NEWS RELEASE
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A world of dairy
foods and nutritional
ingredients

2006 Interim Results

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RESULTS IN LINE WITH THE FIRST HALF OF 2005

GOOD PROGRESS IN INTERNATIONAL JOINT VENTURES

SIGNIFICANT NUTRITIONALS ACQUISITION

6 September 2006 – Glanbia plc, the international dairy foods and nutritional ingredients Group, announces its interim results for the six months ended 1 July 2006.

2006 Interim Results Summary

Group revenue, profit after tax and adjusted earnings per share in the first half of 2006 were similar to the same period last year.

	H1 2006	H1 2005	Change
Revenue	€922.8 m	€926.1 m	Similar
Operating profit pre exceptional	€36.4 m	€38.3 m	Down 5%
Operating margin pre exceptional	3.9%	4.1%	Down 20 bps
Net financing costs pre exceptional	€6.5 m	€7.7 m	Improved 15%
Share of results of joint ventures and associates	€0.3 m	€0.04 m	Improved
Profit before tax pre exceptional	€30.2 m	€30.6 m	Similar
Profit after tax pre exceptional	€26.9 m	€26.7 m	Similar
Exceptional costs [1]	-	€4.2 m	See note
Earnings per share	9.12 c	7.66 c	Up 19%
Adjusted earnings per share	9.12 c	9.10 c	Similar
Dividend per share	2.38 c	2.27 c	Up 5%
Net debt	€301.2 m	€286.6 m	Up 5%

(1) Exceptional costs in H1 2005 include €6.3 million rationalisation costs at the Consumer Foods division, €5.3 million cancellation cost of $100 million preferred securities, offset by a tax credit of €7.4 million relating to a prior business disposal.

John Moloney, Group Managing Director, said:

"Undoubtedly these are challenging times for Irish Food Ingredients given the magnitude and timing of the impact of EU Mid Term Review (MTR) on dairy markets. However, all other aspects of the Group performed satisfactorily including a strong performance from the newly formed Property business unit. In what was a tough first half, the Group accomplished a performance similar to the first half of 2005.

Since June, there has been little change in the trading environment in Ireland. Operating costs remain a key ongoing focus for management, although previous rationalisation initiatives support an improved performance from Irish operations in the second half. In the USA, better cheese markets and continuing volume growth underpins the delivery of a good result for the year overall. International joint ventures are progressing well, with further progress at Glanbia Cheese in the UK and the continued scale up of operations at Southwest Cheese in the USA and Nutricima in Nigeria. As trading currently stands, we expect to meet market expectations for the full year and we remain on track to achieve double digit growth in 2007.

The announcement today of the acquisition of Seltzer Companies, Inc. is an important step in the delivery of Glanbia's strategic plan and gives the Group a strong platform to develop our Nutritionals business. It also advances the international development of the Group into key global growth markets."

Announced 6 September 2006

2006 INTERIM STATEMENT
Results for the six months ended 1 July 2006

Income Statement
In the first half of 2006, revenue decreased €3.3 million to €922.8 million (H1 2005: €926.1 million). The downturn in performance in the Food Ingredients division, particularly the Irish operations, led to a decrease in overall operating profit and margins. Operating profit pre exceptional declined €1.9 million to €36.4 million (H1 2005: €38.3 million) and the operating margin pre exceptional was down 20 basis points to 3.9% (H1 2005: 4.1%). There were no exceptional items in the first half of 2006 (H1 2005: €4.2 million).

Net financing costs pre exceptional were down €1.2 million to €6.5 million (H1 2005: €7.7 million) as the Group continues to benefit from the refinancing initiatives undertaken in 2005.

The Group's share of results of joint ventures and associates amounted to €283,000 (H1 2005: €38,000) with further improvements in performance in Glanbia Cheese, the Group's UK joint venture with Leprino Foods.

Profit before tax pre exceptional at €30.2 million was similar to the same period last year (H1 2005: €30.6 million). Taxation pre exceptional amounted to €3.2 million in the first half of this year compared with €3.9 million for the same period last year. Profit after tax for the period pre exceptional at €26.9 million was also comparable to the first half of 2005 (H1 2005: €26.7 million).

Earnings per share amounted to 9.12 cent (H1 2005: 7.66 cent per share) and adjusted earnings per share amounted to 9.12 cent (H1 2005: 9.10 cent per share).

Balance sheet and cash flow
Group net debt increased seasonally by €85.5 million in the first half to €301.2 million. Net cash generated from operating activities, pre movements in working capital, was €34.2 million (H1 2005: €29.0 million). Working capital increased relative to the 2005 year end reflecting the seasonality of the underlying businesses. Net cash used in investing activities amounted to €25.9 million (H1 2005: €36.1 million). Group net debt increased by €14.6 million relative to the position at H1 2005.

Dividends
The Board is recommending an interim dividend of 2.38 cent per share (H1 2005: 2.27 cent per share), representing an increase of 5%. Dividends will be paid on 4 October 2006 to shareholders on the register as at 15 September 2006, the record date. Irish dividend withholding tax will be deducted at the standard rate, where appropriate.

Operations review
The Group has operations in Ireland, Europe and the USA, with international joint ventures in the UK, USA and Nigeria. Glanbia has three divisions – Agribusiness and Property, Consumer Foods and Food Ingredients and Nutritionals.

AGRIBUSINESS AND PROPERTY
This division has two business units. Agribusiness is the key linkage with the Group's Irish farmer supply base. The Property business unit has responsibility for the maximisation of value from the Group's property portfolio. In the first half, revenue for Agribusiness and Property was up €23.3 million to €165.6 million (H1 2005: €142.3 million). Operating profit pre exceptional was up €7.9 million to €15.9 million (H1 2005: €8.0 million) driven mainly by strong property disposals in the first half. Operating margins, excluding property, were 5.8% (H1 2005: 5.2%).

Agribusiness had a solid first half in what continues to be a competitive environment, as farmer purchasing patterns are impacted by EU reforms. This performance reflects the benefits of recent rationalisation initiatives combined with a new branch format, ongoing technology and systems upgrades and a wider customer offering. The outlook for Agribusiness in the second half is expected to be satisfactory, in line with the normal seasonal trading pattern for this business.

The role of the Property business unit, newly formed in 2005, is to develop and maximise the value of the Group's property assets. A significant number of locations for potential sale or development have been identified and this business is building up a pipeline of transactions for completion over the medium term. In the first half of 2006 most of the planned transactions for the year were completed, delivering a strong result for the six months. Only a limited number of small transactions are forecast to be completed in the second half of the year.

CONSUMER FOODS
This division incorporates liquid milk, chilled foods and pig meat. It delivered a steady performance overall in the first half, with a better performance from liquid milk and chilled foods offset by a decline in the performance of the pigmeat operations. Revenue for Consumer Foods increased €9.8 million to €252.3 million (H1 2005: €242.5 million). Operating profit increased to €8.5 million (H1 2005: €8.2 million) and operating margin at 3.4% was in line with H1 2005.

Liquid milk and chilled foods: This business had a reasonable performance in the first half. The liquid milk operations benefited from the integration of the CMP brands which were acquired in the first half of 2005. The Group invested heavily in rationalisation, marketing and new product development in chilled foods in 2005 to improve both competitiveness and market share and these initiatives aided performance in the first half. The trading environment however remains highly competitive in line with the retail sector in Ireland. The outlook for liquid milk and chilled foods in the second half is for a solid performance with continued investment planned to support our brand positions.

Pig meat: Overall performance declined as a result of market weakness in certain segments. Some recovery is anticipated in this business in the second half as markets are expected to improve in addition to the normal seasonal performance uplift.

FOOD INGREDIENTS AND NUTRITIONALS
This division has three business units. These are Food Ingredients Ireland which produces cheese, butter, dairy spreads and whey protein ingredients, Food Ingredients USA which produces cheese and whey and Glanbia Nutritionals. Glanbia Nutritionals is developing as a leading provider of science-based nutritional food solutions and products including a wide range of speciality ingredients for use in ready-to-drink and powdered beverages, nutritional bars, dairy products, snacks, and confectionary applications. In the first half, revenue from this division declined €36.4 million to €504.9 million (H1 2005: €541.3 million). Operating profit declined €10.0 million to €12.1 million (H1 2005: €22.1 million) and the operating margin declined to 2.4% (H1 2005: 4.1%), mainly reflecting the sharp downturn in the performance of the Irish Food Ingredients operations.

Ireland: The present EU dairy reform is in year three of a four year MTR programme that reduces industry supports. In the first half of 2006 the combined effects of lower world dairy markets and reduced EU dairy supports significantly reduced product selling prices and a time lag in adjusting milk prices resulted in lower margins. Recent milk price reductions combined with improved cost competitiveness are expected to result in a second half performance that is in line with the second half of 2005.

USA: Production volumes increased further in the first half of 2006 but the benefit of this was more than offset by the impact of lower market prices for cheese in the USA. An improvement in cheese markets with continuing volume growth will underpin a good second half performance for Food Ingredients USA.

Nutritionals: This business delivered good revenue growth, mainly in new product development and acquired businesses, both of which performed well. In the first half the Group continued to invest heavily in people and skills development. A good performance is expected in this business in the second half.

INTERNATIONAL JOINT VENTURES
Glanbia's strategy is to build international relevance in cheese, nutritional ingredients and selected consumer foods and this incorporates a number of strategically significant joint ventures producing cheese, whey and milk products. These investments performed as planned in the first half of the year with the performance of Nutricima in Nigeria and Southwest Cheese in the USA reflecting the early stages of development of these businesses.

UK: Glanbia Cheese, a joint venture with Leprino Foods, produces mozzarella cheese for the European market. This business continues to steadily improve profitability and margins and is expected to perform well for the full year.

Nigeria: Nutricima is a joint venture with PZ Cussons plc which manufactures and markets branded dairy based consumer products for the Nigerian market. This business is performing to expectations with strong revenue growth and further expansion is planned.

USA: The commissioning of Southwest Cheese (SWC), the Group's joint venture with our main partners Dairy Farmers of America and Select Milk Producers Inc., is substantially complete and the ongoing scale up of production is progressing to plan.

Outlook

Since June, there has been little change in the trading environment in Ireland. Operating costs remain a key ongoing focus for management, although previous rationalisation initiatives support an improved performance from Irish operations in the second half. In the USA, better cheese markets and continuing volume growth underpins the delivery of a good result for the year overall. International joint ventures are progressing well, with further progress at Glanbia Cheese in the UK and the continued scale up of operations at Southwest Cheese in the USA and Nutricima in Nigeria. As trading currently stands, we expect to meet market expectations for the full year and we remain on track to achieve double digit growth in 2007.

The announcement today of the acquisition of Seltzer Companies, Inc. is an important step in the delivery of Glanbia's strategic plan and gives the Group a strong platform to develop our Nutritionals business. It also advances the international development of the Group into key global growth markets."

Consolidated income statement
for the half year ended 1 July 2006

		Half year 2006			Half year 2005			Year 2005		
	Notes	**Pre-exceptional €'000**	**Exceptional €'000**	**Total €'000**	**Pre-exceptional €'000**	**Exceptional** *(as restated)* **€'000**	**Total** *(as restated)* **€'000**	**Pre-exceptional €'000**	**Exceptional** *(as restated)* **€'000**	**Total** *(as restated)* **€'000**
Revenue	3	**922,793**	**-**	**922,793**	926,127	-	926,127	1,830,012	-	1,830,012
Operating profit		**36,406**	**-**	**36,406**	38,328	(6,338)	31,990	80,569	(5,041)	75,528
Finance income	5	**2,125**	**-**	**2,125**	2,144	-	2,144	4,209	-	4,209
Finance costs	5	**(8,662)**	**-**	**(8,662)**	(9,869)	(5,304)	(15,173)	(16,995)	(5,304)	(22,299)
Share of results of joint ventures and associates		**283**	**-**	**283**	38	-	38	932	-	932
Profit before taxation		**30,152**	**-**	**30,152**	30,641	(11,642)	18,999	68,715	(10,345)	58,370
Income taxes		**(3,226)**	**-**	**(3,226)**	(3,947)	7,454	3,507	(7,592)	6,935	(657)
Profit for the period		**26,926**	**-**	**26,926**	26,694	(4,188)	22,506	61,123	(3,410)	57,713
Attributable to:										
Equity holders of the Parent				**26,725**			22,293			57,396
Equity minority interest				**201**			213			317
				26,926			22,506			57,713
Earnings per share (cent)										
- Basic				**9.12**			7.66			19.69
- Diluted				**9.11**			7.62			19.62

Consolidated statement of recognised income and expense
for the half year ended 1 July 2006

	Notes	**Half year 2006 €'000**	**Half year 2005** (as restated) **€'000**	**Year 2005** (as restated) **€'000**
Actuarial gain/(loss) - defined benefit schemes		**42,536**	(25,020)	(42,303)
Deferred tax on pension gain/(loss)		**(4,796)**	-	4,054
Currency translation differences		**(943)**	(9,494)	(3,042)
Prior period restatement - Amendment of IAS 21	2	**-**	3,907	3,931
Fair value adjustments	9	**4,557**	(269)	(3,465)
Net income/(expense) recognised directly in equity		**41,354**	(30,876)	(40,825)
Profit for the period		**26,926**	22,506	57,713
Total recognised income for the period		**68,280**	(8,370)	16,888
Attributable to:				
Equity holders of the Parent		**68,079**	(8,583)	16,571
Non-equity minority interest		**-**	-	-
Equity minority interest		**201**	213	317
		68,280	(8,370)	16,888

Consolidated balance sheet
as at 1 July 2006

	Notes	Half year 2006 €'000	Half year 2005 (as restated) €'000	Year 2005 (as restated) €'000
ASSETS				
Non-current assets				
Property, plant and equipment		**337,597**	322,055	332,003
Intangible assets		**58,330**	44,790	57,963
Investments in associates		**11,066**	10,839	11,090
Investments in joint ventures		**58,107**	50,846	59,832
Available for sale investments		**29,452**	32,762	29,511
Trade and other receivables		**58,220**	55,886	56,874
Derivative financial instruments		**2,730**	435	1,825
Deferred tax assets		**11,073**	12,299	15,869
		566,575	529,912	564,967
Current assets				
Inventories		**157,619**	141,572	144,250
Trade and other receivables		**237,203**	247,732	143,610
Derivative financial instruments		**5,463**	1,359	1,125
Cash and cash equivalents	8	**33,183**	30,438	104,405
		433,468	421,101	393,390
Total assets		**1,000,043**	951,013	958,357
EQUITY				
Issued capital and reserves attributable to equity holders of the Parent				
Share capital		**98,309**	95,208	97,964
Other reserves	9	**123,885**	115,033	120,990
Retained earnings	10	**(45,756)**	(116,457)	(101,535)
		176,438	93,784	117,419
Equity minority interest		**6,500**	6,298	6,299
		182,938	100,082	123,718
LIABILITIES				
Non-current liabilities				
Borrowings	8	**333,392**	316,724	319,727
Deferred tax liabilities		**34,104**	33,007	34,471
Retirement benefit obligations		**120,124**	151,696	165,016
Provisions for other liabilities and charges		**6,616**	6,389	6,072
Capital grants		**14,382**	14,459	14,855
		508,618	522,275	540,141
Current liabilities				
Borrowings	8	**986**	324	330
Provisions for other liabilities and charges		**2,357**	9,075	8,433
Trade and other payables		**295,993**	310,921	278,583
Current tax liabilities		**7,416**	4,966	4,605
Derivative financial instruments		**1,735**	3,370	2,547
		308,487	328,656	294,498
Total liabilities		**817,105**	850,931	834,639
Total equity and liabilities		**1,000,043**	951,013	958,357

Consolidated cash flow statement
for the half year ended 1 July 2006

	Notes	Half year 2006 €'000	Half year 2005 €'000	Year 2005 €'000
Cash flows from operating activities				
Cash (absorbed by)/generated from operations	11	**(51,169)**	50,286	162,905
Interest received		**301**	142	670
Interest paid		**(8,837)**	(15,543)	(23,177)
Tax refunded/(paid)		**415**	292	(3,777)
Net cash from operating activities		**(59,290)**	35,177	136,621
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired		**(811)**	(10,050)	(19,366)
Purchase of property, plant and equipment		**(28,112)**	(24,304)	(46,979)
Purchase of available for sale investments		**(2,667)**	(5,081)	(5,214)
Disposal of subsidiary, net of cash disposed		**812**	835	(147)
Disposal of investments		**4,147**	-	14,394
Proceeds from sale of property, plant and equipment		**716**	2,535	4,418
Net cash used in investing activities		**(25,915)**	(36,065)	(52,894)
Cash flows from financing activities				
Proceeds from issue of ordinary shares		**190**	-	731
Sharesave scheme - receipt from trustees		**-**	-	2,191
Drawdown/(repayment) of borrowings		**17,329**	(12,293)	(20,242)
Finance lease principal drawdowns/(payments)		**7,809**	(448)	(519)
Dividends paid to Company's shareholders		**(9,499)**	(8,989)	(15,612)
Repayment of minority interest		**-**	-	(7)
Capital grants received		**-**	-	772
Net cash used in financing activities		**15,829**	(21,730)	(32,686)
Net (decrease)/increase in cash and cash equivalents		**(69,376)**	(22,618)	51,041
Cash and cash equivalents at the beginning of the period		**104,405**	51,625	51,625
Effects of exchange rate changes on cash and cash equivalents		**(1,846)**	1,431	1,739
Cash and cash equivalents at the end of the period		**33,183**	30,438	104,405

Notes to the interim financial statements

for the half year ended 1 July 2006

1 Basis of preparation

This condensed interim financial information for the half year ended 1 July 2006 has been prepared in accordance with IAS 34, 'Interim Financial Reporting'. The condensed interim financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2005.

The figures for the half years ended 1 July 2006 and 2 July 2005 have not been audited. The figures for the full year ended 31 December 2005 represent an abbreviated version of the Group's financial statements for that year, which received an unqualified audit report.

2 Accounting policies

The accounting policies adopted are consistent with those adopted in the preparation of the annual financial statements for the year ended 31 December 2005 and are as described therein, except as outlined below.

The Group has considered all amendments to current standards and interpretations together with all new standards and interpretations and have identified the following changes that are applicable to the Group:

The Group has adopted the amendment to IAS 21 'Net Investment in a Foreign Operation', from 1 January 2006. The adoption of this amendment requires that all foreign exchange gains and losses that form part of the net investment in a foreign operation, including loans between fellow subsidiaries, will be recognised directly in reserves on consolidation. Prior period comparative figures have been restated to reflect the impact of this change.

The Group has also adopted IFRIC Interpretation 4 (*Determining whether an Arrangement contains a Lease)* and accordingly, from 1 January 2006, has capitalised certain arrangements as finance leases.

3 Segment information

At 1 July 2006 the Group is organised into three main business segments:
- Consumer Foods
- Food Ingredients and Nutritionals
- Agribusiness and Property

	Half year 2006 €'000	Half year 2005 €'000	Year 2005 €'000
Revenue by business segment			
Consumer Foods	**252,282**	242,523	493,582
Food Ingredients and Nutritionals	**504,896**	541,321	1,107,288
Agribusiness and Property	**165,615**	142,283	229,142
	922,793	926,127	1,830,012
Pre-exceptional operating profit by business segment			
Consumer Foods	**8,470**	8,208	27,139
Food Ingredients and Nutritionals	**12,079**	22,094	42,746
Agribusiness and Property	**15,857**	8,026	10,684
	36,406	38,328	80,569

4 Exceptional items

	Notes	Half year 2006 €'000	Half year 2005 *(as restated)* €'000	Year 2005 *(as restated)* €'000
(Loss) on sale or termination of operations	(a)	**-**	-	(331)
Restructuring cost	(b)	**-**	(6,338)	(15,669)
Profit on sale of quoted investments	(c)		-	10,959
		-	(6,338)	(5,041)
Finance cost - cancellation of preferred securities (note 5)		**-**	(5,304)	(5,304)
Income taxes	(d)	**-**	7,454	6,935
		-	(4,188)	(3,410)

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

(b) The restructuring cost in 2005 relates to costs of rationalisation programmes carried out mainly in the Consumer Foods and Food Ingredients business units in Ireland.

(c) During 2005, 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.

(d) A taxation benefit arising from the disposal of certain US operations in prior years, which previously had not been recognised in the financial statements, was finalised during 2005. This gave rise to a gain, which by virtue of its scale and nature, was separately disclosed as a non-recurring exceptional item in the financial statements.

5 Finance income and costs

(a) Finance income

	Half year 2006 €'000	Half year 2005 €'000	Year 2005 €'000
Interest income (i)	**2,125**	2,144	4,209

5 Finance income and costs (continued)

(b) Finance costs - pre-exceptional

	Half year 2006 €'000	Half year 2005 €'000	Year 2005 €'000
Interest expense			
- Bank borrowings repayable within five years	**(6,695)**	(4,944)	(10,291)
- Bank borrowings repayable after five years	**-**	-	-
- Finance leases	**(147)**	(34)	(109)
	(6,842)	(4,978)	(10,400)
Finance cost of preferred securities and preference shares	**(1,820)**	(4,891)	(6,595)
Total finance costs - pre-exceptional	**(8,662)**	(9,869)	(16,995)
Finance costs – exceptional			
Cancellation of preferred securities (ii)	**-**	(5,304)	(5,304)
Total finance costs	**(8,662)**	(15,173)	(22,299)

(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) 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.

6 Dividends

A final dividend in respect of the year ended 31 December 2005 of 3.24 cent per share was paid during the period. On 5 September 2006, the Directors approved the payment of an interim dividend for 2006 of 2.38 cent per share (2005 interim dividend: 2.27 cent per share). This interim dividend will be reflected in the financial statements for the full year 2006 in line with IAS 10.

7 Earnings per share

	Half year 2006 €'000	Half year 2005 *(as restated)* €'000	Year 2005 *(as restated)* €'000
Basic			
Profit attributable to equity holders of the Company	**26,725**	22,293	57,396
Weighted average number of ordinary shares in issue	**292,943,460**	290,911,646	291,469,902
Basic earnings per share (cent per share)	**9.12**	7.66	19.69
Diluted			
Weighted average number of ordinary shares in issue	**292,943,460**	290,911,646	291,469,902
Adjustments for share options	**493,424**	1,776,440	1,134,139
Adjusted weighted average number of ordinary shares	**293,436,884**	292,688,086	292,604,041
Diluted earnings per share (cent per share)	**9.11**	7.62	19.62
Adjusted			
Profit attributable to equity holders of the Company	**26,725**	22,293	57,396
Exceptional items	**-**	4,188	3,410
	26,725	26,481	60,806
Adjusted earnings per share (cent per share)	**9.12**	9.10	20.86
Diluted adjusted earnings per share (cent per share)	**9.11**	9.05	20.78

8 Borrowings

	Half year 2006 €'000	Half year 2005 €'000	Year 2005 €'000
Borrowings due within one year	**986**	324	330
Borrowings due after one year	**333,392**	316,724	319,727
Less:			
Cash and cash equivalents	**(33,183)**	(30,438)	(104,405)
Net Group borrowings	**301,195**	286,610	215,652

9 Other reserves

	Capital and mergers reserves €'000	Currency reserve €'000	Fair value reserves €'000	Total €'000
Balance at 1 January 2006	**116,250**	**(1,335)**	**2,144**	**117,059**
Amendment to IAS 21 (note 2)	-	3,931	-	3,931
Restated balance at 1 January 2006	**116,250**	**2,596**	**2,144**	**120,990**
Translation differences on foreign currency net investments	-	(1,756)	-	(1,756)
Gains on interest rate swaps	-	-	2,246	2,246
Foreign exchange contracts - gain in period	-	-	3,375	3,375
Transfers to income statement				
- Foreign exchange contracts	-	-	(285)	(285)
- Available for sale investments	-	-	6	6
Revaluation of forward commodity contracts	-	-	(146)	(146)
Deferred tax on fair value adjustments	-	-	(639)	(639)
Cost of share options	123	-	-	123
Discount on own shares vested	(29)	-	-	(29)
Balance at 1 July 2006	**116,344**	**840**	**6,701**	**123,885**

10 Retained earnings

	Retained earnings €'000	Goodwill reserve €'000	Total €'000
Balance at 1 January 2006	**(2,979)**	**(94,625)**	**(97,604)**
Currency translation differences			
- Amendment to IAS 21 (note 2)	(3,931)	-	(3,931)
Restated balance at 1 January 2006	**(6,910)**	**(94,625)**	**(101,535)**
Actuarial gain - defined benefit schemes	42,536	-	42,536
Deferred tax on pension gain	(4,796)	-	(4,796)
Currency translation differences	813	-	813
Net income recognised directly in equity	38,553	-	38,553
Profit for the period	26,725	-	26,725
Total recognised income for the period	65,278	-	65,278
Dividends paid in the period	(9,499)	-	(9,499)
Balance at 1 July 2006	**48,869**	**(94,625)**	**(45,756)**

11 Cash generated

	Half year 2006 €'000	Half year 2005 *(as restated)* €'000	Year 2005 *(as restated)* €'000
Profit for the period	**26,926**	22,506	57,713
Non-cash restructuring costs	**-**	1,364	2,172
Share of results of joint ventures and associates	**(283)**	(38)	(932)
Income taxes	**3,226**	(3,507)	657
Depreciation	**13,122**	12,884	23,518
Amortisation	**1,788**	1,702	3,313
Cost of share options	**123**	-	161
Exchange losses	**66**	(2,074)	196
Gain on disposal of investments	**(1,538)**	-	(10,959)
Gain on disposal of property, plant and equipment	**(7,128)**	(915)	(2,509)
Interest income	**(2,125)**	(2,144)	(4,209)
Interest expense	**8,662**	15,173	22,299
Amortisation of government grants received	**(471)**	(817)	(1,424)
Net profit before changes in working capital	**42,368**	44,134	89,996
Change in net working capital			
(Increase) in inventory	**(15,379)**	(5,016)	(5,501)
(Increase)/decrease in short term receivables	**(91,792)**	(71,192)	35,419
Increase in short term liabilities	**19,710**	81,718	35,849
(Decrease)/increase in provisions	**(6,076)**	642	7,142
Cash (absorbed by)/generated from operations	**(51,169)**	50,286	162,905