NEWS RELEASE
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A world of
nutritional solutions
and cheese

2010 Full Year Results

2 March 2011

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RESULTS AHEAD OF EXPECTATIONS; 24% INCREASE IN ADJUSTED EARNINGS PER SHARE

11% TO 13% ADJUSTED EARNINGS PER SHARE GROWTH EXPECTED IN 2011

2 March 2011 - Glanbia plc ('Glanbia'), the global nutritional solutions and cheese Group, announces its results for the full year ended 1 January, 2011.

2010 full year results summary

- Improved global dairy markets and good demand in key nutritional markets underpinned an excellent year;
- Dairy Ingredients Ireland returned to profitability, after a first time loss in 2009;
- Strategic cost management programmes in Ireland delivered targeted annualised savings;
- Organic revenue growth in Global Nutritionals significantly outpaced market growth rates;
- Revenue increased 18.4%; up 15.6% on a constant currency basis;
- EBITA margin up 20 basis points to 7.0%, up 40 basis points to 7.2% on a constant currency basis;
- Operating profit grew 22.8%; up 22.8% on a constant currency basis;
- Operating margin improved 20 basis points to 6.3%; up 40 basis points to 6.5% on a constant currency basis;
- Adjusted earnings per share increased 24.1% to 38.07 cents and
- Dividend increased by 10% to 7.52 cents per share.

Results as reported – pre exceptional	2010	2009	Change
Revenue(1)	€2,166.7m	€1,830.3m	Up 18.4%
EBITA	€151.6m	€125.0m	Up 21.3%
EBITA margin	7.0%	6.8%	Up 20 bps
Operating profit	€136.5m	€111.2m	Up 22.8%
Operating margin	6.3%	6.1%	Up 20bps
Share of results of Joint Ventures & Associates(1)	€10.1m	€10.2m	Down €0.1m
Adjusted earnings per share(2)	38.07c	30.68c	Up 24.1%
Dividend per share in respect of the full year	7.52c	6.84c	Up 10%

Financing KPIs	2010	2009	Change
EBITDA	€182.8m	€152.5m	Up 19.9%
Free cash flow	€65.5m	€66.1m	Down €0.6m
Net debt	€408.1m	€442.6m	Down €34.5m
Net debt/Adjusted EBITDA(3)	2.1 times	2.6 times	-
Return on capital employed(4)	12.9%	11.2%	Up 170bps

(1) Revenue including Glanbia's share of the revenue of Joint Ventures & Associates was €2.6 billion for the full year, compared with €2.1 billion for 2009. Share of results of Joint Ventures & Associates, reported in the income statement, is an after interest and tax amount.

(2) Adjusted earnings per share is calculated as the profit for the year attributable to the equity holders of the parent before exceptional items and amortisation of intangible assets (net of tax).

(3) Adjusted EBITDA for the purpose of financing ratios reflects Group EBITDA plus dividends from Joint Ventures & Associates.

(4) Return on capital employed is calculated as EBITA, including share of Joint Ventures & Associates EBITA, (post tax) over capital employed. Capital employed is defined as non current assets plus working capital.

John Moloney, Group Managing Director, said:
"Glanbia had an excellent year with results ahead of expectations. The Group benefited from strong organic revenue growth in our three nutritionals' businesses, a return to profitability in Dairy Ingredients Ireland and the delivery of our strategic cost reduction programmes in Ireland. We delivered strong revenue and earnings growth and our 2010 performance reflects the strength and diversity of our businesses.

The Group is well positioned for 2011. Our current expectation is that the trading environment for 2011 will be broadly positive. Global dairy markets are expected to remain firm, underpinned by robust demand, particularly from Asia, and demand-led growth in key nutritionals sectors. In January we acquired BSN®, a leading US sports nutrition business which is an excellent strategic fit with our Performance Nutrition business. For 2011, given our strong market positions and growing portfolio, we are forecasting 11% to 13% growth in adjusted earnings per share, on a constant currency basis."

2010 full year results

For the full year ended 1 January 2011

Market commentary

Overall global dairy markets were positive for most of 2010. In the first half global milk supply lagged growing international demand, which was driven by developing economies. Supply increased somewhat in the second half and dairy markets absorbed the increase in milk production with relatively limited price fluctuations. Fundamental to the relative stability in dairy pricing was continued strong demand in Asia, particularly China, increased demand from Pakistan, India and re-emerging demand from Russia. A further boost to dairy markets and more specifically to EU markets was the controlled management of the release of intervention stocks into the market, at prices closely aligned to prevailing market conditions. During the year dairy farm incomes across the globe did recover from the prior year as higher dairy commodity prices were reflected at the farm gate. For 2011, global dairy markets are forecast to remain firm, underpinned by robust demand particularly from emerging markets and China.

US Cheese & Global Nutritionals

US Cheese: In 2010, a combination of factors influenced the performance of the US Cheese business. In the first half, a milk deficit existed in Idaho leading to tight supply conditions and while US cheese market prices recovered to reach historical average levels they did not achieve the equivalent price increases of other dairy products. Tight supply and competition with other dairy product classes gave rise to a situation where payment of milk premiums was required to secure supply. As the year progressed, US cheese prices became volatile with prices trading higher than expected in the third quarter but declining steadily in the fourth quarter. A significant cheese price rally began in early 2011 and has continued year to date. There are a number of variables that could impact the sustainability of this rally but US domestic demand is solid and export demand is strong. Milk supply continues to be tight in Idaho and milk price competition is expected to be a feature of 2011, as butter and skimmed milk powder prices continue to outpace cheese prices.

Global Nutritionals: In 2010, there was strong global demand for whey. This growth was underpinned by structural market changes such as an increased focus on health & wellness; a growing understanding of the link between diet and exercise to weight management and active ageing; a greater emphasis on healthier and more nutritious food options in convenience formats; and strong demand from Asia and developing economies. Demand was strong across all key nutritional sectors including performance/sports nutrition, protein fortification and new products for mainstream bars and beverages. Good demand and tight supply drove whey prices up in 2010 and the market is expected to continue to be firm throughout 2011.

Dairy Ireland

As the bulk of output of the Irish dairy industry is exported, the key market dynamic impacting the performance of Dairy Ingredients Ireland is the global dairy market, which also indirectly impacts the performance of Agribusiness as a supplier of key farm inputs to Irish farmers. Dairy Ingredients Ireland benefited from the improvement in global dairy markets in 2010 despite higher input costs. This performance is expected to be sustained in 2011, based on a current positive outlook for global dairy markets. With improving farm incomes, demand for Agribusiness farm inputs was good in 2010 but price competition was a significant feature of the trading environment. These trading conditions are expected to prevail again in 2011.

The trading environment for the Consumer Products business is dictated by the combination of factors in the Irish retail market and the indirect impact of global dairy markets on input costs. The environment for Consumer Products was very challenging in 2010. Irish consumers remained very cautious as a consequence of a difficult economic situation. This was reflected in their food shopping behaviour, creating a further market shift towards value and promotional deals, and a channel shift away from convenience shopping. The trading environment is expected to remain challenging in 2011.

Proposed disposal of the Irish Dairy and Agri Businesses

Following an approach from Glanbia Co-operative Society Limited, the Group's 54.5% shareholder, on 20 April 2010, the Group announced a proposal to dispose of its Irish Dairy and Agri Businesses. At a meeting on 10 May 2010 the required approval of the Society members was not achieved and therefore the transaction did not proceed. The Group believes that this project is unlikely to be re-visited by the Society in the medium term.

Operations review

US Cheese & Global Nutritionals

	Constant Currency			Reported	
	2010	**2009**	**Change**	**2010**	**Change**
Revenue	€971.5m	€792.4m	**Up 22.6%**	€1,021.9m	**Up 29.0%**
Operating profit pre exceptional	€93.9m	€90.0m	**Up 4.3%**	€93.8m	**Up 4.2%**
Operating margin pre exceptional	9.7%	11.4%	**Down 170bps**	9.2%	**Down 220bps**
EBITA pre exceptional	€104.6m	€100.3m	**Up 4.3%**	€104.5m	**Up 4.2%**
EBITA margin pre exceptional	10.8%	12.7%	**Down 190bps**	10.2%	**Down 250bps**
EBITDA pre exceptional	€116.8m	€110.0m	**Up 6.2%**	€116.7m	**Up 6.1%**

Analysis on a constant currency basis

In 2010, US Cheese & Global Nutritionals revenue increased 22.6% to €971.5 million (2009: €792.4 million). Operating profit pre exceptional increased 4.3% to €93.9 million (2009: €90.0 million). Operating margins pre exceptional decreased 170 basis points to 9.7% (2009: 11.4%). EBITA pre exceptional increased 4.3% to €104.6 million (2009: €100.3 million). EBITDA pre exceptional increased 6.2% to €116.8 million (2009: €110.0 million).

US Cheese: 2010 performance and 2011 outlook

US Cheese performed reasonably in the year, however profits and margins were lower than 2009. Good revenue growth was achieved mainly as a result of better cheese market prices, which improved on the historical lows reached in 2009. Market demand was solid and export demand grew strongly from a relatively low base. For the full year, production volumes were lower as a consequence of the planned major refurbishment of the smaller of the Idaho cheese plants in the first half. In addition, following a very difficult farming environment in 2009, milk production was tight particularly in the first half. This placed pricing pressure on securing supply, necessitating the payment of milk premiums during the year. Overheads were also higher as the business invested in supply chain management, technical services to cheese customers and risk management services to milk suppliers. While supply pressures eased somewhat into the second half cheese markets were volatile and difficult, particularly in the fourth quarter when markets declined sharply. This was due to a combination of relatively high US cheese stocks and softer buyer demand.

A strong rally commenced in the US cheese markets in early 2011, as a result of a perceived overcorrection in the fourth quarter of 2010. While overall milk supply is expected to grow modestly in 2011 we expect other dairy product prices to outpace cheese prices and as a result the milk procurement environment will remain very competitive. US Cheese continuously monitors the balance of milk cost to milk availability as part of risk management and has continued its strategy of reducing its exposure to US cheese market price volatility through hedging mechanisms. Glanbia is forecasting steady domestic demand with expanding exports to international markets in 2011. Overall an improved performance is expected for US Cheese this year.

Global Nutritionals: 2010 performance and 2011 outlook

Global Nutritionals had a good year with strong volume and revenue growth outpacing general market growth rates in all three business units. There was strong demand globally for sports nutrition and protein fortified products for weight management, healthy ageing, infant formula and fortified bar and beverage products. Ingredient Technologies had a good year as higher and broader demand, both geographically and by sector, together with higher global whey prices drove good revenue and profit growth and margin expansion. Performance Nutrition also had a good year driven by strong volumes and innovation. Revenue growth significantly outpaced market rates but margins declined due to increased investment in marketing and management together with the impact of higher input costs. Customised Premix Solutions achieved good revenue growth in key market segments and continued to develop further customer specific solutions for core end markets globally; revenue, profits and margins were ahead of 2009.

Glanbia’s core nutritional sectors have strong structural market growth drivers that are expected to continue to gather pace in 2011 and beyond. The new customer collaboration centre in Idaho is contributing to building joint development plans with key customers for Global Nutritionals, supporting business growth objectives. It is expected that Global Nutritionals will perform well overall in 2011.

Acquisition of Bio-Engineered Supplements and Nutrition (BSN®)
On 19 January 2011, Glanbia announced the acquisition of BSN® for a total consideration of $144 million (€108 million). BSN significantly enhances and extends Glanbia's Performance Nutrition portfolio and continues to develop Glanbia in line with its international growth strategy. The business was acquired on a debt free basis and was funded through Glanbia's existing banking facilities. BSN® is a leading developer, provider and distributor of nutritional products and builds on the Group's scale position in the attractive, high growth, higher margin, sports nutrition sector. The integration of this business is progressing well and it is expected to be earnings enhancing in 2011.

Dairy Ireland

	2010	2009	Change
Revenue	€1,138.6m	€1,028.8m	**Up 10.7%**
Operating profit pre exceptional	€43.5m	€24.0m	**Up 81.3%**
Operating margin pre exceptional	3.8%	2.3%	**Up 150bps**
EBITA pre exceptional	€47.9m	€27.5m	**Up 74.2%**
EBITA margin pre exceptional	4.2%	2.7%	**Up 150bps**
EBITDA pre exceptional	€66.9m	€45.2m	**Up 48.0%**

Dairy Ireland made a good recovery in 2010, compared with a very difficult 2009. Revenue grew 10.7% to €1.1 billion (2009: €1.0 billion). Operating profit pre exceptional increased 81.3% to €43.5 million (2009: €24.0 million) and the operating margin pre exceptional increased 150 basis points to 3.8% (2009: 2.3%). EBITA pre exceptional increased 74.2% to €47.9 million (2009: €27.5 million). EBITDA pre exceptional increased 48.0% to €66.9 million (2009: €45.2 million).

Dairy Ingredients Ireland: 2010 performance and 2011 outlook
In 2010, market conditions improved across all dairy product categories in line with firm demand and tight supply conditions. This delivered an improved performance in Dairy Ingredients Ireland, despite higher milk costs during the year. This business recovered from being loss making for the first time in 2009 although margins were at the lower end of the historical range. There was a strong focus on cost management during the year and targeted saving initiatives both at gross margin and overhead level were achieved. Dairy Ingredients Ireland was recognised as 'Innovation Exporter of the Year' by The Irish Exporters Association for the successful commercialisation of the specialist milk protein product called Solmiko. Dairy markets have risen further to date in 2011 and are currently expected to remain firm throughout the year. Dairy Ingredients Ireland is expected to perform well in 2011.

Consumer Products: 2010 performance and 2011 outlook
Market conditions for Consumer Products remained very challenging in 2010 and overall revenue, operating profit and margins were lower than 2009. Consumer confidence declined as the year progressed and value remains the key focus in all food categories. Consumer Products had a mixed year across its portfolio. The highlights include market share gains for Avonmore milk and a good performance in particular by the value added branded milk products. The trading environment for fresh dairy products was difficult in 2010 driven by intensive price promotion activity. For the food business overall it was a difficult year with margin pressure both on pricing and input costs. Significant cost reductions were achieved in the operational cost base driven primarily by headcount reductions and process re-engineering. While underlying volume trends have stabilised for Consumer Products the market remains fragile and the trading environment for 2011 is therefore expected to continue to be difficult. Subject to regulatory approval, Consumer Products has agreed to acquire the Limerick-based liquid milk business of Kerry Group plc. This will enable Consumer Products to expand its successful liquid milk business. In 2011, Consumer Products plans to continue to drive cost reductions to offset input and promotional cost pressures. Overall performance for 2011 is expected to be broadly in line with 2010.

Agribusiness: 2010 performance and 2011 outlook
In 2010, the recovery in milk and grain prices boosted farm incomes. This supported good volume growth across key categories of feed and fertiliser in Agribusiness during the year. The business performed broadly in line with 2009. In 2011, the Group expects a marginal improvement in performance through an improved product mix and continued tight management of the cost base.

Joint Ventures & Associates

	Constant Currency			Reported	
	2010	**2009**	**Change**	**2010**	**Change**
Revenue[(1)]	€401.1m	€297.6m	**Up 34.8%**	€416.6m	**Up 40.0%**
Operating profit pre exceptional	€20.6m	€17.4m	**Up 18.4%**	€21.6m	**Up 24.1%**
Operating margin pre exceptional	5.1%	5.8%	**Down 70bps**	5.2%	**Down 60bps**
EBITA pre exceptional	€20.6m	€17.4m	**Up 18.4%**	€21.6m	**Up 24.1%**
EBITA margin pre exceptional	5.1%	5.8%	**Down 70bps**	5.2%	**Down 60bps**
EBITDA pre exceptional	€26.7m	€23.8m	**Up 12.2%**	€27.8m	**Up 16.8%**

(1) Not included in Group revenue.

Analysis on a constant currency basis
Joint Ventures & Associates had a reasonable year. Revenue and operating profit improved as a result of market price increases in US cheese and European mozzarella markets. Glanbia's share of revenue grew 34.8% to €401.1 million (2009: €297.6 million). Glanbia's share of operating profit increased 18.4% to €20.6 million (2009: €17.4 million). Operating margins declined 70 basis points year-on-year to 5.1%, mainly as a result of lower margins in Southwest Cheese, which was challenged by the significant decline in cheese markets in the last quarter of the year. The Group's share of profit after interest and tax was €10.1 million, down marginally from €10.2 million in 2009. The following table reconciles operating profit with share of results of Joint Ventures & Associates, as reported in the income statement.

Joint Ventures & Associates		**Reported**	
	2010 €m	**2009 €m**	**Change €m**
Operating profit pre exceptional	21.6	17.4	Up 4.2
Finance costs	(4.7)	(3.5)	Down 1.2
Income taxes	(6.8)	(3.7)	Down 3.1
Share of results of Joint Ventures & Associates	**10.1**	**10.2**	**Down 0.1**

Glanbia expanded its US cheese position in 2010 to become one of the largest US manufacturers of American-style cheddar cheese, following the 40% expansion of output of Southwest Cheese in New Mexico which was completed on time and on budget in April 2010. Overall operating performance was in line with expectation for 2010.

Glanbia Cheese in the UK, the Group's European mozzarella cheese joint venture, benefited from good pizza demand across Europe, particularly in the home delivery segment where strong customer relationships and unique technologies have underpinned growth. This business increased revenue, operating profits and operating margins in 2010.

Nutricima in Nigeria continues to make steady progress. Revenue growth in the year was in line with expectations. However, margin pressure was a feature of the second half, as increased dairy commodity prices were not fully recovered in the retail market. There is a strong pipeline of new product development in the Ready-to-Drink sector, a key growth market for the business.

In 2011, Joint Ventures & Associates are expected to deliver some growth relative to 2010 with a good cash return to the Group through the forecast dividend.

Other Business

	2010	2009	Change
Revenue	€6.2m	€9.1m	**Down €2.9m**
Operating profit pre exceptional	(€0.8m)	(€2.8m)	**Up €2.0m**

The Group's Other Business segment includes a small dairy ingredients 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.

2011 outlook

The Group is well positioned for 2011. Our current expectation is that the trading environment for 2011 will be broadly positive. Global dairy markets are expected to remain firm, underpinned by robust demand, particularly from Asia, and demand-led growth in key nutritionals sectors. In January we acquired BSN®, a leading US sports nutrition business which is an excellent strategic fit with our Performance Nutrition business. For 2011, given our strong market positions and growing portfolio, we are forecasting 11% to 13% growth in adjusted earnings per share, on a constant currency basis.

2010 finance review

Revenue, profitability and margins as reported(1)

	2010					2009				
	Revenue	Operating profit	Operating Margin	EBITA(2)	EBITA Margin	Revenue	Operating profit	Operating Margin	EBITA	EBITA Margin
	€m	€m		€m		€m	€m		€m	
US Cheese & Global Nutritionals	1,021.9	93.8	9.2%	104.5	10.2%	792.4	90.0	11.4%	100.3	12.7%
Dairy Ireland	1,138.6	43.5	3.8%	47.9	4.2%	1,028.8	24.0	2.3%	27.5	2.7%
Other Business	6.2	(0.8)	(12.9%)	(0.8)	(12.9%)	9.1	(2.8)	(30.8%)	(2.8)	(30.8%)
Group as reported(3)	**2,166.7**	**136.5**	**6.3%**	**151.6**	**7.0%**	**1,830.3**	**111.2**	**6.1%**	**125.0**	**6.8%**
JVs & Associates	416.6	21.6	5.2%	21.6	5.2%	297.6	17.4	5.8%	17.4	5.8%
Total including JVs & Associates	**2,583.3**	**158.1**	**6.1%**	**173.2**	**6.7%**	**2,127.9**	**128.6**	**6.0%**	**142.4**	**6.7%**

(1) Pre exceptional items. (2) Given the nature of Group acquisitions in recent years, EBITA is an accurate reflection of underlying cash generative operating performance. (3) Reported results exclude Joint Ventures & Associates. Share of results of Joint Ventures & Associates in the income statement is an after interest and tax amount.

Segmental analysis including Joint Ventures & Associates

Glanbia is organised into four segments. The largest segment by revenue is Dairy Ireland which represents 44% of total Group revenue (2009: 48%) and 28% of total Group EBITA pre exceptional (2009: 19%). US Cheese & Global Nutritionals contributed 40% of total Group revenue (2009: 37%) and is the largest division by EBITA accounting for 60% of total Group EBITA pre exceptional (2009: 70%). Joint Ventures & Associates amounted to 16% of total Group revenue (2009: 14%) and 12% of total Group EBITA pre exceptional (2009: 12%). Other Business is a very small division representing less than 0.5% of total Group revenue.

Analysis of reported results

Group revenue increased 18.4% to €2.2 billion (2009: €1.8 billion). Total Group revenue, including share of Joint Ventures and Associates, grew 21.4% to €2.6 billion (2009: €2.1 billion). The strong growth in revenue is attributable mainly to the improvement in global dairy and US cheese markets in 2010 and continued strong organic volume growth in Global Nutritionals. Revenue in US Cheese & Global Nutritionals was up 29.0% to €1.0 billion (2009: €792.4 million). Revenue in Dairy Ireland grew 10.7% to €1.1 billion (2009: €1.0 billion). Revenue in Joint Ventures & Associates grew 40.0% to €416.6 million (2009: €297.6 million).

Group EBITA pre exceptional increased 21.3% to €151.6 million (2009: €125.0 million). Total Group EBITA pre exceptional, including Joint Ventures and Associates, grew 21.6% to €173.2 million (2009: €142.4 million). This improvement in performance is driven by the return to profitability of Dairy Ingredients Ireland with EBITA pre exceptional for Dairy Ireland improving by 74.2% to €47.9 million (2009: €27.5 million). US Cheese & Global Nutritionals delivered reasonable year-on-year EBITA pre exceptional growth, underpinned in particular by a good performance by Global Nutritionals. US Cheese & Global Nutritionals EBITA pre exceptional grew 4.2% to €104.5 million (2009: €100.3 million). Group EBITA margin pre exceptional grew 20 basis points to 7.0% (2009: 6.8%). Total Group EBITA margin pre exceptional, including Joint Ventures and Associates, was in line with 2009 at 6.7%. Dairy Ireland EBITA margin pre exceptional at 4.2% grew 150 basis points (2009: 2.7%), driven by the strong recovery in Dairy Ingredients Ireland following a loss in 2009, offset by margin pressures in Consumer Products. US Cheese & Global Nutritionals EBITA margin pre exceptional declined 250 basis points to 10.2% (2009: 12.7%). Lower margins were as a result of higher input costs, significant brand and people investment by Global Nutritionals, volatile market conditions and milk cost premiums in US Cheese.

Group operating profit pre exceptional, including Joint Ventures & Associates, increased by 22.9% to €158.1 million (2009: €128.6 million). Group operating margin pre exceptional, including Joint Ventures & Associates, increased 10 basis points to 6.1% (2009: 6.0%).

Taxation

The 2010 tax charge pre exceptional increased by €6.4 million to €25.5 million (2009: €19.1 million) reflecting the increased Group profitability. The Group's effective tax rate in 2010, excluding Joint Ventures & Associates, was 22.3% (2009: 21.9%).

Exceptional items

In 2010, further revisions to the Group's pension arrangements for three additional Irish pension schemes were finalised reflecting the planned continuation of the revision to pension arrangements which commenced in 2009. This gave rise to a further net reduction in pension liabilities and resulted in an exceptional credit (pre taxation) of €10.2 million.

Basic earnings per share

Basic earnings per share (EPS) decreased 4.2% to 36.86 cents (2009: 38.46 cents), as a year-on-year reduction in net exceptional credit items of €25.2 million was partly offset by an increase in Group profit after tax of €20.7 million.

Adjusted earnings per share

Adjusted EPS is calculated as the profit for the year attributable to the equity holders of the parent before exceptional items and amortisation of intangible assets (net of tax). Adjusted earnings per share increased 24.1% to 38.07 cents (2009: 30.68 cents) driven mainly by the improved performance of Dairy Ingredients Ireland and good organic growth in Global Nutritionals.

Dividend

The Board is recommending a final dividend of 4.49 cents per share (2009: final dividend 3.95 cents per share). This brings the total dividend for the year to 7.52 cents per share (2009: 6.84 cents per share), an increase of 10%. Subject to approval at the Annual General Meeting dividends will be paid on 20 May 2011 to shareholders on the register of members as at 8 April 2011. Irish withholding tax will be deducted at the standard rate where appropriate.

Balance sheet and cash flow

Net debt decreased by €34.5 million in the year to €408.1 million (2009: €442.6 million). The reduction in net debt, which is after an adverse foreign exchange movement of €16.8 million primarily on USD denominated debt, is due mainly to an increase in EBITDA performance.

Summary free cash flow	**2010 €m**	**2009 €m**	**Change €m**
EBITDA pre exceptional	182.8	152.5	30.3
Working capital movement	(53.6)	(18.8)	(34.8)
Net interest and tax paid	(34.5)	(30.7)	(3.8)
Business sustaining capital investment	(17.3)	(20.1)	2.8
Other	(11.9)	(16.8)	4.9
Free cash flow	**65.5**	**66.1**	**(0.6)**

Free cash flow decreased year-on-year by €0.6 million to €65.5 million (2009: €66.1 million). This is after charging working capital movements and business sustaining capital expenditure, but before dividends received from Joint Ventures, loans repaid by/advanced to Joint Ventures, strategic capital expenditure, restructuring costs, and equity dividends. In 2010, dividends received from Joint Ventures & Associates were €11.2 million (2009: €17.9 million) and reflect a sustainable level of cash return to the Group from key strategic joint ventures. Loans advanced to Southwest Cheese during 2009 of €21.5 million, to fund the capacity expansion, were repaid during 2010. As the Group conserved cash during 2010, strategic capital expenditure reduced by €7.4 million to €16.2 million (2009: €23.6 million).

Return on capital employed is a post tax measure of the returns earned by the Group on capital invested including Joint Ventures & Associates. This return increased 170 basis points in the year to 12.9% (2009: 11.2%), due to the improved level of operating performance of the Group.

Financing

The Group has total committed debt facilities of €734.2 million incorporating bank facilities of €670.7 million and €63.5 million cumulative redeemable preference shares. Bank facilities are held with nine banks under bilateral arrangements with common documentation and terms. €160.7 million of the facilities are renewable in July 2012 and €510.0 million in July 2013. The €63.5 million cumulative redeemable preference shares mature in July 2014. The Group continues to operate comfortably within its banking covenants. The Group's net debt: Adjusted EBITDA at year end was 2.1 times (2009: 2.6 times) compared to a covenant of 3.3 times. Glanbia will be reviewing overall Group financing in 2011 as part of the normal renewal process.

Key financial covenants	Covenant	2010	2009	2008
Net debt[1] : Adjusted EBITDA[2] (times)	3.3	2.1	2.6	2.7
Adjusted EBIT[3] : Net finance costs (times)	3.5	6.7	5.4	6.4

1 Including €63.5 million cumulative redeemable preference shares

2 Adjusted EBITDA reflects Group EBITDA plus dividends from Joint Ventures & Associates

3 Adjusted EBIT reflects Group EBIT plus dividends from Joint Ventures & Associates

Financing costs declined €1.9 million to €22.1 million (2009: €24.0 million). In 2010, adjusted EBIT to net financing cost cover improved to 6.7 times (2009: 5.4 times). The Group's average interest rate for the full year of 2010 was 4.2% (2009: 4.3%). Glanbia operates a policy of fixing a significant amount of its interest exposure with approximately 75% of year-end debt currently contracted at fixed rates for 2011.

Pension

At 1 January 2011 the Group's net pension liability under IAS 19 'Employee benefits', before deferred tax, decreased by €37.2 million to €48.6 million (2009: €85.8 million). A strategic review of the Group's pension arrangements was completed during 2009 following which the Group revised benefits under the main Irish defined benefit schemes giving rise to an exceptional gain and corresponding reduction in the pension deficit of €100.1 million. During 2010, revisions to the Group's pension scheme arrangements for three additional Irish pension schemes, consistent with the revisions made in the Group's main pension schemes, have been finalised. This gave rise to an exceptional gain in the year of €10.2 million.

The fair value of the assets of the pension schemes at 1 January 2011 was €389.3 million (2009: €349.2 million) and the value of the scheme liabilities was €437.9 million (2009: €435.0 million).

Annual General Meeting (AGM)

The Group's AGM will be held on Wednesday, 11 May 2011 in Lyrath Estate Hotel, Kilkenny. On the same day Glanbia will issue an Interim Management Statement.

Principal risks and uncertainties affecting the Group's performance in 2011

The Board of Glanbia plc has the ultimate responsibility for risk management. The performance of the Group is influenced by economic growth, global dairy and US cheese markets, and consumer confidence in the markets in which it operates. Economic uncertainty or excessive volatility in global dairy pricing represents a material change to the Group's trading environment.

In 2011, the principal risks and uncertainties affecting the Group's performance are:

- The potential effect of any significant change to supply or demand dynamics in major markets on the fundamentals of pricing in global dairy markets;
- The impact that any potential imbalance in the pricing of dairy products may have on the availability or cost of milk procurement for the US Cheese business; and
- The effect of a further deterioration in consumer confidence on the competitiveness of the Irish retail market.

The principal risks and uncertainties will be outlined in detail in the 2010 Annual Report.

Cautionary Statement

This announcement 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 announcement, whether as a result of new information, future events, or otherwise.

Group income statement
for the financial year ended 1 January 2011

	Notes	Pre-exceptional 2010 €'000	Exceptional 2010 €'000 (note 3)	Total 2010 €'000	Pre-exceptional 2009 €'000	Exceptional 2009 €'000 (note 3)	Total 2009 €'000
Revenue	2	2,166,695	–	2,166,695	1,830,327	–	1,830,327
Cost of sales		(1,784,263)	–	(1,784,263)	(1,507,119)	(5,084)	(1,512,203)
Gross profit		**382,432**	**–**	**382,432**	**323,208**	**(5,084)**	**318,124**
Distribution expenses		(115,896)	–	(115,896)	(116,115)	(1,486)	(117,601)
Administration expenses		(130,029)	–	(130,029)	(95,927)	(8,485)	(104,412)
Other gains and losses		–	10,238	10,238	–	60,730	60,730
Operating profit		**136,507**	**10,238**	**146,745**	**111,166**	**45,675**	**156,841**
Finance income	4	3,290	–	3,290	5,542	–	5,542
Finance costs	4	(25,420)	–	(25,420)	(29,576)	–	(29,576)
Share of results of Joint Ventures & Associates		10,103	–	10,103	10,225	–	10,225
Profit before taxation		**124,480**	**10,238**	**134,718**	**97,357**	**45,675**	**143,032**
Income taxes	5	(25,527)	(558)	(26,085)	(19,103)	(10,770)	(29,873)
Profit for the year		**98,953**	**9,680**	**108,633**	**78,254**	**34,905**	**113,159**
Attributable to:							
Equity holders of the parent				108,047			112,676
Non-controlling interests				586			483
				108,633			**113,159**
Basic earnings per share (cents)	6			**36.86**			**38.46**
Diluted earnings per share (cents)	6			**36.63**			**38.35**

Group statement of comprehensive income
for the financial year ended 1 January 2011

	2010 €'000	2009 €'000
Profit for the year	**108,633**	**113,159**
Other comprehensive income/(expense)		
Actuarial gain/(loss) – defined benefit schemes	13,379	(31,215)
Deferred tax (charge)/credit on actuarial gain/loss	(1,250)	2,684
Share of actuarial gain/(loss) – Joint Ventures & Associates	2,760	(1,730)
Deferred tax (charge)/credit on actuarial gain/loss – Joint Ventures & Associates	(316)	366
Currency translation differences	20,169	6,258
Fair value movements on available for sale financial assets	(5,381)	(3,367)
Fair value movements on cash flow hedges	3,936	5,114
Deferred tax on fair value movements	2,267	(503)
Other comprehensive income/(expense) for the year, net of tax	**35,564**	**(22,393)**
Total comprehensive income for the year	**144,197**	**90,766**
Total comprehensive income attributable to:		
Equity holders of the parent	143,611	90,283
Non-controlling interests	586	483
	144,197	**90,766**

Group statement of changes in equity
for the financial year ended 1 January 2011

	Attributable to equity holders of the parent					
	Share capital and share premium €'000	Other reserves €'000	Retained earnings €'000	Total €'000	Non-controlling interests €'000	Total €'000
Balance at 3 January 2009	**99,219**	**100,983**	**19,707**	**219,909**	**8,010**	**227,919**
Profit for the year	–	–	112,676	112,676	483	113,159
Other comprehensive income/(expense)						
Actuarial loss – defined benefit schemes	–	–	(31,215)	(31,215)	–	(31,215)
Deferred tax on actuarial loss	–	–	2,684	2,684	–	2,684
Share of actuarial loss – Joint Ventures & Associates	–	–	(1,364)	(1,364)	–	(1,364)
Fair value movements	–	1,747	–	1,747	–	1,747
Deferred tax on fair value movements	–	(503)	–	(503)	–	(503)
Exceptional non-cash foreign exchange loss	–	18,280	–	18,280	–	18,280
Currency translation differences	–	(12,022)	–	(12,022)	–	(12,022)
Total comprehensive income for the year	**–**	**7,502**	**82,781**	**90,283**	**483**	**90,766**
Dividends paid during the year	–	–	(19,484)	(19,484)	(2,000)	(21,484)
Cost of share based payments	–	187	–	187	–	187
Balance at 2 January 2010	**99,219**	**108,672**	**83,004**	**290,895**	**6,493**	**297,388**
Profit for the year	–	–	108,047	108,047	586	108,633
Other comprehensive income/(expense)						
Actuarial gain – defined benefit schemes	–	–	13,379	13,379	–	13,379
Deferred tax on actuarial gain	–	–	(1,250)	(1,250)	–	(1,250)
Share of actuarial gain – Joint Ventures & Associates	–	–	2,444	2,444	–	2,444
Fair value movements	–	(1,445)	–	(1,445)	–	(1,445)
Deferred tax on fair value movements	–	2,267	–	2,267	–	2,267
Currency translation differences	–	20,169	–	20,169	–	20,169
Total comprehensive income for the year	**–**	**20,991**	**122,620**	**143,611**	**586**	**144,197**
Dividends paid during the year	–	–	(20,453)	(20,453)	(187)	(20,640)
Cost of share based payments	–	2,937	–	2,937	–	2,937
Transfer on exercise, forfeit or lapse of share based payments that have vested	–	(373)	373	–	–	–
Shares issued	17	–	–	17	–	17
Premium on shares issued	505	–	–	505	–	505
Balance at 1 January 2011	**99,741**	**132,227**	**185,544**	**417,512**	**6,892**	**424,404**

Goodwill previously written off amounting to €93.0 million (2009: €93.0 million) is included in opening and closing retained earnings, see note 9.

Group statement of financial position
as at 1 January 2011

	Notes	2010 €'000	2009 €'000
ASSETS			
Non-current assets			
Property, plant and equipment		369,346	363,152
Intangible assets		356,830	342,112
Investments in associates		11,757	10,041
Investments in joint ventures		58,945	58,276
Trade and other receivables		23,084	50,555
Deferred tax assets		7,388	12,022
Available for sale financial assets		14,127	20,397
Derivative financial instruments		1,643	2,718
		843,120	**859,273**
Current assets			
Inventories		303,881	201,577
Trade and other receivables		246,831	204,326
Derivative financial instruments		3,912	7,501
Cash and cash equivalents	8	229,101	152,789
		783,725	**566,193**
Total assets		**1,626,845**	**1,425,466**
EQUITY			
Issued capital and reserves attributable to equity holders of the parent			
Share capital and share premium		99,741	99,219
Other reserves		132,227	108,672
Retained earnings	9	185,544	83,004
		417,512	**290,895**
Non-controlling interests		6,892	6,493
Total equity		**424,404**	**297,388**
LIABILITIES			
Non-current liabilities			
Borrowings	8	636,251	594,462
Derivative financial instruments		3,315	5,631
Deferred tax liabilities		75,966	66,337
Retirement benefit obligations		48,560	85,765
Provisions for other liabilities and charges		22,392	20,133
Capital grants		18,609	18,582
		805,093	**790,910**
Current liabilities			
Trade and other payables		366,246	295,481
Current tax liabilities		2,538	2,816
Borrowings	8	972	945
Derivative financial instruments		6,487	10,615
Provisions for other liabilities and charges		21,105	27,311
		397,348	**337,168**
Total liabilities		**1,202,441**	**1,128,078**
Total equity and liabilities		**1,626,845**	**1,425,466**

Group statement of cash flows
for the financial year ended 1 January 2011

	Notes	2010 €'000	2009 €'000
Cash flows from operating activities			
Cash generated from operations	11	107,214	104,710
Interest received		3,054	5,352
Interest paid		(25,613)	(30,484)
Tax paid		(11,955)	(5,533)
Net cash inflow from operating activities		**72,700**	**74,045**
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		–	(521)
Payment of deferred consideration on acquisition of subsidiaries		(644)	(762)
Purchase of property, plant and equipment		(31,631)	(47,463)
Purchase of intangible assets		(4,333)	(3,724)
Dividends received from joint ventures		11,210	17,924
Loans repaid by/(advanced to) joint ventures		23,280	(21,508)
Decrease in available for sale financial assets		438	433
Proceeds from sale of property, plant and equipment		1,163	1,609
Net cash used in investing activities		**(517)**	**(54,012)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares		522	–
Increase in borrowings		21,823	16,642
Finance lease principal payments		(926)	(908)
Dividends paid to Company shareholders	7	(20,453)	(19,484)
Dividends paid to non-controlling interests		(187)	(2,000)
Capital grants received		1,432	6,793
Net cash inflow from financing activities		**2,211**	**1,043**
Net increase in cash and cash equivalents		74,394	21,076
Cash and cash equivalents at the beginning of the year		152,789	132,572
Effects of exchange rate changes on cash and cash equivalents		1,918	(859)
Cash and cash equivalents at the end of the year		**229,101**	**152,789**
Reconciliation of net cash flow to movement in net debt			
Net increase in cash and cash equivalents		74,394	21,076
Cash movements from debt financing		(20,897)	(15,734)
		53,497	**5,342**
Fair value movement of interest rate swaps qualifying as fair value hedges		(2,165)	597
Exchange translation adjustment on net debt		(16,836)	3,526
Movement in net debt in the year		**34,496**	**9,465**
Net debt at the beginning of the year		(442,618)	(452,083)
Net debt at the end of the year		**(408,122)**	**(442,618)**
Net debt comprises:			
Borrowings		(637,223)	(595,407)
Cash and cash equivalents		229,101	152,789
	8	**(408,122)**	**(442,618)**

Notes to the financial information
for the financial year ended 1 January 2011

1 Basis of preparation

The financial information has been prepared under the historical cost convention as modified by use of fair values for available for sale financial assets and derivative financial instruments, and the accounting policies that the Group has adopted for 2010.

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 1 January 2011 (referred to as the 2010 financial statements). The 2010 financial statements have been audited and have received an unqualified audit report.

Amounts are stated in euro thousands (€'000) unless otherwise stated.

The financial information is prepared for a 52 week year ending on 1 January 2011. Comparatives are for the 52 week year ended 2 January 2010. The statements of financial position for 2010 and 2009 have been drawn up as at 1 January 2011 and 2 January 2010 respectively.

The financial statements were approved by the Board of Directors on 1 March 2011 and signed on its behalf by L Herlihy, J Moloney and S Talbot.

2 Segment information

In accordance with IFRS 8 – Operating Segments, the Group has four segments as follows: US Cheese & Global Nutritionals, Dairy Ireland, Joint Ventures & Associates and Other Business. 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 Operating 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 revenue from the manufacture and sale of cheese, whey protein and other nutritional solutions; Dairy Ireland incorporates the manufacture and sale of a range of dairy products and the sale of feed, fertiliser and other farm inputs; Joint Ventures & Associates revenue mainly arises due to the manufacture and sale of cheese, whey proteins and dairy consumer products. Each segment is reviewed in its totality by the Chief Operating Decision Maker.

The Other Business segment refers to all other businesses which comprise the Property business unit and a small dairy processing operation in Mexico which was disposed of in September 2010.

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

		US Cheese & Global Nutritionals €'000	Dairy Ireland €'000	JV's & Associates €'000	Other Business €'000	Group including JV's & Associates €'000
Total gross segment revenue	(a)	1,024,653	1,154,023	416,564	6,244	2,601,484
Inter-segment revenue		(2,752)	(15,473)	–	–	(18,225)
Segment external revenue		**1,021,901**	**1,138,550**	**416,564**	**6,244**	**2,583,259**
Segment earnings before interest, tax and exceptional items	(b)	93,795	43,543	21,554	(831)	158,061
Exceptional items – defined benefit pensions		–	10,238	–	–	10,238
Segment earnings before interest and tax		**93,795**	**53,781**	**21,554**	**(831)**	**168,299**

Included in external revenue are related party sales between Dairy Ireland and Joint Ventures & Associates of €69.2 million and related party sales between US Cheese & Global Nutritionals and Joint Ventures & Associates of €9.4 million.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

Notes to the financial information
for the financial year ended 1 January 2011

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

	2010 €'000
Segment revenue	**2,601,484**
Inter-segment revenue	(18,225)
Joint Ventures & Associates revenue	(416,564)
Reported external revenue	**2,166,695**

2.1 (b): Segment earnings before interest, tax and exceptional items are reconciled to reported profit before tax and profit after tax as follows:

	2010 €'000
Segment earnings before interest and tax	**158,061**
Exceptional items – defined benefit pensions	10,238
Joint Ventures & Associates interest and tax	(11,451)
Finance income	3,290
Finance costs	(25,420)
Reported profit before tax	**134,718**
Income taxes	(26,085)
Reported profit after tax	**108,633**

Finance income, finance costs and income taxes are not allocated to segments as this type of activity is driven by the central treasury and taxation functions, which manage the cash and taxation position of the Group.

Other segment items included in the income statement for the year ended 1 January 2011 are as follows:

	US Cheese & Global Nutritionals €'000	Dairy Ireland €'000	JV's & Associates €'000	Other Business €'000	Group including JV's & Associates €'000
Depreciation of property, plant and equipment	12,514	19,997	6,823	58	**39,392**
Amortisation of intangibles	10,711	4,400	6	–	**15,117**
Capital grants released to the income statement	(330)	(1,089)	(526)	–	**(1,945)**
Exceptional items – defined benefit pensions	–	10,238	–	–	**10,238**

Notes to the financial information
for the financial year ended 1 January 2011

The segment assets and liabilities at 1 January 2011 and segment capital expenditure and acquisitions for the year then ended are as follows:

		US Cheese & Global Nutritionals €'000	Dairy Ireland €'000	JV's & Associates €'000	Other Business €'000	Group including JV's & Associates €'000
Segment assets	(c)	725,960	556,455	87,362	17,041	**1,386,818**
Segment liabilities	(d)	200,380	288,125	–	1,536	**490,041**
Segment capital expenditure and acquisitions	(e)	23,085	13,522	11,901	124	**48,632**

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

	2010 €'000
Segment assets	**1,386,818**
Unallocated assets	240,027
Reported assets	**1,626,845**

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

2.1 (d): Segment liabilities are reconciled to reported liabilities as follows:

	2010 €'000
Segment liabilities	**490,041**
Unallocated liabilities	712,400
Reported liabilities	**1,202,441**

Unallocated liabilities primarily include items such as taxation, borrowings and derivatives.

2.1 (e): Segment capital expenditure and acquisitions are reconciled to reported capital expenditure and acquisitions as follows:

	2010 €'000
Segment capital expenditure and acquisitions	**48,632**
Joint Ventures & Associates capital expenditure	(11,901)
Unallocated capital expenditure	466
Reported capital expenditure and acquisitions	**37,197**

Notes to the financial information
for the financial year ended 1 January 2011

2.2 The segment results for the year ended 2 January 2010 are as follows:

		US Cheese & Global Nutritionals €'000	Dairy Ireland €'000	JV's & Associates €'000	Other Business €'000	Group including JV's & 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)
Segment external revenue		**792,393**	**1,028,766**	**297,587**	**9,168**	**2,127,914**
Segment earnings before interest, tax and exceptional items	(b)	89,982	24,004	17,453	(2,820)	128,619
Exceptional item – segment rationalisation costs		(219)	(13,738)	–	(84)	(14,041)
Segment earnings before interest and tax		**89,763**	**10,266**	**17,453**	**(2,904)**	**114,578**

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.

Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

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

	2009 €'000
Segment revenue	**2,140,202**
Inter-segment revenue	(12,288)
Joint Ventures & Associates revenue	(297,587)
Reported external revenue	**1,830,327**

2.2 (b): Segment earnings before interest, tax and exceptional items are reconciled to reported profit before tax and profit after tax as follows:

	2009 €'000
Segment earnings before interest and tax	**128,619**
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)
Reported profit before tax	**143,032**
Income taxes	(29,873)
Reported profit after tax	**113,159**

Finance income, finance costs and income taxes are not allocated to segments as this type of activity is driven by the central treasury and taxation functions, which manage the cash and taxation position of the Group.

Notes to the financial information
for the financial year ended 1 January 2011

Other segment items included in the income statement for the year ended 2 January 2010 are as follows:

	US Cheese & Global Nutritionals €'000	Dairy Ireland €'000	JV's & Associates €'000	Other Business €'000	Group including JV's & Associates €'000
Depreciation of property, plant and equipment	9,692	18,964	6,691	79	**35,426**
Amortisation of intangibles	10,364	3,494	6	–	**13,864**
Capital grants released to the income statement	(11)	(1,226)	(396)	–	**(1,633)**
Exceptional items – segment rationalisation costs	(219)	(13,738)	–	(84)	**(14,041)**
Exceptional items – unallocated	–	–	–	–	**59,716**

The segment assets and liabilities at 2 January 2010 and segment capital expenditure and acquisitions for the year then ended are as follows:

		US Cheese & Global Nutritionals €'000	Dairy Ireland €'000	JV's & Associates €'000	Other Business €'000	Group including JV's & Associates €'000
Segment assets	(c)	630,530	475,423	102,035	23,809	**1,231,797**
Segment liabilities	(d)	164,351	264,743	–	1,202	**430,296**
Segment capital expenditure and acquisitions	(e)	24,704	21,907	29,993	3,435	**80,039**

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

	2009 €'000
Segment assets	**1,231,797**
Unallocated assets	193,669
Reported assets	**1,425,466**

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

2.2 (d): Segment liabilities are reconciled to reported liabilities as follows:

	2009 €'000
Segment liabilities	**430,296**
Unallocated liabilities	697,782
Reported liabilities	**1,128,078**

Unallocated liabilities primarily include items such as taxation, borrowings and derivatives.

Notes to the financial information
for the financial year ended 1 January 2011

2.2 (e): Segment capital expenditure and acquisitions are reconciled to reported capital expenditure and acquisitions as follows:

	2009 €'000
Segment capital expenditure and acquisitions	**80,039**
Joint Ventures & Associates capital expenditure	(29,993)
Unallocated capital expenditure	426
Reported capital expenditure and acquisitions	**50,472**

2.3 Entity wide disclosures

Revenue from external customers for each group of similar product in the US Cheese & Global Nutritionals, Dairy Ireland, Joint Ventures & Associates and Other Business segments are outlined at section 2.1 and 2.2 above.

Geographical information
Revenue by geographical destination is reviewed by the Chief Operating Decision Maker. The breakdown of revenue by geographical destination is as follows:

	2010 €'000	2009 €'000
Ireland	725,834	703,217
UK	137,874	113,569
Rest of Europe	122,508	85,003
USA	901,717	718,802
Other	278,762	209,736
	2,166,695	**1,830,327**

Revenue of approximately €249.6 million (2009: €231.1 million) is derived from a single external customer.

The total of non-current assets, other than financial instruments and deferred tax assets, located in Ireland is €271.5 million (2009: €305.9 million) and located in other countries, mainly the USA is €562.6 million (2009: €538.6 million).

Notes to the financial information
for the financial year ended 1 January 2011

3 Exceptional items

	Notes	2010 €'000	2009 €'000
Rationalisation costs	(a)	–	(15,055)
Non-cash foreign exchange loss	(b)	–	(18,280)
Defined benefit schemes			
– Irish defined benefit pension schemes	(c)	10,238	100,098
– UK defined benefit pension schemes	(d)	–	(21,088)
Total exceptional credit before tax		**10,238**	**45,675**
Exceptional tax charge (note 5)		(558)	(10,770)
Net exceptional credit		**9,680**	**34,905**

(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 was recycled to the Group's income statement.

(c) The Group undertook a review of pension arrangements during 2009 which resulted in the recognition of a gain on the main Irish defined benefit pension schemes of €100.1 million. In 2010, further revisions to the Group's pension arrangements for three additional Irish defined benefit schemes, consistent with the revisions made to the Group's main pension schemes, have been finalised giving rise to an exceptional gain, in accordance with IAS 19, in the year of €10.2 million. This gain relates to curtailment gains and negative past service costs of €1.7 million and €10.9 million respectively offset by a change in the estimate of the prior year curtailment of €2.4 million.

(d) The Group's UK defined benefit schemes exceptional charge of €21.1 million in the prior year relates to the scheme's administration and certain other costs associated with businesses disposed of in prior years.

Notes to the financial information
for the financial year ended 1 January 2011

4 Finance income and costs

	2010 €'000	2009 €'000
Finance income		
Interest income	3,008	4,662
Interest income on deferred consideration	282	880
Total finance income	**3,290**	**5,542**
Finance costs		
Bank borrowings repayable within five years	(13,001)	(16,756)
Interest cost on deferred consideration	(80)	(67)
UK pension provision	(121)	–
Finance lease costs	(256)	(241)
Interest rate swaps, transfer from equity	(7,613)	(8,163)
Interest rate swaps, fair value hedges	2,733	1,524
Fair value adjustment to borrowings attributable to interest rate risk	(2,733)	(1,524)
Finance cost of preference shares	(4,349)	(4,349)
Total finance costs	**(25,420)**	**(29,576)**
Net finance costs	**(22,130)**	**(24,034)**

Net finance costs exclude borrowing costs attributable to the acquisition, construction or production of a qualifying asset which has been capitalised.

Notes to the financial information
for the financial year ended 1 January 2011

5 Income taxes

	Notes	2010 €'000	2009 €'000
Current tax			
Irish current tax		11,620	3,044
Adjustments in respect of prior years		(422)	(1,623)
Irish current tax on income for the year		**11,198**	**1,421**
Foreign current tax		2,285	4,727
Adjustments in respect of prior years		1,050	215
Foreign current tax on income for the year		**3,335**	**4,942**
Total current tax		**14,533**	**6,363**
Deferred tax		10,994	12,740
Pre exceptional tax charge		**25,527**	**19,103**
Exceptional tax charge/(credit)			
Current	(a)	–	(1,742)
Deferred	(b)	558	12,512
Total tax charge		**26,085**	**29,873**

(a) The restructuring provision charged in the prior year resulted in an exceptional current tax credit in 2009 of €1.7 million.

(b) The curtailment gains and negative past service costs recognised in the defined benefit pension schemes during the year resulted in an exceptional deferred tax charge of €0.6 million (2009: €12.5 million).

The exceptional net tax charges and credits in 2010 and 2009, by virtue of their nature and size, have been separately disclosed above. The tax on the Group's profit before tax differs from the theoretical amount that would arise using the corporation tax rate in Ireland, as follows:

	2010 €'000	2009 €'000
Profit before tax	**134,718**	**143,032**
Tax calculated at Irish rate of 12.5% (2009: 12.5%)	16,840	17,879
Earnings at reduced and higher Irish rates	(902)	(2,067)
Difference due to overseas tax rates	6,999	13,001
Adjustment to tax charge in respect of previous periods	(1,811)	(1,071)
Tax on profits of Joint Ventures & Associates included in profit before tax	(1,263)	(1,278)
Expenses not deductible for tax purposes and other differences	6,222	3,409
Total tax charge	**26,085**	**29,873**

Notes to the financial information
for the financial year ended 1 January 2011

6 Earnings per share

Basic
Basic earnings per share is calculated by dividing the net profit attributable to the equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as own shares.

	2010	2009
Profit attributable to equity holders of the parent (€'000's)	108,047	112,676
Weighted average number of ordinary shares in issue	**293,105,068**	**292,985,630**
Basic earnings per share (cents per share)	**36.86**	**38.46**

Diluted
Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. Share options are potential dilutive ordinary shares. In respect of share options, a calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2010	2009
Weighted average number of ordinary shares in issue	293,105,068	292,985,630
Adjustments for share options	1,874,570	830,517
Adjusted weighted average number of ordinary shares	**294,979,638**	**293,816,147**
Diluted earnings per share (cents per share)	**36.63**	**38.35**

Adjusted
Adjusted earnings per share is calculated on the net profit attributable to equity holders of the parent, before net exceptional items and intangible asset amortisation (net of related tax). Adjusted earnings per share is considered to be more reflective of the Group's overall underlying performance.

	2010 €'000	2009 €'000
Profit attributable to equity holders of the parent	108,047	112,676
Amortisation of intangible assets (net of related tax)	13,222	12,126
Net exceptional items	(9,680)	(34,905)
Adjusted net income	**111,589**	**89,897**
Adjusted earnings per share (cents per share)	**38.07**	**30.68**
Diluted adjusted earnings per share (cents per share)	**37.83**	**30.60**

Notes to the financial information
for the financial year ended 1 January 2011

7 Dividends

The dividends paid in 2010 and 2009 were €20.5 million (6.98 cents per share) and €19.5 million (6.65 cents per share) respectively. On 29 September 2010 an interim dividend of 3.03 cents per share on the ordinary shares amounting to €8.9 million was paid to shareholders on the register of members as at 10 September 2010. The Directors have recommended the payment of a final dividend of 4.49 cents per share on the ordinary shares which amounts to €13.2 million. Subject to shareholders approval this dividend will be paid on 20 May 2011 to shareholders on the register of members at 8 April 2011, the record date. These financial statements do not reflect this final dividend.

If a shareholder's registered address is in the UK and a shareholder has not previously provided the Company with a mandate form for an Irish euro account, a shareholder will default to a sterling payment. All other shareholders will default to a euro payment.

8 Net debt

	2010	2009
	€'000	€'000
Borrowings due within one year	**972**	945
Borrowings due after one year	**636,251**	594,462
Less:		
Cash and cash equivalents	**(229,101)**	(152,789)
Net debt	**408,122**	442,618

Notes to the financial information
for the financial year ended 1 January 2011

9 Retained earnings

	Retained earnings €'000	Goodwill write-off €'000	Total €'000
Balance at 3 January 2009	**112,668**	**(92,961)**	**19,707**
Profit for the year	112,676	–	112,676
Other comprehensive income/(expense)			
Actuarial loss – defined benefit schemes	(31,215)	–	(31,215)
Deferred tax on actuarial loss	2,684	–	2,684
Share of actuarial loss – Joint Ventures & Associates	(1,364)	–	(1,364)
Total comprehensive income for the year	**82,781**	**–**	**82,781**
Dividends paid during the year	(19,484)	–	(19,484)
Balance at 2 January 2010	**175,965**	**(92,961)**	**83,004**
Profit for the year	108,047	–	108,047
Other comprehensive income/(expense)			
Actuarial gain – defined benefit schemes	13,379	–	13,379
Deferred tax on actuarial gain	(1,250)	–	(1,250)
Share of actuarial gain – Joint Ventures & Associates	2,444	–	2,444
Total comprehensive income for the year	**122,620**	**–**	**122,620**
Dividends paid during the year	(20,453)	–	(20,453)
Transfer on exercise, forfeit or lapse of share based payments that have vested	373	–	373
Balance at 1 January 2011	**278,505**	**(92,961)**	**185,544**

10 Business combinations

On 18 January 2011 the Group signed an agreement to purchase the business and assets of a leading US based performance nutrition business Bio-Engineered Supplements and Nutrition (BSN®). BSN® is a leading developer, provider and distributor of nutritional products designed for health, physique development and training.

Details of net assets acquired and goodwill arising from the business combination are as follows:

	2010 €'000
Purchase consideration – cash paid	107,696
Less: Fair value of assets acquired	90,271
Goodwill	**17,425**

The acquisition of BSN® significantly enhances the Group's Performance Nutrition portfolio and delivers further growth opportunities in this area. The goodwill is attributable to the profitability and development opportunities through combined R&D and the benefits associated with the extension of Glanbia's scale and specific capabilities to the acquired business.

The fair value of assets and liabilities arising from the acquisition are as follows:

	Fair Value €'000
Property, plant and equipment	1,700
Other intangible assets	83,614
Inventories	9,666
Receivables	7,523
Payables	(12,232)
Fair value of assets acquired	**90,271**

Acquisition-related costs included in administration expenses in the Group's consolidated income statement for the year ended 1 January 2011 amounted to €0.6 million.

The fair values assigned to identifiable assets and liabilities have been determined provisionally due to the proximity of the acquisition date and approval of the Annual Report. Any adjustment to the provisional valuations will be recognised within 12 months of the acquisition date.

11 Cash generated from operations

	2010 €'000	2009 €'000
Profit before taxation	**134,718**	**143,032**
Development costs capitalised	(2,821)	(2,639)
Impairment charge	1,372	1,078
Non-cash exceptional gain	(10,238)	(45,675)
Share of results of Joint Ventures & Associates	(10,103)	(10,225)
Depreciation	32,569	28,735
Amortisation	15,111	13,858
Cost of share based payments	2,937	187
Difference between pension charge and cash contributions	(14,598)	(12,863)
Loss/(gain) on disposal of property, plant and equipment	957	(716)
Interest income	(3,290)	(5,542)
Interest expense	25,420	29,576
Amortisation of government grants received	(1,419)	(1,237)
Cash generated from operations before changes in working capital	**170,615**	**137,569**
Change in net working capital:		
– (Increase)/decrease in inventory	(97,009)	71,568
– (Increase) in short term receivables	(28,065)	(10,504)
– Increase/(decrease) in short term liabilities	66,048	(78,077)
– (Decrease) in provisions	(4,375)	(15,846)
Cash generated from operations	**107,214**	**104,710**

12 Events after the reporting period

On 18 January 2011 the Group signed an agreement to purchase the business and assets of a leading US based performance nutrition business Bio-Engineered Supplements and Nutrition (BSN®). For further details regarding this acquisition see note 10 – Business combinations.

On 12 January 2011, the Group also acquired the business and assets of the Kerry Group plc Limerick based liquid milk business, subject to regulatory approval.

13 Statutory financial statements

The financial information in this preliminary announcement is not the statutory financial statements of the Company, a copy of which is required to be annexed to the Company's annual return filed with the Companies Registration Office. A copy of the financial statements in respect of the financial year ended 1 January 2011 will be annexed to the Company's annual return for 2011. The auditors of the Company have made a report, without any qualification on their audit, of the financial statements of the Group and Company in respect of the financial year ended 1 January 2011, which were approved by the Directors on 1 March 2011. A copy of the financial statements of the Group in respect of the year ended 2 January 2010 has been annexed to the Company's annual return for 2010 and filed with the Companies Registration Office.