

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

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IAWS Group PLC
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IAWS GROUP PLC
Preliminary Results Announcement
Year ended 31 July 2005

IAWS GROUP, plc (Ticker: IAW), the international lifestyle foods and agri/nutrition group, announces its Preliminary Results for the year ended July 31st, 2005. The results show strong organic and acquisition led growth in its Food business. Trading conditions in key European and North American markets have become more challenging. While experiencing a downturn, the agri/nutrition business remained strongly cash generative in very difficult markets.

Financial Highlights	31 July, 2005
	€'000
EPS (cent) diluted* increased by 13.4%	70.41c
Group Operating Profit pre goodwill was 14.1% higher	96,604
Total Operating Profit pre goodwill increased 13.7%	124,082
Group Turnover increased 10.3%	1,408,174
Free cash flow per share (cent) increased by 11.8%	80.21c
Group Net Borrowings compared with €141m in 2004	215,869
Interest compared with (€11.4m) in 2004	(12,392)
Final Dividend of 6.052 cent increases total by 13%	11.887c

*before goodwill and exceptional items

Operational Highlights:

- Food achieved strong growth in all markets and, including acquisitions, increased sales by 22.6 per cent to €892m. Year on year organic sales growth was 12.1 per cent. Underlying sales in Ireland increased by 6 per cent, in the UK by 13 per cent and in North America by over 20 per cent.
- Group capital investment of €63m supported the Group's management teams in building strong operational platforms, customer services and enhanced product portfolios in Europe and North America. Substantial capital investment is continuing across the Group to ensure quality, innovation and competitive delivery to market.
- The Group now distributes an increasingly diverse product range internationally to over 50,000 outlets. New product offerings were introduced across all markets.
- The Groupe Hubert acquisition in France was completed and made an excellent initial €7.4m contribution to operating profits over the period. The Group's record of integrating and developing prior year acquisitions was successfully maintained.
- Associates and Joint Venture in Food; Hiestand, Odlum and the Tim Horton JV, contributed €25m to Operating Profits, a 13 per cent increase.
- Nutrition/Agri experienced difficult market conditions with sales falling by 4.3 per cent to €563m and operating profits down 18 per cent at €22.7m, partially attributable to a disposal. The business continues to contribute strong positive cash flow.
- The results are prepared under Generally Accepted Accounting Principles (GAAP) in Ireland and the UK. IAWS Group results for the year commencing

August 1st 2005 will be prepared under IFRS.

Outlook:

The Group is well placed to achieve further growth from continuing operations in the current financial year.

Chief Executive's Comment:

Commenting on the 2005 performance, IAWS Group Chief Executive, Owen Killian said:

"Overall the Group performed very well in 2005 notwithstanding the challenging environment in the market. Our food business performance was excellent with strong organic growth evident across all markets. We are achieving operational and business enhancements as a result of our continuing capital expenditure and acquisition programmes. The strong cash generative nature of our portfolio of businesses means that the Group is well positioned to invest in its continued expansion."

Full Interim Statement:

The full Preliminary Results announcement and Results Presentation is available on the Group website www.iaws.com.

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PRELIMINARY RESULTS STATEMENT

IAWS Group plc announces an increase of 13.4 per cent in diluted earnings per share* for the year ending 31 July 2005 to 70.41c from 62.10c in the previous year. Pre tax profits* increased by 14.3 per cent to €111.7 million compared with €97.7m in 2004. A final dividend of 6.052 cent is proposed giving a total dividend for the year of 11.887 cent per share, an overall increase of 13 per cent.

The Food Division returned an excellent performance with a combination of organic and incremental acquisition-led growth. The Nutrition/Agri business demonstrated its resilience and maintained its cash-generative record in very difficult market conditions.

Group turnover was 10.3 per cent higher at €1.408 billion (€1.276bn). Within this, Food showed very strong growth of 22.6 per cent at €892m while Nutrition/Agri sales contracted by 4.3 per cent to €563m. Year on year underlying sales growth in the Food division was 12.1 per cent, made up of 6 per cent sales growth in Ireland, 13 per cent in the UK and over 20 per cent in the US.

Operating Profit* was up 13.7 per cent at €124.1m (€109.1m). Lifestyle Foods contributed €73.9m (€57m). This represents an increase of 30 per cent, of which 17 per cent comprises year on year organic growth and 13 per cent is derived from acquisitions. Groupe Hubert, which was acquired in December 2004, had an excellent performance generating profits of €7.4m in the period.

This performance was supported by the Group's ongoing investment in building strong management and systems; a €63m capex programme and an acquisition spend of €110m took place during the year in Europe and North America. Substantial organic expansion of the customer base and product range, together with successful integration of acquisitions and operational platforms brought productivity gains. Group operating margin improved to 6.9 per cent from 6.6 per cent in the previous year.

Associates and Joint Venture Food operations, including Hiestand and Maidstone/Hortons, contributed a further €25m, 13 per cent up on the previous year's €22.1m. Hiestand recently reported a 14 per cent half-year increase in operating profit. Food now accounts for 80 per cent of total operating profit at €98.9m (€79.1m).

The Nutrition/Agri operations performed well in extremely difficult conditions. Operating Profits of €22.7m were 18 per cent down on last year's €27.7m.

Nutrition/Agri Associates, including John Thompson feed compounders and Odlum flour millers, contributed a further €2.5m (€2.4m), an increase of 4 per cent. The reduction in turnover and profit was due to a combination of falls in fertiliser and feed ingredient volumes coupled with lower marine protein prices and the disposal of an animal protein business.

Free cash flow increased by 12.7 per cent to €101 million or 80.21c per share.

The Group's balance sheet remains strong, with net debt of €216m compared with €141m last year after expenditure of €173m on acquisitions and capital projects.

The exceptional item in the results relates principally to the completion of the disposal of an animal protein business.

The results are prepared under GAAP financial reporting standards. IAWS GROUP, plc results for the year commencing 1 August 2005 will be prepared under IFRS.

* EPS, Pre-tax and Operating Profit is stated here before goodwill amortisation and exceptional items (Note 4).

Review of Operations

Food Division

Ireland: Irish operations performed well with 6 per cent underlying sales growth within Lifestyle Foods notwithstanding the competitiveness of the Irish convenience food market. In-store bakery continues to grow as a category and has underpinned the performance of the business.

A new promotional and marketing campaign was launched for the Cuisine de France brand in January 2005. This programme was highly successful and post campaign research produced strong brand recognition and brand loyalty. Cuisine de France continues to deliver good growth in the retail sector driven by concept and product innovation including the Carroll Cuisine deli counter concept.

Based in Tullamore, Co. Offaly, Carroll Cuisine is the leading supplier of ready meals and premium meats to delicatessens in Ireland. During the year the group commissioned a new state-of-the-art manufacturing and distribution facility for the Carroll Cuisine business at a cost of €8m.

Shamrock Foods had a satisfactory year with strong sales growth evident in Roma and Shamrock branded sales. During the year the IT platform incorporating the Food Group's enterprise resource planning system was successfully migrated to Shamrock Foods.

The Group is committed to the further development and consolidation of the Lifestyle Foods Ireland business to service future growth and evolving customer requirements. Internationally the Food Group is now distributing to over 50,000 outlets with an increasingly diverse product offering. Growth in this sector is increasingly dependent on product development and innovation. Plans are being formulated for a new state-of-the-art production facility which will also cater for the research and development requirements of the Food Group.

United Kingdom and Europe: The UK achieved underlying sales growth of 13 per cent in the period. Product and concept innovation together with greater market penetration continues to be the real driver of growth. This was a particularly strong performance given the challenging dynamics within the UK convenience retail category. Foodservice performed very well in the period and recovered substantially from the business interruption experienced in London in November 2004. The business integration process is well advanced and the IT integration project will now take place in the second half of the current financial year.

Groupe Hubert was acquired in December 2004 for a total acquisition cost of €133 million inclusive of deferred contingent consideration. Hubert is a pioneer in the creation and distribution of bakery and savoury products to the bakery, craft and foodservice sectors in France. The business performed very well in the period with eight per cent underlying sales growth. Groupe Hubert is a truly innovative premium food business with a unique distribution network servicing in excess of 20,000 customers with over 700 products.

North America: The Group's operations in the United States and Canada performed very well. La Brea is now established as the premium artisan bread brand in the USA and new product development is maintaining its leadership in the sector. The

second phase of development at La Brea New Jersey was commissioned in the period and work has commenced on the next phase of capital investment at this facility at a cost of €50 million.

The integration of La Brea Bakery and Cuisine de France Inc was completed in the period and the Food Group IT platform is now fully operational in the USA. The combined businesses reported underlying sales growth of over 20 per cent. La Brea is servicing 7,500 customers across the US with foodservice emerging as a real growth driver.

Tim Hortons joint venture achieved 17 per cent sales growth in the year. This is the first full year to benefit from the complete roll out of Tim Hortons "Always Fresh" concept across the entire Hortons estate. Tim Hortons is the most successful restaurant concept in Canada with over 2,700 restaurants; it is planning further growth in Canada and the US.

Nutrition/Agribusiness Division

The Nutrition/Agribusiness division, which comprises fertiliser blending, animal feed ingredients and marine proteins, had a difficult year.

The Group's UK fertiliser business suffered with the overall market showing a 12 per cent decline in fertiliser demand. A combination of poor crop prices and higher fertiliser unit costs were contributory factors to reduced fertiliser demand at farm level.

There was a reduction of UK production capacity in the year with the closure of two sites. This rationalisation programme will concentrate UK fertiliser operations at strategic locations. The horticultural fertiliser business, PB Kent performed well and established a strong presence in the expanding horticultural market.

The downward trend in fertiliser sales was also apparent in Ireland, where overall demand is estimated to have fallen eight per cent. Goulding delivered a satisfactory performance in difficult trading conditions.

The animal feed ingredients business had a disappointing performance. The demand for animal feed ingredients was adversely affected by the 2004 bumper cereal and sugar beet harvests and high carry over of forage stocks. Beef cow numbers on Irish farms are at record levels with no evidence of destocking following the introduction of the single farm decoupled payment and the ending of all subsidies tied to production.

In the Marine Protein business fishmeal prices remained weak during the second half of the year, which impacted negatively on the performance of the business. The Group is a major supplier and manufacturer of quality feeds to the aquaculture industry.

Dividend

The Board is recommending a final dividend of 6.052 cent per share compared with 5.442 cent per share in 2004. Together with the interim dividend of 5.835 cent per share, this raises the total dividend payment for the year to 11.887 cent per share, an increase of 13 per cent on the 2004 dividend.

Outlook

The Group is well placed to achieve further growth from continuing operations in the current financial year.

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IAWS Group, plc
GROUP PROFIT & LOSS ACCOUNT
for the year ended 31 July 2005

	2005	2004
	€'000	€'000
Turnover: Group and share of joint venture continuing operations	1,372,436	1,316,436
Acquisitions	82,625	-
Less : share of joint venture	(46,887)	(40,167)

Group turnover - continuing operations	1,408,174	1,276,269
Cost of sales	(1,110,506)	(1,021,520)
Gross profit	297,668	254,749
Net operating costs	(201,064)	(170,101)
Group operating profit before goodwill amortisation	96,604	84,648
Goodwill amortisation	(3,548)	(3,300)
Group operating profit		
Continuing operations	85,681	81,348
Acquisitions	7,375	-
	93,056	81,348
Share of operating results of associates and joint venture	27,478	24,490
Total operating profit: Group and share of associates and joint venture	120,534	105,838
Profit/(loss) on disposal of operations	7,296	(1,062)
(Loss)/Profit on disposal of fixed assets	(454)	2,646
Profit on ordinary activities before interest and taxation	127,376	107,422
Group interest payable(net)	(11,851)	(10,462)
Share of associates and joint venture net interest	(541)	(954)
Profit on ordinary activities before taxation	114,984	96,006
Taxation on profit on ordinary activities	(23,555)	(17,738)
Profit on ordinary activities after taxation	91,429	78,268
Minority interests in profits of subsidiaries (equity and non equity interests)	(276)	(638)
Profit on ordinary activities attributable to the Group	91,153	77,630
Dividends: (all equity)		
Paid	(7,308)	(6,285)
Proposed	(7,559)	(6,744)
Profit retained for the financial year	76,286	64,601
	=====	=====

IAWS Group, plc
GROUP PROFIT & LOSS ACCOUNT
for the year ended 31 July 2005 (Continued)

Earnings per share	2005	2004
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Basic		
- Before exceptional items and goodwill amortisation	71.40c	62.77c
Diluted		
- Before exceptional items and goodwill amortisation	70.41c	62.10c
Basic		
- After exceptional items and goodwill amortisation	73.29c	62.74c
Diluted		
- After exceptional items and goodwill amortisation	72.27c	62.07c
Free cash flow per diluted ordinary share	80.21c	71.76c
Dividend per ordinary share	11.89c	10.52c

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 July 2005

	2005	2004
	€'000	€'000
Profit for the financial year	91,153	77,630
Translation adjustments	(1,097)	3,516
Total recognised gains and losses for the financial year	<u>90,056</u>	<u>81,146</u>
	=====	=====

IAWS GROUP, plc
GROUP BALANCE SHEET
at 31 July 2005

	2005	2004
	€'000	€'000
FIXED ASSETS		
Intangible assets	304,511	183,531
Tangible assets	294,598	247,135
Financial assets:		
Investment in joint venture:		
- Share of gross assets	73,008	69,818
- Share of gross liabilities	(7,255)	(6,808)
Investment in associates	59,105	53,981
Other investments	242	245
	<u>724,209</u>	<u>547,902</u>
CURRENT ASSETS		
Stocks	88,299	88,740
Debtors	169,514	130,588
Cash at bank and on hand	51,687	46,508
	<u>309,500</u>	<u>265,836</u>
CREDITORS (amounts falling due within one year)	(328,824)	(271,723)
NET CURRENT LIABILITIES	<u>(19,324)</u>	<u>(5,887)</u>

TOTAL ASSETS LESS CURRENT LIABILITIES	704,885	542,015
CREDITORS (amounts falling due after more than one year)	(269,955)	(191,936)
GOVERNMENT GRANTS	(3,359)	(4,429)
PROVISIONS FOR LIABILITIES AND CHARGES	(10,884)	(8,258)
	<u>420,687</u>	<u>337,392</u>
	=====	=====
CAPITAL AND RESERVES		
Called up share capital	37,471	37,177
Share premium	43,745	37,918
Other reserves	3,198	3,198
Profit and loss account	332,349	255,829
	<u>416,763</u>	<u>334,122</u>
EQUITY SHAREHOLDERS' FUNDS	416,763	334,122
Minority interest in subsidiaries (equity and non-equity Interests)	3,924	3,270
	<u>420,687</u>	<u>337,392</u>
	=====	=====

IAWS GROUP, plc
GROUP CASH FLOW STATEMENT
for the year ended 31 July 2005

	2005	2004
	€'000	€'000
Net cash inflow from operating activities	<u>136,732</u>	<u>120,243</u>
Returns on investment and the servicing of finance		
Interest received	117	66
Interest paid	(12,528)	(11,760)
Dividends paid to minorities	(205)	(499)
	<u>(12,616)</u>	<u>(12,193)</u>
Net cash outflow from returns on investment and the servicing of finance	(12,616)	(12,193)
Taxation		
Corporation tax paid	<u>(18,771)</u>	<u>(10,244)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets:		
Ongoing	(7,363)	(8,811)
New investments	(43,931)	(32,858)
Disposal of tangible fixed assets	2,451	8,789
Grants received	28	-
	<u>(48,815)</u>	<u>(32,880)</u>
Net cash outflow from capital expenditure and financial investment	(48,815)	(32,880)
Acquisitions and disposals		
Purchase of subsidiaries and businesses	(104,090)	(38,861)
Related cash acquired	13,949	-
Issue to/(Purchase) of minority interests	5	(20)
Investments in and advances (to)/from		

associates and joint ventures	(3,304)	3,766
Deferred consideration paid	(6,788)	(8,188)
Disposal of subsidiaries and business	14,743	335
	<hr/>	<hr/>
Net cash outflow from acquisitions and disposals	(85,485)	(42,968)
	<hr/>	<hr/>

IAWS GROUP, plc
GROUP CASH FLOW STATEMENT
for the year ended 31 July 2005 (Continued)

	2005	2004
	€'000	€'000
Equity dividends paid	(14,052)	(12,128)
	<hr/>	<hr/>
Net cash (outflow)/inflow before financing	(43,007)	9,830
	<hr/>	<hr/>
Financing		
Issue of shares	6,121	1,108
Drawdown of loan capital	46,409	8,606
Capital element of finance leases repaid	(565)	(482)
	<hr/>	<hr/>
Net cash inflow from financing	51,965	9,232
	<hr/>	<hr/>
Increase in cash	8,958	19,062
	<hr/>	<hr/>

IAWS Group, plc
Notes to the Preliminary Results Statement
for the year ended 31 July 2005

1 - Basis of preparation

The financial information included on pages 7 to 17 of this preliminary results statement has been extracted from the Group financial statements for the year ended 31 July 2005 on which the auditors have issued an unqualified audit opinion.

2 - International financial reporting standards

The Council of the European Union announced in June 2002 that listed companies must adopt International Financial Reporting Standards (IFRS) for accounting periods commencing on or after 1 January 2005. The Group is well advanced in preparing for the conversion and will report its financial statements for the year ended 31 July 2006 under IFRS. A detailed implementation project has been undertaken to effect orderly transition from Irish/UK accounting standards to IFRS.

IAWS GROUP, plc
Notes to the Preliminary Results Statement (Continued)
for the year ended 31 July 2005

3 - Segmental Information

A - Analysis by class of business

	Food €'000	2005 Nut/Agri €'000	Total €'000	Food €'000	2004 Nut/Agri €'000	Total €'000
Turnover						
Group and share of joint venture	892,057	563,004	1,455,061	727,836	588,600	1,316,436
Less: share of joint venture	(46,887)	-	(46,887)	(40,167)	-	(40,167)
	<u>845,170</u>	<u>563,004</u>	<u>1,408,174</u>	<u>687,669</u>	<u>588,600</u>	<u>1,276,269</u>
Group turnover - continuing operations	=====	=====	=====	=====	=====	=====
Group operating profit before goodwill amortisation	73,927	22,677	96,604	56,957	27,691	84,648
Share of joint venture and associates	25,019	2,459	27,478	22,120	2,370	24,490
	<u>98,946</u>	<u>25,136</u>	<u>124,082</u>	<u>79,077</u>	<u>30,061</u>	<u>109,138</u>
Total operating profit before goodwill amortisation	98,946	25,136	124,082	79,077	30,061	109,138
Goodwill amortisation	(3,402)	(146)	(3,548)	(3,154)	(146)	(3,300)
	<u>95,544</u>	<u>24,990</u>	<u>120,534</u>	<u>75,923</u>	<u>29,915</u>	<u>105,838</u>
Total operating profit after goodwill amortisation	95,544	24,990	120,534	75,923	29,915	105,838
Exceptional items	658	6,184	6,842	(863)	2,447	1,584
Profit before interest and taxes	<u>96,202</u>	<u>31,174</u>	<u>127,376</u>	<u>75,060</u>	<u>32,362</u>	<u>107,422</u>
	=====	=====	=====	=====	=====	=====
Operating net assets - Group	514,604	100,373	614,977	366,528	99,075	465,603
Group share of net assets of associates and joint venture	109,780	28,991	138,771	101,595	29,309	130,904
	<u>624,384</u>	<u>129,364</u>	<u>753,748</u>	<u>468,123</u>	<u>128,384</u>	<u>596,507</u>
	=====	=====	=====	=====	=====	=====
			2005			2004
Reconciliation of total net assets			€'000			€'000

Total assets less total liabilities			420,687			337,392
Add net debt			215,869			141,410
Add proposed dividends			7,559			6,744
Less trade investments			(242)			(245)
Add pre FRS 10 goodwill						
Subsidiaries			95,962			97,293
Associates and joint venture			13,913			13,913
			<u>753,748</u>			<u>596,507</u>
			=====			=====

IAWS GROUP, plc
Notes to the Preliminary Results Statement (Continued)
for the year ended 31 July 2005

3 - Segmental Information (continued)

B - Geographical analysis of turnover

Geographical analysis by origin:

	2005 €'000	2004 €'000
Republic of Ireland	720,385	692,924
United Kingdom	499,344	490,864
Rest of Europe	82,625	-
North America	105,820	92,481
	<u>1,408,174</u>	<u>1,276,269</u>
	=====	=====

Geographical analysis by destination:

Republic of Ireland	710,108	684,079
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United Kingdom	498,659	490,864
Rest of Europe	93,587	8,845
North America	105,820	92,481
	<u>1,408,174</u>	<u>1,276,269</u>
	=====	=====
Group share of turnover of associates	183,395	179,714
	=====	=====

4 - Earnings per Share

The calculation of basic earnings per share is based on the weighted average number of ordinary shares in issue during the year. For the calculation of diluted earnings per share, in accordance with the requirements of FRS 14 - Earnings per Share, the weighted average number of ordinary shares in issue during the year has been adjusted as follows:

	2005	2004
	Number	Number
	'000	'000
Weighted average number of ordinary shares in issue	124,381	123,732
Dilutive potential ordinary shares:		
Options	1,740	1,343
Diluted weighted average number of ordinary shares in issue	<u>126,121</u>	<u>125,075</u>
	=====	=====

IAWS GROUP, plc
Notes to the Preliminary Results Statement (Continued)
for the year ended 31 July 2005

4 - Earnings per Share (continued)

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

	Earnings per share		Earnings per share	
	2005	2005	2004	2004
	€'000	Cent	€'000	Cent
Basic				
Profit for the financial year	91,153	73.29	77,630	62.74
Exceptional items (net of tax)	(5,233)	(4.21)	(2,714)	(2.19)
Goodwill amortisation (net of tax)	2,891	2.32	2,751	2.22
Adjusted earnings per share	<u>88,811</u>	<u>71.40</u>	<u>77,667</u>	<u>62.77</u>
	=====	=====	=====	=====
Diluted				
Profit for the financial year	91,153	72.27	77,630	62.07
Exceptional items (net of tax)	(5,233)	(4.15)	(2,714)	(2.17)
Goodwill amortisation (net of tax)	2,891	2.29	2,751	2.20
Adjusted earnings per share	<u>88,811</u>	<u>70.41</u>	<u>77,667</u>	<u>62.10</u>
	=====	=====	=====	=====

5 - Southall Fire

On 26 November 2004, a cold store at the Group's food distribution centre in Southall, London, England was partially destroyed by fire. The Group has business interruption insurance cover and the related claim was fully settled prior to year end. There is an amount of €4.2 million included in the turnover figures of the food business related to this claim.

6 - Business acquisitions

The Group completed the acquisition of Groupe Hubert on 10 December 2004.

	€'000
Net assets acquired excluding minority	28,727
Goodwill arising on acquisition	104,120
Consideration	<u>132,847</u>
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IAWS GROUP, plc
Notes to the Preliminary Results Statement (Continued)
for the year ended 31 July 2005

7 - Exceptional items	2005	2004
	€'000	€'000
Group		
Profit on disposal of operations	8,670	-
Loss on termination of operations	(1,374)	(1,293)
(Loss)/profit on disposal of fixed assets	(454)	567
Profit on sale of discontinued operations	-	231
	<u>6,842</u>	<u>(495)</u>
Share of associates		
Profit on sale of tangible fixed assets	-	2,079
	<u>6,842</u>	<u>1,584</u>
	=====	=====

The profit on disposal of operations represents the profit on the early termination of an agreement with the Irish Agricultural Wholesale Society Limited in respect of the disposal of two businesses in the nutrition/agri division.

The loss on termination of operations represents the costs of closing two operations within the Group's UK fertiliser division.

8 - Adjusted Profit on Ordinary Activities before Taxation	2005	2004
	€'000	€'000
Profit on ordinary activities before taxation	114,984	96,006
Adjustments:		

Add goodwill amortisation	3,548	3,300
Deduct exceptional profit	(6,842)	(1,584)
Adjusted Profit on Ordinary Activities before Taxation	<u>111,690</u>	<u>97,722</u>
	=====	=====

IAWS GROUP, plc
Notes to the Preliminary Results Statement (Continued)
for the year ended 31 July 2005

9 - Reconciliation of Movements in Equity Shareholders' Funds	2005	2004
	€'000	€'000
Profit for the financial year	91,153	77,630
Dividends	(14,867)	(13,029)
Translation adjustments	(1,097)	3,516
Share capital issued	294	137
Share premium	5,827	971
Goodwill reinstated on disposal	1,331	-
Movement on equity shareholders' funds in year	<u>82,641</u>	<u>69,225</u>
Equity shareholders' funds at beginning of year	334,122	264,897
Equity shareholders' funds at end of year	<u>416,763</u>	<u>334,122</u>
	=====	=====

10 - Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2005	2004
	€'000	€'000
Operating profit	93,056	81,348
Depreciation less grants released	24,651	25,197

Amortisation of goodwill	3,548	3,300
Decrease/(increase) decrease in stocks	4,598	(15,217)
Increase in debtors	(26,229)	(8,332)
Increase in creditors	20,157	26,735
Translation adjustments	728	928
	<u>120,509</u>	<u>113,959</u>
Dividends received from associates and joint venture	16,223	6,284
Net cash inflow from operating activities	<u>136,732</u>	<u>120,243</u>
	=====	=====

IAWS GROUP, plc
Notes to the Preliminary Results Statement (Continued)
for the year ended 31 July 2005

11 - Reconciliation of Net Cash Flow to Movement in Net Debt

	2005	2004
	€'000	€'000
Increase in cash	8,958	19,062
Increase in debt and lease finance	(45,844)	(8,124)
Change in net debt resulting from cash flows	<u>(36,886)</u>	<u>10,938</u>
Loans and finance leases acquired	(16,152)	-
New finance leases	(19,953)	-
	<u>(72,991)</u>	<u>10,938</u>
Translation adjustment	(1,468)	2,750
Net movement	<u>(74,459)</u>	<u>13,688</u>
Net debt at beginning of year	(141,410)	(155,098)
Net debt at end of year	<u>(215,869)</u>	<u>(141,410)</u>
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END