

## NEWS RELEASE

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A world of  
nutritional ingredients  
and cheese

# 2010 Half yearly financial report

25 August 2010

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**50% INCREASE IN HALF YEAR ADJUSTED EARNINGS PER SHARE  
FULL YEAR EARNINGS GUIDANCE UPGRADE**

25 August 2010 - Glanbia plc ('Glanbia'), the international nutritional ingredients and cheese Group, announces its half year results for the six months ended 3 July 2010.

**2010 half yearly results summary**

- Improved operating environment underpins excellent first half performance
- Strong top line revenue, profit and margin growth delivered
- Return to profitability in Irish Dairy Ingredients and good performance by Global Nutritionals
- 2010 strategic cost savings programme on target
- Operating profit up 38.7%; constant currency operating profit up 49.4%
- Operating margin up 130 basis points to 6.4%; constant currency operating margin 6.9%
- Adjusted earnings per share up 50.8% to 18.62 cents per share
- Half year dividend increase of 5% to 3.03 cents per share

	HY 2010	HY 2009	Change
<b>Revenue<sup>(1)</sup></b>	€1,036.4m	€944.9m	Up 9.7%
<b>EBITDA</b>	€89.2m	€69.9m	Up 27.6%
<b>Operating profit</b>	€66.3m	€47.8m	Up 38.7%
<b>Operating margin</b>	6.4%	5.1%	Up 130bps
<b>Net financing costs</b>	(€11.2m)	(€12.5m)	Down €1.3m
<b>Share of results of Joint Ventures &amp; Associates<sup>(1)</sup></b>	€5.0m	€2.7m	Up 85.2%
<b>Profit before tax</b>	€60.2m	€38.0m	Up 58.4%
<b>Taxation</b>	(€11.6m)	(€7.4m)	Up €4.2m
<b>Profit after tax</b>	€48.6m	€30.6m	Up 58.8%
<b>Basic earnings per share</b>	16.44c	10.30c	Up 59.6%
<b>Adjusted net income</b>	€54.6m	€36.2m	Up 50.8%
<b>Adjusted earnings per share<sup>(2)</sup></b>	18.62c	12.35c	Up 50.8%
<b>Dividend per share in respect of the half year</b>	3.03c	2.89c	Up 5%

(1) Revenue including Glanbia's share of the revenue of Joint Ventures & Associates was €1.2 billion for half year, compared with €1.1 billion for first half of 2009. Share of results of Joint Ventures & Associates is an after interest and tax amount.

(2) Before exceptional items and amortisation of intangible assets; there were no exceptional items in the first half of 2010 and 2009.

**John Moloney, Group Managing Director, said:**

"Glanbia delivered an excellent first half performance driven mainly by a return to profitability in Irish Dairy Ingredients and a good performance by Global Nutritionals. Operating margin grew 130 basis points to 6.4% and adjusted earnings per share increased just over 50% to 18.62 cents per share.

For the full year 2010, US Cheese & Global Nutritionals is expected to deliver reasonable year-on-year growth, underpinned in particular by the performance of Global Nutritionals. In Dairy Ireland, performance will be somewhat mixed with Irish Dairy Ingredients strongly ahead compared with a loss in 2009, Consumer Products behind in the context of a very tough trading environment and Agribusiness marginally ahead of a difficult 2009. International Joint Ventures & Associates are expected to have a good full year, underpinned by a solid performance from Southwest Cheese in the USA and Glanbia Cheese in the UK, and an improved operating performance at Nutricima in Nigeria.

While the global economic environment remains uncertain, the Board, taking current trading conditions into account is confident Glanbia will achieve strong revenue, operating profit and margin growth for the full year. As a result the Group has revised adjusted earnings per share guidance upwards and is now expecting approximately 20% adjusted earnings per share growth for the full year."

## 2010 Half yearly financial report

For the six months ended 3 July 2010

### Market commentary

Global dairy markets recovered somewhat unevenly in the first half of the year. Commodity prices declined in the early months, stabilised in March and improved throughout the second quarter. Markets now appear to have peaked and are expected to trend lower in the second half. While volatility continues to be a feature of global dairy markets, the full year 2010 forecast is for pricing to be broadly in line with five year averages but in most instances below the market peak of 2008. While weak milk supply was a dominant feature in the first half, milk production is beginning to increase in the main producing regions and is expected to continue to do so for the rest of the year and into 2011, easing supply constraints. Demand is stable, with Asian demand a key sustaining factor globally.

Dairy farm incomes have recovered somewhat this year, although it may be sometime before farm balance sheets are fully repaired following negative returns in 2009. While demand for Agribusiness farm inputs has improved, price competition was a significant feature of the trading environment.

The impact of the recession on the consumer continues to overhang the Irish food retail market. Rising unemployment and falling house prices are a challenge to fragile consumer sentiment. The market for Consumer Products remains highly competitive with promotional programmes expected to continue throughout the second half.

In the first half, US Cheese prices recovered and are expected to follow similar trends to global dairy markets for the remainder of the year. Cheese production continues to grow, domestic demand remains steady, with good export demand. Milk supply remains tight but in recent months has grown modestly and is forecast to continue to do so, based on positive weather conditions and end product prices, into 2011.

Growth in performance/sports nutrition, protein fortification and ongoing mainstream bars and beverages new product development are driving strong global demand for whey. This growth is underpinned by structural market drivers such as health and wellness (increasing link between diet and exercise, weight management, active ageing), global demographic changes (increasing Asian demand) and consumer awareness (healthier and more nutritious foods).

### Proposed transaction with Glanbia Co-operative Society Limited

Following an approach from Glanbia Co-operative Society Limited, the Group's 54.6% shareholder, on 20 April 2010, the Group announced a proposal to dispose of its Irish Dairy and Agri Businesses. On 10 May 2010, the required approval of the Society members was not achieved and the transaction has therefore not proceeded. There is currently no further update.

### Finance review

	HY2010					HY2009				
	Revenue	Operating profit	Operating Margin	EBITDA	EBITDA Margin	Revenue	Operating profit	Operating Margin	EBITDA	EBITDA Margin
	€m	€m		€m		€m	€m		€m	
US Cheese & Global Nutritionals	490.6	47.5	9.7%	58.8	12.0%	401.5	44.9	11.2%	54.7	13.6%
Dairy Ireland	542.9	19.1	3.5%	30.2	5.6%	540.5	5.9	1.1%	17.4	3.2%
Other	2.9	(0.3)	-	0.2	-	2.9	(3.0)	-	(2.2)	-
<b>Group as reported</b>	<b>1,036.4</b>	<b>66.3</b>	<b>6.4%</b>	<b>89.2</b>	<b>8.6%</b>	<b>944.9</b>	<b>47.8</b>	<b>5.1%</b>	<b>69.9</b>	<b>7.4%</b>
JVs & Associates	190.2	11.1	5.8%	14.1	7.4%	148.0	6.3	4.3%	9.4	6.4%
<b>Total including JVs &amp; Associates</b>	<b>1,226.6</b>	<b>77.4</b>	<b>6.3%</b>	<b>103.3</b>	<b>8.4%</b>	<b>1,092.9</b>	<b>54.1</b>	<b>5.0%</b>	<b>79.3</b>	<b>7.3%</b>

Reported results exclude Joint Ventures & Associates. Share of results of Joint Ventures & Associates in the income statement is an after interest and tax amount.

### Revenue

In the first half, Group revenue increased 9.7% to €1,036.4 million (HY2009: €944.9 million). On a constant currency basis Group revenue grew 9.3% to €1,032.9 million. Total revenue (including share of Joint Ventures and Associates) grew 12.2% to €1,226.6 million (HY2009: €1,092.9 million). Revenue in US Cheese & Global Nutritionals was up 22.2% to €490.6 million (HY2009: €401.5 million). Revenue in Dairy Ireland grew marginally to €542.9 million (HY2009: €540.5 million). Revenue in Joint Ventures & Associates grew 28.5% to €190.2 million (HY2009: €148.0 million).

### **Profitability and margins**

Group operating profit increased 38.7% to €66.3 million (HY2009: €47.8 million). On a constant currency basis operating profit increased 49.4% to €71.4 million. Operating profit (including share of Joint Ventures & Associates) increased 43.1% to €77.4 million (HY2009: €54.1 million). A strong recovery and return to profitability in Irish Dairy Ingredients, compared with a significant loss in the same period last year, and a good performance in Global Nutritionals underpinned a strong first half for the Group. Group operating margin increased 130 basis points to 6.4% (HY2009: 5.1%). On a constant currency basis Group operating margin grew 180 basis points to 6.9% (HY2009: 5.1%). Operating margin (including share of Joint Ventures and Associates) increased 130 basis points to 6.3% (HY2009: 5.0%).

### **Constant currency**

The constant currency amounts above reflect the translation of the performance of US Cheese and Global Nutritionals at 2009 exchange rates. In the first half the market average USD/EURO rate was broadly in line with 2009. However, the reported results of US Cheese and Global Nutritionals reflect a charge of €5.5 million being the effect of a mark to market of the hedging of a proportion of USD profits. The full year impact of currency translation is currently expected to be broadly neutral relative to 2009.

### **Net financing costs**

Financing costs declined €1.3 million to €11.2 million (HY2009: €12.5 million). EBIT to net financing cost interest cover improved to 5.9 times in the first half (HY2009: 3.8 times). EBITDA to net financing cost interest cover was 8.0 times compared to 5.6 times in the first half of 2009. The Group's average interest rate for the half year of 2010 was 4.3% (HY2009: 4.5%). Glanbia operates a policy of fixing a significant amount of its interest exposure with approximately 85% of the Group's net debt currently contracted at fixed interest rates for 2010 and approximately 65% contracted at fixed rates for 2011.

### **Joint Ventures & Associates**

Glanbia's share of revenue from Joint Ventures & Associates increased 28.5% to €190.2 million (HY2009: €148.0 million). Glanbia's share of profits in the first half - post interest and tax - was €5.0 million (HY 2009: €2.7 million). These results were driven primarily by a solid performance in Glanbia Cheese UK and Southwest Cheese and an improved operating performance in Nutricima.

### **Profit before tax**

Profit before tax increased 58.4% to €60.2 million (HY2009: €38.0 million).

### **Taxation**

The 2009 first half tax charge increased €4.2 million to €11.6 million (HY2009: €7.4 million) reflecting the increased profitability of the Group. The Group's effective tax rate in the first half, excluding Joint Ventures & Associates, was 21% (HY2009: 21%).

### **Exceptional items**

There were no exceptional items in the first half of 2010 and 2009.

### **Basic earnings per share**

Basic earnings per share (EPS) increased 59.6% to 16.44 cent (HY2009: 10.30 cent).

### **Adjusted earnings per share**

Adjusted EPS is calculated as the profit for the year attributable to the owners of the Group before exceptional items and amortisation of intangible assets (net of tax). Adjusted earnings per share increased 50.8% to 18.62 cent (HY2009: 12.35 cent) driven mainly by the performance of Irish Dairy Ingredients and Global Nutritionals.

### **Dividends**

The Board is recommending an interim dividend of 3.03 cent per share (HY2009: interim dividend 2.89 cent per share), an increase of 5%. Dividends will be paid on Wednesday, 29 September 2010 to shareholders on the register of members as at Friday, 10 September 2010. Irish withholding tax will be deducted at the standard rate where appropriate.

### **Balance Sheet and Cash flow**

The Group's net debt position improved by €7.2 million to €539.3 million relative to half year 2009 (HY 2009: €546.5 million). Relative to the year ended 2 January 2010, net debt increased by €96.7 million. The movement in net debt, which is after an adverse foreign exchange movement primarily on USD denominated bank debt of €31.1 million, is due mainly to the annual seasonal increase in the Group's working capital requirement of €113.0 million. This seasonal increase in working capital offset positive EBITDA inflows for the half year of €89.2 million. The remaining cash outflows for the half year were capital expenditure €19.3 million, interest, tax dividends and other payments of €22.5 million.

The Group has total committed debt facilities of €738.8 million maturing from 2012 to 2014, representing an average age to maturity of 2.7 years. Total committed debt facilities are made up of bank facilities of €675.3 million and €63.5 million of cumulative redeemable preference shares.

The equity of the Group increased €43.1 million in the first half from €297.4 million to €340.5 million at the half year. The key components of this change are retained profits at €48.6 million, an improved currency translation reserve benefit of €38.7 million offset by dividends paid of €11.6 million and adverse movements in the Group's pension deficit of €30.4 million.

#### Pension

Relative to the first half of 2009, the Group's pension deficit has decreased by €84.2 million to €116.1 million (HY2009: €200.3 million). This decrease was largely driven by a reduction in benefits for members of the Irish pension schemes following from a strategic review of the Group's pension arrangements carried out during 2009. The process to implement the benefit reductions is expected to be completed by the end of 2010.

Relative to the period ended 2 January 2010 the Group's pension deficit increased by €30.3 million at the half year to €116.1 million from €85.8 million. This increase in deficit was due to changes in actuarial assumptions used in the discount rates applicable to both the Irish and UK schemes; the Irish schemes' discount rate reduced by 65 basis points to 5.00% (FY2009: 5.65%) and the UK schemes' discount rate reduced by 45 basis points to 5.35% (FY2009: 5.80%).

#### Full year Interim Management Statement

The Group will issue its 2010 Full year Interim Management Statement on 17 November 2010.

### Operations review

#### US Cheese & Global Nutritionals

	REPORTED			CONSTANT CURRENCY	
	HY2010	HY2009	Change	HY2010	Change
Revenue	€490.6m	€401.5m	Up 22.2%	€487.1m	Up 21.3%
Operating profit	€47.5m	€44.9m	Up 5.8%	€52.6m	Up 17.1%
Operating margin	9.7%	11.2%	Down 150bps	10.8%	Down 40bps
EBITDA	€58.8m	€54.7m	Up 7.5%	€63.8m	Up 16.6%
EBITDA margin	12.0%	13.6%	Down 160bps	13.1%	Down 50bps

In the first half revenue increased 22.2% to €490.6 million (HY2009: €401.5 million) in US Cheese & Global Nutritionals, reflecting a strong performance from Global Nutritionals and improved US cheese prices. Operating profit increased 5.8% during the first half to €47.5 million (HY2009: €44.9 million) with constant currency operating profit up 17.1%. Operating margins decreased 150 basis points to 9.7% (HY2009: 11.2%) with constant currency operating margins down 40 basis points to 10.8%. EBITDA increased 7.5% to €58.8 million (HY2009: €54.7 million). EBITDA margin was down 160 basis points in the first half to 12.0% (HY2009: 13.6%) with constant currency EBITDA margin down 50 basis points to 13.1%.

The US Cheese business unit had a reasonable first half. Good revenue growth was delivered as a result of improved cheese pricing, compared with historical lows in the same period last year. Underlying market demand was stable with good export demand and improvements in the foodservice sector. Production volumes were lower as a result of a refurbishment of the Twin Falls plant. In addition, milk production was tight in the first half, following very difficult farming conditions in 2009, which placed some pricing pressure on securing milk supply. Supply has eased in recent months with increases in milk production. Overall operating profit and margins for US Cheese were lower for the first six months of 2010.

In the first half, Global Nutritionals continued to see volume growth driven by new product development of customer/market-led science-based nutritional solutions and the expansion of Performance Nutrition. There is strong demand globally for sports nutrition and protein fortified products for key areas of weight management, healthy aging, infant formula and fortified bar and beverage markets. In addition, all of Glanbia's core nutritional sectors continued to

exhibit strong structural market growth trends, with the Group outperforming market growth rates in key business segments. Overall revenue, operating profits and margins were good in the first half. Ingredient Technologies had a strong first half with increased demand coupled with favourable pricing delivering strong revenue, profit and margin growth. Performance Nutrition also delivered a good first half with further organic volume growth. While revenue and operating profit grew there was some margin pressure from higher input costs and ongoing investment in people and brand development resources. Customised Premix delivered good revenue growth momentum in key market segments and continued to develop further customer specific solutions for the US and international markets.

#### Dairy Ireland

	<b>HY2010</b>	<b>HY2009</b>	<b>Change</b>
<b>Revenue</b>	€542.9m	€540.5m	<b>Up 0.4%</b>
<b>Operating profit</b>	€19.1m	€5.9m	<b>Up 223.7%</b>
<b>Operating margin</b>	3.5%	1.1%	<b>Up 240bps</b>
<b>EBITDA</b>	€30.2m	€17.4m	<b>Up 73.6%</b>
<b>EBITDA margin</b>	5.6%	3.2%	<b>Up 240bps</b>

Dairy Ireland had a good first half, compared with a very difficult first half in 2009. Revenue in the first half was broadly similar at €542.9 million (HY2009: €540.5 million). Operating profit increased €13.2 million to €19.1 million (HY2009: €5.9 million) and the operating margin increased 240 basis points to 3.5% (HY2009: 1.1%). The return to profitability in Irish Dairy Ingredients after a major loss in the first six months of last year is the most significant performance issue in the first half results. This more than offset the impact of ongoing challenges in the operating environment at Consumer Products. EBITDA increased 73.6% to €30.2 million (HY2009: €17.4 million) with EBITDA margin up 240 basis points to 5.6% (HY2009: 3.2%). In 2010, the Group continued a significant strategic cost saving programme across its Irish operations. This went to plan in the first half and is well on track to achieve targeted annualised cost savings.

In the first half, Irish Dairy Ingredients' performance improved in line with the recovery in global dairy markets, which were severely impacted by product price falls and volatility in the first half of 2009. Revenue grew half year-on-half year and this business unit returned to profitability as expected.

Consumer Products had a difficult first half. Branded product volumes declined in low single digits, although Avonmore Milk and Kilmeaden Cheese continued to deliver good performances. Price reductions implemented at wholesale level late in 2009 and higher input costs put significant pressure on margins in the first six months. The trading environment continued to be driven by the impact of the recession in Ireland with consumers focused on value, shopping more often and in a wider number of retailers. Sterling competition also intensified during the first six months, although on a positive note the value of the total grocery market grew in May, for the first time since 2008. Overall revenue, operating profit and operating margins were lower in the first half.

Overall Agribusiness was marginally down as good demand across all farm inputs was more than offset by very competitive pricing undertaken in the first half.

## Joint Ventures & Associates

	REPORTED			CONSTANT CURRENCY	
	HY2010	HY2009	Change	HY2010	Change
Revenue <sup>(1)</sup>	€190.2m	€148.0m	Up 28.5%	€188.3m	Up 27.2%
Operating profit	€11.1m	€6.3m	Up 76.2%	€11.0m	Up 74.6%
Operating margin	5.8%	4.3%	Up 150bps	5.8%	Up 150bps
EBITDA	€14.1m	€9.4m	Up 50%	€13.9m	Up 47.9%
EBITDA margin	7.4%	6.4%	Up 100bps	7.4%	Up 100bps
Share of results <sup>(2)</sup>	€5.0m	€2.7m	Up 85.2%	€5.0m	-

<sup>(1)</sup> Not included in Group revenue. <sup>(2)</sup> Profit after interest and tax as reported in the income statement.

In the first half of 2010, revenue, operating profit and margins in Joint Ventures & Associates recovered as a result of improved pricing in US Cheese and European Mozzarella markets. Glanbia's share of revenue grew 28.5% to €190.2 million (HY2009: €148.0 million). Operating profit increased 76.2% to €11.1 million (HY2009: €6.3 million) and operating margin improved 150 basis points to 5.8% from 4.3% in the first half of 2009. Glanbia's share of the EBITDA of the Joint Ventures & Associates increased 50% or €4.7 million to €14.1 million (HY2009: €9.4 million) with EBITDA margin increasing 100 basis points to 7.4%. The Group's share of profit after interest and tax – as reported in the income statement – was €5.0 million, up 85.2% from €2.7 million in the first half of 2009.

The 40% expansion of Southwest Cheese continued to ramp-up successfully, having been completed on time and on budget in the first half. Production volumes grew and cheese pricing recovered from the historical lows of the first half of 2009 driving an improved operating profit and performance.

Glanbia Cheese in the UK, the Group's European Mozzarella cheese Joint Venture, had a strong first half as demand and pricing improved delivering increased revenue, operating profits and operating margins. Nutricima delivered an improved operating performance in the first half compared to a difficult 2009. Sales from the new UHT factory are encouraging and further new product developments are planned. The outlook for the Nigerian economy is healthy with positive GDP growth rates forecast.

## Other Business

	HY2010	HY2009	Change
Revenue	€2.9m	€2.9m	-
Operating profit	(€0.3m)	(€3.0m)	Up €2.7m

The Group's Other Business segment includes a small dairy ingredients related operation in Mexico and Glanbia's property unit. An improved performance by this business unit is mainly as a result of the benefit of the recovery in global dairy markets to the dairy related business in Mexico.

## ***Principal risks and uncertainties affecting the Group's second half performance***

The Board of Glanbia plc has the ultimate responsibility for risk management. The principle risks and uncertainties are set out in detail in the 2009 Annual Report.

The performance of the Group is influenced by economic growth, global dairy and US cheese markets, and consumer confidence in the markets in which we operate. A deterioration or delay in economic recovery or acute volatility in dairy pricing represents a material risk to the operating performance and financial position of the Group. To help mitigate this, the Group is invested in a range of businesses across different sectors and geographical markets.

In the second half, the principal risks and uncertainties affecting the Group are:

- the potential impact of any worsening of already fragile consumer confidence on the competitiveness of the Irish retail market; and
- uncertainty about the effect of the Russian grain crisis
- volatility in global dairy and US cheese markets

## ***2010 outlook***

For the full year 2010, US Cheese & Global Nutritionals is expected to deliver reasonable year-on-year growth, underpinned in particular by the performance of Global Nutritionals. In Dairy Ireland, performance will be somewhat mixed with Irish Dairy Ingredients strongly ahead, compared with a loss in 2009; Consumer Products behind in the context of a very tough trading environment and Agribusiness marginally ahead of a difficult 2009. International Joint Ventures & Associates are expected to have a good full year, underpinned by a solid performance from Southwest Cheese in the USA and Glanbia Cheese in the UK, and an improved operating performance at Nutricima in Nigeria.

While the global economic environment remains uncertain, the Board, taking current trading conditions into account is confident Glanbia will achieve strong revenue, operating profit and margin growth for the full year. As a result the Group has revised adjusted earnings per share guidance upwards and is now expecting approximately 20% adjusted earnings per share growth for the full year.

## ***Responsibility statement***

The Directors are responsible for preparing the half yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34, Interim Financial Reporting as adopted by the European Union.

The Directors confirm that, to the best of their knowledge:

- The Group Condensed Financial Statements for the half year ended 3 July 2010 have been prepared in accordance with the international accounting standard applicable to interim financial reporting adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- The half yearly financial report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the Group Condensed Financial Statements for the half year ended 3 July 2010, and a description of the principal risks and uncertainties for the remaining six months;
- The half yearly financial report includes a fair review of related party transactions that have occurred during the first six months of the current financial year that have materially affected the financial position or the performance of the Group during that period and any changes in the related parties transactions described in the last Annual Report that could have a material effect on the financial position or the performance of the Group in the first six months of the current financial year.

On behalf of the Board

John Moloney  
Group Managing Director

Siobhan Talbot  
Group Finance Director

24 August 2010

***Cautionary statement***

This report contains forward-looking statements. These statements have been made by the directors in good faith based on the information available to them up to the time of their approval of this report. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The directors undertake no obligation to update any forward-looking statements contained in this report, whether as a result of new information, future events, or otherwise.

## Condensed income statement

for the half year ended 3 July 2010

		Half year 2010	Half year 2009	Year 2009		
	Notes	Total 2010 €'000	Total 2009 €'000	Pre- exceptional 2009 €'000	Exceptional 2009 €'000 (note 5)	Total 2009 €'000
Revenue	3	<b>1,036,401</b>	944,852	1,830,327	-	1,830,327
Cost of sales		<b>(844,813)</b>	(783,422)	(1,507,119)	(5,084)	(1,512,203)
<b>Gross profit</b>		<b>191,588</b>	<b>161,430</b>	<b>323,208</b>	<b>(5,084)</b>	<b>318,124</b>
Distribution expenses		<b>(64,206)</b>	(62,860)	(116,115)	(1,486)	(117,601)
Administration expenses		<b>(61,042)</b>	(50,763)	(95,927)	(8,485)	(104,412)
Other gains & losses		-	-	-	60,730	60,730
<b>Operating profit</b>		<b>66,340</b>	<b>47,807</b>	<b>111,166</b>	<b>45,675</b>	<b>156,841</b>
Finance income	6	<b>1,785</b>	2,784	5,542	-	5,542
Finance costs	6	<b>(12,993)</b>	(15,274)	(29,576)	-	(29,576)
Share of results of Joint Ventures & Associates		<b>5,041</b>	2,657	10,225	-	10,225
<b>Profit before taxation</b>		<b>60,173</b>	<b>37,974</b>	<b>97,357</b>	<b>45,675</b>	<b>143,032</b>
Income taxes	7	<b>(11,578)</b>	(7,417)	(19,103)	(10,770)	(29,873)
<b>Profit for the period</b>		<b>48,595</b>	<b>30,557</b>	<b>78,254</b>	<b>34,905</b>	<b>113,159</b>
<b>Attributable to:</b>						
Equity holders of the Parent		<b>48,191</b>	30,188			112,676
Non-controlling interest		<b>404</b>	369			483
		<b>48,595</b>	30,557			113,159
<b>Basic earnings per share (cents)</b>	9	<b>16.44</b>	10.30			38.46
<b>Diluted earnings per share (cents)</b>	9	<b>16.35</b>	10.29			38.35

**Condensed statement of comprehensive income**  
for the half year ended 3 July 2010

	Notes	Half year 2010 €'000	Half year 2009 €'000	Year 2009 €'000
<b>Profit for the period</b>		<b>48,595</b>	<b>30,557</b>	<b>113,159</b>
<b>Other comprehensive income/(expense)</b>				
Actuarial loss - defined benefit schemes	13	(34,383)	(41,141)	(31,215)
Deferred tax on actuarial loss	13	3,955	4,496	2,684
Share of actuarial loss - Joint Ventures & Associates		-	-	(1,364)
Currency translation differences	13	38,651	4,887	6,258
Fair value movements on available for sale financial assets	13	(2,389)	(2,749)	(3,367)
Fair value movements on cash-flow hedges	13	(3,348)	5,005	5,114
Deferred tax on fair value adjustments	13	1,349	183	(503)
<b>Other comprehensive income/(expense) for the period, net of tax</b>		<b>3,835</b>	<b>(29,319)</b>	<b>(22,393)</b>
<b>Total comprehensive income for the period</b>		<b><u>52,430</u></b>	<b><u>1,238</u></b>	<b><u>90,766</u></b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Parent		52,026	869	90,283
Non-controlling interest		<u>404</u>	<u>369</u>	<u>483</u>
		<b><u>52,430</u></b>	<b><u>1,238</u></b>	<b><u>90,766</u></b>

## Condensed statement of changes in equity

for the half year ended 3 July 2010

### Half year 2010

	Notes	Share capital and share premium €'000	Other reserves €'000	Retained earnings €'000	Total €'000	Non – controlling interest €'000	Total equity €'000
<b>Balance at 2 January 2010</b>		<b>97,320</b>	<b>110,571</b>	<b>83,004</b>	<b>290,895</b>	<b>6,493</b>	<b>297,388</b>
Profit for the period		-	-	48,191	<b>48,191</b>	404	<b>48,595</b>
<b>Other comprehensive income/(expense)</b>							
Actuarial loss - defined benefit schemes	13	-	-	(34,383)	<b>(34,383)</b>	-	<b>(34,383)</b>
Deferred tax on actuarial loss	13	-	-	3,955	<b>3,955</b>	-	<b>3,955</b>
Fair value adjustments	13	-	(5,737)	-	<b>(5,737)</b>	-	<b>(5,737)</b>
Deferred tax on fair value adjustments	13	-	1,349	-	<b>1,349</b>	-	<b>1,349</b>
Currency translation differences	13	-	38,651	-	<b>38,651</b>	-	<b>38,651</b>
<b>Total comprehensive income</b>		<b>-</b>	<b>34,263</b>	<b>17,763</b>	<b>52,026</b>	<b>404</b>	<b>52,430</b>
Dividend paid during the period	13	-	-	(11,573)	<b>(11,573)</b>	-	<b>(11,573)</b>
Long term incentive plan - cost	13	-	2,214	-	<b>2,214</b>	-	<b>2,214</b>
Long term incentive plan-vesting	13	125	(604)	479	-	-	-
<b>Balance at 3 July 2010</b>		<b>97,445</b>	<b>146,444</b>	<b>89,673</b>	<b>333,562</b>	<b>6,897</b>	<b>340,459</b>

### Half year 2009

	Notes	Share capital and share premium €'000	Other reserves €'000	Retained earnings €'000	Total €'000	Non – controlling interest €'000	Total equity €'000
<b>Balance at 3 January 2009</b>		<b>97,320</b>	<b>102,882</b>	<b>19,707</b>	<b>219,909</b>	<b>8,010</b>	<b>227,919</b>
Profit for the period		-	-	30,188	<b>30,188</b>	369	<b>30,557</b>
<b>Other comprehensive income/(expense)</b>							
Actuarial loss - defined benefit schemes	13	-	-	(41,141)	<b>(41,141)</b>	-	<b>(41,141)</b>
Deferred tax on actuarial loss	13	-	-	4,496	<b>4,496</b>	-	<b>4,496</b>
Fair value adjustments	13	-	2,256	-	<b>2,256</b>	-	<b>2,256</b>
Deferred tax on fair value adjustments	13	-	183	-	<b>183</b>	-	<b>183</b>
Currency translation differences	13	-	4,887	-	<b>4,887</b>	-	<b>4,887</b>
<b>Total comprehensive income/(expense)</b>		<b>-</b>	<b>7,326</b>	<b>(6,457)</b>	<b>869</b>	<b>369</b>	<b>1,238</b>
Dividend paid during the period	13	-	-	(11,016)	<b>(11,016)</b>	-	<b>(11,016)</b>
Long term incentive plan - credit	13	-	(203)	-	<b>(203)</b>	-	<b>(203)</b>
<b>Balance at 4 July 2009</b>		<b>97,320</b>	<b>110,005</b>	<b>2,234</b>	<b>209,559</b>	<b>8,379</b>	<b>217,938</b>

Goodwill previously written off amounting to €93.0 million (2009: €93.0 million) is included in opening and closing retained earnings.

## Condensed statement of financial position

as at 3 July 2010

	Notes	Half year 2010 €'000	Half year 2009 €'000	Year 2009 €'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		383,768	371,200	363,152
Intangible assets		380,071	353,175	342,112
Investments in Associates		10,102	11,932	10,041
Investments in Joint Ventures		69,825	63,027	58,276
Trade and other receivables		54,544	33,509	50,555
Deferred tax assets		8,955	31,438	12,022
Available for sale financial assets		15,889	19,702	20,397
Derivative financial instruments		2,799	3,521	2,718
		<u>925,953</u>	<u>887,504</u>	<u>859,273</u>
<b>Current assets</b>				
Inventories		265,845	229,200	201,577
Trade and other receivables		288,576	229,874	174,757
Derivative financial instruments		7,851	18,531	7,501
Cash and cash equivalents	11	113,175	89,456	152,789
		<u>675,447</u>	<u>567,061</u>	<u>536,624</u>
<b>Total assets</b>		<u>1,601,400</u>	<u>1,454,565</u>	<u>1,395,897</u>
<b>EQUITY</b>				
<b>Issued capital and reserves attributable to equity holders of the parent</b>				
Share capital and share premium	13	97,445	97,320	97,320
Other reserves	13	146,444	110,005	110,571
Retained earnings	13	89,673	2,234	83,004
		<u>333,562</u>	<u>209,559</u>	<u>290,895</u>
Non-controlling interest	13	6,897	8,379	6,493
<b>Total equity</b>		<u>340,459</u>	<u>217,938</u>	<u>297,388</u>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Borrowings	11	651,523	635,063	594,462
Derivative financial instruments		5,665	7,803	5,631
Deferred tax liabilities		72,511	59,099	66,337
Retirement benefit obligations	14	116,080	200,338	85,765
Provisions for other liabilities and charges	12	21,638	3,647	20,133
Capital grants		17,426	11,985	18,582
		<u>884,843</u>	<u>917,935</u>	<u>790,910</u>
<b>Current liabilities</b>				
Trade and other payables		319,181	282,788	265,912
Current tax liabilities		8,929	3,090	2,816
Borrowings	11	943	890	945
Derivative financial instruments		19,629	19,247	10,615
Provisions for other liabilities and charges	12	27,416	12,677	27,311
		<u>376,098</u>	<u>318,692</u>	<u>307,599</u>
<b>Total liabilities</b>		<u>1,260,941</u>	<u>1,236,627</u>	<u>1,098,509</u>
<b>Total equity and liabilities</b>		<u>1,601,400</u>	<u>1,454,565</u>	<u>1,395,897</u>

## Condensed statement of cash flows

for the half year ended 3 July 2010

	Notes	Half year 2010 €'000	Half year 2009 €'000	Year 2009 €'000
<b>Cash flows from operating activities</b>				
Cash (absorbed by)/generated from operations	19	(16,884)	(35,205)	104,710
Interest received		1,116	1,743	5,352
Interest paid		(12,554)	(15,073)	(30,484)
Tax paid		(1,357)	(4,659)	(5,533)
<b>Net cash (absorbed by)/generated from operating activities</b>		<b>(29,679)</b>	<b>(53,194)</b>	<b>74,045</b>
<b>Cash flows from investing activities</b>				
Dividend received from Joint Ventures		-	9,360	17,924
Disposal of available for sale financial assets		1,643	2,026	433
Acquisition of subsidiary, net of cash acquired		-	(544)	(521)
Payment of deferred consideration on acquisition of subsidiaries		(321)	(272)	(762)
Purchase of property, plant and equipment	10	(19,252)	(34,079)	(51,187)
Loans advanced to Joint Ventures		(3,771)	(8,922)	(21,508)
Proceeds from sale of property, plant and equipment		210	-	1,609
<b>Net cash used in investing activities</b>		<b>(21,491)</b>	<b>(32,431)</b>	<b>(54,012)</b>
<b>Cash flows from financing activities</b>				
Increase in borrowings		19,788	54,331	16,642
Finance lease principal payments		(414)	(432)	(908)
Dividends paid to Company shareholders	8	(11,573)	(11,016)	(19,484)
Dividends paid to non-controlling interest		-	-	(2,000)
Capital grants received		-	47	6,793
<b>Net cash from financing activities</b>		<b>7,801</b>	<b>42,930</b>	<b>1,043</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(43,369)</b>	<b>(42,695)</b>	<b>21,076</b>
Cash and cash equivalents at the beginning of the period		152,789	132,572	132,572
Effects of exchange rate changes on cash and cash equivalents		3,755	(421)	(859)
<b>Cash and cash equivalents at the end of the period</b>	11	<b>113,175</b>	<b>89,456</b>	<b>152,789</b>
<b>Reconciliation of net cash flow to movement in net debt</b>				
		Half year 2010 €'000	Half year 2009 €'000	Year 2009 €'000
Net (decrease)/increase in cash and cash equivalents		(43,369)	(42,695)	21,076
Cash movements from debt financing		(19,374)	(53,899)	(15,734)
		(62,743)	(96,594)	5,342
Fair value of interest rate swaps qualifying as fair value hedges		(2,837)	(2,428)	597
Exchange translation adjustment on net debt		(31,093)	4,608	3,526
Movement in net debt in the period		(96,673)	(94,414)	9,465
Net debt at beginning of period		(442,618)	(452,083)	(452,083)
Net debt at the end of the period		(539,291)	(546,497)	(442,618)
<b>Net debt comprises:</b>				
Borrowings	11	(652,466)	(635,953)	(595,407)
Cash and cash equivalents	11	113,175	89,456	152,789
		(539,291)	(546,497)	(442,618)

# Notes to the condensed financial statements

for the half year ended 3 July 2010

## 1 Basis of preparation

The figures for the half years ended 3 July 2010 and 4 July 2009 have not been audited by the Group's auditors. The figures for the full year ended 2 January 2010 represent an abbreviated version of the Group's financial statements for that year, which received an unqualified audit report. Those statutory accounts for the financial year ended 2 January 2010 were approved by the Board of Directors on 9 March 2010 and have been filed with the Registrar of Companies.

The Group condensed interim financial statements for the six months ended 3 July 2010 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34, 'Interim Financial Reporting'. These condensed financial statements do not constitute statutory accounts within the meaning of Section 19 of the Companies (Amendment) Act 1986. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 2 January 2010, which have been prepared in accordance with IFRS.

## 2 Accounting policies

The methods of computation and accounting policies adopted in the preparation of the Group condensed financial statements are consistent with those applied in the annual report for the year ended 2 January 2010 except for the IFRS' outlined below. The Group's accounting policies are set out in the annual report for the year ended 2 January 2010.

The following standards and interpretations, issued by the IASB and the International Financial Reporting Interpretations Committee ('IFRIC'), are effective for the Group for the first time in the current financial period and where relevant have been adopted by the Group:

IFRS 3 (Revised)-Business Combinations  
IAS 27 (Revised)-Consolidated and Separate Financial Statements  
IAS 39 (Amendment)-Eligible Hedged Items  
IFRS 2 (Amendment)-Group Cash Settled Share Based Payments Transactions  
IFRIC 15 'Agreements for the construction of real estate'  
IFRIC 16 'Hedges of a net investment in a foreign operation'  
IFRIC 17 'Distributions of non-cash assets to owners'  
IFRIC 18 'Transfers of assets from customers'

Adoption of the standards and interpretations above had no significant impact on the results or financial position of the Group during the period.

## 3 Segment information

On adoption of IFRS 8 during the year ended 2 January 2010, the Group has changed its measure of segmental performance from Ireland and International to US Cheese & Global Nutritionals, Dairy Ireland, Joint Ventures & Associates and Other. These segments align with the Group's internal financial reporting system and the way in which the Chief Operating Decision Maker assesses performance and allocates the Group's resources. A segment manager is responsible for each segment and is directly accountable for the performance of that segment to the Glanbia Executive Committee which acts as the Chief Operating Decision Maker for the Group.

Each segment derives their revenues as follows: US Cheese & Global Nutritionals earns its revenues from the sale of cheese, whey protein and other nutritional ingredients; Dairy Ireland incorporates the manufacture and sale of a range of dairy products and the sale of feed, fertilizer and other farm inputs; Joint Ventures & Associates revenues mainly include the sale of cheese, whey proteins and dairy consumer products. Each segment is reviewed in its totality by the Chief Operating Decision Maker. The other segment refers to all other businesses which comprise of a property business unit and a small dairy operation in Mexico.

The Glanbia Executive Committee assesses the trading performance of operating segments based on a measure of earnings before interest and tax. This measure excludes exceptional items.

Comparatives for the 2009 half year and full year are also given.

## Notes to the condensed financial statements

for the half year ended 3 July 2010

### 3 Segment information

#### Half Year 2010

		US Cheese and Global Nutritionals €'000	Dairy Ireland €'000	JV's and Associates €'000	Other €'000	Group including JV's and Associates €'000
Total gross segment revenue	(a)	490,862	549,286	190,185	2,855	<b>1,233,188</b>
Inter-segment revenue		(287)	(6,315)	-	-	<b>(6,602)</b>
<b>Segment external revenue</b>		<b>490,575</b>	<b>542,971</b>	<b>190,185</b>	<b>2,855</b>	<b>1,226,586</b>
<b>Segment earnings before interest and tax</b>	(b)	<b>47,542</b>	<b>19,071</b>	<b>11,091</b>	<b>(273)</b>	<b>77,431</b>
<b>Segment assets</b>	(c)	<b>764,203</b>	<b>570,194</b>	<b>122,313</b>	<b>23,279</b>	<b>1,479,989</b>

Included in external revenue are related party sales between Dairy Ireland and Joint Ventures & Associates of €27.4 million and related party sales between US Cheese & Global Nutritionals and Joint Ventures & Associates of €3.9 million.

(a) Segment revenue is reconciled to reported external revenue as follows: €'000

<b>Segment revenue</b>	<b>1,233,188</b>
Inter-segment revenue	(6,602)
Joint Ventures & Associates revenue	<u>(190,185)</u>
<b>Reported external revenue</b>	<b><u>1,036,401</u></b>

(b) Segment earnings before interest and tax is reconciled to reported profit before tax as follows:

	€'000
<b>Segment earnings before interest and tax</b>	<b>77,431</b>
Joint Ventures & Associates interest and tax	(6,050)
Finance income	1,785
Finance costs	<u>(12,993)</u>
<b>Reported profit before tax</b>	<b><u>60,173</u></b>

(c) Segment assets are reconciled to reported assets as follows: €'000

<b>Segment assets</b>	<b>1,479,989</b>
Unallocated assets	<u>121,411</u>
<b>Reported assets</b>	<b><u>1,601,400</u></b>

Unallocated assets primarily include taxation, cash and cash equivalents, available for sale financial assets and derivatives.

## Notes to the condensed financial statements

for the half year ended 3 July 2010

### 3 Segment information (continued)

Half Year 2009

		US Cheese and Global Nutritionals €'000	Dairy Ireland €'000	JV's and Associates €'000	Other €'000	Group including JV's and Associates €'000
Total gross segment revenue	(a)	401,847	542,891	148,010	2,851	1,095,599
Inter-segment revenue		(371)	(2,366)	-	-	(2,737)
<b>Segment external revenue</b>		<b>401,476</b>	<b>540,525</b>	<b>148,010</b>	<b>2,851</b>	<b>1,092,862</b>
<b>Segment earnings before interest and tax</b>	(b)	<b>44,942</b>	<b>5,869</b>	<b>6,253</b>	<b>(3,004)</b>	<b>54,060</b>
<b>Segment assets</b>	(c)	<b>619,082</b>	<b>584,221</b>	<b>96,383</b>	<b>29,207</b>	<b>1,328,893</b>

Included in external revenue are related party sales between Dairy Ireland and Joint Ventures & Associates of €30 million and related party sales between US Cheese & Global Nutritional and Joint Ventures & Associates of €1 million.

(a) Segment revenue is reconciled to reported external revenue as follows:

€'000

<b>Segment revenue</b>	<b>1,095,599</b>
Inter-segment revenue	(2,737)
Joint Ventures & Associates revenue	(148,010)
<b>Reported external revenue</b>	<b>944,852</b>

(b) Segment earnings before interest and tax is reconciled to reported profit before tax as follows:

€'000

<b>Segment earnings before interest and tax</b>	<b>54,060</b>
Joint Ventures & Associates interest and tax	(3,596)
Finance income	2,784
Finance costs	(15,274)
<b>Reported profit before tax</b>	<b>37,974</b>

(c) Segment assets are reconciled to reported assets as follows:

€'000

<b>Segment assets</b>	<b>1,328,893</b>
Unallocated assets	125,672
<b>Reported assets</b>	<b>1,454,565</b>

Unallocated assets primarily include taxation, cash and cash equivalents, available for sale financial assets and derivatives.

## Notes to the condensed financial statements

for the half year ended 3 July 2010

### 3 Segment information (continued)

Year 2009

		US Cheese and Global Nutritionals €'000	Dairy Ireland €'000	JV's and Associates €'000	Other €'000	Group including JV's and Associates €'000
Total gross segment revenue	(a)	795,974	1,037,473	297,587	9,168	2,140,202
Inter-segment revenue		(3,581)	(8,707)	-	-	(12,288)
<b>Segment external revenue</b>		<b>792,393</b>	<b>1,028,766</b>	<b>297,587</b>	<b>9,168</b>	<b>2,127,914</b>
Segment earnings before interest, tax and exceptional items	(b)	89,982	24,004	17,453	(2,820)	128,619
Exceptional items-segment rationalisation costs		(219)	(13,738)	-	(84)	(14,041)
<b>Segment earnings before interest and tax</b>		<b>89,763</b>	<b>10,266</b>	<b>17,453</b>	<b>(2,904)</b>	<b>114,578</b>
<b>Segment assets</b>	(c)	<b>630,530</b>	<b>445,854</b>	<b>102,035</b>	<b>23,809</b>	<b>1,202,228</b>

Included in external revenue are related party sales between Dairy Ireland and Joint Ventures & Associates of €58.1 million and related party sales between US Cheese & Global Nutritionals and Joint Ventures & Associates of €2.2 million.

(a) Segment revenue is reconciled to reported external revenue as follows: €'000

Segment revenue	2,140,202
Inter-segment revenue	(12,288)
Joint Ventures & Associates revenue	(297,587)
<b>Reported external revenue</b>	<b>1,830,327</b>

(b) Segment earnings before interest and tax is reconciled to reported profit before tax as follows:

	€'000
<b>Segment earnings before interest and tax</b>	<b>128,619</b>
Exceptional items-segment rationalisation costs	(14,041)
Exceptional items-unallocated	59,716
Joint Ventures & Associates interest and tax	(7,228)
Finance income	5,542
Finance costs	(29,576)
<b>Reported profit before tax</b>	<b>143,032</b>

(c) Segment assets are reconciled to reported assets as follows: €'000

Segment assets	1,202,228
Unallocated assets	193,669
<b>Reported assets</b>	<b>1,395,897</b>

Unallocated assets primarily include taxation, cash and cash equivalents, available for sale financial assets and derivatives.

## Notes to the condensed financial statements

for the half year ended 3 July 2010

### 4 Seasonality

Elements of the business, particularly within Dairy Ireland reflect the seasonal nature of Irish dairying. The increase in working capital for half year 2010 versus year end 2009 of €113.0 million (HY 2009: €96.5 million) was primarily driven by the above seasonal patterns.

### 5 Exceptional items

		Half year 2010	Half year 2009	Year 2009
	Notes	€'000	€'000	€'000
Rationalisation costs	(a)	-	-	(15,055)
Non-cash foreign exchange loss	(b)	-	-	(18,280)
Defined benefit schemes				
-Irish defined benefit schemes	(c)	-	-	100,098
-UK defined benefit schemes	(d)	-	-	(21,088)
<b>Total exceptional credit before tax</b>		<b>-</b>	<b>-</b>	<b>45,675</b>
Exceptional tax charge		-	-	(10,770)
<b>Net exceptional credit</b>		<b>-</b>	<b>-</b>	<b>34,905</b>

- (a) An exceptional charge of €15.1 million was incurred during the prior year, primarily relating to redundancy costs due to the on-going rationalisation programmes in the Dairy Ireland segment.
- (b) During the prior year, a review of the internal corporate structures of the group was completed. This gave rise to an exceptional non-cash charge of €18.3 million on the repayment of certain sterling inter-group loans. This loss, which was previously recognised in the Group's currency reserve is now recycled to the Group's income statement.
- (c) A strategic review of the Group's pension arrangements was completed during 2009, following which the Group revised benefits under the Irish defined benefit schemes giving rise to an exceptional gain, in accordance with IAS 19, in the year of €100.1 million relating to curtailment gains and negative past service costs of €14.1 million and €86.0 million respectively. The curtailment gains and negative past service costs arose following the removal of guaranteed increases to pensions in payment for all members and the provision of benefits for members in employment on a career average basis from a final salary basis. The process to implement the benefit reductions is expected to be completed by the end of 2010.
- (d) The Group's UK defined benefit schemes exceptional charge of €21.1 million in 2009 related to the scheme's administration and certain other costs associated with businesses disposed of in prior years.

## Notes to the condensed financial statements

for the half year ended 3 July 2010

### 6 Finance income and costs

#### Finance income

	Half year 2010 €'000	Half year 2009 €'000	Year 2009 €'000
Interest income	1,777	2,565	4,662
Interest income on deferred consideration	<u>8</u>	<u>219</u>	<u>880</u>
<b>Total finance income</b>	<b><u>1,785</u></b>	<b><u>2,784</u></b>	<b><u>5,542</u></b>

#### Finance costs

	Half year 2010 €'000	Half year 2009 €'000	Year 2008 €'000
- Bank borrowings repayable within five years	(6,617)	(9,304)	(16,756)
- Interest cost on deferred consideration	(39)	(33)	(67)
- Finance lease costs	(128)	(181)	(241)
- Interest rate swaps, transfer from equity	(4,035)	(3,582)	(8,163)
- Interest rate swaps, fair value hedges	1,350	(342)	1,524
- Fair value adjustment to borrowings attributable to interest rate risk	(1,350)	342	(1,524)
- Finance cost of preference shares	<u>(2,174)</u>	<u>(2,174)</u>	<u>(4,349)</u>
<b>Total finance costs</b>	<b><u>(12,993)</u></b>	<b><u>(15,274)</u></b>	<b><u>(29,576)</u></b>
<b>Net finance costs</b>	<b><u>(11,208)</u></b>	<b><u>(12,490)</u></b>	<b><u>(24,034)</u></b>

### 7 Income taxes

The Group's income tax charge of €11.6 million (HY 2009: €7.4 million) has been prepared based on the Group's best estimate of the weighted average tax rate that is expected for the full financial year.

### 8 Dividends

A final dividend in respect of the year ended 2 January 2010 of 3.95 cents per share was paid during the period. On 24 August 2010, the Directors declared the payment of an interim dividend for 2010 of 3.03 cents per share (2009 interim dividend: 2.89 cents per share). The interim dividend will be reflected in the financial statements for the full year 2010 in line with IAS 10, 'Events After the Reporting Period'.

## Notes to the condensed financial statements

for the half year ended 3 July 2010

### 9 Earnings per share

#### Basic

	Half year 2010 €'000	Half year 2009 €'000	Year 2009 €'000
Profit attributable to owners of the parent	<u>48,191</u>	<u>30,188</u>	<u>112,676</u>
Weighted average number of ordinary shares in issue	<u>293,070,380</u>	<u>292,989,984</u>	<u>292,985,630</u>
Basic earnings per share (cents per share)	<u>16.44</u>	<u>10.30</u>	<u>38.46</u>

#### Diluted

	Half year 2010 €'000	Half year 2009 €'000	Year 2009 €'000
Weighted average number of ordinary shares in issue	<u>293,070,380</u>	292,989,984	292,985,630
Dilutive effect of share option and long term incentive plan schemes	<u>1,720,999</u>	<u>466,550</u>	<u>830,517</u>
Adjusted weighted average number of ordinary shares	<u>294,791,379</u>	<u>293,456,534</u>	<u>293,816,147</u>
Diluted earnings per share (cents per share)	<u>16.35</u>	<u>10.29</u>	<u>38.35</u>

#### Adjusted

	Half year 2010 €'000	Half year 2009 €'000	Year 2009 €'000
Profit attributable to owners of the parent	48,191	30,188	112,676
Amortisation of intangible assets (net of related tax)	6,388	5,997	12,126
Net exceptional items	<u>-</u>	<u>-</u>	<u>(34,905)</u>
Adjusted net income	<u>54,579</u>	<u>36,185</u>	<u>89,897</u>
Adjusted earnings per share (cents per share)	<u>18.62</u>	<u>12.35</u>	<u>30.68</u>
Diluted adjusted earnings per share (cents per share)	<u>18.51</u>	<u>12.33</u>	<u>30.60</u>

### 10 Property, plant & equipment and intangible assets

During the six month period to 3 July 2010 the Group spent €19.3 million (HY 2009: €34.1 million) on additions to property, plant & equipment and intangible assets. The Group did not dispose of any significant property, plant & equipment or intangible assets during the period (HY 2009: nil). At 3 July 2010 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to €2.6 million (HY 2009: €8.1 million).

## Notes to the condensed financial statements

for the half year ended 3 July 2010

### 11 Net debt

	Half year 2010 €'000	Half year 2009 €'000	Year 2009 €'000
Borrowings due within one year	943	890	945
Borrowings due after one year	651,523	635,063	594,462
Less:			
Cash and cash equivalents	<u>(113,175)</u>	<u>(89,456)</u>	<u>(152,789)</u>
	<b>539,291</b>	<b>546,497</b>	<b>442,618</b>

The Group has the following undrawn borrowing facilities:

	Half year 2010 €'000	Half year 2009 €'000	Year 2009 €'000
- Expiring within one year	17,015	46,489	16,286
- Expiring beyond one year	<u>91,036</u>	<u>100,585</u>	<u>138,795</u>
	<b>108,051</b>	<b>147,074</b>	<b>155,081</b>

### 12 Provisions for other liabilities & charges

	Restructuring €'000 note (a)	UK pension €'000 note (b)	Other €'000 note (c)	Total €'000
<b>At 2 January 2010</b>	<b>20,356</b>	<b>20,086</b>	<b>7,002</b>	<b>47,444</b>
Provided in the period	294	-	6,181	6,475
Utilised in the period	(5,690)	(683)	(373)	(6,746)
Exchange differences	-	1,534	313	1,847
Unwinding of discounts	-	-	34	34
<b>At 3 July 2010</b>	<b>14,960</b>	<b>20,937</b>	<b>13,157</b>	<b>49,054</b>
Non-current	-	17,949	3,689	21,638
Current	<u>14,960</u>	<u>2,988</u>	<u>9,468</u>	<u>27,416</u>
	<b>14,960</b>	<b>20,937</b>	<b>13,157</b>	<b>49,054</b>

(a) The restructuring provision relates primarily to the rationalisation programme Glanbia is currently undertaking. The provision which relates mainly to redundancy is expected to be fully utilised during 2010.

(b) The UK pension provision relates to administration and certain costs associated with pension schemes relating to businesses disposed of in prior years. This provision is expected to be fully utilised over the next 33 years.

(c) Included in 'Other' above are provisions in respect of property lease commitments, deferred consideration in respect of recent acquisitions, insurance and certain legal claims pending against the Group. It is expected that €9.5 million of this provision will be utilised during 2010, with the balance being utilised over a further four year period. Due to the nature of these items, there is some uncertainty around the amount and timing of payments.

## Notes to the condensed financial statements

for the half year ended 3 July 2010

### 13 Reconciliation of changes in equity

Half Year 2010

	Share Capital & Share Premium €'000	Other Reserves			Retained earnings €'000	Non – controlling interest €'000	Total €'000
		Capital and merger reserves €'000	Currency reserve €'000	Fair value reserve €'000			
<b>Balance at 2 January 2010</b>	<b>97,320</b>	<b>118,421</b>	<b>380</b>	<b>(8,230)</b>	<b>83,004</b>	<b>6,493</b>	<b>297,388</b>
Currency translation differences	-	-	38,651	-	-	-	<b>38,651</b>
Actuarial loss - defined benefit schemes	-	-	-	-	(34,383)	-	<b>(34,383)</b>
Deferred tax on actuarial loss	-	-	-	-	3,955	-	<b>3,955</b>
Revaluation of interest rate swaps - loss in period	-	-	-	(4,823)	-	-	<b>(4,823)</b>
Foreign exchange contracts - loss in period	-	-	-	(9,034)	-	-	<b>(9,034)</b>
Transfers to income statement							
- Foreign exchange contracts - loss in period	-	-	-	5,875	-	-	<b>5,875</b>
- Forward commodity contracts - gain in period	-	-	-	(344)	-	-	<b>(344)</b>
- Interest rate swaps - loss in period	-	-	-	4,035	-	-	<b>4,035</b>
Revaluation of forward commodity contracts - gain in period	-	-	-	943	-	-	<b>943</b>
Revaluation of available for sale financial assets - loss in period	-	-	-	(2,389)	-	-	<b>(2,389)</b>
Deferred tax on fair value adjustments	-	-	-	1,349	-	-	<b>1,349</b>
Profit for the period	-	-	-	-	48,191	404	<b>48,595</b>
Long term incentive plan - vesting	125	(604)	-	-	479	-	-
Long term incentive plan - cost	-	2,214	-	-	-	-	<b>2,214</b>
Dividend paid during the period	-	-	-	-	(11,573)	-	<b>(11,573)</b>
<b>Balance at 3 July 2010</b>	<b>97,445</b>	<b>120,031</b>	<b>39,031</b>	<b>(12,618)</b>	<b>89,673</b>	<b>6,897</b>	<b>340,459</b>

Goodwill previously written off amounting to €93.0 million (2009: €93.0 million) is included in opening and closing retained earnings.

## Notes to the condensed financial statements

for the half year ended 3 July 2010

### 13 Reconciliation of changes in equity (continued)

Half Year 2009

	Share capital & Share Premium €'000	Other Reserves			Retained earnings €'000	Non – controlling interest €'000	Total €'000
		Capital and merger reserves €'000	Currency reserve €'000	Fair value reserve €'000			
<b>Balance at 3 January 2009</b>	<b>97,320</b>	<b>117,586</b>	<b>(5,230)</b>	<b>(9,474)</b>	<b>19,707</b>	<b>8,010</b>	<b>227,919</b>
Currency translation differences	-	-	4,887	-	-	-	4,887
Actuarial loss - defined benefit schemes	-	-	-	-	(41,141)	-	(41,141)
Deferred tax on actuarial loss	-	-	-	-	4,496	-	4,496
Revaluation of interest rate swaps - loss in period	-	-	-	(2,250)	-	-	(2,250)
Foreign exchange contracts - gain in period	-	-	-	4,709	-	-	4,709
Transfers to income statement							
- Foreign exchange contracts - gain in period	-	-	-	(1,130)	-	-	(1,130)
- Forward commodity contracts - loss in period	-	-	-	808	-	-	808
- Interest rate swaps - loss in period	-	-	-	3,582	-	-	3,582
Revaluation of forward commodity contracts - loss in period	-	-	-	(714)	-	-	(714)
Revaluation of available for sale financial assets - loss in period	-	-	-	(2,749)	-	-	(2,749)
Deferred tax on fair value adjustments	-	-	-	183	-	-	183
Profit for the period	-	-	-	-	30,188	369	30,557
Long term incentive plan - credit	-	(203)	-	-	-	-	(203)
Dividend paid during the period	-	-	-	-	(11,016)	-	(11,016)
<b>Balance at 4 July 2009</b>	<b>97,320</b>	<b>117,383</b>	<b>(343)</b>	<b>(7,035)</b>	<b>2,234</b>	<b>8,379</b>	<b>217,938</b>

Goodwill previously written off amounting to €93.0 million (2008: €93.0 million) is included in opening and closing retained earnings.

## Notes to the condensed financial statements

for the half year ended 3 July 2010

### 14 Changes in estimates and assumptions

The following actuarial assumptions represent the main changes in estimates for the Group during the period. The assumptions have been made in determining the Group's retirement benefit obligation for the half year ended 3 July 2010:

	Half Year 2010		Year 2009	
	IRL	UK	IRL	UK
Discount rate	5.00%	5.35%	5.65%	5.80%
Inflation rate	2.00%	3.15%	2.25%	3.45%
Future salary increases	2.00%-3.00%	3.9%	2.25%-3.25%	4.20%
Future pension increases	0%-3.50%	2.95%	0%-3.50%	3.25%

The mortality assumptions imply the following life expectancies in years of an active member on retiring at age 65, 20 years from now:

	Half Year 2010		Year 2009	
	Irish mortality Rates	UK mortality rates	Irish mortality rates	UK mortality rates
Male	21.5	23.6	21.5	24.8
Female	24.2	25.9	24.2	27.4

The mortality assumptions imply the following life expectancies in years of an active member, aged 65, retiring now:

	Half Year 2010		Year 2009	
	Irish mortality Rates	UK mortality rates	Irish mortality rates	UK mortality rates
Male	19.2	22.3	19.2	23.0
Female	21.9	24.8	21.9	25.8

The financial position of the schemes was as follows:

	Half year 2010 €'000	Half year 2009 €'000	Year 2009 €'000
Total market value of assets	363,882	317,821	349,245
Present value of scheme liabilities	<u>(479,962)</u>	<u>(518,159)</u>	<u>(435,010)</u>
Net deficit in schemes	<u>(116,080)</u>	<u>(200,338)</u>	<u>(85,765)</u>

### 15 Related party transactions

The Company is controlled by Glanbia Co-Operative Society Limited ("the Society") which holds 54.6% of the issued share capital of the Company and is the ultimate parent of the Group.

During the six months to 3 July 2010, sales to related parties amounted to €34.9 million (HY 2009: €30.9 million), purchases from related parties amounted to €236.8 million (HY 2009: €156.9 million) and net balances due from related parties were €16.7 million (HY 2009: €4.6 million owed to related parties). The related party transactions relate primarily to trading between the Company, Southwest Cheese Company LLC, Milk Ventures (UK) Limited and the Society.

In the opinion of the Directors, there have been no related party transactions, or changes therein, since the year ended 2 January 2010, that have materially affected the Group's financial position or performance during the six months ended 3 July 2010.

## Notes to the condensed financial statements

for the half year ended 3 July 2010

### 16 Contingent liabilities

Bank guarantees, amounting to €9.4 million (HY 2009: €8.5 million) are outstanding as at 3 July 2010, mainly in respect of the payment of EU subsidies. The Group does not expect any material loss to arise from these guarantees.

### 17 Comparatives

Certain comparatives have been reclassified to reflect the current period classification.

### 18 Events after the reporting period

There have been no material events subsequent to the end of the interim period 3 July 2010 which require disclosure in this report.

### 19 Cash generated from operations

	Half year 2010 €'000	Half year 2009 €'000	Year 2009 €'000
<b>Profit before taxation</b>	<b>60,173</b>	37,974	143,032
Development costs capitalised	-	(974)	(2,639)
Impairment charge	-	-	1,078
Other non cash adjustments	<b>11,754</b>	-	(45,675)
Share of results of Joint Ventures and Associates	<b>(5,041)</b>	(2,657)	(10,225)
Depreciation	<b>16,217</b>	15,903	28,735
Amortisation	<b>7,301</b>	6,854	13,858
Long term incentive plan – cost/(credit)	<b>2,214</b>	(203)	187
Difference between pension charge and cash contributions	<b>(7,005)</b>	(7,494)	(12,863)
Gain on disposal of property, plant and equipment	<b>(65)</b>	-	(716)
Interest income	<b>(1,785)</b>	(2,784)	(5,542)
Interest expense	<b>12,993</b>	15,274	29,576
Amortisation of government grants received	<b>(686)</b>	(626)	(1,237)
<b>Cash generated from operations before changes in working capital</b>	<b>96,070</b>	<b>61,267</b>	<b>137,569</b>
Change in net working capital			
- (Increase)/decrease in inventory	<b>(54,501)</b>	37,865	71,568
- (Increase) in short term receivables	<b>(94,374)</b>	(58,236)	(10,504)
- Increase/(decrease) in short term liabilities	<b>41,722</b>	(63,505)	(78,077)
- (Decrease) in provisions	<b>(5,801)</b>	(12,596)	(15,846)
<b>Cash (absorbed by)/generated from operations</b>	<b>(16,884)</b>	<b>(35,205)</b>	<b>104,710</b>

### 20 Information

Copies of this half yearly financial report are available for download from the Group's website at [www.glanbia.com](http://www.glanbia.com).