NEWS RELEASE
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A World of dairy
foods and nutritional
ingredients

2005 Results

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GOOD INTERNATIONAL PERFORMANCE; DIFFICULT YEAR IN IRELAND
STRATEGIC DEVELOPMENT PROGRESSING WELL

1 March 2006 - Glanbia plc, the international dairy foods and nutritional ingredients Group, announces its full year results for the year ended 31 December 2005, prepared under International Financial Reporting Standards (IFRS).

2005 Summary Results

Glanbia delivered a satisfactory performance overall in 2005. A difficult year in Ireland impacted the Group's results, as Irish operations continue to be affected by a combination of ongoing EU reform, inflationary pressures and a competitive market environment. International operations performed well. USA Food Ingredients delivered a solid result, together with strong organic growth in the evolving Nutritionals business. Joint ventures in New Mexico and Nigeria, which are central to the strategic development of the Group, are progressing well reaching key milestones in plant commissioning, production and customer performance.

	2005	2004	Change
Revenue	€1,830.0 m	€1,753.6 m	**Up 4%**
Operating profit pre exceptional	€80.6 m	€86.3 m	**Down 7%**
Operating margin pre exceptional	4.4%	4.9%	**Down 50 bps**
Net financing costs pre exceptional[(1)]	(€12.8 m)	(€16.1 m)	**Down 21%**
Share of results of associates and joint ventures[(2)]	€0.9 m	(€1.5 m)	**Up 160%**
Profit before tax pre exceptional on a comparable basis [(1)]	€68.7 m	€68.6 m	**Similar**
Profit after tax pre exceptional on a comparable basis [(1)]	€61.1 m	€60.2 m	**Up 2%**
Exceptional items[(3)]	€0.5 m	€1.3 m	**See note**
Earnings per share	21.04 c	21.03 c	**Similar**
Adjusted earnings per share	20.86 c	20.59 c	**Up 1%**
Dividend per share	5.51 c	5.25 c	**Up 5%**
Net debt on a comparable basis	€215.7 m	€260.9 m	**Down 17%**

(1) Due to the timing of the implementation of the relevant IFRS standard, interest on preferred securities and preference shares in the income statement is shown as part of Group interest in the current financial year and as part of non-equity minority interest in the previous year.

(2) In accordance with the relevant IFRS standard this is after interest and tax.

(3) Exceptional items are primarily made up of a restructuring cost of €15.7 million for productivity and efficiency initiatives in Irish operations and a €5.3 million charge for the prepayment of US$100 million preferred securities and €0.3 million relating to prior disposals, offset by €11 million realised from the sale of quoted investments, a €3.9 million foreign exchange credit arising from the implementation of IFRS and a tax credit of €6.9 million primarily relating to a prior business disposal.

John Moloney, Group Managing Director, said:

"Solid business execution in challenging circumstances in Ireland and a good international performance underpin the 2005 results. While there are ongoing challenges in Irish operations and unpredictibility in energy prices, we expect key cost and product development initiatives in these businesses together with ongoing international development to underpin the delivery of 2006 results in line with current guidance. Growing momentum within the business supports the Group's progress towards double digit growth in 2007."

Announced 1 March, 2006

2005 Results

Results for the twelve months ended 31 December, 2005

These results are prepared under International Financial Reporting Standards (IFRS) and all comparisons are based on a restatement of 2004 financial information. A detailed IFRS restatement document is available on the Group's website at www.glanbia.com.

Income statement

Revenue increased by 4% to €1,830.0 million (2004: €1,753.6 million). The difficult environment in Ireland impacted overall profitability and margins. Operating profit pre exceptional was down 7% to €80.6 million (2004: €86.3 million) and the operating margin pre exceptional declined 50 basis points to 4.4% (2004: 4.9%).

Net financing costs pre exceptional, which includes Group interest and non-equity minority interest for preferred securities and preference shares, reduced by €3.3 million to €12.8 million as the Group continues to benefit from a refinancing during the year. This compares with €16.1 million in 2004, comprising €5.7 million Group interest and €10.4 million non-equity minority interest. Due to the timing of the implementation of IAS 32 and 39, interest on preferred securities and preference shares is shown in the income statement as part of Group interest in 2005 and as non-equity minority interest in 2004.

The Group's share of results of joint ventures and associates, post interest and tax, amounted to a profit of €932,000 in 2005, compared with a loss of €1.5 million in 2004. This result reflects the improved performance in Glanbia Cheese, the Group's UK joint venture with Leprino Foods.

Profit before tax pre exceptional, including share of joint ventures and associates, amounting to €68.7 million was similar to last year (2004: €68.6 million). Profit after tax pre exceptional increased marginally to €61.1 million (2004: €60.2 million). These figures are on a comparable basis after total financing costs.

Taxation for the year amounted to €657,000, compared with €8.4 million in 2004. This is as a consequence of an exceptional of €6.9 million, primarily due to a tax credit relating to a prior disposal of assets in the USA.

Net exceptionals for the year amounted to a €521,000 compared with €1.3 million in 2004. These include €11 million profit on the sale of quoted investments, a €3.9 million foreign exchange credit arising from the implementation of IFRS and a €6.9 million tax credit outlined under taxation. These gains were offset by restructuring charges to improve competitiveness in Ireland of €15.7 million (Agribusiness and Property €1.2 million, Consumer Foods €11.9 million and Food Ingredients €2.6 million), the cancellation cost of €5.3 million for the prepayment of US$100 million preferred securities and €0.3 million relating to prior disposals.

Earnings per share amounted to 21.04 cent compared with 21.03 cent in 2004, while adjusted earnings per share was up 1% to 20.86 cent (2004: 20.59 cent).

Balance sheet and cash flow

In the first half of 2005 the Group completed a refinancing initiative with the prepayment of the US$100 million preferred securities and a renewal of facilities of over €400 million to July 2010 with core banking relationships. Net debt at the year end amounted to €215.7 million, down 17% (2004: €260.9 million). While the Group continues to invest for the future with capital and development expenditure during the year of €71.6 million, the overall improvement in the Group's debt is mainly as a result of a number of initiatives to reduce investment in seasonal working capital.

The increase in the Group retirement benefit obligations to €165.0 million (2004: €126.7 million) is primarily related to the reduction in the discount rate assumptions used in the actuarial valuations. The discount rate applied to pension schemes in Ireland is 4.3% (2004: 4.8%), whilst the rate applied to UK schemes is 4.9% (2004: 5.5%).

Dividends and Annual General Meeting (AGM)

The Board is recommending a final dividend of 3.24 cent per share, compared with a 3.09 cent per share final dividend in 2004. This brings the total dividend for the year to 5.51 cent per share (2004: 5.25 cent per share), representing a 5% increase. Dividends will be paid on Monday 22 May, 2006 to shareholders on the register as at Friday 21 April, 2006. Irish dividend withholding tax will be deducted at the standard rate where appropriate. The AGM will be held on Tuesday 16 May, 2006 and the Annual Report post out date is Tuesday 11 April, 2006.

Operations Review

Glanbia plc has operations in Ireland, Europe and the USA, with international joint ventures in the UK, USA and Nigeria. The Group is organised into three operating divisions of Agribusiness and Property, Consumer Foods and Food Ingredients, which includes the evolving Nutritionals business. The operating margins stated below are before exceptional items.

AGRIBUSINESS AND PROPERTY

€'000	2005	2004	Change
Revenue	229,142	227,368	**Up 1%**
Operating profit	10,684	11,911	**Down 10%**
Operating margin	4.7%	5.2%	**Down 50 bps**

The Agribusiness and Property division has two business units. Agribusiness is the key linkage with the Group's 5,700 Irish farmer supply base and Property has responsibility for the maximisation of value from the Group's property portfolio. Agribusiness had a difficult year arising from poor global grain markets and the changing patterns of farm purchasing. These conditions led to a decline in performance and operating margin. Revenue was up 1% to €229.1 million (2004: €227.4 million). Operating profit was down 10% to €10.7 million (2004: €11.9 million) and the operating margin was down 50 basis points to 4.7% (2004: 5.2%).

Agribusiness now operates from 61 locations. In 2005 a further nine branches were closed as part of ongoing cost reduction and efficiency initiatives, which follows the closure of 12 branches in 2004. Rationalisation costs during the period amounted to €1.2 million. A programme of investment in new technology and business systems began during the year. This division also commenced the roll-out of new branch formats incorporating a wider product range and customer offering, focused on the needs of rural communities with expanding populations.

In Ireland, the environment for farming is for ongoing change during MTR which impacts Agribusiness, in particular. The challenge continues to be to effectively manage this business during this period of change.

CONSUMER FOODS

€'000	2005	2004	Change
Revenue	493,582	451,124	**Up 9%**
Operating profit	27,139	27,906	**Down 3%**
Operating margin	5.5%	6.2%	**Down 70 bps**

The Consumer Foods Division, incorporating liquid milk, chilled foods and pig meat, had a mixed year. A good improvement in performance from the pig meat business was offset by competitive markets in the liquid milk and chilled foods segments and the effects of rationalisation initiatives undertaken in these businesses during the year. Revenue for the division was up 9% to €493.6 million (2004: €451.1 million), mainly due to stronger pig meat markets. Operating profit was down 3% to €27.1 million (2004: €27.9 million), leading to a 70 basis points reduction in the operating margin to 5.5% for this division overall (2004: 6.2%).

Liquid milk: This business performed satisfactorily in a challenging environment, with increasing cost pressures, rising imports from Northern Ireland and the continuing growth of own brand milk. In February 2005 Glanbia concluded an agreement with Dairygold Co-operative Society Limited to take on the CMP liquid milk, cream and juice brands for a consideration of €10 million. This business has been successfully integrated into Glanbia and extends the Group's overall market reach.

Chilled foods: This business, which incorporates the Group's branded yogurt, cheese, spread, soup and sauce products, had a tough year. The trading environment was very competitive. Additional marketing investment was made in promoting key brands and new products to improve market share. Performance was also affected by the costs and timing associated with implementing a significant reorganisation of the Group's Yoplait manufacturing facility.

Rationalisation during the year, in liquid milk and chilled foods, focused on improving the competitiveness and productivity of these businesses. The total exceptional cost incurred amounted to €11.9 million. This relates to €5.7 million for the rationalisation plan at the Inch Yoplait facility, €3.3 million for the rationalisation of the Cork distribution business and €2.3 million for the reorganisation of the Dublin distribution operation. Other costs relate to sales and administration redundancies.

Although markets remain competitive, the benefits of rationalisation, product innovation and marketing underpin an improving outlook for Consumer Foods.

Pig meat: This business delivered an improved performance in 2005, after a severe market downturn in 2004. Markets recovered during the year but at a slower rate than anticipated and performance was helped by increased efficiencies at all facilities. Pig meat markets are forecast to remain reasonably stable in 2006.

FOOD INGREDIENTS

€'000	2005	2004	Change
Revenue	1,107,288	1,075,153	**Up 3%**
Operating profit	42,746	46,440	**Down 8%**
Operating margin	3.9%	4.3%	**Down 40 bps**

The Food Ingredients division has operations in Ireland and the USA and is engaged in the production of cheese, butter, dairy spreads and whey protein ingredients. This division also includes the Group's evolving Nutritionals business which has a growing customer base in the USA, Europe and Asia. The USA operations and Nutritionals delivered a solid performance in 2005, growing profitability and margins. The impact of reduced EU market supports on the Irish based business crystallised in the second half, leading to a significant deterioration in profitability. Overall revenue increased by 3% to €1.11 billion (2004: €1.08 billion). Operating profit was down 8% to €42.7 million (2004: €46.4 million) and the operating margin declined 40 basis points to 3.9% (2004: 4.3%). This was a direct consequence of the decline in the performance of the Irish Food Ingredients business in the latter half of 2005.

Ireland: As a consequence of the EU Mid Term Review (MTR) of the Common Agricultural Policy, there is significant ongoing change in dairy markets arising from the reduction in EU dairy market supports. Despite this, in 2004 and early 2005 markets remained reasonably stable. However, as expected these changes began to impact performance in the second half. While revenue was marginally up for the year, pricing and inflationary cost pressures, mainly energy, led to a sharp downturn in profitability and margins. During the year, contract manufacturing agreements on milk processing and an agreement on a new joint venture to manufacture and market dairy spreads and butterfat products were completed. This resulted in a restructuring of the cheddar cheese manufacturing facilities at a cost of €2.6 million. The business continues to focus on the effective management of the impact of MTR through a combination of efficiencies, cost control and balanced pricing and product mix.

USA: This operation performed well. Market demand is strong and growing steadily and Glanbia's facilities continue to enhance output. The 30% expansion in cheese production at the Gooding facility in 2004 enabled the business to meet growing customer demand for American style barrel cheese during the year. This demand is driven by strong key account performance in the food service and retail sectors. In 2005 market prices for cheese were lower although volume growth enhanced margins.

Nutritionals: This business continued to make steady progress in 2005 and is showing good organic growth. Kortus Foods Ingredients Services GmbH, the German based nutrient delivery systems business acquired in 2004, performed ahead of expectations. Substantial investment was made in 2005 in building a strong team with a blend of skills in science-based research and development and marketing, to drive this business forward.

As a large user of energy, particularly in Food Ingredients Ireland, the high cost of energy is an issue for the Group. Any significant and sustained upward shift in pricing from current levels would be a cause for concern and the overall management and consumption of energy is a key objective for this business in 2006.

The Group's USA operations continue to perform well and good progress is expected in Nutritionals during 2006.

INTERNATIONAL JOINT VENTURES

The Group has a number of significant international Joint Ventures producing cheese, whey and milk products.

UK: Glanbia Cheese, a joint venture with Leprino, produces mozzarella cheese for the European market. This business reported an improved performance arising from increased demand and the benefits of investment.

Nigeria: Nutricima is a US$25million joint venture with PZ Cussons plc. During 2005 the new milk factory opened on schedule. Sales of powdered milk began mid-year, followed by the launch of evaporated milk later in the year. Products have been well received in the market and sales are ahead of expectations.

USA: Commissioning of the Southwest Cheese facility began in October 2005, and is the first phase in an 18 month scale up process towards full production. Southwest Cheese is a US$190 million cheese and whey products facility in New Mexico. This joint venture, with the main partners Dairy Farmers of America and Select Milk Producers Inc., will make Glanbia the number 1 producer of American cheese, when it reaches full production. Overall this development is progressing well and initial customer feedback has been very positive.

Strategy

Glanbia's strategy is to build international relevance in cheese, nutritional ingredients and selected consumer foods, balancing our strong market positions in Ireland with an increasing presence in overseas markets. The Joint Ventures in Nigeria and the USA are central to this strategic development, as is the continuing development of our evolving Nutritionals business.

Outlook

The Group expects to deliver 2006 results in line with current guidance. While there are ongoing challenges in Irish operations and unpredictability in energy prices, we expect key cost and product development initiatives in these businesses together with ongoing international development to underpin the 2006 results. Growing momentum within the business maintains Glanbia's steady progress towards double digit growth in 2007.

Consolidated income statement
for the year ended 31 December 2005

	Notes	2005 Pre-exceptional €'000	2005 Exceptional €'000	2005 Total €'000	2004 Pre-exceptional €'000	2004 Exceptional €'000	2004 Total €'000
Revenue	2	**1,830,012**	**-**	**1,830,012**	1,753,645	-	1,753,645
Cost of sales		**(1,590,049)**	**-**	**(1,590,049)**	(1,529,413)	-	(1,529,413)
Gross profit		**239,963**	**-**	**239,963**	224,232	-	224,232
Distribution expenses		**(94,743)**	-	**(94,743)**	(77,857)	-	(77,857)
Administration expenses	3	**(64,651)**	**(1,110)**	**(65,761)**	(60,118)	2,895	(57,223)
Operating profit		**80,569**	**(1,110)**	**79,459**	86,257	2,895	89,152
Finance income	4	**4,209**	**-**	**4,209**	3,033	-	3,033
Finance costs (note)	4	**(16,995)**	**(5,304)**	**(22,299)**	(8,756)	-	(8,756)
Share of results of joint ventures and associates		**932**	**-**	**932**	(1,523)	-	(1,523)
Profit before taxation		**68,715**	**(6,414)**	**62,301**	79,011	2,895	81,906
Income taxes		**(7,592)**	**6,935**	**(657)**	(8,386)	-	(8,386)
Profit after taxation		**61,123**	**521**	**61,644**	70,625	2,895	73,520
Loss for the year from discontinued operations		**-**	**-**	**-**	-	(1,601)	(1,601)
Profit for the year (note)		**61,123**	**521**	**61,644**	70,625	1,294	71,919
Attributable to:							
Equity holders of the parent				**61,327**			61,119
Non-equity minority interest				**-**			10,387
Equity minority interest				**317**			413
				61,644			71,919
Basic earnings per share (cent)							
- Continuing operations				**21.04**			21.58
- Discontinued operations				**-**			(0.55)
	6			**21.04**			21.03
Diluted earnings per share (cent)							
- Continuing operations				**20.96**			21.50
- Discontinued operations				**-**			(0.58)
	6			**20.96**			20.92

Note:
The prior year comparative figures have been restated in line with the Group's transition to IFRS on 4 January 2004, with the exception of IAS 32 and IAS 39, which were implemented from 2 January 2005. Accordingly, interest on preferred securities and preference shares is shown in the income statement as part of finance costs for 2005 and as non-equity minority interest for 2004. On a comparable basis, the profit after taxation, pre-exceptional items for 2005 was €61.1 million compared to €60.2 million for 2004.

Consolidated statement of recognised income and expense

for the year ended 31 December 2005

	2005 €'000	2004 €'000
Actuarial loss - defined benefit schemes	**(42,303)**	(45,755)
Deferred tax on pension loss	**4,054**	5,059
Currency translation differences	**(8,651)**	(5,257)
Fair value adjustments	**2,144**	-
Net expense recognised directly in equity	**(44,756)**	(45,953)
Profit for the year	**61,644**	71,919
Total recognised income for the year	**16,888**	25,966
Attributable to:		
Equity holders of the parent	**16,571**	21,254
Non-equity minority interest	**-**	4,299
Equity minority interest	**317**	413
	16,888	25,966

Consolidated balance sheet
as at 31 December 2005

	Notes	2005 €'000	2004 €'000
ASSETS			
Non-current assets			
Property, plant and equipment		**332,003**	302,057
Intangible assets		**57,963**	36,698
Investments in associates		**11,090**	10,918
Investments in joint ventures		**59,832**	48,281
Available for sale investments		**29,511**	-
Other investments		**-**	28,672
Trade and other receivables		**56,874**	51,942
Derivative financial instruments		**1,825**	-
Deferred tax assets		**15,869**	12,299
		564,967	490,867
Current assets			
Inventories		**144,250**	133,419
Trade and other receivables		**143,610**	172,622
Derivative financial instruments		**1,125**	-
Cash and cash equivalents (see note below)	7	**104,405**	51,625
		393,390	357,666
Total assets		**958,357**	848,533
EQUITY			
Issued capital and reserves attributable to equity holders of the parent			
Share capital		**97,964**	95,208
Other reserves		**117,059**	116,414
Retained earnings		**(97,604)**	(97,797)
		117,419	113,825
Equity minority interest		**6,299**	6,085
Non-equity minority interest		**-**	110,384
Total equity		**123,718**	230,294
LIABILITIES			
Non-current liabilities			
Borrowings (see note below)	7	**319,727**	198,682
Deferred tax liabilities		**34,471**	30,375
Retirement benefit obligations		**165,016**	126,676
Provisions for other liabilities and charges		**6,072**	5,348
Capital grants		**14,855**	15,276
		540,141	376,357
Current liabilities			
Borrowings (see note below)	7	**330**	3,509
Provisions for other liabilities and charges		**8,433**	1,291
Trade and other payables		**278,583**	228,901
Current tax liabilities		**4,605**	8,181
Derivative financial instruments		**2,547**	-
		294,498	241,882
Total liabilities		**834,639**	618,239
Total equity and liabilities		**958,357**	848,533

The prior year comparative figures have been restated in line with the Group's transition to IFRS on 4 January 2004, with the exception of IAS 32 and IAS 39, which were implemented from 2 January 2005. This impacts the presentation of net borrowings, which on a comparable basis were €215.7 million at 31 December 2005 and €260.9 million at 1 January 2005.

Consolidated cash flow statement
for the year ended 31 December 2005

	2005 €'000	2004 €'000
Cash flows from operating activities		
Cash generated from operations	**162,905**	83,447
Interest received	**670**	573
Interest paid	**(23,177)**	(11,439)
Tax paid	**(3,777)**	(4,955)
Net cash from operating activities	**136,621**	67,626
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired	**(19,366)**	(10,157)
Purchase of property, plant and equipment	**(46,979)**	(60,946)
Purchase of available for sale investments	**(5,214)**	(55,211)
Disposal of subsidiary, net of cash disposed	**(147)**	83,277
Disposal of available for sale investments	**14,394**	-
Proceeds from sale of property, plant and equipment	**4,418**	1,409
Net cash used in investing activities	**(52,894)**	(41,628)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**731**	215
Sharesave scheme - receipt from trustees	**2,191**	-
Repayments of borrowings	**(20,242)**	(8,513)
Finance lease principal payments	**(519)**	(612)
Dividends paid to Company's shareholders	**(15,612)**	(14,814)
Repayment of minority interest	**(7)**	-
Capital grants received	**772**	-
Dividends paid to minority interests	**-**	(9,674)
Net cash used in financing activities	**(32,686)**	(33,398)
Net increase/(decrease) in cash and cash equivalents	**51,041**	(7,400)
Cash and cash equivalents at the beginning of the year	**51,625**	59,775
Effects of exchange rate changes on cash and cash equivalents	**1,739**	(750)
Cash and cash equivalents at the end of the year	**104,405**	51,625

Notes to the financial statements
for the year ended 31 December 2005

1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRIC interpretations endorsed by the European Union and those parts of the Companies Acts, 1963 to 2005 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, available for sale investments, and financial assets and liabilities held for trading.

The Group's date of transition to IFRS is 4 January 2004. The comparative figures have been restated to reflect IFRS, except where otherwise required or permitted by IFRS 1, First Time Adoption of International Financial Reporting Standards.

The financial information set out in this document does not constitute full statutory financial statements but has been derived from the Group financial statements for the year ended 31 December 2005 (referred to as the 2005 financial statements). The 2005 financial statements have been audited and have received an unqualified audit report.

The financial statements were approved by the Board of Directors on 28 February 2006 and signed on its behalf by MJ Walsh, JJ Moloney and GJ Meagher.

2 Segment information

Primary reporting format – business segments

At 31 December 2005 the Group is organised into three main business segments:
- Consumer Foods
- Food Ingredients
- Agribusiness and Property

The segment results for the year ended 31 December 2005 are as follows:

2005	Consumer Foods €'000	Food Ingredients €'000	Agribusiness and Property €'000	Unallocated €'000	Group €'000
Total gross segment revenue	493,667	1,215,559	239,826	-	1,949,052
Inter-segment revenue	(85)	(108,271)	(10,684)	-	(119,040)
Revenue	**493,582**	**1,107,288**	**229,142**	**-**	**1,830,012**
Operating profit pre exceptional items	27,139	42,746	10,684	-	80,569
Exceptional items	(11,860)	(2,649)	(1,160)	14,559	(1,110)
	15,279	40,097	9,524	14,559	79,459
Finance income and costs					(18,090)
Share of profits of joint ventures and associates	551	(116)	497	-	932
Profit before tax					**62,301**
Tax					(657)
Profit for the year					**61,644**

Notes to the financial statements
for the year ended 31 December 2005

The segment results for the year ended 1 January 2005 are as follows:

2004	Consumer Foods €'000	Food Ingredients €'000	Agribusiness and Property €'000	Unallocated €'000	Group €'000
Total gross segment revenue	458,103	1,195,646	236,492	-	1,890,241
Inter-segment revenue	(6,979)	(120,493)	(9,124)	-	(136,596)
Revenue	**451,124**	**1,075,153**	**227,368**	**-**	**1,753,645**
Operating profit pre exceptional items	27,906	46,440	11,911	-	86,257
Exceptional items	2,594	-	1,099	(798)	2,895
	30,500	46,440	13,010	(798)	89,152
Finance income and costs					(5,723)
Share of losses of joint ventures and associates	(1,671)	(152)	300	-	(1,523)
Profit before tax					**81,906**
Tax					(8,386)
Profit for year from continuing operations					73,520
Discontinued operations	(1,601)	-	-	-	(1,601)
Profit for the year					**71,919**

3 Exceptional items

	Notes	2005 €'000	2004 €'000
Foreign currency translation	(a)	**3,931**	(798)
(Loss) / profit on sale or termination of operations	(b)	**(331)**	3,693
Restructuring cost	(c)	**(15,669)**	-
Profit on sale of quoted investments	(d)	**10,959**	-
		(1,110)	2,895
Finance cost - cancellation of preferred securities (note 4)		**(5,304)**	-
Income taxes	(e)	**6,935**	-
		521	2,895

(a) The foreign currency translation gain arises on the repayment of loans between fellow subsidiaries. Under IFRS, for 2005, loans between fellow subsidiaries do not qualify as part of the net investment and therefore any gains or losses on these loans are recognised in the income statement.

(b) This represents the revision of losses arising in prior years on disposals, restructuring and termination of operations.

(c) The restructuring cost relates to costs of rationalisation programmes carried out mainly in the Consumer Foods and Food Ingredients divisions in Ireland.

(d) During the year, the Group benefited from the exchange of shares held in Irish Agricultural Wholesale Society Limited for shares in IAWS Group plc. The profit arises from the subsequent sale of these shares.

(e) A taxation benefit arising from the disposal of certain US operations in prior years, which previously had not been recognised in the financial statements, has now been finalised. This has given rise to a gain, which by virtue of its scale and nature, has been separately disclosed as a non-recurring exceptional item in the financial statements.

4 Finance income and costs

(a) Finance income

	2005 €'000	2004 €'000
Interest income (i)	**4,209**	3,033

(b) Finance costs – pre exceptional

	2005 €'000	*2004 €'000
Interest expense		
- Bank borrowings repayable within five years	**(10,291)**	(3,970)
- Bank borrowings repayable after five years	**-**	(3,779)
- Senior notes	**-**	(917)
- Finance lease	**(109)**	(90)
	(10,400)	(8,756)
Finance cost of preferred securities and preference shares	**(6,595)**	(10,387)
Total finance costs – pre exceptional (ii)	**(16,995)**	(19,143)
Finance costs - exceptional		
Cancellation of preferred securities (iii)	**(5,304)**	-
Total finance costs (ii)	**(22,299)**	(19,143)

* The Group has availed of the option under IFRS 1 to implement IAS 32 and IAS 39 only in respect of the 2005 figures and not the comparative period. The figures for 2004 above include the finance cost of preferred securities and preference shares for comparability purposes only.

(i) Interest income consists mainly of interest on a Stg£35 million subordinated secured loan note granted by The Cheese Company Holdings Limited in 2004, representing part proceeds on the sale by the Group of a 75% interest in its UK hard cheese business.

(ii) The comparative figures for the year ended 1 January 2005 have been restated in accordance with IFRS, with the exception of IAS 32 and IAS 39, which were implemented from 2 January 2005. As a result, interest on preferred securities and preference shares is shown as an interest charge in the year ended 31 December 2005, and as non-equity minority interest in the 2004 comparative numbers. On a comparable basis the net financing costs, pre exceptional item, for 2005 was €12.8 million compared to €16.1 million for 2004.

(iii) On 15 June 2005 the Group prepaid the US$100 million 7.99% cumulative guaranteed preferred securities, giving rise to a cost of €5.3 million, which has been disclosed as an exceptional item.

Notes to the financial statements
for the year ended 31 December 2005

5 Dividends

The dividends paid in 2005 and 2004 were €15.6 million (5.36 cent per share) and €14.8 million (5.10 cent per share) respectively. An interim dividend in respect of the year ended 31 December 2005 of 2.27 cent per share was paid during the year. A final dividend of 3.24 cent per share, amounting to a total dividend in respect of 2005 of €16.1 million (5.51 cent per share), is to be proposed at the Annual General Meeting on 16 May 2006. These financial statements do not reflect this final dividend payable.

6 Earnings per share

Basic

	2005 €'000	**2004 €'000**
Profit attributable to equity holders of the Company	**61,327**	61,119
Weighted average number of ordinary shares in issue	**291,469,902**	290,617,359
Basic earnings per share (cent per share)	**21.04**	21.03

Diluted

	2005	**2004**
Weighted average number of ordinary shares in issue	**291,469,902**	290,617,359
Adjustments for - share options	**1,134,139**	1,532,995
Adjusted weighted average number of ordinary shares	**292,604,041**	292,150,354
Diluted earnings per share (cent per share)	**20.96**	20.92

Adjusted

	2005 €'000	**2004 €'000**
Profit attributable to equity holders of the Company	**61,327**	61,119
Exceptional items	**(521)**	(1,294)
	60,806	59,825
Adjusted earnings per share (cent per share)	**20.86**	20.59

Notes to the financial statements
for the year ended 31 December 2005

7 Borrowings

	2005 €'000	2004 €'000
Borrowings due within one year	**330**	3,509
Borrowings due after one year	**319,727**	198,682
Less:		
Cash and cash equivalents	**(104,405)**	(51,625)
Net Group borrowings as presented in the consolidated balance sheet	**215,652**	150,566
Prior period non-equity minority interest (see note below)	**-**	110,384
Group borrowings on a comparable basis	**215,652**	260,950

The prior year comparative figures have been restated in line with the Group's transition to IFRS on 4 January 2004, with the exception of IAS 32 and IAS 39, which were implemented from 2 January 2005. This impacts the presentation of net borrowings whereby the Group's preference shares and preferred securities are shown as part of borrowings in 2005 and as part of non-equity minority interest in prior years. The borrowings figure for 2005 above includes €38 million cumulative redeemable preference shares, the US$100 million 7.99% preferred securities were cancelled during 2005.

8 Cash generated from operations

	2005 €'000	2004 €'000
Profit for the year	**61,644**	71,919
Non-cash restructuring costs	**2,172**	-
Loss on disposal/termination of operations	**-**	156
Share of result of associates	**(932)**	1,523
Income taxes	**657**	8,386
Depreciation	**23,518**	25,030
Amortisation	**3,313**	2,558
Cost of share options	**161**	76
Exchange losses	**196**	634
Exchange gains - exceptional	**(3,931)**	-
Gain on disposal of investments	**(10,959)**	-
Gain on disposal of property, plant and equipment	**(2,509)**	(1,849)
Interest income	**(4,209)**	(3,274)
Interest expense	**22,299**	8,997
Amortisation of government grants received	**(1,424)**	(1,228)
Net profit before changes in working capital	**89,996**	112,928
Change in net working capital		
Increase in inventory	**(5,501)**	(10,498)
Decrease/(increase) in short term receivables	**35,419**	(1,807)
Increase/(decrease) in short term liabilities	**35,849**	(17,176)
Increase in provisions	**7,142**	-
Cash generated from operations	**162,905**	83,447