

Company name **IAWS Group PLC**  
Headline **Interim Results**

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IAWS Group PLC  
13 March 2006

IAWS GROUP PLC

Interim Results Announcement

IAWS GROUP, plc the international lifestyle foods and agri group, announces its Interim Results for the half year ended 31.1.2006

Financial Highlights 31 January 2006

*EPS diluted increased by 19.8%	33.13c
*Group Operating Profit 29.1% higher	€46.0m
*Total Operating Profit increased 23.4%	€56.8m
*Pre Tax Profit up 22.6%	€49.4m
Group Turnover increased 13.4%	€715m
Dividend per share up 15%	6.71c

\* adjusted for amortisation and separately reportable items

Commenting on the 2006 half year performance, IAWS Group, plc Chief Executive Owen Killian said:

"Strong underlying growth was evident across all food markets particularly in the USA where a strong performance was delivered on the back of increased investment in production capacity. The Food Division is benefiting from its position in growth categories and continuing investment in research and development. The financial results include a full six month contribution from Groupe Hubert which was acquired in December 2004."

The Interim Results announcement is available on the Group website [www.iaws.com](http://www.iaws.com)

ENDS 13 March 2006

Interim Results Statement

IAWS Group, plc announces an increase of 19.8 per cent in diluted earnings per share\* for the half year ended 31 January 2006 to 33.13c compared to 27.65c in the previous period. The Group has fully adopted IFRS. The profit for the period was €39.66 million compared to €41.64 million last year. The 2005 comparative results include a profit before tax of €10 million on the disposal of an agri business. Pre tax profits\* increased by 22.6 per cent to €49.38 million compared with €40.27 million for the same period in the previous year. The interim dividend has been increased by 15 per cent to 6.71c per share.

Group turnover was 13.4 per cent higher at €715 million. Total underlying sales growth showed a 4.4 per cent increase when account is taken of foreign currency fluctuations and acquisitions. Food Europe delivered sales growth of 23.7 per cent at €421 million while Food USA reported a 24.3 per cent sales increase in the period to €65 million. Total underlying sales within Food Europe and Food USA in the period were up 8.3 per cent and 17.7 per cent respectively. There was a 4.2 per cent reduction in underlying sales within Agribusiness to €229 million.

Total operating profit\* increased by 23.4 per cent to €56.8 million from €46 million. The profit\* from the food division before share of profit from associates and joint venture was €40.9 million compared with €29.5 million in the previous year - an increase of 38.5 per cent. This increase was largely driven by a full six months contribution from Groupe Hubert and strong growth in the USA as a result of increased investment in production capacity.

The profit contribution from associate and joint venture companies increased by 4 per cent to €10.86 million. During the period the Group increased its shareholding in A. Hiestand Holding AG from 22 per cent to 32 per cent. Hiestand is a renowned Swiss gourmet bakery, which manufactures and distributes high

quality bakery goods to retail and foodservice markets. Hiestand posted 13 per cent sales growth in the 2005 calendar year.

Operating profit within Agribusiness fell by 16.4 per cent to €5.1 million in the period. This performance is in line with the comparable period when account is taken of the business disposal made in the period.

The Group balance sheet remains strong. Net debt increased to €334 million compared to €279 million at the same date last year. During the period there was an investment and acquisition spend amounting to €71 million principally relating to the €35 million investment in A. Hiestand Holding AG and the €19 million expenditure to date relating to the commissioning of two new manufacturing lines at La Brea Bakery New Jersey. In addition the Group made a special contribution of €23.5 million to the Group pension scheme. Interest cover was 7.5 times. Cash earnings per share were 44.72c which was an increase of 28 per cent on the same period in 2005.

\*EPS, Pre-tax and Operating Profit is stated here before intangible amortisation and separately reportable items.

#### Review of Operations

##### Food Division

Food Europe: Food Europe which comprises the Lifestyle Foods businesses in Ireland, the United Kingdom and France as well as the ambient sales and logistics business of Shamrock Foods increased sales revenue by 23.7 per cent in the period to €421 million. This reflects like for like sales revenue growth of 8.3 per cent. Strong sales growth was achieved against a backdrop of further consolidation at retail level and an increasingly competitive environment. The principal driver of underlying growth in Food Europe was the introduction of new products and concepts.

Operating Profit in Food Europe increased by 39.6 per cent to €33.9 million. This increased contribution was largely due to the consolidation of Groupe Hubert's earnings for an additional 19 weeks in this current period as the business was only acquired in December 2004.

Lifestyle Foods Ireland benefited from the expansion of the Carroll Cuisine deli counter offerings. Carroll Cuisine has consolidated its manufacturing and distribution operations to one location following completion of an €8.3 million investment in 2005. This new facility also incorporates a research and development centre and customer training academy. The investment significantly increases manufacturing capacity and will allow Carroll Cuisine to continue to drive new product and concept innovation.

The Group is examining options for developing a high quality purpose built centre to accommodate the continued growth of the Lifestyle Foods Ireland business. A number of suitable locations have been identified and a decision will be made before year end.

The Enterprise Resource Planning system implementation is underway in the UK and will be completed in the second half of the year. This will bring the UK business on to the Group standard food IT platform.

Groupe Hubert delivered a strong sales performance in the period. The business is benefiting from new product development capability within the company. The business has an extensive sales and logistical network throughout France, which services over 20,000 customers in the bakery, viennoiserie and patisserie categories.

Food USA: In the US the Group continues to make excellent progress. Sales revenue grew by 24.3 per cent to €64.6 million reflecting underlying sales growth of 17.7 per cent when account is taken of foreign currency fluctuations.

Operating Profit in Food USA increased by 33.4 per cent to €7.0 million. This excellent progress was delivered on the back of the increased investment in production capacity at the manufacturing plant in New Jersey.

The third phase of expansion at La Brea Bakery New Jersey commenced in the period. This €50 million development involves the commissioning of new manufacturing lines and will bring the total investment at the New Jersey site to over €100 million. This capacity expansion will accommodate growth over the next three years.

Wendy's has announced its decision to proceed with the Frescata sandwich programme as a new menu item in their estate of stores from April 2006. The product will be manufactured at the La Brea Bakery facility in New Jersey.

Tim Horton Joint Venture: The "Always Fresh" concept is now fully rolled out across the entire Tim Horton estate. Future growth at the joint venture will come from new store openings and same store sales growth via new product development. Tim Hortons has demonstrated excellent execution in the bakery category and is the largest quick service restaurant chain in Canada.

##### Agribusiness Division

Agribusiness in Ireland and the UK is going through a period of rapid change as farmers make decisions based on the economics of production and not driven by the regulatory requirements of the previous coupled payment schemes. Sales revenue in the Agribusiness Division decreased by 3.7 per cent in the period to

€229 million representing an underlying sales reduction of 4.2 per cent when account is taken of foreign currency fluctuations.

Operating profit of the Agribusiness fell from €6.1 million to €5.1 million. This reduction was as a result of a business disposal in the prior period.

Within the UK, fertiliser volumes in the winter months are behind 15 per cent compared to last year. The Group's UK fertiliser business is mirroring this decline. The growing interest in producing energy from crop raw materials means that UK crop realisations are beginning to rise. Similarly, a greater area of arable crops would drive increased demand for fertiliser.

It should be noted that the business remains highly seasonal with approximately 80 per cent of its profits coming through in the second half of the year.

#### Dividend

The Board has declared an interim dividend of 6.71c per share, an increase of 15 per cent on the 2005 interim dividend of 5.835c. The interim dividend will be paid on 21 April 2006 to shareholders on the register on 7 April 2006.

#### Outlook

The Group's Food operations recorded exceptional growth in the period while Agribusiness operations were stable. Food operations continue to record satisfactory growth notwithstanding a highly competitive market landscape and increasing costs including energy.

ENDS

Owen Killian

Chief Executive Officer

March 13, 2006.

IAWS Group, plc

Consolidated interim income statement

for the six months ended 31 January 2006

	Six months ended 31 January 2006	Six months ended 31 January 2005	Year ended 31 July 2005
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)*	(Audited)*
Revenue	714,680	630,173	1,408,174
Cost of sales	(553,055)	(500,208)	(1,110,506)
Gross profit	161,625	129,965	297,668
Distribution, administration and other expenses	(115,670)	(94,366)	(199,120)
Operating profit before amortisation and separately reportable items	45,955	35,599	98,548
Intangible amortisation	(3,519)	(1,428)	(4,624)
Profit on disposal of operations	-	10,001	10,001
Loss on termination of operations	-	-	(1,374)
Operating profit	42,436	44,172	102,551

Share of profit of associates

and joint venture	10,864	10,447	21,520
Profit before financing costs	53,300	54,619	124,071
Financing costs	(7,444)	(5,775)	(12,300)
Profit before tax	45,856	48,844	111,771
Income tax	(6,196)	(7,206)	(17,135)
Profit for the period	39,660	41,638	94,636

\* Restated for IFRS

IAWS Group, plc

Consolidated interim income statement (continued)

for the six months ended 31 January 2006

	Six months ended 31 January 2006	Six months ended 31 January 2005	Year ended 31 July 2005
	€'000 (Unaudited)	€'000 (Unaudited)*	€'000 (Audited)*
Attributable as follows:			
Equity shareholders	39,452	41,554	94,360
Minority interest	208	84	276
	39,660	41,638	94,636
Earnings per share for the period			
Basic - adjusted			
Excluding amortisation and separately reportable items	33.50c	28.00c	72.84c
Diluted - adjusted			
Excluding amortisation and separately reportable items	33.13c	27.65c	71.89c
Basic			
Including amortisation and separately reportable items	31.50c	33.49c	75.86c
Diluted			
Including amortisation and separately reportable items	31.15c	33.07c	74.87c
Dividend per ordinary share	6.710c	5.835c	11.887c
Fully diluted cash per ordinary share	44.72c	34.95c	92.35c

\* Restated for IFRS

IAWS Group, plc

Consolidated interim balance sheet

as at 31 January 2006

	31 January 2006	31 January 2005	31 July 2005
	€'000	€'000	€'000
	(Unaudited)	(Unaudited) *	(Audited)*
<b>ASSETS</b>			
Non current assets			
Property, plant and equipment	307,243	240,711	287,578
Goodwill	258,891	261,957	259,013
Intangible assets	75,626	79,307	77,015
Investments in associates and joint venture	154,638	109,067	116,087
Other investments	243	241	242
Deferred tax assets	13,917	12,248	12,730
<b>Total non current assets</b>	<b>810,558</b>	<b>703,531</b>	<b>752,665</b>
Current assets			
Inventory	119,370	113,771	88,299
Trade and other receivables	212,193	182,680	173,514
Derivative financial instruments	1,472	-	-
Cash and cash equivalents	62,721	32,505	47,687
<b>Total current assets</b>	<b>395,756</b>	<b>328,956</b>	<b>309,500</b>
<b>TOTAL ASSETS</b>	<b>1,206,314</b>	<b>1,032,487</b>	<b>1,062,165</b>

\* Restated for IFRS

IAWS Group, plc

Consolidated interim balance sheet (continued)

as at 31 January 2006

	31 January 2006	31 January 2005	31 July 2005
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)*	(Audited)*
<b>EQUITY</b>			
Called up share capital	37,651	37,382	37,471
Share premium	47,175	42,010	43,745
Retained earnings and other reserves	339,957	258,843	298,215
<b>Total shareholders' equity</b>	<b>424,783</b>	<b>338,235</b>	<b>379,431</b>
Minority interest	4,144	4,085	3,924

TOTAL EQUITY	428,927	342,320	383,355
LIABILITIES			
Non current liabilities			
Interest bearing loans and borrowings	394,475	200,932	269,505
Employee benefits	12,471	34,010	36,852
Government grants	3,248	3,540	3,359
Other payables	421	529	450
Deferred tax liabilities	48,801	47,093	49,486
Total non current liabilities	459,416	286,104	359,652
Current liabilities			
Interest bearing borrowings	15,796	158,162	14,592
Trade and other payables	288,189	230,123	293,539
Corporation tax payable	13,986	15,778	11,027
Total current liabilities	317,971	404,063	319,158
TOTAL LIABILITIES	777,387	690,167	678,810
TOTAL LIABILITIES AND EQUITY	1,206,314	1,032,487	1,062,165

\* Restated for IFRS

IAWS Group, plc

Consolidated interim cash flow statement

for the six months ended 31 January 2006

	Six months ended 31 January 2006	Six months ended 31 January 2005	Year ended 31 July 2005
	€'000 (Unaudited)	€'000 (Unaudited)*	€'000 (Unaudited)*
Cash flows from operating activities			
Operating profit	42,436	34,171	93,924
Depreciation of property, plant and equipment	13,069	11,648	23,932
Amortisation of intangible assets	3,519	1,428	4,624
Amortisation of government grants	(112)	(256)	(438)
Cost of employee share-based payments	490	433	867
Loss on disposal of property, plant and equipment	-	-	454
Foreign exchange gains	(261)	(269)	728
Operating profit before changes in working capital	59,141	47,155	124,091
(Increase)/decrease in inventory	(30,927)	(21,119)	4,598
Increase in trade and other receivables	(39,703)	(36,387)	(26,229)
(Decrease)/increase in trade and other payables	(5,470)	(12,864)	18,049
Cash generated from operating			

activities	(16,959)	(23,215)	120,509
Interest paid	(5,431)	(4,656)	(12,411)
Income tax paid	(4,281)	(6,152)	(18,771)
Dividends paid to minority interests	-	-	(205)
Payment of special pension contribution	(23,496)	-	-
Net cash from operating activities	(50,167)	(34,023)	89,122
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment	62	262	2,451
Purchase of property, plant and equipment			
€Ongoing	(4,609)	(4,482)	(7,363)
€New investments	(32,001)	(12,167)	(43,931)
Acquisition of subsidiaries, businesses and associates, net of cash acquired	(35,312)	(115,964)	(94,141)
Disposal of subsidiaries and businesses	-	15,313	14,743
Dividends received	10,186	4,786	16,223
Investments in and advances to joint ventures and associates	-	-	(3,304)
Deferred consideration paid	(3,558)	(3,745)	(6,788)
Other	(153)	28	33
Net cash flow from investing activities	(65,385)	(115,969)	(122,077)

IAWS Group, plc

Consolidated interim cash flow statement (continued)

for the six months ended 31 January 2006

	Six months ended 31 January 2006	Six months ended 31 January 2005	Year ended 31 July 2005
	€'000	€'000	€'000
	(Unaudited)	(Unaudited)*	(Unaudited)*
Cash flows from financing activities			
Proceeds from issue of share capital	3,610	4,297	6,121
Drawdown of loan capital	123,949	130,644	46,409
Capital element of finance lease liabilities	(289)	(80)	(565)
Equity dividends paid	-	-	(14,052)
Net cash flow from financing activities	127,270	134,861	37,913
Net increase / (decrease) in cash and cash equivalents	11,718	(15,131)	4,958

Translation adjustment	256	(140)	(155)
Cash and cash equivalents at start of period	43,419	38,616	38,616
Cash and cash equivalents at end of period	55,393	23,345	43,419

\* Restated for IFRS

IAWS Group, plc

Consolidated interim statement of changes in equity

for the six months ended 31 January 2006

	Six months ended 31 January 2006	Six months ended 31 January 2005	Year ended 31 July 2005
	€'000 (Unaudited)	€'000 (Unaudited)*	€'000 (Audited)*
At beginning of period	383,355	305,614	305,614
Impact of adoption of IAS 32 and 39	622	-	-
At beginning of period as adjusted	383,977	305,614	305,614
Changes in equity for the period			
Foreign exchange translation adjustment	1,925	(5,837)	(1,097)
Group defined benefit schemes	(1,560)	(5,088)	(10,175)
Deferred tax recognised through equity	(95)	532	1,063
Gains relating to cash flow hedges	908	-	-
Profit for the period attributable to equity holders	39,452	41,554	94,360
Total recognised income and expense for the period	40,630	31,161	84,151
Issue of ordinary shares	180	205	294
Share premium	3,430	4,092	5,827
Increase in employee share-based payments reserve	490	433	867
Dividends paid	-	-	(14,052)
Movement in minority interest	220	815	654
Total change in equity for the period	44,950	36,706	77,741
At end of period	428,927	342,320	383,355

\* Restated for IFRS

IAWS Group, plc

Notes to the consolidated interim financial information

for the six months ended 31 January 2006

## 1. International Financial Reporting Standards

### Basis of preparation

The consolidated interim financial information of the Group has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB) and endorsed by the European Commission. The Group's first consolidated financial statements prepared in accordance with IFRS will be for the year ended 31 July 2006. An explanation of how the transition to IFRS has affected the reported financial position and performance of the Group, together with updated IFRS accounting policies, was published on 16 December 2005. The Group did not apply IAS 32, Financial Instruments: Presentation and Disclosure (IAS 32) nor IAS 39, Financial Instruments: Recognition and Measurement (IAS 39) retrospectively in the restated 2005 financial information. Financial instruments are recognised in accordance with IAS 32 and IAS 39 from 1 August 2005, the impact of which is now reflected in the consolidated interim financial information.

The restated 31 July 2005 preliminary financial information is subject to issuance by the IASB of additional interpretations prior to 31 July 2006, which could have retrospective effect. As a result it is possible that further changes may be required to the 31 July 2005 financial information prior to its inclusion as comparatives in the 2006 financial statements.

The consolidated interim financial information is presented in euro, rounded to the nearest thousand, and prepared on the historical cost basis, except that share-based payments are stated at fair value.

The preparation of financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

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

IAWS Group, plc

Notes to the consolidated interim financial information

for the six months ended 31 January 2006

## 2. Segmental revenue and result

	FOOD -EUROPE			FOOD - USA		
	6months ended 31/01/06 e'000	6 months ended 31/01/05 e'000	Year ended 31/07/05 e'000	6months ended 31/01/06 e'000	6 months ended 31/01/05 e'000	Year ended 31/07/05 e'000
Segment revenue	421,390	340,777	739,350	64,635	51,984	105,820
Profit from operations before amortisation and separately reportable items	33,880	24,274	63,052	6,983	5,236	12,734
Intangible amortisation	(3,299)	(1,330)	(4,429)	(120)	(14)	(27)
Profit on disposal of operations	-	-	-	-	-	-
Loss on termination of operations	-	-	-	-	-	-
Operating profit	30,581	22,944	58,623	6,863	5,222	12,707
	AGRI			TOTAL		
	6months ended 31/01/06 e'000	6 months ended 31/01/05 e'000	Year ended 31/07/05 e'000	6 months ended 31/01/06 e'000	6 months ended 31/01/05 e'000	Year ended 31/07/05 e'000
Segment Revenue	228,655	237,413	563,004	714,680	630,173	1,408,174
Profit from operations						

before amortisation and separately reportable items	5,092	6,089	22,762	45,955	35,599	98,548
Intangible amortisation	(100)	(84)	(168)	(3,519)	(1,428)	(4,624)
Profit on disposal of operations	-	10,001	10,001	-	10,001	10,001
Loss on termination of operations	-	-	(1,374)	-	-	(1,374)
Operating Profit	4,992	16,006	31,221	42,436	44,172	102,551

IAWS Group, plc

Notes to the consolidated interim financial information

for the six months ended 31 January 2006

### 3. Earnings per share

	6 months ended	6 months ended	Year ended	6 months ended	6 months ended	Year ended
	31/01/06	31/01/05	31/07/05	31/01/06	31/01/05	31/07/05
	€'000	€'000	€'000	EPS (cent)	EPS (cent)	EPS (cent)
<b>Basic</b>						
Profit for the financial year	39,452	41,554	94,360	31.50	33.49	75.86
Intangible amortisation, net of deferred tax	2,506	1,180	3,507	2.00	0.95	2.82
Separately reportable items, net of tax	-	(7,991)	(7,264)	-	(6.44)	(5.84)
Adjusted earnings per share	41,958	34,743	90,603	33.50	28.00	72.84
<b>Diluted</b>						
Profit for the financial year	39,452	41,554	94,360	31.15	33.07	74.87
Intangible amortisation, net of deferred tax	2,506	1,180	3,507	1.98	0.94	2.78
Separately reportable items	-	(7,991)	(7,264)	-	(6.36)	(5.76)
Adjusted earnings per share	41,958	34,743	90,603	33.13	27.65	71.89

The calculation of earnings per share is based on the weighted average number of shares in issue during the period of 125,232,380 (31 January 2005: 124,067,316).

The weighted average number of shares used in the calculation of diluted earnings per share is 126,635,042 (31 January 2005: 125,667,935).

IAWS Group, plc

Notes to the consolidated interim financial information

for the six months ended 31 January 2006

### 4. Investments

During the period the Group invested €35 million in increasing its shareholding in A.Hiestand Holdings AG (Hiestand), the Swiss gourmet bakery company, to 170,218 shares or 32 percent of the issued ordinary share capital of Hiestand.

### 5. Group pension scheme

During the period, the Board approved the funding of the Group pension scheme deficit as identified in the Group's 2005 Annual Report. Accordingly,

the Group made a special contribution of €23.5 million.

6. Dividends

The Board has approved an interim dividend of 6.710c per share, an increase of 15 per cent on the 2005 interim dividend of 5.835c. It will be paid on 21 April 2006 to shareholders on the register on 7 April 2006.

7. Impact of adoption of IAS 32 and IAS 39 - Financial instruments

As permitted under IFRS 1, the Group applied hedge accounting in accordance with Irish GAAP for the year ended 31 July 2005 and adopted IAS 32 and IAS 39 from 1 August 2005. Under IAS 39, derivative financial instruments are measured at fair value in all cases with hedge accounting employed in respect of those derivatives fulfilling the requirements for hedge accounting laid down in IAS 39. In general, these criteria relate to the documentation of the hedge relationship, upfront designation of such and the expectation that the hedge will be highly effective throughout its life from inception. The derivative financial instruments employed by the Group are all classified as cash flow hedges and as such movements in fair value are accounted for through equity and released to the income statement as changes in the hedged cash flow are recognised.

On initial application of IAS 39 at 1 August 2005, a financial asset of €711,000 (€622,000 net of deferred tax) was recognised and matched by an equivalent credit balance in the hedging reserve.

8. Effect of separately reportable items

	Six months ended 31 January 2006 €'000	Six months ended 31 January 2005 €'000	Year ended 31 July 2005 €'000
Operating profit before financing	53,300	54,619	124,071
Intangible amortisation	3,519	1,428	4,624
Profit on disposal of operations	-	(10,001)	(10,001)
Loss on termination of operations	-	-	1,374
Profit before financing and separately reportable items	56,819	46,046	120,068

IAWS Group, plc

Notes to the consolidated interim financial information

for the six months ended 31 January 2006

8. Effect of separately reportable items continued....

	Six months ended 31 January 2006 €'000	Six months ended 31 January 2005 €'000	Year ended 31 July 2005 €'000
Profit before tax	45,856	48,844	111,771
Intangible amortisation	3,519	1,428	4,624
Profit on disposal of operations	-	(10,001)	(10,001)
Loss on termination of operations	-	-	1,374
Profit before tax and separately reportable items	49,375	40,271	107,768

9. Analysis of net debt

	At 31 Jul 2005 €'000	Cashflow Adjustment €'000	Exchange Adjustment €'000	At 31 Jan 2006 €'000
Cash	47,687	14,754	279	62,720

Overdrafts	(4,268)	(3,036)	(23)	(7,327)
Cash and cash equivalents	43,419	11,718	256	55,393
Loans:				
Due less than one year	(5,659)	(1,010)	(8)	(6,677)
Due after more than one year	(234,226)	(122,939)	(1,948)	(359,113)
Finance leases	(23,403)	289	-	(23,114)
Net debt	(219,869)	(111,942)	(1,700)	(333,511)

This information is provided by RNS  
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