glanbia

gaining momentum

annual report

What's inside

An overview of our business

Business review

Corporate governance

Financial statements

Other information

Who we are

Glanbia plc is a leading international cheese and nutritional ingredients group, headquartered in Ireland. The Group operates in the Irish market through the Consumer Foods and Agribusiness & Property businesses. International markets are serviced by the Food Ingredients & Nutritionals division and international joint ventures.

Our vision

Our vision is to be a world leader in cheese and nutritional ingredients. Realisation of this vision is through a clear growth strategy, which has transformed the Group in recent years and created a good spread of Irish and international businesses in key markets and sectors. Competitive scale cheese production drives a strong platform in whey supply which when harnessed by excellence in whey processing and complemented by other ingredients and technologies, delivers a wide range of nutritional solutions to customers.

Go online for more information at
www.glanbia.com

Our performance and outlook

An excellent performance in 2007 delivered double digit earnings growth, a sustainable margin position and a diversified earnings base. We are confident of another good performance this year and Glanbia is on target to achieve further double digit earnings growth in 2008.

Revenue €2.2 billion **2006** €1.9 billion	up 19%
Operating profit (pre exceptional) €115.8 million **2006** €85.6 million	up 35%
Operating margin (pre exceptional) 5.2% **2006** 4.6%	up 60 basis points
Profit before tax (pre exceptional) €99.5 million **2006** €74.4 million	up 34%
Adjusted earnings per share 28.2 cent **2006** 22.6 cent	up 25%
Dividend per share 6.08 cent **2006** 5.79 cent	up 5%

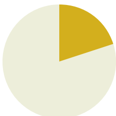
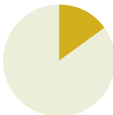
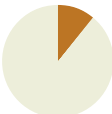
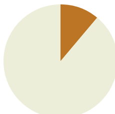
Our business

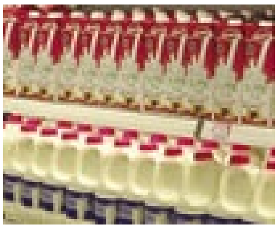
Glanbia is organised into three divisions and has operations in Ireland, Europe, USA, Canada and China with key international joint ventures in the UK, USA and Nigeria. In 2007, including the Group's share of Joint Ventures & Associates, Ireland accounted for 31% of revenue and 26% of pre exceptional operating profit, while International markets accounted for 69% of revenue and 74% of pre exceptional operating profit.

Total Group (including Joint Ventures & Associates)

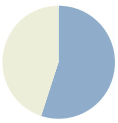
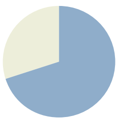
4,900 employees	5,500 milk suppliers	4.12 billion litres of milk processed	400,000 tonnes of cheese produced	260,000 tonnes of food ingredients manufactured

Ireland

	Revenue*	Operating profit*	Business
Consumer Foods Business Review Page 12	20% 	15% 	Leading brands and market positions.
Agribusiness & Property Business Review Page 14	11% 	11% 	Key linkage to farmer supply base.

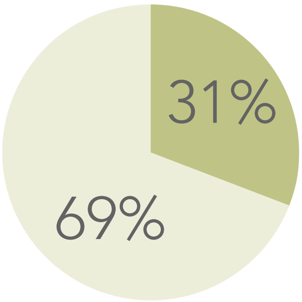


International

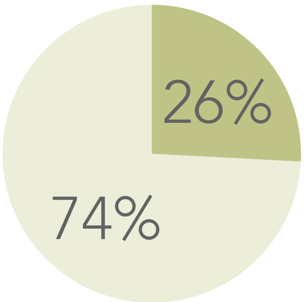
	Revenue*	Operating profit*	Business
Food Ingredients & Nutritionals Business Review Page 16	55% 	70% 	Food Ingredients Ireland: Largest dairy processor in Ireland. Food Ingredients USA: Largest dairy processor in Idaho, USA. Nutritionals: Global leader in science based innovation.
Joint Ventures & Associates Business Review Page 22	14%	4%	Three major international joint ventures in cheese and consumer products.

*Share of Group including Joint Ventures & Associates

2007 Revenue



2007 Operating profit
(pre exceptional)



Ireland

International

(including Joint Ventures & Associates)

Locations	Description	Products	Market positions	Brands
Ten locations in Ireland.	This business is one of the largest suppliers to the Irish grocery sector.	Branded milk, fresh dairy products, natural cheeses and fresh soups.	No.1 Fresh milk No.1 Fresh cream No.1 Fruit yogurts No.1 Fromage frais No.1 Fresh soups	Avonmore, Yoplait, Petits Filous, Nash's, CMP, Snowcream, Premier, Kilmeaden.
Agribusiness: 61 retail locations nationwide and two feed mills.	Agribusiness is the Group's key linkage with its large farmer supply base. Property is focused on maximising the value of the Group's property portfolio.	Feed, fertilisers, farm inputs and the CountryLife retail range.		Gain Feeds, IFI fertilisers, CountryLife, Mastercrop, Mastervet.
Two manufacturing facilities located in Ireland.	This business processes one-third of the total milk pool in Ireland processing 1.4 billion litres of milk per annum in to cheese and food ingredients.	Cheese, butters, acid and rennet casein, milk proteins, whey products and formulated milk.	No.1 Irish dairy processor No.1 Irish cheese processor No.1 European producer of casein	
Three processing plants in Idaho, which is the third largest and one of the fastest growing milk states in the USA.	This business is a leading manufacturer of cheese and whey-based food ingredients processing 1.9 billion litres of milk per annum.	American style cheddar cheese and whey products.	No.1 American style cheddar No.2 Whey protein No.3 Lactose	
Global operations include Ireland, UK, Germany, USA, Canada and China.	This business focuses on providing science based nutritional solutions in areas such as sports & performance, weight management, health & wellness and infant nutrition.	Whey protein isolates and other whey protein powders, protein peptides and bioactives, milk protein isolates and concentrates, lactose, milk calcium, lactoferrin, vitamin & mineral premixes, flax seeds and lignans.	Leading supplier of customised nutrients. Leading global supplier of advanced technology whey proteins and fractions. No.1 Whey/dairy based ingredients No.5 Globally in B2B nutritional solutions No.1 North American producer of flax oil derivatives	Provon, Trucal®, Thermax, Avonlac, Prolibra, Bioferrin, Salibra, Barflex, Barpro, CFM™, Olivactive®, Meadowpure™.
UK, USA and Nigeria.	The Group currently has three key international joint ventures: Glanbia Cheese in the UK; Southwest Cheese in the USA; and Nutricima in Nigeria.	Pizza cheese for the UK and European markets. Cheese and whey products in the USA. Consumer products in Nigeria.	No.1 Pizza cheese supplier in Europe No.1 American style cheddar in USA No.3 Consumer packaged dairy powders in Nigeria	NuNu, Coast, Powerfist, Olympic.

Chairman's statement

"The Group had an excellent year in 2007, delivering benefits to all stakeholders. Operating profit pre exceptional rose 35% to €115.8 million and adjusted earnings per share were up 25% to 28.2 cent. These results reflect the benefits of the strategic investment programmes implemented over recent years and the Group's spread of businesses, against a backdrop of positive global dairy markets."

An excellent year

International operations gained momentum in 2007 and were the driver of this year's results. Our international presence comprises Food Ingredients & Nutritionals, which delivered a strong performance with good organic growth, improvements in operational efficiency and sustainable margin expansion.

Revenue from Food Ingredients & Nutritionals increased 30% to €1.4 billion (2006: €1.1 billion). Operating profit was up 93% to €85.2 million (2006: €44.2 million) while margins grew by 200 basis points to 6.1%. The operating profit and margin growth was due to a good performance from Food Ingredients USA, an increased contribution from Nutritionals and a recovery of margins in Food Ingredients Ireland to their historic levels.

The Group operates in Ireland through our Consumer Foods and Agribusiness & Property divisions.

Revenue from Irish operations grew 3.6% to €803.4 million (2006: €775.5 million). Operating profit declined 26% to €30.6 million (2006: €41.4 million) and operating margins dropped 150 basis points to 3.8%. Performance was impacted by the timing of recovery of higher milk costs for Consumer Foods Ireland.

During the year Glanbia took the decision to exit its pigmeat business in Ireland and a Management Buy Out was announced on 3 March 2008.

A growing global footprint
The successful execution of Glanbia's growth strategy has transformed the Group in recent years and created a good spread of Irish and international business in key food markets and sectors. In growing the businesses, Glanbia has invested €293 million in acquisition and development capital expenditure in the last four years up to the end of 2007, with the main focus being on developing international operations.

During the same period the Group's portfolio of businesses has been reshaped with disposals releasing €200 million for strategic investments. An ongoing development programme will expand operations in Ireland, Nigeria and the USA further in 2008.

Three major international joint ventures are part of our strategic international expansion - Southwest Cheese in the USA, Glanbia Cheese in the UK and Nutricima in Nigeria. These businesses were operationally excellent in 2007 and delivered strong top line growth of 41%. However, Glanbia's share of profit after tax and interest declined €1.8 million to just under €1 million, directly as a consequence of the performance of Glanbia Cheese, which suffered as a result of the time lag in recovering the dramatic increase in milk cost during the year.

A detailed review of the Group's operational performance is explained on pages 12 to 23 of this report.

Dividends
The Board is recommending a final dividend of 3.58 cent per share, compared with a 3.41 cent per share final dividend in 2006. This brings the total dividend for the year to 6.08 cent per share (2006: 5.79 cent per share), representing a 5% increase. Subject to shareholders approval, dividends will be paid on Tuesday, 20 May 2008 to shareholders on the register of members as at Friday, 25 April 2008. Irish dividend withholding tax will be deducted at the standard rate where appropriate.

Board changes
At the conclusion of the Annual General Meeting on 14 May, I will retire as Chairman and from the Board. I would like to convey my appreciation to my fellow Board members, to our shareholders, to the management and to the staff of Glanbia for their support and commitment during my tenure. I consider myself fortunate in having had the opportunity to chair Glanbia at a time which has been both exciting and challenging for the Group and for the farming sector.

On 31 May 2007 Nicholas Dunphy replaced Michael Keane, who retired after two years on the Board and on behalf of the Board I would like to welcome Nicholas and to thank Michael for his contribution and commitment during the time he served as a member of the Board.

Effective Corporate Governance
A detailed statement setting out Glanbia's key governance principles and practices is provided on pages 37 to 45. The Board and management are committed to achieving the highest standards of corporate governance and being ethical in the conduct of the business, and are satisfied that appropriate systems of internal control are in place throughout the Group.

A decade of progress
In 2007, the Group reached a significant milestone - the tenth anniversary of the formation of Glanbia plc, which resulted from the merger of two Irish companies, Waterford Foods plc and Avonmore Foods plc in September 1997. Since then Glanbia has grown into a vibrant cheese and nutritional ingredients business. In the process the Group has overcome many challenges, grasped new opportunities, taken risks and succeeded more often than not. Today, Glanbia employs 4,900 people. It is the enthusiasm and commitment of the management and staff, past and present, that has transformed and grown Glanbia. On behalf of the Board I would like to thank John Moloney and all our employees for their contribution and dedication and congratulate them on an excellent 2007 and the prospect of sustained high growth into the future.

Michael Walsh

Michael Walsh
Chairman

A ten year transformation 1997-2007

97	Avonmore Foods and Waterford Foods merge to form Avonmore Waterford Group (AWG).
99	AWG is renamed and rebranded Glanbia plc, a name that has its roots in the Irish language.
00	Glanbia enters its first international joint venture with Leprino Foods to form Glanbia Cheese, which is the no.1 mozzarella cheese supplier in Europe today.
01	John Moloney is appointed Group Managing Director of Glanbia plc.
02	Exit from UK food service and consumer foods businesses. Establishment of Group Nutritionals business.
03	Glanbia agrees Nigerian joint venture with PZ Cussons plc - Nutricima.
04	Building commenced at Southwest Cheese, a Glanbia joint venture with the Great Southwest Milk Agency in New Mexico, USA. Glanbia acquires Kortus Foods, Germany - its first European nutritionals business.
05	Opening of Group Innovation Centre, Kilkenny.
06	Official opening of Southwest Cheese, USA. Purchase of Seltzer Companies, Inc., USA.
07	Expansion of Nutritionals business with the completion of a new premix plant in China and the acquisition of Pizzey's Milling in Canada.

Group Managing Director's review

"The successful execution of Glanbia's growth strategy transformed the Group in recent years and positions us well to enhance our future performance. We are well on our way to achieving our vision, which is to be a world leader in cheese and nutritional ingredients, delivering superior customer solutions. Our overall objective is to increase shareholder value through sustained double digit earnings growth."

2007 performance highlights

It was a good year. Food Ingredients & Nutritionals, the primary focus of investment in recent years, delivered a strong performance. Food Ingredients Ireland restored margins to historic levels, while also delivering significant benefits to suppliers. Food Ingredients USA had a strong year with positive USA cheese markets, and solid underlying demand. Milk growth in our key regions of Idaho for Food Ingredients USA and New Mexico/West Texas for our Southwest Cheese joint venture, was amongst the highest in the USA.

The Nutritionals business achieved good organic growth and had commercial success with important new product development (NPD) projects such as CFM Nitro, which is a sports nutrition product used to build up blood supply to muscles. Other successful products included: Provon Revive, a performance and recovery product launched as an internet-oriented offering; Prolibra, which is the key active ingredient in weight loss product "Celebrity Slim" in the Australian market; and Glovon, a natural antimicrobial capable of acting as a parabens replacement in the cosmetics sector.

Our largest division Food Ingredients & Nutritionals delivered good volumes, improvements in operating efficiency and solid growth in margins.

Nutritionals also benefited from a full year contribution from Seltzer Companies, Inc. which was acquired in September 2006. Seltzer is a leading provider of customised vitamin and mineral premixes to the USA food and beverage markets.

In September 2007 Nutritionals acquired Pizzey's Milling, a leading industry supplier of flax seed solutions, which will extend our offering into non-dairy Omega-3 and lignan products. The build phase of a new premix plant, in Suzhou, near Shanghai, China was completed in December and this facility is now progressing through the commissioning phase.

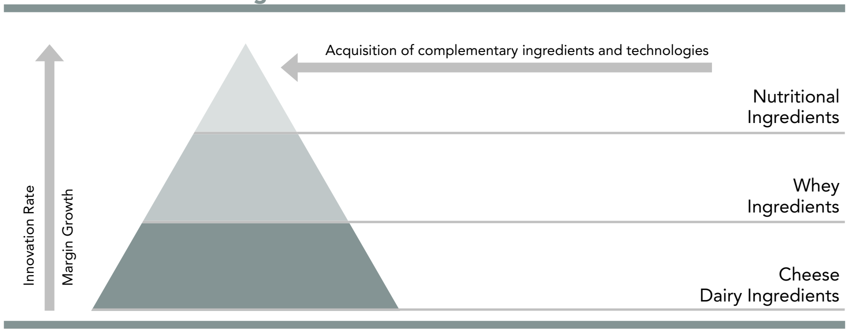
Consumer Foods Ireland made good progress with a number of new innovations and renovations to its product portfolio including Avonmore Supermilk and the introduction of new Avonmore milk shakes and low fat flavoured milk products. Other successful launches included Yoplait Mixed Seeds, Yoplait Superfruits and Yoplait Smootheze. Despite this success the business struggled to recover raw material price increases in the market place because of the magnitude and speed of the changes in milk cost. Towards the latter end of the year price increases were implemented in key customer groups and margin and performance recovery is a key focus for the business in 2008.

Buoyant sector development

Glanbia's strong 2007 performance was against a backdrop of positive world dairy markets. Global dairy demand is exceeding supply and is likely to continue to do so for the foreseeable future. Good progress by developing economies with emerging middle classes underpins growth in consumption of dairy products. Government support for dairy products in countries such as China is also positive and a number of countries, including Russia and Vietnam, have lowered tariffs to support domestic supply and thus trade.

Food stocks, a historical feature of the sector, particularly in Europe, are at historic lows. This, together with strong demand, led to sharp price increases in dairy commodities during the year. Substitute or competing ingredients like vegetable oil and soya have also risen sharply in tandem. A further constraint on supply has been an increase in alternative land use for bio fuel production. These developments created a positive backdrop for our operations and future development.

Core model for Food Ingredients & Nutritionals



A major focus on efficiency

The Group has significant manufacturing operations, such as our scale western USA dairy facilities in Idaho and New Mexico. These maintain a major focus on yields, quality parameters and throughput measures, which support and drive efficiency gains. The relentless pursuit of efficiencies is a key component of managing Glanbia. In a competitive and challenging industry, costs and productivity are high on the agenda and we have a number of programmes around the Group that focus on further automation of process and plant.

One such programme is the 2007 energy management initiative undertaken in Food Ingredients Ireland. This project was a resounding success and Food Ingredients Ireland became the first Irish owned company to be awarded the IS393 Standard for Energy Management.

Developing Glanbia

Our vision is to be a world leader in cheese and nutritional ingredients.

Glanbia's core business model in Food Ingredients & Nutritionals is predicated on having access to a series of large dairy milk pools, which are then processed into a range of cheese and dairy products. Derived from these scale processing operations is a large valuable whey stream which, with the application of innovation and the acquisition of complementary ingredients and technologies, creates a further product range of high margin nutritional ingredients, focused on high growth markets.

Our portfolio of nutritional ingredients will not be exclusively dairy but will have complementary non dairy components which will enable us to deliver full solutions to customers. Science and innovation will be important factors for success both in terms of developing new ingredients products but also in driving applications for customers.

The characteristics of this portfolio of businesses are a diversified earnings base, a sustainable margin profile, positive cash generation and favourable market dynamics. At the centre is scale manufacturing operations with a major focus on efficiency, cost competitiveness and productivity.

These businesses are run with strong commercial and operational competencies, creating a solid foundation for future growth, as Glanbia continues to move towards a higher percentage of Group revenue and profitability from higher margin, higher growth nutritional ingredients.

Internationalisation will also continue to be a driver of the business. In developed economies our focus will be on advanced nutritional solutions for health and wellness and general nutrition. In developing regions such as in Nigeria we are building a range of products which can deliver mass market nutrition. Complementary acquisitions will be important across a number of core sectors together with the delivery of strong, profitable and sustainable organic growth.

Group Managing Director's review (continued)

Good risk management

While risk is inherent in any business, the identification and management of risk is critical to the achievement of our financial and strategic goals. Glanbia has good processes in place to manage the myriad of risks facing a business with large scale, geographically diverse operations.

One of the principal risks the Group faces, I believe, is the potential for a significant global economic downturn which could curtail demand for dairy products. This is an area of exposure for many sectors, but being in the food sector and our spread of businesses affords us some protection.

On page 30 of this report we have set out the key risks the Board has identified and the steps we take as a Group to mitigate them.

Measuring our progress

Last year we set out confident financial targets and a strategic roadmap for the period 2007 to 2009. The Group's strategic objectives are clear:

- Achieve and sustain double digit earnings growth
- Improve and maintain higher operating margins
- Diversify the Group's earnings base to reduce volatility
- Allocate capital to a mix of higher growth opportunities.

In 2007 we performed very well against our financial targets. Our development spend was, however, lower than our target, despite ongoing efforts by Glanbia's development teams. The Group continuously assesses a pipeline of potential transactions and investment opportunities. The timing of transactions is of course unpredictable.

Nevertheless acquisitions, particularly in the Nutritionals area remain a priority for the Group and we are focused on delivering another successful one, such as the Seltzer Companies, Inc. acquisition, which was completed in late 2006.

Apart from the targets we set out last year, we also measure organic revenue growth and return on capital employed. Revenue growth, adjusted for acquisitions, disposals and the impact of foreign translation effects was 19.1% in 2007, compared with 1% in 2006 and all segments of the business had good organic growth for the year. Return on capital employed is an important metric as we seek to measure the success of our key strategic objectives of allocating capital to a mix of higher growth opportunities. Return on capital employed grew from 14.7% in 2006 to 18.8% in 2007.

> Overall our growth strategy is delivering and we are well placed to continue this momentum into 2008.

Driving future growth

Over the past number of years Glanbia has been transformed through a number of phases including significant reorganisation and rationalisation of the business, particularly of underperforming or non core activities, as well as building a solid foundation to support the business as it gains momentum in its current growth phase. These foundations include being:

- The largest milk processor in Ireland
- The largest cheddar cheese producer in the USA
- A major global whey processor/supplier of whey ingredients and derivatives.

2008 Outlook

We are confident of another good performance this year and Glanbia is on target to deliver further double digit earnings growth in 2008. More importantly we continue to successfully build a strategic international presence in cheese and nutritional ingredients.

This, together with strong Irish operations, is positive for the Group's outlook and I look forward to reporting another good performance against our key financial and strategic targets in 2008.

Looking further ahead

Last year we set out three strategic imperatives for the Group. Number one was to deliver growth and performance in the period 2007 to 2009 and we are well on track to achieve this.

Number two was to extend growth and performance beyond 2009 with further acquisitions, expansion of international operations and focusing on cost reduction, competitiveness and productivity. Here again we are on track and remain focused on delivery of a significant investment or acquisition in the nutritionals area.

Finally our number three goal was to improve our financial flexibility and maintain progress in financial ratios. In 2007 the financial capacity of Glanbia has significantly improved and we intend to maintain this momentum into 2008.

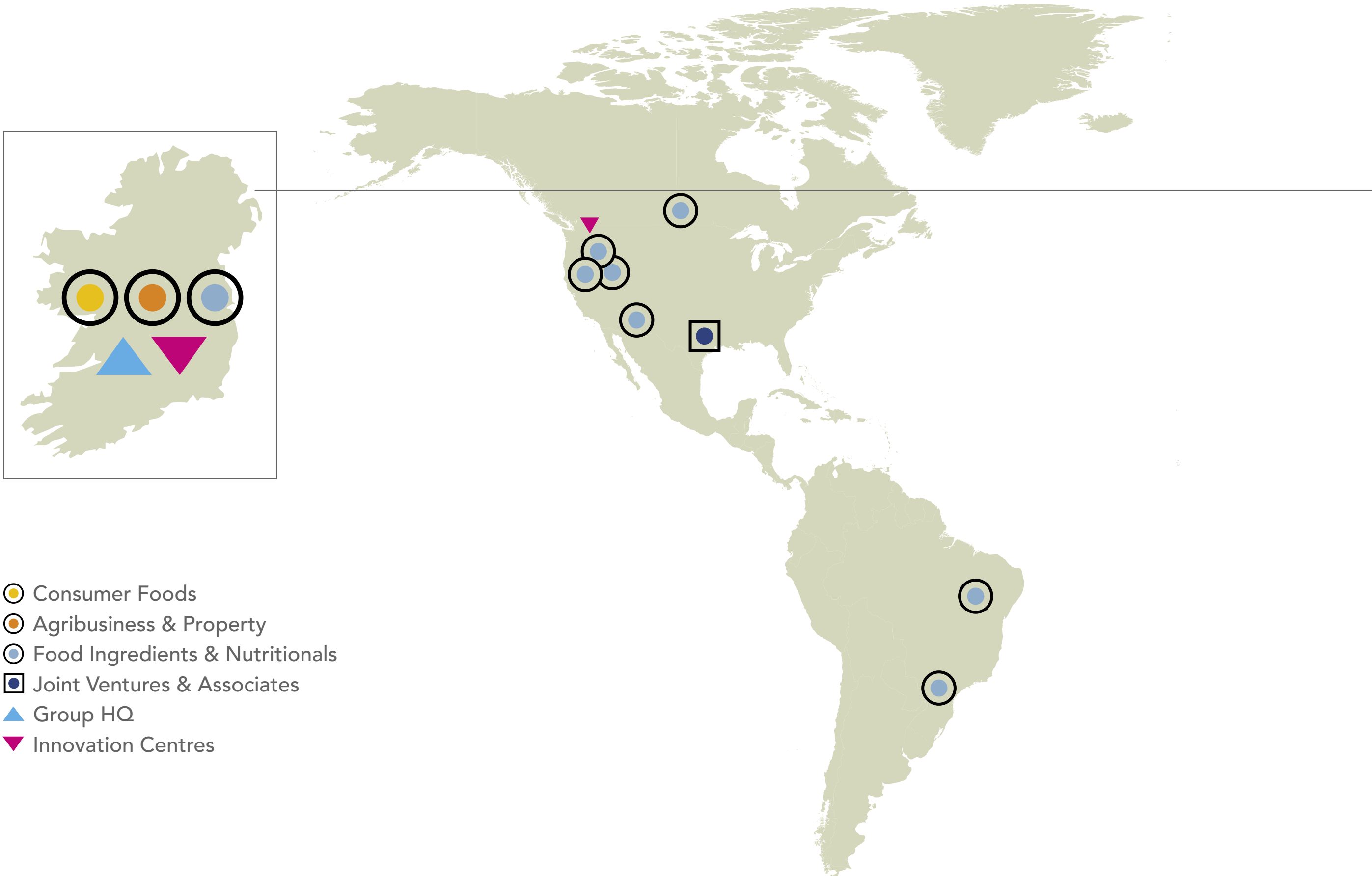
John Moloney
Group Managing Director

2007-2009 Financial targets	2007 progress
Adjusted earnings per share growth 10-14%	+25%
Operating margin (pre Joint Ventures & Associates) 5%+	5.2%
Free cash flow (pre exceptional) €45 million+	€56.3 million
Potential development spend 2007 €150 million	€57.5 million
EBIT from international operations >50%	74%
EBIT interest cover 5-6 times	6.7 times

Our global footprint

Glanbia has a strong position in key food markets and sectors around the world and an ongoing investment programme will expand operations in Ireland, China, Nigeria, and the USA further in 2008. The Group operates in the Irish market through the Consumer Foods and the Agribusiness & Property businesses. International markets are serviced by the Food Ingredients & Nutritionals division and international joint ventures.

Internationalisation will continue to be a driver of the business and a key element of our growth strategy going forward. In developed economies we focus on health and wellness and general nutrition. In developing economies we are building a range of products, which can deliver mass market nutrition.



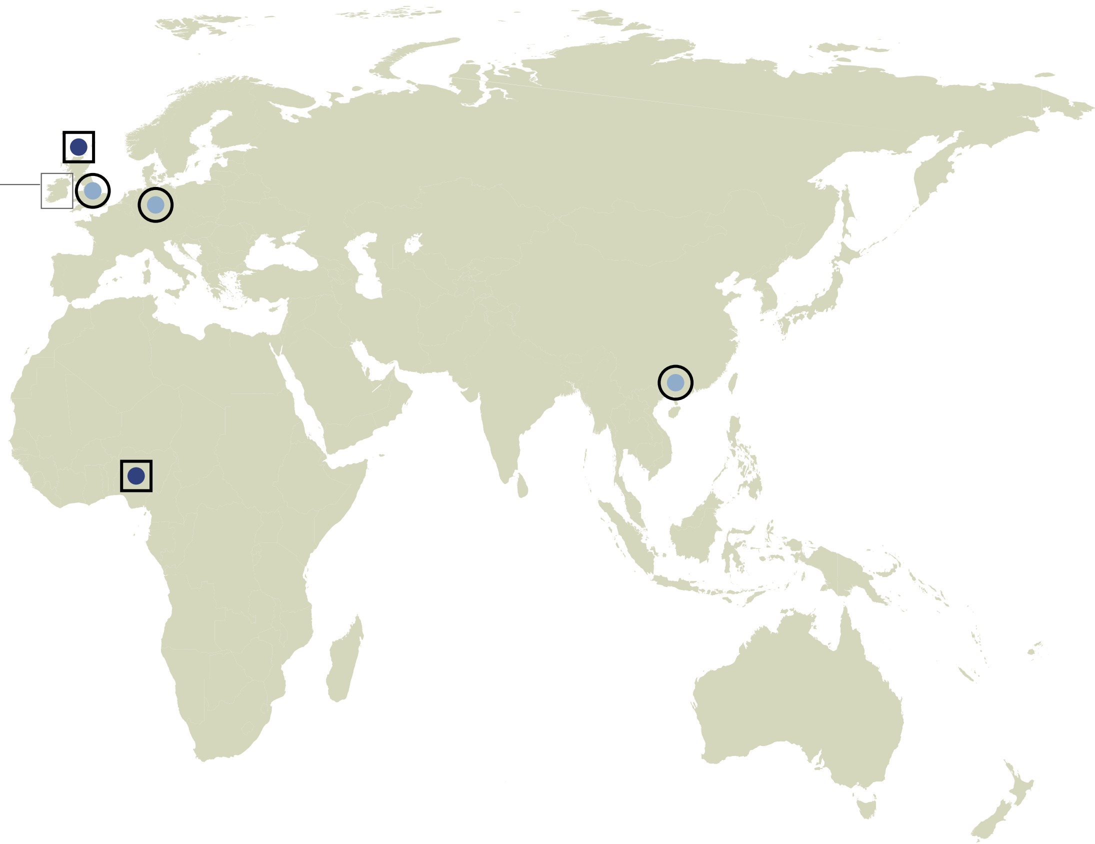
Supported by Innovation

During the year Glanbia invested in several intervention studies helping the Group develop scientifically sound nutritional solutions to match specific needs and add value to various whey fractions.

Studies focused around key development areas for future product offerings including weight loss, protein utilisation, and the use of novel anti-microbial offerings in beverage and cosmetic preservation.

These studies have been completed by independent professional organisations and academic institutions and leverage the expert capabilities of the Glanbia Scientific Advisory Committee members who both challenge and inform the design of these programmes.

A world of cheese and nutritional ingredients



In addressing specific consumer needs around health, the innovation team at the Glanbia Innovation Centres in the USA and Ireland, assisted by teams in the business units, led to a number of commercial developments in 2007.

These included new consumer products under the Yoplait brand - Mixed Seeds, Superfruits and a new smoothie range called Smootheze. New nutritional ingredient brands launched include: Solmiko advanced milk proteins; sports and performance oriented CFM Nitro and Provon Revive, in addition to the extension of body composition applications for Prolibra.

Consumer Foods

No.1

Glanbia has no.1 market positions in all varieties of fresh milk and cream, family yogurt, kids fromage frais, drinking yogurt and fresh soup.

Consumer Foods Ireland

Consumer Foods Ireland is one of the largest suppliers into the Irish grocery sector with seven brands in the Top 100 brands – more than any other Irish food company. The division operates across a wide range of packaged grocery sectors including all varieties of fresh milk and cream, juice, water, yogurt, fromage frais, natural cheese, spreads, butter, fresh soups, fresh sandwiches and smoothies. Consumer Foods Ireland employs 820 people at 10 locations throughout Ireland and processes 300 million litres of milk annually.

2007 Performance

Consumer Foods Ireland had a challenging year in a competitive and concentrated market place. Increasing promotional costs coupled with the dramatic rise of raw material milk costs put significant pressure on margins and impacted the nutritional beverages business, in particular, in the second half.

Growth in the nutritional beverages category continues to be driven by demand for more value added products, where the Avonmore brand has the leading market position. Despite the increased margin pressure due to high input costs, considerable progress was made with the launch of new products including a family pack of Avonmore Supermilk and the introduction of new Avonmore milk shakes and low fat flavoured milk products.

Demand for natural cheese drove the growth in total cheese consumption but at the expense of processed cheeses. Formats that provide additional convenience are achieving most of this growth where Consumer Foods successfully launched a number of more convenient choices and healthier options. Fresh soup demand continues to increase with the Avonmore range growing their overall market share.

Three year revenue analysis (€'000)

2005	2006	**2007**
493,582	511,022	**510,782**

Every day Irish consumers take home almost 2 million Glanbia consumer food products.

Revenue
* Excluding pigmeat

+7%*

Colin Gordon, CEO Consumer Foods Ireland

Operating profit pre exceptional

-27%

Consumer Foods Summary

	2007	2006
Revenue	€510.8m	€511.0m
Operating profit pre exceptional	€17.8m	€24.5m
Operating margin	3.5%	4.8%

This division includes Consumer Foods Ireland which incorporates nutritional beverages, fresh dairy products and cheeses, soups and spreads and Glanbia Meats, the Group's pigmeat operations.

Revenue in this division was broadly flat at €510.8 million (2006: €511.0 million) with growth in Consumer Foods Ireland offset by a decline in Glanbia Meats revenue. Operating profit pre exceptional items decreased 27% or €6.7 million to €17.8 million (2006: €24.5 million) and the operating margin decreased 130 basis points to 3.5%. The decline in the operating profit and margin was driven primarily by a timing lag in the recovery of a dramatic rise in raw material costs within Consumer Foods Ireland.

Health and convenience continue to be core drivers of demand in the Irish retail food sector. Research conducted by both the Irish Food Board and Glanbia Consumer Foods, shows Irish consumers have high regard for health and nutrition as the most important factor affecting their food purchase decisions. Against this background, Consumer Foods Ireland continued to invest in product innovation and launched a number of other new products into the Irish market place in 2007 - including Yoplait Mixed Seeds, Yoplait Superfruits and Yoplait Smootheze.

Strategy

Overall, the strategy of the business is to grow market share by building the relevance of core brands, increasing customer partnerships and sustaining growth through innovation. A number of initiatives have been undertaken during the year to maintain and grow Glanbia's leading market positions.

These include continuing innovation, trade marketing developments, a reshaping of the business in Northern Ireland, establishing a new Convenience Division "Fresh Direct", together with increasing the businesses profile and reputation among key customers.

Cost competitiveness is critically important and the business continues to invest to deliver cost efficiencies at its production and supply chain sites.

2008 Outlook

Nutritious, fresh and natural continue to be the key drivers of demand for food and beverage products among Irish consumers. Continued investment to support our brands, a drive to restore margins through price recovery and disciplined cost management will underpin a better result from this business in 2008.

Pigmeat

The performance of Glanbia Meats was neutral in 2007 when compared with 2006. Glanbia announced the sale of the pigmeat business on 3 March 2008 and the exit created a net exceptional charge of €20.4 million.

Agribusiness & Property

Market Leader

In recent years Agribusiness has reorganised its branch structure and now operates from 61 retail locations – of which 12 are CountryLife stores.

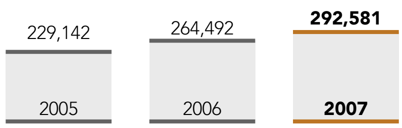
Agribusiness
Agribusiness is engaged primarily in feed milling, grain processing and marketing, and the retailing of a range of farm inputs, to the Group's farmer supply base. Its portfolio also includes CountryLife, which is a broader retail offering. Agribusiness is market leader in animal feeds, fertilisers, seed grain, chemicals and veterinary product sales. The business employs 510 people and operates in 16 counties in Ireland.

2007 Performance
Agribusiness had a satisfactory performance in a competitive trading environment and results were broadly in line with 2006. This business unit performed well in its core feed and fertiliser markets and continued to rationalise and reinvest to ensure a cost effective and efficient supply chain. The Agribusiness retail strategy, under the CountryLife format, is making good progress with 12 branches redeveloped to date.

Strategy
The strategy for the business is to grow market share in core sectors by focusing on the development of distinctive propositions for target customers in retail and farm segments. The reshaping of the business will continue to ensure Glanbia has the most cost effective, efficient value chain for each core offering.

The retailing strategy under the CountryLife banner is to capture the convenience needs of a growing rural population with a focused offering in horticulture, pet care and equestrian, whilst also catering for the needs of the core farmer customer base with an extended farm hardware offering.

Three year revenue analysis (€'000)



Revenue

+11%

Colm Eustace, CEO Glanbia Agribusiness

Ger Mullally, CEO Glanbia Estates

Operating profit pre exceptional

-24%

Agribusiness & Property Summary

	2007	2006
Revenue	€292.6m	€264.5m
Operating profit	€12.8m	€16.9m
Operating margin	4.4%	6.4%

This division includes Agribusiness which is the key link to the Group's Irish farmer supply base; and Property, which is tasked with maximising the value of the Group's property portfolio.

Revenue in this division was up 11% to €292.6 million (2006: €264.5 million) driven by volume growth and pricing in Agribusiness. Operating profit was down 24% by €4.1 million to €12.8 million (2006: €16.9 million) as a stable performance in Agribusiness was offset by a reduction in profit from Property due to the timing of property disposals during the year.

Outlook

2007 was a reasonable year for farmers, notwithstanding the challenges in the beef and pigmeat sectors. There is undoubtedly a sense of optimism amongst farmers about the long term future of food production in Ireland.

Over the longer term the number of commercial farmers will continue to reduce and Glanbia Agribusiness is positioning itself to be able to service the changing needs of this farmer base whilst recognising the potential created by growing rural population. There is a positive outlook for key farming sectors, including dairy and cereals, which underpins an expected satisfactory performance in 2008.

Property

The remit of the Property business, which trades as Glanbia Estates, is to review and maximise the value of Glanbia's portfolio of properties, with a particular focus on a number of properties which have development or alternative use potential.

2007 Performance

The timing and pacing of property transactions is difficult to manage with a degree of precision. During 2007 the number of property disposals completed was lower than 2006, mainly due to timing issues and as a result the operating profit of the property business was lower than in 2007. Good progress was made in progressing the next phase of potential property transactions.

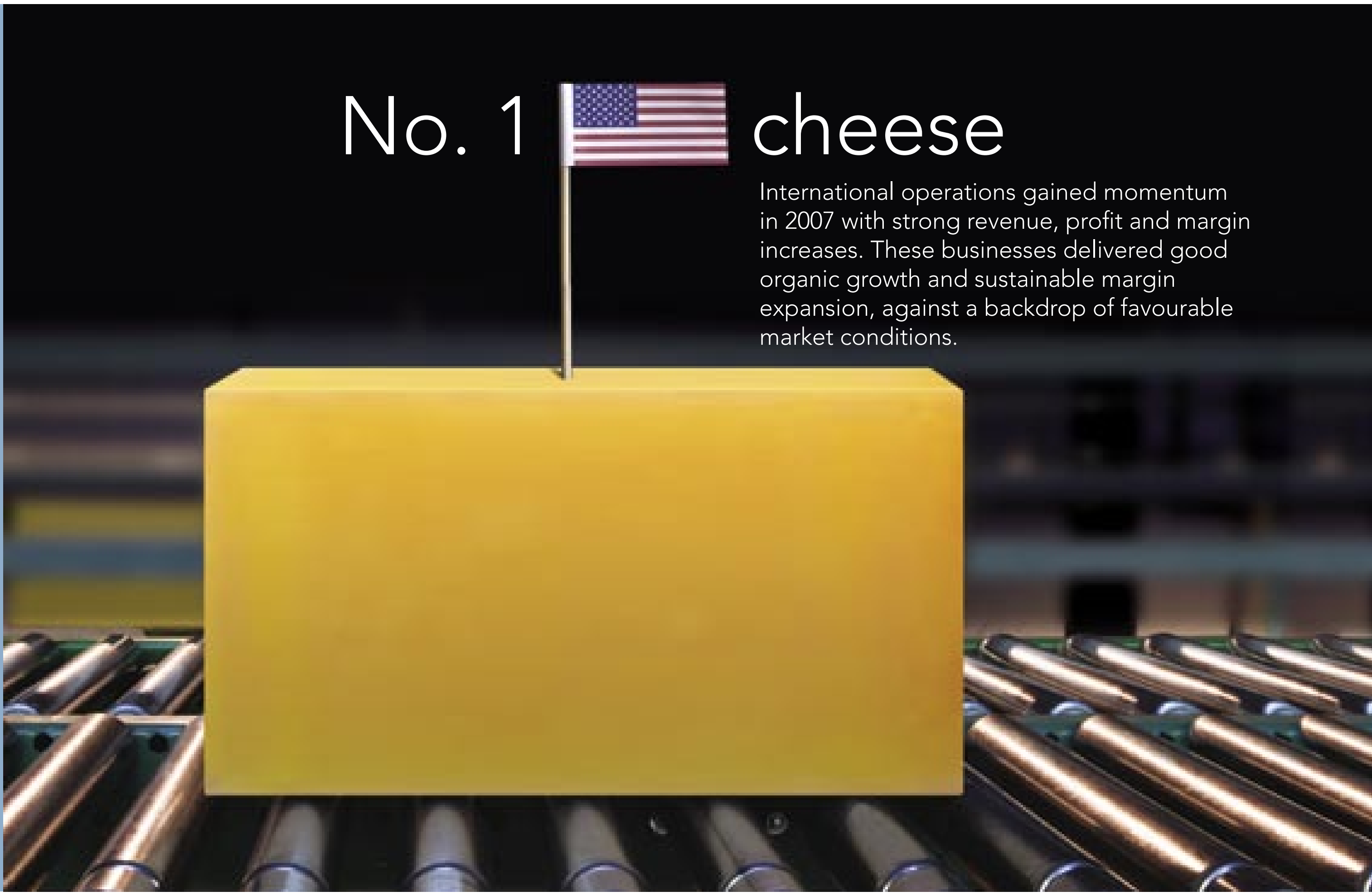
Strategy

The property business is focused on the implementation of the most appropriate strategy on a site by site basis and includes a mix of potential options including disposals.

2008 Outlook

With a significant number of its properties commercial in nature, Glanbia is well placed to benefit from the resilience of this part of the market. As a result, the Property business expects to continue to contribute positively to Group profitability and cash flow, with a pipeline of transactions which are forecast to be completed at a steady pace over the medium term.

Food Ingredients & Nutritionals



No. 1 cheese

International operations gained momentum in 2007 with strong revenue, profit and margin increases. These businesses delivered good organic growth and sustainable margin expansion, against a backdrop of favourable market conditions.

Food Ingredients Ireland

This business is the largest dairy ingredients business in Ireland, assembling a milk pool of 1.4 billion litres from the Group's 4,500 Irish milk suppliers and processing it into butter, cheese, milk proteins and whey derivatives. It markets over 200,000 tonnes of dairy products and ingredients on a business-to-business basis to customers in over 40 countries and most of its total output is sold to international markets. In addition to milk supplies from Glanbia's farmer members, a network of suppliers of cream, raw whey and skimmed milk is an important element of the strategic development of the business.

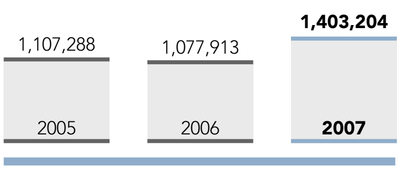
Food Ingredients Ireland employs 550 people at two locations, Ballyragget, County Kilkenny and Virginia, County Cavan.

2007 Performance

2007 was a positive year for both producers and processors in the Irish dairy industry. Favourable market conditions including increased global dairy demand drove prices to high levels during the year. This situation provided an opportunity for the European Commission to reduce all export refunds to zero and the absence of a balancing mechanism between the EU and world markets, which had been in place for many years, gave rise to significant volatility and high prices. Energy costs, a significant element of cost discipline in a large manufacturing business, were lower relative to 2006 for the peak processing season. These market conditions enabled the business to restore margins to historic levels and deliver significant benefits to milk suppliers.

Rafael Jozelic and Alexander Simic on the cheese packing line in our Twin Falls facility, Idaho.

Three year revenue analysis (€'000)



Kevin Toland, CEO & President Glanbia USA & Nutritionals

Jim Bergin, CEO Food Ingredients Ireland

Revenue

+30%

Jeff Williams, President Glanbia Foods Inc.

Jerry O'Dea, CEO Glanbia Nutritionals - Ingredient Technologies

Hugh McGuire, CEO Glanbia Nutritionals - Customised Solutions

Wayne Seltzer, President Seltzer Companies, Inc.

Operating profit pre exceptional

+93%

Food Ingredients and Nutritionals Summary

	2007	2006
Revenue	€1.4bn	€1.1bn
Operating profit	€85.2m	€44.2m
Operating margin	6.1%	4.1%

Revenue increased 30% to €1.4 billion (2006: €1.1 billion) primarily due to volume growth and higher global dairy markets in 2007. Operating profit was up 93% to €85.2 million (2006: €44.2 million) while margins grew strongly, by 200 basis points, to 6.1%. The operating profit and margin growth was due to a good performance from Food Ingredients USA, an increased contribution from the higher margin Nutritionals business and a recovery of margins in Food Ingredients Ireland to their historic levels.

Strategy

The strategy for this business continues to be to maximise returns from raw material inputs, through a focus on providing a growing and innovative offering of dairy ingredient solutions to its expanding customer base. Food Ingredients Ireland is also increasing resources in its innovation function with the support of Enterprise Ireland. This function also develops a pipeline of new products for Nutricima in Nigeria.

Food Ingredients Ireland's supply strategy includes growing the business in line with milk expansion from its supplier base, continuing to identify sensible consolidation opportunities in the industry, strengthening the product mix in the context of a changing market environment and continuously pursuing efficiencies to offset increasing costs.

The past year has seen the installation of a new Milk Protein Concentrate facility with proprietary technology to produce high specification protein ingredients for the nutritional and fresh dairy product sectors. This plant will be in full production in the first quarter of 2008. The cheese facility is undergoing a significant investment programme which will increase capacity by 30% and utilise new technology targeted to produce niche cheese variants for emerging and developing markets. Both projects have been supported by The Department of Agriculture, Fisheries & Food and Enterprise Ireland.

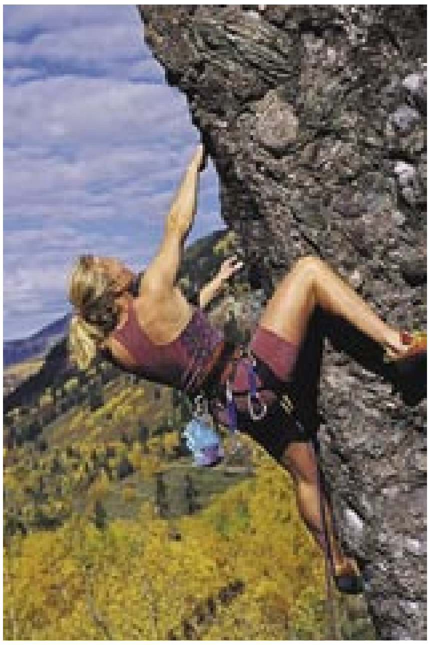
The pursuit of efficiencies is a key component of managing this business and an ongoing cost reduction programme is based on further automation of processes and plants.

During 2007 a particular emphasis was placed on energy management and as a result Food Ingredients Ireland became the first Irish dairy company to be awarded the IS393 Standard for Energy Management.

2008 Outlook

The current long term outlook for dairy markets is positive based on demand growth outstripping supply growth. The impact of bio fuels, grain prices, energy prices, climate change and changes in the global economy are major factors impacting the operating environment. Energy and climate change issues serve to underpin Ireland's position as a relatively low cost producer of high quality dairy products. Irish milk suppliers and processors will take on the challenge of developing their production capability and expanding their enterprises to underpin the growth of a world class industry.

Pat Bergin pictured with the first two blocks of cheese produced in the newly expanded cheese facility in Ballyragget, Ireland.



Food Ingredients Ireland is well set for the challenges of short term volatility in markets. Investment in its business processes and product mix positions the business to sustain performance in 2008.

Food Ingredients USA

Combined with its joint venture Southwest Cheese, the Group is the largest producer of American style cheddar cheese in the USA with close to a 17% market share. Glanbia USA is also one of the world's leading producers of whey-based nutritional ingredients.

Food Ingredients USA is located in one of the fastest growing milk regions in the country - Idaho. Both Idaho and New Mexico, which is the location of the Southwest Cheese joint venture, are in the top 10 states for milk production in the USA. The Idaho facilities employ 600 people.

In total the Idaho and Southwest Cheese facilities processed nearly 2.8 billion litres of milk in 2007 and sold over 318,000 tonnes of cheese, achieving a record US$1 billion revenue from cheese for the first time. Cheese is sold on a business-to-business basis to some of the largest cheese suppliers of natural and processed cheese, in both branded and private label formats, to the retail, food service and food ingredient sectors. Glanbia operations in the USA also produced nearly 57,000 tonnes of dairy-based nutritional ingredients in 2007.

2007 Performance

In 2007, strong cheese markets in the USA and global whey markets, together with production expansion drove good revenue growth in Food Ingredients USA. Demand for American style cheddar cheese increased during the year and production output was expanded to meet this growing market demand. As the number one supplier of American style cheddar cheese, this business continues to increase its relevance to customers with new product development initiatives and in 2007 commenced the production of organic cheddar cheese to serve a fast growing segment of the market.

Overall, the Food Ingredients USA business performed very well and delivered a strong set of results, in a favourable market environment.

Strategy

Glanbia's USA cheese strategy is to be the most relevant supplier of American style cheddar cheese to key industrial customers and to retain and grow its number one position. This business also plans to diversify into value-added products, such as organic cheddar cheese.

A new and growing demand for American style cheddar cheese internationally has opened up further export opportunities for the business.

Foods Ingredients USA has strong and long-standing relationships with leading suppliers who, in turn, have well-established relationships with industry leaders in retail, food service and food ingredient sectors of the cheese business.

> Product excellence is a core value proposition and Glanbia cheese is a perennial multiple medal winner at World and USA Cheese Championships.

2008 Outlook

The outlook for milk production in Idaho, as well as New Mexico, is excellent for 2008. Domestic demand for American style cheddar cheese is greater than the current supply and, commercially viable export opportunities are increasing. The weaker US Dollar has been a factor in driving this export demand. Export sales will enhance customer relationships, as Food Ingredients USA seeks to meet the needs of its customers in other countries. A good performance is expected from this business in 2008.

Glanbia Nutritionals produces a wide range of speciality whey proteins, customised premix solutions and other nutritional ingredients for use by infant formula, food and beverage companies in ready-to-drink and powdered beverages, nutritional bars, dairy products, snacks and confectionery applications.

Nutritionals

The Nutritionals business unit is a leading supplier of advanced technology whey proteins and fractions. In recent years it has expanded its portfolio to include a global capability in customised nutrient, vitamin and mineral premixes through its acquisition of Seltzer Companies, Inc. in the USA and Kortus Food Ingredients in Europe. Glanbia Nutritionals services the health and wellness, functional foods, sports nutrition, infant and clinical nutrition sectors with a range of patented, branded solutions.

This business unit is building a worldwide reputation for customised products, innovative processing technologies and excellent customer service. The business continues to evolve with 350 employees at locations in USA: (Wisconsin, Idaho, Illinois and California); Canada; Europe (Ireland, Germany, UK, Belgium); South America (Brazil, Uruguay, Argentina) and Asia Pacific (Shanghai, Suzhou, Singapore, Malaysia).

2007 Performance

Revenues, profits and margins grew in the Nutritionals business in 2007 driven by strong global whey markets, good organic growth and the first full year contribution from the 2006 Seltzer acquisition.

The Group's Nutritionals business continued to grow and perform well, driven by the successful commercialisation of several new ingredient solutions, the strong demand for whey protein worldwide and the increased demand for premix solutions.

In addition, the global nutritional market exhibited positive growth in key sectors of weight management, sports nutrition and infant nutrition.

Glanbia Nutritionals is continuously developing new technologies and processes to improve its portfolio of nutritional solutions.

Innovation

Through our network spanning Asia, Europe, the USA and Canada, our well resourced Innovation Centres in Ireland and the USA, and through partnerships with academic institutions, the Glanbia Nutritionals Innovation team delivers expert science-based nutritional solutions to meet customer demands.

These innovative nutritional solutions include a variety of specialty whey protein and fractions, milk proteins, dairy calcium, minerals, vitamins, flax, and other nutritional ingredients.

Our brands include Provon® WPI, Avonlac™ WPC, Thermax® whey proteins, Prolibra® weight management solution, Meadowpure™, CFM® WPI, Bioferrin® lactoferrin, Salibra® bioactive whey fraction, Trucal® dairy calcium, Provon Revive® a sports protein recovery solution, Olivactive® an olive based antioxidant, Barflex®, BarMax™, BarGain™ and BarPro™ bar solutions as well as CVH and ActiNOS™ peptides.

The global nutritional market exhibited strong growth in 2007 and is a market with an estimated value of US$228 billion per annum.

The ability to isolate and market key anti-obesity dairy components - supported by cellular, animal and human dietary intervention studies - presents a strong growth opportunity for Glanbia.

During 2007 additional investments were made in the business including:

- In September, Glanbia acquired Pizzey's Milling, the industry's leading supplier of flax seed solutions, thereby expanding its nutritional portfolio beyond milk-based solutions into Omega-3 and lignan products
- In December, a new premix facility was completed in China
- During the year sales offices were opened in Singapore, Malaysia and Indonesia. The South East Asia market offers strong growth prospects in addition to China and this market presence supports the Group's planned expansion in the region.

Strategy

The vision of Glanbia Nutritionals is to become one of the most relevant players in the delivery of science-based nutritional ingredients and solutions to the global nutrition industry. This will be achieved through acquisition and joint venture, capacity expansion and through continued investment in research and development, in both dairy and non dairy sectors. Innovation is key to the future development of this business and is supported by Group Innovation, which is centred in Ireland. The strategic objective is to deliver new and innovative products and solutions that will afford Glanbia a point of difference in the market place and deliver value to customers. Successful delivery of strong customer partnerships is based on a clear focus on finding innovative solutions to customer needs.

2008 Outlook

Key global consumer trends in health and wellness create a very positive background for the Nutritionals business. Very strong dairy markets prevailed throughout 2007 and while prices are expected to retreat from their 2007 peaks, the expectation is that prices will remain above historical averages in the medium term. Glanbia's growth in the vitamin and premix market was strengthened further in 2007 with the building of a new state of the art manufacturing facility in Suzhou, China. Overall strong organic growth is forecast for the Nutritionals business unit in 2008.

Joint Ventures & Associates

Key locations
UK, USA and Nigeria.

Description
Southwest Cheese, New Mexico, is one of the largest natural cheese and high protein whey processing plants in the world.

Glanbia Cheese is the no. 1 producer of mozzarella cheese for the European market.

Nutricima manufactures and markets branded dairy based consumer products for the Nigerian market.

The Group has a number of smaller Agribusiness and Food Ingredients Joint Ventures & Associates.

Joint Ventures & Associates
Glanbia's share of revenue was up 41% to €372.1 million in 2007 as key joint ventures delivered strong top line growth and good operational performances. However, Glanbia's share of profit after tax and interest declined €1.8 million to €1.0 million, directly as a consequence of the performance of Glanbia Cheese, which suffered as a result of a time lag in recovering increased milk cost in the market place.

USA: Southwest Cheese
Southwest Cheese, located in Clovis, New Mexico, is one of the largest natural cheese and high protein whey processing plants in the world. It is a 50:50 joint venture between Glanbia and the Greater Southwest Agency. The milk is supplied by members of the Greater Southwest Agency, - Dairy Farmers of America, Select Milk Producers Inc., Lone Star Milk Producers and Zia Milk Producers.

With a background in large scale dairy operations, Glanbia was responsible for the plant design and construction of the facility, which was commissioned in 2006. Glanbia sells the cheese and whey produced on a commission basis. The business employs 240 people.

2007 Performance
The Southwest Cheese facilities ramped up towards full capacity in 2007 and strong revenue growth was achieved as the business performed very well. Margins, however, were reduced as buoyant dairy markets drove raw material input costs to a level which was not recovered in the market place during the year.

Overall, Southwest Cheese achieved key operational metrics in 2007 and produced 123,000 tonnes of American style cheddar cheese, equivalent to 7% of the USA market.

International joint ventures are a key element of the Group's growth strategy and represent an excellent opportunity for leveraging Glanbia's core capabilities in cheese, scale processing and developing new markets.

In 2007, Southwest Cheese also produced 8,000 metric tonnes of high protein whey powder for domestic and international nutritional markets. The large scale, automated facility allows Southwest Cheese to produce a high quality product in high volume.

Glanbia's share of revenue

+41%

2008 Outlook

2007 represented a milestone in terms of the evolution of the business. Southwest Cheese has built a strong team capable of delivering world class performance in an ever changing market place, with a clear focus on quality, consistency and efficiency. The facility is now operating at capacity, delivering premium products to a growing market.

The impact of higher milk prices on the broad dairy spectrum is being managed and the business is in a good position to capitalise on its scale and efficiency. Based on current market conditions, Southwest Cheese is expected to deliver improved results in 2008.

UK: Glanbia Cheese

Glanbia has a 50% interest in Glanbia Cheese which is a joint venture with Leprino Foods, USA. Glanbia Cheese produces chilled and individually quick frozen mozzarella cheese for the European market in a variety of formats. The company is the largest mozzarella producer in Europe.

The business employs 350 people at three sites, which includes two cheese processing facilities and an administrative centre.

2007 Performance

This business had a difficult 2007. Performance was impacted by escalating milk prices and reduced milk availability, and the time lag in achieving the necessary price increases in the market place.

During the year Glanbia Cheese successfully strengthened its position as Europe's leading supplier. The business also continued to invest in new technology and during 2007 completed the installation of a new string cheese plant to meet the growing demand.

2008 Outlook

The Glanbia Cheese strategy is to maintain and build on its position as the leading supplier of mozzarella cheese in Europe. This will be achieved by quality product, quality people and quality service. Cheese price increases were secured as 2007 progressed and a better result is forecast for this business in 2008.

Nigeria: Nutricima

Nutricima is a 50:50 joint venture with PZ Cussons and supplies reconstituted evaporated milk, milk powder and energy powder to the local Nigerian market. This is a large and growing market which has a population of 140 million. The milk market is valued at US$550 million and the overall food processing market is growing at a rate of 14% per annum.

Increased oil prices and a relatively stable political environment has underpinned strong economic growth. This is giving rise to increased wealth and an emerging middle class, which supports good demand for dairy products.

Nutricima employs 260 people at its evaporated milk manufacturing plant and a powder packing facility. In December 2006 the partners announced plans to double the capacity of the evaporated milk facility and to develop a second facility to produce a further range of ready to drink beverages to meet the increasing requirements of this fast growing, dynamic consumer market. Glanbia is investing €16 million in these projects.

2007 Performance

Despite strong competition, Nutricima grew its market share and delivered strong top line growth in 2007. While the business performed satisfactorily, results were impacted by significant raw material price increases together with the need to invest heavily in building its brand. The business continues to innovate, bringing new products to consumers. New product development is strongly supported by the Group Innovation Centre, based in Kilkenny.

2008 Outlook

Nutricima is expected to make good progress in 2008. The construction of a second factory has commenced, with completion forecast by the end of 2008. A number of new product launches are also planned including yogurt powder, new Powerfist formats and flavoured condensed milk.

Corporate social responsibility

As Glanbia grows and develops as a leading international Group in cheese and nutritional ingredients, so also does our commitment to conducting our business in a way that is economically, socially and environmentally sustainable.

During 2007 we made further progress in our corporate citizenship objectives under the four pillars of Community, Environment, Workplace and Marketplace.

David Doran, CEO, CMRF at Our Lady's Hospital Crumlin showing Brian Phelan, Glanbia Human Resources & Operational Development Director the murals provided by Glanbia employees.

Community

Glanbia continues to foster company and employee involvement and support for the local communities where we operate.

In Ireland we continue our strong association with Junior Achievement Ireland through ongoing employee volunteering whereby the Group allows people time out to mentor primary and secondary school students, particularly on business subjects. We also continue to encourage the promotion of fitness and health through our ongoing and long standing corporate relationship with the GAA (The Gaelic Athletic Association) through sponsorships of the Kilkenny and Waterford senior hurling teams.

We have just come to the end of a very worthwhile three year programme in support of Our Lady's Hospital for Sick Children Crumlin, in Dublin. In 2007 Glanbia invested in providing six new state of the art anaesthetic machines. Through our employees involvement the hospital was able to commission murals on the walls of the hospital's Radiography Department. Thus, a traditionally gloomy and somewhat daunting section of the hospital has been enlivened and the reaction of children and their parents has been very positive.

In the USA, we continued our strong support for local communities in Idaho - through a three year programme of support for the Boys' and Girls' Club. Food Ingredients USA funded a new nutrition centre at the Twin Falls centre and also supported another nutrition centre at the Buhl Club, so bringing to an end the project with the Club, which involved employees and their families as well as customers in a range of support activities. Elsewhere our Nutritionals team in Suzhou near Shanghai were pleased to host the Irish Volunteers when the Special Olympics were held in China last October.

- Over the past three years the Group has made a significant difference through fundraising and practical support for Our Lady's Hospital for Sick Children in Ireland and the Boys' and Girls' Club in Idaho, USA.

Environment

Better management of our energy resources and usage is not only an important contribution to protecting the environment and to the challenge of dealing with climate change, but it makes good business sense as well.

Glanbia Food Ingredients Ireland is IPPC licensed and ISO14001 Environmental Management System accredited. During 2007 Glanbia Ingredients Ireland also became the first Irish owned company to receive the IS 393 Energy Management System certification.To complement this accreditation staff were trained with respect to energy and waste management and by comparison to 2006 figures waste to landfill was reduced by a further 13% in 2007.

Progress in Ireland was echoed in the USA where the Idaho Food Ingredients business made further strides on energy efficiency, waste water treatment and on recycling. Initiatives include the Idaho water re use projects which saved 600,000 gallons of water per day and our recycling projects which removed 30,693 kgs of cardboard, 1,340 kgs of aluminium, and 3,608 pallets from landfill in 2007. In the USA we are reducing energy consumption with the use of bio gas for boiler fuel in Gooding.

In 2007, we have implemented important environmental and energy management steps that we intend to build on.

- Our Southwest Cheese joint venture in New Mexico recycles 4.5 million litres of water daily recovered from the milk processing operations.

Workplace

Glanbia employs 4,900 people. We are determined to attract and retain high performing people and work with individuals to realise their potential, which is critical to our growth and success.

In 2007 training was provided at all levels - technical development for operational personnel, professional development for finance, sales, marketing and innovation, and management development targeted at the appropriate levels of management experience. In all 504 employees received a total of 863 days of development training.

Importantly we have robust health and safety policies and practices in place throughout all businesses. Our key indicators have shown continuous improvement since we were formed in 1997, with continuous Health & Safety training for employees around the globe. During 2007, 1,054 employees received a total of 5,960 days of health and safety training. We have policies in place to deal with diversity, ethics, equal opportunities, disability, harassment and bullying.

In 2007, we delivered a strong programme to enhance the quality of internal communications with the re-launch of the Group intranet site. 76% of all employees had face-to-face team briefings and we continued to invest in ongoing performance development programmes.

- Since Glanbia plc was formed in 1997, the frequency and cost of workplace accidents has continuously improved - down from 348 in 2002 to 190 in 2006.

Community

For the past two years we have been working some magic with the Boys' and Girls' Club, Idaho. The Club offers disadvantaged kids a caring, safe and fun place to learn and develop.

Workplace

Amanda Montano, Southwest Cheese, USA employee, New Mexico who works as a cheese operator in the company. Health and safety at work is an important part of our business and we have policies and practices in place to protect our employees.

Environment

This year, Glanbia achieved an energy 'first' - when we were accredited to the IS 393 Energy Management System. The Food Ingredients Ireland team are featured here with Brian Motherway, Sustainable Energy Ireland and John Ryan, Certification Europe.

Marketplace

We are what we eat. That's why increasingly consumers want to know more about the ingredients in the food products they eat. 92% of Glanbia products display information about the 'Big 8' key nutrients.

Marketplace

With Irish household brands, including Avonmore, Premier, Yoplait, Kilmeaden, Snowcream and CMP, Glanbia's consumer foods brands have been at the heart of Irish life for decades. These brands have a proud legacy and a reputation founded on trust and loyalty - values which are at the core of our vision and brand values and to which the business is fully committed through responsible brand management.

Glanbia processes and markets almost two million consumer packs in Ireland each day. From farm to plate we take our responsibility to consumers seriously with initiatives such as the annual Glanbia Milk Quality Awards and the annual Glanbia Grain Quality Awards to recognise the critical role played by milk suppliers and grain growers in food safety and quality. Glanbia is also accredited by the British Retail Consortium global standard and our consumer foods facilities are all accredited to the ISO14001 Environmental standard.

Glanbia engages with our consumers in a variety of ways - we listen through focus groups and independent research and we are committed to providing consumers with all the information they need to make informed choices about healthy eating. We already provide information on key nutrients on more than 92% of our products and are currently developing a system to include GDA (Guideline Dietary Amount) information on all packaging.

- We check on consumer satisfaction with our products continuously. In Ireland in 2007 we spoke directly to more than 6,700 consumers to make sure they were satisfied with our products and advertising.
- Food Ingredients USA and Southwest Cheese won gold again for their cheese at the 2007 World Cheese Championship.

Finance review

"Good organic growth, disciplined cost and margin management saw the Group deliver a 34% increase in pre exceptional profit before tax and a 68% increase in free cash flow."

Summary

The successful delivery of Glanbia's growth strategy has enhanced the Group's earnings and cash flow and is reflected in an excellent set of results this year. In 2007, revenue increased 19% to €2,206.6 million (2006: €1,853.4 million), driven by a 30% increase in revenue in the Food Ingredients & Nutritionals division, where a combination of price and volume growth and a full year contribution from Seltzer Companies, Inc. acquired in September 2006, drove a strong performance.

Operating profit pre exceptional grew 35% (€30.2 million) to €115.8 million (2006: €85.6 million). Operating margin pre exceptional increased 60 basis points to 5.2% (2006: 4.6%).

Net financing costs

Financing costs pre exceptional increased €3.3 million to €17.3 million (2006: €14.0 million) due primarily to higher interest rates. Interest cover was 6.7 times in 2007, an increase from 6.1 times in 2006.

Joint Ventures & Associates

The Group's share of results of joint ventures and associates, post interest and taxation amounted to €1.0 million compared with €2.8 million in 2006, despite strong top line growth of 41%. This result reflects margin pressures in the businesses due to a time lag in the recovery of significant increases in dairy raw material prices across the world, particularly in Glanbia Cheese, the UK mozzarella joint venture with Leprino Foods. The Group's share of operating profit of joint ventures & associates (pre interest and tax) grew by €0.5 million to €5.9 million.

Profit before tax

Profit before tax pre exceptional increased 34% from €74.4 million in 2006 to €99.5 million in 2007.

Summary income statement

	2007	2006	Change
Revenue(1)	€2,206.6m	€1,853.4m	Up 19%
Operating profit pre exceptional	€115.8m	€85.6m	Up 35%
Operating margin pre exceptional	5.2%	4.6%	Up 60bps
Net financing costs	(€17.3m)	(€14.0m)	Up €3.3m
Share of results of joint ventures and associates(1)	€1.0m	€2.8m	Down €1.8m
Profit before tax pre exceptional	€99.5m	€74.4m	Up 34%
Taxation pre exceptional	(€16.4m)	(€8.0m)	Up €8.4m
Profit after tax pre exceptional	€83.1m	€66.4m	Up 25%
Exceptional items(2)	(€22.8m)	(€0.1m)	See note
Earnings per share	20.4c	22.5c	Down 9%
Adjusted earnings per share(3)	28.2c	22.6c	Up 25%
Dividend per share in respect of the year	6.08c	5.79c	Up 5%

1. Revenue including Glanbia's share of the revenue of Joint Ventures & Associates was €2.6 billion in 2007, up 22% on 2006. Share of results of Joint Ventures & Associates is an after interest and tax amount.
2. On 3 March 2008 Glanbia announced the sale of Glanbia Meats in a Management Buy Out. This disposal is consistent with the Group's strategy of focussing on key growth areas of cheese and nutritional ingredients. The exit from Glanbia Meats resulted in a net exceptional charge in the year of €20.4 million. Restructuring costs relating to Yoplait production facilities in Consumer Foods Ireland were €2.4 million during the year.
3. Before exceptional items

Revenue

+19%

Glanbia's international activities continued to grow successfully and international margins, including Joint Ventures & Associates, increased 140 basis points.

Profit before tax pre exceptional

+34%

Taxation

The pre exceptional tax charge for 2007 increased €8.4 million to €16.4 million (2006: €8.0 million), reflecting the increased level of international profits which attract higher tax rates, in the Group. The tax effect of the exceptional charges in 2007 resulted in an exceptional tax credit of €0.6 million. The exceptional tax credit in 2006 arose on the recognition of a deferred tax asset relating to tax losses in former UK operations.

Exceptional items

The net exceptional charge for the year amounted to €22.8 million compared with €0.1 million in 2006. Exceptionals before tax amounted to €23.5 million in 2007 and €12.5 million in 2006. 2007 exceptional items include €20.4 million relating to the Group's exit from the Pigmeat operations and €2.4 million restructuring costs in the Irish Consumer Foods business. In 2006 the exceptionals before tax amount of €12.5 million included €3.3 million restructuring costs relating to the 2006 closure of the Pigmeat canning operations and €9.2 million relating to the disposal of the Group's remaining 25% interest and related loan note in The Cheese Company Holdings Limited.

The Group completed a strategic review of its Pigmeat operations in 2007 and as a result decided to exit this sector. This involved a settlement with the Group's insurers in relation to a fire at a pigmeat processing facility in Ireland in August 2007 and the sale of the Pigmeat facilities to a Management Buy Out team, led by Jim Hanley, Chief Executive of Glanbia Meats on 3 March 2008. This transaction gave rise to a net €20.4 million exceptional that includes a provision of €23.0 million and €2.6 million profit on the disposal of the canning operations site. The decision to exit the business released €35.0 million of cash for the Group, which will be reinvested in strategic higher growth projects.

Earnings and dividends

Earnings per share declined 9% to 20.4 cent (2006: 22.5 cent) due to the exceptional items. Adjusted earnings per share increased 25% to 28.2 cent (2006: 22.6 cent). The Board is recommending a final dividend of 3.58 cent per share, compared with a 3.41 cent per share final dividend in 2006. This brings a total dividend for the year to 6.08 cent per share (2006: 5.79 cent per share), representing a 5% increase. Subject to shareholder approval, dividends will be paid on Tuesday, 20 May 2008 to shareholders on the register of members as at Friday, 25 April 2008.

Finance review (continued)

2007 divisional results including Joint Ventures & Associates

Ireland

	2007			2006		
	Revenue €m	Operating profit* €m	Operating margin %	Revenue €m	Operating profit* €m	Operating margin %
Consumer Foods	510.8	17.8	3.5	511.0	24.5	4.8
Agribusiness & Property	292.6	12.8	4.4	264.5	16.9	6.4
TOTAL	**803.4**	**30.6**	**3.8**	**775.5**	**41.4**	**5.3**

International

	2007			2006		
	Revenue €m	Operating profit* €m	Operating margin %	Revenue €m	Operating profit* €m	Operating margin %
Food Ingredients & Nutritionals	1,403.2	85.2	6.1	1,077.9	44.2	4.1
Joint Ventures & Associates	372.1	5.9	1.6	262.9	5.4	2.1
TOTAL	**1,775.3**	**91.1**	**5.1**	**1,340.8**	**49.6**	**3.7**

*Pre exceptional

The Group's debt levels at the end of the year were similar to 2006 and 2005 levels, despite the increased size of the Group and acquisition and development expenditure of €144 million over the two year period.

2007 divisional results

The Group's Irish operations include Consumer Foods and Agribusiness & Property. International activities include Food Ingredients & Nutritionals and key joint ventures. Food Ingredients Ireland is included in international activities as its products are sold to international customers.

The 2007 dairy environment had differing implications across the business portfolio. While revenue was up 3.6% in the Irish operations, margins were reduced, primarily due to the timing of recovery in the market place of higher milk costs in Consumer Foods Ireland. Overall revenue in international operations grew strongly by 32%, due mainly to higher pricing. Operating margins in the Food Ingredients and Nutritionals business expanded due to strong markets, good organic growth, the first full year contribution from the 2006 Seltzer acquisition in the USA and Food Ingredients Ireland margins returning to historical levels.

While there was good volume and revenue growth in the joint ventures & associates, operating margins declined as margin expansion in Southwest Cheese was offset by a margin reduction in Glanbia Cheese, the UK mozzarella joint venture.

Balance sheet and cash flow

Strong free cash flow was generated in the year, increasing by €22.7 million to €56.3 million (2006: €33.6 million). Free cashflow was, after business sustaining capital investment of €20.8 million (2006: €18.9 million). This cash combined with proceeds from asset disposals and insurance proceeds of €20.5 million was invested as follows during the year:

- €19.7 million expenditure on acquisitions, net of disposals including deferred consideration on prior year acquisitions
- €39.8 million expenditure on strategic development capital projects, including further investment in international joint ventures
- €17.3 million on equity dividends

Glanbia has an active development programme and has two acquisition teams - one in Europe and one in the USA - who continually analyse a range of potential projects. Our principal focus is on nutritional acquisitions, which add value through complementary ingredients or technologies, in this high growth and higher margin sector.

Net debt

Net debt at the end of the year was €220.2 million compared with €224.5 million in 2006, a reduction of €4.3 million. The movement in net debt reflects the reinvestment of the cash generated by the Group in its growth strategy. The Group targets acquisition and investment opportunities that are value enhancing and the Group's policy is to fund these transactions from cash flow or borrowings. The Group sets EBITDA (Debt to Earnings before Interest, Taxation, Depreciation and Amortisation) targets that allow flexibility to accommodate acquisition and development opportunities. These targets recognise that the Group's net debt is subject to seasonal fluctuation above year end debt levels.

Free cash flow

+ €22.7m

Free cash flow	2007 €m	2006 €m
EBITDA pre exceptional	149.2	114.3
Working capital movement	(52.1)	(36.6)
Net interest and taxation paid	(20.0)	(25.2)
Business sustaining capital investment	(20.8)	(18.9)
Free cash flow	**56.3**	**33.6**

Net finance costs ratios	2007	2006	2005	2004
Net debt: EBITDA (times)	1.5	2.0	2.1	2.3
EBITDA: Net finance cost (times)	8.6	8.1	8.2	7.0

Financial risk management

The conduct of Glanbia's ordinary business operations necessitates the holding and issuing of financial instruments and derivative financial instruments by the Group. The main risks arising from issuing, holding and managing these financial instruments typically include liquidity risk, interest rate risk and currency risk. The Group approach is to centrally manage these risks against comprehensive policy guidelines. The Board agrees and regularly reviews these guidelines. More detailed information on financial risk is contained in note 3.1 'Financial risk factors' in the notes to the financial statements.

Share price and market capitalisation

Glanbia's share price performed strongly during 2007. The closing share price at the year end was €4.59 and the share price high/low during the year was €5.08 and €3.12 respectively. This compares with a year end closing share price of €2.96 in 2006 and a share price high of €3.13 and low of €1.93 during the year.

Glanbia's market capitalisation at the year end was €1.346 billion compared with €0.868 billion at year end 2006.

Investor relations

Glanbia operates an active domestic and international Investor Relations and Financial Media Relations Programme each year. In 2007 management met with over 170 existing and potential investors

In 2007, the Group has continued to improve its debt to EBITDA ratio and sustained a strong interest to EBITDA cover ratio.

and visited 15 cities in 12 countries. The Group has a 45% free float, which is well balanced between institutional and retail investor ownership and between domestic and international institutional ownership.

Conclusion

Glanbia has successfully improved all key financial performance indicators during 2007. We are also on track to deliver our three year strategic financial targets.
The hallmark of the 2007 results is the improvement in the financial strength of the Group and the enhancement of our financial capacity to continue to deliver on our growth strategy.

Geoff Meagher
Deputy Group Managing Director/Group Finance Director

Risk and risk management

The management of risk is key to the achievement of Glanbia's strategic and financial objectives. The Board is ultimately responsible for the Group's risk management system which is designed to manage, rather than eliminate the risk of failure to achieve business objectives. There is an ongoing process in place for identifying, assessing, managing, monitoring and reporting on the significant risks faced by individual group companies and by the Group as a whole. This process has been in place for the year under review up to and including the date of approval of the 2007 Annual Report and Accounts. We have identified the key areas of risk and these, together with the steps we take to mitigate them, are shown below.

Risk	Impact	Mitigation
Global economic downturn	A global economic downturn could curtail demand.	• Balanced spread of business, with an emphasis on developed economies. • Continue to diversify earnings base to reduce volatility in financial results.
Food safety	Glanbia must maintain the highest standards of food safety.	• Our processing sites operate world class quality and food safety systems. • These systems are regularly reviewed to ensure they remain effective and follow best practice. • Full compliance with all regulatory requirements.
Legislation and regulation	Group operations in processing, distribution, packaging and labelling of food are governed by extensive legislation, regulation, codes of practice and guidance.	• The Group conforms to international and local food safety, quality and environmental regulations.
Competition	Significant product innovations, technical advances or the intensification of price competition could adversely affect the Group.	• The Group invests in research and development and ensures that the introduction of new products and improved production processes positions the Group well in its chosen markets. • The Group also continually works to streamline its cost base to ensure it remains competitive.
Environment	The Group continues to be committed to sustainable growth in harmony with the environment and the communities in which it operates.	• The inclusion of environmentally friendly objectives and risk management as part of the overall business strategy. • The maintenance of relationships with local communities and authorities, regulatory agencies and interest groups to create better understanding and co-operation. • The recycling and the re-using of raw materials and the reducing of discharges to land, air or water.
Growth through acquisition	There is a risk to the business if the Group is unable to continue to grow as outlined in its business plan due to an inability to source and complete complementary acquisitions and integrate the operations of the acquired businesses.	• The Group's management team has significant experience in the areas of both pre acquisition due diligence and post acquisition integration. • Where appropriate, external resources are engaged to assist with acquisitions and investments.

Risk	Impact	Mitigation
Health and safety	Ensuring the safety, health and welfare of employees, visitors to Glanbia operations, surrounding communities and the public .	• Full compliance with relevant safety, health and welfare legislation. • Processes have been put in place to ensure that workplace conditions, practices and procedures are maintained to the highest possible level of safety.
Energy costs	Large scale processing is an energy intensive operation.	• Energy efficiency programmes throughout the Group. • In order to minimise the impact on energy costs of price volatility, the Group will, where necessary, enter into fixed price arrangements to cover certain future energy requirements.
Loss of a major site	The Group operates from many key sites the loss or significant destruction of any one of which would present significant operational difficulties.	• The Group's operations have business continuity and communication plans in place to manage the impact of such an event. • The Group also has insurance programmes designed to mitigate the financial consequences.
Recruitment and retention	The ongoing success of the Group is dependent on attracting and retaining high quality senior management and staff.	• The Group mitigates any risk associated with loss of key personnel through robust succession planning, strong recruitment processes, long term management incentives and retention initiatives.
Supply chain	The Group's ability to fulfil the demand for its products is dependent on an efficient supply chain.	• The Group mitigates this risk by maintaining a broad supplier base and the Group is committed to ensuring that suppliers continue to choose the Group as the partner of choice.
Financial risk	The conduct of ordinary business operations necessitates the holding and issuing of financial instruments and derivative financial instruments by the Group. The main risks arising from issuing, holding and managing these financial instruments typically include liquidity risk, interest rate risk and currency risk.	• The Group approach is to centrally manage these risks against comprehensive policy guidelines, details of which are outlined in note 3.1 Financial Risk Factors in the notes to the financial statements. • The Board agrees and regularly reviews these guidelines.

Board of Directors

Chairman

Michael Walsh (aged 65) is Chairman of Glanbia plc. He was appointed to the Board in 1989, was appointed Vice-Chairman of the Company in 1996 and was appointed Chairman of the Company in 2005. He is also Chairman of Glanbia Co-operative Society Limited and is a director of a number of other Irish societies including Irish Co-operative Organisation Society Limited and the Irish Dairy Board Co-operative Limited. He farms at Coolroe, Graiguenamanagh, Co. Kilkenny.

Group Managing Director

John Moloney B.Agr.Sc., MBA, (aged 53) is Group Managing Director since 2001 having been appointed to the Board in 1997. He joined the Group in 1987 and held a number of senior management positions including Chief Executive of the Food Ingredients and Agricultural Trading Divisions. He was appointed Deputy Group Managing Director in 2000 and assumed the responsibilities of Chief Operating Officer in 2001. Prior to joining the Group John Moloney previously worked with the Department of Agriculture, Food and Forestry and in the meat industry in Ireland. He is a Director of the Irish Dairy Board Co-operative Limited and a Council Member of the Irish Business and Employers Confederation.

Executive Directors

Geoffrey Meagher CPA, (aged 58) joined the Board as Group Finance Director in 1993 and was appointed Deputy Group Managing Director in June 2005. He joined the Group in 1975 and held a number of positions including that of Group Financial Controller. Prior to that he trained and worked with PricewaterhouseCoopers, Chartered Accountants.

Kevin Toland FCMA, (aged 42) was appointed to the Board in 2003. He is CEO and President of Glanbia USA and Nutritionals, having previously held the positions of Group Development Director and Chief Executive of the Consumer Foods Division. Prior to joining Glanbia in 1999, he held a number of senior management positions with Coca-Cola Bottlers in Russia and with Grand Metropolitan plc in Ireland and Central Europe.

Non-executive Directors

Liam Herlihy[1,2] (aged 56) is Vice-Chairman of Glanbia plc. He was appointed to the Board in 1997. He is a Director of Irish Co-operative Organisation Society Limited and farms at Headborough, Knockanore, Tallow, Co. Waterford.

John Callaghan FCA, FIB, (aged 65) was appointed to the Board in 1998. He is a Director of Rabobank Ireland plc and Vivas Insurance Limited. He was formerly Managing Partner of KPMG (Ireland), Chief Executive of Fyffes plc and Chairman of First Active plc.

Henry Corbally[2] (aged 53) was appointed to the Board in 1999. He is Vice-Chairman of the National Dairy Council and a Director of Kilmainhamwood Community Employment Scheme Limited. He farms at Kilmainhamwood, Kells, Co. Meath.

Victor Quinlan[2] B.Agr.Sc., (aged 62) is Vice-Chairman of Glanbia plc. He was first appointed to the Board in 1996. He is Chairman of Irish Co-op Society Limited and a Director of Malting Company of Ireland Limited. He farms at Baptistgrange, Lisronagh, Clonmel, Co. Tipperary.

Nicholas Dunphy (aged 47) was appointed to the Board in May 2007. He farms at Grawn, Kilmacthomas, Co. Waterford.

John Fitzgerald[2] (aged 52) was appointed to the Board in 2004. He farms at Ross, Kilmeaden, Co. Waterford.

Edward Fitzpatrick[2] (aged 60)
was appointed to the Board in 1999. He is a Director of South Eastern Cattle Breeding Society Limited and Castlegannon Show Limited. He farms at Knockmoylan, Mullinavat, Co. Kilkenny.

James Gilsenan[2] (aged 48)
was appointed to the Board in 1999.
He farms at Drogheda Road, Collon, Co. Louth.

Patrick Gleeson (aged 46)
was appointed to the Board in 2006. He is a Committee Member of Centenary Thurles Co-operative Society Limited and farms at Loughmore, Templemore, Co. Tipperary.

Paul Haran (aged 50)
was appointed to the Board in 2005. He serves on the Court of Directors of the Bank of Ireland, chairs the Board of the UCD Michael Smurfit Graduate School of Business and holds a number of other directorships.

Christopher Hill[2] B.Agr.Sc., (aged 49)
was appointed to the Board in 2000.
He is a Director of Wicklow Rural Partnership Limited and a member of the Wicklow County Development Board. He farms at Johnstown House, Arklow, Co. Wicklow.

Martin Keane (aged 52)
was appointed to the Board in 2006. He is a Director of Donaghmore Famine Work House and Agricultural Museum Co-operative Society Limited and farms at Errill, Portlaoise, Co. Laois.

Jerry Liston B.A., MBA, (aged 67)
was appointed to the Board in 2002. He is Chairman of the Irish Aviation Authority. He was formerly Chief Executive of United Drug plc and past Executive Chairman of the Michael Smurfit Graduate School of Business.

Matthew Merrick (aged 56)
was appointed to the Board in 2005. He is the Chairman of the County Offaly Enterprise Board and a board member of IFAC Accountants.
He farms at Shean, Edenderry, Co. Offaly.

William Murphy B. Comm, (aged 62)
retired as Deputy Group Managing Director of Glanbia plc in 2005. He was appointed to the Board in 1989. He is a Director of IAWS plc and a number of unlisted companies.

Michael Parsons (aged 58)
was appointed to the Board in 1999. He is Chairman of Kilkenny Co-operative Livestock Market Limited and a Director of Kilkenny, Carlow and District Farm Relief Services Society Limited. He farms at Outrath, Kilkenny.

Eamon Power[2] (aged 53)
was appointed to the Board in 1999 and represents the Group on the Tus Forum and the Progressive Genetic Advisory Committee.
He is a Master Farmer and farms at Corse, Fethard-on-Sea, Co. Wexford.

[1] Completed the Institute of Directors Development Programme (2006) and holds a certificate of merit in Corporate Governance from the Institute of Directors Centre for Corporate Governance at UCD.
[2] Completed the ICOS Diploma in Corporate Direction

Board Committees

Audit Committee	Remuneration Committee	Nomination Committee
J Callaghan - Chairman, H Corbally, J Fitzgerald, P Haran, L Herlihy, J Liston, E Power, V Quinlan.	J Liston - Chairman, J Callaghan, P Haran, L Herlihy, V Quinlan, M Walsh.	M Walsh - Chairman, J Callaghan, P Haran, J Liston.

Secretary

Michael Horan B. Comm, FCA,
Glanbia House, Kilkenny, Ireland.

Report of the Directors

for the year ended 29 December 2007

Introduction
The Directors are pleased to present their report to shareholders together with the audited financial statements for the year ended 29 December 2007.

Principal activities
Glanbia plc is an international dairy, consumer foods and nutritional products company. It is principally engaged in the processing and marketing of cheese, dairy-based food ingredient and nutritional products; dairy-based consumer products and meat products; manufacture of animal feedstuffs and trading in agricultural products; and maximising the value of the Company and its subsidiaries ("the Group") property assets.

Results and dividends
Revenue increased 19% to €2,206.6 million (2006: €1,853.4 million). This revenue increase was driven by a 30% increase in revenue in the Food Ingredients and Nutritionals division, where a combination of price and volume growth and a full year contribution from Seltzer Companies, Inc., a leading US nutritional solutions company acquired in September 2006, drove a strong performance. Operating profit pre exceptional grew 35% (€30.2 million) to €115.8 million (2006: €85.6 million). Operating margin pre exceptional increased 60 basis points to 5.2% (2006: 4.6%). Basic earnings per share amounted to 20.4 cent compared with 22.5 cent in 2006, a decrease of 9%, while adjusted earnings per share amounted to 28.2 cent compared with 22.6 cent in 2006, an increase of 25%.

Net debt at the year end amounted to €220.2 million (2006: €224.5 million). In 2007 free cash flow increased €22.7 million to €56.3 million (2006: €33.6 million). EBITDA grew by €34.9 million to €149.2 million. The Group had capital and strategic acquisition investment of €57.5 million in the year, over 90% of which was spend on expanding international operations. Working capital increased by €52.1 million during the year due to higher global dairy markets and the increased size of the Group overall.

An interim dividend of 2.5 cent per share on the ordinary shares amounting to €7.3 million was paid to shareholders on 3 October 2007. The Directors have recommended the payment of a final dividend of 3.58 cent per share on the ordinary shares which amounts to €10.5 million. Subject to shareholders approval this dividend will be paid on Tuesday, 20 May 2008 to shareholders on the register of members as at Friday, 25 April, 2008, the record date.

Some key performance indicators are set out in the finance review on pages 26 to 29. The financial statements for the year ended 29 December 2007 are set out in detail on pages 45 to 106.

Business review
The Group had an excellent year in 2007. Operating profit pre exceptional rose 35% to €115.8 million and adjusted earnings per share were up 25% to 28.2 cent. These results reflect the benefits of strategic investment programmes implemented over recent years and the Group's spread of businesses, against a backdrop of positive global dairy markets. The driver was the strong performance of the Group's largest division, Food Ingredients and Nutritionals. This division delivered with good volumes, improvements in operational efficiency and solid growth in margins.

Comprehensive reviews of the development and financial and operating performance of the Group during 2007 are set out in the Managing Director's review on pages 6 to 8, the separate operations reviews for each of the divisions on pages 12 to 23 and the finance review on pages 26 to 29 including key financial performance indicators on pages 26 to 29. The treasury policy and objectives of the Group are set out in note 3.1 to the financial statements.

Outlook
The Group's vision is to be a world leader in international cheese and nutritional ingredients. Realisation of this vision is through a clear growth strategy, which has transformed the Group in recent years and created a good spread of Irish and international businesses in key markets and sectors.

Since 2004, the Group has invested significantly to support its growth strategy with €293 million invested in acquisition and development capital expenditure. During the same period the Group's portfolio of businesses has been reshaped with disposals releasing €200 million for investment into higher growth areas. The main focus has been on growing international operations, with over 90% of the investment allocated to this segment in 2006 and 2007.

The Group's growth strategy is delivering. The Group is confident of another good performance this year and the Group is on target for double digit growth in 2008. More importantly the Group continues to successfully develop a strategic international presence in cheese and nutritional ingredients. This, together with strong Irish operations, is positive for sustained high growth into the future.

Board of Directors
Mr Michael Keane retired on 31 May 2007 and Mr Nicholas Dunphy was appointed to the Board on the same day. In accordance with the Articles of Association of the Company, Mr Dunphy will retire at the 2008 Annual General Meeting and, being eligible, offers himself for re-appointment.

In accordance with the Articles of Association of the Company, Messrs John Fitzgerald, Geoffrey Meagher and Victor Quinlan retire from the Board by rotation and, being eligible, offer themselves for re-appointment.

In accordance with the provisions of the 2006 Combined Code on Corporate Governance of the Irish and London Stock Exchanges, Messrs Michael Walsh, Liam Herlihy, John Callaghan and William Murphy, being Directors who have each served a period in excess of nine years on the Board will retire at the Annual General Meeting and, being eligible, offer themselves for re-appointment.

None of the Directors proposed for re-appointment has a service contract with the Company.

The Chairman wishes to confirm that following the completion of the performance evaluation process all Directors proposed for re-election continue to be effective and these Directors continue to demonstrate commitment to their roles.

Employees
The Group's 4,900 employees are the key to building sustainable growth through delivery of the strategy. The Group provides opportunity, development and reward to those who enjoy working in a challenging delivery focussed environment and is proud to be an employer of choice at its worldwide locations.

Books of account
The measures taken by the Directors to secure compliance with the Company's obligations to keep proper books of account are the use of appropriate systems and procedures and employment of competent persons. The books of account are kept at Glanbia House, Kilkenny, Ireland.

Share capital and options
The authorised share capital of the Company is 306,000,000 ordinary shares of €0.06 each. The issued share capital as at 29 December 2007 was 293,346,684 ordinary shares of €0.06 each, of which 54.7% was held by Glanbia Co-operative Society Limited ("the Society"), an Irish industrial and provident society.

The rights attaching to the ordinary shares of €0.06 each are set out in the Memorandum and Articles of Association of the Company, a copy of which may be obtained from the Company's website www.glanbia.com. All shares rank pari passu and the principal rights are the right to vote, the right to receive a dividend and the right to capital on a winding up or a return of capital.

As at 29 December 2007, Options outstanding under the Company's 1988 Share Option Scheme and the 2002 Long Term Incentive Plan ("LTIP") amounted to 2,792,000 ordinary shares (30 December 2006: 2,734,000) made up as follows:

	No of Ordinary Shares	Price Range	Dates exercisable
2002 LTIP and Share option scheme	2,792,000	€1.55 - €4.25 GBP£2.90	2008 – 2017 2008

As at 29 December 2007 Share Awards had been granted under the Company's 2002 LTIP over 134,600 ordinary shares (30 December 2006: 146,900).

As at 29 December 2007 Share Awards had been granted under the Company's 2007 LTIP over 183,500 ordinary shares (30 December 2006: Nil).

Share Trust
As detailed in note 27 to the financial statements at 29 December 2007, 234,190 ordinary shares were held in an employee benefit trust for the purpose of the Group's employee share schemes. Whilst any shares in the Company are held by the Trustees the Trustees shall refrain from exercising any voting rights which may attach to the shares save that if the beneficial interest in any share has been vested in any beneficiary the Trustees shall seek and comply with any direction from such beneficiary as to the exercise of voting rights attaching to such share.

Substantial Interests
As at 4 March 2008, the Company has been advised of the following notifiable interests in its ordinary share capital:

Shareholder	No of Ordinary Shares	% of issued share capital
Glanbia Co-operative Society Limited	160,277,308	54.7%
Bank of Ireland Nominees Limited*	17,134,736	5.8%

*Bank of Ireland Nominees Limited and its affiliates state that these shares are not beneficially owned by them.

Report of the Directors

for the year ended 29 December 2007

Authority to purchase own shares/authority to allot relevant securities
At the Annual General Meeting in 2007 the Company was authorised by shareholders to purchase up to 10 per cent of the aggregate nominal value of the issued share capital of the Company as at the close of business on 16 May, 2007. The Company did not make use of this authority during 2007. As detailed in note 27 to the financial statements at 29 December 2007, 234,190 ordinary shares were held in an employee benefit trust for the purpose of the Group's employee share schemes. During the year, the Glanbia Employees' Share Trust purchased 21,687 shares.

The authority for the Company to purchase its own shares expires at the conclusion of the Annual General Meeting in 2008 and a resolution to renew it will be proposed at that meeting.

As explained in the circular accompanying these financial statements, Shareholders are being asked to renew the Directors' authority to allot relevant securities within the meaning of Section 20 of the Companies (Amendment) Act, 1983 (given at the Annual General Meeting in 2007), in the manner set out therein.

Directors' and Secretary's share interests
The interests of the Directors and Group Secretary and their spouses and minor children in the share capital of the Company, subsidiary companies and the holding society are disclosed in note 43 to the financial statements.

Appointment and replacement of Directors
The Company is a subsidiary of Glanbia Co-operative Society Limited ("the Society"), an Irish industrial and provident society, which owns 54.7% of the share capital of the Company. The Society nominates from its Board of Directors, which is elected on a three-year basis, fourteen of the eighteen non-executive Directors for appointment to the Board of the Company.

Principal risks and uncertainties and financial risk management
Under Irish company law (Statutory Instrument 116.2005-European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005), the Group is required to give a description of the principal risks and uncertainties which it faces. These appear on pages 30-31 of the risk and risk management report.

A comprehensive analysis on the financial risk management objectives and policies of the Company and the Group, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used and the exposure of the Company and the Group to price risk, credit risk, liquidity risk and cash flow risk, is contained in note 3.1 to the financial statements.

Corporate governance
The Directors of the Company are committed to maintaining the highest standards of corporate governance and a statement of how the Company applies the main and supporting principles of the 2006 Combined Code on Corporate Governance of the Irish and London Stock Exchanges ("the Combined Code") appears on pages 37 to 45.

Research and development
The Group is committed to an ongoing and extensive innovation programme to support a customer-led business and marketing approach. There is growing consumer awareness of the link between health and diet and the Group is committed to achieving the highest standards of best practice in relation to science-based innovation. It is directed towards the development of technically superior dairy-based food ingredient and nutritional products, cheese, high value consumer food products, other products and the enhancement of proprietary technologies and processes.

Through its research and development facilities in Kilkenny and Idaho, USA, the Group's business has developed and launched advanced, differentiated and branded ingredients and consumer products targeted at a range of nutritional benefits such as weight management and immune enhancement.

Subsidiary and associated undertakings
A list of the principal subsidiary and associated undertakings is included in note 44 to the financial statements.

Political donations
The Electoral Act, 1997 requires companies to disclose all political donations over €5,079 in aggregate made during the financial year. The Directors, on enquiry, have satisfied themselves that no such donations in excess of this amount have been made by the Company.

Auditors
The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

Special business at the Annual General Meeting
Notice of the 2008 Annual General Meeting with details of the special business to be considered at the meeting is set out in a separate circular which is enclosed with this Annual Report.

On behalf of the Board

M Walsh	**J Moloney**
Chairman	Group Managing Director

Glanbia House
Kilkenny
4 March 2008

Directors' statement of corporate governance

Glanbia plc (the "Company") has primary listings on the Irish and London Stock Exchanges.

1. The Directors' report on corporate governance

The Directors are committed to maintaining the highest standards of corporate governance which they see as fundamental to discharging their stewardship responsibilities. The Board strives to provide the right leadership, strategic oversight and control environment to produce and sustain the delivery of value to all of the Company's shareholders. The Board applies integrity, principles of good governance and accountability throughout its activities and each Director brings independence of character and judgement to the role. All of the members of the Board are individually and collectively aware of their responsibilities to the Company's stakeholders.

The principal governance rules applying to Irish companies listed on the Irish and London Stock Exchanges are currently contained in the Combined Code on Corporate Governance adopted by the Financial Reporting Council in June 2006 ("the Combined Code").

This report describes the Board's approach to corporate governance and explains how it applies the Combined Code.

2. The Board of Directors ("the Board")

2.1 The composition of the Board

The Board consists of the Chairman (Mr Michael Walsh); seventeen other non-executive directors (including Mr John Callaghan, the Senior Independent Director) and three executive directors (Mr John Moloney, the Group Managing Director, Mr Geoffrey Meagher, the Deputy Group Managing Director and Group Finance Director and Mr Kevin Toland, the CEO and President Glanbia USA and Nutritionals).

The Company is a subsidiary of Glanbia Co-operative Society Limited ("the Society"), an Irish industrial and provident society, which owns 54.7% of the share capital of the Company. Many of the members of the Society supply milk and trade with Irish subsidiaries of the Company.

The Society nominates from its Board of Directors, which is elected on a three-year basis, fourteen of the eighteen non-executive Directors (including the Chairman) for appointment to the Board of the Company. Mr Michael Keane stepped down from the Board on 31 May 2007 following his retirement from the Society. The Society nominated Mr Nicholas Dunphy to replace Mr Keane and Mr Dunphy joined the Board as a non-executive director with effect from 31 May 2007.

Biographies of each of the Directors are set out on pages 32 and 33.

The Board considers that the Directors bring to the Company and its subsidiaries ("the Group") the range of skills, knowledge and experience, including international experience, necessary to lead the Group.

2.2 Directors' Independence

The Board assesses and reviews the independence of each of the Directors at least annually having regard to the potential relevance and materiality of a Director's interests.

Following this assessment, the Board has determined that throughout the reporting period, Mr John Callaghan, Mr Paul Haran and Mr Jerry Liston were independent. In particular, the Board reviewed the position of Mr Callaghan in the context of the guidance in the Combined Code and determined that, notwithstanding his 10 years on the Board, he remains independent. In the same manner as the other non-executive Directors, he discharges his duties in a proper and consistently independent manner and constructively and appropriately challenges the executive Directors and the Board.

Fourteen of the remaining fifteen non-executive Directors are nominated by the Board of the Society for appointment to the Board of the Company. Additionally, Mr William Murphy who retired as Deputy Group Managing Director in 2005 remains on the Board as a non-executive Director. The Board recognises that these Directors do not meet the criteria for independence as specified in the Combined Code. The Board, however, considers that they are independent in character and judgment.

All of the non-executive Directors bring an independent perspective to their advisory and monitoring roles.

2.3 The Role and Operation of the Board

2.3.1 Board meetings and attendance

There were 11 scheduled meetings of the Board during 2007. Details of Directors' attendance at those meetings are set out in the table on the next page:

2.3.2 Operation of the Board

The Board is responsible for the leadership, direction and control of the Company and its subsidiary companies and is accountable to shareholders for financial performance.

2.3.3 Matters reserved for the Board

There is a schedule of matters which is dealt with exclusively by the Board. These include approval of annual and strategic business plans, capital expenditure, any change in Group strategy and any acquisition or disposal of Group assets, the recommendation and approval of any dividends and Group treasury and risk management policies.

2.3.4 The roles of executive and non-executive directors

The executive Directors are responsible for proposing strategy and for making and implementing operational decisions. Non-executive Directors complement the skills and experience of the executive Directors, bring an independent judgement, and contribute to the formulation of strategy, policy and decision-making through their knowledge and experience of other businesses and sectors.

	Board		Audit Committee		Nomination Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B
M Walsh	11	11			1	1	7	7
L Herlihy	11	11	5	5			7	5
V Quinlan	11	11	5	5			7	6
J Moloney	11	10						
J Callaghan	11	11	5	5	1	1	7	5
H Corbally	11	11	5	5				
N Dunphy*	7	7						
E Fitzpatrick	11	11						
J Fitzgerald	11	11	5	5				
J Gilsenan	11	10						
P Gleeson	11	11						
P Haran	11	11	5	5	1	1	7	5
C Hill	11	11						
M Keane	11	11						
Ml Keane**	4	4						
J Liston	11	11	5	4	1	1	7	7
G Meagher	11	11						
M Merrick	11	11						
W Murphy	11	11						
M Parsons	11	11						
E Power	11	11	5	5				
K Toland	11	8						

Column A indicates the number of meetings held during the period the Director was a member of the Board and /or Committee.
Column B indicates the number of meetings attended during the period the Director was a member of the Board and /or the Committee.
* Appointed 31 May 2007 ** Retired 31 May 2007

2.3.5 Information and training
All Directors receive monthly Group financial statements and reports and full Board papers are sent to each Director in sufficient time before Board meetings. Any further information required is available to all Directors on request.

Directors are provided with a comprehensive information pack on joining the Company and advised of their legal and other duties and obligations as a director of a listed company. In addition, all new Directors receive induction on their appointment covering such matters as the operation and activities of the Company and the Group, the role of the Board and the Group's corporate governance procedures. As part of this programme, major shareholders are offered an opportunity to meet new non-executive Directors.

Directors are also briefed, where appropriate, on changes to legislation, regulation or market practices, as well as receiving briefings from business groups throughout the year. During the year, Directors received regular presentations on different aspects of the Company's business and training on, amongst other things, changes to the Combined Code on Corporate Governance, developments in relation to implementation of the Transparency Directive and the Takeover Directive.

All Directors have access to independent professional advice at the Group's expense where they judge it necessary to discharge their responsibilities as Directors. Committees are provided with sufficient resources to undertake their duties.

Eight of the Directors nominated to the Board by the Society have completed the ICOS Diploma in Corporate Direction.

2.3.6 Outside appointments
Non-executive Directors may serve on a number of outside Boards, provided they continue to demonstrate the requisite commitment to discharge effectively their duties to the Company. The Nomination Committee keeps the extent of Directors' other interests under review to ensure that the effectiveness of the Board is not compromised. The Board is satisfied that the Chairman and each of the non-executive Directors commit sufficient time to the fulfilment of their duties as Chairman and Directors of the Company respectively.

The Board believes, in principle, in the benefit of executive Directors and members of the executive committee accepting non-executive directorships of other companies in order to widen their experience and knowledge for the benefit of the Company. Accordingly, executive Directors are permitted to accept external non-executive Board appointments, subject to the agreement of the Board, and are allowed to retain any fees received from that appointment. The Group Managing Director, Mr John Moloney, is a Director of the Irish Dairy Board Co-operative Limited for which he received fees of €12,000 which he retained.

2.3.7 Chairman, Vice-Chairmen, Group Managing Director, Senior Independent Director and Group Secretary

Separation of Role of Chairman and Group Managing Director
The role of the Chairman, which is non-executive, is separate (and always has been separate) from the role of the Group Managing Director. The division of responsibilities between the Chairman and Group Managing Director have been clearly established, set out in writing and agreed by the Board.

Chairman
Mr Michael Walsh has been Chairman of the Board since June 2005. The Chairman is responsible for the efficient and effective working of the Board. He ensures that Board agendas cover the key strategic issues confronting the Group and that Directors receive accurate, timely, clear and relevant information.

The Chairman is available to consult with shareholders throughout the year. The Board is kept informed of the views of shareholders through regular updates from the Chairman, the Group Secretary and the executive Directors, as well as through the inclusion in the Board papers of relevant reports and commentaries of, and exchanges with, shareholders and investor bodies.

While Mr Walsh holds a number of other directorships (see details on page 32) and farms at Coolroe, Graiguenamanagh, Co. Kilkenny, the Board considers that these do not interfere with the discharge of his duties to the Group.

Vice-Chairmen
The Company has two Vice-Chairmen, Mr Liam Herlihy and Mr Victor Quinlan.

Group Managing Director
The day to day management of the Group has been delegated to the Group Managing Director, Mr John Moloney, whose appointment to that position was effective from July 2001. His responsibilities include the formulation of strategy and related plans and, subject to Board approval, their execution. He is also responsible for ensuring an effective organisation structure, for the appointment and direction of the senior executive management and for the operational management of all the Group's businesses.

Senior Independent Director
Mr John Callaghan is the Senior Independent Director. As Senior Independent Director, Mr. Callaghan is available to shareholders if they have concerns which contact, through the normal channels, has failed to resolve. Mr Callaghan is also available to fellow non-executive Directors, either individually or collectively, to discuss any matters of concern in a forum that does not include executive Directors or the management of the Company.

In the year under review, the Chairman hosted a meeting of the non-executive Directors, without the executive Directors present. The Senior Independent Director, Mr John Callaghan has, in addition, held a meeting of non-executive Directors without the presence of the Chairman at which, among other things, the performance of the Chairman was discussed.

Group Secretary
Mr Michael Horan is the Group Secretary. All Directors have access to the advice and service of the Group Secretary who is responsible to the Board for ensuring that Board procedures are complied with and that applicable rules and regulations are followed. Both the appointment and removal of the Secretary is a matter for the Board.

2.3.8 Board, Committee and Director performance evaluation
A formal evaluation of the performance and effectiveness of the Board and of the Audit, Remuneration and Nomination Committees is carried out each year, led by the Chairman.

In completing the annual performance evaluation, the Chairman met with each Director individually to discuss the performance of the Board and individual Directors. In advance of the meetings, the Chairman circulated a comprehensive questionnaire to Directors for their consideration and encouraged the Directors to raise any other issues on Board matters during the meetings. Based on the verbal and written feedback from the Directors, the Chairman then prepared a report for the Board summarising the outcome of the performance evaluation process and recommending a number of actions.

For the year under review, the Chairman has assessed that all Directors continue to make an effective contribution to the Board.

The Chairman confirms that each of Mr John Callaghan, Mr Nicholas Dunphy, Mr John Fitzgerald, Mr Liam Herlihy, Mr Geoffrey Meagher, Mr William Murphy and Mr Victor Quinlan, standing for re-appointment at this year's Annual General Meeting, continue to perform effectively and to demonstrate commitment to their roles. Mr John Callaghan, as Senior Independent Director, confirms that Mr Michael Walsh, also standing for re-appointment at this year's Annual General Meeting, continues to perform effectively and demonstrates commitment to his role.

The Nomination Committee considered the nomination for the re-appointment of the non-executive Directors, Mr Callaghan, Mr Herlihy, Mr Murphy, Mr Quinlan and Mr Walsh respectively, with particular rigour, as they have served as Directors for nine years or more (with each of Mr Callaghan and Mr Walsh excusing themselves from the consideration of their own nomination for re-appointment), and were satisfied that their re-appointment as Directors for a further term was warranted having regard to their continuing contribution and valuable experience on the Board, which in the Board's view enhanced their effectiveness and commitment to their roles.

The Board also evaluated the performance of the Audit, Nomination and Remuneration Committees and has assessed that they continue to make an effective contribution to the Board.

2.3.9 Retirement of Directors
New Directors are subject to election at the first annual general meeting following their appointment, and Directors are subject to retirement and re-appointment by shareholders every three years. The re-appointment of non-executive Directors is not automatic. The Board has determined that non-executive Directors who have served for nine years or more will be asked to stand for re-appointment annually provided that the Board remains satisfied both with the Director's performance and that nine or more years' continuous service does not compromise the Director's continuing independence.

2.3.10 Terms of appointment
The terms and conditions of appointment of non-executive Directors are available for inspection at the Company's registered office during normal business hours and at the annual general meeting of the Company.

2.3.11 Share ownership and dealing
In order to maintain investor confidence in the stock markets, quoted companies have an obligation to ensure that their Directors and employees, and anyone closely associated or connected to them, do not place themselves in positions where investors might suspect them of abusing inside information. For this reason, the Company issued revised rules, in early 2006, covering share dealings by Directors and employees who regularly, or even occasionally, have access to inside information.

The main principle underlying the rules is that no one should trade in shares of the Company while in possession of inside information about the Company. Likewise, no one should deal in the shares of the Company, if it would give rise to a suspicion that they are abusing inside information. As a safeguard against any actual or potential abuse of these rules, the Company has appointed as Compliance Officers, the Group Secretary and the Deputy Group Finance Director from whom approval must be obtained, in advance, for any share dealings by persons to whom the rules apply.

The interests of the Directors and Secretary and their spouses and minor children in the share capital of the Company, the holding society and subsidiary companies/societies are set out on pages 102.

2.3.12 Board succession planning
The Board plans for its own succession with the assistance of the Nomination Committee. In so doing, the Board considers the knowledge and experience necessary to allow it to meet the strategic vision for the Company and the Group.

2.4 The Board's committees and the executive committee

The Board has established a committee structure to assist it in the discharge of its responsibilities. The committees and their membership are detailed on pages 32 to 34. All committees of the Board have written terms of reference dealing with their role and authority delegated by the Board and are available on the Group's website at www.glanbia.com. Membership of the Nomination, Audit and Remuneration Committees is comprised exclusively of non-executive Directors. The Group Secretary acts as secretary to each of these committees.

Nomination Committee

Fourteen non-executive Directors are nominated by the Board of the Society for appointment to the Board of the Company. For the remaining non-executive and executive Directors, the Nomination Committee of the Company leads the process for Board appointments.

The appointment to the Board of non-executive Directors nominated by the Society is subject to and co-terminus with their appointment as Directors of the Society and is further subject to their removal as Directors under the Articles of Association. The remaining non-executive Directors are appointed to the Board on the basis of a three-year term which may be renewed and are also subject to early removal under the Articles.

The Nomination Committee did not use external search consultants or open advertising in the appointment of the new non-executive Director, Mr Nicholas Dunphy, as he was nominated by the Board of the Society for appointment to the Board. The Nomination Committee uses industry and professional contacts to identify suitable candidates for the appointment of independent Directors other than those appointed by the Society.

The Nomination Committee also considers and recommends the appointment of the Chairman of the Company and the Vice-Chairmen. It is the custom and practice that the Chairman and Vice-Chairmen of the Society are also Chairman and Vice-Chairmen of the Company.

The Chairman of the Company chairs meetings of the Nomination Committee except when it is dealing with the appointment of a successor to the Chairmanship.

The Chairman of the Nomination Committee reports to the Board after each meeting of the Committee.

Audit Committee

The main role and responsibilities of the Audit Committee are set out in written terms of reference which are available on the Group's website at www.glanbia.com and include:

- to monitor the integrity of the financial statements of the Company, and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- to review the Company's internal financial controls and, unless expressly addressed by a separate Board risk committee composed of independent Directors, or by the Board itself, to review the Company's internal control and risk management systems;
- to monitor and review the effectiveness of the Company's internal audit function;
- to make recommendations to the Board, and to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors;
- to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration relevant Irish professional and regulatory requirements;
- to develop and implement policy on the engagement of the external auditors to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm; and to report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken; and
- to review the arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

In discharging its responsibilities the Audit Committee met five times during the period. It reviewed the interim and final results for the Group prior to their submission to the Board for approval. It approved the Internal Audit Plan and reviewed progress against this plan at intervals during the year. The Chairman and Members of the Audit Committee received an executive summary of all audit reports issued by the Internal Audit Department and maintains dialogue with the Group Internal Auditor on a regular basis.

Mr John Callaghan is Chairman of the Audit Committee and he reports to the Board after each meeting of the Committee.

Remuneration Committee

The Remuneration Committee determines, on behalf of the Board, the Group's framework of executive remuneration and the specific packages and conditions of employment for each of the executive Directors and certain senior executives, as decided by the Board. The Committee consults the Group Managing Director regarding remuneration proposals and obtains internal and external professional advice as deemed appropriate. The Remuneration Committee operates the Company's Share Option and Long Term Incentive Schemes.

The ordinary remuneration of the non-executive Directors is determined by the Remuneration Committee within the total amount approved by the Company's shareholders in general meeting from time to time.

The terms of reference of the Remuneration Committee, including its role and the authority delegated to it by the Board, are available on the Group's website at www.glanbia.com.

Mr. Jerry Liston is Chairman of the Remuneration Committee and formally reports to the Board after each meeting of the Committee.

US Advisory Board

The US Advisory Board was established to assist the Board in developing a greater awareness of activities and market trends in the relevant USA industry sectors. Mr Thomas Corcoran, Glanbia Group Chairman from 2000 to 2005 is Chairman of the US Advisory Board. The membership of the Advisory Board currently comprises Mr John Callaghan, Senior Independent Director, Mr Kevin Toland, Executive Director, Mr Liam Herlihy, Mr Victor Quinlan, Vice-Chairmen, and Messrs Joe McCullough, Peter Rogers and Ms Susan Davis, USA based members.* The Group Chairman and Group Managing Director also attend meetings of the US Advisory Board.

* Mr McCullough recently retired as Chief Executive Officer of CRH Americas Products and Distribution. He joined CRH in 1979 and has held a number of senior management positions with that company.

Mr Rogers, retired, was previously President of Nabisco Foods Americas and held a variety of other senior positions in food companies.

Ms Davis is Chairperson of Susan Davis International, a Washington D.C. based public affairs agency.

3. Remuneration Policy

Remuneration policy is based on attracting, retaining and motivating executives to ensure that they perform in the best interests of the Group and its shareholders. Performance-related elements of remuneration form a significant proportion of the total remuneration package of executive Directors. The Remuneration Committee obtains external advice on remuneration in comparable companies as necessary and has given full consideration to the Combined Code.

Currently the components of the remuneration package for executive Directors are basic salary and benefits, performance-related annual bonus, participation in the 2002 Long Term Incentive Plan ("the 2002 LTIP") and participation in a defined benefit pension scheme. Executive Directors also participated in the share option scheme of the Company which expired in August 1998.

Basic Salaries and Benefits

The basic salaries of executive Directors are reviewed annually having regard to personal performance, competitive market practice or where a change of responsibility occurs. Benefits-in-kind consist principally of a company car. No fees are payable to executive Directors for their attendance at Board meetings.

Performance-Related Annual Bonus

The Group operates a performance-related bonus scheme for executive Directors, senior executives and other management. Payments under the scheme for executive Directors depend on the achievement of pre-determined goals for Group performance and an assessment of individual performance against agreed objectives.

Long Term Incentive Plans

The 2002 LTIP

In 2002 shareholders approved the introduction of the 2002 LTIP for selected Group employees in order to further align the interests of key Group personnel with those of shareholders. Under the 2002 LTIP options cannot be exercised before the expiration of three years from the date of grant and can only be exercised if a predetermined performance criterion for the Company has been achieved. The performance criterion is that there has been an increase in the adjusted earnings per share of the Company of at least the increase in the Consumer Price Index plus 5% compounded over a three-year period.

To encourage participating executives to hold the shares issued to them on the exercise of their options, share awards specified as a percentage of the shares held will be made on the second and fifth anniversaries of the exercise of the option. The number of shares which may be the subject of such awards may not exceed 20% and 10% of the number of shares so held on the respective anniversaries.

Benefits under the 2002 LTIP are not pensionable.

Pension Benefits

Pension benefits for executive Directors are calculated on basic salary only. Benefits, which are agreed on appointment, are designed to provide a percentage of basic salary at retirement for full service.

Directors' Emoluments and Attributable Pension Benefits

Details of Directors' emoluments and attributable pension benefits are set out in note 9 and details of share options are included in note 43 to the financial statements.

Service Contracts

No Director has a service contract with a notice period in excess of one year or with provisions for pre-determined compensation on termination which exceed one year's salary and benefits-in-kind.

Review of Compensation Arrangements

During 2007, the Remuneration Committee, with the assistance of external advisers, Mercer Limited, who are not otherwise connected with the Company, undertook a thorough review of the Group's compensation arrangements for executive Directors and senior managers. The review took account of the global nature of the Group's business, the success of the Group and the need to have competitive compensation packages which will attract and retain international managers of the highest calibre and changes in the accounting treatment of long-term incentive schemes and developments in market practice in relation to these schemes.

Arising from this review, the Remuneration Committee concluded that the Group should introduce a new Long Term Incentive Plan. Accordingly, the 2007 Long Term Incentive Plan ("the 2007 LTIP") was approved in August 2007 for selected Senior Managers (other than Directors), details of which are provided below. Since then, the Remuneration Committee concluded that the executive Directors should be eligible to participate in a similar new Long Term Incentive Plan. Accordingly, the proposed 2008 Long Term Incentive Plan ("the 2008 LTIP") will be put to shareholders for approval at the forthcoming Annual General Meeting. Executive Directors will be eligible to participate in the 2008 LTIP if approved. Further details of the proposed 2008 LTIP are set out in the Circular containing the Notice of the 2008 Annual General Meeting.

The 2007 LTIP

The 2007 LTIP has been designed so that any rewards will be dependent on the growth in the Company's EPS (i.e earnings per share) and the Company's TSR (i.e. total shareholder return) performance (the "EPS condition" and the "TSR Performance Condition", respectively). The vesting of 50% of the shares which are the subject of an award will be subject to the EPS condition and the remaining 50% shall be subject to the TSR Performance condition. EPS is the adjusted consolidated earnings or profit made by the Company divided by the number of shares outstanding (as shown in the annual report). TSR represents the change in capital value of a listed/quoted company over a period, plus dividends, expressed as a plus or minus percentage of the opening value.

Under the EPS condition, there must be an increase in the adjusted consolidated earnings per share of the Company of at least the increase in the Consumer Price Index plus 5% compounded over a three year period. The benefit which a participant can receive under the 2007 LTIP will depend on the annualised percentage increase in the Company's EPS over the performance period. There will be three pre-defined levels of EPS performance, which will govern the percentage level of vesting that may occur under an award. The 2007 LTIP will provide that at the lowest level, no part of an award may vest unless the Company's EPS performance over the performance period achieves at least the annualised percentage increase in the Consumer Price Index plus 5% compounded over the performance period. Where the Company's EPS performance over the performance period equals the annualised percentage increase in the Consumer Price Index plus 5% compounded over the performance period, then 25% of the award shall vest. Where the Company's EPS performance over the performance period equals or is greater than the annualised percentage increase in the Consumer Price Index plus 10% compounded over the performance period, then 50% of the award shall vest. Where the Company's EPS performance over the performance period is between the thresholds of the annualised percentage increase in the Consumer Price Index plus 5% and the annualised percentage increase in the Consumer Price Index plus 10% compounded, then a pro rata vesting on a straight line basis shall apply.

Under the TSR Performance Condition, the Company's TSR performance will be compared against the TSR performance of a peer group of food companies. The benefit which a participant can receive under the 2007 LTIP will depend on how well the Company's TSR performance compares against this peer group over the performance period. There will be three pre-defined levels of TSR performance, which will govern the percentage level of vesting that may occur under an award. The 2007 LTIP provides that at the lowest level, no part of an award may vest unless the Company's TSR performance over the performance period achieves at least the median TSR performance of the peer group of food companies. Where the Company's TSR performance equals the median TSR performance of the peer group, then 15% of the award shall vest. Where the Company's TSR performance is equal to or above the top 25% of TSR performance of the peer group, then 50% of the award shall vest. Where the Company's TSR performance is between the median and top 25% of TSR performance of the peer group, then a pro rata vesting on a straight line basis shall apply.

The first awards under the 2007 LTIP were made in August 2007 immediately following the publication of the interim results for 2007. These did not include any awards to the Directors. Details of the award to the Group Secretary are provided in note 43.

Share Options

Options outstanding under the Company's 1988 Share Option Scheme and the 2002 LTIP as at 29 December 2007 amounted to 2,792,000 ordinary shares (30 December 2006: 2,734,000) made up as follows:

	No of Ordinary Shares	Price Range	Dates exercisable
2002 LTIP and	2,792,000	€1.55 - €4.25	2008 – 2017
Share option scheme		GBP£2.90	2008

Share Awards

As at 29 December 2007 Share Awards had been granted under the Company's 2002 LTIP over 134,600 ordinary shares (30 December 2006: 146,900).

As at 29 December 2007 Share Awards had been granted under the Company's 2007 LTIP over 183,500 ordinary shares (30 December 2006: Nil).

Share Trust

As detailed in note 27 to the financial statements at 29 December 2007, 234,190 ordinary shares were held in an employee benefit trust for the purpose of the Group's employee share schemes.

4. Internal Control

The Turnbull Guidance sets out best practice on internal control for Irish and UK listed companies to assist them in assessing the application of the Combined Code's principles and compliance with the Combined Code's provisions with regard to internal control.

The Group's systems of internal control are designed and operated to support the identification, evaluation and management of risks affecting the Group and the business environment in which it operates. These, or their equivalent, have been in place for the year covered in this Annual Report and financial statements and up to the date of its approval and are themselves regularly reviewed by the Board and accord with the Turnbull guidance which the Board has fully adopted.

While acknowledging its responsibility for the system of internal control, the Board is aware that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Key features of the systems of internal control are:

- a Code of Conduct that defines a set of agreed standards and guidelines for corporate behaviour;
- an organisational structure with clearly defined lines of responsibility and delegation of authority;
- appropriate terms of reference for Board committees with responsibility for policy areas;
- a formal schedule of matters specifically referred to the Board for its decision;
- a comprehensive system of financial reporting to the Board, based on an annual budget with monthly reports against actual results, analysis of variances, review of key performance indicators and regular re-forecasting;
- clearly defined guidelines for capital expenditure, including detailed budgeting, appraisal and post-investment review;
- a Group financial management manual that clearly sets out the accounting policies and financial control procedures to be followed by business units;
- a treasury risk management policy approved by the Board which ensures that foreign exchange and interest rate exposures of the Group are managed within defined parameters;

- a Group-wide risk assessment process which is maintained by business unit management reporting to the Group Executive and Board as required;
- a Group internal audit function operating globally which monitors and supports the internal financial control system and reports to the Audit Committee and management. Internal audit work is focused on the areas of greatest risk to the Group determined on the basis of a risk management approach to audit; and
- the Audit Committee, a formally constituted committee of the Board comprising non-executive Directors only, meets with internal and external auditors to satisfy itself that control procedures are in place and are being followed.

The Board has reviewed the effectiveness of the current system of internal control specifically for the purpose of this statement.

In judging the effectiveness of the Group's controls, the Board monitors the reports of the Audit Committee and management. Without diminishing its own responsibilities the Board has delegated certain acts to the Audit Committee. These include detailed reviews of key risks inherent in the business and of the systems for managing these risks. The Chairman of the Audit Committee reports to the Board after each meeting of the Committee.

The Directors, through the use of appropriate procedures and systems, have also ensured that measures are in place to secure compliance with the Company's obligation to keep proper books of account. These books of account are kept at the registered office of the Company.

5. Relations with Auditors

PricewaterhouseCoopers have been appointed as auditors of the Company.

The Company has in place a formal policy on auditor independence and non-audit services, with which the external auditors are required to comply, to ensure that the independence of the auditors is not impaired by the nature of non-audit work. This policy provides that the Group shall not retain its independent auditors to provide services other than audit and audit-related services other than in exceptional circumstances.

The following services are prohibited unless approved under the terms of the Policy:

- bookkeeping or other administrative services related to the Group's accounting records or financial statements;
- financial information systems design and implementation;
- internal audit services;
- management functions, executive searches for the Group Managing Director or Group Finance Director and legal services.

6. Relations with Shareholders

During the year the Company has continued to promote dialogue with its major institutional shareholders. The Company has dialogue with institutional shareholders during the year and immediately following the announcement of the half-year and full year results. The Company presents these results to investors and analysts. The Chairman discusses governance and strategy with major shareholders. Non-executive Directors are offered an opportunity to attend meetings with major shareholders. The Senior Independent Director has also attended meetings with major shareholders. The Company responds to enquiries from all shareholders and welcomes their attendance at the annual general meeting.

The Group's website, www.glanbia.com, provides the full text of the Annual and Interim Reports and presentations to analysts and investors through the Investors Section. Stock Exchange announcements are also made available in the Investors Section of the website, after release to the Stock Exchange.

7. Annual General Meeting

The Notice of the 2007 Annual General Meeting was despatched to shareholders not less than 20 business days before the meeting. Separate resolutions were proposed at the meeting on each substantially separate issue, including a resolution to receive and consider the 2006 financial statements and the reports of the Directors and auditors thereon. The level of proxy votes for and against and withheld was announced after each resolution had been passed on a show of hands.

It is Group policy for all Directors to attend the annual general meeting. In normal circumstances, the Chairmen of the Audit, Nomination and Remuneration Committees attend the annual general meeting and are available to answer relevant questions

8. Corporate Social Responsibility

As the Group grows and develops as a leading international cheese and nutritional ingredients Group, so also does our commitment to conducting our business in a way that is economically, socially and environmentally sustainable.

During 2007 we made further progress in our corporate citizenship objectives under the four pillars of Community, Environment, Workplace and Marketplace, more particular details of which are summarised in our corporate social responsibility statement on pages 24 to 25.

9. Accountability and Audit

Financial reporting

Directors' responsibilities for preparing the financial statements for the Company and the Group are detailed on page 45. The external auditors' report details the respective responsibilities of Directors and auditors.

Going concern

After making enquiries the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operation and existence for the foreseeable future, and accordingly they continue to adopt a Going Concern basis in preparing the financial statements.

10.Compliance

The Board believes that, except in relation to the composition of the Board, as explained above, the Company has complied throughout the financial period with the principles and provisions of the Combined Code.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent.
- State that the financial statements comply with IFRSs as adopted by the European Union.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2006 and, as regards the group financial statements, article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the web site. Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

M Walsh	**J Moloney**
Chairman	Group Managing Director

Glanbia House
Kilkenny
4 March 2008

Financial statements contents

Independent auditors' report: to the members of Glanbia plc

We have audited the Group and Parent Company financial statements (the "financial statements") of Glanbia plc for the year ended 29 December 2007, which comprise the consolidated income statement, the consolidated and Parent Company balance sheets, the consolidated and Parent Company cash flow statements, the consolidated and Parent Company statement of recognised income and expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of Directors and auditors
The Directors' responsibilities for preparing the Annual Report and the financial statements, in accordance with applicable Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union. We report to you our opinion as to whether the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, as applied in accordance with the provisions of the Companies Acts, 1963 to 2006. We also report to you whether the financial statements have been properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulation. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit, and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the Company has kept proper books of account;
- whether the Directors' Report is consistent with the financial statements; and
- whether at the balance sheet date there existed a financial situation which may require the Company to convene an extraordinary general meeting of the Company; such a financial situation may exist if the net assets of the Company, as stated in the Company balance sheet, are not more than half of its called-up share capital.

We also report to you if, in our opinion, any information specified by law or the Listing Rules of the Irish Stock Exchange regarding Directors' remuneration and Directors' transactions is not disclosed and, where practicable, include such information in our report.

We review whether the Corporate Governance Statement which is included in the Directors' Report, reflects the Company's compliance with the nine provisions of the 2007 FRC Combined Code specified for our review by the Listing Rules of the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the Group Managing Director's Report, the Operating Review and the Financial Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report: to the members of Glanbia plc

(continued)

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 29 December 2007 and of its profit and of its cash flows for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, as applied in accordance with the provisions of the Companies Acts 1963 to 2006, of the state of the Parent Company's affairs as at 29 December 2007 and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulation.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company balance sheet is in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 29 December 2007 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Waterford
4 March 2008

Consolidated income statement

for the year ended 29 December 2007

	Notes	Pre-exceptional 2007 €'000	Exceptional 2007 €'000	Total 2007 €'000	Pre-exceptional 2006 €'000	Exceptional 2006 €'000	Total 2006 €'000
Revenue	5	**2,206,567**	**-**	**2,206,567**	1,853,427	-	1,853,427
Cost of sales		**1,882,648)**	**-**	**(1,882,648)**	(1,596,547)	-	(1,596,547)
Gross profit		**323,919**	**-**	**323,919**	256,880	-	256,880
Distribution expenses		**(114,180)**	**-**	**(114,180)**	(105,724)	-	(105,724)
Administration expenses	7	**(93,905)**	**(23,463)**	**(117,368)**	(65,589)	(12,455)	(78,044)
Operating profit	6	**115,834**	**(23,463)**	**92,371**	85,567	(12,455)	73,112
Finance income	10	**4,813**	**-**	**4,813**	4,883	-	4,883
Finance costs	10	**(22,095)**	**-**	**(22,095)**	(18,918)	-	(18,918)
Share of results of joint ventures and associates		**992**	**-**	**992**	2,842	-	2,842
Profit before taxation		**99,544**	**(23,463)**	**76,081**	74,374	(12,455)	61,919
Income taxes	11	**(16,458)**	**617**	**(15,841)**	(7,970)	12,321	4,351
Profit for the year		**83,086**	**(22,846)**	**60,240**	66,404	(134)	66,270
Attributable to:							
Equity holders of the Parent				**59,833**			65,934
Minority interests				**407**			336
				60,240			66,270
Basic earnings per share (cent)	12			**20.42**			22.51
Diluted earnings per share (cent)	12			**20.34**			22.47

On behalf of the Board

M Walsh **J Moloney** **G Meagher**

Directors

Consolidated statement of recognised income and expense for the year ended 29 December 2007

	Notes	2007 €'000	2006 €'000
Actuarial (loss)/gain - defined benefit schemes	33	**(4,539)**	36,852
Deferred tax on actuarial loss/gain	32	**1,102**	(3,923)
Share of actuarial gain - joint ventures	23	**230**	230
Currency translation differences	23	**(14,878)**	(9,401)
Fair value adjustments (net of tax)			
- Group	23	**10,733**	2,367
- Joint venture	23	**(2,155)**	367
Net (expense)/income recognised directly in equity		**(9,507)**	26,492
Profit for the year		**60,240**	66,270
Total recognised income for the year		**50,733**	92,762
Attributable to:			
Equity holders of the Parent		**50,326**	92,426
Minority interest		**407**	336
		50,733	92,762

On behalf of the Board
M Walsh **J Moloney** **G Meagher**
Directors

Consolidated balance sheet

as at 29 December 2007

ASSETS	Notes	2007 €'000	2006 €'000
Non-current assets			
Property, plant and equipment	14	**298,771**	335,152
Intangible assets	15	**137,565**	138,724
Investments in associates	16	**10,729**	10,933
Investments in joint ventures	17	**50,370**	58,668
Trade and other receivables	19	**13,929**	4,929
Deferred tax assets	32	**21,672**	23,923
Available for sale financial assets	18	**30,089**	12,527
Derivative financial instruments	37	**763**	2,095
		563,888	586,951
Current assets			
Inventories	20	**225,057**	145,158
Trade and other receivables	19	**202,234**	164,611
Derivative financial instruments	37	**4,990**	6,776
Cash and cash equivalents	21	**159,819**	259,311
		592,100	575,856
Assets in disposal group held for sale	22	**20,304**	-
		612,404	575,856
Total assets		**1,176,292**	1,162,807
EQUITY			
Issued capital and reserves attributable to equity holders of the Parent			
Share capital and share premium	24	**98,450**	98,304
Other reserves	25	**107,909**	113,696
Retained earnings	26	**21,176**	(18,116)
		227,535	193,884
Minority interests	30	**7,040**	6,635
Total equity		**234,575**	200,519
LIABILITIES			
Non-current liabilities			
Borrowings	31	**379,028**	444,570
Derivative financial instruments	37	**3,736**	3,406
Deferred tax liabilities	32	**37,587**	38,611
Retirement benefit obligations	33	**114,248**	124,888
Provisions for other liabilities and charges	34	**13,660**	20,361
Capital grants	35	**3,535**	10,660
		551,794	642,496
Current liabilities			
Trade and other payables	36	**336,663**	257,893
Current tax liabilities		**9,182**	1,942
Borrowings	31	**966**	39,235
Derivative financial instruments	37	**3,187**	3,688
Provisions for other liabilities and charges	34	**22,278**	17,034
		372,276	319,792
Liabilities in disposal group held for sale	22	**17,647**	-
		389,923	319,792
Total liabilities		**941,717**	962,288
Total equity and liabilities		**1,176,292**	1,162,807

On behalf of the Board

M Walsh **J Moloney** **G Meagher**

Directors

Consolidated cash flow statement

for the year ended 29 December 2007

	Notes	2007 €'000	2006 €'000
Cash flows from operating activities			
Cash generated from operations	40	**85,015**	61,023
Interest received		**3,015**	1,000
Interest paid		**(17,613)**	(19,967)
Tax paid		**(5,401)**	(6,274)
Net cash from operating activities		**65,016**	35,782
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		**(17,742)**	(67,823)
Purchase of property, plant and equipment		**(51,662)**	(38,085)
Purchase of available for sale investments		**(2,000)**	(3,406)
Disposal of available for sale investments		**-**	22,185
Insurance proceeds received - exit from Pigmeat		**12,937**	-
Repayment of loan note		**-**	52,822
Proceeds from sale of property, plant and equipment		**13,419**	8,665
Net cash used in investing activities		**(45,048)**	(25,642)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	24	**167**	190
Sharesave Scheme		**-**	122
(Decrease)/increase in borrowings		**(84,056)**	169,851
Finance lease principal payments		**(954)**	(1,077)
Dividends paid to Company's shareholders	13	**(17,334)**	(16,472)
Loans advanced to joint ventures		**(9,001)**	(4,929)
Capital grants received		**1,399**	123
Net cash (used in)/from financing activities		**(109,779)**	147,808
Net (decrease)/increase in cash and cash equivalents		**(89,811)**	157,948
Cash and cash equivalents at the beginning of the year		**259,311**	104,405
Effects of exchange rate changes on cash and cash equivalents		**(9,681)**	(3,042)
Cash and cash equivalents at the end of the year	21	**159,819**	259,311

	2007 €'000	2006 €'000
Reconciliation of net cash flow to movement in net debt		
Net (decrease)/increase in cash and cash equivalents	**(89,811)**	157,948
Cash inflow/(outflow) from debt financing	**85,889**	(168,774)
	(3,922)	(10,826)
Fair value of interest rate swaps qualifying as fair value hedges	**(764)**	3,978
Exchange translation adjustment on net debt	**9,005**	6,506
Movement in net debt in the year	**4,319**	(342)
Net debt at beginning of year	**(224,494)**	(224,152)
Net debt at end of year	**(220,175)**	(224,494)

Net debt comprises:

	2007 €'000	2006 €'000
Borrowings (note 31)	**(379,994)**	(483,805)
Cash and cash equivalents (note 21)	**159,819**	259,311
	(220,175)	(224,494)

On behalf of the Board
M Walsh **J Moloney** **G Meagher**
Directors

Company balance sheet

as at 29 December 2007

	Notes	2007 €'000	2006 €'000
ASSETS			
Non-current assets			
Investments in associates	16	**1,395**	1,395
Investments in subsidiaries	18	**455,303**	510,412
		456,698	511,807
Current assets			
Trade and other receivables	19	**24,023**	1,881
Cash and cash equivalents	21	**-**	4,376
		24,023	6,257
Total assets		**480,721**	518,064
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium	24	**453,718**	453,572
Retained earnings	26	**18,354**	47,924
Capital reserve	28	**5,187**	4,674
Total equity		**477,259**	506,170
LIABILITIES			
Current liabilities			
Borrowings	31	**1,928**	-
Trade and other payables	36	**1,534**	11,894
Total liabilities		**3,462**	11,894
Total equity and liabilities		**480,721**	518,064

On behalf of the Board

M Walsh **J Moloney** **G Meagher**

Directors

Company statement of recognised income and expense and cash flow statement for the year ended 29 December 2007

Company statement of recognised income and expense

	2007 €'000	2006 €'000
(Loss)/profit for the year	**(12,236)**	16,959
Total recognised (expense)/income for the year	**(12,236)**	16,959

Company cash flow statement

	Notes	2007 €'000	2006 €'000
Cash flows from operating activities			
Cash generated from operations	40	**(23,600)**	(4,981)
Interest received		**1,255**	2,125
Net cash from operating activities		**(22,345)**	(2,856)
Cash flows from investing activities			
Dividends received		**8,000**	10,508
Net cash from investing activities		**8,000**	10,508
Cash flows from financing activities			
Proceeds from issue of ordinary shares	24	**167**	190
Sharesave Scheme - receipt from Trustees		**-**	122
Shares purchased	24	**(95)**	-
Redemption of shares		**25,303**	-
Decrease in borrowings		**-**	(3,397)
Dividends paid to Company's shareholders	13	**(17,334)**	(16,472)
Net cash used in financing activities		**8,041**	(19,557)
Net decrease in cash and cash equivalents		**(6,304)**	(11,905)
Cash and cash equivalents at the beginning of the year		**4,376**	16,281
Cash and cash equivalents at the end of the year		**(1,928)**	4,376

As permitted by Section 148(8) of the Companies Act, 1963 and section 7(1A) of the Companies Amendment Act, 1986 the Parent Company is availing of the exemption from presenting its separate income statement in these financial statements and from filing it with the Registrar of Companies. The loss for the year dealt with in the financial statements of Glanbia plc, amounts to (€12,236,000) (2006: profit €16,959,000).

On behalf of the Board
M Walsh **J Moloney** **G Meagher**
Directors

Notes to the financial statements

for the year ended 29 December 2007

1. General information

Glanbia plc ("the Company") and its subsidiaries (together "the Group") is an international dairy, consumer foods and nutritional products group with operations in Ireland, Europe, Canada, China, the USA and Nigeria. Business units are structured around developing the Group's strategic focus on the consumer foods, food ingredients and nutritionals markets.

The Company is a public limited company incorporated and domiciled in Ireland. The address of its registered office is Glanbia House, Kilkenny, Ireland. The Group is controlled by Glanbia Co-operative Society Limited ("the Society"), which holds 54.66% of the issued share capital of the Company and is the ultimate parent of the Group.

The Company shares are quoted on the Irish and London Stock Exchanges.

These consolidated financial statements have been approved for issue by the Board of Directors on 4 March 2008.

2. Summary of significant accounting polices

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with EU endorsed International Financial Reporting Standards (IFRSs), IFRIC interpretations and these parts of the Companies Acts, 1963 to 2006 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention as modified by use of fair values for available for sale financial assets and derivative financial instruments. A summary of the more important Group accounting policies is set out below.

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates.

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

These financial statements are prepared for a 52 week period ending on 29 December 2007, comparatives are for the 52 week period ended 30 December 2006. The balance sheets for 2007 and 2006 have been drawn up as at 29 December 2007 and 30 December 2006 respectively.

(b) Consolidation

The Group financial statements incorporate:

(i) The financial statements of Glanbia plc ("the Company") and enterprises controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities incurred or assumed at the date of acquisition plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets is recorded as goodwill. If the cost of acquisition is less than the fair value of the Group's share of the identifiable net assets acquired, the difference is recognised directly in the income statement. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Where necessary, the accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

(ii) The Group's share of the results and net assets of associated companies and joint ventures are included based on the equity method of accounting. An associate is an enterprise over which the Group has significant influence, but not control, through participation in the financial and operating policy decisions of the investee. A joint venture is an entity subject to joint control by the Group and other parties. Under the equity method of accounting, the Group's share of the post-acquisition profits and losses of associates and joint ventures is recognised in the income statement and its share of post acquisition movements in reserves is recognised directly in equity. The cumulative post acquisition movements are adjusted against the cost of the investment. Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless the Group has incurred obligations or made payments on behalf of the associate or joint venture.

(c) Segment reporting

The Group reports segment information by class of business and by geographical area. A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. The Group's primary reporting segment, for which more detailed disclosures are required, is by class of business.

A geographic segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different to those of other geographic segments.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Currency translation differences on monetary assets and liabilities are taken to the income statement, except when deferred in equity as qualifying cash flow hedges.

Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

(iii) Group companies

The income statement and balance sheet of Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities at each balance sheet date are translated at the closing rate at the date of the balance sheet
- income and expenses in the income statement are translated at average exchange rates for the year.

Resulting exchange differences are taken to a separate currency reserve within equity. When a foreign entity is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the balance sheet rate. In accordance with IFRS 1, the cumulative translation differences on foreign subsidiaries was set to zero on IFRS transition date (4 January 2004).

(e) Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less subsequent depreciation less any impairment loss. Historic cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of properties, plant and equipment.

Certain items of property, plant and equipment that had been revalued prior to the date of transition to IFRS (4 January 2004) are measured on the basis of deemed cost, being the revalued amount depreciated to date of transition. Items of property, plant and equipment that were fair valued at date of transition are also measured at deemed cost, being the fair value at date of transition.

Depreciation is calculated on the straight-line method to write off the cost of each asset over their estimated useful life as at the following rates:

	%
Land	Nil
Buildings	2.5 – 5
Plant and equipment	5 – 33
Motor vehicles	20 – 25

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

Property, plant and equipment is tested for impairment when indicators arise. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

(f) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill associated with the acquisition of associates is included within the investment in associates.

Goodwill is carried at cost less accumulated impairment losses, if applicable. Goodwill is tested for impairment on an annual basis. Goodwill impairments are not reversed.

In accordance with IFRS 1, goodwill written off to reserves prior to date of transition to IFRS remains written off. In respect of goodwill capitalised and amortised at transition date, its carrying value at date of transition to IFRS remains unchanged. Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

(ii) Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will be a success, considering its commercial and technological feasibility, and costs can be measured reliably. Development costs are amortised using the straight-line method over their estimated useful lives, which is normally 6 years.

(iii) Intellectual property

Expenditure to acquire intellectual property is capitalised and amortised using the straight-line method over its useful life, which is normally between 15 and 20 years.

(iv) Computer software

Costs incurred on the acquisition of computer software are capitalised, as are costs directly associated with developing computer software programmes, if they meet the recognition criteria of IAS 38. Computer software costs recognised as assets are written off over their estimated useful lives, which is normally between 5 and 10 years.

(g) Financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. They are initially recognised at fair value plus transaction costs and are subsequently adjusted to fair value at each balance sheet date. Unrealised gains and losses arising from changes in the fair value of investments classified as available for sale are recognised in equity. When such investments are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investments.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active the Group establishes fair value using valuation techniques. Where the range of reasonable fair values is significant and the probability of various estimates cannot be reasonably assessed, the Group measures the investment at cost.

Investments in subsidiaries held by the Company are carried at cost.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(h) Leases

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. A determination is also made as to whether the substance of an arrangement could equate to a finance lease, considering whether fulfilment of the arrangement is dependant upon the use of a specific asset and the arrangement contains the right to use an asset. If the specified criteria are met, the arrangement is classified as a finance lease. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligation, net of finance charges, is included in borrowings, split between current and non-current as appropriate. The interest element of the finance cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(i) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out ("FIFO") method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs of selling expenses. Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges purchases of raw materials.

(j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying value and the estimated future cash flows. The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised in the income statement within distribution costs. When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against distribution costs in the income statement.

Loan receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. These are classified as non-current assets, except for those maturing within 12 months of the balance sheet date.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts. In the balance sheet, bank overdrafts, if applicable, are included in borrowings in current liabilities.

(l) Income taxes

Current tax represents the expected tax payable or recoverable on the taxable profit for the period, taking into account adjustments relating to prior years.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

(m) Employee benefits

(i) Pension obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. The fair value of plan assets are measured at their bid value.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in the statement of recognised income and expense in the period in which they arise. Past-service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Payments to defined contribution schemes are charged as an expense when they fall due.

(ii) *Share based payments*

The Group operates a number of equity settled share based compensation plans which include executive share option schemes, employee sharesave schemes and share awards.

The charge to the income statement in respect of share-based payments is based on the fair value of the equity instruments granted and is spread over the vesting period of the instrument. The fair value of the instruments is calculated using the Trinomial model. In accordance with the transition arrangements set out in IFRS 2 (Share Based Payments), this standard has been applied in respect of share options granted after 7 November 2002 which had not vested by transition date (4 January 2004).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(iii) *Awards under the Long Term Incentive Performance Plan ("The 2007 LTIP") share plan*

The fair value of shares awarded under the LTIP 2007 share plan is determined using a Monte Carlo simulation technique. The performance share plan contains inter-alia a TSR-based (and hence market-based) vesting condition, and accordingly, the fair value assigned to the related equity instruments on initial application of IFRS 2 is adjusted so as to reflect the anticipated likelihood as at the grant date of achieving the market-based vesting condition.

(n) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

(o) Revenue recognition

Revenue comprises the fair value of the sale of goods and services to external customers net of value-added tax, rebates and discounts. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the entity and when specific criteria have been met for each of the Group's activities. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, in the ordinary course of the Group's business which generally arises on delivery, or in accordance with specific terms and conditions agreed with customers. Service income is recognised on a straight-line basis over the life of the arrangement to which it relates. The timing of recognition of services revenue equals the timing of when the services are rendered. Interest income is recognised using the effective interest method. Dividends are recognised when the right to receive payment is established. Revenue from the sale of property is recognised when there is an unconditional and irrevocable contract for sale.

(p) Impairment of assets

(i) *Financial assets*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment testing of trade receivables is described in (j) above.

(ii) Non-financial assets

Assets which have a finite useful life are subject to amortisation and reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recoverable. Goodwill is reviewed at least annually for impairment. An impairment loss is recognised to the extent that the carrying value of the assets exceeds its recoverable amount. The recoverable amount is the higher of the assets fair value less costs to sell and its value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Own shares

The cost of own shares, held by an Employee Share Trust in connection with the Company's Sharesave Scheme, is deducted from equity. Ordinary shares purchased under the terms of the 2007 LTIP are accounted for as own shares and recorded as a deduction from equity.

(r) Dividends

Dividends to the Company's shareholders are recognised as a liability of the Company when approved by the Company's shareholders.

(s) Derivative financial instruments

The activities of the Group expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group uses derivative financial instruments such as foreign exchange contracts and options, interest rate swap contracts and forward rate agreements to hedge these exposures.

The Group accounts for financial instruments under IAS 32 (Financial Instruments: Presentation) and IAS 39 (Financial Instruments: Recognition and Measurement). Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at balance sheet date.

The fair value of forward foreign currency contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either: (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); (2) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 37. Movements on the fair value reserve are shown in note 25. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The recycled gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The recycled gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within revenue. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

(iii) Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

(iv) Financial guarantee contracts
Financial guarantee contracts are issued to banking institutions by the entity Glanbia plc on behalf of certain of its subsidiaries. These subsidiaries engage in ongoing financing arrangements with these banking institutions. Under the terms of amended IAS 39 (Financial Instruments: Recognition and Measurement) financial guarantee contracts are required to be recognised at fair value at inception and subsequently measured as a provision under IAS 37 on the Glanbia plc company balance sheet.

(t) Earnings per share
Earnings per share represents the profit in cent attributable to share holders of the Company, divided by the weighted average number of ordinary shares in issue in respect of the period. Adjusted earnings per share is calculated by excluding exceptional items. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

(u) Borrowing costs
Borrowing costs incurred for significant assets under construction are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(v) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as a finance cost. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(w) Provisions
Provisions are recognised when the Group has a constructive or legal obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provision due to passage of time is recognised as interest expense.

(x) Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(y) Exceptional items
The Group has adopted an income statement format, which seeks to highlight significant items within the Group results for the year. Such items may include restructuring, impairment of assets, profit or loss on disposal or termination of operations, litigation settlements and profit or loss on disposal of investments. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be disclosed in the income statement and notes as exceptional items.

(z) Business combinations

The purchase method of accounting is employed in accounting for the acquisition of subsidiaries by the Group.

The cost of a business combination is measured as the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued in exchange for control together with any directly attributable costs. To the extent that settlement of all or any part of a business combination is deferred, the fair value of the deferred component is determined through discounting the amounts payable to their present value at the date of exchange. The discount component is unwound as an interest charge in the income statement over the life of the obligation.

Where a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of the adjustment is included in the cost at the acquisition date if the adjustment can be reliably measured. Contingent consideration is included in the acquisition balance sheet on a discounted basis.

The assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated to the identifiable assets, liabilities and contingent liabilities are made within 12 months of the acquisition date.

Intangible assets acquired as part of a business combination are capitalised separately from goodwill if the intangible asset meets the definition of an asset and the fair value can be reliably measured on initial recognition.

In accordance with IFRS 1, business combinations that took place before the transition date (4 January 2004) have not been restated. All goodwill written off to reserves or amortised prior to the transition date remains written off.

(aa) New accounting standards and IFRIC interpretations

Certain new accounting standards and IFRIC interpretations are mandatory for accounting periods beginning on or after 31 December 2006. The Group's assessment of the impact of these new standards and interpretations is set out below;

Standards early adopted by the Group

(i) IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1 'Presentation of financial statements – Capital disclosures', were early adopted in 2007

IFRS 7 introduces new disclosures relating to financial instruments. This standard does not have any impact on the classification and valuation of the Group's financial instruments.

Standards, amendments and interpretations effective in 2007 but not relevant to the Group's operations

The following standards, amendments and interpretations are mandatory for the Group for accounting periods beginning on or after 31 December 2006 but are not relevant to the Group's operations:

- IFRIC 7, Applying the restatement approach under IAS 29, Financial reporting in hyper-inflationary economies
- IFRIC 8, Scope of IFRS 2
- IFRIC 9, Reassessment of embedded derivatives
- IFRIC 10, Interim financial reporting and impairment

Standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments to and interpretations to existing standards have been published and are mandatory for future accounting periods and have not been early adopted:

(ii) IFRS 3 (Revised), 'Business combinations', (effective for annual periods beginning on or after 1 July 2009)

The standard continues to apply the acquisition method to business combinations, with some significant changes. These changes include a requirement that all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to minority interest. All transaction costs will be expensed. The Group will apply this revised standard from the effective date and is currently assessing the impact on the Group's financial statements.

(iii) IFRS 8 – Operating segments

This standard is effective for accounting periods beginning on or after 1 January 2009. IFRS 8 sets out the requirements for disclosure of financial and descriptive information about an entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The IFRS replaces IAS 14 Segment Reporting. The Group will apply IFRS 8 from 1 January 2009 and is currently considering the impact of this standard on its disclosures.

(iv) IFRIC 11 'IFRS 2 – Group and treasury share transactions', (effective for financial periods beginning on or after 1 March 2007)
IFRIC 11 provides guidance on whether share-based transactions involving own shares or involving Group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the Parent and Group companies. The Group will apply IFRIC 11 to financial periods beginning on or after 1 March 2007 and is currently assessing the impact on the Group's financial statements.

(v) IFRIC 12 'Service concession arrangements' (effective for financial periods beginning on or after 1 January 2008)
IFRIC 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. As the Group is not a service concession operator IFRIC 12 is not relevant to the Group's activities.

(vi) IFRIC 13 'Customer loyalty programmes' (effective for financial periods beginning on or after 1 July 2008)
IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. The Group will apply IFRIC 13 to financial periods beginning on or after 1 July 2008, however it is not expected to have any material impact on the Group's financial statements.

(vii) IFRIC 14 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction' (effective for financial periods beginning on or after 1 January 2008)
IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply IFRIC 14 from the effective date and is currently assessing the impact on the Group's financial statements.

(viii) IAS 1 (Amendment), 'Presentation of financial statements', (effective for financial periods beginning on or after 1 January 2009)
The main aim of the amended version of IAS 1 is to aggregate information in the financial statements on the basis of shared characteristics. Consequently changes in equity (net assets) of an entity arising from transactions with owners in their capacity as owners will be disclosed separately from other changes in equity. IAS 1 (Amendment) will be implemented for financial periods beginning on or after 1 January 2009 and the Group is currently assessing the impact on the Group's financial statements.

(ix) IAS 23 (Amendment), 'Borrowing costs', (effective for financial periods beginning on or after 1 January 2009)
The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply IAS 23 (Amendment) for financial periods beginning on or after 1 January 2009, however it is not expected to have any material impact on the Group's financial statements.

(x) IAS 27 (Revised), 'Consolidated and separate financial statements', (effective for annual periods beginning on or after 1 July 2009)
IAS 27 (revised) requires the effect of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply this revised standard from the effective date and is currently assessing the impact on the Group's financial statements.

(xi) IAS 32 and IAS 1 (Amendment) 'Puttable financial instruments and obligations arising on liquidation', (effective for annual periods beginning on or after 1 January 2009)
The amendments require some puttable financial instruments and some financial instruments that impose on the entity and obligation to deliver to another party a pro-rata share of net assets of the entity only on liquidation to be classified as equity. The Group will apply the amendments from the effective date and is currently assessing the impact on the Group's financial statements.

3. Financial risk management

3.1 Financial risk factors

The conduct of its ordinary business operations necessitates the holding and issuing of financial instruments and derivative financial instruments by the Group. The main risks arising from issuing, holding and managing these financial instruments typically include liquidity risk, interest rate risk and currency risk. The Group approach is to centrally manage these risks against comprehensive policy guidelines, which are summarised below.

The Group does not engage in holding or issuing speculative financial instruments or derivatives thereof. The Group finances its operations by a mixture of retained profits, preference shares, medium and short-term committed bank borrowings and uncommitted bank borrowings. The Group borrows in the major global debt markets in a range of currencies at both fixed and floating rates of interest, using derivatives where appropriate to generate the desired effective currency profile and interest rate basis.

Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

(a) Currency risk

Although the Group is based in Ireland, it has significant investment in overseas operations primarily in the USA. As a result movements in US dollar/euro exchange rates can significantly affect the Group's euro balance sheet and income statement. The Group seeks to match, to a certain extent, the currency of its borrowings, with that of its assets. The Group also has transactional currency exposures that arise from sales or purchases by an operating unit in currencies other than the unit's operating functional currency. Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency. The Group companies must manage their exposure on both recognised and expected foreign exchange exposures on a nominal basis. The Group companies are required to hedge their entire foreign exchange risk exposure with Group treasury.
Group treasury reviews exposure reports on a regular basis. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the Group use forward contracts, transacted with Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group treasury's risk management practice is to hedge up to 100% of anticipated cash flows (mainly export sales and purchase of inventory) in each major foreign currency for the following financial year. The Group does not take out cover unless the prospective sale is highly probable.

For segment reporting purposes, each subsidiary designates contracts with Group treasury as fair value hedges or cash flow hedges, as appropriate. External foreign exchange contracts are designated at Group level as hedges of foreign exchange risk on specific assets, liabilities or future transactions.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 29 December 2007 and 30 December 2006, if the euro had weakened/strengthened by 5% against the US dollar with all other variables held constant, post-tax profit for the year would not have been materially impacted as a result of foreign exchange gains/losses on translation of US dollar denominated non hedged trade receivables, financial assets at fair value through profit or loss or debt securities classified as available for sale. Group profit is more sensitive to movement in currency/US dollar exchange rates in 2007 than 2006 because of the increased amount of US dollar denominated trade receivables and increased amount of reported US dollar profits.

A weakening/strengthening of the euro against the US dollar by 5% as at 29 December 2007 would have resulted in a currency translation gain/loss respectively of approximately €7.5 million, which would be recognised directly in equity.

At 29 December 2007 and 30 December 2006, if the currency had weakened/strengthened by 5% against the UK pound with all other variables held constant, post-tax profit for the year would not have been materially impacted as a result of foreign exchange gains/losses on translation of UK pound-denominated non hedged trade receivables, financial assets at fair value through profit or loss or debt securities classified as available for sale.

A weakening/strengthening of the euro against the UK pound by 5% as at 29 December 2007 would have resulted in a currency translation gain/loss respectively of approximately €1.55 million, which would be recognised directly in equity.

(b) Interest rate risk

The Group's objective in relation to interest rate management is to minimise the impact of interest rate volatility on interest costs in order to protect reported profitability. This is achieved by determining a long-term strategy against a number of policy guidelines, which focus on (a) the amount of floating rate indebtedness anticipated over such a period and (b) the consequent sensitivity of interest costs to interest rate movements on this indebtedness and the resultant impact on reported profitability. The Group borrows at both fixed and floating rates of interest and uses interest rate swaps to manage the Group's exposure to interest rate fluctuations.

Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Group policy is to maintain no more than one third of its projected debt exposure on a floating rate basis over any succeeding 12 month period.

The Group, on a continuous basis, maintains a level of fixed rate cover dependent on prevailing fixed market rates, projected debt and market informed interest rate outlook.
Based on the Group's unhedged variable rate debt in all currencies at 29 December 2007, a 1% increase in prevailing market interest rates would have resulted in a €0.704 million loss movement (2006: €1.062 million loss).

The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional amounts.
Occasionally the Group enters into fixed to floating interest rate swaps to hedge the fair value interest rate risk arising where it has borrowed at fixed rates and is hedged in excess of policy targets.

(c) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available for sale. To manage its exposure to certain commodity markets the Group enters commodity future contracts. Such commodity futures are subject to fair value changes which are recognised in the income statement. To manage its price risk arising from investments in equity securities, the Group does not maintain a significant balance with any one entity.
Diversification of the portfolio must be done in accordance with the limits set by the Group. The impact of a 5% increase or decrease in equity indexes across the eurozone countries would not have any significant impact on Group operating profit.

(d) Liquidity and cash flow risk

The Group's objective is to maintain a balance between the continuity of funding and flexibility through the use of borrowings with a range of maturities. In order to preserve continuity of funding, the Group's policy is that, at a minimum, committed facilities should be available at all times to meet the full extent of its anticipated finance requirements, arising in the ordinary course of business, during the succeeding 12 month period. This means that at any time the lenders providing facilities in respect of this finance requirement are required to give at least 12 months notice of their intention to seek repayment of such facilities. At the year end, the Group had multi-currency committed term facilities of €633.9 million of which €260.9 million was undrawn. The weighted average period to maturity of these facilities was 4.8 years.

The table below analyses the Group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 29 December 2007	Less than 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Over 5 years €'000
Borrowings	966	904	316,047	65,643
Derivative financial instruments	3,187	1,633	2,538	-
Trade and other payables	336,663	-	-	-
	340,816	**2,537**	**318,585**	**65,643**

At 30 December 2006	Less than 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Over 5 years €'000
Borrowings	39,235	1,133	258,749	188,930
Derivative financial instruments	3,688	903	2,480	472
Trade and other payables	257,893	-	-	-
	300,816	**2,036**	**261,229**	**189,402**

The table below analyses the Group's derivative financial instruments which will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 29 December 2007	Less than 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Over 5 years €'000
Forward foreign exchange contracts - cash flow hedges				
Inflow	**2,872**	-	-	-

At 30 December 2006	Less than 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	Over 5 years €'000
Forward foreign exchange contracts - cash flow hedges				
Inflow	**1,832**	-	-	-

(e) Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum credit rating of 'A' are accepted.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to increase or reduce debt.

The Group monitors debt capital on the basis of interest cover and debt to EBITDA ratios. At 29 December 2007, the Group's debt/EDBITDA ratio was 1.5 (2006: 2.0 times), which is deemed by management to be prudent and in line with industry norms.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that could have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment reviews of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(f). The recoverable amounts of cash generating units have been determined based on value in use calculations. These calculations require the use of estimates.
The Seltzer assets, including goodwill of €54.6 million, were tested for impairment using projected cash flows over a 10 year period. A reduction in projected EBITDA of 10% or an increase in the discount factor used from 9% to 10% would not result in an impairment of the assets. A rate of zero percent has been used to estimate cash flow growth between 5 and 10 years. Based on a reduction in projected EBITDA of 10% or an increase in the discount factor used from a 9% to 10%, the Group is satisfied that no impairment is required on goodwill across its remaining cash generating units.

(b) Income taxes

The Group is subject to income tax in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Were the actual final outcome of these matters to differ by 10% from management's estimates, the Group would need to revise its tax liabilities by approximately €1 million.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates. An increase in the Group's effective tax rate by 1% would reduce profit after tax by €0.99 million.

(c) Post-employment benefits

The Group operates a number of post employment defined benefit plans. The rates of contributions payable, the pension cost and the Group's total obligation in respect of defined benefit plans is calculated and determined by independent qualified actuaries and updated at least annually. The Group also has plan assets totalling €382.5 million giving a net pension liability of €114.2 million for the Group. The size of the obligation and cost of the benefits are sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The Group has reviewed the impact of a change in the discount rate used and concluded that based on the pension deficit at 29 December 2007, an increase in the discount rates applied of 10 basis points across the various defined benefit plans, would have the impact of decreasing the pension deficit for the Group by €8.9 million.

(d) Establishing lives for depreciation of property, plant and equipment and intangible assets

Long-lived assets comprising primarily property, plant and equipment and intangible assets, represent a significant portion of total assets. The annual depreciation and amortisation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of fair values and residual values. The Directors regularly review these useful lives and change them as necessary to reflect current thinking on remaining lives in light of technological change, pattern of consumption, the physical condition and expected economic utilisation of the asset. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the period. Details of the useful lives are included in the accounting policy 2(e) and 2(f). The impact of any change could vary significantly depending on the individual changes in assets and the classes of assets impacted. The Group has reviewed the impact of a change in useful lives on land and buildings and a 1 year reduction in useful lives would have a €0.3 million reduction impact on operating profit. The Group has also reviewed the impact of a change in useful lives in plant and equipment and a one year reduction in useful lives would have a €3.1 million reduction impact on operating profit.

(e) Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Group has used discounted cash flow analysis for various available for sale financial assets that are not traded in active markets. The carrying amount of available for sale financial assets would not be materially different were the discounted rate used in the discounted cash flow analysis to differ by 10% from management's estimates.

5. Segment information

Primary reporting format – business segments
At 29 December 2007 the Group is organised into three main business segments:
- Consumer Foods
- Food Ingredients and Nutritionals
- Agribusiness and Property

The segment results for the year ended 30 December 2006 are as follows:

2006	Consumer Foods €'000	Food Ingredients and Nutritionals €'000	Agribusiness and Property €'000	Unallocated €'000	Group €'000
Total gross segment revenue	511,077	1,186,890	264,492	-	1,962,459
Inter-segment revenue	(55)	(108,977)	-	-	(109,032)
Revenue	**511,022**	**1,077,913**	**264,492**	**-**	**1,853,427**
Operating profit pre exceptional items	24,525	44,166	16,876	-	85,567
Exceptional items	(3,277)	-	-	(9,178)	(12,455)
	21,248	44,166	16,876	(9,178)	73,112
Finance income and costs					(14,035)
Share of results of joint ventures and associates					2,842
Profit before tax					**61,919**
Tax					4,351
Profit for the year					**66,270**

The segment results for the year ended 29 December 2007 are as follows:

2007	Consumer Foods €'000	Food Ingredients and Nutritionals €'000	Agribusiness and Property €'000	Unallocated €'000	Group €'000
Total gross segment revenue	510,821	1,529,310	293,034	-	2,333,165
Inter-segment revenue	(39)	(126,106)	(453)	-	(126,598)
Revenue	**510,782**	**1,403,204**	**292,581**	**-**	**2,206,567**
Operating profit pre exceptional items	17,834	85,194	12,806	-	115,834
Exceptional items	(23,463)	-	-	-	(23,463)
	(5,629)	85,194	12,806	-	92,371
Finance income and costs					(17,282)
Share of results of joint ventures and associates					992
Profit before tax					**76,081**
Tax					(15,841)
Profit for the year					**60,240**

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

Other segment items included in the income statement for the year ended 30 December 2006 are as follows:

2006	Consumer Foods €'000	Food Ingredients and Nutritionals €'000	Agribusiness and Property €'000	Unallocated €'000	Group €'000
Depreciation	7,989	15,000	2,426	-	25,415
Amortisation of intangibles	2,567	1,607	278	-	4,452
Capital grants released to income statement	(1,127)	(12)	(41)	-	(1,180)
Restructuring costs - exceptional items	(3,277)	-	-	(9,178)	(12,455)

Other segment items included in the income statement for the year ended 29 December 2007 are as follows:

2007	Consumer Foods €'000	Food Ingredients and Nutritionals €'000	Agribusiness and Property €'000	Unallocated €'000	Group €'000
Depreciation	7,378	17,418	2,450	-	27,246
Amortisation of intangibles	2,287	3,740	789	-	6,816
Capital grants released to income statement	(637)	(67)	(32)	-	(736)
Restructuring costs - exceptional items	(23,463)	-	-	-	(23,463)

The segment assets and liabilities at 30 December 2006 and capital expenditure for the year then ended are as follows:

2006	Consumer Foods €'000	Food Ingredients and Nutritionals €'000	Agribusiness and Property €'000	Unallocated €'000	Group €'000
Assets	149,129	488,926	140,632	314,519	1,093,206
Associates and joint ventures	-	-	-	69,601	69,601
Total assets	**149,129**	**488,926**	**140,632**	**384,120**	**1,162,807**
Liabilities	**(77,232)**	**(161,113)**	**(35,000)**	**(688,943)**	**(962,288)**
Group capital expenditure and acquisitions	**6,275**	**102,817**	**11,252**	**(71)**	**120,273**

The segment assets and liabilities at 29 December 2007 and capital expenditure for the year then ended are as follows:

2007	Consumer Foods €'000	Food Ingredients and Nutritionals €'000	Agribusiness and Property €'000	Unallocated €'000	Group €'000
Assets	90,795	651,291	142,139	230,968	1,115,193
Associates and joint ventures	-	-	-	61,099	61,099
Total assets	**90,795**	**651,291**	**142,139**	**292,067**	**1,176,292**
Liabilities	**(62,092)**	**(257,977)**	**(51,120)**	**(570,528)**	**(941,717)**
Group capital expenditure and acquisitions	**3,980**	**59,542**	**5,584**	**878**	**69,984**

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, derivatives designated as hedges of future transactions and receivables. Unallocated amounts include deferred taxation, cash, investments and derivatives held for trading or designated as hedges of borrowings.

Segment liabilities comprise operating liabilities. Unallocated amounts include items such as taxation, corporate borrowings and related hedging derivatives.

Secondary reporting format - geographical segments
The Group's three main business segments operate in three main geographical areas, even though they are managed on a worldwide basis.

Revenue	**2007 €'000**	**2006 €'000**
Ireland	**803,363**	775,514
Rest of Europe	**251,176**	214,942
USA/other	**1,152,028**	862,971
	2,206,567	1,853,427

Total assets	**2007 €'000**	**2006 €'000**
Ireland	**597,067**	471,259
Rest of Europe	**12,058**	30,382
USA/other	**275,099**	277,046
	884,224	778,687
Investment in associates and joint ventures	**61,099**	69,601
Unallocated assets	**230,969**	314,519
Total assets	**1,176,292**	1,162,807

Total assets are allocated based on where the assets are located.

Capital expenditure	**2007 €'000**	**2006 €'000**
Ireland	**33,591**	31,720
Rest of Europe	**1,287**	799
USA/other	**35,106**	87,754
	69,984	120,273

Capital expenditure, including acquisitions is allocated based on where the assets are located.

6. Operating profit

The following items have been included in arriving at operating profit:

	2007 €'000	2006 €'000
Depreciation of property, plant and equipment (note 14)		
- Owned assets	**24,994**	23,730
- Leased assets under finance leases	**2,252**	1,685
Profit on disposal of property, plant and equipment	**(3,002)**	(7,531)
Repairs and maintenance expenditure on property, plant and equipment	**28,459**	25,264
Exit from Pigmeat	**20,756**	-
Amortisation of intangible assets (note 15)		
- Software costs	**3,824**	3,370
- Other intangible assets	**2,992**	1,082
Increase in inventories	**92,053**	908
Raw materials and consumables used	**1,637,623**	1,355,389
Trade receivables - impairment charge for bad and doubtful debts	**297**	696
Amortisation of government grants received (note 35)	**(736)**	(4,322)
Operating lease rentals payable		
- Plant and machinery	**4,561**	3,317
- Other	**4,556**	4,715
Employee benefit expense (note 8)	**196,977**	184,434
Auditors' remuneration	**627**	599
Research and development costs	**7,509**	6,275
Net foreign exchange gains	**(611)**	(2,008)
Disposal of loan note - The Cheese Company Holdings Limited	**-**	9,178
Other	**91,065**	173,534
Total operating expenses	**2,114,196**	1,780,315

7. Exceptional items

	Notes	2007 €'000	2006 €'000
Exit from Pigmeat	(a)	**(20,756)**	-
Restructuring cost	(b)	**(2,707)**	(3,277)
The Cheese Company Holdings Limited		**-**	(9,178)
		(23,463)	(12,455)
Exceptional tax credit (note 11)		**617**	12,321
Net exceptional item		**(22,846)**	(134)

(a) Exit from Pigmeat – included in the exceptional charge relating to the Group's exit from Pigmeat are the following: insurance proceeds received in excess of the carrying value of the assets plus a provision for the loss on disposal to the Management Buy Out (MBO) team, net charge (pre tax) €23.8 million. A gain on the disposal of property relating to the former processing site at Ruskey of €3.1 million was also realised during the year.

(b) Restructuring of Consumer Foods operations. Costs include redundancy and asset impairment charges.

8. Employee benefit expense

	2007 €'000	2006 €'000
Wages and salaries	**169,554**	152,358
Termination costs	**2,877**	1,469
Social security costs	**17,673**	17,093
Share option and Sharesave Scheme costs	**377**	290
Shares awarded under LTIP 2007	**210**	-
Pension costs - defined contribution plans (note 33)	**1,024**	1,026
Pension costs - defined benefit plans (note 33)	**4,981**	6,435
	196,696	178,671
Exceptional item - curtailment gain (note 33)	**(1,843)**	-
Exceptional item - termination costs (note 7(b))	**2,124**	5,763
	196,977	184,434

The average number of employees in 2007 was 3,993 (2006: 3,926) and is analysed into the following categories:

	2007	2006
Consumer Foods	**1,822**	1,894
Food Ingredients and Nutritionals	**1,476**	1,349
Agribusiness and Property	**695**	683
	3,993	3,926

9. Directors' remuneration

The salary, fees and other benefits for each of the Directors during the year were:

	Salary €'000	Fees €'000	Performance bonus €'000	Pension contribution €'000	Other benefits €'000	2007 Total €'000	2006 Total €'000
Executive							
J Moloney	439	-	581	140	34	1,194	927
G Meagher	291	-	347	97	21	756	569
K Toland	302	-	463	105	6	876	605
2007	**1,032**	**-**	**1,391**	**342**	**61**	**2,826**	
2006	988	-	761	290	62		**2,101**
Non-executive							
M Walsh	-	85	-	-	-	85	80
L Herlihy	-	41	-	-	-	41	38
V Quinlan	-	41	-	-	-	41	38
J Callaghan	-	63	-	-	-	63	57
H Corbally	-	19	-	-	-	19	17
N Dunphy (note(a))	-	12	-	-	-	12	-
J Fitzgerald	-	19	-	-	-	19	17
E Fitzpatrick	-	19	-	-	-	19	17
J Gilsenan	-	19	-	-	-	19	17
P Gleeson (note (b))	-	19	-	-	-	19	11
P Haran	-	59	-	-	-	59	57
C Hill	-	19	-	-	-	19	17
Ml Keane (note (c))	-	8	-	-	-	8	17
M Keane (note (b))	-	19	-	-	-	19	11
J Liston	-	63	-	-	-	63	57
M Merrick	-	19	-	-	-	19	17
J Miller (note (d))	-	-	-	-	-	-	7
W Murphy	-	59	-	-	-	59	57
M Parsons	-	19	-	-	-	19	17
E Power	-	19	-	-	-	19	17
G Stanley (note (d))	-	-	-	-	-	-	7
2007	**-**	**621**	**-**	**-**	**-**	**621**	
2006	-	573	-	-	-		573
Total 2007	**1,032**	**621**	**1,391**	**342**	**61**	**3,447**	
Total 2006	988	573	761	290	62		2,674

(a) Mr N Dunphy was appointed as a Director on 31 May 2007.
(b) Mr P Gleeson and Mr M Keane were appointed as Directors on 24 May 2006.
(c) Mr Ml Keane resigned as a Director on 31 May 2007.
(d) Mr J Miller & Mr G Stanley resigned as Directors on 24 May 2006

Details of Directors' share options are set out in note 43 to the financial statements.

The Remuneration Committee of the Board, which comprises solely of non-executive Directors, determines the Company's policy on executive Director remuneration and sets the remuneration package of each of the executive Directors. There are no contracts of service for executive Directors which are required to be made available for inspection.

The pension benefits of each of the executive Directors during the year were as follows:

	Transfer value of increase in accrued pension €' 000	Annual pension accrued in 2007 in excess of inflation €' 000	Total annual accrued pension at 29 December 2007 €' 000
J Moloney	-	-	268
G Meagher	359	16	216
K Toland	149	14	79
2007	**508**	**30**	**563**
2006	624	40	513

10. Finance income and costs

(a) Finance income

	2007 €'000	2006 €'000
Interest income	**4,813**	4,883

(b) Finance costs

	2007 €'000	2006 €'000
Interest expense		
- Bank borrowings repayable within five years	**(19,084)**	(16,265)
- Interest cost on deferred consideration	**(450)**	-
- Finance lease costs	**(272)**	(380)
- Interest rate swaps, transfer from equity	**1,401**	1,169
- Interest rate swaps, fair value hedges	**676**	(4,242)
- Fair value adjustment of borrowings attributable to interest rate risk	**(676)**	4,242
	(18,405)	(15,476)
Finance cost of preference shares	**(3,690)**	(3,442)
Total finance costs	**(22,095)**	(18,918)

11. Income taxes

	2007 €'000	2006 €'000
Irish corporation tax	**7,284**	3,080
Adjustments in respect of prior years	**(100)**	238
Current tax on income for the year	**7,184**	3,318
Foreign tax	**6,338**	1,035
Adjustments in respect of prior years	**327**	(46)
Current tax on income for the year	**6,665**	989
Total current tax	**13,849**	4,307
Deferred tax (note 32)	**2,609**	3,663
Pre exceptional tax charge	**16,458**	7,970
Exceptional tax credit	**(617)**	(12,321)
	15,841	(4,351)

(i) The pre exceptional deferred tax charge for 2007 includes €0.787 million for the reduction in the value of the Group's UK deferred tax asset (see (iv) below) due to the decrease in the UK corporation tax rate from 30% to 28%, with effect from 1 April 2008.

(ii) Exit from meat processing: the sale during 2007 of the former processing site at Ruskey resulted in an exceptional current tax charge of €0.481 million. Tax on the insurance settlement agreed following the destruction by fire in August 2007 of processing assets at the Edenderry plant, and the tax effects of the Group's decision to dispose of the Pigmeat business to its management team, resulted in an exceptional corporation tax charge of €1.734 million and a deferred tax credit of €2.554 million.

(iii) Also, in 2007, the restructuring provision in the Consumer Foods division resulted in an exceptional corporation tax credit of €0.240 million and a deferred tax credit of €0.038 million.

(iv) In the prior year a deferred tax asset of €12.1 million arising from the expected use in future years of UK tax losses, which previously had not been recognised due to uncertainty as to recoverability, was recognised in the 2006 financial statements. Also, in 2006, a restructuring provision in the Pigmeat division resulted in a corporation tax credit of €0.699 million and a deferred tax charge of €0.489 million.

The tax credits in 2007 and 2006, by virtue of nature and size, have been separately disclosed as an exceptional credit in the financial statements.

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:

	2007 €'000	2006 €'000
Profit before tax	**76,081**	61,919
Tax calculated at Irish rate of 12.5% (2006: 12.5%)	**9,510**	7,740
Earnings at reduced and higher Irish rates	**(1,176)**	(448)
Difference due to overseas tax rates	**7,359**	2,489
Utilisation of previously unrecognised tax losses	**-**	(11,508)
Adjustment to tax charge in respect of previous periods	**57**	(58)
Tax on profits of joint ventures and associates shown in profit before tax	**(124)**	(355)
Expenses not deductible for tax purposes and other differences	**215**	(2,211)
Tax charge	**15,841**	(4,351)

Details of deferred tax charged or credited directly to equity during the year are outlined in note 32.

12. Earnings per share

Basic

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company 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 (note 27).

	2007 €'000	2006 €'000
Profit attributable to equity holders of the Company	**59,833**	65,934
Weighted average number of ordinary shares in issue	**293,012,540**	292,958,667
Basic earnings per share (cent per share)	**20.42**	22.51

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options are dilutive potential ordinary shares. In respect of share options, a calculation is done 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.

	2007 €'000	2006 €'000
Weighted average number of ordinary shares in issue	**293,012,540**	292,958,667
Adjustments for share options	**1,110,557**	480,072
Adjusted weighted average number of ordinary shares	**294,123,097**	293,438,739
Diluted earnings per share (cent per share)	**20.34**	22.47

At year end, options over 491,000 ordinary shares could potentially dilute basic earnings per share in the future but are anti-dilutive during the year ended 29 December 2007.

Adjusted

	2007 €'000	2006 €'000
Profit attributable to equity holders of the Company	**59,833**	65,934
Exceptional items	**22,846**	134
	82,679	66,068
Adjusted earnings per share (cent per share)	**28.22**	22.55
Diluted adjusted earnings per share (cent per share)	**28.11**	22.52

13. Dividends

The dividends paid in 2007 and 2006 were €17.3 million (5.91 cent per share) and €16.5 million (5.62 cent per share) respectively. On 3 October 2007 an interim dividend of 2.50 cent per share on the ordinary shares amounting to €7.33 million was paid to shareholders on the register of members as at 14 September 2007. The Directors have recommended the payment of a final dividend of 3.58 cent per share on the ordinary shares which amounts to €10.5 million. Subject to shareholders approval this dividend will be paid on Tuesday, 20 May 2008 to shareholders on the register of members as at Friday, 25 April 2008, the record date. These financial statements do not reflect this final dividend payable.

14. Property, plant and equipment – Group

	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Year ended 30 December 2006				
Opening net book amount	141,634	197,789	1,080	**340,503**
Exchange differences	(3,102)	(7,489)	(11)	**(10,602)**
Acquisition of subsidiaries	419	859	-	**1,278**
Additions	6,337	24,544	376	**31,257**
Disposals	(1,543)	(225)	(101)	**(1,869)**
Reclassification	-	(29)	29	**-**
Depreciation charge	(4,745)	(20,074)	(596)	**(25,415)**
Closing net book amount	**139,000**	**195,375**	**777**	335,152
At 30 December 2006				
Cost	202,932	537,849	18,123	**758,904**
Accumulated depreciation	(63,932)	(342,474)	(17,346)	**(423,752)**
Net book amount	**139,000**	**195,375**	**777**	335,152
Year ended 29 December 2007				
Opening net book amount	139,000	195,375	777	**335,152**
Exchange differences	(3,382)	(7,218)	(34)	**(10,634)**
Acquisition of subsidiaries (note 41)	1,849	1,455	278	**3,582**
Additions	9,117	41,816	392	**51,325**
Disposals	(9,426)	(6,801)	(117)	**(16,344)**
Reclassification	-	266	-	**266**
Transfer to disposal group held for sale	(20,649)	(16,681)	-	**(37,330)**
Depreciation charge	(4,922)	(21,747)	(577)	**(27,246)**
Closing net book amount	**111,587**	**186,465**	**719**	298,771
At 29 December 2007				
Cost	167,604	523,626	18,463	**709,693**
Accumulated depreciation	(56,017)	(337,161)	(17,744)	**(410,922)**
Net book amount	**111,587**	**186,465**	**719**	298,771

Depreciation expense of €27,245,814 (2006: €25,415,366) has been charged to cost of sales €24,483,735 (2006: €22,647,360), to distribution costs €1,101,849 (2006: €2,053,075) and to administration expenses €1,660,230 (2006: €714,931).

Leased assets, comprising plant and equipment, included in the table above, where the Group is a lessee under a finance lease, comprise as follows:

	2007 €'000	2006 €'000
Cost - capitalised finance leases	**43,976**	43,976
Accumulated depreciation	**(27,250)**	(24,998)
Net book amount	**16,726**	18,978

Operating lease rentals amounting to €9,116,980 (2006: €8,031,578) are included in the income statement.

Included in the cost of plant and equipment is an amount of €24,780,022 (2006: €4,652,730) incurred in respect of assets under construction. Insurance proceeds received or receivable as compensation for property, plant and equipment that was damaged or impaired amounted to €21.7 million.

Borrowing costs incurred on significant capital projects are capitalised. The amount capitalised, using the Group's incremental cost of borrowing, amounted to nil in 2007 (2006: €517,000).

Capitalised borrowing costs will be depreciated to the income statement and will be deducted in determining taxable profit over the life of the underlying asset.

15. Intangible assets

	Goodwill €'000	Other intangibles €'000	Software €'000	Development costs €'000	Total €'000
Year ended 30 December 2006					
Opening net book amount	24,592	10,168	21,378	1,825	**57,963**
Exchange differences	(1,780)	(254)	(355)	(135)	**(2,524)**
Additions	172	300	6,459	2,069	**9,000**
Acquisition of subsidiaries	62,148	16,589	-	-	**78,737**
Amortisation	-	(868)	(3,370)	(214)	**(4,452)**
Closing net book amount	**85,132**	**25,935**	**24,112**	**3,545**	**138,724**
At 30 December 2006					
Cost	85,132	27,367	41,099	3,759	**157,357**
Accumulated amortisation	-	(1,432)	(16,987)	(214)	**(18,633)**
Net book amount	**85,132**	**25,935**	**24,112**	**3,545**	**138,724**
Year ended 29 December 2007					
Opening net book amount	85,132	25,935	24,112	3,545	**138,724**
Exchange differences	(6,761)	(1,820)	(287)	(286)	**(9,154)**
Additions/adjustments re acquisitions	171	91	1,341	1,804	**3,407**
Acquisition of subsidiaries (note 41)	6,125	5,545	-	-	**11,670**
Reclassification	-	-	(266)	-	**(266)**
Amortisation	-	(2,363)	(3,824)	(629)	**(6,816)**
Closing net book amount	**84,667**	**27,388**	**21,076**	**4,434**	**137,565**
At 29 December 2007					
Cost	84,667	31,183	41,887	5,277	**163,014**
Accumulated amortisation	-	(3,795)	(20,811)	(843)	**(25,449)**
Net book amount	**84,667**	**27,388**	**21,076**	**4,434**	**137,565**

Goodwill is summarised by segment as follows:

	Consumer Foods €'000	Food Ingredients and Nutritionals €'000	Agribusiness and Property €'000	Total €'000
At 30 December 2006				
Ireland	5,650	540	691	**6,881**
Rest of Europe	-	16,852	-	**16,852**
USA/other	-	61,399	-	**61,399**
	5,650	78,791	691	**85,132**
At 29 December 2007				
Ireland	5,462	540	691	**6,693**
Rest of Europe	-	16,367	-	**16,367**
USA/other	-	61,607	-	**61,607**
	5,462	**78,514**	**691**	**84,667**

The recoverable amount of a cash generating unit is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using estimated growth rates which are not in excess of forecast inflation. A rate of zero percent has been used to estimate cash flow growth between five and ten years. Key assumptions include management's estimates of future profitability, capital expenditure requirements and working capital investment. Capital expenditure requirements are based on the Group's strategic plans and broadly assume that historic investment patterns will be maintained. Working capital requirements are forecast to increase in line with activity. Discount rates used reflect specific risks relating to the relevant segments.

The value in use calculations are prepared using pre tax discount rates, which range from 7.5% to 10%, and incorporate terminal values. In forecasting terminal values, a multiple of seven times EBITDA is generally assumed.

16. Investments in associates

	2007 Company €'000	2007 Group €'000	2006 Company €'000	2006 Group €'000
At the beginning of the year	**1,395**	**10,933**	1,395	11,090
Share of profit after tax	**-**	**158**	-	66
Exchange differences	**-**	**(157)**	-	(142)
Additions	**-**	**-**	-	367
Disposals	**-**	**(205)**	-	(448)
At the end of the year	**1,395**	**10,729**	1,395	10,933

The Group's share of the results of principal associates, all of which are unlisted, and its share of the assets (including goodwill) and liabilities are as follows:

	Assets €'000	Liabilities €'000	Revenues €'000	Profit/ (loss) €'000	Interest held %
2006					
Co-operative Animal Health Limited	8,064	6,047	14,718	155	50
South Eastern Cattle Breeding Society Limited	1,842	460	1,647	(8)	57
Malting Company of Ireland Limited	4,966	2,583	3,391	6	33.33
South East Port Services Limited	3,930	1,867	1,388	82	49
Westgate Biological Limited	209	76	-	(169)	41.8
Other	27	288	-	-	
	19,038	**11,321**	**21,144**	**66**	

	Assets €'000	Liabilities €'000	Revenues €'000	Profit/ (loss) €'000	Interest held %
2007					
Co-operative Animal Health Limited	7,968	5,916	15,098	(271)	50
South Eastern Cattle Breeding Society Limited*	1,851	878	1,735	102	57
Malting Company of Ireland Limited	4,793	2,102	3,773	310	33.3
South East Port Services Limited	7,417	5,175	1,451	165	49
Westgate Biological Limited	103	112	-	(148)	41.8
	22,132	**14,183**	**22,057**	**158**	

* In accordance with Group accounting policy, South Eastern Cattle Breeding Society Limited is included in the Group result based on the equity method of accounting, as the Group has significant influence over the entity but not control, due to its co-op structure.

Further details in relation to principal associates are outlined in note 44.

17. Investments in joint ventures

	2007 €'000	2006 €'000
At the beginning of the year	**58,668**	59,832
Share of profit after tax	**834**	2,776
Other reserve movements	**(1,925)**	568
Deferred tax provision	**(3,312)**	-
Write-down of investment	**(380)**	-
Exchange differences	**(5,671)**	(4,514)
Additions	**2,156**	6
At the end of the year	**50,370**	58,668

The following amounts represent the Group's share of the assets and liabilities, revenue and results in joint ventures:

	2007 €'000	2006 €'000
Assets		
Non-current assets	**100,418**	113,644
Current assets	**63,819**	50,965
	164,237	164,609
Liabilities		
Long-term liabilities	**53,356**	61,848
Current liabilities	**60,511**	44,093
	113,867	105,941
Net assets	**50,370**	58,668
Revenue	**350,055**	241,727
Expenses	**(349,221)**	(238,951)
Profit after income tax	**834**	2,776
Proportionate interest in joint venture's commitments	**15,700**	14,600

A listing and description of interests in significant joint ventures is outlined in note 44.

18. Investments

	Investments in subsidiaries 2007 Company €'000	Available for sale investments 2007 Group €'000	Investments in subsidiaries 2006 Company €'000	Available for sale investments 2006 Group €'000
At the beginning of the year	**510,412**	**12,527**	510,469	29,511
Exchange differences	**-**	**-**	-	376
Disposals/redemption	**(27,251)**	**(37)**	(57)	(17,811)
Fair value adjustment	**-**	**17,512**	-	102
Amounts written-off	**(27,858)**	**-**	-	-
Additions	**-**	**87**	-	349
At the end of the year	**455,303**	**30,089**	510,412	12,527

There were no disposals or impairment provisions on available for sale investments in 2007 or 2006.

Investments include the following:

	Investments in subsidiaries	Available for sale investments	Investments in subsidiaries	Available for sale investments
	2007 Company €'000	**2007 Group €'000**	**2006 Company €'000**	**2006 Group €'000**
Listed securities				
- Equity securities – eurozone countries	**1**	**526**	1	864
Unlisted securities				
- One51 plc	**-**	**18,431**	-	613
- Irish Dairy Board	**-**	**9,644**	-	9,558
- Glanbia Enterprise Fund Limited	**1,290**	**1,290**	1,290	1,290
- Moorepark Technology	**-**	**198**	-	202
- Other Group companies	**454,012**	**-**	509,121	-
	455,303	**30,089**	510,412	12,527

The unlisted equity shares in One51 plc are currently traded on an informal 'grey' market. These shares are fair valued by reference to published bid prices.

Available for sale financial assets are fair valued annually at year end. For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to cash flows discounted using a rate based on the market interest rate and the risk premium specific to the unlisted securities.

Available for sale investments are classified as non-current assets, unless they are expected to be realised within 12 months of the balance sheet date or unless they will need to be sold to raise operating capital. All available for sale financial assets are euro denominated.

19. Trade and other receivables

	2007 Company €'000	**2007 Group €'000**	**2006 Company €'000**	**2006 Group €'000**
Trade receivables	**-**	**157,415**	-	142,336
Less provision for impairment of receivables	**-**	**(7,834)**	-	(10,439)
Trade receivables - net	**-**	**149,581**	-	131,897
Prepayments	**39**	**29,189**	1,881	16,025
Receivable from associates and joint ventures	**-**	**6,757**	-	3,301
Loans to related parties (note 42)	**-**	**13,929**	-	4,929
Amounts due from subsidiary companies	**23,984**	**-**	-	-
Valued added tax	**-**	**9,848**	-	4,725
Other receivables	**-**	**6,859**	-	8,663
	24,023	**216,163**	1,881	169,540
Less non-current portion: loans to related parties	**-**	**(13,929)**	-	(4,929)
	24,023	**202,234**	1,881	164,611

In 2007, under a debt purchase agreement with a financial institution, the Group has transferred credit risk and retained late payment risk on certain trade receivables, amounting to €27.6 million (2006: €24.5 million). The Group has continued to recognise an asset of €515,000 (2006: €557,000), representing the extent of its continuing involvement, and an associated liability of a similar amount.

The carrying value of receivables are a reasonable approximation of fair value. The net movement in the provision for impairment of receivables has been included in distribution expenses in the income statement.

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

The Group's objective is to minimise credit risk by carrying out credit checks where appropriate by the use of credit insurance in certain situations, and by active credit management. Management does not expect any significant losses of receivables that have not been provided for.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2007 Company €'000	2007 Group €'000	2006 Company €'000	2006 Group €'000
Euro	**24,023**	**106,173**	1,881	81,497
US dollar	**-**	**96,497**	-	74,370
GBP sterling	**-**	**13,332**	-	10,056
Other	**-**	**161**	-	3,617
	24,023	**216,163**	1,881	169,540

Movements on the Group provision for impairment of trade receivables are as follows:

	2007 €'000	2006 €'000
At the beginning of the year	**10,439**	11,716
Provision for receivables impairment	**859**	1,821
Receivables written off during the year as uncollectable	**(1,909)**	(1,766)
Unused amounts reversed	**(1,555)**	(1,332)
At the end of the year	**7,834**	10,439

As of 29 December 2007, trade receivables of €9.1 million (2006: €11.4 million) were impaired. The amount of the provision was €7.8 million (2006: €10.4 million).

	2007 €'000	2006 €'000
Up to 3 months	**1,094**	1,056
3 to 6 months	**60**	438
Over 6 months	**7,992**	9,923
	9,146	11,417

As of 29 December 2007, trade receivables of €23.7 million (2006: €30.6 million) were past due but not impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

20. Inventories

	2007 €'000	2006 €'000
Raw materials	**18,071**	18,852
Finished goods	**195,342**	111,045
Consumables	**11,644**	15,261
	225,057	145,158

Included in the above are inventories carried at fair value less costs to sell amounting to €3.1 million (2006: €32.7 million). The amounts written off in respect of these inventories were €1.4 million.

21. Cash and cash equivalents

	2007 Company €'000	2007 Group €'000	2006 Company €'000	2006 Group €'000
Cash at bank and in hand	**-**	**62,478**	4,376	63,596
Short-term bank deposits	**-**	**97,341**	-	195,715
	-	**159,819**	4,376	259,311

The fair value of cash and cash equivalents are not materially different to the book values.

22. Assets and liabilities classified as held for sale and included in disposal groups

	2007 €'000	2006 €'000
Disposal group		
Inventory	**9,224**	-
Trade and other receivables	**11,080**	-
Total assets included in disposal group	**20,304**	-
Disposal group		
Trade and other payables	**17,647**	-
Liabilities included in disposal group	**17,647**	-

A strategic review of Pigmeat operations was conducted during the year, following which a decision was made to exit these operations. On 19 December 2007 the Group signed non-binding heads of agreement and, following further negotiation, an agreement was signed on 3 March 2008 to sell the Pigmeat operations to the Management Buy Out ("MBO") team. Assets and liabilities included in disposal groups are stated at lower of cost and fair value less costs to sell.

23. Reconciliation of changes in equity

	Notes	Share capital €'000 (note 24)	Other reserves €'000 (note 25)	Retained earnings €'000 (note 26)	Minority interest €'000 (note 30)	Total €'000
Restated balance at 31 December 2005		**97,964**	**120,192**	**(100,737)**	**6,299**	**123,718**
Actuarial gain - defined benefit schemes	33	-	-	36,852	-	**36,852**
Deferred tax on pension gain	32	-	-	(3,923)	-	**(3,923)**
Share of actuarial gain - joint ventures		-	-	230	-	**230**
Currency translation differences	25	-	(9,401)	-	-	**(9,401)**
Fair value adjustment	25	-	2,734	-	-	**2,734**
Net income recognised directly in equity		-	(6,667)	33,159	-	**26,492**
Profit for the year		-	-	65,934	336	**66,270**
Total recognised income for 2006		-	(6,667)	99,093	336	**92,762**
Shares issued	24	7	-	-	-	**7**
Premium on shares issued	24	183	-	-	-	**183**
Cost of share options	28	-	199	-	-	**199**
Sharesave Scheme - options exercised	24	122	-	-	-	**122**
Sharesave Scheme - discount on options	28	28	(28)	-	-	**-**
Dividends paid in 2006		-	-	(16,472)	-	**(16,472)**
		340	171	(16,472)	-	**(15,961)**
Balance at 30 December 2006		**98,304**	**113,696**	**(18,116)**	**6,635**	**200,519**
Actuarial loss - defined benefit schemes	33	-	-	(4,539)	-	**(4,539)**
Deferred tax on pension loss	32	-	-	1,102	-	**1,102**
Share of actuarial gain - joint ventures		-	-	230	-	**230**
Currency translation differences	25	-	(14,878)	-	-	**(14,878)**
Fair value adjustments	25	-	8,578	-	-	**8,578**
Net expense recognised directly in equity		-	(6,300)	(3,207)	-	**(9,507)**
Profit for the year		-	-	59,833	407	**60,240**
Total recognised income for 2007		-	(6,300)	56,626	407	**50,733**
Change in minority interest in subsidiaries	30	-	-	-	(2)	**(2)**
Shares issued	24	6	-	-	-	**6**
Premium on shares issued	24	161	-	-	-	**161**
Cost of share options	28	-	587	-	-	**587**
Discount on options	28	74	(74)	-	-	**-**
Shares purchased	27	(95)	-	-	-	**(95)**
Dividends paid in 2007		-	-	(17,334)	-	**(17,334)**
		146	513	(17,334)	(2)	**(16,677)**
Balance at 29 December 2007		**98,450**	**107,909**	**21,176**	**7,040**	**234,575**

24. Share capital and share premium

Company	Number of shares (thousands)	Ordinary shares €'000	Share premium Company €'000	Own shares €'000	Total Company €'000
At 31 December 2005	**293,116**	**17,587**	**436,183**	**(538)**	**453,232**
Sharesave Scheme - options exercised	-	-	-	122	122
Sharesave Scheme - discount on options	-	-	-	28	28
Issue of shares - option scheme	123	7	183	-	190
At 30 December 2006	**293,239**	**17,594**	**436,366**	**(388)**	**453,572**
Discount on options	-	-	-	74	74
Shares purchased				(95)	(95)
Issue of shares - option scheme	108	6	161	-	167
At 29 December 2007	**293,347**	**17,600**	**436,527**	**(409)**	**453,718**

Group	Number of shares (thousands)	Ordinary shares €'000	Share premium Group €'000	Own shares €'000	Total Group €'000
At 31 December 2005	**293,116**	**17,587**	**80,915**	**(538)**	**97,964**
Sharesave Scheme - options exercised	-	-	-	122	122
Sharesave Scheme - discount on options	-	-	-	28	28
Issue of shares - option scheme	123	7	183	-	190
At 30 December 2006	**293,239**	**17,594**	**81,098**	**(388)**	**98,304**
Discount on options	-	-	-	74	74
Shares purchased	-	-	-	(95)	(95)
Issue of shares - option scheme	108	6	161	-	167
At 29 December 2007	**293,347**	**17,600**	**81,259**	**(409)**	**98,450**

The total authorised number of ordinary shares is 306 million shares (2006: 306 million shares) with a par value of €0.06 per share (2006: €0.06 per share). All issued shares are fully paid.

Share options

Share options are granted to Directors and to employees. Movements in the number of share options outstanding are as follows:

	2007 Average exercise price in € per share	2007 Number of options	2006 Average exercise price in € per share	2006 Number of options
At the beginning of the year	**2.39**	**2,734,000**	2.41	3,007,000
Granted	4.03	166,000	2.87	50,000
Exercised	1.55	(108,000)	1.55	(123,000)
Lapsed	-	-	3.23	(200,000)
At the end of the year	**2.52**	**2,792,000**	2.39	2,734,000

Expiry date in	Exercise price €	2007 Number	2006 Number
2008	Stg£2.90	10,000	10,000
2008	4.25	315,000	315,000
2012	1.55	961,000	1,069,000
2013	1.90	160,000	160,000
2014	2.73	1,030,000	1,030,000
2014	2.47	100,000	100,000
2016	2.87	50,000	50,000
2017	4.03	166,000	-
		2,792,000	2,734,000

Total options over 2,467,000 (2006: 2,409,000) ordinary shares were outstanding at 29 December 2007 under the 2002 Long Term Incentive Plan ("LTIP"), at prices ranging between €1.55 and €4.03. Furthermore, in accordance with the terms of the LTIP, certain executives to whom options were granted in 2002 and 2004 are eligible to receive share awards related to the number of ordinary shares which they hold on the second anniversary of the exercise of the option, to a maximum of 134,600 (2006: 146,900) ordinary shares.

In May 2002, the Company established an Employee Share Trust to operate in connection with the Company's Sharesave Scheme. As detailed in note 27 to the financial statements, the Employee Share Trust held 234,190 (2006: 262,503) ordinary shares at 29 December 2007. The dividend rights in respect of these shares have been waived, save 0.001 pence per share.

Options over 325,000 ordinary shares, which were granted in 1998, under the Avonmore Foods plc 1988 Share Option Scheme remain outstanding at a price of €4.25 or Stg£2.90.

Under the 2002 LTIP and the 1988 Share Option Scheme, options cannot be exercised before the expiration of three years from the date of grant and can only be exercised if a predetermined performance criterion for the Group has been achieved. The performance criterion is that there has been an increase in the adjusted earnings per share of the Group of at least the Consumer Price Index plus 5% over a three year period.

Long Term Incentive Plan 2007 ("The 2007 LTIP")

In August 2007, arising from the review of the Group's compensation arrangements for executive Directors and senior managers, the Directors approved the introduction of a 2007 LTIP for selected senior managers (other than directors) in order to further align the interests of such senior managers with those of shareholders. Awards outstanding under the Company's 2007 LTIP as at 29 December 2007 amounted to 183,500 ordinary shares (2006: nil).

The 2007 LTIP is tied 50% to achievement of targeted EPS growth and 50% to Total Shareholder Return (TSR).
The TSR element is assessed against a group of leading peer companies and the EPS element is measured against pre-set targeted adjusted EPS growth criteria for the Group. The maximum award under the 2007 LTIP is 115% of base salary per annum in the form of conditional shares and the vesting period is three years.

Shares awarded under the Group's 2007 LTIP are equity settled share based payments as defined in IFRS 2 Share Based Payments. The IFRS requires that a recognised valuation methodology be employed to determine the fair value of shares awarded and stipulates that this methodology should be consistent with methodologies used for pricing of financial instruments. The expense of €209,840 reported in the Group income statement has been arrived at through applying a Monte Carlo simulation technique to model the combination of market and non-market based performance conditions of the plan.

Impact on Group income statement

The total expense is analysed as follows: -

Granted in 2007	Share price at date of award €	Period to earliest release date	Number of shares	Fair value €	Expense in Group income statement 2007 €'000	2006 €'000
2007 Long Term Incentive Plan	4.03	3 years	183,500	3.85	€210	-

Shares awarded under the 2007 LTIP are nil based payments. The 2007 awards will expire in 2011.

The fair value of the shares awarded were determined using a Monte Carlo simulation technique taking account of peer group total share return volatilities and correlations together with the following assumptions:

	2007	2006
Risk free interest rate	4%	-
Expected volatility	25%	-
Dividend yield	2%	-

Expected volatility was determined by calculating the historical volatility of the Company's share price over a period equivalent to the expected life of the option.

Impact on Group balance sheet

The Glanbia Employees' Share Trust ("The Trust") was retained during the year to manage the 2007 Long Term Incentive Plan. The Trust purchased 21,687 shares on 7 December 2007 at a cost of €95,472. As at 29 December 2007, the Trust held 234,190 ordinary shares.

These shares were accounted for as own shares in the Group balance sheet.

The fair value of share options has been calculated using the Trinomial Model. Options over 2,576,000 (2006: 1,394,000) ordinary shares were exercisable at 29 December 2007 at a weighted average price of €2.42 (2006: €2.18).

25. Other reserves

	Capital and mergers reserves €'000	Currency reserve €'000	Fair value reserves €'000	Total €'000
Restated balance at 31 December 2005	116,250	1,798	2,144	120,192
Translation differences on foreign currency net investments	-	(9,401)	-	(9,401)
Revaluation of interest rate swaps - gain in year	-	-	2,378	2,378
Foreign exchange contracts - gain in year	-	-	1,840	1,840
Transfers to income statement				
- Foreign exchange contracts - gain in year	-	-	(540)	(540)
- Forward commodity contracts - loss in year	-	-	227	227
- Interest rate swaps - gain in year	-	-	(1,169)	(1,169)
Revaluation of forward commodity contracts - gain in year	-	-	591	591
Revaluation of available for sale investments - gain in year	-	-	102	102
Deferred tax on fair value adjustments	-	-	(695)	(695)
Cost of share options	199	-	-	199
Discount on own shares vested	(28)	-	-	(28)
Balance at 30 December 2006	**116,421**	**(7,603)**	**4,878**	**113,696**
Translation differences on foreign currency net investments	-	(14,878)	-	(14,878)
Revaluation of interest rate swaps - loss in year	-	-	(3,714)	(3,714)
Foreign exchange contracts - gain in year	-	-	2,237	2,237
Transfers to income statement				
- Foreign exchange contracts - gain in year	-	-	(2,445)	(2,445)
- Forward commodity contracts - gain in year	-	-	(594)	(594)
- Interest rate swaps - gain in year	-	-	(1,401)	(1,401)
Revaluation of forward commodity contracts - gain in year	-	-	11	11
Revaluation of available for sale investments - gain in year	-	-	17,512	17,512
Deferred tax on fair value adjustments	-	-	(3,028)	(3,028)
Cost of share options	587	-	-	587
Discount on own shares vested	(74)	-	-	(74)
Balance at 29 December 2007	**116,934**	**(22,481)**	**13,456**	**107,909**

Capital and merger reserves

Capital and merger reserves reflect (i) Sharesave Scheme through which charges relating to granting of both shares and options are recorded, (ii) shares awarded under the 2007 LTIP scheme accounted for as own shares, (iii) the net share premium, that is the excess of fair value over nominal value of ordinary shares issued, in connection with the merger of Avonmore Foods plc and Waterford Foods plc.

Currency reserve

Currency reserve reflects the foreign exchange gains and losses that form part of the net investment in foreign operations. Where Group companies have a functional currency different from the presentation currency, their assets and liabilities are translated at closing rate at the balance sheet date, income and expenses in the income statement are translated at the average rate for the year, resulting exchange differences are taken to the currency reserve within equity.

Fair value reserve

Fair value reserve reflects the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges. Amounts accumulated in the fair value reserve are recycled to the income statement in the periods when the hedged item affects profit or loss. Unrealised gains and losses arising from changes in the fair value of available for sale investments are recognised in the fair value reserve. When such investments are sold or impaired, the accumulated fair value adjustments are recycled to the income statement.

26. Retained earnings

	Company retained earnings €'000	Group retained earnings €'000	Group goodwill write-off €'000	Group Total €'000
Restated balance at 31 December 2005	**47,437**	**(7,776)**	**(92,961)**	**(100,737)**
Actuarial gain - defined benefit schemes	-	36,852	-	36,852
Deferred tax on pension gain	-	(3,923)	-	(3,923)
Share of actuarial gain - joint venture	-	230	-	230
Net income recognised directly in equity	-	33,159	-	33,159
Profit for the year	16,959	65,934	-	65,934
Total recognised income for 2006	16,959	99,093	-	99,093
Dividends paid in 2006	(16,472)	(16,472)	-	(16,472)
Balance at 31 December 2006	**47,924**	**74,845**	**(92,961)**	**(18,116)**
Actuarial loss - defined benefit schemes	-	(4,539)	-	(4,539)
Deferred tax on pension loss	-	1,102	-	1,102
Share of actuarial gain - joint venture	-	230	-	230
Net expense recognised directly in equity	-	(3,207)	-	(3,207)
(Loss)/profit for the year	(12,236)	59,833	-	59,833
Total recognised income for 2007	**(12,236)**	**56,626**	**-**	**56,626**
Dividends paid in 2007	(17,334)	(17,334)	-	(17,334)
Balance at 29 December 2007	**18,354**	**114,137**	**(92,961)**	**21,176**

27. Own shares (Company and Group)

	2007 €'000	2006 €'000
At the beginning of the year	**(388)**	(538)
Options exercised - Sharesave Scheme	**-**	122
Discount on options	**74**	28
Shares purchased	**(95)**	-
At the end of the year	**(409)**	(388)

The amount included above as own shares relates to 234,190 (2006: 262,503) ordinary shares in Glanbia plc held by an Employee Share Trust which was established in May 2002 to operate in connection with the Company's Saving Related Share Option Scheme ('Sharesave Scheme'). The trustee of the Employee Share Trust is Halifax EES Trustees International Limited; a Jersey based trustee services company.

The shares included in the Employee Trust at 29 December 2007 cost €409,339 and had a market value of €1,074,932 at 29 December 2007. The transfer from capital reserve represents the excess of the purchase price over the option price in respect of 50,000 ordinary shares (2006: 101,982 ordinary shares) on which options vested during the year.

Shares purchased represents shares purchased under the 2007 LTIP scheme and are deemed to be own shares in accordance with IAS 32.

The purpose of the Sharesave Scheme, which was open to Irish and UK employees, was to provide a tax efficient method for employees to save money for the purpose of acquiring shares in the Company. To participate in the Sharesave Scheme in 2002, employees agreed to save a fixed amount between €12 and €320 (GBP£10 and GBP£250 in the UK) each month for a three year period in a Revenue approved Save as You Earn ("SAYE") contract.

28. Capital reserves

	2007 Company €'000	2007 Group €'000	2006 Company €'000	2006 Group €'000
At the beginning of the year	**4,674**	**3,273**	4,503	3,102
Sharesave Scheme - discount on options	**(74)**	**(74)**	(28)	(28)
Cost of share options and share awards	**587**	**587**	199	199
At the end of the year	**5,187**	**3,786**	4,674	3,273

29. Merger reserve – Group

	2007 €'000	2006 €'000
Share premium – representing excess of fair value over nominal value of ordinary shares issued in connection with the merger of Avonmore Foods plc and Waterford Foods plc	**355,271**	355,271
Merger adjustment	**(327,085)**	(327,085)
Share premium and other reserves relating to nominal value of shares in Waterford Foods plc	**84,962**	84,962
	113,148	113,148

The merger adjustment represents the difference between the nominal value of the issued share capital of Waterford Foods plc, and the fair value of the shares issued by Avonmore Foods plc in 1997 (now named Glanbia plc).

30. Minority interests

	2007 €'000	2006 €'000
At the beginning of the year	**6,635**	6,299
Share of profit for the year	**407**	336
Reduction in minority interest in subsidiaries	**(2)**	(1)
Increase in minority interest in subsidiaries	**-**	1
At the end of the year	**7,040**	6,635

31. Borrowings

	2007 Company €'000	2007 Group €'000	2006 Company €'000	2006 Group €'000
Current				
Bank overdrafts	**1,928**	**-**	-	-
Cumulative redeemable preference shares	**-**	**-**	-	38,184
Finance lease liabilities	**-**	**966**	-	1,051
	1,928	**966**	-	39,235
Non-current				
Bank borrowings	**-**	**309,548**	-	437,708
Cumulative redeemable preference shares	**-**	**63,487**	-	-
Finance lease liabilities	**-**	**5,993**	-	6,862
	-	**379,028**	-	444,570
Total borrowings	**1,928**	**379,994**	-	483,805

Bank borrowings are secured by cross-guarantees from Group companies. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

The maturity of non-current borrowings is as follows:

	2007 €'000	2006 €'000
Between 1 and 2 years	**904**	1,133
Between 2 and 5 years	**312,481**	254,507
Over 5 years	**65,643**	188,930
	379,028	444,570

The exposure of the Group's total borrowings to interest rate changes having consideration for the contractual repricing dates at the balance sheet date are as follows:

	2007 €'000	2006 €'000
6 months or less	**119,645**	247,924
Between 6 to 12 months	**-**	38,184
Between 2 and 5 years	**190,000**	-
Over 5 years	**70,349**	197,697
	379,994	483,805

The effective interest rates at the balance sheet date, were as follows:

	EUR		GBP		USD		CAD	
	2007	2006	2007	2006	2007	2006	2007	2006
Bank overdrafts	5.47%	4.29%	6.10%	5.60%	9.25%	10.25%	7.25%	n/a
Bank borrowings	4.46%	4.41%	6.81%	5.89%	4.97%	5.95%	5.50%	n/a

The carrying amounts and fair values of non-current borrowings are as follows:

	Net carrying amount		Estimated fair values	
	2007 €'000	2006 €'000	2007 €'000	2006 €'000
Non-current borrowings	**379,028**	444,570	**372,772**	441,310

The carrying amounts of the Group's total borrowings are denominated in the following currencies:

	2007 €'000	2006 €'000
Euro	**278,204**	271,362
GBP sterling	**6,958**	81,614
US dollar	**87,145**	130,829
Canadian dollars	**7,687**	-
	379,994	483,805

The Group has the following undrawn borrowing facilities:

	2007 €'000	2006 €'000
Floating rate:		
- Expiring within one year	**16,785**	17,501
- Expiring beyond one year	**244,122**	120,770
	260,907	138,271

Finance lease liabilities minimum lease payments:

	2007 €'000	2006 €'000
12 months or less	**1,240**	1,360
Between 1 and 2 years	**1,143**	1,143
Between 2 and 5 years	**3,430**	3,430
Over 5 years	**2,286**	3,429
	8,099	9,362
Future finance charges on finance leases	**(1,140)**	(1,449)
Present value of finance lease liabilities	**6,959**	7,913

The present value of finance lease liabilities is as follows:

	2007 €'000	2006 €'000
12 months or less	**966**	1,051
Between 1 and 2 years	**904**	869
Between 2 and 5 years	**2,933**	2,821
Over 5 years	**2,156**	3,172
	6,959	7,913

32. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	2007 €'000	2006 €'000
Deferred tax assets	**(21,672)**	(23,923)
Deferred tax liabilities	**37,587**	38,611
Net deferred tax liability	**15,915**	14,688

The gross movement on the deferred income tax account is as follows:

	2007 €'000	2006 €'000
At the beginning of the year	**14,688**	18,602
Income statement - pre exceptional charge (note 11)	**2,609**	3,663
Income statement - exceptional credit	**(2,592)**	(11,622)
Acquisition of subsidiary and purchase of intellectual property	**462**	1,330
Deferred tax charged to the fair value reserve (note 25)	**3,028**	695
Deferred tax (credit)/charge relating to the actuarial gain/(loss) in the year	**(1,102)**	3,923
Exchange differences	**(1,178)**	(1,903)
At the end of the year	**15,915**	14,688

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Accelerated tax depreciation €'000	Fair value gains €'000	Deferred development costs €'000	Other €'000	Total €'000
At 31 December 2005	**29,742**	**210**	**228**	**4,291**	**34,471**
Charged/(credited) to income statement	5,000	-	176	(1,303)	**3,873**
Charged against equity (note 25)	-	695	-	-	**695**
Acquisition of subsidiaries and intellectual property	-	-	-	1,330	**1,330**
Exchange differences	(1,881)	-	(28)	151	**(1,758)**
At 30 December 2006	**32,861**	**905**	**376**	**4,469**	**38,611**
(Credited)/charged to income statement	(4,230)	-	209	1,695	**(2,326)**
Charged against equity (note 25)	-	3,028	-	-	**3,028**
Acquisition of subsidiaries and intellectual property	-	-	-	462	**462**
Exchange differences	(1,978)	-	(53)	(157)	**(2,188)**
At 29 December 2007	**26,653**	**3,933**	**532**	**6,469**	**37,587**

Deferred tax assets	Retirement obligations €'000	Impairment of assets €'000	Tax losses €'000	Other €'000	Total €'000
At 31 December 2005	**(15,869)**	**-**	**-**	**-**	**(15,869)**
Charged/(credited) to income statement	279	-	(12,111)	-	**(11,832)**
Charged against equity	3,923	-	-	-	**3,923**
Exchange differences	-	-	(145)	-	**(145)**
At 30 December 2006	**(11,667)**	**-**	**(12,256)**	**-**	**(23,923)**
Charged to income statement	1,570	-	773	-	**2,343**
Charged against equity	(1,102)	-	-	-	**(1,102)**
Exchange differences	-	-	1,010	-	**1,010**
At 29 December 2007	**(11,199)**	**-**	**(10,473)**	**-**	**(21,672)**

The deferred tax charged/(credited) to equity during the year is as follows:	2007 €'000	2006 €'000
Fair value reserve in equity		
- Available for sale investments	**3,503**	20
- Hedging reserve	**(475)**	675
Impact of increase in retirement benefit obligations	**(1,102)**	3,923
	1,926	4,618

The decrease in the retirement benefit obligation has given rise to a reduction in the related deferred tax asset. A deferred tax asset has been recognised on the basis that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of €20.7 million (2006: €25.9 million) to carry forward against future taxable income. Deferred tax liabilities have not been recognised for withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries, associates and joint ventures.

33. Retirement benefit obligations

Pension benefits
The Group operates a number of defined benefit and defined contribution schemes which provide retirement and death benefits for the majority of employees. The schemes are funded through separate trustee controlled funds.

The contributions paid to the defined benefit schemes are in accordance with the advice of professionally qualified actuaries. The latest actuarial valuation reports for these schemes, which are not available for public inspection, are dated between 30 June 2003 and 1 January 2006. The contributions paid to the scheme in 2007 are in accordance with the contribution rates recommended in the actuarial valuation reports.

The amounts recognised in the balance sheet are determined as follows:	2007 €'000	2006 €'000
Present value of funded obligations	**(496,769)**	(501,473)
Fair value of plan assets	**382,521**	376,585
Liability in the balance sheet	**(114,248)**	(124,888)

The pension plan assets do not include the Company's ordinary shares.

The amounts recognised in the income statement are as follows:	2007 €'000	2006 €'000
Service cost - current	**(9,315)**	(10,176)
Service cost - past	**-**	(375)
Interest cost	**(18,885)**	(17,266)
Expected return on plan assets	**23,219**	20,100
Curtailment	**-**	1,282
	(4,981)	(6,435)
Exceptional item - curtailment gain (note 7(a))	**1,843**	-
	(3,138)	(6,435)
Defined contribution	**(1,024)**	(1,026)

The actual return on plan assets was a loss of €9.3 million (2006: €31.7 million gain).

The movement in the liability recognised in the balance sheet over the year is as follows:

	2007 €'000	2006 €'000
At the beginning of the year	**(124,888)**	(165,016)
Exchange differences	**2,161**	(825)
Movements relating to disposed operations	**1,230**	(614)
Total expense	**(3,138)**	(6,435)
Actuarial (loss)/gain - shown in equity	**(4,539)**	36,852
Contributions paid	**14,926**	11,150
At the end of the year	**(114,248)**	(124,888)

The movement in obligations over the year is as follows:

	2007 €'000	2006 €'000
At the beginning of the year	**(501,473)**	(503,845)
Exchange differences	**7,910**	(2,180)
Movements relating to disposed operations	**(18,787)**	(4,967)
Current service cost	**(9,315)**	(10,176)
Past service cost	**-**	(375)
Interest cost	**(18,885)**	(17,266)
Actuarial gains/(losses) - shown in equity		
- Experience losses	**(7,160)**	(12,651)
- Change in assumptions	**35,165**	37,928
Contributions by plan participants	**(4,147)**	(4,382)
Curtailments	**1,843**	3,670
Benefits paid	**18,080**	12,771
At the end of the year	**(496,769)**	(501,473)

The movement in the fair value of plan assets over the year is as follows:

	2007 €'000	2006 €'000
At the beginning of the year	**376,585**	338,829
Exchange differences	**(5,751)**	1,355
Movements relating to disposed operations	**20,017**	4,353
Expected return on plan assets	**23,219**	20,100
Actuarial (losses)/gains shown in equity	**(32,542)**	11,575
Contributions by plan participants	**4,147**	4,382
Contributions by employer	**14,926**	11,150
Curtailments	**-**	(2,388)
Benefits paid	**(18,080)**	(12,771)
At the end of the year	**382,521**	376,585

The principal actuarial assumptions used were as follows:

	2007		2006	
	IRL	UK	IRL	UK
Discount rate	**5.5%**	**6.0%**	4.7%	5.3%-5.4%
Expected return on plan assets				
- Equities	**8.5%**	**8.1%**	8.5%	7.5%-8.0%
- Bonds	**5.0%**	**4.5%-5.3%**	4.7%	4.5%-4.62%
- Other	**5.5%**	**5.9%-7.0%**	7.0%	4.0%-7.0%
Future salary increases	**4.0%**	**4.2%**	3.5%	3.75%
Future pension increases	**2.5%-3.5%**	**2.25%-3.25%**	2.25%-3.5%	2.25%-3.25%

	2007 €'000	2006 €'000
Actuarial losses/(gains) recognised in the statement of recognised income and expense	**4,539**	(36,852)
Cumulative actuarial losses recognised in the statement of recognised income and expense	**55,745**	51,206

Plan assets are comprised as follows:

	2007 €'000	%	2006 €'000	%
Equity	**212,063**	**55**	244,240	65
Bonds	**95,357**	**25**	92,125	24
Other	**75,101**	**20**	40,220	11
	382,521	**100**	376,585	100

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property reflect long-term real rates of return experienced in the respective markets.

Expected contributions to post-employment benefit plans for the year ending 27 December 2008 will be broadly in line with 2007 contributions.

Mortality Rates
Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. The mortality assumptions imply the following life expectancies in years of an active member on retiring at age 65:

	Irish mortality rates	UK mortality rates
Male	18.9	20.8
Female	21.9	23.9

	2007 €'000	2006 €'000	2005 €'000	2004 €'000
At the end of the year				
Present value of defined benefit obligations	**(496,769)**	**(501,473)**	(503,845)	(412,052)
Fair value of plan assets	**382,521**	**376,585**	338,829	285,376
Deficit	**(114,248)**	**(124,888)**	(165,016)	(126,676)
Experience adjustments on plan liabilities	**(7,160)**	**(12,651)**	(2,037)	(6,341)
Experience adjustments on plan assets	**(32,542)**	**11,575**	28,383	5,911

34. Provisions for other liabilities and charges

	Restructuring €'000	UK pension €'000	Other €'000	Total €'000
At 30 December 2006	**7,110**	**5,336**	**24,948**	**37,395**
Charged to the consolidated income statement				
- Additional provisions	4,427	-	-	**4,427**
Net amounts (credited)/charged to provisions	(5,253)	(1,026)	1,035	**(5,244)**
Exchange differences	-	(465)	(174)	**(640)**
At 29 December 2007	**6,284**	**3,845**	**25,809**	**35,938**
Non-current	-	3,845	9,815	**13,660**
Current	6,284	-	15,994	**22,278**
	6,284	**3,845**	**25,809**	**35,938**

(a) The restructuring provision relates primarily to exit from Pigmeat operations and rationalisation within Consumer Foods operations. This provision is expected to be fully utilised during the first half of 2008.
(b) The UK pension provision relates to administration and certain costs associated with pension schemes relating to businesses disposed of in prior years. This provision is expected to be fully utilised within three years.
(c) Included in 'Other' above are provisions in respect of property lease commitments, deferred consideration in respect of recent acquisitions, insurance and certain legal claims pending against the Group. It is expected that €16.0 million of this provision will be utilised in 2008, with the balance being utilised over a further five year period.

35. Capital grants

	2007 €'000	2006 €'000
At 30 December 2006	**10,660**	14,855
Receivable for year	**1,399**	123
In acquired subsidiaries	**45**	-
Currency translation adjustment	**(19)**	4
Transfer to disposal group held for sale	**(7,814)**	-
Released to income statement	**(736)**	(4,322)
At 29 December 2007	**3,535**	10,660

36. Trade and other payables

	2007 Company €'000	2007 Group €'000	2006 Company €'000	2006 Group €'000
Trade payables	**-**	**111,785**	20	96,612
Amounts due to associates and joint ventures	**-**	**32,868**	-	18,669
Amounts due to other related parties (note 42)	**-**	**930**	-	17
Amounts due to subsidiary companies	**-**	**-**	10,474	-
PAYE and PRSI	**-**	**4,016**	-	3,824
Accrued expenses	**1,534**	**185,133**	1,400	137,419
Other payables	**-**	**1,931**	-	1,352
	1,534	**336,663**	11,894	257,893

The carrying value of payables are a reasonable approximation of fair value.

37. Derivative financial instruments

	2007 Assets €'000	2007 Liabilities €'000	2006 Assets €'000	2006 Liabilities €'000
Interest rate swaps - cash flow hedges	**82**	**(528)**	3,593	-
Interest rate swaps - fair value hedges	**1,172**	**(4,738)**	-	(4,242)
Forward foreign exchange contracts - cash flow hedges	**2,980**	**(108)**	1,843	(11)
Other cash flow hedges	**9**	**(39)**	636	(42)
Other fair value hedges	**1,510**	**(1,510)**	2,799	(2,799)
Total	**5,753**	**(6,923)**	8,871	(7,094)
Less non-current portion				
- Interest rate swaps - cash flow hedges	**43**	**(259)**	2,095	-
- Interest rate swaps - fair value hedges	**720**	**(3,477)**	-	(3,406)
	763	**(3,736)**	2,095	(3,406)
Current portion	**4,990**	**(3,187)**	6,776	(3,688)

Other cash flow hedges and other fair value hedges represent commodity futures.

Forward foreign exchange contracts
The notional principal amounts of the outstanding foreign exchange contracts at 29 December 2007 are €71.8 million (2006: €58.0 million).

Gains and losses recognised in the fair value reserve in equity on forward foreign exchange contracts as of 29 December 2007 will be released to the income statement at various dates within one year from the balance sheet date.

Interest rate swaps
The notional principal amounts of the outstanding interest rate swap contracts, qualifying as cashflow hedges, at 29 December 2007 were €96.4 million (2006: €248.7 million).

The notional principal amounts of the outstanding interest rate swap contracts, qualifying as fair value hedges, at 29 December 2007 were €265.1 million (2006: €272.5 million).

At 29 December 2007, the fixed interest rates vary from 3.7900% to 4.3722% (2006: 3.2375% to 4.3300%) and the main floating rates are set in advance by reference to inter-bank interest rates (4.3% EURIBOR, 4.82875% $LIBOR).

Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 29 December 2007 will be continuously released to the income statement until repayment of the bank borrowings.

Commodity futures
The notional principal amounts of the outstanding commodity futures, qualifying as cash flow hedges and fair value hedges at 29 December 2007 were €1.2 million and €7.6 million (2006: €5.9 million and €48.7 million) respectively. Gains and losses recognised in the fair value reserve on these futures as at 29 December 2007 will be released to the income statement at various dates within one year from the balance sheet date.

Financial guarantee contracts
In accordance with Group accounting policy, management has reviewed the fair values associated with financial guarantee contracts, as defined within IAS 39 (Financial Instruments: Recognition and Measurement) issued in the name of Glanbia plc (the Company) and has determined that their value is not significant. No adjustment has been made to the Glanbia plc company balance sheet to reflect fair value of the financial guarantee contracts issued in its name.

38. Contingent liabilities

Company
The Company has guaranteed the liabilities of certain subsidiaries in Ireland in respect of any losses or liabilities (as defined in Section 5(c) of the Companies (Amendment) Act, 1986) for the year ended 29 December 2007 and the Directors are of the opinion that no losses will arise thereon. These subsidiaries avail of the exemption from the filing of audited financial statements, as permitted by Section 17 of the Companies (Amendment) Act, 1986.

Group
Bank guarantees, amounting to €7,495,000 (2006: €13,794,000) are outstanding as at 29 December 2007, mainly in respect of payment of EU subsidies. The Group does not expect any material loss to arise from these guarantees.

39. Commitments

Capital commitments
Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	2007 €'000	2006 €'000
Property, plant and equipment	**19,856**	11,787

Capital commitments not contracted for amounted to €107.0 million (2006: €76.6 million).

Operating lease commitments - where the Group is the lessee
The Group leases various assets. Generally operating leases are on a short-term basis with no purchase options. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2007 €'000	2006 €'000
Not later than 1 year	**5,947**	4,717
Later than 1 year and not later than 5 years	**14,606**	11,418
Later than 5 years	**5,868**	7,401
	26,421	23,536

40. Cash generated from operations

	2007 Company €'000	2007 Group €'000	2006 Company €'000	2006 Group €'000
Profit/(loss) before tax	**(12,236)**	**76,081**	16,959	61,919
Development costs capitalised	**-**	**(1,804)**	-	(2,069)
Non-cash exceptional - exit from Pigmeat	**27,858**	**13,706**	-	-
Non-cash - redemption of shares	**1,948**	**-**	-	-
Exceptional loss on The Cheese Company Holdings Limited	**-**	**-**	-	9,178
Share of results of associates and joint ventures	**-**	**(992)**	-	(2,842)
Depreciation	**-**	**27,246**	-	25,415
Amortisation	**-**	**6,816**	-	4,452
Cost of share options	**587**	**587**	199	199
Gain on disposal of investments	**-**	**-**	-	(1,541)
Pension - credit	**-**	**(1,026)**		(323)
Loss on write-off of investments	**-**	**-**	57	-
Gain on disposal of property, plant and equipment	**-**	**(3,002)**	-	(7,531)
Interest income	**(1,255)**	**(4,813)**	(2,125)	(4,883)
Interest expense	**-**	**22,095**	-	18,918
Dividends received	**(8,000)**	**-**	(10,508)	-
Amortisation of government grants received	**-**	**(736)**	-	(4,322)
Net profit before changes in working capital	**8,902**	**134,158**	4,582	96,570
Change in net working capital				
- Increase in inventory	**-**	**(82,093)**	-	(2,684)
- Increase in short term receivables	**(22,142)**	**(36,615)**	(947)	(20,208)
- (Decrease)/increase in short term liabilities	**(10,360)**	**68,704**	(8,616)	(11,332)
- Increase/(decrease) in provisions	**-**	**861**	-	(1,323)
Cash generated from operations	**(23,600)**	**85,015**	(4,981)	61,023

41. Business combinations

On 10 September 2007 Glanbia plc acquired a Canadian based nutritional business, Pizzey's Milling. Glanbia Nutritionals (Canada), Inc. (Pizzey's Milling), produces and markets nutritional ingredients predominantly derived from flax seed, a primary source of plant based Omega-3 fatty acids. The acquired business contributed revenues of €2.95 million and operating profit of €0.05 million to the Group for the period from 10 September 2007.

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

	€'000
Purchase consideration:	
- Cash paid	8,561
- Contingent consideration	7,528
- Direct costs relating to the acquisition	506
Total purchase consideration	16,595
Fair value of assets acquired	(10,470)
Goodwill (note 15)	6,125

The goodwill is attributable to the profitability and workforce of the acquired businesses and the benefits associated with the extension of Glanbia's scale and specific capabilities to the acquired businesses, synergies and other benefits.

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

	Fair value €'000	Acquiree's carrying amount €'000
Property, plant and equipment (note 14)	3,582	4,477
Other intangible assets (note 15)	5,545	313
Inventories	587	587
Receivables	943	943
Payables	(187)	(187)
Net assets acquired	10,470	6,133

Purchase consideration	16,595
Contingent consideration	(7,528)
Cash outflow on acquisition	9,067

The contingent consideration is dependant on the achievement of a targeted earnings figure.

The fair values assigned to the identifiable assets and liabilities have been determined provisionally. Any adjustments to these provisional valuations will be recognised within 12 months of the acquisition date.

In the year ended 30 December 2006, the Group acquired the business of Seltzer Companies, Inc., a leading US nutritionals solutions company with strong expertise in the development of customised formulations and the distribution of speciality ingredients for the nutritional supplement, food and pharmaceutical markets.

42. Related party transactions

The Group is controlled by Glanbia Co-operative Society Limited ("the Society"), which holds 54.66% of the issued share capital of the Company and is the ultimate parent of the Group.

The following transactions were carried out with related parties:

(a) Sales of goods and services

	2007 Company €'000	2007 Group €'000	2006 Company €'000	2006 Group €'000
Sales of goods:				
- Associates	**-**	**3,871**	-	3,644
- Joint ventures	**-**	**82,543**	-	57,549
- Key management	**-**	**578**	-	574
	-	**86,992**	-	61,767
Sales of services:				
- The Society	**-**	**187**	-	1,325
- Joint ventures	**-**	**4,671**	-	5,399
- Subsidiaries	**11,684**	**-**	6,416	-
	11,684	**4,858**	6,416	6,724

Sales to related parties were carried out on normal commercial terms and conditions.

(b) Purchases of goods and services

	2007 Company €'000	2007 Group €'000	2006 Company €'000	2006 Group €'000
Purchases of goods:				
- Associates	-	**12,628**	-	10,760
- Joint ventures	-	**14,221**	-	17,326
- Key management	-	**2,169**	-	1,800
	-	**29,018**	-	29,886
Purchases of services:				
- Joint ventures	-	**374,593**	-	222,781
- Key management	-	**4**	-	4
- Subsidiaries	**1,702**	-	1,729	-
	1,702	**374,597**	1,729	222,785

Purchases from related parties were carried out on normal commercial terms and conditions.

(c) Key management compensation

	2007 Company €'000	2007 Group €'000	2006 Company €'000	2006 Group €'000
Salaries and other short-term employee benefits	-	**4,123**	-	2,966
Post-employment benefits	-	**582**	-	487
	-	**4,705**	-	3,453

(d) Year-end balances arising from sales/purchases of goods/services

	2007 Company €'000	2007 Group €'000	2006 Company €'000	2006 Group €'000
Receivables from related parties:				
- Associates	-	**42**	-	237
- Joint ventures	-	**6,715**	-	3,064
- Key management	-	**88**	-	14
- Subsidiaries	**23,984**	-	-	-
	23,984	**6,845**	-	3,315
Payables to related parties:				
- The Society	-	**930**	-	17
- Associates	-	**1,749**	-	1,068
- Joint ventures	-	**31,119**	-	17,601
- Key management	-	**5**	-	-
- Subsidiaries	-	-	10,474	-
	-	**33,798**	10,474	18,686

(e) Loans to joint ventures

	2007 Company €'000	2007 Group €'000	2006 Company €'000	2006 Group €'000
Loan to Southwest Cheese Company, LLC	**-**	**6,971**	-	4,929
Loan to Milk Ventures (UK) Ltd	**-**	**6,958**	-	-

On 19 December 2007 the Company signed non-binding heads of agreement with a Management Buy Out team led by Mr. Jim Hanley, Director and Chief Executive of Glanbia Fresh Pork Limited, to acquire the entire Pigmeat business. The transaction was completed on 3 March 2008 for a total consideration of €35.0 million, inclusive of insurance proceeds for the destroyed assets at Edenderry, Co. Offaly.

43. Directors' and Secretary's interests

The interests of the Directors and Secretary and their spouses and minor children in the share capital of the Company, the holding Society and subsidiary companies/societies were as follows:

(a) Glanbia plc

		Ordinary shares of €0.06 29/12/2007	31/12/2006 **
Beneficial			
Directors			
M Walsh		33,708	23,708
L Herlihy		91,804	81,804
V Quinlan		21,347	21,347
J Moloney	*	104,593	94,593
J Callaghan		35,000	35,000
H Corbally		7,495	3,495
N Dunphy	§	10,390	10,390
J Fitzgerald		24,171	24,171
E Fitzpatrick		50,501	50,501
J Gilsenan		5,842	2,842
P Gleeson		31,923	21,423
P Haran		7,462	7,462
C Hill		30,029	30,029
M Keane		20,000	20,000
J Liston		15,000	15,000
G Meagher	*	212,327	212,327
M Merrick		2,600	1,600
W Murphy		230,827	230,827
M Parsons		26,344	26,344
E Power		37,893	37,893
K Toland	*	23,243	23,243
Secretary			
M Horan		4,593	4,593

* Executive Director.
** Or at date of appointment if later.
§ Appointed on 31 May 2007.

(b) Glanbia plc

Directors' and Secretary's options

Details of movements on outstanding options over the Company's ordinary share capital are set out below. Outstanding options are exercisable on dates between 2007 and 2017.

		Options - Ordinary shares of €0.06				
		31/12/2006	Movements during year	29/12/2007	Exercise price €	
Beneficial						
Directors						
J Moloney	1988 Share Option Scheme	150,000	-	150,000	4.25	[a]
	2002 Long Term Incentive Plan	290,000	-	290,000	1.55	[b]
	2002 Long Term Incentive Plan	150,000	-	150,000	2.725	[c]
	2002 Long Term Incentive Plan	-	70,000	70,000	4.03	[d]
G Meagher	1988 Share Option Scheme	75,000	-	75,000	4.25	[a]
	2002 Long Term Incentive Plan	205,000	-	205,000	1.55	[b]
	2002 Long Term Incentive Plan	75,000	-	75,000	2.725	[c]
	2002 Long Term Incentive Plan	-	48,000	48,000	4.03	[d]
K Toland	2002 Long Term Incentive Plan	164,000	-	164,000	1.55	[b]
	2002 Long Term Incentive Plan	100,000	-	100,000	2.725	[c]
	2002 Long Term Incentive Plan	-	48,000	48,000	4.03	[d]

Options:

[a] Exercisable by Directors at any time up to May 2008.
[b] Exercisable by Directors at any time up to 2012.
[c] Exercisable by Directors at any time up to 2014.
[d] Exercisable by Directors between 2010 and 2017.

There were no other changes in the interests of the Directors and Secretary between 29 December 2007 and 22 February 2008.

G Meagher, J Moloney and K Toland as participants of the 2002 Long Term Incentive Plan as noted at [b] above, are eligible for a share award of 10% of the ordinary shares they continue to hold following the second anniversary of the exercise of the option.

G Meagher as a participant of the 2002 Long Term Incentive Plan as noted at [c] above, is eligible for a share award of 10% of the ordinary shares he continues to hold following the second anniversary of the exercise of the option.

J Moloney as a participant of the 2002 Long Term Incentive Plan as noted at [c] above, is eligible for a share award of 6.6% of the ordinary shares he continues to hold following the second anniversary of the exercise of the option.

The market price of the ordinary shares as at 29 December 2007 was €4.59 and the range during the year was €3.12 to €5.08. The average price for the year was €3.94. The 1988 Share Option Scheme expired on 31 August 1998.

(c) Directors' and Secretary's awards under the 2007 Long Term Incentive Plan

	Number at 31/12/2006	Initial allocation of shares during 2007	Market price in euro on award date €	Performance period	Earliest date of release	Number at 29/12/2007
Secretary						
M Horan	-	11,000	4.03	31/12/06 -02/01/10	March 2010	11,000

Awards under the 2007 Long Term Incentive Plan ("the 2007 LTIP"):
This is a long-term share incentive plan under which share awards are granted in the form of a provisional allocation of shares for which no exercise price is payable. The shares are scheduled for release in March 2010 to the extent that the relative Earnings Per Share (EPS) and Total Shareholder Return (TSR) conditions are achieved. The structure of the 2007 LTIP is set out on pages 42 to 43.

(d) Glanbia Co-operative Society Limited

	'A' Ordinary shares of €1		Convertible loan stock units of €0.01269738		'C' shares of €0.01		'F' shares of €0.01	
	29/12/2007	31/12/2006 **	29/12/2007	31/12/2006 **	29/12/2007	31/12/2006 **	29/12/2007	31/12/2006 **
Beneficial								
Directors								
M Walsh	14,374	14,374	154,158	198,691	2,318,428	1,983,609	1,000	-
L Herlihy	89,398	89,398	1,209,101	1,600,438	37,837,394	33,452,288	1,226	-
V Quinlan	9,585	9,585	-	-	2,330,185	1,509,000	392	-
J Moloney *	-	-	-	-	7,952,304	7,452,304	-	-
H Corbally	5,675	5,675	237,665	320,305	505,681	168,706	226	-
N Dunphy	11,633	11,633	134,947	176,482	260,518	234,418	310	-
J Fitzgerald	25,563	25,563	397,025	526,823	-	-	376	-
E Fitzpatrick	24,034	24,034	263,957	340,786	8,609,862	7,213,532	560	-
J Gilsenan	2,844	2,844	231,647	289,947	7,157,402	7,157,402	89	-
C Hill	20,480	20,480	-	-	4,840,461	4,340,461	283	-
M Keane	6,117	6,117	170,314	224,023	84,564	84,564	353	-
G Meagher *	-	-	-	-	6,500,000	8,500,000	-	-
M Merrick	1,824	1,824	297,069	395,495	387,464	200,000	173	-
W Murphy	-	-	-	-	1,904,610	3,095,071	-	-
M Parsons	7,810	7,810	248,122	304,961	1,980,360	1,980,360	658	-
E Power	26,300	26,300	258,601	340,976	10,592,198	6,785,305	493	-
Secretary								
M Horan	-	-	-	-	1,000,000	1,000,000	-	-

* Executive Director.
** Or at date of appointment if later.

There have been no changes in the above interests between 29 December 2007 and 22 February 2008.

44. Principal subsidiary and associated undertakings

(a) Subsidiaries

Incorporated and operating in	Principal place of business	Principal activities	Group interest %
Ireland			
Glanbia Foods Society Limited	Ballyragget, Co. Kilkenny and Citywest, Dublin 24	Dairying, liquid milk, consumer food products and general trading	100
Glanbia Consumer Foods Limited	Inch, Co. Wexford and Kilkenny	Fresh dairy products and soups	100
Glanbia Ingredients (Ballyragget) Limited	Ballyragget, Co. Kilkenny	Milk products	100
Glanbia Ingredients (Virginia) Limited	Virginia, Co. Cavan	Milk products	100
Glanbia Nutritionals (Ireland) Limited	Kilkenny	Nutritional products	100
Glanbia Nutritionals (Europe) Limited	Kilkenny	Nutritional products	100
Glanbia Nutritionals (Research) Limited	Kilkenny	Research and development	100
Glanbia Nutritionals (Blending) Limited	Kilkenny	Nutritional products	100
Glanbia Feeds Limited	Enniscorthy, Co. Wexford and Portlaoise, Co. Laois	Manufacture of animal feed products	100
Glanbia Fresh Pork Limited	Edenderry, Co. Offaly	Pork and bacon products	100
Glanbia Farms Limited	Cavan and Mayo	Pig rearing	100
Glanbia Estates Limited	Kilkenny	Property and land dealing	100
Avonmore Proteins Limited	Kilkenny	Financing	100
Glanbia Financial Services	Kilkenny	Financing	100
Glanbia Investments (Ireland) Limited	Kilkenny	Holding company	100
Glassonby	Kilkenny	Investment holding	100
Waterford Foods plc	Kilkenny	Holding company	100
Grassland Fertilizers (Kilkenny) Limited	Palmerstown, Co. Kilkenny	Fertilizers	73
D. Walsh & Sons Limited	Palmerstown, Co. Kilkenny	Grain and fertilizers	60
Britain and Northern Ireland			
Glanbia Feedstuffs Limited	Tamworth, Staffordshire	Supply of animal feeds	100
Glanbia (UK) Limited	Tamworth, Staffordshire	Holding company	100
Glanbia Holdings Limited	Tamworth, Staffordshire	Holding company	100
Glanbia Investments (UK) Limited	Tamworth, Staffordshire	Investment holding	100
Glanbia Nutritionals (UK) Limited	Middlesborough	Sports nutrition products	100
Glanbia Foods (NI) Limited	Portadown, Co. Armagh	Consumer food products	100
United States			
Glanbia Inc.	Delaware	Holding company	100
Glanbia Foods, Inc.	Twin Falls, Idaho	Milk products	100
Glanbia Nutritionals, Inc.	Monroe, Wisconsin	Nutritional distribution	100
Seltzer Companies Inc.	San Diego, California	Nutrient delivery systems	100
Canada			
Glanbia Nutritionals (Canada), Inc.	Angusville, Manitoba	Nutrient delivery systems	100
Germany			
Glanbia Nutritionals Deutschland GmbH	Orsingen-Nensingen, Germany	Nutrient delivery systems	100
Netherlands			
Glanbia Foods BV	Moergestel, Netherlands	Holding company	100
Mexico			
Zymalact Mexico S.A. de C.V.	Lerma	Dairy blending and processed cheese	100
Uruguay			
Glanbia (Uruguay Exports) S.A.	Uruguay	Nutritional distribution	100
China			
Glanbia Nutritionals (Suzhou) Limited	Suzhou, China	Nutrient delivery systems	100

(b) Associates and joint ventures

Incorporated in	Dates to which results included	Principal place of business	Principal activities	Group interest %
Ireland				
Co-operative Animal Health Limited *	31 December 2006	Tullow, Co. Carlow	Agri chemicals	50
South Eastern Cattle Breeders Society Limited *	31 December 2006	Thurles, Co. Tipperary	Cattle breeding	57
Malting Company of Ireland Limited *	31 October 2007	Togher, Cork	Malting	33.33
South East Port Services Limited *	29 December 2007	Kilkenny	Port services	49
Nashs Mineral Waters (Marketing) Limited **	29 December 2007	Newcastle West, Co. Limerick	Mineral waters and soft drinks	50
Corman Miloko Ireland Limited **	31 December 2007	Carrick-on- Suir, Co. Tipperary	Dairy spreads	45
Britain and Northern Ireland				
Glanbia Cheese Limited **	29 December 2007	Magheralin and Llangefni	Cheese products	50
Milk Ventures (UK) Limited **	30 November 2007	Stockport	Holding company	50
Nigeria				
Nutricima Limited **	30 November 2007	Nigeria	Evaporated and powdered milk	50
United States				
Southwest Cheese Company, LLC **	29 December 2007	Clovis, New Mexico	Milk products	50
Mexico				
Conabia de Mexico S.A. de C.V. **	29 December 2007	Mexico City	Dairy ingredients	50

Pursuant to Section 16 of the Companies Act, 1986 a full list of subsidiaries, joint venture and associated undertakings will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

* Associate
** Joint venture

Senior management

Glanbia Executive Committee

The Glanbia Executive Committee chaired by John Moloney, Group Managing Director oversees the development and execution of the Group's strategy. It also has overall responsibility for achieving business results.

John Moloney - See page 32

Geoff Meagher - See page 32

Kevin Toland - See page 32

Siobhan Talbot (B.Comm, FCA) age 44, was appointed Deputy Group Finance Director of Glanbia plc in June 2005. She was formerly Group Secretary and also held a number of senior finance positions, including Group Operations Controller, since she joined the Group in 1992. Prior to joining the Group she worked with Price Waterhouse Coopers in Dublin and Sydney, Australia.

Brian Phelan (B. Comm, FCA) age 41, is Group Human Resources & Operations Development Director of Glanbia plc. Brian was appointed to his Human Resources role in 2004 and his role was expanded in May 2007 to include Operations Development. Prior to this he was Chief Financial Officer of the Consumer Foods Division. He also worked in Glanbia Ingredients in Ireland and the USA. Prior to joining the Group in 1994 he worked with KPMG.

Jim Bergin (B. Comm, MSc Mngt Practice) age 45, is Chief Executive of Glanbia Ingredients Ireland. He joined the Group in 1984 and has held a number of senior positions including Group IT Manager and subsequently Group Business Process Director. He joined the Ingredients Business as Operations Manager in May 2003 and was appointed Chief Executive in March 2005.

Colin Gordon (BBS, MBS, FMII) age 46, is Chief Executive of Glanbia Consumer Foods Ireland. He joined the Group in March 2006. He previously worked in C&C Group plc, the drinks and snack food company where he held a number of senior positions including, Managing Director of C&C (Ireland) Ltd.

CEO's Ireland

Consumer Foods
Colin Gordon

Agribusiness:
Colm Eustace (B. Agr Sc. MBA) age 47, is CEO for Glanbia Agribusiness since November 2005. He joined Agribusiness in 1986 where he has held a number of senior positions.

Property:
Ger Mullally (B.Agr Sc. MBA) age 50, is Chief Executive of Glanbia Estates. He was appointed to this role in November 2005 after six years as Chief Executive of Agribusiness. He joined the Group in 1980 where he has held a number of senior positions within Agribusiness.

CEO's International

Global Food Ingredients and Nutritionals
Jim Bergin - CEO Food Ingredients Ireland

Kevin Toland - CEO and President of Glanbia USA/Global Nutritionals (with responsibility for all USA activities).

Food Ingredients USA:
Jeff Williams (BSC Sc. Marketing, MBA) age 50, is President of Glanbia Foods, Inc., a position he has held since January 2005. He joined the Group in 1990 during which time he has held a number of senior positions. Prior to this he was involved in Commercial and Investment Banking. He is a member of the International Dairy Foods Association Board, National Cheese Institute Board and the Leadership Idaho Agriculture Board of Trustees.

Global Nutritionals:
Hugh McGuire (M.Sc, Dip Finance) age 37, is CEO of Glanbia Nutritionals - Customised Solutions. He joined the Group in 2003 from McKinsey & Co. where he worked as a Consultant across a range of industry sectors. Prior to this he worked in the consumer goods industry with Nestle and Leaf.

Jerry O'Dea (BSC Food Sc., MBA) age 48, is CEO of Glanbia Nutritionals - Ingredient Technologies since February 2008. Prior to this he was President of Glanbia Nutritionals, Inc.,since 2002. He joined the Group in 1981 and has held a number of senior positions including Vice President, General Manager of Glanbia Ingredients USA. He is a member of the Nominations committee of the United States Dairy Export Council (USDEC) and the board of the American Dairy Products Institute (ADPI).

Wayne Seltzer age 65, is President of Seltzer Companies Inc., which he founded in 1981. He is a graduate of the University of California, Los Angeles and has been with the Group since Glanbia acquired Seltzer in September 2006. Prior to establishing Seltzer Companies he held a senior position at Gillies International.

Note:
In March 2008 Glanbia sold Glanbia Meats to a Management Buy Out team, led by Jim Hanley, former CEO of the business.

Shareholders Information

Dividend payments

An interim dividend of 2.50 cent was paid in respect of Ordinary Shares on 3 October 2007.

A final dividend of 3.58 cent, if approved, will be paid in respect of Ordinary Shares on 20 May 2008.

Dividend Withholding Tax (DWT) must be deducted from dividends paid by an Irish resident company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrars, Computershare Investor Services (Ireland) Limited. DWT applies to dividends paid by way of cash and is deducted at the standard rate of Income Tax (currently 20%). Non-resident shareholders and certain Irish companies, trusts, pension schemes, investment undertakings and charities may be entitled to claim exemption from DWT and are thereby required to send the relevant form to Computershare Investor Services (Ireland) Limited. Further copies of this form may be obtained from the Company's Registrars.

Shareholders who wish to have their dividend paid direct to a bank account, by electronic funds transfer, should contact the Company's Registrars to obtain a mandate form. Tax vouchers will be sent to the shareholder's registered address under this arrangement.

Share Price Data

		2007	2006
		€	€
Share price as at 29th December		4.59	2.96
Market capitalisation		1.346 bn	868 m
Share price movements during the year:	- high	5.08	3.13
	- low	3.12	1.93

Shareholdings as at 29th December 2007
Ownership of Ordinary Shares

Geographic location	Number of Shares held	% of total
Ireland	241,465,277	82.32
United Kingdom	51,604,054	17.59
United States	147,311	0.05
Europe	92,688	0.03
Other	37,354	0.01
	293,346,684	100.00

Holdings	Number of Shareholders	Number of Shares held	% of total
1 – 1,000	12,194	5,145,054	1.75
1,001 – 5,000	9,491	22,166,057	7.56
5,001 – 10,000	1,775	12,576,015	4.29
10,001 – 100,000	928	20,516,419	6.99
Over 100,000	87	232,943,139	79.41
	24,475	293,346,684	100.00

Stock Exchange listings

Glanbia plc has primary listings on the Irish and London Stock Exchanges.

Financial calendar

Announcement of final results for 2007	5 March 2008
Ex-dividend date	23 April 2008
Record date for dividend	25 April 2008
Annual General Meeting	14 May 2008
Dividend payment date	20 May 2008
Announcement of interim results for 2008	27 August 2008

Registrar and Transfer Office
Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.

Auditors
PricewaterhouseCoopers, Ballycar House, Newtown, Waterford, Ireland.

Principal Bankers
ABN AMRO Bank N.V., Allied Irish Banks, p.l.c., the Governor & Company of the Bank of Ireland, BNP Paribas S.A., Barclays Bank Ireland PLC, Citibank Group plc, IIB Bank plc, Danske Bank A/S trading as National Irish Bank, Rabobank Ireland plc, Ulster Bank Ireland Limited.

Solicitors
Arthur Cox, Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland.
Pinsent Masons, 3 Colmore Circus, Birmingham B4 6BH, UK.

Stockbroker
Davy Stockbrokers, 49 Dawson Street, Dublin 2, Ireland. (Corporate Broker)
Oriel Securities Limited, 125 Wood Street, London EC2V 7AN. (London Broker)

Shareholder Enquiries
All shareholders' enquiries should be addressed to the Registrar, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18. The Registrar can be contacted on telephone number 01 2475349 (within Ireland), 00353 1 247 5349 (outside Ireland), or by e-mail to webqueries@computershare.ie

Shareholders may check their accounts on the Company's Share Register by accessing the Company's website at www.glanbia.com, clicking on "Investors" and "Shareholder Information". Shareholders may check their shareholdings, recent dividend payment details and can also download forms required to notify the Registrar of changes in their details.

Electronic Communication
For Shareholders who wish to avail of the convenience of electronic communication, you may register your e-mail address by accessing our Registrar's website at www.computershare.com/register/ie, selecting Glanbia plc from the drop down menu "Company Selection" and clicking on "submit". You will need your Shareholder Reference Number (SRN) which is located on your share certificate or dividend counterfoil. This will allow shareholders to receive communications (interim/annual reports, etc) as soon as they are published and should benefit the environment and reduce the Company's costs. We also have a system to allow you to submit your proxy via the internet and via the CREST system. Please see proxy form for details of how to operate such systems.

Website
The Group's website, www.glanbia.com, provides in full the text of the Annual and Interim Reports, trading statements and copies of presentations to analysts and investors. News releases are made available, in the Investor Relations section of the website, immediately after release to the Stock Exchanges.

Index

GLANBIA PLC ANNUAL REPORT 2007

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