

Directors

The Board of IAWS Group, plc consists of four executive directors and nine non-executive directors.

(a) Chairman

Denis Lucey (70) was appointed Chairman of the Group on 31 August 2005. Prior to that appointment he was Senior Independent Director. He is a former Chief Executive of Dairygold Co-operative Society Limited and is a director of a number of unlisted companies.

(b) Executive directors

Owen Killian (54) was appointed Chief Executive Officer on 1 October 2003. He has held senior executive positions with the Group since its flotation in 1988, having joined IAWS in 1977. He is also a non-executive director and Chairman of Origin Enterprises plc.

Patrick McEniff FCMA MBA (39) is Chief Financial Officer. He was appointed to the Board on 27 October 2004. He has been with the Group since 1989, in several senior positions, most recently Finance Director of the Lifestyle Foods business. He is also a non-executive director of Origin Enterprises plc.

Hugo Kane (48) is Chief Operations Officer. He was appointed to the Board on 1 September 2004. He joined Cuisine de France in 1993 as Operations Director and was appointed Managing Director in 2001. He became Head of Food in 2004 and has been at the forefront of the development of the Lifestyle Foods business. He was appointed Chief Operations Officer in September 2007.

Tom O'Mahony (45) is Chief Executive Officer of Origin Enterprises plc. He has held financial and operational management positions across the entire IAWS Group since 1985.

(c) Non-executive directors

Denis Buckley (61) is Chairman of Kerry Group plc, Kerry Co-operative Creameries Limited and a director of several unlisted companies.

Beatrice Dardis M.A. (62) has a background in agri-business. She is a director of several unlisted companies.

J. Brian Davy (65) is Chairman of Davy Stockbrokers. He is a former director of the Irish Stock Exchange and of Arnotts plc. He is Deputy Chairman of the Executive Committee of the National Maternity Hospital Holles Street and is a director of several unlisted companies.

Noreen Hynes B.Comm. FCA (54) is Managing Director of Aquarius Properties Abroad and previously held senior management positions with Irish Distillers, Coal Distributors and ICL. She is a former member of the Council of the Institute of Chartered Accountants in Ireland.

Philip Lynch (61) is a former Chairman and Chief Executive Officer of the Group. He is Chief Executive of One51 Limited and Irish Agricultural Wholesale Society Limited and is a director of C&C Group plc, Coillte Teo and FBD Holdings plc.

David Martin FCMA (63) is a former executive director of the Group. He is a director of The Irish Auditing And Accounting Supervisory Authority, the Dormant Accounts Board and a number of unlisted companies.

William G. Murphy B.Comm. (62) is a director of Glanbia plc and a former Deputy Managing Director of Glanbia. He is a director of a number of unlisted companies.

Paul N. Wilkinson M.A. (Oxon) (62) is Senior Independent Director. He previously held senior management positions with Unilever plc, Grand Metropolitan plc and RHM plc. He is a director of Thorntons plc and a number of unlisted companies.

Directors' report

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 July 2007.

Principal activity and business review

The Group's principal activities comprise the manufacture and distribution of convenience food as well as, through its subsidiary group Origin Enterprises plc, the manufacture and distribution of agri and nutrition products. The Group has manufacturing, trading and distribution operations based in the Republic of Ireland, the United Kingdom, Continental Europe, the United States of America and Canada.

During the year under review, the Group continued to expand and develop its core activities. A detailed review of the performance of the Group is included in the Chairman's statement and the Review of business operations. The directors consider the state of affairs of the Company and the Group to be satisfactory. A list of the Company's significant subsidiaries, associates and joint venture is set out on pages 105 to 107.

Principal risks and uncertainties

The Board and senior management have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Group has formal risk assessment processes in place through which risks and mitigating controls are evaluated. These processes are driven by business unit management, who are best placed to identify the significant ongoing and emerging risks facing their businesses. The outputs of these risk assessment processes are subject to various levels of review, up to and including Board level. Risks identified and associated mitigating controls are also subject to audit as part of operational, financial and health and safety audit programmes.

The risks identified fall broadly into four categories: strategic/commercial, operational, systems and financial. Some of the most significant strategic/commercial risks facing the Group include the impact of changes in food consumption patterns and the potential impact of competitor activity. In addition the Group faces the challenge of rising commodity and energy costs and the related challenge of passing on price increases to customers. The Group addresses these by focussing on research and development and product innovation to ensure that customer and consumer requirements are being anticipated and met on a continuing basis. The Group also closely monitors emerging changes to regulations or legislation on an ongoing basis. The attainment of the highest levels of product quality and customer service are also core to reducing the impact of these risks.

As a group that has grown both organically and through acquisitions, IAWS Group, plc faces risks and challenges associated with managing growth, and ensuring that processes around acquiring and integrating new businesses are robust. The management of major capital projects is also a key area of risk for the business. There is substantial experience within the Group of managing growth, and in successfully integrating acquired businesses. There is also strong project management capability with a track record of success in this area. Financial, commercial and operational due diligence is performed both by external consultants and in-house experts in advance of all new acquisitions. The integration of new acquisitions and the delivery of major project initiatives is carefully managed and controlled.

Operational risks facing the Group include issues associated with product contamination and general food scares affecting relevant products. A further operational risk to the Group, in common with most companies, is the risk of failure to address increasing compliance requirements particularly in the areas of health and safety, emissions and effluent control. These types of risks are mitigated through the establishment of thorough hygiene and health and safety systems, environmental/discharge controls, auditing of supplier facilities and ensuring product traceability.

The loss of a significant manufacturing/operational site through natural catastrophe or act of vandalism represents another risk that could, potentially, have a material impact on the Group. As a result, emphasis is given to ensuring that site security measures at all Group locations are robust. In addition, the Board is satisfied that significant management attention is given to the development of comprehensive operational disaster recovery plans.

Similarly, a significant IT system failure could adversely impact on operations. As a result, IT disaster recovery plans and system backup processes are implemented.

The Group has a track record of attracting and retaining high quality senior management and staff internationally. The Group is cognisant of cultural differences across the markets in which the business operates, and has put in place management teams with the skills and local knowledge to trade successfully in the Group's markets. As a result, the Group faces risks associated with the potential loss of key management personnel. The Board addresses these risks through incentivisation and retention initiatives, in addition to robust succession planning.

Directors' report (continued)

As an international Group with substantial operations and interests outside the euro-zone, IAWS Group, plc is subject to the risk of adverse movements in foreign currency exchange rates. Exposures are managed through matching foreign currency investments with foreign currency borrowings and through the use of foreign currency hedging contracts. Financial risk management objectives and policies are identified in the Financial review, and in note 23 to the Group financial statements on pages 78 to 79.

Results for the year

The results for the year are set out in the Group income statement on page 37. Profit for the financial year before dividends was €123,473,000 (2006: €99,129,000).

Dividends

An interim dividend of 7.51 cent per share amounting to €9,516,000 was paid on ordinary shares. The directors recommend a final ordinary dividend of 7.80 cent per share subject to the shareholders' approval which will be paid on 1 February 2008 to shareholders registered at close of business on 25 January 2008. The total dividend for the year amounts to 15.31 cent per ordinary share, an increase of 13.5% from last year.

Future developments

The Group will continue to pursue new developments and unlock shareholder value, through both organic growth and acquisitions.

Research and development

The Group, through its extensive laboratory and testing facilities, pursues ongoing research and development programmes directed towards the development of new value added products.

Accounting records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the Company are maintained at Belgard Square House, Belgard Square, Tallaght, Dublin 24.

Corporate governance

Statements by the directors in relation to the Group's application of the provisions of the 2003 FRC Combined Code on Corporate Governance are set out on pages 23 to 26.

Corporate social responsibility

The Group views corporate social responsibility as an integral part of the organisation's culture. In all matters the Group strives to ensure it is acting in the best interests of all related parties and stakeholders.

Directors' and Secretary's interests

Details of the directors' and Company Secretary's interests in share capital and equity instruments are set out in the Report on directors' remuneration on pages 27 to 33.

Substantial holdings

As at 24 September 2007 the directors have been notified of the following shareholdings which amount to 3% or more of the Company's issued ordinary share capital:

	Number of shares	%
Bank of Ireland Nominees Limited*	31,647,004	24
FMR Corp/Fidelity International Limited	15,823,985	12
Bank of America	4,067,000	3

* Bank of Ireland Nominees Limited advise that this shareholding represents the holding of their entire client base.

Events after the balance sheet date

On 31 July 2007, Origin Enterprises plc announced that it had reached agreement to acquire the 50 per cent stake in the Odlums Group not already owned, as set out in note 34 to the Group financial statements. The transaction was conditional upon clearance from the Competition Authority which was received on 29 August 2007 and the transaction was completed on 30 August 2007. Other than this, there have been no significant events since the year-end which would require disclosure in the financial statements.

Directors and Secretary

Mr. D. Buckley, Mr. J. B. Davy, and Mr. W. G. Murphy, having served more than nine years as directors, retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Mr. D. Lucey, Mr. O. Killian and Ms. N. Hynes retire by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Directors' report (continued)

Mr. T. O'Mahony, having been co-opted to the Board on 25 October 2006, retired at the December 2006 AGM and was re-elected. Mr. T. O'Mahony retires without seeking re-election and Mr. P. Lynch and Mr. D. Martin, having served more than nine years as directors, also retire without seeking re-election. Dr. P. Wall resigned effective 31 July 2007. There were no other changes in directors during the year. None of the non-executive directors has a service contract with any Group company.

On 22 February 2007, Mr. A. Lowther resigned as Company Secretary and Mr. P. Morrissey was appointed Company Secretary.

Going concern

The directors have a reasonable expectation, having made appropriate enquiries, that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditor

In accordance with Section 160(2) of the Companies Act, 1963, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board

D. Lucey
Director

O. Killian
Director

24 September 2007