)
Total operating profit after goodwill amortisation	**75,923**	**29,915**	**105,838**	59,697	34,661	94,358
Exceptional items	**(863)**	**2,447**	**1,584**	32	(977)	(945)
Profit before interest and taxes	**75,060**	**32,362**	**107,422**	59,729	33,684	93,413
Net assets – Group	**366,528**	**99,075**	**465,603**	334,149	89,087	423,236
Group share of the net assets of associates and joint venture	**101,595**	**29,309**	**130,904**	90,756	25,859	116,615
	468,123	**128,384**	**596,507**	424,905	114,946	539,851

Reconciliation of total net assets	**2004 €'000**	2003 €'000
Total assets less total liabilities	**337,392**	267,944
Add net debt	**141,410**	155,098
Add proposed dividend	**6,744**	5,843
Less trade investments	**(245)**	(240)
Add pre FRS 10 goodwill:		
Subsidiaries	**97,293**	97,293
Associates and joint venture	**13,913**	13,913
	596,507	539,851

1. SEGMENTAL INFORMATION (CONTINUED)

(b) Geographical analysis

The geographical analysis of turnover is based on both market and destination.

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

Geographical analysis by origin:	**2004**	2003
	€'000	€'000
Republic of Ireland	**692,924**	687,244
United Kingdom	**490,864**	451,168
North America	**92,481**	92,656
	1,276,269	1,231,068
Geographical analysis by destination:		
Republic of Ireland	**684,079**	679,743
United Kingdom	**490,864**	449,412
Rest of Europe	**8,844**	9,257
North America	**92,482**	92,656
	1,276,269	1,231,068
Group share of turnover of associates	**179,714**	146,410

2. COST OF SALES AND NET OPERATING COSTS

	2004	2003
	€'000	€'000
(a) Cost of sales		
Cost of sales	**1,021,520**	976,614
(b) Net operating costs		
Distribution costs	**96,003**	98,771
Administrative expenses	**76,584**	70,974
Other operating income	**(2,486)**	(1,046)
	170,101	168,699

3. GROUP OPERATING PROFIT BEFORE GOODWILL AMORTISATION

	2004	2003
	€'000	€'000
This is arrived at after charging (crediting):		
Auditors' remuneration	**630**	481
Depreciation	**25,827**	25,511
Research and development	**1,721**	2,057
Government grants amortised	**(630)**	(635)
Operating lease rentals - plant and machinery	**758**	1,122
- other	**7,782**	4,522

4. SHARE OF OPERATING RESULTS OF ASSOCIATES AND JOINT VENTURE

	2004	2003
	€'000	€'000
GROUP		
Share of operating profit of joint venture	**13,037**	3,724
Share of operating profit of associates	**11,453**	6,242
	24,490	9,966

5. EXCEPTIONAL ITEMS

	2004 €'000	2003 €'000
GROUP		
Profit on sale of discontinued operation	**231**	–
Provision for loss on termination of operation	**(1,293)**	–
Profit on disposal of interests in associates	**–**	1,864
Profit/(loss) on sale of fixed assets:		
Tangible fixed assets	**567**	1,873
Financial fixed assets – listed investments	**–**	(4,900)
	(495)	(1,163)
SHARE OF ASSOCIATES		
Loss on termination of operations	**–**	(1,316)
Profit on sale of tangible fixed assets	**2,079**	1,534
	2,079	218
	1,584	(945)

The profit on sale of discontinued operation relates to the recovery of funds placed in escrow to defend claims provided for as an exceptional charge on the sale of Alba Proteins Limited in 2002.

The loss on termination of operation relates to provision for the closure of a fish processing facility in the U.K.

The tax credit attributable to the exceptional items amounted to €1,130,000, inclusive of a credit of €696,000 relating to a prior period (2003: tax charge €835,000 offset by a credit of €2,835,000 relating to a prior period).

6. NET INTEREST PAYABLE AND SIMILAR CHARGES
(including Group share of associates and joint venture)

	2004 €'000	2003 €'000
Borrowings wholly repayable within five years	**10,528**	13,230
Interest receivable	**(66)**	(86)
Group net interest payable	**10,462**	13,144
Share of net interest payable of associates and joint venture	**954**	404
Total net interest payable	**11,416**	13,548

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2004 €'000	2003 €'000
CURRENT TAX:		
Republic of Ireland:		
Corporation tax on profits for the year at 12.5% (2003: 13.96%)	**7,968**	11,043
Less: Manufacturing relief	**(591)**	(1,259)
Adjustments in respect of prior years	**(228)**	(68)
Double taxation relief	**(769)**	(1,115)
	6,380	8,601
Overseas:		
Current tax on profit for the year	**5,448**	4,660
Adjustments in respect of prior years	**(1,028)**	(363)
	4,420	4,297
Share of associates and joint venture tax charge	**5,782**	2,033
Total current tax charge	**16,582**	14,931

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

	2004 €'000	2003 €'000
DEFERRED TAX:		
Origination and reversal of timing differences	**399**	914
Adjustments in respect of prior years	**819**	(2,224)
Share of associates and joint venture deferred tax credit	**(62)**	–
Total deferred tax charge/(credit)	**1,156**	(1,310)
Total tax charge	**17,738**	13,621

FACTORS AFFECTING TAX CHARGE FOR THE YEAR
The tax assessed for the year is higher than the standard rate of corporation tax in the Republic of Ireland. The differences are explained below:

	2004 €'000	2003 €'000
Profit on ordinary activities before tax	**96,006**	79,865
Profit on ordinary activities multiplied by the standard rate of tax in the Republic of Ireland of 12.5% (2003: 13.96%)	**12,001**	11,149
Effects of:		
Expenses not deductible for tax purposes /non-taxable income	**816**	(389)
Capital allowances for period in excess of depreciation	**(3,068)**	(56)
Other timing differences	**2,268**	1,351
Double tax relief	**(769)**	(1,115)
Manufacturing relief	**(591)**	(1,259)
Rollover relief on profit on disposal of property	**(546)**	300
Higher rates of tax on other income	**512**	(614)
Higher rates of tax on overseas earnings	**6,441**	6,012
Adjustments in respect of prior years	**(1,256)**	431
Other	**774**	(879)
Total current tax charge	**16,582**	14,931

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES
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. 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 €110,150,000 (2003: €14,404,000).

9. DIVIDENDS

	2004 €'000	2003 €'000
Paid		
Interim dividend of 5.074 cent (2003: 4.300 cent) per ordinary share	**6,285**	5,317
Proposed		
Final dividend of 5.442 cent (2003: 4.732 cent) per ordinary share	**6,744**	5,843
Equity dividends	**13,029**	11,160

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 diluted earnings per share, the weighted average number of ordinary shares in issue during the year has been adjusted as follows:

	2004 Number '000	2003 Number '000
Weighted average number of ordinary shares in issue	**123,732**	123,176
Dilutive potential ordinary shares:		
Options	**1,343**	924
Diluted weighted average number of ordinary shares in issue	**125,075**	124,100

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

	2004 €'000	**Earnings per share 2004 cent**	2003 €'000	Earnings per share 2003 cent
Basic				
Profit for the financial year	**77,630**	**62.74**	65,516	53.19
Exceptional items (net of tax)	**(2,714)**	**(2.19)**	(1,055)	(0.86)
Goodwill amortisation (net of tax)	**2,751**	**2.22**	1,363	1.11
Adjusted earnings per share	**77,667**	**62.77**	65,824	53.44
Diluted				
Profit for the financial year	**77,630**	**62.07**	65,516	52.79
Exceptional items (net of tax)	**(2,714)**	**(2.17)**	(1,055)	(0.85)
Goodwill amortisation (net of tax)	**2,751**	**2.20**	1,363	1.10
Adjusted earnings per share	**77,667**	**62.10**	65,824	53.04

11. EMPLOYMENT

	2004 €'000	2003 €'000
The staff costs for the year were:		
Wages and salaries	**98,566**	92,622
Social welfare costs	**9,311**	8,394
Pension costs	**4,829**	3,519
	112,706	104,535

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

	2004 Number	2003 Number
Sales and distribution	**1,276**	1,111
Production	**1,302**	936
Management and administration	**515**	532
	3,093	2,579
Divided geographically as follows:		
Republic of Ireland	**1,074**	997
United Kingdom	**1,189**	925
North America	**830**	657
	3,093	2,579

12. DIRECTORS' REMUNERATION

Directors' remuneration is set out on page 26.

13. INTANGIBLE ASSETS – GOODWILL

	2004 €'000	2003 €'000
GROUP		
Cost		
At 1 August	**152,392**	158,363
Arising on acquisitions:		
During the year	**39,691**	9,080
Prior years	**–**	(2,303)
Translation adjustment	**(2,358)**	(12,748)
At 31 July	**189,725**	152,392
Amortisation		
At 1 August	**2,864**	1,625
Amortised during the year	**3,300**	1,363
Translation adjustment	**30**	(124)
At 31 July	**6,194**	2,864
Net book amount at 31 July	**183,531**	149,528

At 31 July 2004, goodwill with a value of €147,597,000 (2003: €126,749,000) 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 2003 is necessary for the overriding purpose of giving a true and fair view.

14. TANGIBLE FIXED ASSETS

	Land and buildings €'000	Plant and machinery €'000	Motor vehicles €'000	**Total €'000**
GROUP				
Cost				
At 1 August 2003	148,030	209,783	16,476	**374,289**
Additions	3,965	36,170	568	**40,703**
Acquisitions	2,107	3,649	573	**6,329**
Disposals and write down	(3,912)	(2,018)	(9,207)	**(15,137)**
Translation adjustments	1,841	1,371	615	**3,827**
At 31 July 2004	152,031	248,955	9,025	**410,011**
Depreciation				
At 1 August 2003	22,187	108,121	9,466	**139,774**
Charge for year	3,083	21,054	1,690	**25,827**
Disposals and write down	(241)	(1,057)	(4,360)	**(5,658)**
Translation adjustments	286	2,291	356	**2,933**
At 31 July 2004	25,315	130,409	7,152	**162,876**
Net book amounts				
At 31 July 2004	126,716	118,546	1,873	**247,135**
At 31 July 2003	125,843	101,662	7,010	**234,515**
COMPANY				
Cost				
At 1 August 2003	20,035	1,508	414	**21,957**
Additions	–	119	–	**119**
Disposals	(2,507)	–	(235)	**(2,742)**
At 31 July 2004	17,528	1,627	179	**19,334**
Depreciation				
At 1 August 2003	35	1,188	292	**1,515**
Charge for year	16	78	44	**138**
Disposals	–	–	(203)	**(203)**
At 31 July 2004	51	1,266	133	**1,450**
Net book amounts				
At 31 July 2004	17,477	361	46	**17,884**
At 31 July 2003	20,000	320	122	**20,442**

15. FINANCIAL FIXED ASSETS

GROUP

(a) JOINT VENTURE

	Share of net assets €'000	Goodwill €'000	**Total €'000**
At 1 August 2003	47,632	5,849	**53,481**
Share of net profit	9,601	–	**9,601**
Translation adjustments	(56)	(16)	**(72)**
At 31 July 2004	57,177	5,833	**63,010**

(b) ASSOCIATES

	Share of net assets €'000	Goodwill €'000	**Total €'000**
At 1 August 2003	36,625	12,596	**49,221**
Reclassification from net assets to goodwill	(442)	442	**–**
Share of net profit excluding exceptionals	8,214	–	**8,214**
Share of exceptionals	2,079	–	**2,079**
Dividends	(6,284)	–	**(6,284)**
Translation adjustments	766	(15)	**751**
At 31 July 2004	40,958	13,023	**53,981**

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 2003	**240**
Translation adjustments	**5**
At 31 July 2004	**245**

Other investments comprise €88,000 (2003: €83,000) listed investments and €157,000 (2003: €157,000) unlisted investments.

The market value of the listed financial assets at the balance sheet date was €136,000 (2003: €97,000).

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

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

	Joint Venture		**Associates**	
	2004 €'000	2003 €'000	**2004 €'000**	2003 €'000
Group share of:				
Fixed assets	**48,469**	43,869	**35,324**	35,464
Current assets	**15,516**	11,584	**46,262**	41,353
Total assets	**63,985**	55,453	**81,586**	76,817
Liabilities:				
Amounts falling due within one year	**(4,670)**	(4,044)	**(29,253)**	(28,130)
Amounts falling due after more than one year	**(2,138)**	(3,777)	**(11,375)**	(12,062)
Share of attributable net assets	**57,177**	47,632	**40,958**	36,625

15. FINANCIAL FIXED ASSETS (CONTINUED)

COMPANY

	Investments in subsidiaries €'000	Investments in associates €'000	Shares in unlisted companies €'000	**Total €'000**
At 1 August 2003	169,674	–	2	**169,676**
Translation adjustments	(135)	–	–	**(135)**
At 31 July 2004	169,539	–	2	**169,541**

16. STOCKS

	2004 €'000	2003 €'000
GROUP		
Raw materials	**12,181**	10,168
Finished goods	**73,442**	56,284
Consumable stores	**3,117**	4,320
	88,740	70,772

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

17. DEBTORS

	2004		2003	
	Group €'000	**Company €'000**	Group €'000	Company €'000
Amounts falling due within one year				
Trade debtors	**108,337**	**52**	99,164	60
Amounts owed by subsidiaries	**–**	**71,814**	–	–
Amounts owed by associates	**270**	**–**	62	–
VAT recoverable	**3,056**	**–**	1,771	–
Corporation tax recoverable	**–**	**2,228**	–	2,267
Other debtors	**18,925**	**1,807**	14,091	2,881
	130,588	**75,901**	115,088	5,208

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

18. CREDITORS

(amounts falling due within one year)

	2004		2003	
	Group €'000	**Company €'000**	Group €'000	Company €'000
Bank overdrafts	**7,892**	**4,213**	26,740	1,527
Bank loans	**5,841**	**–**	5,634	–
Trade creditors	**133,506**	**789**	108,586	11,662
Deferred consideration	**5,434**	**–**	12,806	–
Accruals and other creditors	**89,356**	**18,835**	81,870	11,257
Leasing creditors	**174**	**–**	243	–
VAT payable	**1,088**	**297**	429	344
Corporation tax	**14,674**	**–**	13,626	–
PAYE and PRSI	**2,137**	**382**	1,470	15
Amounts due to subsidiaries	**–**	**3,506**	–	21,536
Amounts due to associates and joint venture	**4,877**	**–**	692	–
Dividends proposed	**6,744**	**6,744**	5,843	5,843
	271,723	**34,766**	257,939	52,184

19. CREDITORS

(amounts falling due after more than one year)

	2004 Group €'000	2004 Company €'000	2003 Group €'000	2003 Company €'000
Long term debt				
Repayable				
between one and two years	**23,929**	**–**	5,585	–
between two and five years	**150,000**	**46,252**	163,517	58,101
	173,929	**46,252**	169,102	58,101
Leasing creditors	**82**	**–**	484	–
Deferred consideration	**16,938**	**–**	11,038	–
Other creditors	**987**	**–**	915	–
	191,936	**46,252**	181,539	58,101

(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 2004, US$12,500,000 of these notes remain outstanding and are repayable on specific dates ranging between 2005 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 47 to 49 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.

Interest rate profile of financial liabilities

The interest rate profile of financial liabilities of the Group as at 31 July 2004 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	8,939	8,939	3,515	–	5,424	4.89	0.4
Sterling	30,817	20,463	12,577	4,463	3,423	5.54	1.3
US dollar	97,588	117,594	82,039	22,404	13,151	3.80	1.4
CAD dollar	47,137	75,090	40,000	33,690	1,400	4.44	0.4
Swiss Franc	25,808	39,769	–	39,769	–	–	–
	210,289						

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.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate profile of financial assets

The interest rate profile of financial assets of the Group as at 31 July 2004 was as follows:

	Euro amount '000	Fixed rate financial assets (foreign currency amount) '000	Floating rate financial assets (foreign currency amount) '000
Currency			
Euro	36,906	17,000	19,906
Sterling	5,051	–	3,354
US dollar	4,034	–	4,861
Swiss Franc	516	–	795

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 2.02% 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 2004 was not material.

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. 83% 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 €355 million and a placing of US$12.5 million guaranteed senior notes (see Note 19) at 31 July 2004.

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 2004 are as follows:

	2004 €'000
Expiring in one year or less	**25,000**
Expiring in one to two years	**21,921**
Expiring in over two years	**–**
Total undrawn borrowing facilities	**46,921**

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 2004.

	Book value 2004 €'000	Fair value adjustment 2004 €'000
Primary financial instruments		
Short-term borrowings	(13,733)	*
Long-term borrowings	(173,929)	*
Other assets	–	
Other liabilities	(22,627)	*
	(210,289)	
Cash and short-term deposits	46,508	*
Derivative financial instruments held to manage the interest rate profile		
Interest rate swaps		75
Derivative financial instruments held to hedge the currency exposure expected on future sales		
Forward foreign currency contracts		(986)

* 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	**2004 €'000**	2003 €'000
At 1 August	**4,688**	5,347
Amortised to profit and loss	**(630)**	(635)
Grants in subsidiaries acquired	**361**	–
Translation adjustment	**10**	(24)
At 31 July	**4,429**	4,688

22. PROVISIONS FOR LIABILITIES AND CHARGES

	2004			2003		
GROUP	**Pension Provision €'000**	**Deferred taxation €'000**	**Total €'000**	Pension provision €'000	Deferred taxation €'000	Total €'000
At 1 August	**2,345**	**5,495**	**7,840**	2,509	7,078	9,587
Charged (utilised) during the year	**(19)**	**1,218**	**1,199**	(156)	(1,310)	(1,466)
Acquisitions	**–**	**(753)**	**(753)**	–	–	–
Exchange adjustments	**–**	**(28)**	**(28)**	(8)	(273)	(281)
At 31 July	**2,326**	**5,932**	**8,258**	2,345	5,495	7,840

	2004 €'000	2003 €'000
The deferred taxation provision consists of the following amounts:		
Tax effect of timing differences due to:		
- accelerated capital allowances	**9,829**	8,553
- other timing differences	**(3,897)**	(3,058)
	5,932	5,495

23. CALLED UP SHARE CAPITAL

	2004 €'000	2003 €'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		
123,925,035 ordinary shares of 30 cent each (2003: 123,468,035 ordinary shares of 30 cent each)	**37,177**	37,040
	37,177	37,040

Ordinary shares
Options are held over a total number of 5,296,500 (2003: 4,745,000) unissued ordinary shares at prices ranging from 160 cent to 920 cent. Options were exercised during the year, resulting in the issue of 457,000 (2003: 498,500) 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 2003	36,947	2,118	1,080	187,712	**227,857**
Profit retained for year	–	–	–	64,601	**64,601**
Premium on shares issued	971	–	–	–	**971**
Translation adjustment	–	–	–	3,516	**3,516**
At 31 July 2004	37,918	2,118	1,080	255,829	**296,945**

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 (2003: €111,206,000).

In accordance with the Group's accounting policy, exchange gains of €9,145,000 (2003: €8,150,000) 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.

COMPANY	Share Premium €'000	Capital Conversion Reserve €'000	Profit and loss €'000	Total €'000
At 1 August 2003	36,947	2,118	9,846	**48,911**
Profit for year	–	–	110,150	**110,150**
Dividends	–	–	(13,029)	**(13,029)**
Premium on shares issued	971	–	–	**971**
Translation adjustment	–	–	(619)	**(619)**
At 31 July 2004	37,918	2,118	106,348	**146,384**

25. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

GROUP	2004 €'000	2003 €'000
Profit for the financial year	**77,630**	65,516
Dividends	**(13,029)**	(11,160)
Exchange adjustments	**3,516**	(6,050)
Share capital issued (excluding conversions)	**137**	149
Share premium (excluding conversions)	**971**	1,296
Goodwill reinstated on disposal	**–**	(1,201)
Goodwill – prior years' acquisitions	**–**	269
Movement on equity shareholders' funds in year	**69,225**	48,819
Equity shareholders' funds at beginning of year	**264,897**	216,078
Equity shareholders' funds at end of year	**334,122**	264,897

26. ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES

The principal acquisitions completed during the year were the acquisition of the trade and assets of Gilsons Bakery on 21 September 2003, the acquisition of Hiestand (U.K.) Limited (100%) on 28 November 2003 and the acquisition of the Carroll Cuisine Group (100%) on 29 May 2004.

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

	Fair Value at acquisition 2004 €'000	2003 €'000
New subsidiaries and associates:		
Fixed assets	**6,329**	753
Stocks	**1,543**	921
Debtors	**5,016**	321
Creditors	**(5,515)**	(978)
Grants	**(361)**	–
Deferred tax	**753**	–
Net assets acquired at fair value	**7,765**	1,017
Share of net assets of associate acquired	**–**	14,673
Goodwill arising on acquisition	**39,691**	20,111
Consideration	**47,456**	35,801

	€'000	€'000
Satisfied by:		
Cash	**40,095**	34,182
(Cash)/bank overdrafts assumed on acquisition	**(1,234)**	834
Deferred purchase consideration	**8,595**	785
	47,456	35,801

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

The acquisitions referred to above have no material impact on the consolidated results of IAWS GROUP, plc for the year ended 31July 2004.

27. CONTINGENT LIABILITIES

	2004 Group €'000	2004 Company €'000	2003 Group €'000	2003 Company €'000
(a) Government grants repayable if grant conditions are not met	**3,995**	**–**	6,917	–

(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

	2004		2003	
	Group	**Company**	Group	Company
	€'000	**€'000**	€'000	€'000
Capital expenditure				
Contracted for	**3,099**	**–**	24,767	–
Not contracted for	**3,782**	**–**	1,627	–

Operating Leases

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

GROUP	**Land and buildings**		**Other**	
	2004	2003	**2004**	2003
	€'000	€'000	**€'000**	€'000
Operating leases which expire:				
Within one year	**1,391**	1,049	**3,369**	145
In two to five years	**239**	1,990	**9,597**	4,710
In over five years	**3,572**	4,212	**–**	112
	5,202	7,251	**12,966**	4,967

COMPANY				
Operating leases which expire:				
Within one year	**–**	–	**12**	–
In two to five years	**–**	–	**355**	–
	–	–	**367**	–

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 pension charge for the year amounted to €4,829,000 (2003: €3,519,000), of which €1,448,000 (2003: €1,086,000) was paid in respect of defined contribution schemes. The increased pension cost is in line with the actuary's recommendation.

At 31 July 2004, €3,504,000 (2003: €2,054,000) was included in creditors in respect of pension liabilities and €Nil (2003: €Nil) was included in debtors in respect of prepaid pension contributions.

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 2001 to 1 July 2003. 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 €59,382,000 (2003: €72,199,000). At these valuations, the assets of the schemes amounted to 78% of the liabilities of the schemes. The group and the trustees, in conjunction with the actuaries, are currently in the process of finalising a plan to fund the deficit.

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.

29. PENSIONS (CONTINUED)

(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 2001 to 1 July 2003 and updated to 31 July 2004 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 2004	At 31 July 2003	At 31 July 2002
Rate of increase in salaries	**4.04%**	4.02%	4.00%
Rate of increases in pensions in payment and deferred benefits	**2.08%**	2.07%	2.05%
Discount rate in scheme liabilities	**5.29%**	5.27%	5.78%
Inflation rate	**2.08%**	2.07%	2.05%

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

	At 31 July 2004	At 31 July 2003	At 31 July 2002
Equities	**7.62%**	7.60%	8.11%
Bonds	**4.67%**	4.63%	5.20%
Property	**5.49%**	-	-
Other	**3.00%**	5.38%	6.50%

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

	At 31 July 2004 €'000	At 31 July 2003 €'000	At 31 July 2002 €'000
Market value of scheme assets:			
Equities	**40,111**	34,332	35,910
Bonds	**15,127**	12,133	12,141
Property	**6,766**	–	–
Other	**2,675**	7,965	9,036
Total market value of assets	**64,679**	54,430	57,087
Present value of scheme liabilities	**(95,963)**	(85,076)	(72,371)
Deficit in the scheme	**(31,284)**	(30,646)	(15,284)
Related deferred tax asset	**4,310**	4,701	2,441
Net pension liability	**(26,974)**	(25,945)	(12,843)

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

	At 31 July 2004 €'000	At 31 July 2003 €'000
Net Assets:		
Net assets excluding pension liability	**334,122**	264,897
Pension liability	**(26,974)**	(25,945)
Net assets including pension liability	**307,148**	238,952
Reserves:		
Profit and loss reserve excluding pension liability	**255,829**	187,712
Pension liability	**(26,974)**	(25,945)
Profit and loss reserve including pension liability	**228,855**	161,767

29. PENSIONS (CONTINUED)

(b) FRS 17 Disclosures (continued)

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:

	2004	2003
Charged to operating profit:	**€'000**	€'000
Current service cost	**2,198**	1,934
Past service cost	**–**	177
	2,198	2,111
Charged/(credited) to other finance income:		
Interest on scheme liabilities	**4,502**	4,100
Expected return on scheme assets	**(3,680)**	(4,049)
	822	51

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

	2004 €'000	2003 €'000
Actual return less expected return on scheme assets	**2,474**	(4,598)
Experience gains and losses on scheme liabilities	**(6,365)**	(3,668)
Changes in demographic and financial assumptions	**230**	(6,008)
Actuarial loss	**(3,661)**	(14,274)
Deferred tax credit	**505**	2,189
Actuarial loss recognised in Group STRGL	**(3,156)**	(12,085)

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.

Movement in deficit during the year:

	2004 €'000	2003 €'000
Deficit in scheme at 1 August	**(30,646)**	(15,284)
Movement in year:		
Current service cost	**(2,198)**	(1,834)
Contributions	**6,043**	975
Past service costs	**–**	(177)
Other finance income	**(822)**	(52)
Actuarial loss	**(3,661)**	(14,274)
Deficit in scheme at 31 July	**(31,284)**	(30,646)

History of experience gains and losses:

	2004	2003	2002
Difference between expected and actual return on assets			
- Amount (€'000)	**2,474**	(4,598)	(19,682)
- % of scheme assets	**3.8%**	(8.4%)	(34.5%)
Experience losses on scheme liabilities			
- Amount (€'000)	**(6,365)**	(3,668)	(417)
- % of scheme liabilities	**(6.6%)**	(4.3%)	(0.6%)
Total actuarial loss recognised in STRGL			
- Amount (€'000)	**(3,156)**	(12,085)	(19,644)
- % of scheme liabilities	**(3.3%)**	(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:

	2004 €'000	2003 €'000
Sale of tangible fixed assets	**3,500**	–
Sale of financial assets	**–**	12,763
Sale of goods	**64,699**	55,289
Purchase of goods	**(9,211)**	(7,381)
Rendering of services	**7,513**	5,034
Receiving of services	**(8,200)**	(1,737)
Loan received from joint venture	**3,766**	–

The trading balances owing to the Group from these related parties were €1,698,000 (2003: €1,868,000) and the trading balances owing from the Group to these related parties were €9,344,000 (2003: €13,726,000).

The amount relating to sale of tangible fixed assets above, is the disposal by the Group of a property to Irish Agricultural Wholesale Society Limited on 3 June 2004. The proceeds of the disposal were €3,500,000 and the profit on disposal was €993,000.

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

31. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2004 €'000	2003 €'000
Operating profit	**81,348**	84,392
Depreciation less grants released	**25,197**	24,876
Amortisation of goodwill	**3,300**	1,363
(Increase)/Decrease in stocks	**(15,217)**	8,843
(Increase)/Decrease in debtors	**(8,332)**	6,724
Increase/(Decrease) in creditors	**26,754**	(12,403)
Pensions	**(19)**	(156)
Translation adjustments	**928**	(2,133)
Net cash inflow from ongoing operating activities	**113,959**	111,506
Net cash outflow in respect of termination of operations	**–**	–
Net cash inflow from operating activities	**113,959**	111,506

32. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2004 €'000	2003 €'000
Increase in cash	**19,062**	22,042
Increase in debt	**(8,124)**	(7,308)
Change in net debt resulting from cash flows	**10,938**	14,734
Translation adjustment	**2,750**	14,528
Net movement	**13,688**	29,262
Net debt at beginning of year	**(155,098)**	(184,360)
Net debt at end of year	**(141,410)**	(155,098)

33. ANALYSIS OF NET DEBT

	At 31/7/2003 €'000	Cash flow €'000	Exchange adjustment €'000	**At 31/7/2004 €'000**
Cash	47,105	(643)	46	**46,508**
Overdrafts	(26,740)	19,705	(857)	**(7,892)**
Loans:				
Due less than one year	(5,634)	24	(231)	**(5,841)**
Due more than one year	(169,102)	(8,630)	3,803	**(173,929)**
Finance leases	(727)	482	(11)	**(256)**
Net debt	(155,098)	10,938	2,750	**(141,410)**

34. SIGNIFICANT EVENTS SINCE THE YEAR END

There have been no significant events since the year end.

35. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE

At 31 July 2004 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			
Cuisine de France (UK) Limited	Food distribution	100	8
Delice de France plc	Bread distribution	100	11
Hall Silos Limited	Grain handling	100	5
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:			
A. Hiestand Holding AG	Gourmet Bakery	22	15
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
(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 92% of the common stock including 100% of the voting common stock of La Brea Bakery Holdings, Inc.

35. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE (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 4, Blaris Industrial Estate, Old Hillsborough Road, Lisburn, Co. Antrim, BT 27 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-Zurich, Switzerland.

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

A full list of subsidiaries, associates and joint venture will be filed with the relevant Registrar of Companies.

COMPANY INFORMATION

DIRECTORS	**P. Lynch** – Chairman **O. Killian** – Chief Executive **P. McEniff** – Finance **H. Kane** – Executive **D. Buckley** **B. Dardis** **J. B. Davy** **N. Hynes** **D. Lucey** **D. Martin** **P. McCarrick** **J. C. Moloney** **W. G. Murphy** **P. Wall** **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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