

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, independent financial adviser or other professional adviser who, if you are taking advice in Ireland, is authorised or exempted under the Investment Intermediaries Act 1995 or the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended), or, if you are taking advice in the United Kingdom, is authorised under the Financial Services and Markets Act 2000 of the United Kingdom.**

This document should be read in conjunction with the accompanying Notices of the Court Meeting and the EGM and part 10 which contains the definitions of certain terms used in this document.

**If you have sold or otherwise transferred all your IAWS Shares, please send this document, and the accompanying Forms of Proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. Such documents should not, however, be forwarded, transmitted or distributed in or into or from any Restricted Jurisdiction.**

Notices convening the Court Meeting and the EGM, each of which will be held at the Four Seasons Hotel, Simonscourt Road, Dublin 4 are set out at the end of this document. The Court Meeting will start at 11.00am on 24 July 2008 (Dublin time) and the EGM will start at 11.30am on 24 July 2008 (Dublin time) (or as soon thereafter as the Court Meeting, convened for the same date and place, has been concluded or been adjourned).

The action to be taken by IAWS Shareholders in respect of the Meetings is set out on pages 5 and 6 of this document.

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## **Recommended Acquisition**

by

**ARYZTA AG**

of

**IAWS GROUP plc**

**In connection with a Merger of IAWS Group plc and Hiestand Holding AG  
by means of a**

## **Scheme of Arrangement**

**under Section 201 of the Companies Act 1963 of Ireland**

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Shareholders will find enclosed with this document Forms of Proxy for the Meetings. If Shareholders wish to vote but are unable to attend the Meetings, they should complete the enclosed Forms of Proxy in accordance with the instructions printed on the forms and return them to the registrar of IAWS by post to Capita Registrars, PO Box 7117, Dublin 2, Ireland or deliver them by hand during normal business hours to Capita Corporate Registrars plc, Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland not less than 48 hours before the relevant meeting.

This document does not constitute an offer to purchase, sell, subscribe for or exchange or the solicitation of an offer to purchase, sell, subscribe for or exchange any securities or the solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.

A prospectus relating to the ARYZTA Shares prepared in accordance with Directive 2003/71/EC is expected to be made available prior to the EGM on IAWS' website.

The distribution of this document in or into certain jurisdictions outside of Ireland or the United Kingdom may be restricted by the laws of those jurisdictions. Accordingly, copies of this document and all other documents relating to the Scheme are not being, and must not be, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction. Persons receiving such documents (including, without limitation, nominees, trustees and custodians) should observe these restrictions. Failure to do so may constitute a violation of the securities laws of any such jurisdiction.

The release, publication or distribution of this document to persons who are not resident in Ireland or the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located. Persons who are resident outside of Ireland or the United Kingdom should inform themselves of, and observe, any applicable requirements. Any failure to comply with such applicable requirements may constitute a violation of the securities laws of any such jurisdictions.

Securities may not be offered or sold in the United States unless they are registered under the US Securities Act of 1933, as amended, (the “**US Securities Act**”) or exempt from such registration. The ARYZTA Shares to be issued to IAWS Shareholders pursuant to the Scheme have not been and will not be registered under the US Securities Act or the securities laws of any state of the United States, but will be issued pursuant to the exemption from the registration requirements of the US Securities Act, provided by Section 3(a)(10) thereof. In order to qualify for the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10), there must be a hearing on the fairness of the Scheme’s terms and conditions to the IAWS Shareholders, which all the IAWS Shareholders are entitled to attend in person or through representatives to oppose the sanctioning of the Scheme, and with respect to which notification will be given to all the IAWS Shareholders. The Court’s attention will be drawn to the fact that, for the purpose of qualifying for the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10), ARYZTA intends to rely on the Court’s hearing to sanction the Scheme. The ARYZTA Shares have not been registered under any US state securities laws and may only be issued to persons resident in a US state pursuant to an exemption from the registration requirements of the securities laws of such state. Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the ARYZTA Shares or passed an opinion on the adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The Acquisition is in respect of securities of an Irish company, is subject to Irish disclosure requirements (which are different from those of jurisdictions outside of Ireland, including those of the United States) and is proposed to be made by means of a scheme of arrangement provided for under Irish company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the US Securities Exchange Act of 1934, as amended. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in Ireland to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules. The financial statements and other financial information included in this document have been prepared, unless specifically stated otherwise, in accordance with accounting standards applicable in Ireland and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. It may be difficult for IAWS Shareholders who are US persons to enforce any rights and claims that they may have arising under US federal securities laws in respect of the Scheme.

The ARYZTA Shares will be issued in compliance with the laws of Ireland and Switzerland and application will be made by ARYZTA to the Irish Stock Exchange and the SWX Swiss Exchange for the ARYZTA Shares to be admitted to listing and trading. It is expected that Admission of the ARYZTA Shares will become effective on or around 22 August 2008. No steps have been taken, nor will any be taken, to enable the ARYZTA Shares to be issued in compliance with the securities laws of any jurisdiction other than Ireland and Switzerland.

Davy Corporate Finance, which is authorised and regulated in Ireland by the Financial Regulator, is acting exclusively as financial adviser to IAWS and no one else in connection with the Scheme and will not be responsible to anyone other than IAWS for providing the protections afforded to its’ clients or for providing advice in relation to the Scheme, the contents of this document or any transaction or arrangement referred to herein.

Davy Corporate Finance is acting as the Rule 3 Adviser to IAWS and in that capacity is providing independent advice to IAWS on the Scheme and the Merger for the purposes of Rule 3 of the Takeover Rules.

Credit Suisse Securities (Europe) Limited is authorised by the Financial Services Authority and is regulated by the Financial Services Authority for the conduct of UK business. Credit Suisse Securities (Europe) Limited is acting exclusively as financial adviser and broker to IAWS and ARYZTA and to no one else in connection with the Scheme and will not be responsible to anyone other than IAWS and ARYZTA for providing the protections afforded to its’ clients nor for providing advice in relation to the Scheme, the contents of this document or any matter referred to therein.

BNP Paribas is acting exclusively as financial adviser to IAWS and to no one else in connection with the Scheme and will not be responsible to anyone other than IAWS for providing the protection afforded to clients of BNP Paribas nor for providing advice in relation to the Scheme, the contents of this document or any matter referred to therein.

Any action taken in relation to the Scheme should be taken only on the basis of all of the information contained in this document and any other document sent to or made available to IAWS Shareholders in connection with the Scheme, including the ARYZTA Prospectus.

All IAWS Shareholders (including without limitation, custodians, nominees and trustees) who would or otherwise intend to, or may have a contractual or legal obligation to, forward this document or the Forms of Proxy to any jurisdiction outside Ireland or the United Kingdom or to overseas persons should seek appropriate advice before taking any action. Further details in this regard are contained in paragraph 15 of Part 2 of this document.

#### **INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS**

This document, including information included or incorporated by reference in this document may contain forward-looking statements' concerning the Scheme, IAWS and/or ARYZTA. Generally the words "will", "may", "should", "could", "would", "can", "continue", "opportunity", "believes", "expects", "intends", "anticipates", "estimates" or similar expressions identify forward-looking statements. The forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond IAWS' and ARYZTA's abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants, and therefore undue reliance should not be placed on such statements. Neither IAWS nor ARYZTA assumes any obligation in respect of, or intends to update, these forward-looking statements, except as required by applicable law.

## EXPECTED TIMETABLE OF EVENTS

<i>Event</i>	<i>Time and/or Date</i> <sup>1, 2</sup>
Date of this document	30 June 2008
Expected date of availability of ARYZTA Prospectus on the Company's website (www.iaws.com)	10 July 2008
Latest time for lodging BLUE Forms of Proxy for the Court Meeting <sup>3</sup>	11.00 am on 22 July 2008
Latest time for lodging WHITE Forms of Proxy for the EGM	11.30 am on 22 July 2008
Voting Record Time	6.00 pm on 22 July 2008
Court Meeting	from 11.00 am on 24 July 2008
EGM <sup>4</sup>	11.30 am on 24 July 2008
Court Hearing (petitions to sanction the Scheme and to confirm the Reduction of Capital)	15 August 2008
Hiestand EGM	19 August 2008
Last day for dealings in, and for registration of transfers of, IAWS Shares	20 August 2008
Formal revocation of listing of IAWS Shares	20 August 2008
Effective Date	21 August 2008
Registration of the capital increase for the issue of the ARYZTA Shares in the Swiss commercial register	21 August 2008
Issue of ARYZTA Shares	21 August 2008
Commencement of dealing in ARYZTA Shares	22 August 2008

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1. Unless otherwise stated, all references in this document to times are to Dublin time.

2. These times and dates are indicative only and will depend, among other things, on the satisfaction or waiver of the Conditions and the date upon which the Court sanctions the Scheme and confirms the Reduction of Capital and, in the case of the EGM, the time that the preceding Court Meeting is concluded or adjourned. The commencement time of the Court Meeting and the EGM is set out in the section entitled "ACTIONS TO BE TAKEN".

3. If the BLUE Form of Proxy for the Court Meeting is not returned by this time, a BLUE Form of Proxy may be handed to the chairman of the Court Meeting before the start of the meeting and will still be valid.

4. To commence at 11.30 am immediately after the conclusion or adjournment of the Court Meeting.

## **ACTIONS TO BE TAKEN**

### **VOTING AT THE COURT MEETING AND THE IAWS EGM**

The Scheme will require approval at a meeting of the IAWS Shareholders convened by order of the Court to be held at 11.00 am on 24 July 2008. Implementation of the Scheme will also require approval by IAWS Shareholders of the resolutions to be proposed at the EGM to be held immediately after the Court Meeting.

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there was a fair and reasonable representation of IAWS Shareholder opinion. You are therefore strongly urged, whether or not you intend to attend the Meetings in person, to sign and return your Forms of Proxy as soon as possible and in any event so that they will be received by the Company's registrars, Capita Registrars:

- before 11.00 am on 22 July 2008 for blue Forms of Proxy for the Court Meeting.
- before 11.30 am on 22 July 2008 for white Forms of Proxy for the IAWS EGM.

**The proxies can be delivered to the Company Registrar by post to, Capita Corporate Registrars plc, PO Box 7117, Dublin 2, Ireland or by hand during normal business hours to Capita Corporate Registrars plc, Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland.**

### **THE COURT MEETING**

You should complete the enclosed blue Forms of Proxy in accordance with the instructions on the forms, and, where indicated:

- insert your name and address (if you wish to attend and vote in person); or
- insert the name and address of the person you wish to nominate (if you wish your representative to attend and vote on your behalf); or
- retain the reference to the Chairman of the Meeting (if you wish the Chairman to cast your vote, as you may direct).

The forms should be forwarded without delay to Capita Corporate Registrars plc, PO Box 7117, Dublin 2, Ireland or delivered by hand during normal business hours to Capita Corporate Registrars plc, Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland and in any event by no later than 11.00 am on 22 July 2008.

### **THE IAWS EGM**

You should complete the enclosed white Forms of Proxy in accordance with the instructions on the forms, and, where indicated:

- insert your name and address (if you wish to attend and vote in person); or
- insert the name and address of the person you wish to nominate (if you wish your representative to attend and vote on your behalf); or
- retain the reference to the Chairman of the Meeting (if you wish the Chairman to cast your vote, as you may direct).

The forms should be forwarded without delay to Capita Registrars, PO Box 7117, Dublin 2, Ireland or delivered by hand during normal business hours to Capita Registrars, Unit 5, Manor Street Business Park, Manor Street, Dublin 7, Ireland and in any event by no later than 11.30am on 22 July 2008.

### **VOTING THROUGH CREST**

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must, in order to be valid, be transmitted so as to be received by Capita Corporate Registrars plc (ID 7RS08) by 11.00 am on 22 July 2008.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host, further details of which are contained in the CREST Manual) from which Capita Corporate Registrars plc is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act 1990 (Uncertificated Securities) Regulations 1996.

#### **JOINT HOLDERS**

In the case of joint holders of Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members of IAWS in respect of the joint holding.

#### **PROCEDURE AT THE MEETINGS**

The Court Meeting and EGM shall be held at the Four Seasons Hotel, Simonscourt Road, Dublin 4 commencing from 11.00 am on 24 July 2008. You may attend and vote at the Meetings in person or by appointing a representative to attend by issuing them with a completed Form of Proxy in accordance with the procedures set out above. You or your representative will be required to register attendance with the Company Registrar upon arrival.

The completion and return of a Form of Proxy either for the Court Meeting or for the EGM will not prevent you from attending and voting at either meeting (or any adjournment thereof) in person if you wish to do so.

#### **RECOMMENDATION**

The IAWS Directors are unanimously recommending that you vote in favour of all of the Resolutions at the Meetings, using the Forms of Proxy enclosed with this document or by attending the Meetings in person at the Four Seasons Hotel, Simonscourt Road, Dublin 4 from 11.00 am on 24 July 2008.

#### **AVAILABILITY OF DOCUMENTS**

Copies of this document are available to be downloaded from [www.iaws.com](http://www.iaws.com) and for collection from the following address:

IAWS Group plc  
151 Thomas Street  
Dublin 8  
Ireland

#### **ARYZTA PROSPECTUS**

ARYZTA is expected to publish the ARYZTA Prospectus in connection with the listing of the ARYZTA Shares on or about 10 July 2008. Copies of the ARYZTA Prospectus will be available to be downloaded from [www.iaws.com](http://www.iaws.com) and for collection from the address shown above.

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## **ADVISORS TO IAWS AND ARYZTA**

### **IAWS**

#### **FINANCIAL ADVISORS TO IAWS**

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#### **LEGAL ADVISORS TO IAWS**

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Niederer Kraft & Frey Ltd  
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8001 Zürich  
Switzerland

#### **AUDITORS TO IAWS**

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1 Stokes Place  
St Stephen's Green  
Dublin 2  
Ireland

#### **REGISTRAR**

Capita Registrars  
PO Box 7117  
Dublin 2  
Ireland

### **ARYZTA**

#### **FINANCIAL ADVISOR TO ARYZTA**

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One Cabot Street  
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E14 4QJ  
United Kingdom

#### **LEGAL ADVISOR TO ARYZTA**

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Bahnhofstrasse 13  
8001 Zürich  
Switzerland



## PART 1.

### LETTER OF RECOMMENDATION FROM THE CHAIRMAN OF IAWS



*(IAWS Group plc, Registered in Ireland Registered Number 132287)*

#### **Directors**

Beatrice Dardis  
Brian Davy  
Denis Buckley  
Denis Lucey  
Hugo Kane  
Noreen Hynes  
Owen Killian  
Patrick McEniff  
Paul Wilkinson  
William Murphy

#### **Registered and Head Office:**

151 Thomas Street,  
Dublin 8,  
Ireland.

30 June 2008

To IAWS Shareholders

### **RECOMMENDED ACQUISITION OF IAWS GROUP PLC AND MERGER OF IAWS GROUP PLC AND HIESTAND HOLDING AG**

Dear Shareholder,

#### **1 INTRODUCTION**

On 9 June 2008 the Boards of IAWS and Hiestand announced the proposed merger of IAWS and Hiestand. The Merger is to be effected through the acquisition by ARYZTA of IAWS and Hiestand. Hiestand is to be acquired by means of a merger by absorption under Swiss law pursuant to the Merger Act, while IAWS is to be acquired by means of a scheme of arrangement under Section 201 of the Companies Act 1963.

Pursuant to a share purchase agreement entered into between IAWS and Lion Capital, IAWS has also agreed to acquire the Hiestand Shares currently owned by Lion Capital in exchange for 12.7 million newly issued IAWS Shares and cash of €30 million. The acquisition of these shares is subject only to certain anti-trust clearances being forthcoming. Completion of the acquisition will result in IAWS owning 64% of the issued share capital of Hiestand.

If the Scheme is approved and the Hiestand Merger is completed, IAWS Shareholders (other than Lion Capital) would retain an interest of approximately 83.3% of the Enlarged Group (on a fully diluted basis). The ARYZTA Shares will, subject to the terms and conditions of the Scheme and approval of the ARYZTA Listing, be listed on the Official List of the Irish Stock Exchange and the SWX Swiss Exchange. On Admission ARYZTA will be eligible for inclusion in the ISEQ index in Ireland and the SPI Index in Switzerland. ARYZTA will also be a candidate for inclusion in the Swiss Leader Index.

The Merger is a merger of two complementary businesses and is the result of a five year partnership and relationship resulting from IAWS' strategic holding in Hiestand. IAWS and Hiestand operate in the value added bakery and convenience food market with a focus on innovative product development. IAWS operates in North America, the UK, Ireland, and France while Hiestand's main operations are in Switzerland, Germany, Austria, Poland, Malaysia and Japan. IAWS and Hiestand deliver to an extensive network of customers in food service and retail channels.

This letter sets out the background to the Scheme and the Hiestand Merger and the reasons why the IAWS Board considers both the Scheme and the Merger to be fair and reasonable and in the best interests of IAWS Shareholders taken as a whole. The IAWS Board has resolved to unanimously recommend that IAWS Shareholders vote in favour of the Scheme, the terms of which are set out in Part 3 of this document. The basis on which such recommendation is made is also set out in this letter.

Notice of the Meetings at which Shareholders will be asked to vote in respect of the Scheme accompany this letter and an explanation of the Scheme process is also provided at Part 2 of this document. The Scheme is subject to conditions and further terms set out in Part 4 of this document. It is anticipated that, subject to the satisfaction or waiver of these conditions, the Scheme will become effective during August 2008.

## **2 STRUCTURE OF THE SCHEME**

The Scheme is a Court approved scheme of arrangement under Section 201 of the Companies Act. Upon the Scheme becoming effective, ARYZTA will own the entire issued share capital of IAWS. Existing IAWS Shares will be cancelled and ARYZTA Shares will be issued to IAWS Shareholders on the following basis:

**For every 2 Scheme Shares cancelled**

**1 ARYZTA Share**

Application will be made for the ARYZTA Shares to be admitted to listing and trading on both the Irish Stock Exchange and the SWX Swiss Exchange, such admission being conditional upon the Scheme becoming effective.

Upon implementation of the Scheme, the Scheme Shareholders will hold one ARYZTA Share for every two Scheme Shares held by them immediately prior to the Scheme Record Time. The ARYZTA Shares to be issued pursuant to the Scheme will, when issued, be credited as fully paid and free from all liens, charges and encumbrances whatsoever and shall rank in full for all dividends or distributions made, paid or declared by ARYZTA after the Effective Date. A summary of the rights attaching to the ARYZTA Shares is set out in Part 6 of this document.

No fractions of ARYZTA Shares will be issued to the Scheme Shareholders. Further details on the treatment of fractions of ARYZTA Shares to which Scheme Shareholders would otherwise be entitled are set out in paragraph 2.2 of Part 3 of this document.

Further details of the Scheme, including the conditions to which it is subject, are set out in the explanatory statement in Part 2 of this document. The Scheme itself is set out in Part 3 of this document.

In the event that IAWS Shareholders do not vote in favour of the Scheme and the Resolutions or the Court does not sanction the Scheme, neither the proposed Scheme nor Admission will take place.

If the Scheme has not become effective by 31 October 2008 (or such later date as IAWS and ARYZTA may agree and the Court may allow), it will lapse, in which event IAWS Shareholders will not be asked to vote on the Scheme and their position will remain unchanged. IAWS' mandatory bid obligations in relation to Hiestand, further details of which are contained at paragraph 4 below, will however continue to apply.

## **3 SCHEME CAPITAL REDUCTION**

The Reduction of Capital will be implemented under the Scheme.

The issued (but not authorised) share capital of IAWS will be reduced by cancelling and extinguishing the Scheme Shares.

The Reduction of Capital will require the confirmation of the Court and, if so confirmed, will result in IAWS' profit and loss account being credited with an amount equal to the aggregate nominal value of the Scheme Shares.

The reserve will be capitalised in favour of ARYZTA by way of an issue of new IAWS Shares to ARYZTA, in exchange for the issue of the Consideration Shares.

## **4 SUMMARY OF THE TERMS OF THE MERGER**

It is intended that the Merger, which is being recommended by the Boards of IAWS and Hiestand, will be effected through the acquisition by ARYZTA of IAWS (by means of the Scheme) and,

simultaneously with completion of the Scheme, the absorption of Hiestand into ARYZTA by means of a statutory merger under Swiss law.

IAWS, ARYZTA and Hiestand have entered into the Business Combination Agreement to provide for matters relating to the implementation of the Merger. Hiestand and ARYZTA have entered into the Hiestand Merger Agreement providing for the implementation of the Hiestand Merger, conditional on, among other things, the approval of the Hiestand Shareholders at the Hiestand EGM. Under the terms of the Hiestand Merger, Hiestand Shareholders (other than IAWS and/or any subsidiary of IAWS) will receive 36 ARYZTA Shares for each Hiestand Share held by them. Under the terms of the Scheme, the IAWS Shares will be cancelled and, on the Effective Date, IAWS Shareholders will receive one ARYZTA Share for every two Scheme Shares held by them.

A consequence of the completion of the acquisition of the Hiestand Shares held by Lion Capital is that IAWS will become obliged under the Swiss Takeover Rules to make a public takeover offer to acquire all of the Hiestand Shares not already owned by IAWS and/or any subsidiary of IAWS. In this regard IAWS and ARYZTA announced on 9 June 2008 their intention to submit a public exchange offer on the same terms as the Hiestand Merger. The exchange offer will lapse upon the Hiestand Merger becoming effective but will proceed if the Scheme is not approved and the Merger does not proceed.

A consequence of the Merger is that ARYZTA will indirectly acquire control of Origin. This change in control could, pursuant to Rule 9 of the Takeover Rules, trigger an obligation for ARYZTA to make a mandatory offer for the entire issued share capital of Origin unless the Panel granted a waiver in respect of that obligation. The Panel has however granted a waiver in respect of ARYZTA's obligations under Rule 9 in this regard and consequently no such offer will be made.

The total number of ARYZTA Shares issued to Shareholders (other than Lion Capital) on completion of the Merger will constitute approximately 83.3% of the issued share capital of ARYZTA on completion (on a fully diluted basis). The total number of ARYZTA Shares issued to Lion Capital on completion of the Merger will constitute approximately 8% of the issued share capital of ARYZTA on completion (on a fully diluted basis). The total number of ARYZTA Shares issued to Hiestand Shareholders (other than IAWS and any subsidiary of IAWS) will constitute approximately 8.7% of the issued share capital of ARYZTA (on a fully diluted basis). It is not proposed that ARYZTA Shares will be issued in respect of the Hiestand Shares held by IAWS or any subsidiary of IAWS.

Unaudited pro forma condensed financial information in relation to the Enlarged Group following completion of the Merger is set out at Part 8 Section C of this document.

The implementation of the Merger is conditional upon:

- The approval of the Scheme by a majority in number representing 75% or more in value of the IAWS shareholders present and voting, either in person or by proxy, at the Court Meeting;
- The EGM Resolutions being duly passed by the requisite majority of IAWS Shareholders at the EGM;
- The approval of the Hiestand Merger by Hiestand Shareholders representing at least  $66\frac{2}{3}$  per cent. of the votes represented at the Hiestand EGM and an absolute majority of the par value of the Hiestand Shares represented at the Hiestand EGM;
- Confirmation by both the Irish Stock Exchange and the SWX Swiss Exchange that all actions required to be taken in relation to the Admission have been taken; and
- Receipt of the Competition Approvals.

## **5 BACKGROUND TO AND REASONS FOR THE MERGER AND RECOMMENDATION**

The IAWS Board believes that the Merger represents a merger of two complementary businesses on the basis that:

- IAWS and Hiestand operate in the value added bakery segment with a focus on innovative product development;
- IAWS operates in North America, UK, Ireland and France while Hiestand's main operations are located in Switzerland, Germany, Austria, Poland, Turkey and Malaysia;
- IAWS and Hiestand deliver to an extensive network of customers in food service and retail channels as well as convenience stores and bakeries;

- IAWS and Hiestand have proprietary intellectual property and extensive direct store delivery infrastructure;
- IAWS and Hiestand have a shared corporate culture that emphasises people and process, customer focus and consumer relevance; and
- On a combined basis IAWS and Hiestand had pro forma revenue of €2.3 billion (CHF3.8 billion), EBITA of €213 million (CHF343 million) and net income of €145 million (CHF233 million) based on IAWS audited figures for the financial year ended 31 July 2007 and Hiestand audited figures for the financial year ended 31 December 2007. Further unaudited pro forma condensed financial information is set out at Part 8 Section C of this document.

The strong strategic fit of the businesses combined with a leading management team will create the global leader in value added baked goods. This can be achieved by delivering sustainable revenue and long-term earnings growth while deriving advantage from leveraging synergy opportunities.

As the businesses are complementary and the respective management teams are well known to each other the IAWS Board believe that the integration risk is low. Owen Killian, chief executive of IAWS, has been a member of the Hiestand Board for a number of years.

## **6 INFORMATION ON IAWS**

IAWS was incorporated and listed on the Irish Stock Exchange in 1988. IAWS is an international lifestyle food and agri-nutrition company with operations in Ireland, the UK, France and North America. The lifestyle food business focuses on niche high quality growth segments of the value added bakery and convenience food market. Origin, which consists of the group's agri-nutrition and ambient food businesses was successfully listed in 2007. IAWS is the majority shareholder in Origin and consolidates its results. IAWS currently has a market capitalisation of approximately €2 billion based on a Closing Price of €15.05 on 25 June 2008 being the latest practicable date prior to the date of this document.

## **7 INFORMATION ON HIESTAND**

Hiestand, founded in 1967 in Switzerland and listed on the SWX Swiss Exchange, is a leading European value added bakery and convenience food company focusing on the high quality growth segment of the market. With its innovative products and services it holds strong market positions in Switzerland and Germany and has growing operations in Eastern Europe, Asia and Australia. Hiestand recorded sales of CHF740.6 million for the financial year ended 31 December 2007. Hiestand currently has a market capitalisation of approximately €586 million based on a Closing Price of CHF1,753 on 25 June 2008 being the latest practicable date prior to the date of this document.

## **8 INFORMATION ON ARYZTA**

ARYZTA is a Swiss incorporated public limited company, is tax resident in Switzerland and, subject to the completion of the ARYZTA Listing, its shares are to have a dual primary listing on both the Irish Stock Exchange and the SWX Swiss Exchange. ARYZTA, currently has an ordinary share capital of CHF 100,000 divided into 5,000,000 ordinary shares of CHF0.02, beneficially owned by IAWS. ARYZTA was incorporated solely for the purposes of effecting the Acquisition and the Hiestand Merger and since its incorporation has not traded or carried on any activity.

## **9 STRATEGY FOR ARYZTA**

ARYZTA will be the global leader in value added baked goods and will focus on creating value for its shareholders through the development of its lifestyle foods business and its investment in Origin. In particular, ARYZTA will pursue the following strategic objectives in the lifestyle foods business:-

- To build on the excellent track record of IAWS and Hiestand from a position of enhanced scale and geographic reach to deliver significant value for shareholders, employees, customers, suppliers and business partners;
- To focus on innovative product development; and
- To deliver synergies from the Merger.

The management team of ARYZTA will target a doubling of the earnings base of ARYZTA within five years.

Following completion of the Merger, ARYZTA will have a strong balance sheet which will facilitate future consolidation opportunities. IAWS has successfully renegotiated certain of its existing financing facilities as a consequence of which ARYZTA will have approximately €1.17 billion of financing facilities available to it following the Merger.

## **10 DIVIDEND POLICY**

Consistent with the Enlarged Group's strategy, ARYZTA intends to maintain a dividend payment ratio similar to IAWS' historic policy. ARYZTA intends to declare its first dividend in respect of the financial year ended 31 July 2009. ARYZTA dividends will be declared in Swiss Francs and paid in Euro and Swiss Francs. In the event that the Scheme becomes effective no further dividend will be paid in respect of the current IAWS financial year due to the timing of the transaction.

## **11 IAWS DIRECTORS AND THE EFFECT OF THE SCHEME ON THEIR INTERESTS**

Paragraph 8 of the explanatory memorandum at Part 2 of this document contains information in respect of IAWS directors and the effect of the Scheme on their interests.

If the Scheme becomes effective, the Board of Directors of ARYZTA will consist of persons from both the IAWS and Hiestand Boards and Lyndon Lea of Lion Capital. Further details of the proposed Board of ARYZTA are set out at paragraph 9 of Part 2 of this document.

## **12 MANAGEMENT AND EMPLOYEES**

The IAWS Board values the expertise of the current management and employees of IAWS and believes that they will benefit from significant opportunities within the Enlarged Group. The employment rights of the employees of IAWS will be unaffected by the Merger.

Following completion of the Merger, IAWS, as part of the Enlarged Group, will continue to operate in its current locations and there is no current intention to redeploy any of its fixed assets or those of its subsidiaries. The Merger will not result in any material change in the conditions of employment of IAWS' employees. There is no current intention to alter the composition of the existing management and employee structure of IAWS in any material way or to reduce the overall employment levels in the Enlarged Group in any material way.

## **13 IAWS OPTIONS AND AWARDS**

Information relating to the effect of the Scheme on the Group Share Schemes is set out at paragraph 7 of Part 2 of this document. Following completion of the Merger it is intended that new management incentive schemes will be implemented, the terms of which are expected to be substantially the same as those of the LTIP, subject to any amendments required to ensure compliance with Swiss law and to take account of Swiss taxation.

## **14 UNDERTAKINGS TO VOTE IN FAVOUR OF THE SCHEME**

ARYZTA has received irrevocable undertakings from the members of the IAWS Board to vote in favour of the Scheme in respect of their aggregate holdings of 965,468 IAWS Shares, representing approximately 0.76 per cent of the existing issued ordinary share capital of IAWS.

These undertakings will terminate if the Scheme does not take effect, lapses or is withdrawn in accordance with its terms.

## **15 IRISH AND UK TAXATION**

Your attention is drawn to paragraph 9 of Part 9 of this document, headed "Irish Taxation", and paragraph 10 of Part 9 of this document, headed "UK Taxation". If you are in any doubt as to your own tax position, you should consult an independent financial adviser immediately.

## **16 ACTION TO BE TAKEN**

Your attention is drawn to the summary of action to be taken on pages 5 and 6 of this document.

## **17 OVERSEAS SHAREHOLDERS**

Shareholders not resident in Ireland or the United Kingdom should refer to paragraph 15 of Part 2 of this document, which contains important information relevant to such shareholders.

## **18 FURTHER INFORMATION**

Your attention is drawn to the information set out in the rest of this document. You are advised to read this document in its entirety and not to rely solely on the information in this letter.

## **19 RECOMMENDATION**

The IAWS Board, which has been so advised by Davy Corporate Finance considers the terms of the Scheme and the Merger to be fair and reasonable. In providing advice to the IAWS Board, Davy Corporate Finance, has taken into account the commercial assessments of the IAWS Board. Davy Corporate Finance is acting as the Rule 3 Adviser to IAWS and in that capacity is providing independent advice to IAWS on the Scheme and the Merger for the purposes of the Takeover Rules.

The IAWS Board has also received advice from Credit Suisse and BNP Paribas that the terms of the Scheme are fair and reasonable.

The members of the IAWS Board unanimously recommend that IAWS Shareholders vote in favour of the Resolutions, as the members of the IAWS Board have undertaken to do in respect of their beneficial holdings, amounting to 965,468 IAWS Shares in aggregate, which represents approximately 0.76 per cent of the issued ordinary share capital of IAWS.

Yours faithfully,

**Denis Lucey**

*Chairman*

**for and on behalf of the Board of Directors**

## **PART 2.**

### **EXPLANATORY STATEMENT (IN COMPLIANCE WITH SECTION 202 OF THE ACT)**

#### **1 INTRODUCTION**

On 9 June 2008 the Boards of IAWS and Hiestand announced the proposed merger of IAWS and Hiestand. The Merger is to be effected through the acquisition by ARYZTA of IAWS and Hiestand. Hiestand is to be acquired by means of a merger by absorption under Swiss law pursuant to the Merger Act, while IAWS will be acquired by means of a scheme of arrangement under Section 201 of the Act.

If the Scheme is approved and the Hiestand Merger is completed IAWS Shareholders would retain an interest of approximately 83.3% of the Enlarged Group (on a fully diluted basis). The shares of ARYZTA will, subject to the terms and conditions of the Scheme and approval of the ARYZTA Listing, be listed on the official list of the Irish Stock Exchange and the SWX Swiss Exchange. On Admission ARYZTA will be eligible for inclusion in the ISEQ index in Ireland and the SPI Index in Switzerland. ARYZTA will also be a candidate for inclusion in the Swiss Leader Index.

The Merger is a merger of two complementary businesses and is the result of a five year partnership and relationship resulting from IAWS' strategic holding in Hiestand. IAWS and Hiestand operate in the value added bakery and convenience food market with a focus on innovative product development. IAWS operates in North America, the UK, Ireland, and France while Hiestand's main operations are in Switzerland, Germany, Austria, Poland, Malaysia, Japan and Australia. IAWS and Hiestand deliver to an extensive network of customers in food service and retail channels.

#### **2 SUMMARY OF THE TERMS OF THE SCHEME AND THE MERGER**

The Scheme is a Court approved scheme of arrangement under Section 201 of the Act. Upon the Scheme becoming effective ARYZTA will own the entire issued share capital of IAWS. Existing IAWS Shares will be cancelled and ARYZTA Shares will be issued to IAWS Shareholders on the following basis:

**For every 2 Scheme Shares cancelled**

**1 ARYZTA Share**

Application will be made for the ARYZTA Shares to be admitted to trading and listing on both the Irish Stock Exchange and the SWX Swiss Exchange, such admission being conditional upon the Scheme becoming effective. The ARYZTA Shares to be issued pursuant to the Scheme will, when issued, be credited as fully paid and free from all liens, charges and encumbrances with the benefit of all dividends and distributions declared, made or paid by ARYZTA after the Effective Date.

#### **3 BACKGROUND TO AND REASONS FOR THE RECOMMENDATION OF THE SCHEME AND THE MERGER**

The attention of IAWS Shareholders is drawn to the letter from the Chairman of IAWS in Part 1 of this document, which includes information on the background to and reasons for recommendation of the Scheme and the Merger.

#### **4 STRUCTURE OF THE SCHEME**

The Acquisition will be effected by way of the Scheme. Under the Scheme, which will be subject to the Conditions set out in Part 4 of this document and on the terms set out in Part 3 of this document, Shareholders will receive the Consideration Shares in return for the cancellation of their Shares.

The Scheme is an arrangement made between IAWS and the Shareholders under Section 201 of the Act and is subject to the approval of the Court. If the Scheme becomes effective, all Shares will be cancelled pursuant to Sections 72 and 74 of the Act with the exception of 7 Shares held by 7 ARYZTA nominees.

To become effective, the Scheme requires the approval of Scheme Shareholders by the passing of the Scheme Resolution at the Court Meeting, to be held on 24 July 2008. The resolution must be approved by a majority in number of the Scheme Shareholders present and voting, either in person or by proxy, representing not less than 75 per cent. in value of the Shares held by such Shareholders. Implementation of the Scheme will also require the passing of the EGM Resolutions (requiring the

approval of Shareholders representing at least 75 per cent. of the votes cast at the EGM). In respect of the Scheme Resolution, the Shareholders will be entitled to cast one vote for each Share held.

The Acquisition is conditional on the Scheme becoming effective. The conditions to the Acquisition and the Scheme are set out in full in Part 4 of this document. The implementation of the Scheme is conditional, amongst other things, upon:

- the Hiestand Merger becoming effective (other than with respect to the registration in the Swiss Commercial Register of the capital increase required by ARYZTA to allot the Consideration Shares and the shares required to be allotted to Hiestand Shareholders pursuant to the Hiestand Merger);
- the Scheme becoming effective by not later than 31 October 2008 or such later date as IAWS and ARYZTA may (with the consent of the Panel if required) agree and the Court may allow failing which the Scheme will lapse;
- the receipt of the Competition Approvals;
- the approval by a majority in number representing 75% or more in value of the holders of the Shares, present and voting either in person or by proxy, at the Court Meeting (or at any adjournment of such Meeting);
- the passing of the EGM Resolutions;
- the sanction of the Scheme and confirmation of the Reduction of Capital involved therein by the Court and the delivery of an office copy of the Court Order and the minute required by Section 75 of the Act to the Registrar of Companies and the registration of such Court Order and minute by him;
- the filing of an application for the listing of the ARYZTA Shares and compliance with all other requirements by ARYZTA under the listing rules of the Irish Stock Exchange to ensure that upon issuance of the Consideration Shares such shares shall have a primary listing on the Irish Stock Exchange;
- the filing of an application for and the approval of the listing of the ARYZTA Shares on the SWX Swiss Exchange and compliance with all other requirements by ARYZTA under the rules of the SWX Swiss Exchange to ensure that upon issuance of the Consideration Shares such shares shall have a primary listing on the SWX Swiss Exchange;
- the Conditions, which are not otherwise identified above, being satisfied or waived on or before the Effective Date.

## **5 THE MEETINGS**

The Court Meeting is being held at the direction of the Court to seek the approval by Scheme Shareholders of the Scheme. The IAWS EGM is being convened to enable the IAWS Board to implement the Scheme and to amend the IAWS Articles, as described below.

Whether or not a Scheme Shareholder votes in favour of the Scheme at the Court Meeting and/or in favour of the EGM Resolutions at the EGM, if the Scheme becomes effective all Scheme Shares will be cancelled and the Scheme Shareholders will receive one ARYZTA Share for every two IAWS Shares held by them immediately prior to the Scheme Record Time (save that fractions of ARYZTA Shares will not be allotted to Scheme Shareholders, but will be aggregated and sold in the market after the Effective Date and the net proceeds of such sale will be paid in cash for the benefit of the Scheme Shareholders in accordance with their entitlement thereto).

Before the Court's approval for the Scheme can be sought, the Scheme will require the approval of the Scheme Shareholders at the Court Meeting and the passing of the EGM Resolutions at the IAWS EGM. Notices of the Court Meeting and the IAWS EGM are included at the end of this document.

### *The Court Meeting*

The Court Meeting, which has been convened for 11.00 am on 24 July 2008, is being held at the discretion of the Court to seek the approval of the Scheme Shareholders for the Scheme.

At the Court Meeting, the voting is by poll and not a show of hands and each member present, either in person or by proxy, will be entitled to one vote for each IAWS Share held. The approval required at the Court Meeting is a majority in number of those IAWS Shareholders present and voting, either in person or by proxy, who hold at least 75% in value of the IAWS Shares for which votes are cast.



It is important that as many votes as possible are cast so that the Court may be satisfied that there is a fair representation of the IAWS Shareholders. You are therefore strongly urged to complete and return your Forms of Proxy as soon as possible.

#### *The IAWS EGM*

In addition to the Court Meeting, the IAWS EGM has been convened for 11.30 am on 24 July 2008, or as soon thereafter as the Court Meeting has concluded or has been adjourned, to consider and, if thought fit, pass the following Special Resolutions (which require votes in favour representing at least 75% of the votes cast):

- to approve the Scheme and to authorise the directors of IAWS to take such action as they consider necessary or appropriate to carry the Scheme into effect;
- to redesignate seven IAWS Shares owned by ARYZTA and its nominees as a separate class of shares. These shares, which are excluded from the Scheme, have been acquired by ARYZTA and its nominees to ensure that, on the Scheme becoming effective, IAWS will satisfy the requirement that an Irish public limited company has a minimum of seven members;
- to approve the cancellation of the Scheme Shares;
- to authorise the directors of IAWS to issue relevant securities pursuant to Section 20 of the Companies (Amendment) Act 1983 and to apply the reserve in the books of IAWS arising upon the cancellation described above in paying up in full at par the New IAWS Shares;
- to amend the IAWS Articles to ensure that any IAWS Shares issued between the Voting Record Time and 6.00 pm on the day before the Order Date will be subject to the Scheme. It is also proposed to amend the IAWS Articles so that any IAWS Shares issued to any person (other than to a member of the ARYZTA Group) after 6.00 pm on the day before the Order Date will become transferable to ARYZTA on the same terms as under the Scheme. In turn, each Shareholder will receive one ARYZTA Share for every two IAWS Shares held by them. These provisions will ensure that no person other than ARYZTA and its nominees will hold IAWS Shares after dealings in such shares cease on the Irish and London Stock Exchanges;
- to confirm the division of the Convertible Shares into the Convertible Share Classes.

IAWS Shareholders may attend and vote at the Meetings in person or by appointing a representative to attend and vote on their behalf, or they may direct how their vote be cast. Further details of the actions to be taken by owners of IAWS Shares in relation to the Meetings are set out under “Actions to be Taken” at pages 5 and 6 of this document.

It is important that as many votes as possible are cast by proxy or in person at the Meetings by members of IAWS so that the Court may be satisfied that there is a fair representation of opinion of the IAWS Shareholders. You are therefore strongly urged to complete and return your Forms of Proxy as soon as possible.

## **6 SANCTION OF THE SCHEME BY THE COURT**

It is expected that the Court Hearing to sanction the Scheme will be held at the Court on or about 15 August 2008, which time and date shall be advertised by IAWS on [www.iaws.com](http://www.iaws.com) and notice of which shall be sent to IAWS Shareholders. IAWS Shareholders will have the right to attend the Court Hearing to sanction the Scheme and to appear in person or be represented by counsel to support or oppose the sanction of the Scheme. Any facts other than those expressed in IAWS’ own documents which a person wishes to put forward must be put forward as evidence in the form of a sworn written statement (an affidavit being the standard form for this in Irish practice). Any person proposing to make submissions or put forward evidence to the Court at the hearing will be requested to advise IAWS’ Irish legal counsel in advance who will then advise the Court. Individuals may make these submissions personally or by a lawyer entitled to appear in the Court (a solicitor or barrister in Irish practice).

The Court Hearing will take place on the advertised date or on an adjourned date then fixed by the Court.

At the Court Hearing, the Court will consider the submissions and evidence presented to it so as to establish whether the requirements of Irish law and the Memorandum and Articles of Association of IAWS, so far as these are applicable, have been complied with, whether the necessary majorities of IAWS’ Shareholders of record have voted in favour of approving the Scheme and whether the

Scheme is fair and reasonable in all the circumstances. The Court may announce its decision immediately after the hearing or may defer this until a date to be announced later.

The Scheme will become effective as soon as a copy of the Court Order has been duly delivered by IAWS to the Registrar of Companies in Ireland for registration and been registered by the Registrar of Companies. If the Scheme becomes effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting or in favour of the resolutions to be proposed at the IAWS EGM.

## **7 IAWS SHARE OPTION SCHEMES AND AWARDS**

IAWS will write to the participants in the Group Share Schemes in due course to inform them of the effect of the Scheme on their rights under the Group Share Schemes.

### ***1997 Option Plan***

It is proposed that Option Holders will be given the option to release their existing 3,669,300 Options in exchange for 903,160 ARYZTA Shares (being the number of ARYZTA Shares which reflects the value of those Options as determined by reference to an independent report prepared by a global consulting firm) (“the Option Proposal”). Option Holders will also be entitled to exercise their Options pursuant to the terms of the 1997 Option Plan. The Option Proposal facilitates the realisation by Option Holders of the value of their interests without the need for them to finance the exercise price in connection with their exercise.

In the event that Option Holders choose not to accept the Option Proposal or to exercise any Options held by them which are exercisable, their Options shall lapse. Any IAWS Shares issued to Option Holders as a consequence of such exercise of Options will either be dealt with pursuant to the Scheme or will be automatically transferred to ARYZTA pursuant to the IAWS Articles, if the Scheme becomes effective.

The Option Proposal and the lapsing of Options if unexercised will be conditional upon the Scheme becoming effective.

### ***2006 LTIP***

In relation to the Awards, the right to convert such Awards into Ordinary Shares (the “**Conversion Entitlement**”) will arise by virtue of the Merger, with the conversion premium (if any) payable in cash by Award Holders on the exercise of their Conversion Entitlement being dependent on whether the awards were granted pursuant to the Matching Award Scheme or the EEPS.

### ***EEPS Awards***

A conversion premium in cash is payable on conversion of Awards made pursuant to the EEPS. It is proposed that Award Holders holding the 2,230,000 Awards granted pursuant to the EEPS will be entitled to exchange their Conversion Entitlement for 483,246 ARYZTA Shares (such number having been determined by reference to the independent report referred to above) (the “**EEPS Proposal**”). The EEPS Proposal facilitates a cashless conversion by the Award Holders under the EEPS.

In the event that EEPS Award Holders do not exchange their Conversion Entitlement for ARYZTA Shares in accordance with the EEPS Proposal, they can exercise their Conversion Entitlement in accordance with the terms upon which the Awards were issued and the IAWS Shares issued to such Award Holders would then be dealt with pursuant to the Scheme or will be automatically transferred to ARYZTA pursuant to the IAWS Articles, if the Scheme becomes effective.

### ***Matching Award Scheme***

No conversion premium is payable relative to Awards granted pursuant to the Matching Award Scheme and the 1,350,000 Awards under the Matching Award Scheme entitle the holders to 1,350,000 IAWS Shares which, pursuant to the terms of the Scheme, will result in their receiving 675,000 ARYZTA Shares, if the Scheme becomes effective.

### ***Executive Directors***

Each of Owen Killian, Hugo Kane and Patrick McEniff have agreed to retain an interest in, at a minimum, an equivalent number of ARYZTA Shares to the number of ARYZTA Shares they will receive consequent on the foregoing treatment of their Options, EEPS Awards and Awards under the Matching Award Scheme with a view, *inter alia*, to such retained interests being recognised by the ARYZTA remuneration committee as qualifying investment shares for the purposes of the

Replacement LTIP, in the event of the ARYZTA remuneration committee making awards in their favour under the Replacement LTIP.

## **8 IAWS DIRECTORS AND THE EFFECT OF THE SCHEME ON THEIR INTERESTS**

The interests of directors in the share capital of IAWS are set out in paragraph 4 of Part 9 of this document. The interests of Directors in the Group Share Scheme are set out in paragraph 4 of Part 9 of this document.

## **9 MANAGEMENT AND EMPLOYEES**

The IAWS Board values the expertise of the current management and employees of IAWS and believes that they will benefit from significant opportunities in the Enlarged Group. The employment rights of IAWS employees will be unaffected by the Merger.

Following completion of the Merger, IAWS, as part of the Enlarged Group, will continue to operate in its current locations and there is no current intention to redeploy any of its fixed assets or those of any IAWS subsidiaries. The Merger will not result in any material change in the conditions of employment of IAWS' employees. There is no current intention to alter the composition of the existing management and employee structure of IAWS in any material way or to reduce the overall employment levels in the Enlarged Group in any material way.

The proposed ARYZTA Board will be drawn from the boards of IAWS and Hiestand. The ARYZTA Board will initially be comprised of 15 directors, made up of 12 non-executive directors and 3 executive directors. The non-executive directors will be the existing non-executive members of the current IAWS Board, Lyndon Lea of Lion Capital who will, on completion of the acquisition of Lion Capital's shareholding in Hiestand and the Merger, join the IAWS Board and thereafter the ARYZTA Board, and the current Hiestand Board. The executive directors will be the existing executive directors of the current IAWS Board. IAWS and Hiestand believe that the proposed structure will result in an independent Board with a strong and experienced executive management team.

The Board will be chaired, as Non-Executive Chairman, by Denis Lucey (Chairman of IAWS) with Wolfgang Werlé (Chairman of Hiestand) being appointed as Deputy Chairman.

The proposed Board of ARYZTA is:

<i>Name</i>	<i>Position</i>
Denis Lucey	Non-executive chairman
Wolfgang Werlé	Non-executive deputy chairman
Owen Killian	Chief Executive Officer
Patrick McEniff	Chief Financial Officer
Hugo Kane	Chief Operations Officer
Albert Abderhalden	Non-executive director
Denis Buckley	Non-executive director
Beatrice Dardis	Non-executive director
J. Brian Davy	Non-executive director
Noreen Hynes	Non-executive director
Lyndon Lea	Non-executive director
William G. Murphy	Non-executive director
Hans Sigrist	Non-executive director
Paul N. Wilkinson	Non-executive director
Maurice Zufferey	Non-executive director

ARYZTA will have audit, nomination and remuneration committees.

## **10 ARYZTA SHARES**

Shareholders will receive a total of up to 70,019,118 ARYZTA Shares pursuant to the terms of the Scheme. ARYZTA's existing registered share capital of CHF100,000 will therefore be increased in connection with the Scheme by approximately CHF1,400,982 equating to approximately 70,019,118 ARYZTA Shares allotted at par value of CHF0.02. This capital increase will be registered on the Effective Date or shortly thereafter. It is expected that the ARYZTA Shares will be admitted to trading on the Irish Stock Exchange and the SWX Swiss Exchange on the Business Day after the Scheme becomes effective.

No Irish stamp duty should be payable by either the Scheme Shareholders or ARYZTA as a result of the implementation of the Scheme.

Upon Admission, the ARYZTA Shares issued to Shareholders other than Lion Capital will constitute approximately 83.3% of the issued share capital of ARYZTA (on a fully diluted basis) and will rank equally in all respects with the other ARYZTA Shares in issue at that date. The ARYZTA Shares will have full voting and dividend rights and the right to participate fully in the event of any liquidation or winding up of ARYZTA. The ARYZTA Shares shall be fully transferrable.

A summary of the rights attaching to the ARYZTA Shares is set out at Part 6 of this document.

## **11 EFFECT OF ACQUISITION**

ARYZTA is a newly incorporated company incorporated solely for the purposes of the Acquisition and the Hiestand Merger. Further information in relation to ARYZTA is set out at Part 5B of this document.

## **12 DELISTING, RE-REGISTRATION AND ADMISSION**

It is intended that, subject to and simultaneous with the Scheme becoming effective, and subject to applicable requirements of the Irish Stock Exchange and the UK Listing Authority, IAWS will apply for the cancellation of the listing of its Shares on the Official Lists of both the Irish and London Stock Exchanges and for cancellation of trading of the Shares on the markets of the Irish Stock Exchange and of the London Stock Exchange. The last day of dealing in Shares on the Irish Stock Exchange and the London Stock Exchange will be the last Business Day before the Effective Date.

Application will be made to the Irish Stock Exchange and to the SWX Swiss Exchange for the ARYZTA Shares to be admitted to listing and trading on the Irish Stock Exchange and the SWX Swiss Exchange. It is expected that Admission will become effective and that dealings, for normal settlement, in the ARYZTA Shares will commence on the day after the Effective Date. Admission of ARYZTA Shares to the Official List is subject to customary confirmation from the Irish Stock Exchange of ARYZTA's eligibility for listing under the listing rules of the Irish Stock Exchange.

## **13 FORM OF ARYZTA SHARES AND SETTLEMENT**

It is intended that ARYZTA Shares will be registered shares with a nominal value of CHF 0.02 each and that the ARYZTA Shares will be fully paid up. In addition, it is intended that delivery will be made in book entry form through SIS. ARYZTA Shares will not be issued in certificated form and will not be available for individual physical delivery. ARYZTA Shareholders may, however, at any time demand that ARYZTA issue a confirmation of such shareholder's shareholding.

### *ARYZTA DIS*

Trades in ARYZTA Shares, because they are Swiss securities, would not be capable of being settled within CREST, the usual settlement system used in Ireland and the UK. ARYZTA intends to put in place arrangements which will enable ARYZTA Shares to be initially delivered, held and settled in CREST by means of the issue of dematerialised depositary interests representing entitlements to ARYZTA Shares ("ARYZTA DIs") issued by a depository (the "Depository"). As a result of the implementation of the Scheme, the ARYZTA Shares to which IAWS Shareholders will be entitled would be held on trust by the Depository (or its custodian) on their behalf. Under the proposed arrangements, ARYZTA DIs could be held, transferred and settled solely within CREST, but ARYZTA DI holders, in cancelling their ARYZTA DIs, would be able to deliver their underlying ARYZTA Shares to any other depositary financial institution. However, ownership of ARYZTA DIs would represent each IAWS Shareholder's entitlement to such ARYZTA Shares, as described below.

In the case of Scheme Shares which at the Scheme Record Time are in uncertificated form, such Scheme Shareholder's entitlement to ARYZTA DIs would be issued and delivered through CREST as soon as reasonably practicable. Where an IAWS Shareholder holds his IAWS Shares in certificated form at the Scheme Record Time (for example because he does not have access to an account in CREST), ARYZTA would, under the proposed arrangements, arrange for the Depository or an affiliated company (the "Nominee") to provide a corporate nominee service whereby such IAWS Shareholders' ARYZTA DIs would be held by the Nominee in CREST on their behalf and such IAWS Shareholders will be able to benefit from all rights attaching to their ARYZTA DIs.

In the event that an IAWS Shareholder who holds his IAWS Shares in certificated form did not wish to enter into the proposed corporate nominee arrangements, the ARYZTA Shares to which such

IAWS Shareholder is entitled under the Scheme would be held by a trustee (the “Trustee”) on trust for such IAWS Shareholder. The corporate nominee services as referred to above would not be provided to those IAWS Shareholders who hold their interest in such ARYZTA Shares under such trust arrangements. The relevant IAWS Shareholder could, however, subsequently direct the Trustee either (i) that he wishes to hold ARYZTA DIs through CREST, or (ii) (if located in an Eligible Jurisdiction, as defined below) that he wishes to transfer his ARYZTA share entitlement to the Nominee and agrees to the terms and conditions of such corporate nominee facility, or (iii) that he wishes to arrange for the transfer of his ARYZTA Shares into a shareholding account with another depository financial institution. However, unless and until such a direction is given, the Trustee would continue to hold the ARYZTA Shares on trust for the relevant shareholder.

IAWS Shareholders located in certain jurisdictions outside Ireland and the UK may not be eligible to participate in the corporate nominee arrangements and a list of jurisdictions from which IAWS Shareholders may participate in these arrangements (“Eligible Jurisdictions”) would be published along with the confirmation that the proposed arrangements have been entered into, referred to below.

Normal CREST procedures (including timings) apply in relation to any IAWS Shares that are, or are to be, converted from uncertificated to certificated form (rematerialisation), or from certificated to uncertificated form (dematerialisation), prior to the Effective Date (whether any such conversion arises as a result of a transfer of IAWS Shares or otherwise). Holders of IAWS Shares who are proposing to convert any such IAWS Shares are recommended to ensure that such conversions have been completed prior to the Scheme Record Time.

#### *Rights Attaching to ARYZTA DIs*

Under the proposed arrangements, ARYZTA Shares would be registered in the name of the Depository (or its custodian) who will hold them on trust for the holders of ARYZTA DIs. Accordingly, the holders of ARYZTA DIs would be beneficial holders of the ARYZTA Shares.

Under the proposed arrangements and in order to allow the holders of ARYZTA DIs to exercise rights relating to the ARYZTA Shares, all holders of ARYZTA DIs (including those held via the corporate nominee service) would:

- receive notices, in English, of all shareholders meetings of ARYZTA and all other communications of ARYZTA to the holders of ARYZTA Shares;
- be able to give instructions as to voting at all shareholders meetings of ARYZTA;
- have made available to them and have sent to them at their request copies of the annual report and accounts of ARYZTA and all of the documents issued by ARYZTA to the holders of ARYZTA Shares (in each case, in English); and
- so far as is reasonably practicable taking into account the nature of their rights as holders of ARYZTA DIs, be treated in the same manner as the holders of ARYZTA Shares in respect of all other rights attaching to ARYZTA Shares,

in each case, so far as possible in accordance with applicable law and regulations.

To the extent permissible under applicable law and regulations and to the extent reasonably practicable, ARYZTA may also make arrangements to allow the holders of ARYZTA DIs (including those held via the corporate nominee facility) to attend shareholder meetings of ARYZTA.

Any amounts in respect of dividends paid by ARYZTA on ARYZTA Shares represented by ARYZTA DIs would be paid by the Depository to the holders of ARYZTA DIs (including those held via the corporate nominee facility) in Euro.

In the event the proposed arrangements with respect to ARYZTA DIs referred to above are put in place, IAWS will publish a confirmation to that effect on its website on [www.iaws.com](http://www.iaws.com) which will set out any changes to the proposals as summarised above and all ARYZTA Shareholders who hold their shares in certificated form will be sent, prior to the Effective Date, a booklet containing the terms and conditions of the corporate nominee arrangements. This booklet will also include a description of the procedure to be followed for cancelling ARYZTA DIs and effecting the transfer of the underlying ARYZTA Shares. It is likely to be necessary for ARYZTA Shareholders who hold their shares in certificated form to agree to these terms and conditions in advance of the Effective Date in order for the Nominee to hold ARYZTA DIs in CREST on their behalf.

## 14 TAXATION

Your attention is drawn to paragraphs 9 and 10 of Part 9 of this document, headed “Irish Taxation” and “UK Taxation”. The summary in Part 9 is intended as a general guide only and, if you are in any doubt as to your own tax position, you should consult an independent financial advisor immediately.

## 15 OVERSEAS SHAREHOLDERS

The implications of the Scheme for Overseas Shareholders may be affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document does not constitute an offer to purchase, sell, subscribe for or exchange or the solicitation of an offer to purchase, sell, subscribe for or exchange any securities or the solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.

No steps have been taken, nor will any be taken, to enable the ARYZTA Shares to be issued in compliance with the applicable securities laws of any Restricted Jurisdiction and no prospectus in relation to the ARYZTA Shares has been, or will be, lodged with or registered by any authority in any Restricted Jurisdiction. Accordingly, no ARYZTA Shares may be issued, sold, transferred, resold, delivered or distributed, directly or indirectly, in or into or from any Restricted Jurisdiction.

In any case where the delivery of ARYZTA Shares to an Overseas Shareholder would or may infringe the laws of any jurisdiction outside of Ireland, the United Kingdom or Switzerland or would or may require ARYZTA to obtain or observe any governmental or other consents to any registration, filing or other formality (including ongoing requirements) with which ARYZTA is unable to comply, or which ARYZTA regards as unduly onerous, ARYZTA may, in its sole discretion, determine that no ARYZTA Shares shall be allotted or issued to any such Overseas Shareholder, but shall instead be allotted to an Irish resident nominee approved by ARYZTA for such Overseas Shareholder, on terms that the nominee shall hold the new ARYZTA Shares subject to the instructions of such Overseas Shareholder, or on terms that such ARYZTA Shares shall be sold with the net proceeds of sale being remitted to the Overseas Shareholder concerned.

This document has been prepared for the purposes of complying with Irish law, and the information disclosed herein may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction.

IAWS Shareholders who are citizens or residents of the United States or other jurisdictions outside Ireland, Switzerland or United Kingdom should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

### *United States*

The ARYZTA Shares will not be registered under the US Securities Act and will be issued in the United States pursuant to the Scheme only in reliance on the exemption from registration provided by Section 3(a)(10) of that Act. In order to qualify for the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10), there must be a hearing on the fairness of the Scheme’s terms and conditions to the IAWS Shareholders, which all the IAWS Shareholders are entitled to attend in person or through representatives to oppose the sanctioning of the Scheme, and with respect to which notification will be given to all the IAWS Shareholders. For the purposes of qualifying for this exemption, IAWS will advise the Court that ARYZTA will rely upon the Court’s sanctioning of the Scheme to establish the availability of this exemption.

The ARYZTA Shares will not be registered under the securities laws of any state of the United States, and will be issued in the United States pursuant to the Scheme only in reliance on available exemptions from such state law registration requirements.

Neither the SEC nor any US state securities commission has approved or disapproved the ARYZTA Shares or passed an opinion upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The ARYZTA Shares have not been and will not be listed on a US securities exchange or quoted on any inter-dealer quotation system in the United States. ARYZTA does not intend to take any action

to facilitate a market in ARYZTA Shares in the United States. Consequently, ARYZTA believes that it is unlikely that an active trading market in the United States will develop for the ARYZTA Shares. The Acquisition is in respect of securities of an Irish company, is subject to Irish disclosure requirements (which are different from those of jurisdictions outside of Ireland, including those of the United States) and is proposed to be made by means of a scheme of arrangement provided for under Irish company law. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules under the US Securities Exchange Act of 1934, as amended. Accordingly, the Acquisition is subject to the disclosure requirements and practices applicable in Ireland to schemes of arrangement which differ from the disclosure requirements of the US tender offer rules. The financial statements and other financial information included in this document have been prepared, unless specifically stated otherwise, in accordance with accounting standards applicable in Ireland and thus may not be comparable to the financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. It may be difficult for IAWS Shareholders who are US persons to enforce any rights and claims that they may have arising under US federal securities laws in respect of the Scheme.

If ARYZTA exercises its right to implement the Acquisition by way of a takeover offer, the takeover offer will be made in compliance with applicable US laws and regulations. The ARYZTA Shares to be issued in connection with such takeover offer will not be registered under the US Securities Act or under the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. ARYZTA does not intend to register any such ARYZTA Shares or part thereof in the United States or to conduct a public offering of the ARYZTA Shares in the United States.

## **16 ACTIONS TO BE TAKEN**

You attention is drawn to the summary of the action to be taken on pages 5 and 6 of this document.

**PART 3.**

**THE SCHEME OF ARRANGEMENT**

**THE SCHEME OF ARRANGEMENT**

**THE HIGH COURT**

**IN THE MATTER OF**

**IAWS GROUP PLC**

**AND IN THE MATTER OF SECTION 201 OF THE COMPANIES ACT 1963**

**AND IN THE MATTER OF THE COMPANIES ACTS 1963 to 2006**

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**SCHEME OF ARRANGEMENT**  
**(under section 201 of the Companies Act 1963)**

**BETWEEN**

**IAWS GROUP PLC**

**and**

**THE HOLDERS OF SCHEME SHARES**  
**(as hereinafter defined)**

**PRELIMINARY**

- (1) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

<b>1997 Option Plan</b>	the 1997 Share Option Plan of IAWS;
<b>Act</b>	the Companies Act 1963 as amended and “Acts” means the Companies Acts 1963 to 2006;
<b>ARYZTA</b>	means ARYZTA AG, a company incorporated in Switzerland with registered number CH-020.3.032.251-9;
<b>ARYZTA Articles</b>	means the Articles of Association of ARYZTA in force from time to time;
<b>ARYZTA Shares</b>	means the registered shares of CHF 0.02 nominal value each in the capital of ARYZTA;
<b>Business Day</b>	any day, other than a Saturday, Sunday or public or bank holiday, on which banks are generally open for business in Dublin and Zurich, and the Irish Stock Exchange and the SWX Swiss Exchange are open for transaction of business;
<b>Capital Reduction</b>	the proposed reduction of the issued share capital of IAWS under sections 72 and 74 of the Act in accordance with clause 1 of the Scheme by the cancellation of the Scheme Shares;
<b>Circular</b>	means the document dated 30 June 2008 sent to shareholders of IAWS and of which this Scheme forms part;
<b>Convertible Shares</b>	the deferred convertible ordinary shares of €0.30 each issued in the capital of IAWS;
<b>Court</b>	the High Court of Ireland;
<b>Court Hearing</b>	the hearing or hearings by the Court of the petition to sanction the Scheme, confirm the Capital Reduction and grant the Court Order;



<b>Court Meeting</b>	means the meeting of Scheme Shareholders convened by the Court pursuant to Section 201 of the Companies Act 1963, to be held at the Four Seasons Hotel, Simonscourt Road, Dublin 4 on 24 July 2008 at 11 am to consider, and if thought fit, approve the Scheme and any adjournment thereof;
<b>Court Order(s)</b>	the order or orders of the Court sanctioning the Scheme under section 201 of the Act and confirming the Capital Reduction;
<b>Effective Date</b>	the date on which the Scheme becomes effective in accordance with its terms, which, subject to satisfaction of the conditions applying to the Scheme (including the sanction of the Scheme and the confirmation of the Capital Reduction by the Court) is expected to be on or around 21 August 2008;
<b>EGM Resolutions</b>	the special resolutions relating to the Scheme and the Capital Reduction to be proposed at the EGM;
<b>Employee Equity Participation Schemes or EEPS</b>	a long term incentive plan effected under the employee equity participation benefit provisions of the IAWS Long Term Incentive Plan 2006;
<b>EUR or €</b>	the lawful currency of the Republic of Ireland;
<b>Extraordinary General Meeting or EGM</b>	means the extraordinary general meeting of the Shareholders convened in connection with the Scheme and to be held on 24 July 2008 to start at 11.30 am or following the conclusion or adjournment of the Court Meeting of the same date, notice of which is set out in Appendix 2 of this document, and any adjournment thereof;
<b>Forms of Proxy</b>	either or both of the blue and white forms of proxy for use at the Court Meeting and the EGM respectively sent to IAWS Shareholders together with the Circular;
<b>Group Share Schemes</b>	means the 1997 Option Plan, the Employee Equity Participation Scheme and the Matching Award Scheme;
<b>Hearing Date</b>	means the date of the Court Hearing;
<b>IAWS Articles</b>	means the Articles of Association of IAWS;
<b>IAWS or the Company</b>	IAWS Group Limited, a public company incorporated in Ireland under the Companies Acts 1963 to 2006, with registered number 132287;
<b>IAWS Long Term Incentive Plan 2006 or LTIP</b>	a long term incentive plan adopted by resolution passed at the Annual General Meeting of IAWS on 4 December 2006 and amended by resolution of the Remuneration Committee of the IAWS Board on 24 July 2007;
<b>IAWS Shares</b>	the issued Ordinary Shares in the capital of IAWS other than the Retained Shares;
<b>Matching Award Scheme</b>	a long term incentive plan effected under the matching award provisions of the IAWS Long Term Incentive Plan 2006;
<b>Ordinary Shares</b>	the 127,338,235 ordinary shares of €0.30 each issued in the capital of IAWS;
<b>Panel</b>	the Irish Takeover Panel established under the Irish Takeover Panel Act 1997 of Ireland;
<b>Restricted Jurisdiction</b>	any jurisdiction in relation to which IAWS or ARYZTA (as the case may be) is advised that the release, publication or distribution of the Circular and/or the Forms of Proxy would or might infringe the laws of that jurisdiction or would or might require compliance with any governmental or other consent or any registration or other formality that IAWS or ARYZTA (as the case may be) is unable to comply with or regards as unduly onerous to comply with;

<b>Restricted Overseas Person</b>	a person in, or resident in, or any person whom ARYZTA believes to be in, or resident in, a Restricted Jurisdiction;
<b>Retained Shares</b>	the seven IAWS Shares the registered title of each of which is to be held by a separate shareholder on trust for ARYZTA as at the Effective Date;
<b>Scheme</b>	the scheme of arrangement proposed to be made under section 201 of the Act between IAWS and the holders of Scheme Shares, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by IAWS and ARYZTA;
<b>Scheme Record Time</b>	6.00 pm on the last Business Day before the date on which the Court Order is made sanctioning the Scheme;
<b>Scheme Shareholder or IAWS Shareholder</b>	a holder of Scheme Shares as appearing in the register of members of the Company at the Scheme Record Time;
<b>Scheme Shares</b>	means the IAWS Shares on the register of members of IAWS, being the IAWS Shares in issue at the date of the Circular and those (if any) issued after the date of the Circular and before the Scheme Record Time;
<b>Shareholder or Shareholders</b>	a person on the register of members of IAWS at the relevant date and includes any person(s) entitled by transmission;
<b>SIS</b>	SIS SegInterSettle AG; and
<b>Voting Record Time</b>	6.00 pm (Dublin time) on 22 July 2008 or, if the Court Meeting is adjourned, 48 hours before the time appointed for the adjourned Court Meeting.

- (2) The authorised share capital of IAWS at the date of this document is EUR 72,900,000 divided into 228,000,000 ordinary shares of €0.30 each and 15,000,000 deferred convertible ordinary shares of €0.30 each. As at the date hereof, 127,338,235 ordinary shares of €0.30 each and 3,580,000 deferred convertible ordinary shares of €0.30 each have been issued and are credited as fully paid.
- (3) ARYZTA was incorporated in Switzerland under the company name of ANPHI Holding AG, as a public limited company on 4 April 2008, with registered number CH-020.3.032.251-9. At the date of this document, ARYZTA's share capital pursuant to the ARYZTA Articles amounts to CHF100,000 divided into 5,000,000 registered shares, fully paid up with a nominal value of CHF0.02 each.
- (4) The purpose of this Scheme is to provide for the cancellation of the Scheme Shares and the issue of new IAWS Shares to ARYZTA in consideration of the issue by ARYZTA of fully paid ARYZTA Shares in respect of the Shares, as set out in the Scheme.
- (5) ARYZTA has agreed to appear by counsel at the Court Hearing, to consent to the Scheme and to undertake to the Court to be bound by this Scheme and execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

## THE SCHEME

### 1 CANCELLATION OF SCHEME SHARES

- 1.1 The issued (but not the authorised) share capital of IAWS shall be reduced by cancelling and extinguishing the Scheme Shares.
- 1.2 Forthwith and contingent upon the reduction of issued share capital referred to in Clause 1.1 of this Scheme taking effect and notwithstanding anything in the IAWS Articles, IAWS shall appropriate and apply the whole of the reserve arising in its books of account as a result of the reduction of capital pursuant to Clause 1.1 of the Scheme, in paying up in full and at par such number of New IAWS Shares as shall be equal to the number of Scheme Shares so cancelled and the New IAWS Shares so created shall be issued to ARYZTA and/or its nominee(s).

## **2 CONSIDERATION FOR THE SCHEME SHARES**

- 2.1 In consideration for the issue of the New IAWS Shares to ARYZTA pursuant to Clause 1.2 of this Scheme, ARYZTA shall (subject to the provisions of Clauses 2.3 and 2.4 of this Scheme) allot and issue as fully-paid 1 ARYZTA Share for each 2 Scheme Shares held by a Scheme Shareholder prior to the reduction that took place under clause 1.2.
- 2.2 No fractions of ARYZTA Shares will be issued but all fractions of ARYZTA Shares to which Scheme Shareholders would otherwise be entitled shall be aggregated and sold in the market after the Effective Date and the net proceeds of such sale shall be paid in cash (in euro) to the relevant Scheme Shareholders in accordance with what would have otherwise been their respective fractional entitlement.
- 2.3 The ARYZTA Shares to be issued pursuant to Clause 2.1 of the Scheme shall have the benefit of all dividends or distributions made, paid or declared after the Effective Date in accordance with the ARYZTA Articles and respective resolutions of the ARYZTA shareholders' meetings. ARYZTA Shares issued pursuant to Clause 2.1 of this Scheme shall be issued with the rights and subject to the restrictions set out in the ARYZTA Articles.
- 2.4 The provisions of Clause 2.1 of the Scheme shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any Scheme Shareholder who is a Restricted Overseas Person, ARYZTA is advised that the allotment and issue of ARYZTA Shares pursuant to Clause 2.1 of this Scheme may infringe the laws of any jurisdiction outside Ireland, the United Kingdom, or Switzerland or would require ARYZTA to observe any governmental or other requirement in relation to any registration, filing or other formality then ARYZTA may in its sole discretion determine that no ARYZTA Shares shall be allotted or issued to such Restricted Overseas Person under this Clause 2.5 of the Scheme, but shall instead be allotted to an Irish resident nominee appointed by ARYZTA for such Overseas Shareholder, either:
- (a) on terms that the nominee shall hold the ARYZTA Shares subject to the instructions of such Restricted Overseas Person; or
  - (b) on terms that the nominee shall, as soon as reasonably practicable following the Effective Date, sell the ARYZTA Shares so allotted and issued at the best price which can reasonably be obtained at the time of sale and shall, within seven days after such sale, account for any proceeds of such sale (after the deduction of all expenses and commissions including any value added tax payable thereon and any other amounts which it is by law obliged to withhold) by delivering a cheque to the Restricted Overseas Person in accordance with the provisions of Clause 2.2 of this Scheme. In the absence of fraud or wilful deceit, neither ARYZTA nor the nominee shall be responsible for any loss or damage to any person arising from any transaction pursuant to this Clause 2.5(b) or for any alleged insufficiencies of any sale price or the timing of such sale.

## **3 ALLOTMENT AND ISSUE OF ARYZTA SHARES**

It is intended that delivery of the ARYZTA Shares will be made in book entry form through SIS. ARYZTA Shares will not be issued in certificated form and will not be available for individual physical delivery. ARYZTA Shareholders may, however, at any time demand that ARYZTA issue a confirmation of such shareholder's shareholding. Further details on the form in which ARYZTA Shares may be held is contained in paragraph 16 of Part 2 of the Circular.

## **4 CERTIFICATES REPRESENTING SCHEME SHARES**

With effect from and including the Effective Date, all certificates representing holdings of Scheme Shares shall cease to be valid in respect of such holdings and Shareholders shall at the request of IAWS return such certificates for cancellation to IAWS or to any person appointed by IAWS.

## **5 EFFECTIVE DATE**

- 5.1 The Scheme shall become effective as soon as an office copy of the Court Order and a copy of the minute required by section 75 of the Act shall have been duly delivered by IAWS to the Companies Registration Office for registration and registered by it.

5.2 The Scheme is expected to become effective on or around 21 August 2008. Unless the Scheme shall have become effective on or before 31 October 2008, or such later date, if any, as IAWS and ARYZTA may, with the consent of the Panel (if required) agree and the Court may allow, it shall not proceed.

**6 MODIFICATION**

IAWS and ARYZTA may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or any condition which the Court may approve or impose.

**7 COSTS**

IAWS is authorised and permitted to pay all the costs and expenses incurred by it relating to the negotiation, preparation, approval and implementation of this Scheme.

**8 GOVERNING LAW**

The Scheme shall be governed by and construed in accordance with the laws of Ireland. The Scheme Shareholders hereby agree that the Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding or to settle any dispute which may arise in relation thereto.

Dated: 30 June 2008

## PART 4.

### CONDITIONS TO AND FURTHER TERMS OF THE ACQUISITION AND THE SCHEME

The Scheme complies with the Rules and, where relevant, the respective rules and regulations of the Irish Stock Exchange, the London Stock Exchange and the UK Listing Authority and is subject to the terms and conditions set out in this document. The Scheme is governed by the laws of Ireland and subject to the exclusive jurisdiction of the courts of Ireland, which exclusivity shall not limit the right to seek provisional or protective relief in the courts of another state during or after any substantive proceedings have been instituted in Ireland, nor shall it limit the right to bring enforcement proceedings in another state on foot of an Irish judgment.

1. The Scheme is conditional upon the Scheme becoming unconditional and becoming effective by no later than 31 October 2008, or such later date (if any) as ARYZTA and IAWS may, with the consent of the Panel (if required), agree and (if required) the Court may approve.
2. The Scheme will be conditional upon:
  - (a) approval of the Scheme by a majority in number of the Scheme Shareholders present and voting and representing 75 per cent. or more in value of the Scheme Shares held by the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting or at any adjournment of that meeting;
  - (b) the EGM Resolutions being duly passed by the requisite majority at the EGM or at any adjournment of that meeting;
  - (c) the Hiestand Merger having been approved at the Hiestand EGM and the only conditions to the Hiestand Merger becoming effective being:
    - (i) the Scheme having been sanctioned by the Court and the delivery of an office copy of the Court Order to the Registrar of Companies; and
    - (ii) the registration in the Swiss Commercial Register of the ARYZTA capital increase required for the allotment in favour of the Scheme Shareholders of the ARYZTA Shares, pursuant to the Merger.
  - (d) the sanction (without modification or with modification) of the Scheme pursuant to Section 201 of the Act and the confirmation of the Reduction of Capital involved therein by the Court and:
    - (i) the delivery of an office copy of the Court Order and the minute required by Section 75 of the Act in connection with the Reduction of Capital being delivered for registration to the Registrar of Companies; and
    - (ii) the registration, in relation to the Reduction of Capital, of the Court Order by the Registrar of Companies.
  - (e) the filing of an application for the listing of the Consideration Shares and compliance with all other requirements by ARYZTA under the listing rules of the Irish Stock Exchange to ensure that upon issuance of the Consideration Shares such shares shall have a primary listing on the Irish Stock Exchange;
  - (f) the filing of an application for and the approval of the primary listing of the Consideration Shares on the SWX Swiss Exchange and compliance with all other requirements by ARYZTA under the listing rules of the SWX Swiss Exchange to ensure that upon issuance of the Consideration Shares such shares shall have a primary listing on the SWX Swiss Exchange;
3. In addition, ARYZTA and IAWS have agreed that the Scheme will be conditional upon the following matters and, accordingly, the necessary actions to make the Scheme effective will not be taken, unless such Conditions have been satisfied or waived on or before (i) the sanction of the Scheme by the Court pursuant to Section 201 of the Act in respect of conditions (a), (b), (c) or (f) below or (ii) the Effective Date in respect of conditions (d) or (e) below:
  - (a) to the extent that Part 3 of the Irish Competition Act, 2002 (the "Irish Competition Act") is applicable, the occurrence of the first of the following to occur:

- (i) the Irish Competition Authority (the “**Authority**”) informing ARYZTA that it has determined, pursuant to Sections 21 or 22(3)(a) of the Irish Competition Act that the Merger may be put into effect;
  - (ii) the Authority making a conditional determination, pursuant to Section 22(3)(c) of the Irish Competition Act, in relation to the Merger on terms reasonably acceptable to IAWS and ARYZTA;
  - (iii) the period specified in Section 19(1)(c) of the Irish Competition Act elapsing without the Authority having informed IAWS and/or ARYZTA of the determination (if any) it has made under Section 21(2) (a) or (b) of the Irish Competition Act in relation to the Merger; and
  - (iv) the period specified in Section 19(1)(d) of the Irish Competition Act elapsing without the Authority having made a determination under Section 22 of the Irish Competition Act in relation to the Merger;
- (b) to the extent that Section 39 of the German Act against Restraints of Competition (Gesetz gegen Wettbewerbsbeschränkungen, “GWB”) is applicable;
- (i) the German Federal Cartel Office (FCO) having notified IAWS and/or ARYZTA that the merger control procedure with respect to the Merger has been terminated because the requirements for a prohibition as laid down in Section 36(1) of the GWB are not fulfilled; or
  - (ii) the waiting period of one month from the submission of a complete notification to the FCO has expired without IAWS and/or ARYZTA having been notified by the FCO pursuant to Section 40(1) of the GWB that it intends to open an in-depth investigation (Hauptprüfverfahren) of the Merger; and
  - (iii) if it becomes apparent that the FCO will only adopt a clearance decision referred to in paragraphs (i) and (ii) above subject to certain conditions or obligations, such conditions and obligations having been offered with the prior mutual written consent of IAWS and ARYZTA;
- (c) to the extent that Section III of the Polish Act of 16 February 2007 on the Protection of Competition and Consumers (Ustawa o ochronie konkurencji i konsumentów) (the “**Polish Act**”) is applicable;
- (i) the President of the Office for the Protection of Competition and Consumers (the “President of the OPCC”) having issued a clearance decision under the provisions of the Polish Act giving consent to effect a concentration in connection with the Merger; or
  - (ii) the statutory time within which the President of the OPCC must issue such a clearance decision under the provisions of the Polish Act having expired; and
  - (iii) if it becomes apparent that the President of the OPCC will only adopt a clearance decision referred to in paragraphs (i) and (ii) above subject to certain conditions or obligations, such conditions and obligations having been offered with the prior mutual written consent of IAWS and/or ARYZTA.
- (d) no central bank, government or governmental, quasi-governmental, supranational, statutory, regulatory or investigative body, including any national anti-trust or merger control authorities (provided however that this condition (d) shall not apply to the Authority, the FCO or the President of the OPCC the sole conditions in respect of which are set out in conditions (a) to (c) above), court, tribunal, environmental body, any analogous body whatsoever or tribunal in any jurisdiction or any person (each a “Third Party”) having decided to take, institute or implement any action, proceeding, suit, investigation, enquiry or reference or having made, proposed or enacted any statute, regulation or order or having done or decided to do anything which would or would reasonably be expected to:
- (i) make the Scheme or its implementation, or upon the Scheme becoming effective the resultant control of IAWS void, illegal or unenforceable under the laws of Ireland, or otherwise, directly or indirectly, restrain, revoke, prohibit, materially restrict or materially delay the same or impose additional or different conditions or obligations with respect thereto (except for conditions or obligations that would not be material

- (in value terms or otherwise) in the context of the IAWS Group taken as a whole), or otherwise challenge or interfere therewith (except where the result of such challenge or interference would not have, or would not reasonably be expected to have, a material adverse effect (in value terms or otherwise) on the IAWS Group taken as a whole);
- (ii) except where the consequences thereof would not be material (in value terms or otherwise) in the context of the IAWS Group taken as a whole require the divestiture by any member of the IAWS Group of all or any portion of their respective businesses, assets (including, without limitation, the shares or securities of any other member of the IAWS Group) or property or (except where the consequences thereof would not be material (in value terms or otherwise) in the context of the IAWS Group taken as a whole) impose any material limitation on the ability of any of them to conduct their respective businesses (or any of them) or own their respective assets or properties or any part thereof;
  - (iii) impose any limitation on or result in a material delay in the ability of ARYZTA to acquire, or to hold or to exercise effectively, directly or indirectly, all or any rights of ownership of the Shares, or to exercise voting or management control over, IAWS or any subsidiary or subsidiary undertaking of IAWS which is material in the context of the IAWS Group taken as a whole (a “**Material Subsidiary**”) or (except where the consequences thereof would not be material (in value terms or otherwise) in the context of the IAWS Group taken as a whole) on the ability of any member of the IAWS Group to hold or exercise effectively, directly or indirectly, rights of ownership of shares (or the equivalent) in, or to exercise rights of voting or management control over, any member of the IAWS Group;
  - (iv) except where the consequences thereof would not be material (in value terms or otherwise) in the context of the IAWS Group taken as a whole, require ARYZTA or any member of the ARYZTA Group to acquire or offer to acquire any shares or other securities (or the equivalent) in, or any interest in any asset owned by, any member of the IAWS Group owned by any third party;
  - (v) except where the consequences thereof would not be material (in value terms or otherwise) in the context of the IAWS Group taken as a whole, result in any member of the IAWS Group ceasing to be able to carry on business in any jurisdiction in which it currently does so;
  - (vi) except where the consequences thereof would not be material (in value terms or otherwise) in the context of the IAWS Group taken as a whole, cause any member of the IAWS Group to cease to be entitled to any Authorisation (as defined in paragraph (e) below) used by it in the carrying on of its business.
- (e) other than to the Authority, the FCO or the President of the OPCC all necessary notifications and filings having been made, all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any appropriate jurisdiction having expired, lapsed or having been terminated (as appropriate) (save to an extent which would not be material (in value terms or otherwise) in the context of the IAWS Group taken as a whole) and all statutory or regulatory obligations in any appropriate jurisdiction having been complied with (save to an extent which would not be material (in value terms or otherwise) in the context of the IAWS Group taken as a whole), in each case, in connection with the Scheme or its implementation and all authorisations, orders, recognitions, grants, consents, clearances, confirmations, licences, permissions and approvals in Ireland (“**Authorisations**”) having been obtained on terms and in a form reasonably satisfactory to IAWS and ARYZTA from all appropriate Third Parties (except where the consequence of the absence of any such Authorisation would not be material (in value terms or otherwise) in the context of the IAWS Group taken as a whole), all such Authorisations remaining in full force and effect, there being no notified intention to revoke or vary or not to renew the same at the time at which the Scheme becomes effective and all necessary statutory or regulatory obligations in Ireland having been complied with (except where the consequence thereof would not be material (in value terms or otherwise) in the context of the IAWS Group taken as a whole);

- (f) The Scheme will lapse unless all of the conditions set out above have been fulfilled (or if capable of waiver) waived by 31 October 2008.

**PART B: FURTHER TERMS OF THE SCHEME**

1. ARYZTA reserves the right to effect the Acquisition by way of a takeover offer. In such event, such offer will be implemented in accordance with the Takeover Rules.



## PART 5.

### INFORMATION ON IAWS AND ARYZTA

#### A. General information relating to IAWS

Registered Number	—	132287
Registered Office	—	151 Thomas Street, Dublin 8
Date of Incorporation	—	25 May 1988
Place of Incorporation	—	Ireland
Directors	—	(1) Beatrice Dardis (2) Brian Davy (3) Denis Buckley (4) Denis Lucey (5) Hugo Kane (6) Noreen Hynes (7) Owen Killian (8) Patrick McEniff (9) Paul Wilkinson (10) William Murphy
Secretary	—	Pat Morrissey
Authorised Share Capital	—	EUR72,900,000 divided into 228,000,000 Ordinary Shares of €0.30 each and 15,000,000 Deferred Convertible Ordinary Shares of €0.30 each
Issued Share Capital	—	127,338,235 Ordinary Shares of €0.30 each and 3,580,000 Deferred Convertible Ordinary Shares of €0.30 each

## **B. General information relating to ARYZTA**

Registered Number	—	CH-020.3.032.251-9
Registered Office	—	c/o Interhold AG, Othmarstrasse 8, 8008 Zurich
Date of Incorporation	—	4 April 2008
Place of Incorporation	—	Switzerland
Directors	—	Andreas Casutt <sup>5</sup> Philipp Haas <sup>6</sup> Owen Killian Denis Lucey Patrick McEniff
Secretary	—	Pat Morrissey
Authorised Share Capital	—	None
Issued Share Capital	—	CHF100,000 divided into 5,000,000 ordinary registered shares fully paid up with a nominal value of CHF0.02 each

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5. Andreas Casutt is to resign as a director of ARYZTA immediately following the Merger becoming effective.

6. Philipp Haas is to resign as a director of ARYZTA immediately following the Merger becoming effective.

## PART 6.

### INFORMATION ON ARYZTA SHARES

The rights attached to ARYZTA Shares, as compared to the rights attaching to shares in an Irish incorporated company, are substantially the following:

#### Voting Rights

Under Irish law the voting rights attaching to shares are typically contained in a company's articles of association but in the absence of any such provisions each member is entitled to one vote in respect of each share held. Such vote may be exercised either in person or by validly appointed proxy. Certain actions required to be taken by a company will require the approval of its shareholders pursuant to an ordinary or special resolution with the type of resolution required dependent upon the action proposed to be taken. An ordinary resolution requires the approval of a majority of the votes cast by shareholders present and voting in person or in proxy at the meeting with a special resolution requiring the approval of seventy five per cent. of the votes cast by shareholders present and voting.

The ARYZTA Articles provide that each share is entitled to one vote at a shareholders' meeting. The ARYZTA Articles further provide that the voting rights may only be exercised by the holder of the shares as recorded in ARYZTA's share register. Proxies of shareholders are entitled to attend shareholders' meetings and exercise all rights of the shareholders who they are representing at such meeting.

The shareholders' meeting passes resolutions and carries out elections by way of an absolute majority of voting rights represented, save to the extent that Swiss law or the ARYZTA Articles provides otherwise.

In general, ordinary resolutions must be approved by at least a majority of the voting rights represented at a shareholders' meeting. Such a majority is required for all resolutions, examples of which are provided below, except where mandatory law or the ARYZTA Articles require a Qualified Majority Vote (as defined below):

- to adopt and amend the articles of association;
- to elect and/or reappoint the members of the Board of Directors and the Auditors;
- to approve the annual report and the annual accounts as well as to pass resolutions regarding the allocation of profits as shown on the balance sheet, and in particular to determine the amount of dividends payable;
- to sanction the action of the Board of Directors with respect to their actions (which are known to the shareholders) taken during the preceding financial year, the effect of which will be to prevent a shareholder who did not vote against such a resolution from bringing a directors liability claim against any of the directors;
- to pass resolutions regarding issues which are reserved to the shareholders' general meeting by law or by the ARYZTA Articles or which are presented to it for consideration by the Board of Directors.

A resolution of the shareholders' meeting passed by at least two thirds of the voting rights represented at the meeting and representing an absolute majority of the par value of the shares represented at the meeting ("**Qualified Majority Vote**") is required for the following extraordinary matters:

- an alteration of the purpose(s) of the company;
- the creation of shares with increased voting rights;
- the implementation of restrictions on the transfer of registered shares and the removal of such restrictions;
- the authorised or conditional increase of the share capital;
- the increase of the share capital out of equity, against contribution in kind, or for the purpose of an acquisition of assets and the granting of special benefits;
- the restriction or suspension of pre-emptive rights;
- a change of the domicile of the company;

- the dissolution of the company;
- the conversion of registered shares into bearer shares;
- certain matters referred to in the Merger Act;
- any change to the matters referred to above.

As the ARYZTA Articles provide that each share carries one vote, ARYZTA may, by amendment of its articles of association, issue shares with a lower par value, thereby creating a special class of shares with privileged voting rights. The par value of such shares may not be less than 10 per cent. of the par value of the issued common shares. If shares with privileged voting rights are to be issued and/or pre-emption rights of existing shareholders with respect to the issuance of such shares are to be waived or restricted, the respective resolutions are subject to a Qualified Majority Vote at a general meeting of shareholders.

### **Pre-emptive Rights**

Under Irish law an Irish company is not permitted to allot shares in the capital of a company whose participation in the property/assets of the company on a distribution or winding up are not subject to a specified limit (“**Equity Shares**”) for cash unless such shares are first offered to existing shareholders of the company on a proportional basis to their existing holding. Any disapplication of such statutory pre-emption right requires a special resolution of shareholders (i.e. 75 per cent. of the votes cast).

According to the Swiss Code of Obligations, the issuance of (i) voting or non-voting shares, or (ii) bonds or similar debt instruments, which are connected with conversion or option rights is subject to prior approval of shareholders at a shareholders’ meeting. In addition, such securities must first be offered to the existing equity shareholders in proportion to the respective nominal values of their holdings. Shareholders may, in general meeting, but only for valid reasons and subject to a Qualified Majority Vote, withdraw or restrict such pre-emption rights or authorise the board of directors of the company to do so. Valid reasons for the withdrawal of pre-emptive rights are, in particular, the takeover of an enterprise, or parts thereof, the acquisition of participations, and the creation of shares for employee participation in the company. No shareholder may be advantaged or disadvantaged by such withdrawal without valid reason.

### **Dividend Rights**

Under Irish law, a member of a company has no automatic right to receive a dividend but once declared due and payable a dividend becomes a debt owing to the shareholder from the company. A board of directors of a company may declare an interim dividend but a final dividend requires the approval of shareholders in general meeting.

Under Swiss law, the board of directors may propose that a dividend be paid out, but cannot resolve to pay a dividend itself. Only the ordinary general meeting of shareholders can resolve to pay a dividend. Consequently, Swiss law does not provide for the payment of interim dividends. Dividends may only be paid out of the audited balance sheet profit or out of reserves created for this purpose. Payments out of share capital are not allowed and interest may not be paid on the share capital. In this respect, the share capital includes share premiums (ie the excess of the consideration for the issue of shares over the aggregate nominal share capital, if any).

Prior to the distribution of dividends, 5 per cent. of the annual profits must be allocated to the general reserve until the amount of general reserves has reached 20 per cent. of the paid-in nominal share capital. The articles of association can provide for a higher general reserve or for the creation of further reserves setting forth their purpose and use. The ARYZTA Articles do not provide for such additional reserves.

ARYZTA’s first annual accounts shall be made up to 31 July 2009. The annual (ordinary) general meeting must be held within six months following the end of a financial year for the purpose of approving the annual financial statements and the annual report. Consequently, the first dividends attached to the ARYZTA Shares, if any, are expected to be declared in respect of the financial year ended 31 July 2009. ARYZTA dividends will be declared in Swiss Francs and paid in Euro and Swiss Francs.

## **Information Rights**

Under Irish law a member of an Irish incorporated company has certain statutory rights to information which cannot be disapplied by the company's articles of association. In addition, a member has a right to inspect the company's share register.

Under Swiss law a company is obliged to keep a share register of registered shares in which the owners and usufructuaries shall be entered with names and addresses. Usufructuaries are not the legal owners of such shares but have the right to vote and dividend rights with respect to such shares. Such shareholding arrangements are common in Swiss companies. Shareholders have a right to inspect the share register only with regard to their own shareholdings and otherwise only to the extent necessary for exercising their shareholder rights. No other person has a right to inspect the share register. No share register is required to be kept with regard to bearer shares.

The company books and correspondence of a Swiss company may only be inspected with the express authorisation of the shareholders' meeting or by resolution of the board of directors and subject to the protection of business secrets.

At a general meeting of shareholders, any shareholder is entitled to request information from the board of directors concerning the business of the company. Shareholders may also question the auditors with regard to the audit of the company. The board of directors and the auditors, respectively, have to answer shareholders' questions to the extent necessary for the exercise of shareholders' rights and subject to a requirement to safeguard business secrets or other material interests of the company.

In addition, if the shareholders' inspection and information rights prove to be insufficient, each shareholder may propose to the shareholders' meeting that specific facts be examined by a special commissioner in a special inspection. If the shareholders' meeting approves the proposal, the company or any shareholder may, within thirty days from the shareholders' meeting, request the court in the canton in which the company is domiciled to appoint a special commissioner. If the shareholders' meeting rejects the request, one or more shareholders representing at least 10 per cent. of the share capital or shares having an aggregate nominal value of at least CHF 2 million may request that the court appoint a special commissioner. The court will issue such order if the petitioners can prima facie show that the board of directors, any member thereof or an officer of the company infringed the law or the articles of association and damaged the company or the shareholders. The costs of the investigation are generally allocated to the company and only in exceptional cases to the petitioner(s).

Under Swiss law, notice of a shareholder meeting must be accompanied by: (i) the items on the agenda; and (ii) the proposals of the board of directors or the proposals of the shareholders who have requested the holding of a general meeting or the inclusion of an item in the agenda. If the company proposes to the shareholders that a member of its corporate body, typically the chairman of the meeting, acts as proxy for a general meeting of shareholders, it shall also designate an independent person who may be mandated as a proxy by the shareholders. No later than 20 days prior to the ordinary general meeting of shareholders, the annual business report and the auditor's report must be made available for inspection at the company's registered office. Any shareholder may request that a copy of these documents be immediately sent to him. Furthermore, any shareholder has the right to inspect the minutes of general meetings and resolutions voted on at those meetings.

### **Right to call a shareholders' meeting and to put items in the agenda**

Under Irish law shareholders holding a minimum of 10 per cent of the issued share capital of the company may requisition the directors to convene a general meeting of the company and the directors may not refuse such requisition.

Under Swiss law, one or more shareholders representing together at least 10 per cent of share capital may request the calling of a general meeting. Shareholders representing shares with an aggregate nominal value of at least one million Swiss francs may request that a specific item be put on the agenda of the general shareholders' meeting.

The ARYZTA Articles provide that extraordinary general meetings shall be convened by the ARYZTA Board within 2 months if shareholders representing at least 10 per cent of the share capital request such meeting in writing, setting forth the items to be discussed and the proposals to be decided upon. Shareholders who together hold at least 10 per cent of the issued share capital of ARYZTA may demand that certain items be put on the agenda. Such demands shall be in writing and shall specify the items and the proposals. They have to be submitted to the Chairman of the company at least 45 days before the date of the general meeting.

### **Legal actions pertaining to shareholders**

A minority shareholder in an Irish company will only in very limited circumstances have a right to bring a case in his own name on behalf of the company as the Irish courts will apply the principle that the proper person to bring an action in relation to an alleged wrong against the company is the company itself as a legal entity rather than any individual shareholder.

Under Swiss law, each shareholder is entitled to file an action for damage caused to the company. If the shareholder, based upon the factual and legal situation, had sufficient cause to file an action, the judge has discretion to divide the costs incurred between the plaintiff and the company.

Furthermore, the board of directors and any shareholder may, within two months after the general meeting of shareholders, take legal action against a Swiss company to challenge resolutions of the general meeting of shareholders which violate the law or the articles of incorporation. In particular, resolutions are challengeable which:

1. withdraw or limit shareholders' rights thereby violating the law or the articles of incorporation;
2. withdraw or limit shareholders' rights without proper reason;
3. discriminate against or disadvantage shareholders in a manner not justified by the objects of the company purpose;
4. withdraw the business purpose profit orientation of the company without the consent of all shareholders.

A judgment annulling a resolution of the general meeting is binding both in favour of and against all shareholders.

Pursuant to art. 736 section 4 of the Swiss Code of Obligations, a Swiss company is dissolved by decision of the judge if shareholders holding together at least 10 per cent. of the issued share capital request dissolution for valid reasons. Instead of dissolution, the judge may decide on another appropriate solution in the circumstances and acceptable to the interested parties. However, it is unclear what "other appropriate solution" a court may impose as there is no existing judicial precedent in this regard. In addition, it is unlikely that a listed company such as ARYZTA would be dissolved based on art. 736 section 4 CO since a shareholder of a listed company always has the option to sell its shares.

### **Rights on Winding Up**

On a solvent liquidation of a Swiss company (ie where a company is able to pay its debts as they fall due), once the creditors and expenses of the liquidator have been paid, shareholders are entitled to receive the amount paid up on the shares held by them and any surplus is distributed among shareholders in proportion to their shareholding interests, unless the articles of association provide otherwise. In the case of an insolvent liquidation (ie where the company is unable to pay its debts as they fall due) its shareholders will have no obligation to contribute to any outstanding debts of the company other than an obligation to contribute to the company any amount unpaid in respect of shares held by them.

The same rights apply under Irish law.

## **PART 7.**

### **INFORMATION ON HIESTAND MERGER**

The Hiestand Merger will be effected pursuant to the Business Combination Agreement and Hiestand Merger Agreement. Under the Business Combination Agreement, Hiestand together with IAWS and ARYZTA have agreed to combine their companies in a process in which ARYZTA shall acquire all the shares in IAWS under the Scheme contemporaneously with the Hiestand Merger. This agreement sets out the basis upon which the contemplated transactions are to be implemented.

Under the Hiestand Merger Agreement, ARYZTA, acting as acquiring company, shall absorb Hiestand, acting as transferring company. Hiestand Shareholders, except for IAWS or any subsidiaries of IAWS holding Hiestand Shares, shall receive ARYZTA Shares contemporaneously with the Scheme becoming effective and the listing of ARYZTA on the Irish Stock Exchange and the SWX Swiss Exchange. The value of the ARYZTA Shares to be issued to Hiestand Shareholders (other than IAWS or any subsidiary of IAWS) will comply with the minimum price requirement under the Swiss Stock Exchange Act.

The Hiestand Merger is subject to the following conditions: (a) receipt of the Competition Approvals, (b) shareholder approval, by the relevant shareholder threshold, at the general meetings of ARYZTA and Hiestand, (c) sanction of the Scheme by the Court, (d) approval of the listing of the ARYZTA Shares on the Irish Stock Exchange and the SWX Swiss Exchange and (e) the passing of certain resolutions by ARYZTA at the ARYZTA EGM.

The Hiestand Merger Agreement terminates if the Merger and the Scheme are not completed by October 31 2008.

During the thirty day period prior to the Hiestand and ARYZTA EGMs, the Hiestand and ARYZTA Shareholders shall be entitled to review the Hiestand Merger Agreement, the merger report prepared by the Boards of Hiestand and ARYZTA, the merger review prepared by KPMG AG, Badenerstrasse 172, CH-8004 Zurich, Switzerland (being the auditor of Hiestand) and the financial statements of Hiestand for the last three years preceding the Merger. These documents are made available for the purpose of providing all necessary information to Hiestand and ARYZTA shareholders under Swiss law.

The Hiestand Shareholders must approve the Hiestand Merger by resolution at the Hiestand EGM passed by at least two thirds of the votes present at the Hiestand EGM representing a majority of the par value of the Hiestand Shares held by the Hiestand Shareholders voting at the Hiestand EGM. ARYZTA Shareholders must also approve the Hiestand Merger Agreement as well as resolve to increase ARYZTA share capital upon consummation of the Merger from CHF 1,541,610.48 by CHF 37,198.72 to CHF 1,578,809.20 through the issue of 1,859,936 registered shares with a par value of CHF 0.02 each. Hiestand Shares shall be exchanged for ARYZTA Shares so that Hiestand Shareholders (other than IAWS or any subsidiary of IAWS) will receive thirty six ARYZTA Shares for each Hiestand Share held by them. ARYZTA will facilitate this exchange by the repurchase of 4,999,900 treasury shares which it will buy back from IAWS prior to the completion of the Scheme and the issue of the new ARYZTA Shares created pursuant to the capital increase. The Merger shall be deemed to be consummated as soon as the relevant entries in the commercial register have been made. The applications for the commercial register entries shall be made no later than either two Business Days following the approval of the Hiestand Merger at the Hiestand EGM and the ARYZTA EGM or if not all of the conditions referred to above have been met or waived at that time, not later than ten Business Days after fulfilment of the last condition which has been not fulfilled or waived where possible.

Unaudited pro forma condensed financial information in relation to the Enlarged Group following completion of the Hiestand Merger and the Scheme is contained at Part 8 Section C of this document.

## **PART 8.**

### **A. FINANCIAL INFORMATION RELATING TO ARYZTA**

ARYZTA is a Swiss incorporated company which was incorporated under the name of ANPHI Holding AG on 4 April 2008. Details of the directors of ARYZTA are contained at Part 5. ARYZTA has not traded since the date of its incorporation nor has it entered into any obligations other than in connection with the Scheme and further details of such obligations are contained in paragraph 6(a) of Part 9 of this document.

The financial statements on the Company will be presented in euro, which is the functional currency of the Company.

Transactions in currencies different to the functional currency of operations are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and monetary liabilities denominated in foreign currencies are retranslated into the functional currency at the rate of exchange at the balance sheet date. All translation differences are taken to the income statement.

At the date of incorporation, being 4 April 2008, the authorised share capital was 100,000 registered shares of CHF1.00 each, of which 100,000 registered shares were fully paid. The Company recorded the shares and the cash subscribed for those shares using the euro: CHF exchange rate on that date of CHF1.00 : €0.632. This resulted in a cash balance and issued share capital balance of €63,200 on incorporation.

The Company's cash is held in a Swiss franc bank account. Recording the euro value of the cash at 31 May 2008 using an exchange rate of CHF1.00 : €0.615 (being the exchange rate applicable on that date) gives a cash balance of €61,500. The resultant unrealised exchange loss due to movements in the Swiss franc to euro exchange rate, totalling €1,700, would be recorded as a finance expense in the income statement.

On 10 June 2008 ANPHI Holding AG changed its name to ARYZTA AG and the authorised share capital was sub divided into 5 million registered shares of CHF0.02 each.



## **PART 8.**

### **B. FINANCIAL INFORMATION RELATING TO IAWS GROUP PLC**

This Part 8 Section B contains:

- Section I: Unaudited consolidated interim results relating to IAWS for the six months ended 31 January 2008.
- Section II: Historical consolidated financial information relating to IAWS for the two years ended 31 July 2007.
- Section III: Historical consolidated financial information relating to IAWS for the two years ended 31 July 2006.

## SECTION I

### UNAUDITED CONSOLIDATED INTERIM RESULTS RELATING TO IAWS GROUP PLC FOR THE SIX MONTHS ENDED 31 JANUARY 2008

The financial information presented in this Part 8 Section B Subsection I, has been extracted without material adjustment from pages 7 to 20 of the Interim Results Announcement of IAWS Group plc. The financial information has been prepared in accordance with the accounting policies set out in the IAWS Group plc consolidated financial statements for the year ended 31 July 2007 which were prepared in accordance with International Financial Reporting Standards as endorsed by the European Commission. The Interim Results Announcement of IAWS Group plc was published on 10 March 2008.

#### IAWS Group plc

##### Consolidated interim income statement

for the six months ended 31 January 2008

	<i>Six months ended 31 January 2008 €'000 (Unaudited)</i>	<i>Six months ended 31 January 2007 €'000 (Unaudited)</i>	<i>Year ended 31 July 2007 €'000 (Audited)</i>
Revenue	1,127,473	838,456	1,907,619
Cost of sales	(842,277)	(645,611)	(1,416,507)
<b>Gross profit</b>	<b>285,196</b>	<b>192,845</b>	<b>491,112</b>
Distribution, administration and other expenses	(202,987)	(135,503)	(344,664)
<b>Operating profit before amortisation and exceptional items</b>	<b>82,209</b>	<b>57,342</b>	<b>146,448</b>
Intangible amortisation	(9,241)	(6,757)	(15,927)
Exceptional items	—	—	22,732
<b>Operating profit</b>	<b>72,968</b>	<b>50,585</b>	<b>153,253</b>
Share of profit of associates and joint venture	13,382	12,998	26,656
<b>Profit before financing costs</b>	<b>86,350</b>	<b>63,583</b>	<b>179,909</b>
Financing costs	(17,132)	(14,297)	(30,099)
<b>Profit before tax</b>	<b>69,218</b>	<b>49,286</b>	<b>149,810</b>
Income tax	(10,262)	(6,491)	(26,337)
<b>Profit for the period</b>	<b>58,956</b>	<b>42,795</b>	<b>123,473</b>

	<i>Six months ended 31 January 2008 €'000 (Unaudited)</i>	<i>Six months ended 31 January 2007 €'000 (Unaudited)</i>	<i>Year ended 31 July 2007 €'000 (Audited)</i>
Attributable as follows:			
Equity shareholders	55,658	42,664	122,995
Minority interest	3,298	131	478
	<u>58,956</u>	<u>42,795</u>	<u>123,473</u>
<b>Earnings per share for the period</b>			
<i>Basic – adjusted</i>			
Excluding amortisation and exceptional items	49.08c	37.62c	95.34c
<i>Diluted – adjusted</i>			
Excluding amortisation and exceptional items	48.37c	37.15c	94.17c
<i>Basic</i>			
Including amortisation and exceptional items	43.83c	33.78c	97.22c
<i>Diluted</i>			
Including amortisation and exceptional items	43.18c	33.36c	96.04c
<b>Dividend per ordinary share</b>	8.64c	7.51c	15.31c

**Consolidated interim balance sheet**  
as at 31 January 2008

	<i>31 January</i> 2008 €'000 (Unaudited)	<i>31 January</i> 2007 €'000 (Unaudited)	<i>31 July</i> 2007 €'000 (Audited)
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	427,151	349,679	356,493
Investment properties	192,418	—	165,473
Goodwill	529,846	563,226	531,340
Intangible assets	274,585	273,203	253,141
Investments in associates and joint venture	160,399	160,720	169,005
Other investments	201	206	204
Deferred tax assets	16,090	8,713	14,689
<b>Total non current assets</b>	<u>1,600,690</u>	<u>1,355,747</u>	<u>1,490,345</u>
<b>Current assets</b>			
Inventory	194,194	143,137	137,646
Trade and other receivables	280,923	244,077	240,451
Derivative financial instruments	—	1,789	734
Cash and cash equivalents	138,476	107,841	86,059
<b>Total current assets</b>	<u>613,593</u>	<u>496,844</u>	<u>464,890</u>
<b>TOTAL ASSETS</b>	<u><u>2,214,283</u></u>	<u><u>1,852,591</u></u>	<u><u>1,955,235</u></u>

	<i>31 January 2008 €'000 (Unaudited)</i>	<i>31 January 2007 €'000 (Unaudited)</i>	<i>31 July 2007 €'000 (Audited)</i>
<b>EQUITY</b>			
Called up share capital	39,169	37,941	38,174
Share premium	57,956	54,022	57,001
Retained earnings and other reserves	650,224	437,927	620,922
<b>Total equity attributable to equity shareholders of parent</b>	<b>747,349</b>	<b>529,890</b>	<b>716,097</b>
Minority interest	53,840	2,705	50,631
<b>TOTAL EQUITY</b>	<b>801,189</b>	<b>532,595</b>	<b>766,728</b>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Interest bearing loans and borrowings	680,436	422,112	527,684
Employee benefits	24,023	9,666	8,705
Deferred government grants	4,281	2,919	2,929
Other payables	488	1,181	350
Deferred tax liabilities	148,369	136,125	147,041
Provisions	49,013	46,844	45,089
<b>Total non current liabilities</b>	<b>906,610</b>	<b>618,847</b>	<b>731,798</b>
<b>Current liabilities</b>			
Interest bearing borrowings	40,888	375,039	37,958
Trade and other payables	417,071	304,644	383,065
Corporation tax payable	39,429	20,522	31,741
Derivative financial instruments	4,302	944	3,945
Provisions	4,794	—	—
<b>Total current liabilities</b>	<b>506,484</b>	<b>701,149</b>	<b>456,709</b>
<b>TOTAL LIABILITIES</b>	<b>1,413,094</b>	<b>1,319,996</b>	<b>1,188,507</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>2,214,283</b>	<b>1,852,591</b>	<b>1,955,235</b>

**Consolidated interim cash flow statement**  
for the six months ended 31 January 2008

	<i>Six months ended 31 January 2008 €'000 (Unaudited)</i>	<i>Six months ended 31 January 2007 €'000 (Unaudited)</i>	<i>Year ended 31 July 2007 €'000 (Audited)</i>
<b>Cash flows from operating activities</b>			
Profit before tax	69,218	49,286	149,810
Financing costs, net	17,132	14,297	30,099
Share of profits of associates and joint venture	(13,382)	(12,998)	(26,656)
Depreciation of property, plant and equipment	16,617	15,755	33,451
Amortisation of intangible assets	9,241	6,757	15,927
Amortisation of government grants	(82)	(91)	(79)
Employee share-based payment charge	5,827	1,317	6,007
Exceptional items	—	—	(22,732)
Other	—	476	(1,836)
	<hr/>	<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>	104,571	74,799	183,991
Increase in inventory	(52,293)	(24,569)	(22,740)
(Increase)/decrease in trade and other receivables	(33,131)	18,863	14,241
Increase/(decrease) in trade and other payables	36,355	(46,983)	11,814
	<hr/>	<hr/>	<hr/>
<b>Cash generated from operating activities</b>	55,502	22,110	187,306
Interest paid	(15,799)	(12,710)	(29,547)
Income tax paid	(4,863)	(2,845)	(9,371)
	<hr/>	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<u>34,840</u>	<u>6,555</u>	<u>148,388</u>

	<i>Six months ended 31 January 2008 €'000 (Unaudited)</i>	<i>Six months ended 31 January 2007 €'000 (Unaudited)</i>	<i>Year ended 31 July 2007 €'000 (Audited)</i>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment	156	203	1,912
Purchase of property, plant and equipment			
— Ongoing	(7,126)	(5,730)	(11,710)
— New investments	(58,550)	(32,216)	(89,007)
Purchase of investment properties	(12,945)	—	—
Acquisition of subsidiaries, businesses and associates, net of cash acquired	(54,689)	(463,378)	(442,449)
Proceeds from disposal of business	—	—	1,031
Purchase of intangible assets	—	—	(12,984)
Cash received on dilution of Origin Enterprises plc, net	—	—	97,521
Insurance proceeds, net	—	—	6,118
Dividends received	8,377	7,928	18,000
Purchase of minority interest	—	(951)	(857)
Deferred consideration paid	(1,000)	(2,109)	(3,571)
Other	—	—	5
<b>Net cash flow from investing activities</b>	<b>(125,777)</b>	<b>(496,253)</b>	<b>(435,991)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital	1,950	2,208	5,420
Drawdown of loan capital	142,819	499,659	277,528
Capital element of finance lease liabilities	(410)	(181)	(363)
Equity dividends paid	—	—	(18,089)
Receipt from derivative financial instrument	—	—	1,343
<b>Net cash flow from financing activities</b>	<b>144,359</b>	<b>501,686</b>	<b>265,839</b>
<b>Net increase in cash and cash equivalents</b>	<b>53,422</b>	<b>11,988</b>	<b>(21,764)</b>
Translation adjustment	(3,927)	1,034	470
Cash and cash equivalents at start of period	48,504	69,798	69,798
<b>Cash and cash equivalents at end of period</b>	<b>97,999</b>	<b>82,820</b>	<b>48,504</b>

**Consolidated interim statement of changes in equity**  
for the six months ended 31 January 2008

	<i>Six months ended 31 January 2008 €'000 (Unaudited)</i>	<i>Six months ended 31 January 2007 €'000 (Unaudited)</i>	<i>Year ended 31 July 2007 €'000 (Audited)</i>
<b>At beginning of period</b>	766,728	480,736	480,736
<b>Changes in equity for the period</b>			
Foreign exchange translation adjustment	(36,869)	4,859	(4,063)
Group defined benefit schemes	(13,709)	100	12,594
Deferred tax on defined benefit pension scheme	1,774	240	(1,095)
Losses relating to cash flow hedges	(1,413)	773	(1,952)
Deferred tax effect of cash flow hedges	(171)	—	712
Revaluation of investment properties	—	—	140,129
Deferred tax on revaluation of investment properties	—	—	(25,502)
Profit for the period attributable to equity holders	58,956	42,795	123,473
Net revaluation of previously held interest in associate	18,116	—	—
Share of associates' other reserve movements	—	(97)	1,684
	<hr/>	<hr/>	<hr/>
<b>Total recognised income and expense</b>	26,684	48,670	245,980
Total recognised income and expense attributable to minority interests	(3,209)	(131)	(1,047)
	<hr/>	<hr/>	<hr/>
<b>Total recognised income and expense attributable to equity shareholders</b>	23,475	48,539	244,933
Issue of shares	1,950	2,208	5,420
Increase in employee share-based payments reserve	5,827	1,317	6,007
Dividends paid	—	—	(18,089)
	<hr/>	<hr/>	<hr/>
<b>Total changes in equity attributable to equity shareholders</b>	31,252	52,064	238,271
Movement in minority interest	3,209	(205)	47,721
	<hr/>	<hr/>	<hr/>
<b>Total change in equity for the period</b>	34,461	51,859	285,992
	<hr/>	<hr/>	<hr/>
<b>At end of period</b>	<u>801,189</u>	<u>532,595</u>	<u>766,728</u>



## Notes to the consolidated interim financial information

for the six months ended 31 January 2008

### 1 International Financial Reporting Standards

#### Basis of preparation

The interim financial information has been prepared in accordance with the accounting policies set out in the Group's consolidated financial statements for the year ended 31 July 2007 which were prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Commission.

The consolidated interim financial information is presented in euro, rounded to the nearest thousand, which is the functional currency of the parent and majority of the Group's operations.

### 2 Segment information

#### (a) Segmental revenue and result

	FOOD – EUROPE			FOOD – NORTH AMERICA			ORIGIN			TOTAL		
	6 months ended	6 months ended	Year ended	6 months ended	6 months ended	Year ended	6 months ended	6 months ended	Year ended	6 months ended	6 months ended	Year ended
	31/01/08 €'000	31/01/07 €'000	31/07/07 €'000	31/01/08 €'000	31/01/07 €'000	31/07/07 €'000	31/01/08 €'000	31/01/07 €'000	31/07/07 €'000	31/01/08 €'000	31/01/07 €'000	31/07/07 €'000
Segment revenue	351,447	317,839	649,125	229,614	145,693	369,131	546,412	374,924	889,363	1,127,473	838,456	1,907,619
Profit from operations before amortisation and exceptional items	34,726	30,948	66,576	27,242	14,538	41,745	20,241	11,856	38,127	82,209	57,342	146,448
Intangible amortisation	(3,589)	(3,425)	(6,882)	(4,865)	(2,970)	(8,248)	(787)	(362)	(797)	(9,241)	(6,757)	(15,927)
Exceptional items	—	—	(3,683)	—	—	(2,783)	—	—	1,146	—	—	(5,320)
Exceptional items, unallocated	—	—	—	—	—	—	—	—	—	—	—	28,052
<b>Operating profit</b>	<b>31,137</b>	<b>27,523</b>	<b>56,011</b>	<b>22,377</b>	<b>11,568</b>	<b>30,714</b>	<b>19,454</b>	<b>11,494</b>	<b>38,476</b>	<b>72,968</b>	<b>50,585</b>	<b>153,253</b>
Share of profit of associates and joint venture	4,784	4,012	7,209	7,656	7,166	15,773	942	1,820	3,674	13,382	12,998	26,656
<b>Profit before financing costs</b>	<b>35,921</b>	<b>31,535</b>	<b>63,220</b>	<b>30,033</b>	<b>18,734</b>	<b>46,487</b>	<b>20,396</b>	<b>13,314</b>	<b>42,150</b>	<b>86,350</b>	<b>63,583</b>	<b>179,909</b>

#### (b) Segmental assets

	FOOD – EUROPE			FOOD – NORTH AMERICA			ORIGIN			TOTAL		
	31/01/08	31/01/07	31/07/07	31/01/08	31/01/07	31/07/07	31/01/08	31/01/07	31/07/07	31/01/08	31/01/07	31/07/07
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Segment assets												
excluding investments in associates and joint venture	656,333	521,771	565,040	668,001	770,952	715,193	574,783	280,599	404,311	1,899,117	1,573,322	1,684,544
Investments in associates and joint venture	82,428	78,571	77,777	62,481	60,776	64,707	15,490	21,373	26,521	160,399	160,720	169,005
<b>Segment assets</b>	<b>738,761</b>	<b>600,342</b>	<b>642,817</b>	<b>730,482</b>	<b>831,728</b>	<b>779,900</b>	<b>590,273</b>	<b>301,972</b>	<b>430,832</b>	<b>2,059,516</b>	<b>1,734,042</b>	<b>1,853,549</b>
<b>Reconciliation to total assets as reported in Group balance sheet</b>												
Listed investments										201	206	204
Derivative financial instruments										—	1,789	734
Cash and cash equivalents										138,476	107,841	86,059
Deferred tax assets										16,090	8,713	14,689
<b>Total assets as reported in Group balance sheet</b>										<b>2,214,283</b>	<b>1,852,591</b>	<b>1,955,235</b>

#### (c) Segmental liabilities

	FOOD – EUROPE			FOOD – NORTH AMERICA			ORIGIN			TOTAL		
	31/01/08	31/01/07	31/07/07	31/01/08	31/01/07	31/07/07	31/01/08	31/01/07	31/07/07	31/01/08	31/01/07	31/07/07
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Segment liabilities	213,424	181,184	203,768	106,313	80,489	104,899	179,933	103,581	131,471	499,670	365,254	440,138
<b>Reconciliation to total liabilities as reported in Group balance sheet</b>												
Interest bearing loans and borrowings										721,324	797,151	565,642
Derivative financial instruments										4,302	944	3,945
Income tax and deferred tax liabilities										187,798	156,647	178,782
<b>Total liabilities as reported in Group balance sheet</b>										<b>1,413,094</b>	<b>1,319,996</b>	<b>1,188,507</b>

### 3 Earnings per share

	<i>6 months ended 31/01/08</i>	<i>6 months ended 31/01/07</i>	<i>Year ended 31/07/07</i>	<i>6 months ended 31/01/08 EPS (cent)</i>	<i>6 months ended 31/01/07 EPS (cent)</i>	<i>Year ended 31/07/07 EPS (cent)</i>
	€'000	€'000	€'000			
<b>Basic</b>						
Profit for the financial year	55,658	42,664	122,995	43.83	33.78	97.22
Amortisation of intangible assets	9,241	6,757	15,927	7.28	5.35	12.59
Amortisation of related deferred tax liability	(2,576)	(1,901)	(4,406)	(2.03)	(1.51)	(3.48)
<b>Exceptional items, net of tax</b>	—	—	(13,909)	—	—	(10.99)
<b>Adjusted earnings per share</b>	<u>62,323</u>	<u>47,520</u>	<u>120,607</u>	<u>49.08</u>	<u>37.62</u>	<u>95.34</u>
<b>Diluted</b>						
Profit for the financial year	55,658	42,664	122,995	43.40	33.36	96.06
Dilutive effect of equity entitlements in Origin on profit for the financial year	(282)	—	(31)	(0.22)	—	(0.02)
<b>Diluted earnings per share</b>	<u>55,376</u>	<u>42,664</u>	<u>122,964</u>	<u>43.18</u>	<u>33.36</u>	<u>96.04</u>
Amortisation of intangible assets	9,241	6,757	15,927	7.21	5.28	12.44
Amortisation of related deferred tax liability	(2,576)	(1,901)	(4,406)	(2.01)	(1.49)	(3.44)
Exceptional items, net of tax	—	—	(13,909)	—	—	(10.87)
Additional dilutive effect of equity entitlements in Origin on adjusted profit for the financial year	(17)	—	—	(0.01)	—	—
<b>Adjusted earnings per share</b>	<u><u>62,024</u></u>	<u><u>47,520</u></u>	<u><u>120,576</u></u>	<u><u>48.37</u></u>	<u><u>37.15</u></u>	<u><u>94.17</u></u>

The calculation of earnings per share is based on the weighted average number of shares in issue during the period of 126,995,921 (31 January 2007: 126,281,140). The weighted average number of shares used in the calculation of diluted earnings per share is 128,254,223 (31 January 2007: 127,901,501).

### 4 Acquisitions

During the period, Origin completed the acquisition of the remaining 50% interest in the Odlum Group (“Odlums”) that it did not previously own. On 1 February 2008, Origin also acquired Masstock Group Holdings Limited, a leading provider of integrated agronomy services in the UK.

During the year, Food Europe also acquired interests in complementary Lifestyle Foods businesses which do not have a material affect on the results of the Group.

## 5 Dividends

The Board has approved an interim dividend of 8.64c per share, an increase of 15 per cent on the 2007 interim dividend of 7.51c. It will be paid on 21 April 2008 to shareholders on the register on 11 April 2008.

## 6 Effect of exceptional items

	<i>Six months ended 31 January 2008 €'000</i>	<i>Six months ended 31 January 2007 €'000</i>	<i>Year ended 31 July 2007 €'000</i>
<b>Adjusted operating profit</b>			
Operating profit before financing	86,350	63,583	179,909
Intangible amortisation	9,241	6,757	15,927
Exceptional items	—	—	(22,732)
<b>Adjusted operating profit before financing and exceptional items</b>	<u>95,591</u>	<u>70,340</u>	<u>173,104</u>
<b>Adjusted profit before tax</b>			
Profit before tax	69,218	49,286	149,810
Intangible amortisation	9,241	6,757	15,927
Exceptional items	—	—	(22,732)
<b>Adjusted profit before tax and exceptional items</b>	<u>78,459</u>	<u>56,043</u>	<u>143,005</u>

## 7 Analysis of net debt

	<i>31 July 2007 €'000</i>	<i>Cashflow €'000</i>	<i>Arising on Acquisition €'000</i>	<i>Amortisation of loan costs €'000</i>	<i>Exchange Adjustment €'000</i>	<i>31 January 2008 €'000</i>
Cash	86,059	57,800	—	—	(5,383)	138,476
Overdrafts	(37,555)	(4,378)	—	—	1,456	(40,477)
<b>Cash and cash equivalents</b>	<u>48,504</u>	<u>53,422</u>	<u>—</u>	<u>—</u>	<u>(3,927)</u>	<u>97,999</u>
Loans	(525,502)	(142,819)	(30,772)	(364)	21,738	(677,719)
Finance leases:						
Current	(403)	418	(426)	—	—	(411)
Non-current	(2,182)	(8)	(527)	—	—	(2,717)
<b>Net debt</b>	<u>(479,583)</u>	<u>(88,987)</u>	<u>(31,725)</u>	<u>(364)</u>	<u>17,811</u>	<u>(582,848)</u>

## IAWS Group plc

### Statement of the directors in respect of the half year interim results

We confirm our responsibility for the half year interim results and that to the best of our knowledge:

- The condensed set of financial statements comprising the consolidated interim income statement, the consolidated interim balance sheet, the consolidated interim cash flow statement, the consolidated interim statement of changes in equity and the related notes have been prepared in accordance with IAS 34, *Interim Financial Reporting* as adopted by the EU;
- The review of operations includes a fair review of the information by:
  - (a) *Regulation 7(2) of the Transparency (Directive 2004/109/EC) Regulations 2007*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
  - (b) *Regulation 7(3) of the Transparency (Directive 2004/109/EC) Regulations 2007*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Group's auditor has not reviewed these half year interim results.

On behalf of the Board

10 March 2008

Owen Killian  
*Chief Executive Officer*

Patrick McEniff  
*Chief Financial Officer*

## SECTION II

### HISTORICAL CONSOLIDATED FINANCIAL INFORMATION RELATING TO IAWS GROUP PLC FOR THE TWO YEARS ENDED 31 JULY 2007

The financial information presented in this Part 8 Section B Subsection II, has been extracted without material adjustment from pages 35 to 93 of the Annual Report and Accounts for 2007 of IAWS Group plc. The financial information has been prepared in accordance with International Financial Reporting Standards and their interpretations issued by the International Accounting Standards Board as adopted by the European Union. The Annual Report and Accounts of IAWS Group plc were published on 24 September 2007.

#### Group income statement for the year ended 31 July 2007

		<i>Pre- exceptional 2007 €'000</i>	<i>Exceptional 2007 €'000</i>	<i>Total 2007 €'000</i>	<i>Pre- exceptional 2006 €'000</i>	<i>Exceptional 2006 €'000</i>	<i>Total 2006 €'000</i>
<b>Revenue</b>	1	1,907,619	—	1,907,619	1,557,305	—	1,557,305
Cost of sales		(1,416,507)	—	(1,416,507)	(1,204,238)	—	(1,204,238)
<b>Gross profit</b>		491,112	—	491,112	353,067	—	353,067
Operating costs, net	2	(344,664)	22,732	(321,932)	(241,252)	1,347	(239,905)
<b>Operating profit before amortisation of intangible assets</b>	1	146,448	22,732	169,180	111,815	1,347	113,162
Amortisation of intangible assets	14	(15,927)	—	(15,927)	(7,100)	—	(7,100)
<b>Operating profit</b>		130,521	22,732	153,253	104,715	1,347	106,062
Share of profit of associates and joint venture	6	26,656	—	26,656	25,653	—	25,653
<b>Profit before financing costs</b>		157,177	22,732	179,909	130,368	1,347	131,715
Financing income	3	6,609	—	6,609	4,964	—	4,964
Financing costs	3	(36,708)	—	(36,708)	(18,893)	—	(18,893)
<b>Profit before tax</b>		127,078	22,732	149,810	116,439	1,347	117,786
Income tax expense	9	(17,514)	(8,823)	(26,337)	(17,800)	(857)	(18,657)
<b>Profit for the financial year</b>		109,564	13,909	123,473	98,639	490	99,129
Attributable as follows:							
Equity shareholders				122,995			98,798
Minority interest	29			478			331
				123,473			99,129
Basic earnings per share	11			97.22c			78.68c
Diluted earnings per share	11			96.04c			77.77c

**Group statement of recognised income and expense  
for the year ended 31 July 2007**

	<i>Notes</i>	<i>2007</i> €'000	<i>2006</i> €'000
<b>Items of income and expense recognised directly in equity</b>			
Foreign exchange translation adjustment		(4,063)	(57)
Share of associates' foreign exchange translation adjustment		1,684	524
Actuarial gain on Group and associate defined benefit pension schemes		12,594	4,811
Deferred tax effect of actuarial gain		(1,095)	(469)
(Losses)/gains relating to cash flow hedges		(1,952)	174
Deferred tax effect of cash flow hedges		712	(40)
Revaluation gains on properties transferred to investment properties		140,129	—
Deferred tax effect of revaluation gains on properties transferred to investment properties		(25,502)	—
<b>Net income recognised directly in equity</b>		<u>122,507</u>	<u>4,943</u>
Profit for the financial year		<u>123,473</u>	<u>99,129</u>
<b>Total recognised income for the year</b>		<u><u>245,980</u></u>	<u><u>104,072</u></u>
<b>Attributable as follows:</b>			
Equity shareholders	28	244,933	103,720
Minority interest	29	1,047	352
<b>Total recognised income and expense for the year</b>		<u><u>245,980</u></u>	<u><u>104,072</u></u>

**Group balance sheet  
as at 31 July 2007**

	<i>Notes</i>	<i>2007</i> €'000	<i>2006</i> €'000
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	12	356,493	308,388
Investment properties	13	165,473	—
Goodwill and intangible assets	14	784,481	334,024
Investments in associates and joint venture	15	169,005	159,221
Other investments	16	204	203
Deferred tax assets	25	14,689	8,474
<b>Total non current assets</b>		<u>1,490,345</u>	<u>810,310</u>
<b>Current assets</b>			
Inventory	17	137,646	88,539
Trade and other receivables	18	240,451	206,178
Derivative financial instruments	23	734	1,532
Cash and cash equivalents	21	86,059	74,556
<b>Total current assets</b>		<u>464,890</u>	<u>370,805</u>
<b>TOTAL ASSETS</b>		<u><u>1,955,235</u></u>	<u><u>1,181,115</u></u>

	<i>Notes</i>	<i>2007</i> €'000	<i>2006</i> €'000
<b>EQUITY</b>			
Called up share capital	27	38,174	37,856
Share premium	28	57,001	51,899
Retained earnings and other reserves	28	620,922	388,071
		<hr/>	<hr/>
<b>Total equity attributable to equity shareholders of parent</b>		716,097	477,826
Minority interest	29	50,631	2,910
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		766,728	480,736
		<hr/>	<hr/>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Interest bearing loans and borrowings	22	527,684	285,945
Employee benefits	26	8,705	8,876
Deferred government grants	24	2,929	3,006
Other payables	19	350	345
Deferred tax liabilities	25	147,041	49,902
Provisions	20	45,089	28,878
		<hr/>	<hr/>
<b>Total non current liabilities</b>		731,798	376,952
		<hr/>	<hr/>
<b>Current liabilities</b>			
Interest bearing borrowings	22	37,958	5,136
Trade and other payables	19	383,065	299,570
Corporation tax payable		31,741	13,832
Derivative financial instruments	23	3,945	747
Provisions	20	—	4,142
		<hr/>	<hr/>
<b>Total current liabilities</b>		456,709	323,427
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		1,188,507	700,379
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		1,955,235	1,181,115
		<hr/> <hr/>	<hr/> <hr/>



**Group cash flow statement  
for the year ended 31 July 2007**

	<i>Notes</i>	<i>2007</i> €'000	<i>2006</i> €'000
<b>Cash flows from operating activities</b>			
Profit before tax		149,810	117,786
Financing costs, net		30,099	13,929
Share of profit of associates and joint venture		(26,656)	(25,653)
Exceptional items	2	(22,732)	(1,347)
Depreciation of property, plant and equipment	12	33,451	27,631
Amortisation of intangible assets	14	15,927	7,100
Amortisation of government grants	24	(79)	(354)
Employee share-based payment charge	8	6,007	1,550
Foreign exchange gains		(1,836)	(684)
Special pension contribution	26	—	(23,496)
		<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>		183,991	116,462
(Increase) in inventory		(22,740)	(84)
Decrease/(increase) in trade and other receivables		14,241	(32,124)
Increase in trade and other payables		11,814	21,189
		<hr/>	<hr/>
<b>Cash generated from operating activities</b>		187,306	105,443
Interest paid		(29,547)	(11,880)
Income tax paid		(9,371)	(11,583)
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		<u>148,388</u>	<u>81,980</u>

	<i>Notes</i>	<i>2007</i> €'000	<i>2006</i> €'000
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		1,912	4,448
Purchase of property, plant and equipment			
– ongoing		(11,710)	(7,910)
– new investments		(89,007)	(67,947)
Proceeds from disposal of business		1,031	—
Acquisition of subsidiaries and businesses, net of cash acquired		(442,449)	(2,644)
Purchase of intangible assets		(12,984)	—
Cash received on dilution of Origin Enterprises plc, net		97,521	—
Insurance proceeds, net		6,118	—
Disposal of other investments		—	655
Dividends received		18,000	19,118
Purchase of minority interest		(857)	(1,366)
Investments in associates and joint venture		—	(35,061)
Deferred consideration and acquisition costs paid		(3,571)	(3,988)
Other		5	(480)
<b>Net cash flow from investing activities</b>		<u>(435,991)</u>	<u>(95,175)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		5,420	8,539
Drawdown of loan capital		277,528	67,144
Capital element of finance lease liabilities		(363)	(20,453)
Equity dividends paid		(18,089)	(16,036)
Receipt from derivative financial instrument		1,343	—
<b>Net cash flow from financing activities</b>		<u>265,839</u>	<u>39,194</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		(21,764)	25,999
Translation adjustment		470	380
Cash and cash equivalents at start of year		69,798	43,419
<b>Cash and cash equivalents at end of year</b>	21	<u><u>48,504</u></u>	<u><u>69,798</u></u>

## **Group statement of accounting policies for the year ended 31 July 2007**

IAWS Group plc (the “**Company**”) is a company domiciled and incorporated in Ireland. The Group’s financial statements for the year ended 31 July 2007 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as the “**Group**”) and show the Group’s interest in associates and joint venture using the equity method of accounting.

The individual and Group financial statements of the Company were authorised for issue by the directors on 24 September 2007.

### **Statement of compliance**

As required by European Union (EU) law, the 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.

The IFRS adopted by the EU applied by the Group in the preparation of these financial statements are those that were effective at 31 July 2007.

The Group has not applied the following IFRS and International Financial Reporting Interpretations Committee (IFRIC) Interpretations that have been issued but are not yet effective. The directors have formed the opinion that the adoption of these pronouncements will not have a significant effect on the Group financial statements, except for IFRS 7, *Financial Instruments: Disclosures* and Amendment to IAS 1, *Capital disclosures*. Their likely impact is briefly outlined below:

- Amendment to IAS 1, *Capital disclosures* (effective for periods beginning on or after 1 January 2007). This amendment will require additional disclosures regarding the capital structure of the Group;
- IFRS 7, *Financial Instruments: Disclosure* (effective for periods beginning on or after 1 January 2007). This standard updates and extends disclosure requirements of IAS 32 and will require significant additional disclosures relating to risk management policies, processes and financial instruments;
- IFRIC 10, *Interim Financial Reporting and Impairment* (effective for periods beginning on or after 1 November 2006); and
- IFRIC 11, *IFRS 2: Group and Treasury Share Transactions* (effective for periods beginning on or after 1 March 2007).

### **Basis of preparation**

The Group financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: equity investments, investment properties, derivative financial instruments, pension obligations and share based payments. The financial statements are presented in euro, rounded to the nearest thousand, which is the functional currency of the parent and the majority of the Group’s operations.

The preparation of financial statements 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.

The areas involving a high degree of judgement, complexity, or areas where assumptions and estimates are significant to the Group financial statements, relate primarily to accounting for defined benefit pension schemes, financial instruments, share-based payments, provisions, intangible assets, goodwill impairment and deferred tax.

The accounting policies applied in the preparation of the financial statements for the years ended 31 July 2007 and 2006 are set out below and have been applied consistently over both years.

## **Basis of consolidation**

The Group financial statements reflect the consolidation of the results, assets and liabilities of the parent undertaking and all of its subsidiaries, together with the Group's share of profits/losses of associates and joint venture. 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 when control passes.

### ***Subsidiary undertakings***

Subsidiary undertakings are those entities over which the Group has the power to control the operating and financial policies so as to obtain economic benefit from their activities. The amounts included in these financial statements in respect of the subsidiaries are taken from their latest financial statements prepared up to the year end. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

### ***Associates and joint venture***

Associates are those entities in which the Group has a significant influence over, but not control of, the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. Joint ventures are those entities over whose operating and financial policies the Group exercises control jointly, under a contractual agreement, with one or more parties. Investments in joint ventures are accounted for using the equity method of accounting.

Under the equity method of accounting, the Group's share of the post-acquisition profits or losses of its associates and joint venture is recognised in the income statement. The income statement reflects, in profit before tax, the Group's share of profit after tax of its associates and joint venture in accordance with IAS 28, *Investments in Associates*, and IAS 31, *Interests in Joint Ventures*. The Group's interest in their net assets is included as investments in associates and joint venture in the Group balance sheet at an amount representing the Group's share of the fair value of the identifiable net assets at acquisition plus the Group's share of post acquisition retained income and expenses. The Group's investment in associates and joint venture includes goodwill on acquisition. The amounts included in these financial statements in respect of the post acquisition income and expenses of associates and joint venture are taken from their latest financial statements prepared up to their respective year ends together with management accounts for the intervening periods to the Group's year end. Where necessary, the accounting policies of associates and joint venture have been changed to ensure consistency with the policies adopted by the Group.

### ***Transactions eliminated on consolidation***

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the Group financial statements. Unrealised gains and income and expenses arising from transactions with associates and joint venture are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that they do not provide evidence of impairment.

## **Revenue**

Revenue represents the fair value of the sale of goods and services supplied to third parties, after deducting discounts and exclusive of value added tax. 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.

## **Segmental reporting**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographic segment), which is subject to risks and returns different from those of other segments.

The Group's primary format for segmental reporting is business segments and the secondary format is geographical segments. The risks and returns of the Group's operations are primarily determined by the different products that the Group sells rather than the geographical location of the Group's operations.

In September 2006, the Group established a new operating company creating a specialist focus around its original core Agri and non Lifestyle Foods businesses. The Group transferred these

operations to a new wholly owned subsidiary, Origin Enterprises plc (“**Origin**”). Accordingly, the Group has revised, in the current period, its three business segments which form the primary format for segmental reporting. These are now Food Europe, Food North America and Origin. The Group’s geographic segments are Europe and North America.

Segment assets and liabilities consist of property, plant and equipment, goodwill and intangible assets and other assets and liabilities that can be reasonably allocated to the reported segment. Unallocated assets and liabilities principally include current and deferred income tax balances together with financial assets and liabilities.

### **Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

### **Employee benefits**

#### ***Pension obligations***

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as the related employee service is received. The Group’s net obligation in respect of defined benefit pension plans is calculated, separately for each plan, by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group’s obligations. The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains and losses are recognised in the statement of recognised income and expense. Current and past service costs, interest on scheme liabilities and expected return on assets are recognised in the income statement.

#### ***Equity settled compensation***

During the year, the Group established both the “IAWS Long Term Incentive Plan 2006” (the “**IAWS Plan**”) and the “Origin Long Term Incentive Plan 2006” (the “**Origin Plan**”).

The “1997 Share Option Scheme” expired during the year. The Group continues to recognise a share based payments expense in respect of share options granted under the scheme in previous years.

All equity instruments granted under the IAWS Plan, the Origin Plan and the 1997 Share Option Scheme are equity settled share based payments as defined in IFRS 2, *Share-based Payment*. The fair value of equity instruments granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the equity instrument. The fair value of the equity instruments granted is measured using an approved model, taking into account the terms and conditions under which the equity instruments were granted. The plans and share option scheme are each subject to a non-market vesting condition and, therefore, the amount recognised as an expense is adjusted to reflect the actual number of equity instruments that vest.

#### ***Group Executive Incentive and Retention Plan***

The Group operates an incentive and retention plan for executives. The plan operates on an individual basis by providing contingent entitlement to a lump sum award referable to reckonable salary. Awards are applied through the purchase of shares in the Group to be held by a trustee for the benefit of individual participants for a 3 to 5 year period. The costs associated with the plan are written off to the income statement on a straight-line basis over the relevant period.

## **Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised in equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates and laws that have been enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. If the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss, it is not recognised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint venture, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recovered. Deferred income tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## **Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at the actual rates when the transactions occurred. Foreign exchange differences arising on translation of the net assets of a foreign operation are recognised directly in equity, in a translation reserve.

Exchange gains or losses on long term intra-group loans and on foreign currency borrowings, used to finance or provide a hedge against Group equity investments in non-euro denominated operations, are taken to the translation reserve to the extent that they are neither planned nor expected to be repaid in the foreseeable future or are expected to provide an effective hedge of the net investment. Any differences that have arisen since 1 August 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are recycled through the income statement on the repayment of the intra-group loan or on disposal of the related business.

## **Dividends**

Dividends are recognised in the period in which they are approved by the Company's shareholders, or in the case of an interim dividend, when it has been approved by the Board of Directors and paid.

## **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure including repairs and maintenance costs is recognised in the income statement as an expense as incurred.

Depreciation is calculated to write off the cost less estimated residual value of property, plant and equipment, other than freehold land and assets under construction, on a straight line basis, by reference to the following estimated useful lives:

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

The residual value of assets, if significant, and the useful life of assets is reassessed annually.

Gains and losses on disposals of property, plant and equipment are recognised on the completion of sale. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are included in operating profit.

### **Investment properties**

Investment property, principally comprising land, is held for capital appreciation. Investment property is stated at fair value. The fair value is based on market value, being the estimated amount for which a property could be exchanged in an arms length transaction. Any gain or loss arising from a change in fair value is recognised in the income statement. When property is transferred to investment property following a change in use, any difference arising at the date of transfer between the carrying amount of the property immediately prior to transfer and its fair value is recognised in equity if it is a gain. Upon disposal of the property, the gain would be transferred to retained earnings. Any loss arising in this manner, unless it represents the reversal of a previously recognised gain, would be recognised immediately in the income statement.

### **Leased assets**

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing loans and borrowings. The interest element of the payments is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under the finance lease is depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the lease term.

### **Goodwill**

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint venture. In respect of acquisitions that have occurred since 1 August 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, i.e. original cost less accumulated amortisation from the date of acquisition up to 31 July 2004, which represents the amount recorded under Irish GAAP. Goodwill is now stated at cost or deemed cost less any accumulated impairment losses. In respect of associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment.

### **Intangible assets**

Intangible assets acquired as part of a business combination are valued at their fair value at the date of acquisition. These generally include brand and customer related intangible assets.

Where intangible assets are separately acquired they are capitalised at cost. Intangible assets are amortised over the period of their expected useful lives in equal annual instalments. The expected useful lives of intangible assets range from 12 to 25 years.

Computer software that is not an integral part of an item of computer hardware is also classified as an intangible asset. These intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost comprises purchase price and other directly attributable costs. The expected useful life of computer software is 5 years.

### **Impairment**

The carrying amounts of the Group's assets, other than inventories (which are carried at the lower of cost and net realisable value), deferred tax assets (which are recognised based on recoverability), and those financial instruments, which are carried at fair value, are reviewed to determine whether there is an indication of impairment when an event or transaction indicates that there may be, except for

goodwill and long life intangibles. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount. Goodwill is tested for impairment annually.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the unit on a *pro rata* basis. An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **Other investments**

Other investments are recognised at the fair value of the consideration given inclusive of any acquisition charges arising.

#### **Inventory**

Inventory is stated at the lower of cost on a first in, first out basis and net realisable value. 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 inventory on hand less all further costs to completion and all costs expected to be incurred in marketing, distribution and selling.

#### **Trade and other receivables and payables**

Trade and other receivables and payables are stated at cost less impairments, which approximates fair value given the short-dated nature of these assets and liabilities.

Trade receivables are carried at original invoice amount less an allowance for uncollectible debts. Provision is made when there is objective evidence that the Group may not be in a position to collect the associated debts.

#### **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### **Financial assets and liabilities**

Set out below are the major methods and assumptions used in estimating the fair values of financial assets and liabilities.

##### ***Equity investments***

When market values are available, fair value is determined by reference to the bid market price for such investments without any deduction for transaction costs. When market values are not available, the fair values have been determined based on expected future cash flows at current interest rates and exchange rates.

##### ***Short term bank deposits and cash and cash equivalents***

For short term bank deposits and cash and cash equivalents with a remaining maturity of less than one year, the nominal amount is considered to approximate fair value.

##### ***Trade and other receivables/payables***

For receivables and payables with a remaining life of less than one year or demand balances, the nominal amount is considered to approximate fair value. All other receivables and payables are discounted to determine their fair value.



### ***Derivatives***

Forward currency contracts and interest rate swaps are marked to market using quoted market values.

### ***Interest bearing loans and borrowings***

For interest bearing loans and borrowings with a contractual repricing date of less than six months, the nominal amount is considered to approximate fair value. For loans with a repricing date of greater than one year, the fair value is calculated based on the expected future principal and interest cash flows, discounted at appropriate current market interest rates.

### ***Finance lease liabilities***

Fair value is based on the present value of future cash flows discounted at appropriate current market rates.

### **Derivative financial instruments**

All derivatives are initially recorded at fair value on the date the contract is entered into and subsequently, at reporting dates remeasured to their fair value. The gain or loss arising on remeasurement is recognised in the income statement except where the instrument is a designated hedging instrument.

Derivative financial instruments are used to manage the Group's exposure to foreign currency risk, interest rate risk and commodity price risk through the use of forward currency contracts, interest rate swaps and futures contracts. These derivatives are generally designated as cash flow hedges in accordance with IAS 39. The Group does not enter into speculative derivative transactions.

### ***Cash flow hedges***

Subject to the satisfaction of certain criteria, relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, cash flow hedges are accounted for under hedge accounting rules. In such cases, any unrealised gain or loss arising on the effective portion of the derivative instrument is recognised in the cash flow hedging reserve, a separate component of equity. Unrealised gains or losses on any ineffective portion of the derivative are recognised in the income statement. When the hedged transaction occurs the related gains or losses in the hedging reserve are transferred to the income statement.

### **Interest bearing borrowings**

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, using an effective interest rate method.

### **Government grants**

Grants that compensate the Group for the cost of an asset are shown as deferred income and amortised in the Group income statement by instalments on a basis consistent with the depreciation policy of the relevant assets.

Other grants are credited to the income statement to offset the matching expenditure.

### **Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### **Exceptional items**

The Group has adopted an income statement format which seeks to highlight significant items within the Group results for the year. The Group believes that this presentation provides a more informative analysis as it highlights one off items. Such items may include significant restructuring costs, profit or loss on disposal or termination of operations, claims, litigation costs and settlements, pension exit costs, profit or loss on disposal of investments and significant impairment of assets. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be disclosed in the income statement and related notes as exceptional items.

## SECTION III

### HISTORICAL CONSOLIDATED FINANCIAL INFORMATION RELATING TO IAWS GROUP PLC FOR THE TWO YEARS ENDED 31 JULY 2006

The financial information presented in this Part 8 Section B Subsection III, has been extracted without material adjustment from pages 45 to 102 of the Annual Report and Accounts for 2006 of IAWS Group plc. The financial information has been prepared in accordance with International Financial Reporting Standards and their interpretations issued by the International Accounting Standards Board as adopted by the European Union. The Annual Report and Accounts of IAWS Group plc were published on 25 September 2006.

#### Group income statement for the year ended 31 July 2006

		<i>Pre- exceptional 2006 €'000</i>	<i>Exceptional 2006 €'000</i>	<i>Total 2006 €'000</i>	<i>Pre- exceptional 2005 €'000</i>	<i>Exceptional 2005 €'000</i>	<i>Total 2005 €'000</i>
<b>Revenue</b>	1	1,557,305	—	1,557,305	1,408,174	—	1,408,174
Cost of sales		(1,204,238)	—	(1,204,238)	(1,110,506)	—	(1,110,506)
<b>Gross profit</b>		353,067	—	353,067	297,668	—	297,668
Operating costs, net	2	(241,252)	1,347	(239,905)	(199,120)	8,627	(190,493)
<b>Operating profit before amortisation of intangible assets</b>	1	111,815	1,347	113,162	98,548	8,627	107,175
Amortisation of intangible assets	13	(7,100)	—	(7,100)	(4,624)	—	(4,624)
<b>Operating profit</b>		104,715	1,347	106,062	93,924	8,627	102,551
Share of profit of associates and joint venture	6	25,653	—	25,653	21,520	—	21,520
<b>Profit before financing costs</b>		130,368	1,347	131,715	115,444	8,627	124,071
Financing income	3	4,964	—	4,964	3,818	—	3,818
Financing costs	3	(18,893)	—	(18,893)	(16,118)	—	(16,118)
<b>Profit before tax</b>		116,439	1,347	117,786	103,144	8,627	111,771
Income tax expense	9	(17,800)	(857)	(18,657)	(15,772)	(1,363)	(17,135)
<b>Profit for the financial year</b>		98,639	490	99,129	87,372	7,264	94,636
Attributable as follows:							
Equity shareholders				98,798			94,360
Minority interest	28			331			276
				99,129			94,636
Basic earnings per share	11			78.68c			75.86c
Diluted earnings per share	11			77.77c			74.87c

**Group statement of recognised income and expense  
for the year ended 31 July 2006**

	<i>Notes</i>	<i>2006</i> €'000	<i>2005</i> €'000
<b>Items of income and expense recognised directly in equity</b>			
Foreign exchange translation adjustment		(57)	(1,097)
Share of associates' foreign exchange translation adjustment		524	—
Actuarial gain/(loss) on Group and associate defined benefit pension schemes		4,811	(10,175)
Deferred tax effect of actuarial (loss)/gain		(469)	1,063
Gains relating to cash flow hedges		153	—
Deferred tax effect of cash flow hedges		(40)	—
		<hr/>	<hr/>
<b>Net income/(expense) recognised directly in equity</b>		4,922	(10,209)
Profit for the financial year		99,129	94,636
		<hr/>	<hr/>
<b>Total recognised income and expense for the year</b>		104,051	84,427
		<hr/> <hr/>	<hr/> <hr/>
<b>Attributable as follows:</b>			
Equity shareholders	27	103,699	84,226
Minority interest	28	352	201
		<hr/>	<hr/>
<b>Total recognised income and expense for the year</b>		104,051	84,427
		<hr/> <hr/>	<hr/> <hr/>
<b>Impact of first time adoption of financial instrument standards, IAS 32 and IAS 39</b>			
Cash flow hedges		711	
Deferred tax relating to cash flow hedges		(89)	
		<hr/>	
		622	
		<hr/> <hr/>	

**Group balance sheet  
as at 31 July 2006**

	<i>Notes</i>	<i>2006</i> €'000	<i>2005</i> €'000
<b>ASSETS</b>			
<b>Non current assets</b>			
Property, plant and equipment	12	308,388	287,578
Goodwill and intangible assets	13	334,024	336,028
Investments in associates and joint venture	14	159,221	116,087
Other investments	15	203	242
Deferred tax assets	24	8,474	15,029
<b>Total non current assets</b>		<u>810,310</u>	<u>754,964</u>
<b>Current assets</b>			
Inventory	16	88,539	88,299
Trade and other receivables	17	206,178	173,514
Derivative financial instruments	22	1,532	—
Cash and cash equivalents	20	74,556	47,687
<b>Total current assets</b>		<u>370,805</u>	<u>309,500</u>
<b>TOTAL ASSETS</b>		<u><u>1,181,115</u></u>	<u><u>1,064,464</u></u>

	<i>Notes</i>	<i>2006</i> €'000	<i>2005</i> €'000
<b>EQUITY</b>			
Called up share capital	26	37,856	37,471
Share premium	27	51,899	43,745
Retained earnings and other reserves	27	388,071	298,215
		<hr/>	<hr/>
<b>Total equity attributable to equity shareholders of parent</b>		477,826	379,431
Minority interest	28	2,910	3,924
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		480,736	383,355
		<hr/>	<hr/>
<b>LIABILITIES</b>			
<b>Non current liabilities</b>			
Interest bearing loans and borrowings	21	285,945	237,555
Employee benefits	25	8,876	36,852
Deferred government grants	23	3,006	3,359
Other payables	18	345	450
Deferred tax liabilities	24	49,902	51,785
Provisions	19	30,360	31,950
		<hr/>	<hr/>
<b>Total non current liabilities</b>		378,434	361,951
		<hr/>	<hr/>
<b>Current liabilities</b>			
Interest bearing borrowings	21	5,136	30,001
Trade and other payables	18	299,570	273,465
Corporation tax payable		13,832	11,027
Derivative financial instruments	22	747	—
Provisions	19	2,660	4,665
		<hr/>	<hr/>
<b>Total current liabilities</b>		321,945	319,158
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		700,379	681,109
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		1,181,115	1,064,464
		<hr/> <hr/>	<hr/> <hr/>

**Group cash flow statement  
for the year ended 31 July 2006**

	<i>Notes</i>	<i>2006</i> €'000	<i>2005</i> €'000
<b>Cash flows from operating activities</b>			
Profit before tax		117,786	111,771
Financing costs, net		13,929	12,300
Share of profit of associates and joint venture		(25,653)	(21,520)
Depreciation of property, plant and equipment	12	27,631	23,932
Amortisation of intangible assets	13	7,100	4,624
Amortisation of government grants	23	(354)	(438)
Employee share-based payment charge	8	1,550	867
Loss/(profit) on termination of operations	2	572	(8,627)
(Profit)/loss on disposal of non-current assets		(1,919)	454
Foreign exchange (gains)/losses		(684)	728
Special pension contribution	25	(23,496)	—
		<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>		116,462	124,091
(Increase)/decrease in inventory		(84)	4,598
(Increase) in trade and other receivables		(32,124)	(26,229)
Increase in trade and other payables		21,189	18,049
		<hr/>	<hr/>
<b>Cash generated from operating activities</b>		105,443	120,509
Interest paid		(11,880)	(12,411)
Income tax paid		(11,583)	(18,771)
Dividends paid to minority interests	28	—	(205)
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		81,980	89,122
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		4,448	2,451
Purchase of property, plant and equipment			
– Ongoing		(7,910)	(7,363)
– New investments		(67,947)	(43,931)
Acquisition of subsidiaries and businesses, net of cash acquired		(2,644)	(94,141)
Disposal of subsidiaries and businesses		—	14,743
Disposal of other investments		655	—
Dividends received		19,118	16,223
Purchase of minority interest		(1,366)	—
Investments in associates and joint venture		(35,061)	(3,304)
Deferred consideration and acquisition costs paid		(3,988)	(6,788)
Other		(480)	33
		<hr/>	<hr/>
<b>Net cash flow from investing activities</b>		(95,175)	(122,077)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		8,539	6,121
Drawdown of loan capital		67,144	46,409
Capital element of finance lease liabilities		(20,453)	(565)
Equity dividends paid		(16,036)	(14,052)
		<hr/>	<hr/>
<b>Net cash flow from financing activities</b>		39,194	37,913
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		25,999	4,958
Translation adjustment		380	(155)
Cash and cash equivalents at start of year		43,419	38,616
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	20	69,798	43,419
		<hr/> <hr/>	<hr/> <hr/>

## **Group statement of accounting policies for the year ended 31 July 2006**

IAWS Group plc (the “**Company**”) is a company domiciled and incorporated in Ireland. The Group’s financial statements for the year ended 31 July 2006 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as “**the Group**”) and show the Group’s interest in associates and joint venture using the equity method of accounting.

The individual and Group financial statements of the Company were authorised for issue by the directors on 25 September 2006.

### **Statement of compliance**

As required by European Union (EU) law, from 1 August 2005 the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

These are the Group’s first financial statements prepared in accordance with IFRS as adopted by the EU and IFRS 1, *First-time Adoption of International Financial Reporting Standards* has been applied.

The IFRSs adopted by the EU as applied by the Group in the preparation of these financial statements are those that were effective at 31 July 2006 together with the early adoption of the Amendment to IAS 19 *Actuarial Gains and Losses, Group Plans and Disclosures*.

The following provides a brief outline of the likely impact on future financial statements of relevant IFRSs adopted by the EU which are not yet effective and have not been early adopted in these financial statements. The directors have formed the opinion that the adoption of these pronouncements will not have a significant effect on the Group financial statements.

- Amendment to IAS 1, *Capital disclosures*.
- Amendment to IAS 21, *The Effects of Changes in Foreign Exchange Rates – Net investment in Foreign Operations*.
- Amendment to IAS 39, *Cash Flow Hedge Accounting of Forecast Intragroup Transactions*.
- Amendment to IAS 39, *The Fair Value Option*.
- Amendments to IAS 39 and IFRS 4, *Financial Guarantee Contracts*.
- IFRS 7, *Financial Instruments: Disclosure*.
- IFRIC 4, *Determining Whether an Arrangement Contains a Lease*.

### **First time adoption of IFRSs**

The Group is required to determine its IFRS accounting policies and apply them retrospectively to establish the opening balance sheet under IFRS at its date of transition.

The date of transition to IFRSs for the Group is 1 August 2004. The transitional impact of the recognition and measurement of IFRS was disclosed in the restatement of 2005 financial information under IFRS, published in November 2005. Where estimates had been made under Irish GAAP, consistent estimates (after adjustments to reflect any difference in accounting policies) have been made on transition to IFRS. Judgements affecting the balance sheet of the Group have not been revisited with the benefit of hindsight.

The Group has taken advantage of the following exemptions as permitted by IFRS 1: *First-time Adoption of International Financial Reporting Standards*.

### ***Business combinations***

The Group has elected not to apply the provisions of IFRS 3, *Business Combinations*, retrospectively to business combinations before 1 August 2004. Accordingly, no adjustments have been made for historical business combinations and accumulated amortisation on goodwill arising before 1 August 2004 has not been reversed. The net carrying value of goodwill under Irish GAAP has been designated as the deemed cost of goodwill under IFRS.

### ***Cumulative translation differences***

Cumulative translation differences of foreign operations are deemed to be zero at the date of transition.

### ***Financial instruments***

The Group has availed of the exemption not to restate comparative amounts for 2005 for the impacts of IAS 32, *Financial Instruments: Disclosure and Presentation*, and IAS 39, *Financial Instruments: Recognition and Measurement*. These are treated as changes in accounting policies and shown as opening adjustments on 1 August 2005 and in the statement of recognised income and expense.

### ***Share based payment***

The provisions of IFRS 2, *Share Based Payment*, in respect of share-based payment plans have not been applied to options and awards granted on or before 7 November 2002 which had not vested by 1 January 2005.

The accounting policies applied in the preparation of the financial statements for the year ended 31 July 2006 are set out below. These have been applied consistently with the exception of those accounting policies pertaining to IAS 32 and IAS 39 on financial instruments which in accordance with the transitional provisions of IFRS 1 were not applied in the restatement of the 2005 comparatives presented in these financial statements. Accounting policies affected by IAS 32 and IAS 39 are highlighted and details of the policies applied in the 2005 Group financial statements are also set out below.

### **Basis of preparation**

The Group financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: equity investments, derivative financial instruments, pension obligations and share based payments. The financial statements are presented in euro, rounded to the nearest thousand, which is the functional currency of the parent and the majority of the Group's operations.

The preparation of financial statements 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.

The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group financial statements, relate primarily to accounting for defined benefit pension schemes, financial instruments, share-based payments, provisions, intangible assets, goodwill impairment and deferred tax.

### **Basis of consolidation**

The Group financial statements reflect the consolidation of the results, assets and liabilities of the parent undertaking and all of its subsidiaries, together with the Group's share of profits/losses of associates and joint venture. 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 when control passes.

### ***Subsidiary undertakings***

Subsidiary undertakings are those entities over which the Group has the power to control the operating and financial policies so as to obtain economic benefit from their activities. The amounts included in these financial statements in respect of the subsidiaries are taken from their latest financial statements prepared up to the year end. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

### ***Associates and joint venture***

Associates are those entities in which the Group has a significant influence over, but not control of, the financial and operating policies. Investments in associates are accounted for using the equity method of accounting. Joint ventures are those entities over whose operating and financial policies the



Group exercises control jointly, under a contractual agreement, with one or more parties. Investments in joint ventures are accounted for using the equity method of accounting.

Under the equity method of accounting, the Group's share of the post-acquisition profits or losses of its associates and joint venture is recognised in the income statement. The income statement reflects, in profit before tax, the Group's share of profit after tax of its associates and joint venture in accordance with IAS 28, *Investments in Associates*, and IAS 31, *Interests in Joint Ventures*. The Group's interest in their net assets is included as investments in associates and joint venture in the Group balance sheet at an amount representing the Group's share of the fair value of the identifiable net assets at acquisition plus the Group's share of post acquisition retained income and expenses. The Group's investment in associates and joint venture includes goodwill on acquisition. The amounts included in these financial statements in respect of the post acquisition income and expenses of associates and joint venture are taken from their latest financial statements prepared up to their respective year ends together with management accounts for the intervening periods to the Group's year end. Where necessary, the accounting policies of associates and joint venture have been changed to ensure consistency with the policies adopted by the Group.

#### ***Transactions eliminated on consolidation***

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the Group financial statements. Unrealised gains and income and expenses arising from transactions with associates and joint venture are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that they do not provide evidence of impairment.

#### **Revenue**

Revenue represents the fair value of the sale of goods and services supplied to third parties, after deducting discounts and exclusive of value added tax. 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.

#### **Segmental reporting**

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment) or in providing products or services within a particular economic environment (geographic segment), which is subject to risks and returns different from those of other segments.

The Group's primary format for segmental reporting is business segments and the secondary format is geographical segments. The risks and returns of the Group's operations are primarily determined by the different products that the Group sells rather than the geographical location of the Group's operations.

The Group has three business segments: Agriculture, Food Europe, and Food North America. The Group's geographical segments are Europe and North America.

Segment assets and liabilities consist of property, plant and equipment, goodwill and intangible assets and other assets and liabilities that can be reasonably allocated to the reported segment. Unallocated assets and liabilities principally include current and deferred income tax balances together with financial assets and liabilities.

#### **Research and development**

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

## **Employee benefits**

### ***Pension obligations***

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as they fall due. The Group's net obligation in respect of defined benefit pension plans is calculated, separately for each plan, by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value, and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. Actuarial gains and losses are recognised in the statement of recognised income and expense. Current and past service costs, interest on scheme liabilities and expected return on assets are recognised in the income statement.

### ***Equity settled compensation***

The fair value of options granted under the Group's equity settled share option scheme is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an approved binomial model, taking into account the terms and conditions under which the options were granted. The scheme is subject to a non-market vesting condition and, therefore, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

### ***Long term incentive plan***

The Group operates an incentive and retention plan for executives. The plan operates on an individual basis by providing contingent entitlement to a lump sum award referable to reckonable salary. Awards are applied through the purchase of shares in the Group to be held by a trustee for the benefit of individual participants for a 3 to 5 year period. The costs associated with the plan are written off to the income statement on a straight-line basis over the relevant period.

## **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the related tax is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws that have been enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is provided for any differences that exist between the tax base and the carrying value of intangible assets arising from business combinations but is not provided on non-tax deductible goodwill. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. If the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss, it is not recognised. Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint venture, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recovered. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## **Foreign currency**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at the actual rates when the transactions occurred. Foreign exchange differences arising on translation of the net assets of a foreign operation are recognised directly in equity, in a translation reserve.

Exchange gains or losses on long term intra-group loans and on foreign currency borrowings, used to finance or provide a hedge against Group equity investments in non-euro denominated operations, are taken to the translation reserve to the extent that they are neither planned nor expected to be repaid in the foreseeable future or are expected to provide an effective hedge of the net investment. Any differences that have arisen since 1 August 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are recycled through the income statement on the repayment of the intra-group loan or on disposal of the related business.

### **Dividends**

Dividends are recognised in the period in which they are approved by the Company's shareholders, or in the case of an interim dividend, when it has been approved by the Board of Directors and paid.

### **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure including repairs and maintenance costs is recognised in the income statement as an expense as incurred.

Depreciation is calculated to write off the cost less estimated residual value of property, plant and equipment, other than freehold land, on a straight line basis, by reference to the following estimated useful lives:

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

The residual value of assets, if significant, and the useful life of assets is reassessed annually.

Gains and losses on disposals of property, plant and equipment are recognised on the ultimate completion of sale. Gains and losses on disposals are determined by comparing the proceeds received with the carrying amount and are included in operating profit.

### **Leased assets**

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in interest bearing loans and borrowings. The interest element of the payments is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under the finance lease is depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the lease term.

### **Goodwill**

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint venture. In respect of acquisitions that have occurred since 1 August 2004, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, i.e. original cost less accumulated amortisation from the date of acquisition up to 31 July 2004, which represents the amount recorded under Irish GAAP. Goodwill is now stated at cost or deemed cost less any accumulated impairment losses. In respect of associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment.

Goodwill which arose on acquisitions prior to 1 August 1998 was eliminated against reserves on acquisition as a matter of accounting policy. In preparing the Group's IFRS balance sheet at 1 August 2004 this goodwill is considered to have been permanently offset against retained earnings and, on any subsequent disposal, will not form part of the gain or loss on the disposal of the business.

### **Intangible assets**

Intangible assets acquired as part of a business combination are valued at their fair value at the date of acquisition. These generally include brand and customer related intangible assets.

Where intangible assets are separately acquired they are capitalised at cost. Intangible assets are amortised over the period of their expected useful lives in equal annual instalments. The expected useful lives of intangible assets ranges from 12 to 20 years.

Computer software that is not an integral part of an item of computer hardware is also classified as an intangible asset. These intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost comprises purchase price and other directly attributable costs. The expected useful life of computer software is 5 years.

### **Impairment**

The carrying amounts of the Group's assets, other than inventories (which are carried at the lower of cost and net realisable value), deferred tax assets (which are recognised based on recoverability), and those financial instruments, which are carried at fair value, are reviewed to determine whether there is an indication of impairment when an event or transaction indicates that there may be, except for goodwill and long life intangibles which are reviewed annually. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the unit on a *pro rata* basis. An impairment loss, other than in the case of goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### **Other investments**

Other investments are initially recognised at the fair value of the consideration given inclusive of any acquisition charges arising.

### **Inventory**

Inventory is stated at the lower of cost on a first in, first out basis and net realisable value. 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 inventory on hand less all further costs to completion and all costs expected to be incurred in marketing, distribution and selling.

### **Trade and other receivables and payables**

Trade and other receivables and payables are stated at cost, which approximates fair value given the short-dated nature of these assets and liabilities.

Trade receivables are carried at original invoice amount less an allowance for potentially uncollectible debts. Provision is made when there is objective evidence that the Group may not be in a position to collect the associated debts.

### **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

## **Financial assets and liabilities**

Set out below are the major methods and assumptions used in estimating the fair values of financial assets and liabilities.

### ***Equity investments***

When market values are available, fair value is determined by reference to the bid market price for such investments without any deduction for transaction costs. When market values are not available, the fair values have been determined based on expected future cash flows at current interest rates and exchange rates.

### ***Short term bank deposits and cash and cash equivalents***

For short term bank deposits and cash and cash equivalents with a remaining maturity of less than one year, the nominal amount is considered to approximate fair value.

### ***Trade and other receivables/payables***

For receivables and payables with a remaining life of less than one year or demand balances, the nominal amount is considered to approximate fair value. All other receivables and payables are discounted to determine their fair value.

### ***Derivatives***

Forward currency contracts and interest rate swaps are marked to market using quoted market values.

### ***Interest bearing loans and borrowings***

For interest bearing loans and borrowings with a contractual repricing date of less than one year, the nominal amount is considered to approximate fair value. For loans with a repricing date of greater than one year, the fair value is calculated based on the expected future principal and interest cash flows, discounted at appropriate current market interest rates.

### ***Finance lease liabilities***

Fair value is based on the present value of future cash flows discounted at appropriate current market rates.

## **Derivative financial instruments – for the year ended 31 July 2006**

All derivatives are initially recorded at fair value on the date the contract is entered into and subsequently, at reporting dates remeasured to their fair value. The gain or loss arising on remeasurement is recognised in the income statement except where the instrument is a designated hedging instrument.

Derivative financial instruments are used to manage the Group's exposure to foreign currency risk, interest rate risk and commodity price risk through the use of forward currency contracts, interest rate swaps and futures contracts. These derivatives are generally designated as cash flow hedges in accordance with IAS 39. The Group does not enter into speculative derivative transactions.

### ***Cash flow hedges***

Subject to the satisfaction of certain criteria, relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, cash flow hedges are accounted for under hedge accounting rules. In such cases, any unrealised gain or loss arising on the effective portion of the derivative instrument is recognised in the cash flow hedging reserve, a separate component of equity. Unrealised gains or losses on any ineffective portion of the derivative are recognised in the income statement. When the hedged transaction occurs the related gains or losses in the hedging reserve are transferred to the income statement.

## **Derivative financial instruments – for the year ended 31 July 2005**

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 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 transaction 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 transaction. 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.

### **Interest-bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost.

### **Government grants**

Grants that compensate the Group for the cost of an asset are shown as deferred income and amortised in the Group income statement by instalments on a basis consistent with the depreciation policy of the relevant assets.

Other grants are credited to the income statement to offset the matching expenditure.

### **Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

## **PART 8.**

### **C. UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION**

This Part 8 Section C contains:

- Section I: Unaudited pro forma condensed financial information for the twelve month period ended on 31 July 2007
- Section II: Unaudited pro forma condensed financial information for the six month period ended on 31 January 2008

## SECTION I

### UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION FOR THE TWELVE MONTH PERIOD ENDED ON 31 JULY 2007

The following unaudited *pro forma* condensed income statement (the “***pro forma condensed income statement***”) and unaudited *pro forma* condensed statement of net assets (the “***pro forma condensed statement of net assets***”) (together, the “***pro forma condensed financial information***”) have been prepared to illustrate indicative results and net assets of ARYZTA A.G. (the “**Company**”), as enlarged by IAWS Group plc and its subsidiary undertakings (“**IAWS Group**”) and Hiestand Holding AG and its subsidiary undertakings (“**Hiestand Group**”) (together, the “**Enlarged Group**”), as though the Enlarged Group had been in existence as a single entity for a twelve month period, and to illustrate the effect of the Merger on the equity position of the Company had it occurred at the dates stated.

IAWS Group plc and Hiestand Holdings AG have different reporting periods and consequently the *pro forma* condensed financial information combines the results of the IAWS Group for the year ended 31 July 2007 and the net assets as at 31 July 2007 with the results of the Hiestand Group for the year ended 31 December 2007 and the net assets at 31 December 2007 without adjustments for the fact that they are prepared for and at different dates (the “**Combined Financial Information**”). The *pro forma* condensed financial information has been prepared on the basis of the notes set out below.

The underlying financial information has been prepared in accordance with the recognition and measurement principles of all International Financial Reporting Standards and their interpretations issued by the International Accounting Standards Board, effective for years commencing on or after 1 January 2007.

The *pro forma* condensed financial information has been prepared for illustrative purposes only and does not constitute statutory financial statements of the Company. Because of its nature the *pro forma* condensed financial information addresses a hypothetical situation and hypothetical financial period and the year end date and, therefore, does not represent the Company’s actual financial position or results following the transaction.



## UNAUDITED PRO FORMA CONDENSED INCOME STATEMENT

	<i>ARYZTA AG</i>	<i>IAWS Group, plc</i>	<i>Hiestand Holding AG</i>		<i>Pro forma adjustments</i>	<i>Pro forma Company</i>
	<i>Period from incorporation to 31 May 2008</i>	<i>Twelve month period ended 31 July 2007</i>	<i>Twelve month period ended 31 Dec 2007</i>			<i>Twelve month period</i>
	€'000	€'000	€'000		€'000	€'000
	<i>(Notes 1 and 7)</i>	<i>(Notes 2 and 8)</i>	<i>(Notes 4 and 9)</i>			
Revenue	—	1,907,619	446,161	<i>Note 5.1</i>	(6,005)	2,347,775
<b>Operating profit before amortisation of intangible assets</b>	—	169,180	44,095		—	213,275
Amortisation of intangible assets	—	(15,927)	(3,581)		—	(19,508)
<b>Operating profit</b>	—	153,253	40,514		—	193,767
Share of profit of associates and joint venture	—	26,656	—	<i>Note 5.2</i>	(7,210)	19,446
<b>Profit before financing costs</b>	—	179,909	40,514		(7,210)	213,213
Financing income	—	6,609	6,254		—	12,863
Financing costs	—	(36,708)	(11,678)		—	(48,386)
<b>Profit before tax</b>	—	149,810	35,090		(7,210)	177,690
Income tax expense	—	(26,337)	(6,007)		—	(32,344)
<b>Profit for the financial year</b>	—	123,473	29,083		(7,210)	145,346
Attributable as follows:						
Equity shareholders	—	122,995	27,182		(7,210)	142,967
Minority interest	—	478	1,901		—	2,379
	—	123,473	29,083		(7,210)	145,346
Basic earnings per share <i>(Note 6)</i>	—	97.22	51.20			50.03
Diluted earnings per share <i>(Note 6)</i>	—	96.04	51.20			49.44

## UNAUDITED PRO FORMA CONDENSED STATEMENT OF NET ASSETS

	<i>ARYZTA AG</i>	<i>IAWS Group, plc</i>	<i>Hiestand Holding AG</i>		<i>Pro forma Adjustments</i>	<i>Pro forma Company</i>
	<i>As at 31 May 2008</i>	<i>As at 31 July 2007</i>	<i>As at 31 Dec 2007</i>			
	€'000	€'000	€'000		€'000	€'000
	<i>(Notes 1 and 7)</i>	<i>(Notes 3 and 8)</i>	<i>(Notes 4 and 9)</i>			
<b>Non current assets</b>						
Property, plant and equipment	—	356,493	148,869	<i>Note 5.3</i>	11,110	516,472
Investment properties	—	165,473	3,241		—	168,714
Goodwill and intangible assets	—	784,481	139,136		—	923,617
Investments in associates and joint venture	—	169,005	—	<i>Note 5.2</i>	(77,781)	91,224
Employee benefit assets	—	—	450		—	450
Other investments	—	204	—		—	204
Other non current financial assets	—	—	1,617		—	1,617
Loans due from third parties	—	—	117		—	117
Deferred tax assets	—	14,689	642		—	15,331
<b>Total non current assets</b>	—	1,490,345	294,072		(66,671)	1,717,746
<b>Current assets</b>						
Inventory	—	137,646	24,965		—	162,611
Trade and other receivables	—	240,451	66,283 <sup>(a)</sup>		—	306,734
Current tax asset	—	—	1,977		—	1,977
Assets classified as held for sale	—	—	60		—	60
Other current financial assets	—	—	1,710		—	1,710
Derivative financial instruments	—	734	1,710		—	734
Cash and cash equivalents	62	86,059	7,261		—	93,382
<b>Total current assets</b>	62	464,890	102,256		—	567,208
<b>TOTAL ASSETS</b>	62	1,955,235	396,328		(66,671)	2,284,954

Note (a): This caption includes Trade receivables, Other receivables, and Prepaid expenses and accrued assets, each of which are separately disclosed in the consolidated financial statements of Hiestand Group at 31 December 2007, but for which comparable disclosures are aggregated in the consolidated financial statements of IAWS Group at 31 July 2007.

**UNAUDITED PRO FORMA CONDENSED STATEMENT OF NET ASSETS (continued)**

	<i>ARYZTA AG</i>	<i>IAWS Group, plc</i>	<i>Hiestand Holding AG</i>		<i>Pro forma Adjustments</i>	<i>Pro forma Company</i>
	<i>As at 31 May 2008</i>	<i>As at 31 July 2007</i>	<i>As at 31 Dec 2007</i>			
	€'000	€'000	€'000		€'000	€'000
	<i>(Notes 1 and 7)</i>	<i>(Notes 3 and 8)</i>	<i>(Notes 4 and 9)</i>			
<b>EQUITY</b>						
<b>Total equity attributable to equity shareholders of parent</b>	62	716,097	185,092	<i>Note 5.2</i>	(77,781)	823,470
Minority interest	—	50,631	7,611		—	58,242
<b>TOTAL EQUITY</b>	<b>62</b>	<b>766,728</b>	<b>192,703</b>		<b>(77,781)</b>	<b>881,712</b>
<b>LIABILITIES</b>						
<b>Non current liabilities</b>						
Interest bearing loans and borrowings	—	527,684	85,505		—	613,189
Employee benefits	—	8,705	1,033		—	9,738
Deferred government grants	—	2,929	—	<i>Note 5.3</i>	11,110	14,039
Other payables	—	350	—		—	350
Deferred tax liabilities	—	147,041	21,801		—	168,842
Provisions	—	45,089	931		—	46,020
<b>Total non current liabilities</b>	<b>—</b>	<b>731,798</b>	<b>109,270</b>		<b>11,110</b>	<b>852,178</b>
<b>Current liabilities</b>						
Interest bearing loans and borrowings	—	37,958	29,389		—	67,347
Trade and other payables	—	383,065	54,695 <sup>(b)</sup>		—	437,760
Corporation tax payable	—	31,741	10,271		—	42,012
Derivative financial instruments	—	3,945	—		—	3,945
<b>Total current liabilities</b>	<b>—</b>	<b>456,709</b>	<b>94,355</b>		<b>—</b>	<b>551,064</b>
<b>TOTAL LIABILITIES</b>	<b>—</b>	<b>1,188,507</b>	<b>203,625</b>		<b>11,110</b>	<b>1,403,242</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>62</b>	<b>1,955,235</b>	<b>396,328</b>		<b>(66,671)</b>	<b>2,284,954</b>

Note (b): This caption includes Trade payables, Other payables, and Accrued expenses and deferred income, each of which are separately disclosed in the consolidated financial statements of Hiestand Group at 31 December 2007, but for which comparable disclosures are aggregated in the consolidated financial statements of IAWS Group at 31 July 2007.

## NOTES TO THE UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION

1. The balance sheet as at 31 May 2008 and the income statement for the period from incorporation to 31 May 2008 of ARYZTA AG is set out in Part 8 Section A of this document.
2. The summary consolidated income statement of IAWS Group plc for the year ended 31 July 2007 has been extracted, without material adjustment, from the audited consolidated financial statements of IAWS Group plc announced on 24 September 2007 and set out in Part 8 Section 13 Subsection II of this document, save that disclosures for Cost of Sales, Gross Profit and Operating costs, net have been excluded from the unaudited *pro forma* condensed income statement due to a lack of comparable disclosure in the consolidated income statement of Hiestand Holding AG.
3. The consolidated balance sheet of IAWS Group plc as at 31 July 2007 has been extracted, without material adjustment, from the audited consolidated financial statements of IAWS Group plc announced on 24 September 2007 and set out in Part B Section B Subsection II of this document.
4. The consolidated balance sheet and consolidated income statement of Hiestand Holding AG as at and for the year ended 31 December 2007 have been extracted, without material adjustment, from the audited consolidated financial statements of Hiestand Holding AG announced on 14 March 2008. The financial information for Hiestand Holding AG calculated as at and for the year ended 31 December 2007 has been translated from Swiss franc to euro using an exchange rate of €1.00 : CHF1.66.
5. Pro forma adjustments as at and for the twelve month period are as follows:
  - 5.1. Elimination of intercompany sales and purchase

Hiestand Holding AG sells product to IAWS Group plc on an on-going basis. The income statement of Hiestand Group for the year to 31 December 2007 reflects sales of €6,005,000 to the IAWS Group. The income statement of IAWS Group for the year to 31 July 2007 reflects purchases of €7,558,000. In future these sales will represent intercompany sales and consequently an adjustment has been made to the revenue line to eliminate sales of €6,005,000 This adjustment is expected to have a continuing impact.
  - 5.2. Reversal of equity accounting for Hiestand Holding AG by IAWS Group plc

Since 2003, IAWS Group plc has built up a 32% stake in Hiestand Holding AG. IAWS Group plc has historically accounted for its investment in Hiestand Holding AG as an associate using the equity method of accounting. Therefore, for the purposes of the unaudited *pro forma* condensed income statement for the twelve month period ended 31 July 2007, €7,210,000 has been reversed from “Share of profits of associates and joint venture”. For the purposes of the unaudited *pro forma* condensed statement of net assets, the book value of the investment in Hiestand Holding AG (€77,781,000) included in “Investment in associate and joint venture” has been eliminated against retained earnings.
  - 5.3. IAWS Group plc classifies grants that compensate for the cost of an asset as deferred income and amortises it to the income statement on a basis consistent with the depreciation policy of the relevant assets. Hiestand Holding AG classifies grants that compensate for the cost of an asset as a deduction from the carrying amount of the asset and amortises to the income statement by way of depreciation. For the purposes of the unaudited *pro forma* condensed statement of net assets, €11,110,000 was reclassified from property, plant and equipment to deferred government grants in order to align Hiestand Holding AG’s accounting treatment on a consistent basis with that of IAWS Group plc. The accounting policies of IAWS Group plc are those which will be adopted by ARYZTA AG.

6. The unaudited *pro forma* earnings per share (“EPS”) has been calculated by taking the reported basic and diluted earnings per share of IAWS Group plc and Hiestand Holdings AG for the relevant 12 month periods, applying the exchange ratio to be applied (as described in Part 1(2) and Part 1(4) of this document) and combining the resulting amounts:

<i>Basic earnings per share</i>	<i>Year ended</i>	<i>Reported EPS</i>	<i>Exchange ratio</i>	<i>Pro forma EPS</i>
IAWS Group plc	31 July 2007	97.22	1:2	48.61
Hiestand Holding AG	31 December 2007	51.20	1:36	1.42
				50.03
<i>Diluted earnings per share</i>				
IAWS Group plc	31 July 2007	96.04	1:2	48.02
Hiestand Holding AG	31 December 2007	51.20	1:36	1.42
				49.44

7. No account has been taken of trading results or changes in financial position of the Company since incorporation as the Company has not yet commenced operations.
8. No account has been taken of the trading results or changes in financial position of IAWS Group and its subsidiary undertakings since 31 July 2007.
9. No account has been taken of the trading results or changes in financial position of Hiestand Group and its subsidiary undertakings since 31 December 2007.

## SECTION II

### UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD ENDED ON 31 JANUARY 2008

The following unaudited *pro forma* condensed income statement (the “*pro forma condensed income statement*”) and unaudited *pro forma* condensed statement of net assets (the “*pro forma condensed statement of net assets*”) (together the “*pro forma condensed financial information*”) have been prepared to illustrate indicative results and net assets of ARYZTA A.G. (the “**Company**”), as enlarged by IAWS Group plc and its subsidiary undertakings (“**IAWS Group**”) and Hiestand Holding AG and its subsidiary undertakings (“**Hiestand Group**”) (together, the “**Enlarged Group**”), as though the Enlarged Group had been in existence as a single entity for a six month period, and to illustrate the effect of the Merger on the equity position of the Company had it occurred at the dates stated.

IAWS Group plc and Hiestand Holdings AG have different reporting periods and consequently the *pro forma* condensed financial information combines the results of the IAWS Group for the six month period ended 31 January 2008 and the net assets as at 31 January 2008 with the results of the Hiestand Group for the six month period ended 31 December 2007 (derived by deducting the results of Hiestand Group for the six month period ended 30 June 2007 from the results of the Hiestand Group for the twelve month period ended 31 December 2007) and the net assets at 31 December 2007 without adjustments for the fact that they are prepared for and at different dates (the “**Combined Financial Information**”). The *pro forma* condensed financial information has been prepared on the basis of the notes set out below.

The underlying financial information has been prepared in accordance with the recognition and measurement principles of all International Financial Reporting Standards and their interpretations issued by the International Accounting Standards Board, effective for years commencing on or after 1 January 2007.

The *pro forma* condensed financial information has been prepared for illustrative purposes only and does not constitute statutory financial statements of the Company. Because of its nature the *pro forma* condensed financial information addresses a hypothetical situation and a hypothetical financial period and period end date and, therefore, does not represent the Company’s actual financial position or results following the transaction.

**UNAUDITED PRO FORMA CONDENSED INCOME STATEMENT**

	<i>ARYZTA AG</i>	<i>IAWS Group, plc</i>	<i>Hiestand Holding AG</i>		<i>Pro forma adjustments</i>	<i>Pro forma Company</i>
	<i>Period from to incorporation 31 May 2008</i>	<i>Six month period ended 31 Jan 2008</i>	<i>Six month period ended 31 Dec 2007</i>			<i>Six month period ended</i>
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>		<i>€'000</i>	<i>€'000</i>
	<i>(Notes 1 and 8)</i>	<i>(Notes 2 and 9)</i>	<i>(Notes 4 and 10)</i>			
Revenue	—	1,127,473	233,376	<i>Note 6.1</i>	(4,090)	1,356,759
<b>Operating profit before amortisation of intangible assets</b>	—	82,209	23,529		—	105,738
Amortisation of intangible assets	—	(9,241)	(1,779)		—	(11,020)
<b>Operating profit</b>	—	72,968	21,750		—	94,718
Share of profit of associate and joint venture	—	13,382	—	<i>Note 6.2</i>	(4,783)	8,599
<b>Profit before financing costs</b>	—	86,350	21,750		(4,783)	103,317
Financing income	—	2,455	4,699		—	7,154
Financing costs	—	(19,587)	(7,681)		—	(27,268)
<b>Profit before tax</b>	—	69,218	18,768		(4,783)	83,203
Income tax expense	—	(10,262)	(892)		—	(11,154)
<b>Profit for the financial period</b>	—	58,956	17,876		(4,783)	72,049
Attributable as follows:						
Equity shareholders	—	55,658	17,487		(4,783)	68,362
Minority interest	—	3,298	389		—	3,687
	—	58,956	17,876		(4,783)	72,049
Basic earnings per share <i>(Note 7)</i>	—	43.83	32.94		—	22.84
Diluted earnings per share <i>(Note 7)</i>	—	43.18	32.94		—	22.51

**UNAUDITED PRO FORMA CONDENSED STATEMENT OF NET ASSETS**

	<i>ARYZTA AG</i>	<i>IAWS Group, plc</i>	<i>Hiestand Holding AG</i>		<i>Pro forma Adjustments</i>	<i>Pro forma Company</i>
	<i>As at 31 May 2008</i>	<i>As at 31 Jan 2008</i>	<i>As at 31 Dec 2007</i>			
	€'000	€'000	€'000		€'000	€'000
	<i>(Notes 1 and 8)</i>	<i>(Notes 3 and 9)</i>	<i>(Notes 5 and 10)</i>			
<b>Non current assets</b>						
Property, plant and equipment	—	427,151	148,869	<i>Note 6.3</i>	11,110	587,130
Investment properties	—	192,418	3,241		—	195,659
Goodwill and intangible assets	—	804,431	139,136		—	943,567
Investments in associates and joint venture	—	160,399	—	<i>Note 6.2</i>	(82,564)	77,835
Employee benefit assets	—	—	450		—	450
Other investments	—	201	—		—	201
Other non current financial assets	—	—	1,617		—	1,617
Loans due from third parties	—	—	117		—	117
Deferred tax assets	—	16,090	642		—	16,732
<b>Total non current assets</b>	—	1,600,690	294,072		(71,454)	1,823,308
<b>Current assets</b>						
Inventory	—	194,194	24,965		—	219,159
Trade and other receivables	—	280,923	66,283 <sup>(a)</sup>		—	347,206
Current tax asset	—	—	1,977		—	1,977
Assets classified as held for sale	—	—	60		—	60
Other current financial assets	—	—	1,710		—	1,710
Cash and cash equivalents	62	138,476	7,261		—	145,799
<b>Total current assets</b>	62	613,593	102,256		—	715,911
<b>TOTAL ASSETS</b>	62	2,214,283	396,328		(71,454)	2,539,219

Note (a): This caption includes Trade receivables, Other receivables, and Prepaid expenses and accrued assets, each of which are separately disclosed in the consolidated financial statements of Hiestand Group at 31 December 2007, but for which comparable disclosures are aggregated in the unaudited consolidated interim financial information of IAWS Group and 31 January 2008.



**UNAUDITED PRO FORMA CONDENSED STATEMENT OF NET ASSETS (continued)**

	<i>ARYZTA AG</i>	<i>IAWS Group, plc</i>	<i>Hiestand Holding AG</i>		<i>Pro forma Adjustments</i>	<i>Pro forma Company</i>
	<i>As at 31 May 2008</i>	<i>As at 31 Jan 2008</i>	<i>As at 31 Dec 2007</i>			
	€'000	€'000	€'000		€'000	€'000
	<i>(Notes 1 and 8)</i>	<i>(Notes 3 and 9)</i>	<i>(Notes 5 and 10)</i>			
<b>EQUITY</b>						
<b>Total equity attributable to equity shareholders of parent</b>	62	747,349	185,092	<i>Note 6.2</i>	(82,564)	849,939
Minority interest	—	53,840	7,611		—	61,451
<b>TOTAL EQUITY</b>	<b>62</b>	<b>801,189</b>	<b>192,703</b>		<b>(82,564)</b>	<b>911,390</b>
<b>LIABILITIES</b>						
<b>Non current liabilities</b>						
Interest bearing loans and borrowings	—	680,436	85,505		—	765,941
Employee benefits	—	24,023	1,033		—	25,056
Deferred government grants	—	4,281	—	<i>Note 6.3</i>	11,110	15,391
Other payables	—	488	—		—	488
Deferred tax liabilities	—	148,369	21,801		—	170,170
Provisions	—	49,013	931		—	49,944
<b>Total non current liabilities</b>	<b>—</b>	<b>906,610</b>	<b>109,270</b>		<b>11,110</b>	<b>1,026,990</b>
<b>Current liabilities</b>						
Interest bearing loans and borrowings	—	40,888	29,389		—	70,277
Trade and other payables	—	417,071	54,695 <sup>(b)</sup>		—	471,766
Corporation tax payable	—	39,429	10,271		—	49,700
Derivative financial instruments	—	4,302	—		—	4,302
Provisions	—	4,794	—		—	4,794
<b>Total current liabilities</b>	<b>—</b>	<b>506,484</b>	<b>94,355</b>		<b>—</b>	<b>600,839</b>
<b>TOTAL LIABILITIES</b>	<b>—</b>	<b>1,413,094</b>	<b>203,625</b>		<b>11,110</b>	<b>1,627,829</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>62</b>	<b>2,214,283</b>	<b>396,328</b>		<b>(71,454)</b>	<b>2,539,219</b>

Note (b): This caption includes Trade payables, Other payables, and Accrued expenses and deferred income, each of which are separately disclosed in the consolidated financial statements of Hiestand Group at 31 December 2007, but for which comparable disclosures are aggregated in the unaudited consolidated interim financial information of IAWS Group at 31 January 2008.

## NOTES TO THE UNAUDITED PRO FORMA CONDENSED FINANCIAL INFORMATION

1. The balance sheet as at 31 May 2008 and the income statement for the period from incorporation to 31 May 2008 of ARYZTA AG is set out in Part 8 Section A of this document.
2. The summary consolidated income statement of IAWS Group plc for the six month period ended 31 January 2008 has been extracted, without material adjustment, from the unaudited consolidated interim financial information of IAWS Group plc announced on 10 March 2008 and set out in Part 8 Section B, Subsection I of this document, save that disclosures for Cost of Sales, Gross Profit and Operating costs, net have been excluded from the unaudited *pro forma* condensed income statement due to a lack of comparable disclosure in the consolidated income statement of Hiestand Holding AG.
3. The consolidated balance sheet of IAWS Group plc as at 31 January 2008 has been extracted, without material adjustment, from the unaudited consolidated interim financial information of IAWS Group plc announced on 10 March 2008 and set out in Part 8 Section B Subsection I of this document.
4. The unaudited consolidated income statement of Hiestand Holding AG for the six month period ended 31 December 2007 is derived as follows:

	<i>Year ended 31 Dec 2007 (Note 4.1)</i>	<i>Six month period ended 30 Jun 2007 (Note 4.2)</i>	<i>Six month period ended 31 Dec 2007 (Note 4.3)</i>	<i>Six month period ended 31 Dec 2007 (Note 4.4)</i>
	<i>CHF'000</i>	<i>CHF'000</i>	<i>CHF'000</i>	<i>€'000</i>
Revenue	740,627	353,223	387,404	233,376
<b>Operating profit before amortisation of intangible assets</b>	73,198	34,140	39,058	23,529
Amortisation of intangible assets	(5,944)	(2,991)	(2,953)	(1,779)
<b>Operating profit</b>	67,254	31,149	36,105	21,750
Share of profit of associate and joint venture	—	—	—	—
<b>Profit before financing costs</b>	67,254	31,149	36,105	21,750
Financing income	10,381	2,581	7,800	4,699
Financing costs	(19,385)	(6,635)	(12,750)	(7,681)
<b>Profit before tax</b>	58,250	27,095	31,155	18,768
Income tax expense	(9,971)	(8,491)	(1,480)	(892)
<b>Profit for the financial year</b>	48,279	18,604	29,675	17,876
Attributable as follows:				
Equity shareholders	45,123	16,094	29,029	17,487
Minority interest	3,156	2,510	646	389
	48,279	18,604	29,675	17,876
Basic earnings per share	85.00	30.32	54.68	32.94
Diluted earnings per share	85.00	30.32	54.68	32.94

- 4.1. The consolidated income statement of Hiestand Holding AG for the year ended 31 December 2007 has been extracted, without material adjustment from the audited consolidated financial statements of Hiestand Holding AG announced on 14 March 2008.
- 4.2. The consolidated income statement of Hiestand Holding AG for the six month period ended 30 June 2007 is extracted, without material adjustment from the unaudited consolidated income statement of Hiestand Holding AG announced on 28 August 2007.

- 4.3. The consolidated income statement of Hiestand Holding AG presented in the table for the six month period ended 31 December 2007 has been calculated by deducting the unaudited consolidated income statement in respect of the six month period ended 30 June 2007 from the audited consolidated income statement for the year ended 31 December 2007.
- 4.4. The consolidated income statement for Hiestand Holding AG for the six month period ended 31 December 2007 has been translated from Swiss franc to euro using an exchange rate of €1.00 : CHF 1.66.
5. The consolidated balance sheet of Hiestand Holding AG as at 31 December 2007 has been extracted, without material adjustment, from the audited consolidated financial statements of Hiestand Holding AG announced on 14 March 2008. The financial information for Hiestand Holding AG as at 31 December 2007 has been translated from Swiss franc to euro using an exchange rate of €1.00 : CHF 1.66.
6. Pro forma adjustments as at and for the six month period are as follows:

6.1. Elimination of intercompany sales and purchases

Hiestand Holding AG sells product to IAWS Group plc on an on-going basis. The income statement of Hiestand Group for the six month period ended 31 December 2007 (See note 4 above) reflects sales of €4,090,000 to the IAWS Group. The income statement of IAWS Group for the six month period to 31 January 2008 reflects purchases of €4,223,000. In future these sales will represent intercompany sales and consequently an adjustment has been made to the revenue line to eliminate sales of €4,090,000. This adjustment is expected to have a continuing impact.

6.2. Reversal of equity accounting for Hiestand Holding AG by IAWS Group plc

Since 2003, IAWS Group plc has built up a 32% stake in Hiestand Holding AG. IAWS Group plc has historically accounted for its investment in Hiestand Holding AG as an associate using the equity method of accounting. Therefore, for the purposes of the unaudited *pro forma* condensed income statement for the six months ended 31 January 2008, €4,783,000 has been reversed from "Share of profits of associates and joint venture". For the purposes of the unaudited *pro forma* condensed net assets, the book value of the investment in Hiestand Holding AG (€82,564,000) included in "Investment in associate and joint venture" has been eliminated against retained earnings.

6.3. IAWS Group plc classifies grants that compensate for the cost of an asset as deferred income and amortises it to the income statement on a basis consistent with the depreciation policy of the relevant assets. Hiestand Holding AG classifies grants that compensate for the cost of an asset as a deduction from the carrying amount of the asset and amortises to the income statement by way of depreciation. For the purposes of the unaudited *pro forma* condensed statement of net assets, €11,110,000 was reclassified from property, plant and equipment to deferred government grants in order align the Hiestand Holding AG's accounting treatment on a consistent basis with that of IAWS Group plc. The accounting policies of IAWS Group plc are those which will be adopted by ARYZTA AG.

7. The unaudited *pro forma* earnings per share ("EPS") has been calculated by taking the reported basic and diluted earnings per share of IAWS Group plc and Hiestand Holdings AG for the relevant six month periods, applying the exchange ratio to be applied (as described in Part 1(2) and Part 1(4) of this document) and combining the resulting amounts:

<i>Basic earnings per share</i>	<i>Period ended</i>	<i>Reported EPS</i>	<i>Exchange ratio</i>	<i>Pro forma EPS</i>
IAWS Group plc	31 January 2008	43.83	1:2	21.92
Hiestand Holding AG	31 December 2007	32.94	1:36	0.92
				22.84
 <i>Diluted earnings per share</i>				
IAWS Group plc	31 January 2008	43.18	1:2	21.59
Hiestand Holding AG	31 December 2007	32.94	1:36	0.92
				22.51

8. No account has been taken of trading results or changes in financial position of the Company since incorporation as the Company has not yet commenced operations
9. No account has been taken of the trading results or changes in financial position of IAWS Group since 31 January 2008.
10. No account has been taken of the trading results or changes in financial position of Hiestand Group since 31 December 2007.

## PART 9.

### ADDITIONAL INFORMATION

#### 1 RESPONSIBILITY

The directors of ARYZTA (whose names are set out in Part 5B of this document) accept responsibility for information contained in this document relating to ARYZTA. To the best of the knowledge and belief of the directors of ARYZTA (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The directors of IAWS (whose names are set out in paragraph 2 below) accept responsibility for the information contained in this document other than that relating to ARYZTA. To the best of the knowledge and belief of the directors of IAWS (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2 DIRECTORS AND REGISTERED OFFICERS OF IAWS

The names of the directors of IAWS and their respective functions are as follows:

<i>Name</i>	<i>Age</i>	<i>Position</i>
Beatrice Dardis	63	Non-Executive Director
Brian Davy	66	Non-Executive Director
Denis Buckley	63	Non-Executive Director
Denis Lucey	71	Chairman
Hugo Kane	49	Executive Director
Noreen Hynes	55	Non-Executive Director
Owen Killian	54	Chief Executive Officer
Patrick McEniff	40	Chief Financial Officer
Paul Wilkinson	63	Non-Executive Director
William Murphy	63	Non-Executive Director

The registered office of IAWS is 151 Thomas Street, Dublin 8, Ireland.

#### 3 MARKET QUOTATIONS

The following table shows the last dealt price for IAWS Shares as derived from the Daily Official List of the Irish Stock Exchange in each case on the first dealing day in each month from January to June inclusive, on 6 June 2008 (the latest Business Day prior to the commencement of the Offer Period) and at the close of business on 25 June 2008 (the latest practicable date before the posting of this document);

<i>Date</i>	<i>Dublin</i> <i>(€)</i>
2 January 2008	15.190
1 February 2008	13.715
3 March 2008	13.200
1 April 2008	15.285
1 May 2008	16.200
3 June 2008	16.200
6 June 2008	16.180
25 June 2008	15.05

#### 4 SHAREHOLDING AND DEALINGS

##### (a) *Shareholding in IAWS relevant securities*

- (i) At the close of business on 25 June 2008 (the latest practicable date to obtain the relevant information prior to the posting of this document), the interests of the directors of IAWS in IAWS relevant securities, which have been notified to IAWS under Section 53 of the Companies Act 1990 of Ireland or which were required to be entered in the register of directors' interests maintained under the provisions of Section 59 of that Act are as set out below:

<i>Name</i>	<i>Number of IAWS Shares</i>
Denis Lucey	2,500
Owen Killian	418,792
Patrick McEniff	32,769
Hugo Kane	207,631
Denis Buckley	4,500
Beatrice Dardis	12,300
J. Brian Davy	116,373
Noreen Hynes	2,000
William G. Murphy	12,342
Paul N. Wilkinson	13,000

### Options

<i>Name</i>	<i>Number of Options over IAWS Shares</i>	<i>Exercise Date</i>	<i>Expiry Date</i>	<i>Exercise Price (€)</i>	<i>Number of ARYZTA Shares pursuant to Option Proposal</i>
Owen Killian	235,000	21.10.09	21.04.16	14.36	50,860
	60,000	19.04.09	19.10.15	11.65	14,995
	75,000	30.04.07	30.10.11	7.95	22,311
Hugo Kane	80,000	21.10.09	24.04.16	14.36	17,321
	65,000	19.04.09	19.10.15	11.65	16,245
	40,000	05.05.07	05.11.13	9.15	11,210
	65,000	21.10.11	21.04.16	14.36	14,073
Patrick McEniff	110,000	21.10.09	21.04.16	14.36	23,816
	45,000	19.04.09	19.10.15	11.65	11,246
	55,000	05.05.07	05.11.13	9.15	15,414
	75,000	21.10.11	21.04.16	14.36	16,238
	15,000	30.04.07	30.11.11	7.95	4,462

### Convertible Shares

<i>Name</i>	<i>Number of Shares</i>	<i>Award Basis</i>	<i>Date of Issue</i>	<i>Conversion Premium (if any)</i>	<i>Number of ARYZTA Shares pursuant to Convertible Share Proposal</i>
Owen Killian	350,000	EEPS Award	19.04.07	€16.80	69,251
	300,000	EEPS Award	6.11.07	€14.23	69,363
	150,000	Matching Award Scheme	19.04.07	N/A	75,000
	225,000	Matching Award Scheme	06.11.07	N/A	112,500
Hugo Kane	200,000	EEPS Award	19.04.07	€16.80	39,572
	200,000	EEPS Award	06.11.07	€14.23	46,242
	75,000	Matching Award Scheme	19.04.07	N/A	37,500
	150,000	Matching Award Scheme	06.11.07	N/A	75,000
Patrick McEniff	200,000	EEPS Award	19.04.07	€16.80	39,572
	200,000	EEPS Award	06.11.07	€14.23	46,242
	75,000	Matching Award Scheme	19.04.07	N/A	37,500
	150,000	Matching Award Scheme	06.11.07	N/A	75,000

### Contract for differences

<i>Name</i>	<i>Number of Reference IAWS Shares</i>	<i>Date of Contract</i>	<i>Reference Price</i>
Owen Killian	75,000	25.9.07	€15.17
Patrick McEniff	50,000	25.09.07	€15.25
	128,699	31.10.07	€15.60

- (ii) The interests of ARYZTA and its concert parties in IAWS relevant securities, which have been notified to IAWS pursuant to the provisions of Transparency (Directive 2004/109/EC) Regulations 2007 and/or the Interim Transparency Rules issued by the Financial Regulator are the interests of Owen Killian and Patrick McEniff in IAWS relevant securities as set out in paragraph 4(a)(i) above and as set out below:

<i>Name</i>	<i>Number of IAWS Shares</i>
Albert Alderhalden	90,000
Denis Lucey	2,500

- (iii) At the close of business on 25 June 2008 (the latest practicable date to obtain the relevant information prior to the posting of this document) the interests of persons in IAWS relevant securities who prior to the despatch of this document irrevocably committed themselves to vote in favour of the Scheme were the interests set out in paragraph 4(a)(i) above.
- (iv) At the close of business on 25 June 2008 (the latest practicable date to obtain the relevant information prior to the posting of this document), the interests of the directors of ARYZTA in IAWS relevant securities are the interests of Owen Killian, Denis Lucey and Patrick McEniff in IAWS relevant securities as set out in paragraph 4(a)(i) above.
- (v) At the close of business on 25 June 2008 (the latest practicable date to obtain the relevant information prior to the posting of this document), Credit Suisse and persons controlling, controlled by or under the same control as Credit Suisse, owned or controlled the following IAWS relevant securities:

<i>Name</i>	<i>Number of IAWS Shares</i>
Credit Suisse (Discretionary clients)	0
Credit Suisse (Own account)	61,807

- (vi) At the close of business on 25 June 2008 (the latest practicable date to obtain this information prior to the posting of this document) persons controlling, controlled by or under the same control as Davy Corporate Finance, owned or controlled the following IAWS relevant securities.

<i>Name</i>	<i>Number of IAWS Shares</i>
J&E Davy (Discretionary clients)	869,018
J&E Davy (Own account)	-4,736

- (vii) At the close of business on 25 June 2008 (the latest practicable date to obtain this information prior to the posting of this document), BNP Paribas and persons controlling, controlled by or under the same control as BNP Paribas, owned or controlled the following IAWS relevant securities.

<i>Name</i>	<i>Number of IAWS Shares</i>
BNP Paribas (Discretionary clients)	0
BNP Paribas (Own account)	21,416

(viii) At the close of business on 25 June 2008 (the latest practicable date to obtain the relevant information prior to the posting of this document), no partner or member of the professional staff of Matheson Ormsby Prentice (legal advisers to IAWS) professionally engaged in relation to the Acquisition, customarily engaged in the affairs of IAWS or who has been so engaged in the period of two years prior to the commencement of the Offer Period, owned or controlled IAWS relevant securities.

(ix) At the close of business on 25 June 2008 (the latest practicable date to the posting of this Scheme Document) no partner or member of the professional staff of KPMG (auditors to IAWS) professionally engaged in relation to the Acquisition, customarily engaged in the affairs of IAWS or who has been so engaged in the period of two years prior to the commencement of the Offer Period, owned or controlled any IAWS relevant securities.

(b) *Dealings in IAWS relevant securities*

- (i) Dealings for value in IAWS relevant securities by the persons referred to in paragraph 4(a)(i) above during the Disclosure Period were as follows:

<i>Name</i>	<i>Transaction Type</i>	<i>Date</i>	<i>Quantity</i>	<i>Pricel Conversion Premium<sup>7</sup>/ Reference Price<sup>8</sup>/ Exercise Price<sup>9</sup></i>
Patrick McEniff	Award under EIRP	24.09.07	14,523	—
	EEPS Award	06.11.07	200,000	€14.23
	Award under Matching Award Scheme	06.11.07	150,000	N/A
	Contract for Difference	25.09.07	50,000	€15.17
	Contract for Difference	31.10.07	128,699	€15.60
Owen Killian	Award under EIRP	24.09.07	37,197	€15.32
	Award under EEPS	06.11.07	200,000	€14.23
	Award under Matching Award Scheme	06.11.07	225,000	N/A
	Contract for Difference	25.09.07	75,000	€15.17
Hugo Kane	Award under EIRP	24.09.07	14,523	€15.32
	Exercise of Options	25.09.07	25,000	€7.95
	Exercise of Options	25.09.07	25,000	€9.15
	Award under EEPS	06.11.07	200,000	€14.23
	Award under Matching Award Scheme	06.11.07	150,000	N/A
Paul Wilkinson	Acquisition of IAWS Shares	27.07.07	2,000	€15.04
William Murphy	Acquisition of IAWS Shares	27.07.07	3,230	€15.06

7. Conversion premium is a reference to the conversion premium payable on the conversion of Convertible Shares, which are the subject of the Awards, to IAWS Shares. No such premium is payable in respect of Convertible Shares issued pursuant to the Matching Award Scheme.

8. Reference price is the reference price of the underlying securities at the time the contract for difference was entered into.

9. Exercise price is the price at which the relevant Option was exercised.

- (ii) Dealings for value in IAWS relevant securities by ARYZTA or its concert parties during the Disclosure Period were the dealings of Owen Killian and Patrick McEniff in IAWS relevant securities as set out in paragraph 4(b)(i) above.



- (iii) Save as disclosed in paragraph 4 (b) (i) above no person who has irrevocably committed to vote in favour of the Scheme has dealt in IAWS relevant securities during the Disclosure Period.
- (iv) Aggregated dealings for value in IAWS relevant securities by persons, controlling, controlled by and under the same control as Davy Corporate Finance since the commencement of the Disclosure Period to the close of business on 25 June 2008 (the latest practicable date to obtain the relevant information prior to the posting of this document) were as follows:

**Aggregated dealings for own account**

<i>Period</i>	<i>Bought</i>			<i>Sold</i>		
	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>
6 June 2007 to 29 June 2007	3,132,230	17.75	15.27	3,060,022	17.73	15.32
2 July 2007 to 31 July 2007	5,685,606	16.35	14.83	5,772,561	16.40	14.90
1 August 2007 to 31 August 2007	3,411,952	15.90	13.87	3,441,275	15.96	13.95
3 September 2007 to 28 September 2007	2,953,168	15.72	14.29	2,802,259	15.91	14.30
1 October 2007 to 31 October 2007	2,411,420	16.30	14.95	1,971,064	16.34	15.05
1 November 2007 to 30 November 2007	3,506,828	16.61	14.05	3,861,713	16.67	14.35
3 December 2007 to 31 December 2007	3,449,516	15.22	14.39	3,946,248	15.34	14.39
2 January 2008 to 31 January 2008	2,030,533	15.40	12.14	1,861,467	15.43	12.30
1 February 2008 to 29 February 2008	2,010,370	13.94	11.79	1,893,692	14.02	11.95
3 March 2008 to 31 March 2008	2,637,815	15.33	13.12	2,394,082	15.50	13.19
1 April 2008 to 30 April 2008	2,476,990	16.60	15.00	2,486,010	16.77	14.95
1 May 2008 to 30 May 2008	2,322,182	16.78	15.31	2,739,594	16.85	15.31
2 June 2008 to 6 June 2008	654,392	16.70	15.55	836,904	17.19	15.62
		<i>Price Paid</i>			<i>Price Received</i>	
4 June 2008	—	—	—	54	17.19	—
13 June 2008	—	—	—	15,000	15.69	—
13 June 2008	—	—	—	3,946	15.71	—
13 June 2008	—	—	—	14,900	15.80	—
16 June 2008	—	—	—	1,071	15.77	—
16 June 2008	—	—	—	198	15.79	—
16 June 2008	—	—	—	17	15.85	—
17 June 2008	—	—	—	417	15.37	—
17 June 2008	—	—	—	2,000	15.50	—
18 June 2008	—	—	—	330	15.00	—
19 June 2008	—	—	—	3,285	14.64	—
20 June 2008	—	—	—	218	14.60	—
20 June 2008	—	—	—	358	14.70	—

### Aggregated dealings for discretionary clients

<i>Period</i>	<i>Bought</i>			<i>Sold</i>		
	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>
1 June 2007 to 30 June 2007	169,800	17.30	15.65	—	—	—
1 July 2007 to 31 July 2007	19,360	16.15	15.06	10,500	16.28	15.20
1 August 2007 to 31 August 2007	21,451	15.85	14.14	—	—	—
1 September 2007 to 30 September 2007	100,460	15.47	14.50	—	—	—
1 October 2007 to 31 October 2007	6,422	16.30	15.70	16,980	15.95	15.00
1 November 2007 to 30 November 2007	—	—	—	48,740	16.24	14.40
3 December 2007 to 31 December 2007	3,282	15.05	14.85	11,224	15.20	14.80
2 January 2008 to 31 January 2008	6,350	13.80	13.42	12,490	14.30	13.38
1 February 2008 to 29 February 2008	5,785	13.00	11.95	18,055	13.32	12.95
3 March 2008 to 31 March 2008	1,550	14.05	13.99	32,830	14.80	14.55
1 April 2008 to 30 April 2008	70,530	16.00	15.30	6,700	16.35	15.16
1 May 2008 to 30 May 2008	170,216	16.20	15.61	33,215	16.70	15.70
2 June 2008 to 6 June 2008	2,800	16.04	16.00	3,002	16.61	15.97
		<i>Price Paid</i>			<i>Price Received</i>	
9 June 2008	—	—	—	10,000	16.90	—
9 June 2008	—	—	—	26	16.12	—
9 June 2008	—	—	—	171	16.11	—
9 June 2008	—	—	—	128	16.10	—
9 June 2008	—	—	—	2,800	15.82	—
11 June 2008	—	—	—	2,000	16.03	—
17 June 2008	—	—	—	500	15.63	—
18 June 2008	—	—	—	2,000	15.15	—
18 June 2008	—	—	—	4,000	15.20	—
18 June 2008	—	—	—	2,200	15.30	—
20 June 2008	—	—	—	5,000	14.60	—
24 June 2008	—	—	—	10,000	15.12	—
24 June 2008	—	—	—	64,710	15.18	—
24 June 2008	—	—	—	10,600	15.20	—
25 June 2008	—	—	—	11,726	15.45	—

A full list of the dealings by Davy on behalf of discretionary clients and its principal trading account will be available for inspection during usual business hours on any week day (Saturday, Sunday and public holidays excepted) from the date of this document until the Effective Date at the offices of Matheson Ormsby Prentice, 70 Sir John Rogerson's Quay, Dublin 2.

The dealings of entities controlled by or under the same control as Davy Corporate Finance in Ordinary Shares described above have been aggregated with the consent of the Panel. A full list of all dealings will be made available for inspection as described in paragraph 14 of this Part 9.

Except as disclosed above, entities controlled by or under the same control as Davy Corporate Finance have not dealt for value in relevant securities of IAWS during the Disclosure Period.

- (v) Aggregated dealings for value in IAWS relevant securities by Credit Suisse and persons, controlling, controlled by and under the same control as Credit Suisse since the commencement of the Disclosure Period to the close of business on 25 June 2008 (the latest practicable date to obtain the relevant information prior to the posting of this document) were as follows:

### Aggregated dealings for own account

<i>Period</i>	<i>Bought</i>			<i>Sold</i>		
	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>
6 June 2007 to 29 June 2007	39,478	17.4600	16.4900	—	—	—
2 July 2007 to 31 July 2007	50,000	15.8237	15.8237	108,257	15.8354	15.7051
2 August 2007 to 31 August 2007	165,000	15.5132	14.0210	90,000	15.6705	15.6705
4 September 2007 to 28 September 2007	81,431	15.0225	14.3715	37,018	15.6500	15.2400
1 October 2007 to 30 October 2007	—	—	—	189,876	16.0759	15.3850
5 November 2007 to 30 November 2007	116,646	16.4450	14.4500	532,670	16.4770	14.7100
3 December 2007 to 31 December 2007	—	—	—	189,837	15.0950	14.5700
4 January 2008 to 31 January 2008	34,682	13.7202	13.2999	40,000	13.7294	13.6795
1 February 2008 to 29 February 2008	—	—	—	130,000	13.5287	12.4813
3 March 2008 to 31 March 2008	5,000	15.0300	15.0300	350,000	13.8142	13.4298
1 April 2008 to 30 April 2008	47,945	15.3484	15.3484	541,104	16.1257	15.7661
2 May 2008 to 30 May 2008	536,662	16.4279	15.6300	12,688	16.7150	15.7680
2 June 2008 to 6 June 2008	201,321	16.5515	15.5126	316,665	16.7000	15.5417
		Price Paid			Price Received	
9 June 2008	5,242	16.6827	16.2350	7,827	16.6827	16.2167
10 June 2008	2,053	16.0930	15.8000	25,383	16.0300	15.8000
11 June 2008	14,546	15.9500	15.7452	36,602	15.9500	15.8500
12 June 2008	55,369	15.9582	15.5000	29,062	15.9000	15.5000
13 June 2008	15,503	15.7281	15.5126	56,488	15.7979	15.7000
16 June 2008	7,612	15.7859	15.7400	11,153	15.7859	15.7400
17 June 2008	7,690	15.7500	15.3029	4,568	15.5417	15.5242
18 June 2008	318	15.4000	15.4000	-27,474	15.4000	15.0800
19 June 2008	0	0.0000	0.0000	-16,924	14.7150	14.7150
20 June 2008	0	0.0000	0.0000	0	0.0000	0.0000
23 June 2008	0	0.0000	0.0000	-17,853	14.9776	14.8629
24 June 2008	0	0.0000	0.0000	-8,640	15.2315	15.2315
25 June 2008	0	0.0000	0.0000	0	0.0000	0.0000

A full list of the dealings by Credit Suisse on behalf of discretionary clients will be available for inspection during usual business hours on any week day (Saturday, Sunday and public holidays excepted) from the date of this document until the Effective Date at the offices of Matheson Ormsby Prentice, 70 Sir John Rogerson's Quay, Dublin 2.

The dealings by Credit Suisse and entities controlled by or under the same control as Credit Suisse in Ordinary Shares described above have been aggregated with the consent of the Panel. A full list of all dealings will be made available for inspection as described in paragraph 14 of this Part 9.

Except as disclosed above, Credit Suisse and entities controlled by or under the same control as Credit Suisse have not dealt for value in relevant securities of IAWS during the Disclosure Period.

- (vi) Aggregated dealings for value in IAWS relevant securities by BNP Paribas and persons controlling, controlled by and under the same control as BNP Paribas since the commencement of the Disclosure Period to the close of business on 25 June 2008 (the latest practicable date to obtain the relevant information prior to the posting of this document) are as follows:

## Aggregated dealings for own account

### *Trading for own account*

<i>Period</i>	<i>Bought</i>			<i>Sold</i>			<i>Trade Price</i>
	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>	<i>Trade Price</i>	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	
6 June 2007 to 29 June 2007	1,847	17.73	15.50	—	30,709	17.73	15.90
2 July 2007 to 31 July 2007	6,866	15.82	14.99	—	9,560	15.82	15.00
1 August 2007 to 31 August 2007	42,000	15.95	14.00	—	12,903	15.67	14.20
3 September 2007 to 28 September 2007	20,421	15.60	14.45	—	21,534	15.60	14.35
1 October 2007 to 31 October 2007	30,692	16.25	15.17	—	4,850	16.05	15.01
1 November 2007 to 30 November 2007	44,863	16.25	14.61	—	63,279	16.54	14.40
3 December 2007 to 31 December 2007	53,151	15.35	14.50	—	40,806	15.07	14.60
2 January 2008 to 31 January 2008	15,667	15.40	12.65	—	18,762	15.40	12.72
1 February 2008 to 29 February 2008	11,985	13.40	12.30	—	9,882	13.45	12.35
3 March 2008 to 31 March 2008	11,714	14.87	13.58	—	5,542	15.04	14.47
1 April 2008 to 30 April 2008	60,399	16.64	15.25	—	40,029	16.62	15.33
1 May 2008 to 30 May 2008	137,088	16.75	15.63	—	126,984	16.75	15.30
2 June 2008 to 6 June 2008	19,485	16.15	15.84	—	32,546	16.20	15.84
9/6/08	—	—	—	—	788	—	16.86
10/6/08	44	—	—	15.80	—	—	—
10/6/08	44	—	—	15.80	—	—	—
10/6/08	—	—	—	—	44	—	15.80
10/6/08	408	—	—	15.80	—	—	—
11/6/08	—	—	—	—	100	—	15.74
11/6/08	—	—	—	—	110	—	15.74
11/6/08	—	—	—	—	217	—	15.95
11/6/08	—	—	—	—	202	—	15.78
11/6/08	—	—	—	—	442	—	15.79
11/6/08	—	—	—	—	442	—	15.79
11/6/08	67	—	—	16.00	—	—	—
11/6/08	—	—	—	—	338	—	15.78
11/6/08	—	—	—	—	287	—	16.00
12/6/08	623	—	—	15.87	—	—	—
12/6/08	—	—	—	—	47	—	15.87
12/6/08	—	—	—	—	576	—	15.87
13/6/08	5,501	—	—	15.80	—	—	—
13/6/08	—	—	—	—	68	—	15.85
13/6/08	—	—	—	—	25	—	15.84
13/6/08	—	—	—	—	360	—	15.86
13/6/08	—	—	—	—	433	—	15.80
13/6/08	—	—	—	—	289	—	15.73
13/6/08	—	—	—	—	721	—	15.80
13/6/08	—	—	—	—	216	—	15.86
13/6/08	—	—	—	—	360	—	15.86
13/6/08	—	—	—	—	720	—	15.80
13/6/08	—	—	—	—	4	—	15.85
13/6/08	—	—	—	—	216	—	15.74
13/6/08	—	—	—	—	145	—	15.86
13/6/08	—	—	—	—	72	—	15.83
13/6/08	—	—	—	—	432	—	15.72
13/6/08	—	—	—	—	648	—	15.80
13/6/08	—	—	—	—	360	—	15.86
13/6/08	—	—	—	—	71	—	15.74
13/6/08	—	—	—	—	361	—	15.80
13/6/08	317	—	—	15.78	—	—	—
16/6/08	17,424	—	—	15.82	—	—	—
16/6/08	—	—	—	—	102	—	15.74
16/6/08	—	—	—	—	165	—	15.75
16/6/08	—	—	—	—	400	—	15.77
16/6/08	—	—	—	—	16	—	15.80
16/6/08	—	—	—	—	720	—	15.84
16/6/08	—	—	—	—	720	—	15.84
16/6/08	—	—	—	—	73	—	15.84
16/6/08	—	—	—	—	560	—	15.80
16/6/08	—	—	—	—	555	—	15.75
16/6/08	—	—	—	—	720	—	15.95
16/6/08	—	—	—	—	80	—	15.95
16/6/08	—	—	—	—	144	—	15.75
16/6/08	—	—	—	—	34	—	15.95
16/6/08	—	—	—	—	717	—	15.95
16/6/08	—	—	—	—	720	—	15.68
16/6/08	—	—	—	—	720	—	15.75
16/6/08	1,770	—	—	15.80	—	—	—
16/6/08	—	—	—	—	432	—	15.95
16/6/08	—	—	—	—	144	—	15.90
16/6/08	—	—	—	—	647	—	15.88

<i>Period</i>	<i>Bought</i>			<i>Sold</i>				
	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>	<i>Trade Price</i>	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>	<i>Trade Price</i>
16/6/08	—			—	720			15.75
16/6/08	—			—	226			15.75
16/6/08	—			—	720			15.95
16/6/08	—			—	720			15.75
16/6/08	—			—	697			15.84
16/6/08	—			—	144			15.84
16/6/08	—			—	720			15.75
16/6/08	—			—	720			15.75
16/6/08	400			15.80	—			—
16/6/08	—			—	720			15.75
16/6/08	—			—	720			15.80
16/6/08	—			—	576			15.84
16/6/08	—			—	360			15.68
16/6/08	—			—	3			15.95
16/6/08	—			—	720			15.90
16/6/08	—			—	144			15.84
16/6/08	—			—	576			15.84
16/6/08	342			15.80	—			—
16/6/08	—			—	432			15.95
16/6/08	—			—	23			15.84
16/6/08	—			—	350			15.75
16/6/08	—			—	104			15.77
16/6/08	—			—	216			15.68
16/6/08	—			—	144			15.84
16/6/08	159			15.99	—			—
16/6/08	708			15.80	—			—
16/6/08	400			15.99	—			—
17/6/08	4,067			15.62	—			—
17/6/08	—			—	7			15.60
17/6/08	—			—	97			15.61
17/6/08	—			—	144			15.60
17/6/08	—			—	720			15.65
17/6/08	—			—	72			15.30
17/6/08	—			—	720			15.65
17/6/08	—			—	576			15.60
17/6/08	—			—	65			15.60
17/6/08	—			—	360			15.61
17/6/08	—			—	216			15.60
17/6/08	—			—	323			15.56
17/6/08	—			—	47			15.61
17/6/08	—			—	720			15.65
17/6/08	583			15.35	—			—
17/6/08	773			15.70	—			—
17/6/08	286			15.70	—			—
17/6/08	400			15.70	—			—
18/6/08	1,152			15.32	—			—
18/6/08	—			—	216			15.31
18/6/08	—			—	134			15.04
18/6/08	—			—	72			15.31
18/6/08	—			—	27			15.30
18/6/08	—			—	53			15.04
18/6/08	—			—	30			15.04
18/6/08	—			—	258			15.34
18/6/08	—			—	72			15.32
18/6/08	—			—	246			15.34
18/6/08	—			—	1			15.02
18/6/08	—			—	210			15.02
18/6/08	—			—	96			15.00
18/6/08	—			—	346			15.00
18/6/08	—			—	136			15.04
18/6/08	750			15.05	—			—
18/6/08	—			—	210			15.02
18/6/08	—			—	210			15.13
18/6/08	—			—	13			15.00
18/6/08	—			—	221			15.15
18/6/08	—			—	261			15.30
18/6/08	—			—	185			15.00
18/6/08	—			—	210			15.13
19/6/08	—			—	-360			15.12
19/6/08	500			14.672	—			—
19/6/08	1,000			14.671	—			—
19/6/08	504			15.12	—			—
19/6/08	4			14.98	—			—
19/6/08	—			—	-4			15

<i>Period</i>	<i>Bought</i>			<i>Sold</i>				
	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>	<i>Trade Price</i>	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>	<i>Trade Price</i>
19/6/08	—			—	-72			15.12
19/6/08	—			—	-72			15.12
23/6/08	—			—	-648			15
23/6/08	—			—	-720			15
23/6/08	—			—	-720			15
23/6/08	—			—	-288			14.97
23/6/08	—			—	-116			14.98
23/6/08	—			—	-504			15
23/6/08	—			—	-72			14.96
23/6/08	—			—	-72			14.95
23/6/08	—			—	-720			15
23/6/08	—			—	-42			15
23/6/08	—			—	-50			14.98
23/6/08	—			—	-288			14.95
23/6/08	—			—	-720			14.98
23/6/08	—			—	-576			14.95
23/6/08	—			—	-72			15.02
23/6/08	—			—	-72			14.95
23/6/08	—			—	-144			14.98
23/6/08	—			—	-720			14.98
23/6/08	—			—	-720			15
23/6/08	—			—	-720			15.001
23/6/08	—			—	-720			14.961
23/6/08	—			—	-720			15
23/6/08	—			—	-720			15
23/6/08	—			—	-720			15
23/6/08	—			—	-72			15
23/6/08	—			—	-720			15
23/6/08	—			—	-30			15
23/6/08	—			—	-720			15
23/6/08	—			—	21,168			14.9902
23/6/08	—			—	-720			14.98
23/6/08	—			—	-72			15.05
23/6/08	—			—	-720			15
23/6/08	—			—	-144			14.98
23/6/08	—			—	-720			15
23/6/08	—			—	-72			15
23/6/08	—			—	-216			15
23/6/08	—			—	-720			15
23/6/08	—			—	-432			15
23/6/08	—			—	-22			14.98
23/6/08	—			—	-360			14.96
23/6/08	—			—	-576			14.98
23/6/08	—			—	-432			15
23/6/08	—			—	-604			14.98
23/6/08	—			—	-576			14.98
23/6/08	—			—	-720			14.97
23/6/08	—			—	-720			15
23/6/08	—			—	-216			15
23/6/08	—			—	-720			15
24/6/08	—			—	-504			15.24
24/6/08	—			—	-311			15.4
24/6/08	—			—	-71			15.4
24/6/08	—			—	-399			15.11
24/6/08	—			—	-28			15.39
24/6/08	—			—	-43			15.5
24/6/08	—			—	-720			15.38
24/6/08	—			—	-720			15.1
24/6/08	—			—	-720			15.5
24/6/08	—			—	-44			15.39
24/6/08	—			—	-216			15.4
24/6/08	15,840			15.2249	—			—
24/6/08	—			—	-414			15.1
24/6/08	—			—	-144			15.16
24/6/08	—			—	-321			15.11
24/6/08	—			—	-72			15.11
24/6/08	—			—	-72			15.37
24/6/08	—			—	-72			15.1
24/6/08	—			—	-1			15.4
24/6/08	—			—	-328			15.11
24/6/08	—			—	-720			15.1
24/6/08	—			—	-288			15.37799
24/6/08	—			—	-64			15.15
24/6/08	—			—	-576			15.37101

<i>Period</i>	<i>Bought</i>			<i>Sold</i>				
	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>	<i>Trade Price</i>	<i>No. of Ordinary Shares</i>	<i>Max Price</i>	<i>Min Price</i>	<i>Trade Price</i>
24/6/08	—			—	-720			15.2
24/6/08	—			—	-18			15.1
24/6/08	—			—	-504			15.11
24/6/08	—			—	-70			15.1
24/6/08	—			—	-720			15.1
24/6/08	—			—	-432			15.34901
24/6/08	—			—	-720			15.356
24/6/08	—			—	-183			15.4
24/6/08	—			—	-196			15.1
24/6/08	—			—	-144			15.1
24/6/08	—			—	-216			15.1
24/6/08	—			—	-216			15.1
24/6/08	—			—	-72			15.39
24/6/08	—			—	-74			15.1
24/6/08	—			—	-33			15.4
24/6/08	—			—	-72			15.5
24/6/08	—			—	-216			15.24
24/6/08	—			—	-29			15.5
24/6/08	—			—	-504			15.24
24/6/08	—			—	-216			15.37102
24/6/08	—			—	-392			15.11
24/6/08	—			—	-720			15.1
24/6/08	—			—	-720			15.1
24/6/08	—			—	-576			15.1
24/6/08	—			—	-296			15.15
24/6/08	—			—	-158			15.4
24/6/08	—			—	-179			15.37503
24/6/08	—			—	-504			15.40099
24/6/08	—			—	-92			15.1
25/6/08	—			—	-720			15.4
25/6/08	—			—	-720			15.2
25/6/08	—			—	-432			15.5
25/6/08	—			—	-288			15.3
25/6/08	—			—	-720			15.48
25/6/08	—			—	442			15.2
25/6/08	—			—	-720			15.5
25/6/08	—			—	26			15.19
25/6/08	—			—	-720			15.3
25/6/08	—			—	429			15.2
25/6/08	—			—	-720			15.4
25/6/08	—			—	-432			15.3
25/6/08	—			—	-720			15.4
25/6/08	—			—	-68			15.5
25/6/08	29			15.19	—			—
25/6/08	—			—	-432			15.3
25/6/08	—			—	-72			15.4
25/6/08	—			—	-4			15.5
25/6/08	7,920			15.3827	—			—
25/6/08	442			15.2	—			—
25/6/08	—			—	-144			15.4
25/6/08	—			—	-288			15.2
25/6/08	—			—	-720			15.5
25/6/08	262			15.19	—			—
25/6/08	254			15.19	—			—
25/6/08	203			15.19	—			—

### Aggregated dealings for discretionary clients

<i>Period</i>	<i>Bought</i>		<i>Sold</i>	
	<i>No. of Ordinary Shares</i>	<i>Average Price</i>	<i>No. of Ordinary Shares</i>	<i>Average Price</i>
6 June 2007 to 29 June 2007	—	—	1,000	17.73
2 July 2007 to 31 July 2007	—	—	—	—
1 August 2007 to 31 August 2007	—	—	—	—
3 September 2007 to 28 September 2007	—	—	—	—
1 October 2007 to 31 October 2007	—	—	—	—
1 November 2007 to 30 November 2007	8,771	14.80	8,771	14.80
3 December 2007 to 31 December 2007	—	—	—	—
2 January 2008 to 31 January 2008	—	—	—	—
1 February 2008 to 29 February 2008	—	—	—	—
3 March 2008 to 31 March 2008	—	—	—	—
1 April 2008 to 30 April 2008	32,090	16.28	—	—
1 May 2008 to 30 May 2008	2,100	15.93	—	—
2 June 2008 to 6 June 2008	—	—	2,370	16.00
12/06/2008	—	—	576	15.87
12/06/2008	—	—	47	15.87
13/06/2008	—	—	25	15.84
13/06/2008	—	—	432	15.72
13/06/2008	—	—	289	15.73
13/06/2008	—	—	71	15.74
13/06/2008	—	—	216	15.74
13/06/2008	—	—	433	15.80
13/06/2008	—	—	720	15.80
13/06/2008	—	—	721	15.80
13/06/2008	—	—	648	15.80
13/06/2008	—	—	72	15.83
13/06/2008	—	—	216	15.86
13/06/2008	—	—	360	15.86
13/06/2008	—	—	145	15.86
13/06/2008	—	—	360	15.86
13/06/2008	—	—	360	15.86
13/06/2008	—	—	72	15.85
13/06/2008	—	—	361	15.80
16/06/2008	—	—	720	15.68
16/06/2008	—	—	216	15.68
16/06/2008	—	—	360	15.68
16/06/2008	—	—	144	15.84
16/06/2008	—	—	144	15.84
16/06/2008	—	—	576	15.84
16/06/2008	—	—	576	15.84
16/06/2008	—	—	144	15.90
16/06/2008	—	—	720	15.84
16/06/2008	—	—	720	15.84
16/06/2008	—	—	720	15.84
16/06/2008	—	—	144	15.84
16/06/2008	—	—	720	15.88
16/06/2008	—	—	720	15.90
16/06/2008	—	—	504	15.77
16/06/2008	—	—	720	15.95
16/06/2008	—	—	432	15.95
16/06/2008	—	—	720	15.95
16/06/2008	—	—	432	15.95
16/06/2008	—	—	720	15.95
16/06/2008	—	—	216	15.85
16/06/2008	—	—	720	15.75
16/06/2008	—	—	576	15.80
16/06/2008	—	—	720	15.80
16/06/2008	—	—	720	15.75
16/06/2008	—	—	720	15.75



<i>Period</i>	<i>Bought</i>		<i>Sold</i>	
	<i>No. of Ordinary Shares</i>	<i>Average Price</i>	<i>No. of Ordinary Shares</i>	<i>Average Price</i>
16/06/2008	—	—	720	15.75
16/06/2008	—	—	576	15.75
16/06/2008	—	—	720	15.75
16/06/2008	—	—	720	15.75
16/06/2008	—	—	144	15.75
16/06/2008	—	—	720	15.75
17/06/2008	—	—	720	15.65
17/06/2008	—	—	720	15.65
17/06/2008	—	—	720	15.65
17/06/2008	—	—	144	15.61
17/06/2008	—	—	360	15.61
17/06/2008	—	—	216	15.60
17/06/2008	—	—	144	15.60
17/06/2008	—	—	576	15.60
17/06/2008	—	—	72	15.60
17/06/2008	—	—	323	15.56
17/06/2008	—	—	72	15.30
18/06/2008	—	—	504	15.34
18/06/2008	—	—	72	15.31
18/06/2008	—	—	216	15.31
18/06/2008	—	—	72	15.32
18/06/2008	—	—	288	15.30
19/06/2008	—	—	—	—
20/06/2008	—	—	—	—
23/06/2008	—	—	—	—
24/06/2008	—	—	—	—
25/06/2008	—	—	—	—

A full list of the dealings by BNP Paribas will be available for inspection during usual business hours on any week day (Saturday, Sunday and public holidays excepted) from the date of this document until the Effective Date at the offices of Matheson Ormsby Prentice, 70 Sir John Rogerson's Quay, Dublin 2.

The dealings by BNP Paribas and entities controlled by or under the same control as BNP Paribas in Ordinary Shares described above have been aggregated with the consent of the Panel. A full list of all dealings will be made available for inspection as described in paragraph 14 of this Part 9.

Except as disclosed above, BNP Paribas and entities controlled by or under the same control as Credit Suisse have not dealt for value in relevant securities of IAWS during the Disclosure Period.

- (vii) No partner or member of the professional staff of Matheson Ormsby Prentice Solicitors professionally engaged in relation to the Acquisition, customarily engaged in the affairs of IAWS or who has been so engaged in the period of two years prior to the commencement of the Offer Period has dealt in IAWS relevant securities during the Disclosure Period.
  - (viii) In accordance with KPMG policy no partner or member of the professional staff of KPMG engaged in relation to the Acquisition, customarily engaged in the affairs of IAWS or who has been so engaged in the period of two years prior to the commencement of the Offer Period, has dealt in IAWS relevant securities during the Disclosure Period.
- (c) Save as disclosed in paragraph 4(a)(ii) and 4(b)(ii) above neither ARYZTA nor any of the directors of ARYZTA, nor to the best of the knowledge of each of the directors of ARYZTA, whose names are set out in Part 5B of this document, no persons deemed to be acting in concert with ARYZTA owns or controls any IAWS Shares or any securities convertible into, rights to subscribe for or options (including traded options) in respect of, or any derivatives referenced to, any IAWS Shares or securities of IAWS which confer substantially the same rights as IAWS Shares ("relevant securities" and relevant securities of ARYZTA shall be construed accordingly), nor has any such person dealt for value therein during the Disclosure Period.

- (d) IAWS is the registered owner of the entire issued share capital of ARYZTA and none of the directors of ARYZTA nor to the best of the knowledge of each of the directors of ARYZTA, whose names are set out at Part 5B of this document, does any person deemed to be acting in concert with ARYZTA own or control any relevant securities of ARYZTA, nor has any such person dealt for value therein during the Disclosure Period.
- (e) Save as disclosed in this paragraph 4, neither:
- (i) any subsidiary of IAWS, nor any pension fund of IAWS or any of its subsidiaries nor any financial or other professional adviser of IAWS (including stockbrokers but excluding exempt market makers or exempt fund managers) who is providing advice to IAWS in relation to the Acquisition, including any person controlling, controlled by or under the same control as any such financial, or other professional adviser; nor
  - (ii) any subsidiary of ARYZTA, nor any pension fund of ARYZTA or any of its subsidiaries nor any financial or other professional adviser of ARYZTA (including stockbrokers but excluding exempt market makers or exempt fund managers) who is providing advice to ARYZTA in relation to the Acquisition, including any person controlling, controlled by or under the same control as any such financial, or other professional adviser; nor
  - (iii) (any discretionary fund manager (other than an exempt fund manager) connected with IAWS;
- owns or controls any relevant securities of IAWS and/or ARYZTA as at the close of business on 25 June 2008 (the latest practicable date to obtain the relevant information prior to the posting of this document), nor has any such person as is mentioned in sub-paragraphs (i), (ii) or (iii) above dealt for value therein since the commencement of the Disclosure Period to the close of business on 25 June 2008 (the latest practicable date to obtain the relevant information prior to the posting of this document).
- (f) Neither ARYZTA nor any person acting in concert with ARYZTA nor so far as ARYZTA and its directors are aware no associate of ARYZTA has any arrangement with any other person in relation to relevant securities of IAWS and/or ARYZTA, nor has any such person dealt for value in such securities during the period beginning 12 months prior to the commencement of the Offer Period and ending on 25 June 2008 (the latest practicable date prior to the posting of this document). For these purposes “arrangement” includes any indemnity or option arrangements and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing.
- (g) So far as IAWS, its directors and any associate of IAWS are aware, neither IAWS nor any associate of IAWS has any arrangement with any other person in relation to relevant securities. For these purposes “arrangement” includes any indemnity or option arrangements and any agreement of understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing.
- (h) Save as disclosed herein above, neither IAWS nor any of the directors of IAWS nor any members of their immediate families or persons connected with them (within the meaning of Part IV of the Companies Act 1990 of Ireland) owns or is directly or indirectly interested in any relevant securities in ARYZTA, nor has any such person dealt for value therein during the Disclosure Period.
- (i) IAWS has not redeemed or purchased any relevant securities in IAWS during the Disclosure Period.
- (j) Save as set out in paragraph (d) above no relevant securities in ARYZTA are owned or controlled by IAWS, its directors, IAWS subsidiaries, a pension fund of IAWS, any associate of IAWS, or any of its subsidiaries, a bank, financial or other professional adviser to IAWS.
- (k) References in this paragraph 4 to:
- (i) an “associate” are to:
    - (A) subsidiaries and associated companies of IAWS and ARYZTA and companies of which any such subsidiaries or associated companies are associated companies;
    - (B) banks, financial and other professional advisers (including stockbrokers) (acting in relation to the Acquisition) to IAWS or ARYZTA or a company referred to in (a) above, including persons controlling, controlled by or under the same control as such banks, financial or other professional advisers;

- (C) the directors of IAWS, the directors of ARYZTA and the directors of any company referred to in (a) above (together in each case with their close relatives and related trusts);
  - (D) the pension funds of IAWS or a company referred to in (a) above; and
  - (E) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph (j)) manages on a discretionary basis, in respect of the relevant investments accounts;
- (l) a “bank” does not apply to a bank whose sole relationship with ARYZTA or IAWS or a company covered in paragraph (k)(i)(A) above is the provision of normal commercial banking service or such activities in connection with the Acquisition as handling acceptances and other registration work.
  - (m) For the purposes of this paragraph 4, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “control” means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of the company which are currently exercisable at a general meeting, irrespective of whether the holding or aggregate holding gives de facto control.
  - (n) To the extent that any dealings are disclosed by persons deemed to be acting in concert with ARYZTA following the announcement of the Scheme and before the Scheme becomes effective details of such dealings will be put on display at the offices of Davy Corporate Finance.

## 5 FIVE PERCENT SHAREHOLDERS

The following persons will, based on their shareholdings as at 25 June 2008 (the latest practicable date prior to the posting of this document) have an interest, direct or indirect, of 5% or more in any class of securities in ARYZTA upon completion of the Merger:

<i>Name</i>	<i>Address</i>	<i>Percentage Interest in ARYZTA relevant securities</i>
Bank of Ireland Nominees Limited	International Financial Services Centre 1 Harbourmaster Place Dublin 1	19.55%
Fidelity International Limited	PO Box HM670 Hamilton HMCX Bermuda.	10.42%
Lion Capital	Lion/Hotel Dutch 1 B.V. Fred Roekestraat 123-1 1076 EE Amsterdam Netherlands	8.04%

## 6 MATERIAL CONTRACTS

### (a) ARYZTA

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by ARYZTA since its date of incorporation and are or may be material:

#### *Facility Agreement*

By a facility agreement dated 20 June 2008 between, amongst others, The Governor and Company of the Bank of Ireland as agent, ARYZTA as borrower, and the financial institutions named therein as Lenders, the Lenders agreed, subject to satisfaction of the conditions precedent specified therein (including completion of the Merger), to make a revolving loan facility in an amount of up to €795,000,000 available to ARYZTA and those other members of the Enlarged Group that subsequently accede thereto as borrowers to be used to repay the existing €600,000,000 facilities of the IAWS Group and the existing CHF245,000,000 facilities of the Hiestand Group, to pay costs and expenses incurred in relation to the Merger and for the

general corporate and working capital purposes of the Enlarged Group. The obligations of the Borrowers in respect of the facility are to be secured by guarantees given by various members of the Enlarged Group and by a share mortgage over the entire issued share capital of Blixen Limited (a member of the IAWS Group). The facility is due to expire on 20 June 2013. IAWS will become a party to the Agreement following completion of the Merger.

#### *Business Combination Agreement*

IAWS, ARYZTA and Hiestand have entered into the Business Combination Agreement. The Business Combination Agreement provides for various matters relating to the implementation of the Merger and, in particular, provides for the convening of the relevant shareholder meetings of IAWS, ARYZTA and Hiestand, the composition of the board of ARYZTA, the exchange ratios to be applied in relation to the Merger and the conditions which are to apply to the Acquisition and to the Hiestand Merger.

The parties agree to exchange information which is relevant to the Merger with each other. The Business Combination Agreement also provides that if an event occurs which negatively affects the value of either IAWS or Hiestand by at least 10% the parties will seek to agree an adjustment to the exchange ratios applying for the purposes of the Merger. If agreement is not reached on such adjustment, then shareholders of the entity unaffected by the event will be given an opportunity to vote to withdraw from the Merger. IAWS and Hiestand each agree not to do any of the following acts without the consent of the other:-

- issue new shares other than pursuant to pre-existing commitments;
- acquire its own shares or shares of the other party except in the relation to the acquisition by IAWS of the Hiestand Shares of Lion Capital and the issue of shares pursuant to the Group Share Schemes of IAWS;
- acquisitions or divestments with a value exceeding CHF20 million and transactions of unusual strategic importance, other than transactions specifically disclosed by the parties to each other;
- make material changes in employment contracts with senior executives other than in the ordinary course of business;
- pay a dividend or issue bonus shares;
- any act that is not in the ordinary course of business.

#### *Hiestand Merger Agreement*

ARYZTA and Hiestand have entered into the Hiestand Merger Agreement. The Hiestand Merger Agreement provides for the implementation of the Hiestand Merger. In particular, it provides for the exchange ratio to be applied in the context of the Hiestand Merger, the manner in which the exchange of Hiestand Shares for ARYZTA Shares is to be performed and the convening of shareholder meetings of ARYZTA and Hiestand. The Hiestand Merger Agreement also provides for the conditions which are to apply to the Hiestand Merger.

#### (b) IAWS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by IAWS within 2 years of the date of this document and are or may be material:

#### *Lion Share Purchase Agreement*

IAWS has entered into a share purchase agreement (the “**Lion SPA**”) with Lion/Hotel Dutch 1 B.V. (“**Lion**”), pursuant to which IAWS has agreed to purchase 170,000 shares of Hiestand from Lion. The consideration for the purchase of the shares under the Lion SPA consists of (a) the allotment to Lion (or any of its subsidiaries or any of its affiliates designated by Lion) of approximately 12,700,000 IAWS Shares; and (b) the payment to Lion of the sum of €30 million. Completion of the SPA is conditional upon the fulfilment or waiver of certain Polish, German and Irish anti-trust clearances. Pursuant to the Lion SPA, in the event that the Swiss Takeover Board determines that the signing or completion of the Lion SPA means that Lion and/or its beneficial owner on the one hand and IAWS on the other hand are acting in concert and that triggers a mandatory offer or other similar material action by Lion and/or the beneficial owner of Lion in relation to Hiestand under the relevant Swiss takeover legislation, IAWS shall indemnify and reimburse on a pound for pound basis Lion and its beneficial owner for any

liability, obligation, loss, cost, damage or other expense suffered by Lion and its beneficial owner arising out of or in connection with such mandatory offer or other similar material action. The maximum liability of IAWS under such indemnity shall be limited to such maximum amount as would not be treated as a “Class 1 transaction” for the purposes of Chapter 10 of the UK Listing Authority’s Listing Rules.

#### *Note Purchase Agreement*

IAWS Finance PP Limited (a member of the IAWS Group) has raised funds by the issue of senior notes in the amount of US\$450,000,000 under a note purchase and guarantee agreement dated 13 June 2007. The notes were previously placed with investors in the US and comprise the following three classes:

- \$150,000,000 5.72% Guaranteed Series A Senior Notes due June 13, 2014;
- \$250,000,000 5.86% Guaranteed Series B Senior Notes due June 13, 2017; and
- \$50,000,000 5.96% Guaranteed Series C Senior Notes due June 13, 2019 (together with the Series A and Series B Notes the “Notes”).

The obligations of IAWS Finance PP Limited in respect of the Notes are guaranteed by various members of the Group.

#### *Shared Services Agreement*

Shared Services Agreement dated 29 May 2007 between IAWS and Origin (“**Shared Services Agreement**”), whereby subject to the terms and conditions of the Shared Services Agreement, IAWS agreed to supply services or procure that services be supplied to such companies within the Origin group as may be specified by Origin. IAWS agreed to provide the relevant services to equivalent standards and exercise the same degree of care as is the case when executing equivalent functions on its own account.

IAWS is entitled to terminate the provision of one or more or all of the services which it is due to provide by delivery of a notice of termination to Origin giving not less than 6 months’ notice of withdrawal of such services, given at any time following the expiration of 18 months from the date of the Shared Services Agreement save that, in the case of IT services, the relevant notice period is 18 months (given at any time following the expiration of 18 months from the date of the Shared Services Agreement). Termination may also arise on the occurrence of certain specified insolvency events.

The services to be provided by IAWS to Origin consist of financial reporting, internal audit, treasury services, taxation services, in-house legal and company secretarial services, information technology and the provision of serviced office facilities.

#### *Deed of Counter Indemnity*

Deed of Counter Indemnity dated 29 May 2007 between IAWS and Origin (“**Deed of Counter Indemnity**”), whereby subject to the provisions of the Deed of Counter Indemnity, Origin, for itself and its group of companies, agreed to indemnify and hold harmless IAWS and any member of the Group in respect of all and any obligations by way of guarantee, indemnity or like obligation (and howsoever described) undertaken by IAWS or any member of the Group for the benefit of and/or at the request or direction of and/or with a view to support or secure or provide comfort in respect of the obligations of one or more of Origin and/or any of its group of companies.

#### *Licence Agreement*

Licence Agreement dated 29 May 2007 between IAWS and Origin, (“**Licence Agreement**”), whereby subject to the provisions of the Licence Agreement IAWS agreed for itself and any relevant member of the Group to permit Origin and any relevant Origin group company to continue to use certain IAWS trade marks and brands in connection with their respective businesses, on a royalty free basis, for a period of up to 3 years from the date of the Origin initial public offering.

#### *Merger Agreement*

Otis Spunkmeyer Holdings, Inc. (“**OSH**”), OSI Holdings Corporation (“**OHC**”) (an entity controlled by IAWS), OSI Acquisition Corporation (a wholly-owned subsidiary of OHC) (“**OSIAC**”), IAWS and Code Hennessey & Simmons IV, L.P. (**CHS**) entered into an Agreement and Plan of Merger on 13 October 2006 ( the “**Spunkmeyer Merger Agreement**”) pursuant to

which OHC acquired all the issued outstanding shares in OSH in a reverse subsidiary merger transaction (the “**Spunkmeyer Acquisition**”). On completion of the merger contemplated by the Spunkmeyer Merger Agreement on 2 November 2006 (“**Completion Date**”), OSIAC merged with OSH. OSH succeeded to all assets, liabilities, rights and obligations of OSIAC and OSH. CHS acted as agent and representative of the selling shareholders. Based on a closing enterprise value of OSH of US\$561m, the Spunkmeyer Merger Agreement provided for a cash consideration for the shares in OSH of US\$340m with a potential for additional payments to stock and option holders contingent on the achievement of agreement performance milestones, up to a maximum of US\$25m. US\$25m of the consideration was placed in an escrow account until September 15, 2007 to secure OHC’s indemnification rights under the Spunkmeyer Merger Agreement.

Under the Spunkmeyer Merger Agreement, OSH provided customary warranties to OHC and OSIAC, including concerning due incorporation, capacity to enter into the Spunkmeyer Merger Agreement, capitalisation, subsidiaries, real estate holdings, financial statements, tax, litigation, contractual arrangements, compliance with laws, employee relations benefit plans, ownership of intellectual property, the lack of entitlement of any third party to a brokerage fee in connection with the transaction and environmental matters. OHC provided certain warranties to the selling shareholders and OSH including concerning due incorporation, capacity, litigation, non-contravention of the Spunkmeyer Merger Agreement with existing contracts to which OHC was party and OHC’s financing arrangements for the Otis Spunkmeyer Acquisition.

The warranties given by OSH expired on September 15, 2007, save those in relation to due incorporation, capacity, capitalisation, subsidiaries and brokerage fees (“**Fundamental Warranties**”), which survive indefinitely, and those in relation to tax, which survive until fully performed and satisfied in accordance with the Spunkmeyer Merger Agreement. The warranties given by OHC expired on September 15, 2007, save those in relation to due incorporation, capacity and brokerage fees, which survive indefinitely.

Each selling shareholder indemnified OHC on a several basis against losses suffered arising out of (i) a breach of the Fundamental Warranties by that selling shareholder; (ii) losses incurred by OHC as a result of shareholder lawsuits or dissenter’s rights; (iii) the breach by a selling shareholder of the Seller Covenants (as defined below) and (iv) in the case of fraud. In addition, the selling shareholders severally indemnified OHC against certain potential tax liabilities of OSH and its subsidiaries. Save in the case of fraud, where the liability is unlimited, the limit of each selling shareholder’s liability under these indemnities is the net proceeds received by him for his shares in OSH under the Spunkmeyer Merger Agreement. Each selling shareholder’s obligation to indemnify in this respect only applies to the extent that their respective liability has not been duly satisfied out of the escrow account. OHC indemnified CHS and the selling shareholders against all losses incurred arising out of (i) a breach of any warranties given by OHC and (ii) the IP Purchase Agreement (as defined below) (“**IP Indemnity**”).

The selling shareholders covenanted not to solicit any employees of OSH or any of its subsidiaries (or persons who were employees of such within the period of 6 months prior to the Completion Date) for a period of 5 years from the Completion Date. The selling shareholders also agreed with effect from the Completion Date not to disclose or use for their own benefit any trade secrets (including product formulae, recipes, know-how, techniques and technical information) of OSH and its subsidiaries (“**Seller Covenants**”).

IAWS guaranteed the due and punctual performance of OHC’s obligations in respect of the IP Indemnity. OHC’s liability under its guarantee of the IP Indemnity is limited to the purchase price paid by the purchaser under the IP Purchase Agreement.

#### *IP Purchase Agreement*

IAWS Technology & Global Services Limited (**ITGSL**) entered into an Intellectual Property Purchase Agreement with Otis Spunkmeyer, Inc. (**OSI**) on 13 October 2006 (“**IP Purchase Agreement**”) pursuant to which ITGSL acquired certain intellectual property from OSI including all non-US copyrights, patents and trademarks owned by OSI and certain proprietary rights purchased by OSI under an asset purchase agreement made with Jeffrey McDonald, David Merkel and Merkel McDonald, Inc. dated 22 September 2005 (“**Purchased IP**”). OSI also granted ITGSL an exclusive licence (“**Exclusive Licence**”) for use in the world (excluding the USA) over the know-how of OSI including trade secrets, confidential business information, marketing plans, methods, recipes and ingredient lists (“**Licensed Know-How**”). ITGSL has the right to sublicense or permit the use of this know-how to third parties. The purchase price paid

for the Licensed Know-How and the Purchased Assets was equivalent to their fair market value, as determined by an independent appraiser. The Exclusive Licence expires 99 years from the Completion Date. OSI provided certain warranties to ITGSL, including in relation to its title to the Purchased IP and the Licensed Know-How and its non-infringement of any third party's intellectual property rights as a result of its use of the Purchased IP and Licensed Know-How.

#### *Management Exchange Agreement*

OHC, OSH, OSIAC and certain shareholders in OSH (“**Managers**”) entered into a Management Exchange Agreement on 13 October 2006 (“**Management Exchange Agreement##**”). The Management Exchange Agreement provided for the Managers to be entitled to exchange a portion of their shareholding in OSH for interests in shares in OSIAC and an interest in the Installment Payment Agreement (as defined below). In addition, the Management Exchange Agreement contained covenants from the Managers that from the Completion Date and until the earlier to occur of (i) OSH no longer conducting the business of manufacturing, marketing and distributing cookies, muffins and frozen bread dough and (ii) the second anniversary of the Completion Date, such Managers would not directly or indirectly engage or have an ownership interest (other than de minimis interests in listed companies) in any business which competes with OSH's business.

#### *Installment Payment Agreement*

OSH and the Managers entered into an Installment Payment Agreement on 2 November 2006 (“**Installment Payment Agreement**”) pursuant to which OSH agreed to make an aggregate cash payment of up to US\$25m conditional upon the achievement of specified financial targets by OSH for the financial years 2008 to 2011. In addition, OSH has agreed to make cash payments to each Manager on the earlier to occur of (i) 31 March 2011; and (ii) a change of control of IAWS or OSH that qualifies as a “change in control event” for the purposes of Section 409A of the U.S. Internal Revenue Code of 1986, as amended.

The above contracts are the only contracts (not being contracts entered into in the ordinary course of business) that have been entered into by IAWS or any member of the Group within the two years immediately preceding the Offer Period which are or may be material or which have been entered into by IAWS or any member of the Group at any other time and which contain provisions under which IAWS or any member of the Group has an obligation or entitlement that is material to the Group as at the date of this document. The Acquisition will not qualify as a “change in control event” for this purpose.

## **7 DIRECTORS' SERVICE CONTRACTS**

Neither IAWS nor any member of the IAWS Group has entered into a service contract with any member of the IAWS Board, the remaining duration of which exceeds a period of 12 months from the date of this document.

## **8 SOURCES OF INFORMATION AND BASES OF CALCULATION**

Unless otherwise stated, in this document:

- (a) The financial information on the IAWS Group is extracted from the audited consolidated results of the IAWS Group for the financial years ended 31 July 2005, 31 July 2006, 31 July 2007 and the interim results of the IAWS Group for the 6 month period ended 31 January 2008.
- (b) References to a percentage of the IAWS Shares are based on 127,338,235 shares in issue at 25 June 2008 but do not include any shares to be issued to IAWS Option Holders under the Group Share Schemes or to the holders of Convertible Shares on conversion of Convertible Shares.
- (c) Any reference in this document to the share capital of ARYZTA being calculated on a fully diluted basis refers to the issued share capital of ARYZTA following the issue of ARYZTA Shares to the participants in the Group Share Schemes in accordance with the proposals to be made to them, assuming that such participants take up their full entitlements pursuant to such proposals.

- (d) IAWS Share prices are sourced from the Daily Official List.
- (e) Hiestand Share prices are sourced from Bloomberg.

## **9 REPUBLIC OF IRELAND TAXATION**

### **9.1 Republic of Ireland Shareholders – Overview**

This Section 9 is an overview of the likely Irish tax consequences of the Scheme, as well as of the holding and disposal of ARYZTA Shares. It is intended as a general guide only and is based on current Irish tax legislation and published practice of the Irish Revenue Commissioners as at the date of this document. Both are subject to change, possibly with retroactive effect.

It relates only to holders of Scheme Shares who are absolutely entitled as beneficial owner of those shares; who hold them as a capital investment; and, except where otherwise expressly stated, who are tax resident (and, in the case of an individuals, ordinarily tax resident, and domiciled) in the Republic of Ireland.

It does not apply to other types of shareholders such as those who acquire the shares by reason of their employment, in the course of a trade or as dealers in securities, or through collective investment schemes and insurance companies.

Holders of Scheme Shares are advised to consult with their own tax advisers regarding the tax implications of the Scheme and the holding and disposal of ARYZTA Shares because the tax consequences will differ depending on the specific facts and circumstances of each such holder.

As the Irish tax code provides that any shares held by a nominee are deemed to be held by the beneficial owner of those shares there should be no Irish tax impact for shareholders who hold their ARYZTA Shares through ARYZTA DI's where the Depository holds the shares as a nominee.

### **9.2 Irish taxation implications on implementation of the Scheme**

- (a) Tax Implications for Irish Tax Resident Investors
- (b) Acquisition of ARYZTA Shares

The Scheme should constitute a “scheme of reconstruction or amalgamation”, effected for *bona fide* commercial purposes and not part of a tax avoidance arrangement, within the meaning of section 587 of the Taxes Consolidation Act 1997. Accordingly, holders of the shares in IAWS should be treated as though there was no disposal of those shares, and as though the shares in ARYZTA were acquired at the same time and for the same consideration as the original shares in IAWS.

Accordingly, on any future disposal of the ARYZTA Shares received under the Scheme, the shareholders of those shares should be treated as having the same base cost for Irish tax purposes as they had in their corresponding Scheme Shares. Due to the two for one ratio under the Scheme, this will result in each ARYZTA Share having a base cost equal to twice the base cost that the shareholder concerned previously had in the corresponding Scheme Shares.

### **9.3 Tax Implications on Disposal of Fractional Interests**

Under the terms of the Scheme, any fractional interests will be disposed of, which will result in a part disposal of the ARYZTA Shares by any shareholder who holds a fractional interest.

All disposals of chargeable assets by persons within the charge to Irish tax on chargeable gains should be reported on the appropriate tax return regardless of whether any tax is actually payable.

Scheme Shareholders who are within the charge to Irish capital gains tax by virtue only of being ordinarily Irish tax resident should consult their own tax advisers as to the interaction of the double taxation convention, if any, between their country of residence and the Republic of Ireland.

Scheme Shareholders who are not domiciled in the Republic of Ireland or the UK for tax purposes are subject to capital gains tax on the remittance basis in respect of gains realised on foreign assets. As ARYZTA is a company registered outside the Republic of Ireland, its shares should constitute foreign assets. Such shareholders should consult their own tax advisers.

### **9.4 Tax Treatment of Shareholders who are Not Resident in Ireland**

Shareholders who are not tax resident, or if individuals, ordinarily tax resident in Ireland, are only subject to Irish capital gains tax in respect of shares where, amongst other specific rules applicable to mining or life assurance companies, one of the two following conditions are met.

- (a) The shares derive the greater part of their value from Irish land, or



- (b) The shares are used in, or for the trade that the non-resident carries on in Ireland through a branch or agency

### **9.5 Irish Stamp Duty**

No Irish stamp duty should be payable by either the Scheme Shareholders or ARYZTA as a result of the implementation of the Scheme.

### **9.6 Taxation of future dividends from ARYZTA**

Swiss dividend withholding tax at a rate of 35% will be levied on any dividends paid out of reserves or “paid in surplus” prior to 1 January 2011. Irish tax resident investors may be entitled to a partial refund of this under the terms of the double taxation convention in place between Ireland and Switzerland. Any such tax not so refunded may be creditable against the resulting Irish tax liability, if any, on such dividend income. Under recently passed Swiss legislation repayments out of “paid in surplus” will be exempt from withholding tax from 1 January 2011.

Individual shareholders who are taxed on the remittance basis by virtue of their tax domicile will be subject to Irish tax on any dividends received from ARYZTA to the extent that such income is remitted to Ireland.

For further detail on the ARYZTA dividend policy see paragraph 10 of Part 1 of this document.

### **9.7 Irish Capital Gains Tax on Future Disposals of ARYZTA shares**

Irish resident (or, in the case of individuals ordinarily resident) shareholders will be generally subject to tax on chargeable gains realised on disposals of ARYZTA Shares. Shareholders who are non-Irish tax resident but are ordinarily Irish tax resident are generally subject to Irish capital gains tax but this will depend on the terms of any applicable double taxation convention between the country in which they reside and Ireland. Such individuals should seek their own tax advice in this regard.

As described above under, “Acquisition of ARYZTA shares”, gains on disposals of ARYZTA Shares should be calculated for tax purposes as if the ARYZTA shares were acquired for the same cost and at the same time as the corresponding original Scheme Shares (subject to the correct application of the exchange ratios and taking into account any cash received in respect of fractional interests).

Scheme Shareholders who are not domiciled in the Republic of Ireland or the UK for tax purposes are subject to capital gains tax on the remittance basis in respect of gains realised on foreign assets. As ARYZTA is a company registered outside the Republic of Ireland, its shares should constitute foreign assets. Such shareholders should consult their own tax advisers.

### **9.8 Tax Treatment of Investors who are Temporarily Non-Resident in Ireland**

Specific anti-avoidance rules may apply to shareholders who are temporarily non-resident in Ireland at the time that they dispose of shares and their tax treatment will depend on the location in which they are resident and the terms of the particular effective double taxation convention, if any, with Ireland. Such individuals should consult their own tax adviser.

### **9.9 Irish Stamp Duty on future transactions in ARYZTA Shares**

As ARYZTA is a company incorporated in Switzerland, Irish stamp duty should not arise on the acquisition of any shares unless the transaction in the ARYZTA Shares somehow relates to Irish land, or stocks or marketable securities of an Irish company.

### **9.10 Swiss Stamp Duty on future transactions in ARYZTA Shares**

Switzerland levies a securities transfer tax of 0.15% on the transfer of Swiss Shares.

Should the proposed settlement arrangements, further details of which are contained in paragraph 13 of Part 2 of this document, be effected, any transfer of the ARYZTA DIs would be regarded as the transfer of foreign securities and will likely be subject to Swiss Securities Transfer Tax of 0.3%. However, this Swiss Securities Transfer Tax is only due if a Swiss securities dealer within the meaning of the Swiss Securities Tax Law is involved in the transaction.

## **10 UNITED KINGDOM TAXATION**

### **10.1 United Kingdom Shareholders – Overview**

This Section 10 is an overview of the likely UK tax consequences of the implementation of the Scheme, as well as of the holding and disposal of ARYZTA Shares. It is intended as a general guide only and is based on current UK tax legislation and published practice of HM Revenue & Customs as at the date of this document. Both are subject to change, possibly with retroactive effect.

It relates only to holders of Scheme Shares who are absolutely entitled as beneficial owner of those shares; who hold them as a capital investment; and, except where otherwise expressly stated, who are tax resident (and, in the case of individuals, ordinarily tax resident and domiciled) in the UK.

It does not apply to other types of shareholders such as those who acquire the shares by reason of their employment, in the course of a trade or as dealers in securities, or through collective investment schemes.

Holders of Scheme Shares are advised to consult with their own tax advisers regarding the tax implications of the Scheme and the holding and disposal of ARYZTA Shares, because the tax consequences will differ depending on the specific facts and circumstances of each such holder.

As the UK tax code provides that shares held by a nominee are deemed to be held by the beneficial owner of those shares there should be no UK tax impact for shareholders who hold their ARYZTA Shares through ARYZTA DI's where the Depository holds the shares as a nominee.

### **10.2 UK taxation implications on implementation of the scheme**

- (a) Tax Implications for UK Tax Resident Investors
- (b) Acquisition of ARYZTA Shares

The Scheme should constitute a “scheme of reconstruction” effected for *bona fide* commercial purposes and not as part of a tax avoidance arrangement, within the meaning of Section 136 Taxation of Chargeable Gains Act 1992. Accordingly, holders of shares in IAWS should be treated as though there was no disposal of those shares, and as though the ARYZTA Shares were acquired at the same time and for the same consideration as the original shares in IAWS.

Accordingly, on any future disposal of the ARYZTA Shares received under the Scheme, the shareholders of those shares should be treated as having the same base cost for UK tax purposes as they had in their corresponding Scheme Shares. Due to the two for one ratio under the Scheme, this will result in each ARYZTA Share having a base cost equal to twice the base cost that the shareholder concerned previously had in the corresponding Scheme Shares.

### **10.3 Tax Implications on Disposal of Fractional Interests**

Under the terms of the Scheme, any fractional interests will be disposed of, which will result in a part disposal of the ARYZTA Shares by any Shareholder who holds a fractional interest. Whether this will give rise to a taxable gain will depend on the facts and circumstances of the particular investors concerned.

Scheme Shareholders who are within the charge to UK capital gains tax by virtue only of being ordinarily tax resident should consult their own tax advisers as to the interaction of the double taxation convention, if any, between their country of residence and the United Kingdom.

Scheme Shareholders who are not domiciled in the UK for tax purposes, may, depending on their particular situation and tax election, be subject to capital gains tax on the remittance basis in respect of gains realised on foreign assets. As ARYZTA is a company registered outside the UK, its shares should constitute foreign assets. Such shareholders should consult their own tax advisers.

### **10.4 Stamp Duty Reserve Tax**

No Stamp Duty Reserve Tax should be payable by either the Scheme Shareholders or ARYZTA as a result of the implementation of the Scheme.

### **10.5 Taxation of future dividends from ARYZTA**

Swiss dividend withholding tax at a rate of 35% will be levied on any dividends paid out of reserves or “paid in surplus” prior to 1 January 2011. UK tax resident shareholders may be entitled to a partial refund of this under the terms of the double taxation convention currently in place between

UK and Switzerland. Any such tax not so refunded may be creditable against the resulting UK tax liability, if any, on such dividend income. Under recently passed Swiss legislation repayments out of “paid in surplus” will be exempt from withholding tax from 1 January 2011.

Individual shareholders who are taxed on the remittance basis by virtue of being non domiciled in the UK and having made an appropriate tax election, may depending on their particular facts and circumstances be subject to UK tax on any dividends received from ARYZTA only to the extent that such income is remitted to the UK. Such individuals should seek their own tax advice in this regard.

For further detail on the ARYZTA dividend policy see paragraph 10 of Part 1 of this document.

#### **10.6 UK tax on Chargeable Gains Future Disposals of ARYZTA shares**

UK resident (or, in the case of individuals, ordinarily resident) shareholders will be generally subject to tax on chargeable gains realised on disposals of ARYZTA shares. Shareholders who are non-UK tax resident but are ordinarily UK tax resident are generally subject to UK capital gains tax but this will depend on the terms of any applicable double taxation convention between the country in which they reside and the UK. Such individuals should seek their own tax advice in this regard.

As described above under “Acquisition of ARYZTA Shares”, gains on disposals of ARYZTA Shares should be calculated for tax purposes as if the ARYZTA Shares were acquired for the same cost and at the same time as the corresponding original Scheme Shares (subject to the correct application of the exchange ratios and taking into account any cash received in respect of fractional interests).

Scheme Shareholders who are not domiciled in the UK for tax purposes may, depending on their own facts and circumstances, be subject to capital gains tax on the remittance basis in respect of gains realised on foreign assets. As ARYZTA is a company registered outside the UK, its shares should constitute foreign assets. Such shareholders should consult their own tax advisers.

#### **10.7 Tax Treatment of Shareholders who are Temporarily Non-Resident in the UK**

Specific anti-avoidance rules may apply to shareholders who are temporarily non-resident in the UK at the time that they dispose of shares and their tax treatment will depend on the location in which they are resident and the terms of the particular double taxation convention, if any, with the UK. In general, individuals who become non UK resident and then resume UK residence within 5 years may be treated as temporarily non resident. Such individuals should consult their own tax advisers.

#### **10.8 Swiss Stamp Duty on future transactions in ARYZTA Shares**

Switzerland levies a Securities Transfer Tax of 0.15% on the transfer of Swiss Shares.

Should the proposed settlement arrangements, further details of which are contained in paragraph 13 of Part 2 of this document, be effected, any transfer of the ARYZTA DIs would be regarded as the transfer of foreign securities and will likely be subject to Swiss Securities Transfer Tax of 0.3%. However, this Swiss Securities Transfer Tax is only due if a Swiss securities dealer within the meaning of the Swiss Securities Tax Law is involved in the transaction.

### **11 CREDIT FACILITIES OF ARYZTA**

Pursuant to a facility agreement, further details of which are contained at paragraph 6(a) above, credit facilities in an amount of up to €795,000,000 will be made available to the ARYZTA Group following the Merger by a syndicate of lenders arranged by Bank of America Securities Limited, The Governor and Company of the Bank of Ireland and Ulster Bank Limited. These facilities will replace existing IAWS Group syndicated credit facilities of €600,000,000 and the existing Hiestand Group syndicated credit facilities of CHF245,000,000.

### **12 ADMISSION OF ARYZTA SHARES TO IRISH AND SWISS STOCK EXCHANGE**

Application will be made to the Irish Stock Exchange for the Consideration Shares to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market for listed securities.

Application will also be made to the SWX Swiss Exchange for the Consideration Shares to be admitted to listing and trading on the SWX Swiss Exchange.

It is expected that Admission will become effective on the Effective Date.

### **13 OTHER INFORMATION**

- (a) No proposal exists in connection with the Acquisition that any payment or other benefit shall be made or given by ARYZTA to any director of IAWS as compensation for loss of office or as consideration for or in connection with his or her retirement from office.
- (b) Each of Davy Corporate Finance, Credit Suisse and BNP Paribas has given and not withdrawn its written consent to the inclusion in this document of the references herein to its name in the form and context in which it appears.
- (c) For the purposes of the Takeover Rules each of Hiestand, the ARYZTA Directors, Davy Corporate Finance, Credit Suisse and BNP Paribas are regarded as acting in concert with ARYZTA in connection with the Acquisition.
- (d) No agreement, arrangement or understanding exists between ARYZTA or any person acting in concert with it or any of its associates and any of the directors or recent directors, shareholders or recent shareholders of IAWS having any connection with or dependence on, or which is conditional on, the outcome of the Acquisition.
- (e) No agreement, arrangement or understanding exists whereby the beneficial ownership of any IAWS Shares acquired in pursuance of the Acquisition will be transferred to any other person, but ARYZTA reserves the right to transfer any IAWS Shares to any other member of the ARYZTA Group and the right to assign any such IAWS Shares by way of security or grant any other security interest on such IAWS Shares in favour of any or all of the parties to any of the financial facilities as described in paragraph 11.
- (f) Settlement of the consideration to which any Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme set out in this document without regard to any lien, right of set-off, counterclaim or other analogous right to which ARYZTA may otherwise be, or claim to be, entitled against such Shareholder.
- (g) Save as disclosed in this document the Board of IAWS is not aware of any material change in the financial or trading position of IAWS since 31 July 2007 (the date to which the last audited accounts of IAWS were prepared).
- (h) The total emoluments receivable by the current directors of ARYZTA will not be automatically varied as a result of the Acquisition or the Merger.
- (i) There has been no material change in information previously published by IAWS or ARYZTA in connection with the Scheme since the commencement of the Offer Period.
- (j) Each of ARYZTA and IAWS will pay its own expenses in connection with the Acquisition.

### **14 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of this document until the Scheme becomes effective or lapses at the offices of Matheson Ormsby Prentice, Solicitors, 70 Sir John Rogerson's Quay, Dublin 2:

- (a) the memorandum and articles of association of IAWS;
- (b) the ARYZTA Articles;
- (c) the annual report and audited group financial statements of IAWS for the financial years ended 31 July 2005, 2006 and 2007;
- (d) the Irrevocable Undertakings;
- (e) the material contracts referred to in paragraph 6 above;
- (f) the Rule 2.5 Announcement;
- (g) the letters of consent referred to in paragraph 13(b) above;
- (h) the Rule 9 Waiver Letter;
- (i) full lists of the dealings during the Disclosure Period by each of Davy Corporate Finance, Credit Suisse and BNP Paribas, aggregated details of which are provided in paragraph 4 of Part 9 of this document;
- (j) copies of the derogations granted by the Panel in respect of the aggregation of dealings by each of Davy Corporate, Credit Suisse and BNP Paribas in relevant securities of IAWS;
- (k) a copy of the 1997 Option Plan; and
- (l) a copy of the IAWS Long Term Incentive Plan 2006.

## PART 10.

### DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>“1997 Option Plan”</b>	the 1997 Share Option Plan of IAWS;
<b>“Acquisition”</b>	the recommended acquisition of IAWS by ARYZTA to be implemented by way of the Scheme;
<b>“Act”</b>	the Companies Act 1963 of Ireland;
<b>“Admission”</b> or the <b>“ARYZTA Listing”</b>	admission of the ARYZTA Shares to listing and trading on the Irish Stock Exchange and SWX Swiss Exchange;
<b>“ARYZTA”</b>	ARYZTA AG, a public limited company incorporated under the laws of Switzerland, having its registered office at c/o Interhold AG, Othmarstrasse 8, 8008 Zurich, Switzerland;
<b>“ARYZTA Articles”</b>	the articles of association of ARYZTA in force from time to time;
<b>“ARYZTA Board”</b> or <b>“ARYZTA Directors”</b>	the board of directors of ARYZTA;
<b>“ARYZTA DI’s”</b>	has the meaning given thereto in paragraph 13 of Part 2 of this document;
<b>“ARYZTA EGM”</b>	the extraordinary general meeting of ARYZTA convened for the purposes of approving the capital increase required to facilitate the issue of the ARYZTA Shares required to be allotted in connection with the Merger and the resultant amendments to the ARYZTA by-laws;
<b>“ARYZTA Group”</b>	ARYZTA, its subsidiaries and associated undertakings;
<b>“ARYZTA Prospectus”</b>	the prospectus to be issued by ARYZTA relating to Admission;
<b>“ARYZTA Shareholder(s)”</b>	the holder(s) of ARYZTA Shares;
<b>“ARYZTA Shares”</b>	the new ordinary shares with a nominal value of CHF0.02 each to be issued by ARYZTA in satisfaction of the Scheme Consideration;
<b>“Awards”</b>	awards of Convertible Shares granted pursuant to the Matching Award Scheme and/or the Employee Equity Participation Scheme;
<b>“Award Holders”</b>	the holder(s) of the Awards;
<b>“BNP Paribas”</b>	a company incorporated under the laws of France having a registered address of 16 Boulevard des Italiens, 75009 Paris, France;
<b>“Boards”</b>	the IAWS Board and the Hiestand Board;
<b>“Business Combination Agreement”</b>	the business combination agreement relating to the implementation of the Merger entered into between IAWS, Hiestand and ARYZTA;
<b>“Business Day”</b>	a day, other than a Saturday or a Sunday, on which clearing banks are normally open for business in Dublin and Zurich and on which the Irish Stock Exchange and the SWX Swiss Exchange are open for transaction of business;
<b>“Capital Gains Tax Act”</b>	the Capital Gains Tax Act 1975;
<b>“CHF”</b>	Swiss Francs;
<b>“Closing Price”</b>	the official closing price of an IAWS Share as derived from the Daily Official List or the official closing price of a Hiestand Share as derived from the main segment of the SWX Swiss Exchange, as relevant;
<b>“Company Registrar”</b>	Capita Registrars;
<b>“Competition Approvals”</b>	the approval of the Acquisition by the Irish Competition Authority, the GWB and the President of the OPCC as defined in Part 3 of this document;

<b>“Conditions”</b>	the conditions of the Scheme set out in Part 4 of this document;
<b>“Consideration Shares”</b>	the ARYZTA Shares to be issued to the Shareholders upon the cancellation of the Shares pursuant to the Scheme;
<b>“Convertible Shares”</b>	the deferred convertible ordinary shares of €0.30 each in the capital of IAWS;
<b>“Convertible Share Classes”</b>	subject to the approval of the IAWS Shareholders at the EGM the three separate classes of the Convertible Shares with the classes comprising those Convertible Shares issued pursuant to the Matching Awards Scheme, those Convertible Shares issued pursuant to the EEPS having a conversion price of €16.80 and those Convertible Shares issued pursuant to the EEPS having a conversion price of €14.23;
<b>“Convertible Share Proposal”</b>	the proposals to be made to Award Holders pursuant to which such holders will be given the opportunity to convert the Convertible Shares held by them and issued pursuant to the EEPS pursuant to a cashless exercise on the basis of specified conversion rates. Convertible Shares held by such Award Holders pursuant to the Matching Award Scheme will, if the Scheme becomes effective, convert on a one for one basis into IAWS Shares which will be dealt with on the same basis as the Scheme Shares;
<b>“Court”</b>	the High Court of Ireland;
<b>“Court Hearing”</b>	the hearing by the Court of the petition to sanction the Scheme under Section 201 of the Act and to confirm the associated Reduction of Capital pursuant to Sections 72 and 74 of the Act;
<b>“Court Meeting”</b>	the meeting of Scheme Shareholders convened by order of the Court pursuant to Section 201 of the Act to consider and, if thought fit, approve the Scheme (with or without amendment), and any adjournment thereof;
<b>“Court Order”</b>	the order or orders of the Court sanctioning the Scheme under Section 201 of the Act and confirming the Reduction of Capital which forms part of it under Sections 72 and 74 of the Act;
<b>“Credit Suisse”</b>	Credit Suisse Securities (Europe) Limited with a registered address of One Cabot Square, London E14 4QJ, United Kingdom;
<b>“CREST”</b>	the relevant system (as defined in the Regulations) in respect of which CRESTCo is the Operator (as defined in the Regulations);
<b>“CRESTCo”</b>	CRESTCo Limited;
<b>“CREST Manual”</b>	the CREST Reference Manual referred to in the agreements entered into by Euroclear;
<b>“Daily Official List”</b>	the Daily Official List of the Irish Stock Exchange;
<b>“Davy Corporate Finance”</b>	Davy Corporate Finance, a wholly owned subsidiary of J&E Davy Holdings and an affiliate of J&E Davy, trading as Davy;
<b>“Depositary”</b>	has the meaning given thereto in paragraph 13 of Part 2 of this document;
<b>“Disclosure Period”</b>	the period commencing on 9 June 2007 (the date 12 months prior to the commencement of the Offer Period) and ending on 25 June 2008 (the latest practicable date to obtain the relevant information prior to the posting of this document);
<b>“EBITA”</b>	earnings prior to deduction of interest and tax and amortization;
<b>“Effective Date”</b>	the date on which the Scheme becomes effective in accordance with its terms;

<b>“EGM” or “Extraordinary General Meeting”</b>	The extraordinary general meeting of the IAWS Shareholders to be convened in connection with the Scheme (and any adjournment thereof) notice of which is set out at the end of this document;
<b>“EGM Resolutions”</b>	means the resolutions set out in the notice of the EGM set out in Appendix 2;
<b>“Employee Equity Participation Scheme” or “EEPS”</b>	a long term incentive plan effected under the employee equity participation benefit provisions of the IAWS Long Term Incentive Plan 2006;
<b>“Enlarged Group”</b>	the group of companies comprising ARYZTA, IAWS, Hiestand and their subsidiaries following completion of the Merger;
<b>“EURIBOR”</b>	European Interbank Offer Rate;
<b>“Euro” or “€”</b>	the single currency of member states of the European Communities that adopt or have adopted the Euro as their currency in accordance with legislation of the European Union relating to European Economic and Monetary Union;
<b>“Euroclear”</b>	Euroclear UK and Ireland Limited, the operator of CREST;
<b>“Financial Regulator”</b>	the Irish Financial Services Regulatory Authority
<b>“Financial Services Authority”</b>	the UK Financial Services Authority;
<b>“Forms of Proxy”</b>	either or both of the blue and white forms of proxy for use at the Court Meeting and the EGM respectively, sent to IAWS Shareholders together with this document;
<b>“Group Share Schemes”</b>	the 1997 Option Plan, the Employee Equity Participation Scheme and the Matching Awards Scheme;
<b>“Hiestand”</b>	Hiestand Holding AG, a public limited company incorporated in Switzerland with registered number CH-400.3.016.148-8;
<b>“Hiestand Board”, “directors of Hiestand” or “Hiestand Directors”</b>	the board of directors of Hiestand;
<b>“Hiestand EGM”</b>	the extraordinary general meeting to be convened by Hiestand for the purposes of approving the Hiestand Merger, which is expected to take place on or about 19 August 2008;
<b>“Hiestand Group”</b>	Hiestand, its subsidiaries and associated undertakings;
<b>“Hiestand Merger”</b>	the absorption of Hiestand by ARYZTA pursuant to the Merger Act with such merger to be implemented in accordance with the Hiestand Merger Agreement;
<b>“Hiestand Merger Agreement”</b>	the agreement entered into between Hiestand and ARYZTA setting out the terms of the Hiestand Merger;
<b>“Hiestand Shareholders”</b>	holders of Hiestand Shares including, where the context requires, holders of beneficial interests in Hiestand Shares;
<b>“Hiestand Shares”</b>	the ordinary shares of CHF1.00 each in the capital of Hiestand;
<b>“IAWS” or “the Company”</b>	IAWS Group plc, a public limited company incorporated in Ireland with registered number 132287;
<b>“IAWS Articles”</b>	the articles of association of IAWS as amended from time to time;
<b>“IAWS Board”, “directors of IAWS” or “IAWS Directors”</b>	the board of directors of IAWS;
<b>“IAWS Group” or the “Group”</b>	IAWS, its subsidiaries and associated undertakings;
<b>“IAWS Long Term Incentive Plan 2006” or “LTIP”</b>	a long term incentive plan adopted by resolution passed at the Annual General Meeting of IAWS on 4 December 2006 and amended by resolution of the Remuneration Committee of the IAWS Board on 24 July 2007;

<b>“IAWS Shareholders” or “Shareholders”</b>	holders of IAWS Shares including, where the context requires, holders of beneficial interests in IAWS Shares;
<b>“IAWS Shares” “Shares” or “Ordinary Shares”</b>	the ordinary shares of €0.30 each issued in the capital of IAWS;
<b>“Ireland”</b>	Ireland, excluding Northern Ireland, and the word Irish shall be construed accordingly;
<b>“Irish GAAP”</b>	generally accepted accounting principles in Ireland;
<b>“Irish Stock Exchange”</b>	the Irish Stock Exchange Limited;
<b>“Irrevocable Undertakings”</b>	the irrevocable undertakings to vote or procure a vote in favour of the Scheme executed by each of the IAWS Directors;
<b>“Lion Capital”</b>	Lion/Hotel Dutch BV, a private company incorporated under the laws of the Netherlands;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Matching Award Scheme”</b>	a long term incentive plan effected under the matching award provisions of the IAWS Long Term Incentive Plan 2006;
<b>“Meetings”</b>	the Court Meeting and the EGM;
<b>“Member Account ID”</b>	the identification code or number attached to any member account in CREST;
<b>“Memorandum and Articles of Association”</b>	the constitutional documents of IAWS, ARYZTA or Hiestand as appropriate;
<b>“Merger” or “Merger”</b>	the merger of IAWS and Hiestand to be effected by way of the Acquisition and the Hiestand Merger;
<b>“Merger Act”</b>	the Swiss Federal Act on Mergers, De-Mergers, Conversions and Asset Transfers of 3 October 2003;
<b>“New IAWS Shares”</b>	the IAWS Shares to be issued to ARYZTA pursuant to the Scheme;
<b>“Offer Period”</b>	the period commencing on 9 June 2008, the date of the Rule 2.5 Announcement, and ending on the earlier of the date on which IAWS announces that the requisite majority of Scheme Shareholders have approved the Scheme at the Scheme Meeting and/or the Scheme lapses and/or is withdrawn (or such other date as the Panel may decide).
<b>“Official List” or “Daily Official List”</b>	the official list of the Irish Stock Exchange;
<b>“Option Holder(s)”</b>	the holder(s) of the Options;
<b>“Options”</b>	options to subscribe for Ordinary Shares granted pursuant to the 1997 Option Plan;
<b>“Option Proposal”</b>	the proposal to be made to Option Holders, further details of which are contained in paragraph 7 of Part 2 of this document;
<b>“Order Date”</b>	means the date upon which the Court issues its order approving the Scheme;
<b>“Origin”</b>	Origin Enterprises plc, a public limited company incorporated under the Laws of Ireland with registered number 426261;
<b>“Overseas Shareholder”</b>	IAWS Shareholders who are citizens or residents of jurisdictions outside Ireland and the UK;
<b>“Panel”</b>	the Irish Takeover Panel established under the Irish Takeover Panel Act 1997 of Ireland;
<b>“Reduction of Capital”</b>	the proposed reduction of the ordinary share capital of IAWS provided for by the Scheme under Sections 72 and 74 of the Act;
<b>“Register of Members”</b>	the register of members of IAWS;
<b>“Registrar of Companies”</b>	the registrar of companies in Ireland;



<b>“Regulations”</b>	the Companies Act 1990 (Uncertificated Securities) Regulations, 1996 (SI No 68 of 1996);
<b>“Remuneration Committee”</b>	the remuneration committee of the IAWS Board from time to time;
<b>“relevant securities”</b>	has the meaning given to such term in paragraph 4(c) of page 48 of this document;
<b>“Replacement LTIP”</b>	the long term incentive plan proposed to be implemented by ARYZTA following the Merger, further details of which are contained at paragraph 13 of Part 1 of this document;
<b>“Restricted Jurisdiction”</b>	any jurisdiction in relation to which IAWS or ARYZTA (as the case may be) is advised that the release, publication or distribution of this document and/or the Forms of Proxy would or might infringe the laws of that jurisdiction or would or might require compliance with any governmental or other consent or any registration or other formality that IAWS or ARYZTA (as the case may be) is unable to comply with or regards as unduly onerous to comply with;
<b>“Resolutions”</b>	the resolutions to be proposed at the Meetings;
<b>“Rule 3 Adviser”</b>	the adviser providing independent advice to IAWS for the purposes of Rule 3 of the Takeover Rules;
<b>“Rule 9 Waiver Letter”</b>	the letter issued by the Panel in relation to the waiver of ARYZTA’s obligations to make a mandatory offer for the entire issued share capital of Origin pursuant to Rule 9 of the Takeover Rules;
<b>“Rule 2.5 Announcement”</b>	the announcement issued by IAWS on 9 June 2008 in relation to the Merger pursuant to Rule 2.5 of the Takeover Rules;
<b>“Rules” or “Takeover Rules”</b>	the Irish Takeover Panel Act 1997, Takeover Rules 2007;
<b>“Scheme Consideration”</b>	the consideration payable to the Scheme Shareholders on the cancellation of the Scheme Shares;
<b>“Scheme” or “Scheme of Arrangement”</b>	the proposed scheme of arrangement pursuant to section 201 of the Act and the proposed Reduction of Capital under sections 72 and 74 of the Act with or subject to any modification, addition or condition approved or imposed by the Court and agreed by IAWS and ARYZTA;
<b>“Scheme Record Time”</b>	6.00 pm on the last Business Day before the Effective Date;
<b>“Scheme Resolution”</b>	the resolution approving the implementation of the Scheme to be proposed to the IAWS Shareholders at the Court Meeting;
<b>“Scheme Shareholders”</b>	the holders of Scheme Shares;
<b>“Scheme Shares”</b>	the IAWS Shares on the register of members of IAWS, being the Ordinary Shares in issue at the date of this document and those (if any) issued after the date of this document and before the Scheme Record Time.
<b>“SEC”</b>	Securities Exchange Commission;
<b>“SIS”</b>	SIS SegInterSettle AG;
<b>“subsidiary”</b>	has the meaning given in section 155 of the Act;
<b>“subsidiary undertaking”</b>	has the meaning given to such expression by Regulation 4 of the European Communities (Companies: Group Accounts) Regulations 1992 (SI 1992 No. 201 ) of Ireland;
<b>“Swiss Takeover Rules”</b>	the legislation comprising the following statutes:– Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act, SESTA), Reference SR 954.1; Ordinance on Stock Exchanges and Securities Trading (Stock Exchange Ordinance, SESTO), Reference : SR 954.11;

	Ordinance of the Federal Banking Commission on the Stock Exchange (Stock Exchange Ordinance of the FBC: SESTO – FBC), Reference: SR 954.193; and
	Ordinance of the Takeover Board on Public Takeover Offers (Takeover Ordinance, TOO), Reference: SR 954.195.1;
<b>“SWX Swiss Exchange”</b>	the main segment of the SWX Swiss Exchange AG;
<b>“Swiss Stock Exchange Act”</b>	the federal law of Switzerland on Stock Exchanges and Securities Trading;
<b>“TFE Instruction”</b>	a transfer from escrow instruction (as defined in the CREST manual issued by CRESTCo);
<b>“UK Listing Authority”</b>	the Financial Services Authority of the United Kingdom and its capacity as the competent authority under the Financial Services and Markets Act 2000;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia and any other area subject to its jurisdiction; and
<b>“US Exchange Act”</b>	the US Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;
<b>“US Securities Act”</b>	the US Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder; and
<b>“Voting Record Time”</b>	6.00 pm on the day which is two days before the date of the Meetings or, if any of the Meetings are adjourned, 48 hours before the time set for the adjourned meeting.

All amounts contained within this document referred to by “€” and “c” refer to the Euro and Euro cent.

Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neutral gender.

## APPENDIX 1.

### NOTICE OF COURT MEETING

IN THE HIGH COURT

2008 No. 257 Cos

IN THE MATTER OF IAWS GROUP PLC

– and –

### IN THE MATTER OF THE COMPANIES ACTS

NOTICE IS HEREBY GIVEN that by an order dated 30 June 2008 made in the above matters, the High Court has directed a meeting to be convened of the holders of the Scheme Shares (as defined in the proposed scheme of arrangement referred to below) for the purpose of considering and, if thought fit, approving a scheme of arrangement pursuant to Section 201 of the Companies Act 1963 proposed to be made between IAWS Group plc (the “Company”) and the holders of the Scheme Shares and that such meeting will be held at the Four Seasons Hotel, Simmonscourt Road, Dublin 4 on 24 July 2008, at 11.00 am which place and time all holders of the said shares are invited to attend.

A copy of the said scheme of arrangement is set out in the document of which this notice forms part. The statement required to be furnished pursuant to section 202 of the Companies Act 1963 is also comprised in the document of which this notice forms part.

**Shareholders may vote in person at the said meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend, speak and vote in their stead. A BLUE Form of Proxy for use at the said meeting is enclosed with this Notice. Completion and return of a Form of Proxy will not preclude a shareholder from attending and voting in person at the said meeting, or any adjournment thereof, if that shareholder wishes to do so.**

It is requested that forms appointing proxies be lodged with the Company’s Registrars, Capita Corporate Registrars plc, not less than 48 hours before the time appointed for the said meeting.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with CRESTCo’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must, in order to be valid, be transmitted so as to be received by Capita Corporate Registrars plc by 11.00 am on 22 July 2008. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host, further details of which are contained in the CREST Manual) from which Capita Corporate Registrars plc is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act 1990 (Uncertificated Securities) Regulations 1996.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

Entitlement to attend and vote at the meeting, or any adjournment thereof, and the number of votes which may be cast thereat, will be determined by reference to the register of members of the Company at 6 pm on 22 July 2008 or, in the event that this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting. In each case, changes to the register of members of the Company after such time shall be disregarded.

By the said order, the High Court has appointed Denis Lucey or, failing him, Brian Davy, to act as Chairman of the said meeting and has directed the Chairman to report the result thereof to the High Court.

The said revised scheme of arrangement will be subject to the subsequent sanction of the High Court.

Dated: 30 June 2008

**Matheson Ormsby Prentice**  
70 Sir John Rogerson's Quay  
Dublin 2  
Ireland

## APPENDIX 2.

### NOTICE OF IAWS GROUP PLC EGM NOTICE OF EXTRAORDINARY GENERAL MEETING OF IAWS GROUP PLC

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of **IAWS Group plc** (“**the Company**”) will be held in the Four Seasons Hotel, Simonscourt Road, Dublin 4 on 24 July 2008 at 11.30am (or as soon thereafter as the Court Meeting (as defined in the document of which this Notice forms part) shall have concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a special resolution:

#### SPECIAL RESOLUTION

THAT:

- (1) the 3,580,000 issued deferred convertible ordinary shares of EUR0.30 each in the capital of the Company (the “**Convertible Shares**”) be redesignated into the following classes, each having the rights and restrictions attached thereto in the Articles of Association of the Company:
  - (a) the Convertible Shares issued pursuant to the matching award provisions of the Company’s 2006 Long Term Incentive Plan on terms that no premium is payable on conversion of such shares into ordinary shares of EUR0.30 each in the capital of the Company (“**Ordinary Shares**”) (the “**Series A Convertible Shares**”);
  - (b) the Convertible Shares issued on 19 April 2007 pursuant to the provisions of the employee equity participation scheme as effected by the Company pursuant to the Company’s 2006 Long Term Incentive Plan on terms that a premium of EUR16.80 is payable on conversion of such shares into Ordinary Shares (the “**Series B Convertible Shares**”); and
  - (c) the Convertible Shares issued on 6 November 2007 pursuant to the provisions of the employee equity participation scheme as effected by the Company pursuant to the Company’s 2006 Long Term Incentive Plan on terms that a premium of EUR14.23 is payable on conversion of such shares into Ordinary Shares (the “**Series C Convertible Shares**”).
- (2) the scheme of arrangement dated 30 June 2008 between the Company and the Scheme Shareholders (as defined in the Scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman thereof, in its original form or with or subject to any modification, addition or condition approved or imposed by the High Court of Ireland (the “**Scheme**”) be approved and the directors of the Company be authorised to take all such action as they consider necessary or appropriate for carrying the Scheme into effect;
- (3)
  - (a) the seven New IAWS Shares (as defined in the Scheme) held by ARYZTA and/or its nominees be and are hereby redesignated as A ordinary shares having the rights and being subject to the restrictions specified as attaching to A ordinary shares in Article 3 of the Articles of Association of the Company as amended by this paragraph (3) of this resolution; and
  - (b) Article 3 of the Articles of Association of the Company be amended as follows:
    - (i) by the substitution for paragraph (a) of the following new paragraph:

“(a) The share capital of the Company is EUR72,900,000 divided into 227,999,993 Ordinary Shares of EUR0.30 each (“**Ordinary Shares**”), 7 A Ordinary Shares of EUR0.30 each (“**A Ordinary Shares**”), 5,000,000 Series A Convertible Shares of EUR0.30 each, 5,000,000 Series B Convertible Shares of EUR0.30 each and 5,000,000 Series C Convertible Shares of EUR0.30 each, (together the “**Convertible Shares**”); and
    - (ii) by the insertion after paragraph (a) of the following paragraph:

- “(b) The A Ordinary Shares shall rank *pari passu* in all respects with the Ordinary Shares, except that the Company shall have irrevocable authority at any time:
- (i) to acquire all or any of the fully paid A Ordinary Shares otherwise than for valuable consideration in accordance with Section 41(2) of the Companies (Amendment) Act 1983 and without obtaining the sanction of the holders;
  - (ii) to appoint any person to execute on behalf of all the holders of the A Ordinary Shares a transfer thereof and/or agreement to transfer the same, without making any payment or obtaining the consent or sanction of the holders, to the Company or to such other person or persons as the Company may nominate;
  - (iii) to cancel any acquired A Ordinary Shares; and
  - (iv) pending such acquisition and/or transfer and/or cancellation to retain the certificate (if any) for such shares.

Neither the acquisition by the Company otherwise than for valuable consideration or transfer of all or any of the A Ordinary Shares nor the cancellation thereof by the Company in accordance with this Article shall constitute a variation or abrogation of the rights or privileges attached to the A Ordinary Shares, and accordingly the A Ordinary Shares or any of them may be so acquired, transferred and/or cancelled without any such consent or sanction on the part of the holders thereof as is referred to in Article 5. The rights conferred upon the holders of the A Ordinary Shares shall not be deemed to be varied or abrogated by the creation of further shares ranking in priority thereto or *pari passu* therewith”

and the subsequent paragraphs of Article 3 being renumbered accordingly

- (iii) by the substitution for paragraph (d) of the following new paragraph

“Each of the Series A, Series B and Series C Convertible Shares shall rank *pari passu* in all respects save for the conversion premium required to be paid on conversion of such Convertible Shares into Ordinary Shares (the “**Conversion Premium**”) with the following Conversion Premium being payable:

- (i) in the case of the Series A Convertible Shares, no Conversion Premium shall be payable;
- (ii) in the case of the Series B Convertible Shares, a Conversion Premium of €16.80 per Series B Convertible Share shall be payable;
- (iii) in the case of the Series C Convertible Shares, a Conversion Premium of €14.23 per Series C Convertible Share shall be payable”

- (4) (a) for the purpose of giving effect to the Scheme and subject to the confirmation of the High Court, the issued capital of the Company be reduced by cancelling all the Scheme Shares (as defined in the Scheme) but without thereby reducing the authorised share capital of the Company;
- (b) forthwith and contingent upon such reduction of capital taking effect:
- (i) the directors of the Company be and are hereby authorised pursuant to and in accordance with Section 20 of the Companies (Amendment) Act, 1983 to give effect to this resolution and accordingly to effect the allotment of the New IAWS shares referred to in sub-paragraph (ii) below provided that (1) this authority shall expire at 5 pm on 31 October 2008, (2) the maximum aggregate nominal amount of shares which may be allotted hereunder shall be an amount equal to the nominal amount of the Scheme Shares, and (3) this authority shall be without prejudice to any other authority under the said Section 20 previously granted before the date on which this resolution is passed; and
  - (ii) the reserve credit arising in the books of account of the Company as a result of the cancellation of the Scheme Shares be applied in paying up in full at par such number of New IAWS Shares (as defined in the Scheme) as shall be equal to the number of

Scheme Shares cancelled, such shares to be allotted and issued to ARYZTA and/or its nominee(s) credited as fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever; and

- (c) subject to the Scheme becoming effective, the Articles of Association of the Company be amended by adding the following new Article 146:

**“SCHEME OF ARRANGEMENT**

- (a) In these Articles, the “**Scheme**” means the scheme of arrangement dated 30 June 2008 between the Company and the holders of Scheme Shares under Section 201 of the Companies Act, 1963 in its original form or with or subject to any modification, addition or condition approved or imposed by the High Court and expressions defined in the Scheme or (if not so defined) in the document containing the explanatory statement circulated with the Scheme under Section 202 of the Companies Act, 1963 shall have the same meanings in this Article.
- (b) Notwithstanding any other provisions of these Articles, if the Company allots and issues any Ordinary Shares (other than to ARYZTA or any subsidiary undertaking of ARYZTA or anyone acting on behalf of ARYZTA or any subsidiary undertaking of ARYZTA) on or after the Voting Record Time and prior to 6pm on the day before the Order Date, such shares shall be allotted and issued subject to the terms of the Scheme and the holder or holders of those shares shall be bound by the Scheme accordingly.
- (c) If any new Ordinary Shares are allotted or issued by the Company to any person (a “**new member**”) (other than under the Scheme or to ARYZTA or any subsidiary undertaking of ARYZTA or anyone acting on behalf of ARYZTA or any subsidiary undertaking of ARYZTA) at or after 6pm on the day before the Order Date, ARYZTA may, provided the Scheme has become effective, have such shares transferred to it and/or its nominee(s) in consideration of and conditional on allotment by ARYZTA to the new member of the ARYZTA Shares to which the new member would have been entitled under the terms of the Scheme had such shares transferred to ARYZTA hereunder been Scheme Shares at the Scheme Record Time, such ARYZTA Shares to rank *pari passu* in all respects with all other ARYZTA Shares for the time being in issue and ranking for any dividends or distributions made, paid or declared thereon following the date on which the transfer of such Ordinary Shares is executed.
- (d) In order to give effect to any such transfer required by this Article, the Company may appoint any person to execute and deliver a form of transfer on behalf of the new member in favour of ARYZTA and/or its nominee(s). Before the registration of ARYZTA as a holder of any share to be transferred under this Article, ARYZTA may appoint a person nominated by the Directors to act as attorney on behalf of any holder of that share in accordance with any directions that ARYZTA may give in relation to any dealings with or disposal of that share (or any interest in it), exercising any rights attached to it or receiving any distribution or other benefit accruing or payable in respect of it and any holder or holders of that share shall exercise all rights attaching to it in accordance with the directions of ARYZTA but not otherwise.”

By order of the Board

**Pat Morrissey**  
*Company Secretary*  
IAWS Group plc

Dated: 30 June 2008

