

Financial review

Accounting policies

The 2007 Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU.

Following the IPO of 25 per cent of Origin Enterprises plc, and along with the creation of the Origin Long Term Incentive Plan described in Note 8, IAWS now owns 71.4 per cent of the Ordinary Share Capital of Origin. The Group continues to consolidate Origin as a subsidiary undertaking. A share of the profits of Origin are attributable to minority interests and presented as such in the Group income statement.

Analysis of results

Comprehensive commentary on Group revenue and operating profit by segment for 2007 is included in the Review of business operations on pages 6 to 15.

Key performance indicators

The Group considers the following measures to be important indicators of the underlying performance of the business:

Adjusted fully diluted earnings per share (EPS)*

The Group reported an increase of 15.4 per cent in diluted earnings per share* for the year ending 31 July 2007 to 94.17c compared to 81.60c in the previous year. The adjusted profit for the financial year was €120.6m compared with €103.7m in 2006 - this was before an increased amortisation charge of €15.9m compared to €7.1m in the previous year.

Revenue

Group revenue was 22.5 per cent higher at €1.9 bn. The Food business achieved revenues of €1.0 bn, an increase of 37.5 per cent. Food North America reported revenue growth of 165.4 per cent. This includes nine months of revenue from Otis Spunkmeyer (€220.1m) and an increase in underlying revenues at La Brea Bakery of 15.2 per cent. Food Europe delivered underlying revenue growth of 7.3 per cent to €649.1m. Origin reported revenue growth of 8.9 per cent to €889.4m.

Operating profit*

Group operating profit* increased by 31 per cent to €146.4m. The operating profit* from the Food business was €108.3m compared to €77.1m in 2006 - an increase of 40.4 per cent. Origin delivered a good performance with operating profits* of €38.1m which is 9.9 per cent higher than last year.

**EPS and operating profit are stated before intangible amortisation and exceptional items*

Return on investment

Return on investment for the Group was 11.4 per cent in 2007 compared to 15.1 per cent in the previous year. The return on investment in the Lifestyle Foods business decreased from 14.2 per cent to 10.0 per cent due to the €53m investment in the Grangecastle facility and a €460m investment in Otis Spunkmeyer with only 9 months of contribution. The Origin return on investment increased from 17.9 per cent to 18.8 per cent.

Free cash flow

During the year, due to strong underlying performance and cash management, the Group's free cash flow increased by 36 per cent to €136.6m.

Exceptional items

Total profit in the financial year includes an exceptional gain of €22.7m (before tax). This consists, primarily, of a net gain on dilution of Origin of €44.2m offset by pension exit costs and losses on the termination and disposal of operations of €21.3m. Total profit for the financial year in 2006 included an exceptional gain of €1.3m arising, primarily, from the disposal of an excess property.

Dividends

The Board is recommending a final dividend of 7.80 cent per ordinary share compared with 6.78 cent per ordinary share in 2006, an increase of 15.0 per cent. Together with the interim dividend of 7.51 cent per ordinary share, this raises the total dividend payment to 15.31 cent per ordinary share for the year, an increase of 13.5 per cent. The final dividend will be paid on 1 February 2008 to shareholders registered at close of business on 25 January 2008.

Treasury management

The Group operates a centralised Treasury function, which manages the debt and currency risks of the Group. The function's activities include managing interest rate risk, foreign currency risk and also ensuring the Group has sufficient committed credit facilities available. The Group does not engage in speculative trading. It is the Group's objective to minimise exposure to both foreign currency and interest rate fluctuations arising from its trading activities.

Financial review (continued)

Funding and liquidity management

The Group finances its activities through a combination of retained earnings and borrowings. Group net borrowings increased from €216.5m in 2006 to €479.6m. During the year, the Group completed a US\$450m Guaranteed Senior Note Private Placement with UK and US institutions which has a weighted average tenor of 9.2 years. In addition to the private placement, the Group also has €950m syndicated multi-currency bank loan facilities and overdraft facilities totalling €96m to finance ongoing activities, capital expenditure and investment. €350m of the above syndicated loan facilities are held and guaranteed by Origin, without recourse to the wider IAWS Group, plc.

Interest rate management

The Group's objective continues to be to minimise the impact of interest rate volatility on its interest costs, thereby protecting profitability. The Group's objective is to maintain between 40 per cent and 70 per cent of overall Group average annual borrowings at fixed rates of interest through the issuance of fixed rate debt or use of interest rate swaps.

Foreign currency management

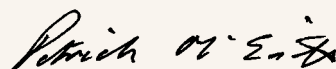
The Group's main operations are in the Euro zone, North America and the UK, while it also has an investment in Switzerland. As a result, it is exposed to currency fluctuations, particularly sterling, Canadian dollar, US dollar and the Swiss franc. The Group manages the effect of balance sheet translation exposure by matching foreign currency investments with foreign currency borrowings. The Group also has transactional currency exposures that arise from non-base currency activities and foreign currency contracts are employed to reduce these currency exposures.

Pensions

During the year, following the formation of Origin, a plan to restructure the main IAWS Group Defined Benefit Pension Scheme (the "Scheme") was approved and was in the final steps of implementation at the year end. On completion of the plan, Origin will replace IAWS Group, plc as principal employer, at which stage the scheme will only include active members employed by Origin and the current deferred members of the scheme. All non-Origin members will be transferred to a new defined contribution scheme. In addition, during the year, the Trustees purchased annuities for the Scheme's existing pensioners, thereby extinguishing the Group's liability in the Scheme relating to those pensioners.

Taxation

The effective tax rate on ordinary activities for the year ended 31 July 2007 is broadly in line with prior year and reflects the mix of profits in the international jurisdictions in which the Group operates.



Patrick McEniff

Chief Financial Officer

24 September 2007

10 year financial information

	Under IFRS			Under Irish GAAP						
	2007	2006	2005	2004	2003	2002	2001	2000	1999	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<i>Restated</i>										
Group income statements										
Revenue	1,907,619	1,557,305	1,408,174	1,276,269	1,231,068	1,214,878	1,101,573	982,186	849,782	857,490
Operating profit before amortisation of intangible assets and exceptional items	146,448	111,815	98,548	84,648	85,755	82,530	69,105	60,219	46,662	39,254
Amortisation of intangible assets	(15,927)	(7,100)	(4,624)	(3,300)	(1,363)	(1,807)	(267)	(301)	(165)	-
Exceptional Items	22,732	1,347	8,627	1,584	(945)	2,001	4,998	6,562	1,765	46
Operating profit	153,253	106,062	102,551	82,932	83,447	82,724	73,836	66,480	48,262	39,300
Share of profit of associate and joint venture	26,656	25,653	21,520	24,490	9,966	4,202	4,162	1,732	2,495	2,522
Finance costs, net	(30,099)	(13,929)	(12,300)	(11,416)	(13,548)	(16,383)	(13,155)	(11,809)	(8,159)	(8,509)
Profit before tax	149,810	117,786	111,771	96,006	79,865	70,543	64,843	56,403	42,598	33,313
Income tax expense	(26,337)	(18,657)	(17,135)	(17,738)	(13,621)	(15,162)	(13,352)	(11,489)	(8,947)	(7,766)
Profit after tax	123,473	99,129	94,636	78,268	66,244	55,381	51,491	44,914	33,651	25,547
Group balance sheets										
Capital employed										
Property, plant and equipment	356,493	308,388	287,578	247,135	234,515	232,258	232,763	202,210	172,626	110,028
Goodwill and intangibles	784,481	334,024	336,028	183,531	149,528	156,738	161,655	62,960	19,883	-
Investments in associates and joint venture	169,005	159,221	116,087	116,991	102,702	72,513	35,288	34,986	37,196	28,761
Investment properties	165,473	-	-	-	-	-	-	-	-	-
Net current (liabilities)/assets	(39,920)	(22,042)	(27,344)	(38,488)	(39,462)	(34,681)	(114,798)	(32,092)	(41,897)	3,469
Net non current liabilities	(189,221)	(82,330)	(109,125)	(30,367)	(24,241)	(23,022)	(44,048)	(33,910)	(25,319)	(23,801)
	1,246,311	697,261	603,224	478,802	423,042	403,806	270,860	234,154	162,489	118,457
Financed as follows:										
Total equity	766,728	480,736	383,355	337,392	267,944	219,381	171,648	129,357	90,024	62,249
Net debt	479,583	216,525	219,869	141,410	155,098	184,425	99,212	104,797	72,465	56,208
	1,246,311	697,261	603,224	478,802	423,042	403,806	270,860	234,154	162,489	118,457
Financial highlights										
Diluted earnings per share (cent)	94.17	81.60	71.89	62.10	53.00	44.80	37.50	31.40	25.60	20.40
Dividend per share (cent)	15.31	13.49	11.89	10.52	9.03	7.86	6.83	5.94	5.17	4.49
Free cash (€'000)	136,589	100,651	83,510	80,633	73,532	56,442	61,000	48,000	45,871	38,767