WE ARE GLANBIA






glanbia

ANNUAL REPORT 2014

Glanbia plc is a leading performance nutrition and ingredients group. We employ over 5,800 people in 34 countries and our products are sold or distributed in over 130 countries. We have leading market positions in performance nutrition, cheese, dairy ingredients, specialty non-dairy ingredients and vitamin and mineral premixes. Our shares are listed on the Irish and London Stock Exchanges (symbol: GLB).

FIND OUT MORE AT GLANBIA.COM

ADDITIONAL INFORMATION

- More content in the strategic report
- More content in governance
- More content in financial statements
- More content on our website

FORWARD-LOOKING STATEMENTS

The Company has made forward-looking statements in this Annual Report that are based on management's beliefs and assumptions and on information currently available to management. Forward-looking statements include, but are not limited to, information concerning the Company's possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "plan," "intend," "project," "anticipate," "estimate," "predict," "potential," "continue," "may," "should" or the negative of these terms or similar expressions. Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not place undue reliance on any forward-looking statements. The risk factors included at pages 50 to 57 of this Annual Report could cause the Company's results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that the Company is unable to predict at this time or that the Company currently does not expect to have a material adverse effect on its business. These forward-looking statements are made as of the date of this Annual Report. The Company expressly disclaims any obligation to update these forward-looking statements other than as required by law.

The forward-looking statements in this Annual Report do not constitute reports or statements published in compliance with any of Regulations 4 to 9 and 26 of the Transparency (Directive 2004/109/EC) Regulations 2007.

As an Irish incorporated company, the Strategic report does not constitute a Strategic Report for the purposes of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, and the Remuneration Committee Report does not constitute a Remuneration report for the purposes of the UK Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations.

ON THE COVER

RICARDO BARBARA
Latin America Regional Director, Global Performance Nutrition

CRYSTAL BELL
Weigh Station Quality Operator, Global Performance Nutrition

JOSEPH CHIANG
Head of Procurement, Global Ingredients Customised Solutions

ROBERT SHORTALL
Plant Manager, Glanbia Ingredients Ireland

PATRICK O'RIORDAN
Chief Science & Technology Officer, Glanbia plc

YVONNE KERRIGAN
Operations Manager, Dairy Ireland Consumer Products

See page 44 for more about our people

DIRECTORS' REPORT

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

Performance highlights and outlook

DOUBLE DIGIT GROWTH

We achieved a fifth consecutive year of double digit growth in 2014 with a 10.1% increase in adjusted earnings per share, constant currency. Along with strong profit and cash flow growth, we also announced our fifth consecutive year of dividend increase, up 10%.

The outlook is positive and we are guiding 9% to 11% growth in adjusted earnings per share, constant currency, for 2015.

ADJUSTED EARNINGS PER SHARE

KPI

61.16c

Change	Constant currency change
+10.3%	+10.1%

		Change	Constant currency change
REVENUE KPI	€2.5bn	+6.6%	+6.4%
Total Group[1]	€3.5bn	+7.3%	+6.9%
EBITA[2] KPI	€208.6m	+11.1%	+11.1%
Total Group[1]	€245.0m	+8.1%	+7.9%
EBITA MARGIN KPI	8.2%	+30bps	+30bps
Total Group[1]	7.0%	+10bps	+10bps
OPERATING CASH FLOW KPI	€206.2m	+48.3%	

See pages 34 to 43 for further information about our performance

1. Total Group includes Glanbia's share of Joint Ventures & Associates
2. Earnings before interest, taxation and amortisation excluding exceptional items

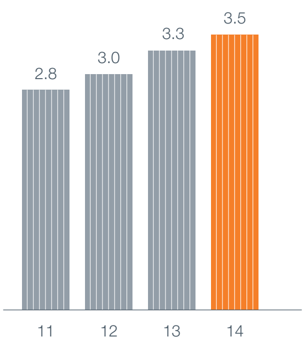
Key performance indicators

MEASURING OUR PERFORMANCE

We monitor our performance by measuring key performance indicators (KPIs) that we believe are important to our longer-term success. Performance against some of these KPIs is linked to the remuneration arrangements of our Executive Directors and senior executives.

TOTAL GROUP REVENUE

€3.5bn



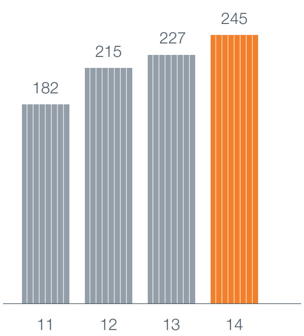
Definition
Revenue of the wholly owned businesses and the Group's share of Joint Ventures & Associates.

Strategic relevance
While movements in commodity dairy markets can influence revenue movements in a specific year, Total Group revenue growth, when viewed over a period of time, is an indicator of how Glanbia is succeeding in developing the Group through its ongoing investment and acquisition programme.

Performance
In 2014, Total Group revenue was €3.5 billion, a 6.9% increase on the previous year, constant currency.

TOTAL GROUP EBITA

€245m



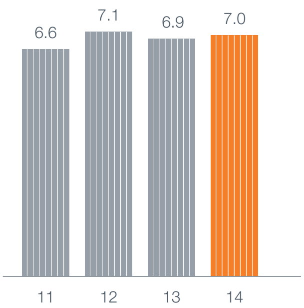
Definition
Earnings before interest, taxation and amortisation (EBITA), excluding exceptional items, of the wholly owned businesses plus Glanbia's share of EBITA of its Joint Ventures & Associates.

Strategic relevance
EBITA measures the profitability of the Group. The exclusion of intangible asset amortisation aids comparability between segments which have grown organically and those that have grown by acquisition.

Performance
Total Group EBITA was €245 million, up 7.9% over 2013, constant currency.

TOTAL GROUP EBITA MARGIN

7.0%



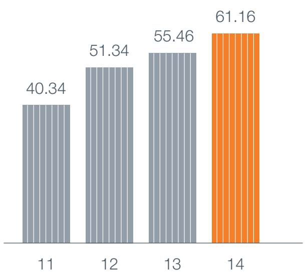
Definition
Total Group EBITA as a percentage of Total Group revenue.

Strategic relevance
Glanbia has four business segments with a range of EBITA margins. Long-term improvement in EBITA margin demonstrates how the Group's strategy to focus on high growth, higher margin products and segments is being successfully implemented.

Performance
Total Group EBITA margin in 2014 was 7.0%, reflecting an 8.2% margin in the wholly owned businesses, up 30 basis points (bps) on 2013 and 3.7% in Joint Ventures & Associates, down 60bps on 2013.

ADJUSTED EARNINGS PER SHARE[1,2,3]

61.16c



Definition
Adjusted earnings per share (EPS) is calculated as the net profit attributable to the equity holders of Glanbia plc, before exceptional items and intangible asset amortisation (net of related tax), divided by the weighted average number of ordinary shares in issue during the year.

Strategic relevance
Adjusted EPS is an important measure of return on equity as it represents the underlying profit of the Group per equity share in issue.

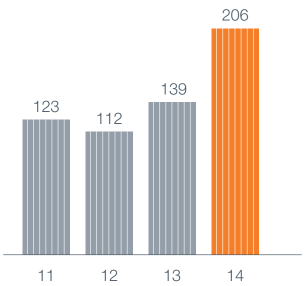
Performance
Adjusted EPS was 61.16 cents, up 10.3% on 2013. This equates to an increase of 10.1%, constant currency, in line with market expectations and is the fifth consecutive year of double digit EPS growth. The compound annual growth rate in adjusted EPS from 2011 to 2014 was 14.9%.

See page 80 for more about remuneration

1. Performance condition of Glanbia's Long Term Incentive Plan
2. Performance condition of Glanbia's Annual Incentive Plan for 2014
3. Performance condition of Glanbia's Annual Incentive Plan from 2015

OPERATING CASH FLOW[3]

€206m



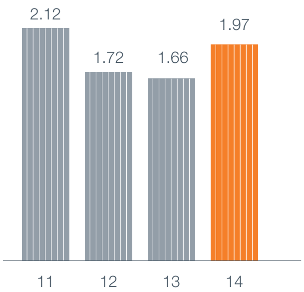
Definition
Earnings before interest, taxation, depreciation and amortisation (EBITDA) of the wholly owned businesses less business sustaining capital expenditure plus / minus working capital movements and excluding exceptional cash flows. EBITDA represents pre-exceptional EBITA of the wholly owned businesses plus depreciation.

Strategic relevance
Operating cash flow measures the cash generated from operations before interest and tax payments and before strategic capital expenditure. It is a measure of the ability of the Group to convert profits to cash, which is then available for strategic investments and dividend payments.

Performance
Operating cash flow for 2014 was €206.2 million, up €67.2 million on 2013. The increase resulted primarily from improvements in working capital performance.

NET DEBT: ADJUSTED EBITDA[2]

1.97times



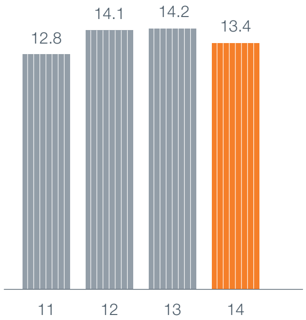
Definition
Net debt to adjusted EBITDA is calculated as net debt at the end of the year divided by adjusted EBITDA. Adjusted EBITDA is calculated as EBITDA for the wholly owned businesses plus dividends received from Joint Ventures & Associates, and in the event of an acquisition in the year, includes pro-forma EBITDA as though the acquisition date had been at the beginning of the year.

Strategic relevance
Net debt to adjusted EBITDA measures the relationship between net debt and the Group's cash flow and is a measure of the ability of the Group to repay its debt. Net debt / adjusted EBITDA is a financial covenant of the Group.

Performance
The Group achieved a year end net debt to adjusted EBITDA leverage ratio of 1.97 times (2013: 1.66 times) compared to the Group's financial covenant of 3.5 times.

RETURN ON CAPITAL EMPLOYED[1]

13.4%



Definition
Return on capital employed (ROCE) is Group earnings before interest and amortisation (net of tax) plus Glanbia's share of results of Joint Ventures & Associates after interest and tax, divided by capital employed. Capital employed is calculated as the sum of the Group's total assets less current liabilities, excluding all borrowings, cash and deferred tax balances plus cumulative intangible asset amortisation.

Strategic relevance
ROCE is a measure of the return the Group achieves on its investment in organic capital expenditure projects, acquisitions and other strategic investments.

Performance
ROCE for 2014 was 13.4% compared to 14.2% in 2013. The decrease reflects the spend of €222 million on acquisitions and strategic capital expenditure during 2014, where returns will build over time.

TOTAL SHAREHOLDER RETURN[1]

16.9%

Definition
Total Shareholder Return (TSR) represents the change in the capital value of Glanbia plc's shares plus dividends reinvested. The change in capital value is the difference between the closing share price and the opening share price for the period, expressed as a percentage of the opening value.

Strategic relevance
TSR reflects the value delivered to shareholders arising from the ownership of Glanbia's shares plus dividends reinvested. Relative TSR, compared to a specific peer group or market index, is an important measure of how successful the Group has been in terms of shareholder value creation, in comparison with its peers for the same time period.

Performance
Glanbia's TSR in 2014 was 16.9% (2013: 35.4%). Four year TSR out performed the STOXX Europe 600 Food and Beverage Index by 197%.

STRONG RESULTS AND A POSITIVE OUTLOOK

"Our 2014 results were strong with continued double digit earnings growth. The outlook for 2015 is positive and the ambitious strategic targets we set ourselves to 2018 remain on track."

Liam Herlihy
Group Chairman

DEAR SHAREHOLDER

In my final letter as Group Chairman, I am delighted to report another year of significant progress for Glanbia plc. Despite some challenges in the external operating environment, Total Group revenue, including Joint Ventures & Associates, grew 7.3% to €3.5 billion (6.9% constant currency). Total Group EBITA increased 8.1% to €245.0 million (7.9% constant currency). Growth in adjusted earnings per share was 10.1%, constant currency. This is the fifth consecutive year of double digit earnings growth, which is an excellent achievement by any standard.

GAINING GLOBAL MOMENTUM

Glanbia's global business continued to expand in 2014. The Group now has a footprint in 34 countries, adding new countries through acquisitions and establishing further in-country offices. This gives us excellent reach into major developed and emerging markets, and the ability to foster and sustain strong relationships with our customers and consumers. Our two global growth platforms – Global Performance Nutrition and Global Ingredients – accounted for 91% of wholly owned EBITA and 77% of Total Group EBITA.

DELIVERING SHAREHOLDER VALUE

Total Shareholder Return (TSR) is a key performance indicator (KPI) for Glanbia as it reflects our key strategic objective of maximising returns to shareholders. Executive and senior management performance is also linked to TSR, aligning shareholder interests with the Glanbia long-term incentive plan. The share price rose 15.9% to end the year at €12.81. TSR for 2014 was 16.9%, following returns of 35.4% in 2013 and 80.6% in 2012. This three-year performance reflects the benefits of the Group's growth strategy and focus on our global growth platforms.

BOARD CHANGES

Key to board success, I believe, is ensuring that we have the right mix of Non-Executive Directors with a variety of experience and skills to constructively challenge and support the Executive team. In 2014, we welcomed Patrick Coveney and Dan O'Connor as new Non-Executive Directors. Brendan Hayes re-joined the Board as a Non-Executive Director, nominated by Glanbia Co-operative Society Limited. A number of Directors retired during the year and I would like to thank Jerry Liston, Non-Executive Director and John Callaghan, Senior Independent Director for their excellent contribution and commitment to Glanbia over the course of their tenure. I am pleased that Paul Haran has now taken on the role of Senior Independent Director.

PROGRESSIVE DIVIDEND

The Board is recommending a final dividend of 6.57 cents per share bringing the total dividend for 2014 to 11.0 cents per share, representing an increase of 10%. The Annual General Meeting (AGM) will be held on Tuesday, 12 May 2015 in the Lyrath Estate Hotel, Old Dublin Road, Kilkenny, Ireland. Subject to approval at the AGM, dividends will be paid on 15 May 2015 to shareholders on the register of members as of 7 April 2015. Irish withholding tax will be deducted at the standard rate where appropriate.

GREAT PEOPLE

At the end of 2014 Glanbia employed over 5,800 people worldwide, an increase of 12% during the year. While two new acquisitions in Global Performance Nutrition accounted for much of the increase, we have also added Group capability in innovation, talent management and reputation. I would like to thank all our people for their continued hard work and commitment. They have maintained, throughout the year, a great operational performance and a strong health and safety track record. This enabled the Group to deliver high quality products and ingredients to our customers and consumers worldwide, driving our strong performance in 2014.

POSITIVE 2015 OUTLOOK

At Glanbia, we have a unique portfolio in both the business-to-business (B2B) and business-to-consumer (B2C) arenas that creates distinctive competitive advantage. We are continuing to invest behind the business in developing our organisation and capabilities as well as infrastructure and facilities. The outlook for 2015 is positive and our full year 2015 guidance is 9% to 11% growth in adjusted earnings per share, constant currency. In addition, the ambitious strategic targets we set ourselves to 2018 remain on track.

FAREWELL AND THANK YOU

I am retiring from Glanbia at the 2015 AGM. In my time on the Board and as Chairman, the Group has been transformed from an Irish dairy business to a global player in performance nutrition and ingredients. While our strategy has certainly been core to our success, it is our people who are at the heart of the business. Glanbia has also been fortunate in having strong and visionary executive leadership and is today ably led by Siobhán Talbot. My Board colleagues too have always been a strong support, while offering at times good and necessary challenge. For all of this, I would like to say a personal thanks to everyone and wish the Group continued success into the future.

Liam Herlihy
Group Chairman

GOVERNANCE HIGHLIGHTS IN 2014

- Appointment of two new independent Non-Executive Directors on the recommendation of the Nomination and Governance Committee, which conducted a thorough evaluation for these appointments including engaging external advisors to assist the process;
- Appointment of a new Senior Independent Director;
- Board visits conducted to US Cheese, Ingredient Technologies and Global Performance Nutrition;
- Attendance of the Group Chairman and new Senior Independent Director at the Global Performance Nutrition Capital Markets Day in the USA;
- Three year remuneration policy review (2015 to 2017), review recommendations subject to shareholder approval at the AGM; and
- Decision to appoint new auditors to the Group, effective for the 2016 audit, with the tender process to be completed by June 2015.

See page 58 for more about governance

OUR MARKETS

WE ARE PART OF A CHANGING WORLD

RICARDO BARBARA, LATIN AMERICA REGIONAL DIRECTOR, GLOBAL PERFORMANCE NUTRITION, BRAZIL

"We have a global approach to growing our performance nutrition business with an in-market commercial presence in 23 countries. I am based in Brazil with responsibility for the Latin American region, which represents an exciting growth opportunity for us. Within my region, Brazil is a good example of how we select and develop international markets.

Brazil is the seventh largest economy in the world, with a growing middle class. It has a large population of over 200 million people, with more than 50% of those under 35 years old. It has the second highest gym membership after the USA and a strong cultural appreciation of beauty. It is also a large and growing performance nutrition market.

While there are always challenges in doing business in new regions, my role as an international business builder is to support the advancement of Glanbia's Global Performance Nutrition brands to become the category leader in my region. This helps to deliver further growth and success in our international markets for Global Performance Nutrition."

OUR MARKETS

The pace of change in food and nutrition is accelerating. Our portfolio of performance nutrition and ingredients is addressing the growth opportunities that are being driven by key consumer trends and the impact these are having on our industry.

GLOBAL PERFORMANCE NUTRITION

Glanbia has the largest global performance nutrition brand portfolio and a presence in 23 countries. We have five iconic brands and market over 80 products covering protein, pre-workout energy, muscle gainers and builders, and general health. The global performance nutrition market, at retail selling price, is approximately $10.1 billion[1] with the USA accounting for 63%, and other international markets accounting for 37%. We estimate our global market share in terms of branded revenue is in the region of 12%. All regions continue to exhibit good growth, sustaining the positive momentum of recent years. There are stronger growth rates in the less mature markets, where per capita consumption of sports nutrition products continues to grow off a low base. Globally, powders are the single biggest sports nutrition format and are our core format offering. We are also continuing to broaden our range into Ready-to-Drink (RTD) beverages, bars and supplements. Energy is one of the fastest growing categories while protein is a gateway product into performance nutrition usage. Protein is the largest category with statistically four out of ten people striving to include more protein in their diets.[2]

See pages 38 and 39 for more information

GLOBAL INGREDIENTS

Nutrition is at the core of our Global Ingredients business, whether it's in the form of 640lb blocks of natural cheese, our specialised value-added protein systems or micronutrient premixes. Nutrition has never been more relevant to the global market than it is today. The one-size-fits-all approach to nutrition that existed in the past is gone. Today lifestyle, culture, age, gender and location will all have an influence and nutrition is increasingly becoming tailored to the individual. This has resulted in significant changes in how consumers meet their nutritional requirements which has led to a proliferation of product formats and driven significant innovation across the food sector. As a large global provider of ingredient solutions, this provides huge opportunity for Global Ingredients. Our protein systems have transformed the bar and beverage categories over several years facilitating increased levels of protein, cleaner labels and greater product functionality. Our aim is ensure that we continue to leverage both our dairy and non-dairy capabilities to meet the ever evolving demands of our customers and end consumers across the globe.

See pages 40 and 41 for more information

1. 2014 Euromonitor retail selling prices
2. NPD Group

MARKET MEGATREND

HEALTH & WELLBEING

- An ageing population in major western economies with a growing agenda of individual preventive health care, through personal ownership of health and wellness. This is in response to the growing cost of medical care and concerns over public health care systems; and
- A growing focus on active and healthy lifestyles with a greater consumer awareness and understanding of the link between diet, exercise and health, across genders and generations.

EASY, CONVENIENT & SIMPLE

- Urbanisation and westernisation of diets, shifting consumption away from traditional mealtimes to new convenient formats for busy lifestyles.

FOOD SUSTAINABILITY & SECURITY

- A desire for natural, sustainable ingredients with clear and understandable information about what a food product contains, to address legitimate consumer concerns around product and ingredient safety and origin.

CHANGING GLOBAL DEMOGRAPHICS

- Global population growth and an expanding global economy which is driving the need for affordable nutrition; and
- Global growth in the middle class with a greater disposable income seeking convenience, choice and access to premium products.

SMART & CONNECTED CONSUMERS

- Increased frequency of exercise in modern lifestyles and consumption of protein and energy supplements as consumers seek ways to improve their health and longevity.

IMPROVED LIFESTYLE

- Advances in nutrition science and food technology which are improving the nutrition density and quality of foods; and
- Innovation in the area of food nutrition and healthier ingredients in processed foods.

CONSUMER TREND	MARKET IMPACT	OUR OPPORTUNITIES
Increasing demand for supplements and natural prevention.	Using nutrition to improve underlying health and physical performance and reduce the requirement for medical intervention.	**Market leaders** Glanbia is the global leader in performance nutrition with three global and two market leading regional brands. 
Increasing use of snack-based meal replacements.	Driving a broader range of food and beverage formats for convenient and on-the-go consumption.	**Ready-to-Go** We have a growing range of great tasting RTD and Ready-To-Eat (RTE) products for active lifestyles. 
Customers and consumer demand for greater ingredient authenticity and traceability.	Moving to clean labelling for maximum transparency and providing assurance to address multiple concerns as to the source, quality and treatment of food and ingredients.	**Sustainable quality** We maintain industry leading standards in quality and safety throughout our operations and focus on good sustainability and environmental stewardship.  
Growth of multiple nutritional segments.	Addressing consumer needs according to different life-stage, gender and performance demands, health issues, regional diets and regulatory frameworks.	**Increasing demand** Our products are consumed by a wide-ranging demographic across multiple geographies.  
Increasing knowledge of the benefits of combining exercise and diet.	Tailoring nutrition to enhance the results to be gained from exercising, be it for intensive gym enthusiasts or casual athletes.	**Savvy consumers** Glanbia is a leader in sports nutrition education to create informed consumers and brand advocates about the benefits of our products. 
Demand for higher nutrient density in mainstream diet.	Including more nutritious ingredients and new formats in processed food and beverages for healthier consumption.	**Ingredients and systems solutions** Our products tap into the demands of those who are seeking improved health and lifestyle benefits through what they eat and drink. 

WE ARE A MARKET LEADER

CRYSTAL BELL, WEIGH STATION QUALITY OPERATOR, GLOBAL PERFORMANCE NUTRITION, ILLINOIS, USA

"I work in the new 948 Global Performance Nutrition (GPN) plant in Aurora, Illinois. My job is to calibrate and weigh all the ingredients for the product we are producing at that time on the manufacturing line. 948 is a state-of-the-art, large scale manufacturing facility in terms of efficiency but more importantly in terms of hygiene and safety. 948 covers 600,000 square feet and when it is completed we will be able to produce up to 50 million pounds of performance nutrition powders each year. GPN has made a big investment in manufacturing and quality to guarantee the integrity of our products, so our consumers get the product quality and specification we promise and they deserve. This is a fast-paced workplace and I am lucky to get the opportunity to work across several areas of the plant. GPN products enable people to achieve wellbeing and athletic success. Equally Glanbia encourages its employees to achieve their goals and succeed in their careers. I am very proud to work here."

OUR BUSINESS

We have a strategic portfolio of businesses. We have two global growth platforms in Global Performance Nutrition and Global Ingredients. We have a strong heritage in Dairy Ireland and have key strategic long-term partnerships in our Joint Ventures & Associates.

GLOBAL PERFORMANCE NUTRITION

Leading global provider of branded performance nutrition products

GLOBAL INGREDIENTS

Leading manufacturer of American-style cheddar cheese

Leading global provider of dairy and non-dairy nutritional solutions

Leading global provider of micro-nutrient premixes

DAIRY IRELAND

#2 selling grocery brand in Ireland

#1 Irish supplier of farm inputs

JOINT VENTURES & ASSOCIATES

#1 Irish dairy processor

#1 mozzarella producer in Europe

Leading manufacturer of American-style cheddar cheese

GLOBAL PERFORMANCE NUTRITION

B2C global growth platform

Global Performance Nutrition is a leading business-to-consumer (B2C) branded performance nutrition business. Our brand portfolio is comprised of Optimum Nutrition, BSN, Isopure, ABB and Nutramino, each with its own brand essence and consumer appeal. We produce the full range of performance nutrition products and we are the market leader in innovation and new product development.

REVENUE
€746.2m

EBITA
€89.2m

EBITA MARGIN
12.0%

EMPLOYEES
1,442

See page 38 for more about Global Performance Nutrition

GLOBAL INGREDIENTS

B2B global growth platform

Global Ingredients is comprised of three related business -to-business (B2B) operations. US Cheese is a large scale manufacturer and marketer of American-style cheddar cheese. Ingredient Technologies formulates and markets a range of dairy and non-dairy based nutritional ingredients. Customised Solutions blends vitamins, minerals and other nutrients to exact specifications for a range of food and beverage customers.

REVENUE
€1.2bn

EBITA
€100.4m

EBITA MARGIN
8.5%

EMPLOYEES
1,632

See page 40 for more about Global Ingredients

DAIRY IRELAND

Value-adding growth opportunities

Dairy Ireland is comprised of two businesses. Consumer Products is a leading supplier of branded consumer products to the Irish market, including standard and fortified milks, cheese, butter and cream. Agribusiness supplies inputs to the Irish agri sector and is the leading purchaser and processor of grain in Ireland, and the leading manufacturer of branded animal feed.

REVENUE
€616.7m

EBITA
€19.0m

EBITA MARGIN
3.1%

EMPLOYEES
1,183

See page 42 for more about Dairy Ireland

JOINT VENTURES & ASSOCIATES

Enables growth in Global Ingredients

Our Joint Ventures & Associates comprise Southwest Cheese, a large scale manufacturer of cheese and whey, based in the USA; Glanbia Ingredients Ireland, a leading European dairy processor; Glanbia Cheese, a leading European mozzarella producer; and Nutricima, a Nigeria based branded consumer dairy products business. Our Joint Venture & Associate model offers the opportunity through dairy partnerships to support growth in Global Ingredients.

1. Glanbia's share

REVENUE[1]
€984.0m

EBITA[1]
€36.4m

EBITA MARGIN
3.7%

EMPLOYEES
1,558

See page 43 for more about Joint Ventures & Associates

WHERE WE OPERATE

WE ARE A GLOBAL BUSINESS

JOSEPH CHIANG, HEAD OF PROCUREMENT, GLOBAL INGREDIENTS CUSTOMISED SOLUTIONS, CHINA

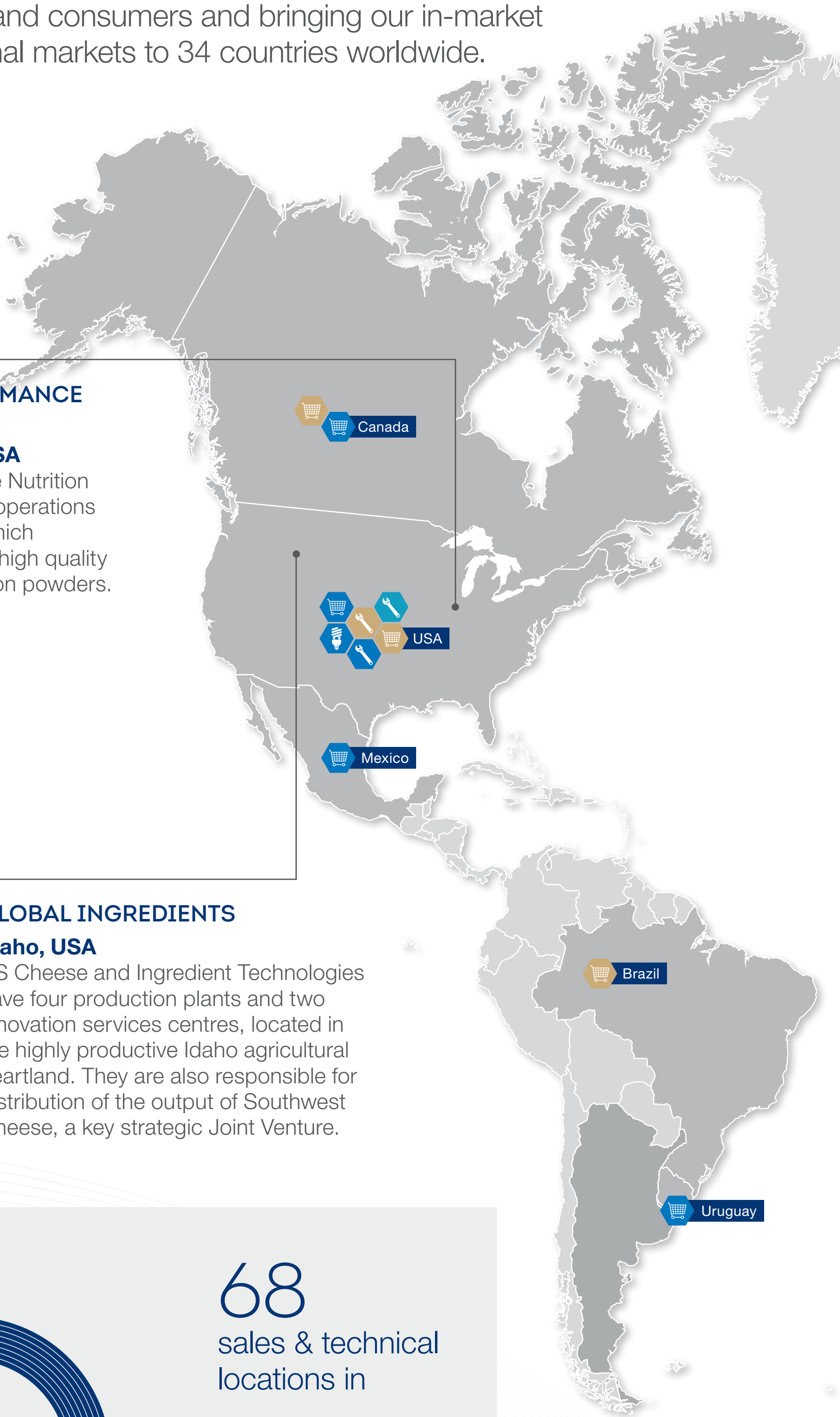
"We are the number two global provider of high quality premix solutions and our customers are local and multinational manufacturers in the food, beverage and infant formula industries. Premixes are a dry or liquid custom blend of a wide array of nutritional ingredients and provide a food product with additional nutritional value.

I manage the procurement function for Customised Solutions in China. With manufacturing plants in China, Germany and the USA, an effective procurement function is critical to the success of our business and provides the opportunity to differentiate ourselves from our competitors.

Procurement plays an important role in building key strategic relationships to ensure a stable and consistent supply of the best quality, competitively priced raw materials. In my role, I have the opportunity to build and foster supplier relationships that will enable Glanbia to have a long-term sustainable supply."

WHERE WE OPERATE

We added two new countries to our global footprint in 2014, enhancing our ability to serve our customers and consumers and bringing our in-market presence in key international markets to 34 countries worldwide.



GLOBAL PERFORMANCE NUTRITION

Aurora, Illinois, USA
Global Performance Nutrition has manufacturing operations in Aurora, Illinois, which produce a range of high quality performance nutrition powders.

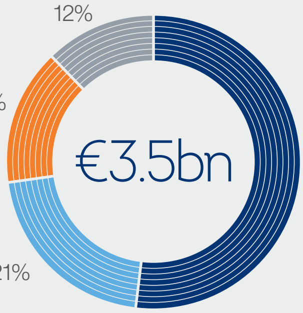
GLOBAL INGREDIENTS

Idaho, USA
US Cheese and Ingredient Technologies have four production plants and two innovation services centres, located in the highly productive Idaho agricultural heartland. They are also responsible for distribution of the output of Southwest Cheese, a key strategic Joint Venture.

TOTAL GROUP REVENUE BY DESTINATION

(€m)

USA	1,824
Ireland	746
Rest of Europe	524
Other	428
Total	**3,522**



68
sales & technical locations in

34
countries

JOINT VENTURES & ASSOCIATES

Glanbia Ingredients Ireland
Belview, Kilkenny, Ireland

Glanbia Ingredients Ireland will commission its new world-class dairy processing plant in the first quarter of 2015. Belview will process up to 19 million litres of milk per week, producing high-quality skim, whole and enriched milk powders and infant formula ingredients.

KEY

- Global Performance Nutrition
- Global Ingredients
- Dairy Ireland
- Joint Ventures & Associates
- Production
- Sales & technical
- Innovation centre
- Group Headquarters

GLOBAL INGREDIENTS

Suzhou, China

The Customised Solutions plant in China has achieved strong production growth in recent years and now exports quality premixes to over nine different countries in the region. It is part of a network of four plants serving global customers.


glanbia
Ingredients Ireland

WE ARE A LONG-TERM PARTNER

ROBERT SHORTALL, PLANT MANAGER, GLANBIA INGREDIENTS IRELAND, BELVIEW, CO KILKENNY, IRELAND

"Glanbia Ingredients Ireland (GII) is Ireland's largest dairy processor and is 60:40 owned by Glanbia Co-operative Society Limited and Glanbia plc respectively. I am the Plant Manager at the new GII Belview dairy processing facility, which will open officially in March 2015. Belview is the first investment of its kind in Ireland in over 80 years and is an important driver and enabler of milk expansion in the 2015 post-quota era in Europe.

Belview will process in the region of 19 million litres of milk per week into a range of nutritional ingredients including specialised milk powders for infant formula and enriched milk powders for markets in Africa, Asia and Central America. My role as Plant Manager is to deliver plant performance in terms of throughput, quality and safety to ensure a sustainable outlet for the anticipated 65% increase in milk volumes by 2020. GII has two other large scale processing plants in Ireland.

Glanbia has a strong track record in successful long-term partnerships and the relationship with GII is one of the cornerstones of its Joint Ventures & Associates business segment. We have complementary strengths and roles, which helps GII to create and sustain competitive advantage. Our success as long-term partners is built on our shared ambition for success."

OUR BUSINESS MODEL

We create greater value from our pool of raw materials through collaborative long-term partnerships, customer focused innovation and investment in consumer facing brands in high growth markets; driving our portfolio towards added value, and more complex and higher margin products.

OUR VALUE CHAIN

BASE INGREDIENTS

Leadership in global cheese and dairy ingredients

Global Ingredients and key strategic Joint Ventures & Associates process large milk pools in Ireland, the UK and the USA. This gives us unique raw material supply chain sustainability and traceability, which is a key differentiator for leading global customers and their consumers. Our processing capability provides us with captive large scale whey volumes, a critical raw material for higher value specialty ingredients and in particular performance nutrition bars and powders for consumer brands.

PRODUCTS

- Cheese
- Whey Protein Concentrate (34%)
- Lactose
- Milk powders, casein, butter

SPECIALTY INGREDIENTS

Strong innovation capabilities in nutritional ingredients

We are at the forefront of the development of whey as an important protein ingredient in food and nutrition. Today, Glanbia is the leading global manufacturer, marketer and user of whey protein fractions and isolates. We have complemented our dairy ingredient expertise with a portfolio of non-dairy and other specialty ingredients, which gives us greater market reach and customer relevance.

PRODUCTS

- Whey Protein Isolate
- Whey Protein Concentrate (80%)
- Milk Protein Isolate
- Milk Protein Concentrate
- Dairy calcium and lactoferrin
- Specialty milled grains

OUR VALUE CHAIN IN ACTION 2014

EXPANSION OF NUTRITIONAL DAIRY POWDERS

We have large scale and sustainable leadership in cheese and dairy ingredients. Since 1984 a quota system has restricted milk production in Ireland and elsewhere in the European Union. On 1 April 2015 this quota system is being abolished and Irish milk production is expected to rise by 65% by 2020. In anticipation of this and in line with the ambitions of our farmer suppliers, a key business relationship for the Group, GII is currently commissioning a €150 million greenfield dairy processing facility. The new facility will have the capacity to produce more than 100,000 tonnes of nutritional dairy powders per year for export to global markets, making it one of the largest and most technologically advanced plants of its kind in Europe. We have also approved a further investment of €35 million to produce added value ingredients for the infant formula market.

See page 43 for more about GII

EXPANSION OF WHEY PROTEIN AND LACTOFERRIN CAPACITY

Glanbia is one of the largest producers of whey-derived lactoferrin worldwide. Demand for lactoferrin continues to grow as an increased appreciation of lactoferrin's clinically-based nutritional benefits means it is now incorporated into an ever broader range of foods, clinical nutrition, capsules and tablets. With this in mind and in keeping with Glanbia's long-term strategic capital investment plan, Global Ingredients has commenced an $85 million expansion plan at its Idaho facilities focusing mainly on the increased production of higher end whey and lactoferrin. The facilities will be fully commissioned by the end of 2015.

See page 40 for more about Global Ingredients

SOLUTIONS AND SYSTEMS

Turn-key nutritional and functional innovation

We combine a range of own and bought-in ingredients to form ingredient systems which can provide both nutritional and functional benefits to food. We also have the capacity to innovate and develop full turn-key ingredient solutions for our customers, independently or in collaboration, in key market segments including performance nutrition, beverages, breakfast cereals, infant formula and supplements. These are all higher growth market segments, which are being driven by changing global consumer trends and demographics.

PRODUCTS

- Dairy-based protein systems
- Vitamin and mineral premix solutions
- Specialty grain systems
- Aseptic beverages

CONSUMER BRANDS

Focus on higher margin and higher growth markets

Our global and regional brands are part of our leading performance nutrition brand family. These include products in protein, energy, performance and recovery together with general health supplements; available in multiple formats and channels in the USA and other international markets. We also have some of the leading Irish consumer food and agribusiness brands. While Global Performance Nutrition is our leading brand portfolio, our selective investment in growth opportunities in Dairy Ireland demonstrates that there is potential for moving up the value chain across the Group.

PRODUCTS

- **Global:** Optimum Nutrition, BSN and Isopure
- **Regional:** ABB and Nutramino
- **Local:** Avonmore and Gain

BUILDING CAPABILITY IN ANCIENT GRAINS

Our new grain facility in the USA produces MeadowPure® flaxseed ingredients as well as a portfolio of chia, quinoa and other ancient grains. Our plant is unrivalled in its processing capabilities and is underpinned by our unique patented sourcing, cleaning and milling process known as MeadowPure®. This, combined with our experience in the development of protein and other ingredient applications for the food sector, has allowed us to build a market leading position in the development of grain-based ingredient solutions for a range of food categories including beverages, bars and bakery. We recently opened an oat mill facility in Ireland to provide premium quality Irish oats. Our Irish oats are exported to the USA and mainland Europe under the Ingredient Technologies OatPure™ (gluten-free) brand. We are the only grain processor in the world that has complete end-to-end control of its gluten-free supply chain.

See page 42 for more about Dairy Ireland

INVESTING IN BRAND POWER

We constantly seek to enhance our brand portfolio through acquisitions, investment, brand renovation and extension and new product development. In 2014, we acquired Nutramino and Isopure, leading performance nutrition businesses. We invested in new facilities in performance nutrition in the USA and we commissioned a new Ultra Heat Treated (UHT) facility in Ireland to export our leading Irish milk brand. We developed new global performance nutrition products as well as local products such as protein milk in Ireland. We renovated existing brand offerings such as the global launch of the N.O.-XPLODE™ supplement, which represents the beginning of a new era for the pre-workout category in performance nutrition.

See page 38 for more about GPN

WE ARE MARKET-LED AND TECHNOLOGY DRIVEN

PATRICK O'RIORDAN, CHIEF SCIENCE & TECHNOLOGY OFFICER, GLANBIA PLC, IRELAND

"Macro trends continue to shape the global market environment for food and nutrition. Consumer attitudes and behaviours towards food, nutrition and wellbeing are continuously evolving, emphasising the need for actionable insights and the continuous application of proven science and technology. This requires a strategic approach to innovation that's collaborative, entrepreneurial, agile and continuous.

Indeed, our market-led and technology-driven approach to innovation has enabled Glanbia to deliver an exciting array of ingredients, products and technology solutions in 2014. In Ingredient Technologies, we further expanded our protein systems portfolio including a range of high protein Greek yogurt smoothies. In US Cheese, our Innovation Centre in Idaho has allowed us to further strengthen our relationship and collaborative engagement with our key customers and has led to a number of new product launches during the year.

In Global Performance Nutrition, renovation and innovation drives brand equity and continues to shape the sector by opening up new consumer benefit and growth opportunities. Examples include the strategic innovation of Optimum Nutrition (ON) Gold Standard Pre-Workout, addressing consumer needs for optimal energy, focus and endurance; and convenient RTD formats for products. In Ireland, we also successfully developed UHT milk for export markets."

WHAT MAKES US DIFFERENT

We believe that the interface between science, technology and commercial innovation is exciting, dynamic and continuously evolving. It provides us with great opportunities to deliver and scale added value to our cheese, ingredient and branded product portfolios.

MARKET INSIGHT AND FORESIGHT

Glanbia has a unique range of activities which span business-to-business (B2B) cheese and ingredients and business-to-consumer (B2C) performance nutrition brands. This gives us the ability to harness expansive market insight and foresight in developing our global growth platforms. It also enables us to create strong strategic and operational alignment to our customers' strategy. And it helps us uncover emerging cheese, ingredient and branded product opportunities at the interface of macro trends in food, nutrition and wellbeing.

In our B2B activities this sharpens our focus on key market sectors and the cheese products and ingredients required to meet the portfolio needs and aspirations of our customers. In our B2C segment this enables us to streamline innovation activity leveraging our in-depth science, technology and application know-how in convenient formats and key channels.

INNOVATION PROFICIENCY

As a leading supplier of cheese and added-value nutritional ingredients, innovation has been at the core of our development for more than three decades. Ongoing shifts in the food, nutrition and wellbeing arenas have created a unique opportunity for a continuous innovation growth system that is market-led and technology-driven. A continuous system links innovation to our organic growth strategy through innovation portfolio planning and the delivery of multi-generation innovation pipelines.

INNOVATION PORTFOLIO PLANNING

Innovation portfolio planning helps us to make clear strategic choices about innovation initiatives and how these address the growth aspirations of our business over the short, medium and longer term.

Three kinds of strategic innovation initiatives shape our innovation portfolio planning:

1. Strategic renovations such as N.O.-XPLODE™ and incremental innovations such as Avonmore Protein Milk help protect and improve the performance of our core businesses;
2. Opportunities to shape or reshape existing or adjacent sectors with initiatives to safeguard relevance and build new platforms of growth, such as ON Protein Energy or our Optisol 3000 range of functional ingredients; and
3. Creation of new strategic investment options that have the potential to become stepping stones to future growth.

DESIRABILITY, FEASIBILITY AND VIABILITY

A systematic approach to identifying true market need, ensuring excellent execution and the ability to sell at an attractive price, provides a strong strategic framework through which we evaluate our innovation investment decisions. This assists us in improving the overall likelihood of innovation success and drives return on investment in the area. Validated market desirability, technical or execution feasibility and financial viability are central to the success of any innovation we undertake.

CO-CREATE AND CO-DEVELOP INNOVATION

The deepest form of collaboration is to work directly with our customers to co-create and co-develop ingredient or product solutions. This fosters a new type of relationship built on trust, transparency and partnership. Increasingly, we are adopting a more 'user-centred' approach to innovation, a key aspect of which is early and rapid product prototyping. Making sure a prototype gets in front of customers or end users at a very early stage in development means it can be iterated and improved throughout development. In some cases a pilot can be launched in advance of a full new product rollout. This can provide competitive differentiation and improve the chances of commercial success. In 2013, we opened a new Cheese Innovation Centre in Twin Falls, Idaho and enhanced this capability with the acquisition and development of a more agile cheese manufacturing facility in Blackfoot, Idaho. This has facilitated co-creation and co-development with our customers through a user-centred approach to cheese product development. In 2014 this included our 'Gamut of Gouda' platform of innovative Gouda style cheese varieties including smoked, classic European, and aged Gouda.

ON GOLD STANDARD PRE-WORKOUT: OUR 'USER-CENTRED' APPROACH TO PRODUCT INNOVATION

The 'pre-workout' category continues to evolve. Consumers' interest in a clean, more basic pre-workout offering continues to expand and fuel market growth. Recognising this opportunity, we leveraged a meaningful, user-centred approach to innovation that better addresses consumer wants and needs, drives stronger consumer loyalty to the ON Gold Standard franchise, and delivers a differentiated offering that grows the category.

DESIRABILITY

CORE USER

User-centred innovation starts with unmet and emerging consumer needs. ON's new Gold Standard Pre-Workout was born from the insight that many performance nutrition users shy away from the pre-workout category. Our pre-workout product was designed with Team ON athletes and users in mind to address the need for a clean label pre-workout product that delivers optimal energy, focus, endurance and taste at the best value. Key design elements of the brand drive differentiation and stand-out both on shelf and online, while also reinforcing ON Gold Standard brand equity.

FEASIBILITY

TECHNICAL

Best in class nutrition, performance, ingredient and taste expertise were combined to deliver a unique formula to meet and exceed our target users' expectations. Furthermore, premium packaging that builds on Gold Standard's distinctive brand assets drives stand-out and findability on shelf (and online), while reinforcing product quality.

VIABILITY

BUSINESS

The value proposition of ON Gold Standard Pre-Workout is grounded in consumer need for superior quality and trust. Our 'user-centred' approach allowed us to combine actionable insights with industry-leading supply chain and commercial expertise to deliver a superior proposition that will meet the needs of our consumers, while driving incremental revenue and margin.

WE ARE ONE TEAM FOCUSED ON GROWTH

SIOBHÁN TALBOT, GROUP MANAGING DIRECTOR, GLANBIA PLC, IRELAND

"There are over 5,800 people working in Glanbia and this year we are recognising the importance of our employees from around the Group, who represent the diversity and breadth of skills we have in the business. A core part of my leadership is about building a team of highly engaged people and making Glanbia a great place to build a career. In 2014, we launched a new employee engagement initiative called 'Our Glanbia'.

At its heart, 'Our Glanbia' is about developing a real connection with employees and between employees throughout Glanbia. On a broader basis it is about creating a renewed focus on both engagement and employee development across the Group. I have been with Glanbia for over 20 years and it has been like working in a number of different companies, such has been the change in the organisation.

We are now in another phase of developing Glanbia, with a focus on building a truly global business with sustained growth and ambitious strategic objectives to meet. It is the talent of our people and their focus on executing our strategy that will deliver on our promise of global momentum."

OUR STRATEGY

Our vision is to be the leading global performance nutrition and ingredients group and our strategic objective is to maximise total returns to shareholders, while also maintaining a strong position on key sustainability issues.

2014 TO 2018 STRATEGIC TARGETS

We have defined a clear set of strategic priorities and targets in order to achieve our 2018 ambitions. To support this, we need to ensure that we continue to develop world-class strategic capabilities and assets to harness Glanbia's global growth potential.

Our 2014 to 2018 strategic targets are:

- To maintain organic growth each year of 8% to 10%, constant currency; and
- To achieve a return on capital employed in excess of 12%, post tax, by year three of an investment.

We have the potential to deliver higher levels of growth with acquisitions and partnerships that add further scale to our current portfolio.

KEY PERFORMANCE INDICATORS

We monitor our long-term progress by measuring growth or improvement in eight key performance indicators (KPI). These KPIs have been identified by the Board as the most relevant to delivering the Group's strategy and objectives.

See page 2 for more about KPIs

SUSTAINABILITY

We seek to maintain a strong position on key sustainability issues in our sector including food safety and quality, the environment, regulatory compliance and nutritional innovation.

See pages 41 to 43 for more about sustainability

Find out more online at glanbia.com/about-us/strategy

2014 ACHIEVEMENTS	2015 FOCUS AREAS
• Consolidated our position as the leading Global Performance Nutrition business with double digit revenue growth; and • Maintained our leadership positions in American-style cheddar cheese and whey-based nutritional solutions in Global Ingredients.	• Deliver branded revenue growth ahead of the market in Global Performance Nutrition; and • Develop growth opportunities with a goal of revenue growth and margin expansion in Global Ingredients.
• Acquired Isopure, a US based provider of premium branded performance nutrition products, for €121 million in September; and • Acquired Nutramino, a leading Scandinavian performance nutrition business, in January for a consideration of €21 million plus €7 million additional earnout.	• Continue to develop an acquisition pipeline to grow our portfolio across the performance nutrition and ingredients sector; and • Continue to pursue long-term partnership opportunities in the area of large scale milk processing to grow our Global Ingredients business.
• Strategic capital expenditure programme of €73 million: – US production expansion in Global Performance Nutrition; – Investment in Whey Protein Isolate and lactoferrin capacity expansion in Global Ingredients; and – New UHT milk facility in Consumer Products in Ireland.	• Strategic capital expenditure of approximately €90 million; • Commission the Idaho-based dairy expansion in Global Ingredients; • Complete further phase of investment in Global Performance Nutrition production facilities; and • Commission new dairy facility in Ireland.
• Launched the 'Our Glanbia' programme to enhance employee engagement across the Group; • Completed a Group-wide 'Our Glanbia' week; and • Created strong goodwill and energy throughout Glanbia around greater employee engagement.	• Complete our global employee engagement survey; • Launch Group-wide global intranet; • Develop the 'Our Glanbia' programme at a local and global level; and • Reform 'Purpose, Vision and Values' at overall Group level.

STRATEGIC CAPABILITIES

GLOBAL TALENT MANAGEMENT

As a global business, excellence in human resources and talent management is key to the Group's future success and this is a particular area of focus to 2018.

PORTFOLIO MANAGEMENT

Glanbia has a strong track record of efficient capital allocation and portfolio management. Our ability to use a variety of structures including joint ventures is critical to sustainable long-term growth both organically and by acquisition.

BRAND POWER

Global Performance Nutrition is the foremost global performance nutrition brand portfolio with an unrivalled product offering and key channel and category leadership. As an ingredient supplier in the B2B arena, the Glanbia brand stands for quality, integrity, innovation and sustainability.

MARKET LEADERSHIP

Glanbia is a market leader in performance nutrition, cheese, dairy ingredients, specialty non-dairy ingredients and vitamin and mineral premixes. The Group is focused on maximising its current strategic positions and driving to leadership positions in other markets.

OPERATIONAL EXCELLENCE

Operational excellence enables us to manufacture products that meet customer and consumer food safety and high-quality standards. It also enables us to run large scale, efficient facilities with full regulatory compliance and good environmental stewardship.

SCIENCE-BACKED INNOVATION

Innovation contributes to our customers' growth and our own growth. We focus on market-led and technology-driven innovation, to move up the ingredients value chain and deliver well researched patented or branded products.

STRONG CUSTOMER RELATIONSHIPS

Customer and consumer insights are key to maintaining and growing strong and enduring relationships. In B2B, we seek to grow the potential of these relationships further and in B2C our objective is to continue to grow global branded revenue.

WELL POSITIONED TO DELIVER OUR STRATEGY

"We made good progress in our strategic priorities in 2014, building on our track record of delivery. This puts us in a strong position for further growth in 2015 and beyond."

Siobhán Talbot
Group Managing Director

2014 STRATEGIC HIGHLIGHTS

- Delivery of 2014 adjusted earnings per share and return on capital employed targets;
- Successful execution and integration of the Isopure and Nutramino acquisitions in our performance nutrition brand portfolio;
- Approval and commencement of significant organic capital investment programme within Global Ingredients, which will add value to our existing whey stream in the USA;
- Delivery of the Total Group capital investment programme, on time and on budget, which includes a significant Associate investment in new dairy processing facilities in Ireland;
- Strong innovation execution with an exciting array of ingredients, products and technology solutions developed; and
- Launch of major employee engagement initiatives.

See page 28 for more about our strategy

See pages 38 to 49 for more about our operations and our people

Q HOW DID GLANBIA PERFORM IN 2014?

A We had a good year overall. We made strong progress in delivering our strategic priorities and this enabled us to achieve our earnings per share (EPS) and return on capital employed targets. Adjusted EPS was up 10.1%, constant currency, just ahead of our target range of 8% to 10%. Return on capital employed was 13.4%, well ahead of our target of achieving in excess of 12%. These are the strategic financial targets we set ourselves and outlined last year as part of our five year strategic ambitions to drive global growth in our business. As the Group Chairman has outlined, in 2014 we achieved good revenue and EBITA growth. Total Group EBITA margin grew 10 basis points to 7.0%, with a stronger performance in our wholly-owned businesses where EBITA margin grew 30 basis points to 8.2%.

Q WHAT WAS THE MAIN DRIVER OF RESULTS?

A Global Performance Nutrition (GPN) was the key driver of results for the Group. GPN had a strong performance and revenue in this business segment grew 13.5%, constant currency. EBITA margin expanded 120 basis points delivering a 26.0% increase in EBITA, constant currency. There was some market elasticity in response to price increases implemented in the second quarter of 2014. However our sustained investment in our brands allied with the strength of our global approach delivered branded revenue growth, which is a core strategic priority for this business, of 11.1% (excluding acquisitions) for the full year. We were also pleased with the margin progression in GPN, reflecting in part the major investment we have made in manufacturing facilities which is now beginning to deliver cost efficiencies.

Q HOW DID GLOBAL INGREDIENTS PERFORM?

A Along with GPN, Global Ingredients is a global growth platform for the Group. This business segment had a satisfactory performance for the year, although results were marginally behind 2013. While revenue in Global Ingredients grew 9.3%, constant currency, EBITA declined 1.4%, constant currency, and EBITA margin dropped 100 basis points to 8.5%. It was a difficult operating environment during the year and this resulted in lower volumes and higher milk input costs in our US Cheese and Ingredient Technologies businesses. The teams responded well to these challenges and our ongoing focus on adding value to our portfolio and ruthless attention to costs minimised the negative consequences of the challenging external conditions. Customised Solutions, which is the third business unit in Global Ingredients, delivered a good performance in the year with revenue and margin growth.

Q DID DAIRY IRELAND RECOVER AS EXPECTED?

A Yes, I am pleased to say that as planned, Dairy Ireland delivered an improved performance in 2014, compared with a weak 2013. Despite a difficult market environment for a number of years, we have continued to invest in this business segment to ensure the long-term viability of Consumer Products and Agribusiness. This strategy delivered in 2014 as the improved performance was mainly as a result of benefits achieved from cost and reorganisation initiatives introduced in recent years. EBITA increased 25.8% with an 80 basis point increase in EBITA margin, despite a 5.4% decline in revenue.

Q WHAT ABOUT STRATEGIC JOINT VENTURES IN 2014?

A Joint Ventures & Associates' performance declined due largely to a deterioration in dairy markets in the second half of the year which impacted EBITA and EBITA margin, down 7.6% and 60 basis points respectively, constant currency. The business models that we operate with our Joint Venture & Associate partners continue to operate well and we remain ambitious for the future development of these businesses.

Q WHAT STRATEGIC PROGRESS DID YOU MAKE IN 2014?

A Glanbia's total investment in capital expenditure was €116 million in 2014 of which €73 million was strategic investment, reflecting our ongoing focus on the organic growth potential of the business. The key projects undertaken in 2014 include the commissioning of a new production facility in Global Performance Nutrition in the USA, significant investment in high end whey processing also in the USA in Global Ingredients and completion of a plant in Dairy Ireland to produce long-life milk for export markets. We also completed two exciting acquisitions during the year for a total cost of €149 million. Nutramino Holding ApS ("Nutramino") is a leading Scandinavian sports nutrition business with operations in Denmark, Sweden and Norway, and The Isopure Company, LLC ("Isopure") is a US based provider of premium branded sports nutrition products. These are great brand additions to our Global Performance Nutrition brand family and we now have five iconic brands – three global in ON, BSN and Isopure and two regional in Nutramino and ABB.

THANK YOU TO LIAM HERLIHY

In October 2014, Liam Herlihy, our Group Chairman, announced his intention to retire at the AGM in May 2015. Liam joined the Board of Glanbia in 1997, became a Vice-Chairman four years later and was appointed Group Chairman in 2008.

During his tenure Glanbia plc has been transformed and Liam's depth of experience and knowledge of the Group has provided strong and focused Board leadership. Key international highlights include the development of the Global Performance Nutrition business and the major growth in the Group's global platforms, which now represent over 77% of Total Group EBITA. In Ireland, Liam was pivotal in the formation of Glanbia Ingredients Ireland in 2012, unlocking significant value for all stakeholders and enabling the expansion of dairy processing.

Liam has made an enormous contribution to Glanbia overall and on behalf of myself and the Board I would like to thank him sincerely and to wish him and his family the very best for the future.

Q ARE THERE ANY OTHER MAJOR PROJECTS ON THE HORIZON?

A We have a significant annual strategic capital investment programme, which amounted to over €230 million in the last three years, and we have a further €90 million planned in 2015. The main focus of this investment is the second phase of the new manufacturing facilities in GPN bringing the total cost to $75 million and the completion and commissioning of the $85 million capacity expansion in Global Ingredients.

We are also very pleased with the progress of the new dairy facility in the Glanbia Ingredients Ireland business, which is our 40:60 partnership with Glanbia Co-operative Society Limited. Located in Belview, Co Kilkenny, this €150 million plant will be officially opened in March 2015, on time and on budget. With a milk quota regime in existence in the EU since 1984, the post quota era from April 2015 represents a significant strategic opportunity for the Irish dairy industry. As a measure of our confidence, we announced a further investment of €35 million to further enhance the new site and to produce added value ingredients for the infant formula market.

Q HOW ARE MARKET CONTEXT AND TRENDS SHAPING YOUR BUSINESS?

A As a global business we constantly monitor currency and commodity movements. Like many businesses today relative currency movements, particularly the US dollar, are of particular note. While a stronger US dollar is positive from the context of our reported results, we are conscious of the potential impact that a stronger US dollar can have on the purchasing power of consumers for our performance nutrition products in certain international markets. In addition, while in recent years we have increasingly de-risked our overall performance from movements in global dairy markets, we remain very aware of the potential impact of relative prices in dairy commodities and the management of the margin dynamics across our businesses. These shorter-term management issues are more than offset by the longer-term positive market trends in food and nutrition, which underpin the growth potential of our two global growth platforms and our strategic priorities as a business.

Q WHY IS INNOVATION IMPORTANT IN THE SECTOR?

A Innovation is a key growth agenda in the food industry. The ultimate challenge and opportunity for Glanbia is to ensure that our innovation is market insight-led and technology driven. Consumer trends continuously evolve and it is crucial that as an organisation we remain responsive to the needs of our customers and ultimately our consumers. We also believe there is a real opportunity to enhance the partnerships we have with key customers to identify how we can jointly best address and respond to consumer trends. In 2014, we delivered a number of key product innovations and renovations and we are aiming to take the innovation agenda in Glanbia to the next level as part of our 2014 to 2018 strategic plan.

Q WHERE ARE YOUR GROWTH OPPORTUNITIES?

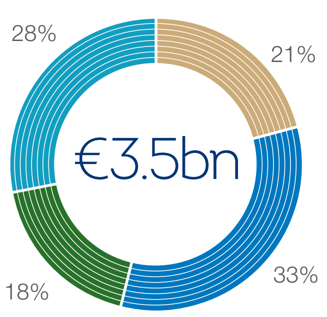
A The growth profile of Glanbia will continue to be a blend of organic growth through innovation and strategic capital investment and growth through the execution of 'step-out' development opportunities. These 'step-out' opportunities will either be significant expansions of our geographic footprint or strategic acquisitions or alliances that add to our portfolio.

We have an active acquisition and development pipeline and our main focus is to enhance our brand portfolio in Global Performance Nutrition and the capabilities and assets of Global Ingredients. We also remain open to and will continue to evaluate strategic partnerships or alliances. We currently have debt capacity of approximately €250 million and we could seek to increase this by way of additional equity for the right strategic growth opportunity, something we believe would receive good support from our Board and shareholders.

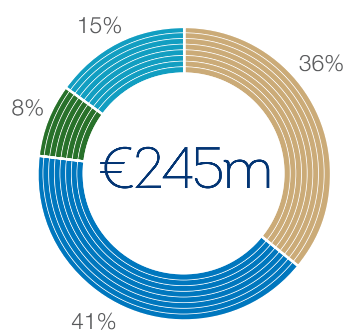
Q WHAT IS THE OUTLOOK LIKE FOR 2015?

A In terms of our operations, we believe that the prospects are positive for Global Performance Nutrition for 2015. While we are trailing very strong prior year revenue growth for the first half, we aim to continue to deliver growth in branded revenue ahead of the market for the full year in 2015. We are targeting an improved performance for Global Ingredients in 2015 as some of the external dynamics that shaped its performance in 2014 have improved. We expect continued earnings progression in Dairy Ireland with a focus on margin management and cost containment. Joint Ventures & Associates are expected to deliver a performance broadly in line with 2014 as dairy market conditions stabilise.

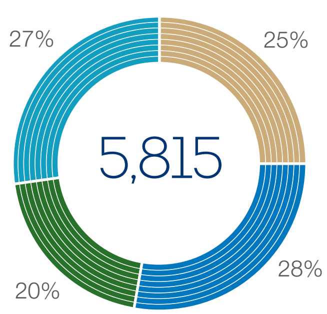
TOTAL GROUP REVENUE



TOTAL GROUP EBITA



TOTAL GROUP EMPLOYEES



- Global Performance Nutrition
- Global Ingredients
- Dairy Ireland
- Joint Ventures & Associates

WHAT ARE THE LONGER-TERM PROSPECTS FOR THE BUSINESS?

Last year we stated a five year ambition to 2018 to deliver organic growth in adjusted earnings per share of between 8% and 10%, constant currency, with an overall return on capital employed target in excess of 12%. We delivered well against these targets in 2014 and we are restating our ambition to continue this annual rate of growth and return on capital employed for the next four years to 2018. Overall, I believe our broad portfolio and global footprint means Glanbia is well placed to take advantage of the growth opportunities presented by the macro trends that continue to shape the global market environment for food and nutrition.

WHAT ARE YOUR PERSONAL PRIORITIES FOR GLANBIA?

Last year, which was my first year as Group Managing Director, I said that one of my personal goals was to put a renewed focus and energy around employee engagement and development during my tenure. In the second quarter, I and some of the Executive team did a Group-wide roadshow. This was to meet as many employees as possible, to get their perspective on Glanbia and to generate commitment for our ambitious growth plans. This created some wonderful goodwill and momentum around greater employee engagement, which we have called 'Our Glanbia'.

Sustained employee engagement is a long-term commitment for the business. We also have some critical initiatives underway. These include a 'Purpose, Vision and Values' project, a Group-wide employee survey and the phased launch of a Group-wide intranet.

Over 5,800 people work in Glanbia in 34 countries. I would like to thank them all, new recruits and old hands, for their work in 2014. It has meant that Glanbia delivered another strong set of results and positions us very well for further growth and delivery of our strategic objectives for the years ahead. Our people and their contribution and commitment drive our success as a business.

Siobhán Talbot
Group Managing Director

'OUR GLANBIA'

'Our Glanbia' is the name of the Group's new employee engagement initiative launched in 2014, the objective of which is to give employees a real opportunity to engage locally with their business unit and with the wider global business.

See page 44 for more about our people

Group Finance Director's review

STRONG PROFIT AND CASH FLOW GROWTH

"In 2014, we delivered strong profit and cash flow growth and continued to drive future growth through acquisitions and strategic capital expenditure."

Mark Garvey
Group Finance Director

2014 FINANCIAL HIGHLIGHTS

- Revenue growth from wholly owned segments of 6.4%, constant currency;
- EBITA margin of 8.2% for wholly owned segments;
- Adjusted EPS growth of 10.1%, constant currency, just ahead of market guidance;
- Return on capital employed of 13.4%, compared to 14.2% in 2013;
- Operating cash flow of €206 million, up from €139 million in 2013;
- €222 million spent on acquisitions and strategic capital expenditure;
- Year-end net debt of €510 million and net debt to adjusted EBITDA just under two times; and
- Total shareholder return of 16.9%, outperforming relevant stock market indices.

Glanbia had a good financial performance in 2014. Our results were strong with increases in revenue, EBITA and EBITA margin, continuing the positive growth trend of recent years. This performance enabled us to achieve our core strategic financial targets with 10.1% growth in adjusted EPS, constant currency, and 13.4% return on capital employed. We also performed well in the other KPIs used to measure the longer-term financial health of the business. Along with our good financial results we announced a 10% increase in our dividend.

INCOME STATEMENT

Wholly owned revenue increased 6.4% (6.6% reported) to €2.5 billion (2013: €2.4 billion). EBITA grew by 11.1% (11.1% reported) to €208.6 million (2013: €187.7 million). EBITA margin increased by 30 basis points to 8.2%.

Net financing costs decreased by €2.7 million to €20.3 million (2013: €23.0 million), the interest reduction arising from the repayment of €39 million cumulative redeemable preference shares during the year and capitalisation of interest related to our capital expenditure programme. The Group's average interest rate for the period was 4.4% (2013: 5.1%). Glanbia operates a policy of fixing a significant amount of its interest exposure, with 70% of projected 2015 debt currently contracted at fixed rates for 2015.

The 2014 pre-exceptional tax charge increased by €3.6 million to €28.3 million (2013: €24.7 million). This represents an effective rate, excluding Joint Ventures & Associates, of 17.0% (2013: 17.2%).

The Group's share of results of Joint Ventures & Associates decreased by €2.8 million to €23.7 million (2013: €26.5 million). Share of results of Joint Ventures & Associates is an after tax and interest amount.

We had a somewhat varied performance across our business segments. The main contributor to Group results was Global Performance Nutrition, which delivered a very good set of results with strong increases in EBITA and EBITA margin. Global Ingredients and Joint Ventures & Associates were impacted by external market dynamics during the year. Dairy Ireland improved as expected from a low point in 2013, mainly as a result of business reorganisation and cost efficiency measures.

2014 RESULTS SUMMARY PRE EXCEPTIONAL

€m	2014	2013	Change	Constant currency change
Revenue	**2,538.3**	2,382.1	+6.6%	+6.4%
EBITDA	**240.6**	214.6		
Depreciation	**(32.0)**	(26.9)		
EBITA	**208.6**	187.7	+11.1%	+11.1%
EBITA margin	**8.2%**	7.9%		
- Amortisation of intangible assets	**(22.5)**	(21.0)		
- Net finance costs	**(20.3)**	(23.0)		
- Share of results of Joint Ventures & Associates	**23.7**	26.5		
- Income tax	**(28.3)**	(24.7)		
Profit for the year	**161.2**	145.5		

Segmental analysis

	2014			2013		
€m	Revenue	EBITA	EBITA margin	Revenue	EBITA	EBITA margin
Global Performance Nutrition	**746.2**	**89.2**	**12.0%**	655.3	70.6	10.8%
Global Ingredients	**1,175.4**	**100.4**	**8.5%**	1,074.6	102.0	9.5%
Dairy Ireland	**616.7**	**19.0**	**3.1%**	652.2	15.1	2.3%
Total wholly-owned businesses	**2,538.3**	**208.6**	**8.2%**	2,382.1	187.7	7.9%
Joint Ventures & Associates[1]	**984.0**	**36.4**	**3.7%**	900.5	39.0	4.3%
Total Group	**3,522.3**	**245.0**	**7.0%**	3,282.6	226.7	6.9%

Joint Ventures & Associates – Reconciliation of EBITA to share of results

€m	2014	2013
EBITA of Joint Ventures & Associates[1]	**36.4**	39.0
Amortisation	**(0.4)**	(0.3)
Finance costs	**(5.3)**	(4.2)
Income tax	**(7.0)**	(8.0)
Share of results as reported in the Income Statement	**23.7**	26.5

ADJUSTED EARNINGS PER SHARE

Total adjusted earnings per share grew 10.1% (10.3% reported), driven by growth in EBITA. Adjusted earnings per share is believed to be more reflective of the Group's underlying performance than basic earnings per share and is calculated based on the net profit attributable to equity holders of the parent before exceptional items and amortisation of intangible assets, net of related tax.

1. Glanbia's share

INVESTOR RELATIONS

During 2014 we continued to build upon our engagement with investors. Our research coverage has grown to nine institutions, up from seven in 2013. For the first time we were invited to the Consumer Analysts Group of Europe conference in London. We also attended other leading investment bank conferences and roadshows in the USA and Europe. We presented bi-annual updates to the Council and Regional Committees of Glanbia Co-operative Society Limited, our largest shareholder, and we also presented at over ten capital markets conferences and met with over 250 market participants. In addition, we hosted a successful Capital Markets Day in Aurora, Illinois focused on our Global Performance Nutrition business which was attended by representatives from over 25 institutions. We took the opportunity to showcase our new state-of-the-art facility. In addition investors had the opportunity to hear from our Global Performance Nutrition senior management team covering sales, marketing, operations and consumer insights. In 2015 our dedicated Investor Relations team will continue to work on building awareness of Glanbia with additional focus on the US investor community.

EXCEPTIONAL ITEMS

€m	2014	2013
Rationalisation costs[1]	**(6.4)**	(8.0)
Transaction related costs[2]	**(9.6)**	–
Revision to Group pension schemes	**–**	13.8
Exceptional (charge)/credit pre-tax	**(16.0)**	5.8
Taxation credit/(charge)	**1.9**	(0.3)
Total exceptional (charge)/credit	**(14.1)**	5.5

2014 exceptional items resulted in an exceptional charge of €14.1 million for the year, compared to a €5.5 million credit in 2013. Details of the 2014 exceptional items are as follows:

1. Rationalisation costs amounting to €6.4 million were incurred in Dairy Ireland during the year as both Consumer Products and Agribusiness continued their rationalisation programmes. The costs primarily relate to redundancy and a related writedown of tangible assets of €3.2 million. We expect to complete these programmes in 2015 with a cost of approximately €12 million for the year.
2. Transaction related costs comprise:
   (i) €3.1 million related to acquisition activities that did not come to fruition. The primary costs incurred were legal, taxation, due diligence, other consultancy and loan facility fees.
   (ii) The Group acquired Nutramino Holding ApS on 17 January 2014 (see note 36 to the financial statements). The fair value of the contingent consideration at that date was €4.8 million based on management's forecast EBITDA for the business. Following a better than anticipated performance since acquisition, an additional earnout of €6.5 million is payable. In accordance with IFRS 3 – Business Combinations, any subsequent increase in contingent consideration to that estimated at the acquisition date must be charged to the Income Statement.

The pre-tax cash cost of exceptional items in 2014 was €16.4 million (€3.0 million in 2013).

DIVIDEND PER SHARE

The Board is recommending a final dividend of 6.57 cents per share (2013: final dividend 5.97 cents per share). This represents an increase of 10% in the year and brings the total dividend for the year to 11.0 cents per share (2013: 10.0 cents per share).

CASH AND WORKING CAPITAL

During 2014 we increased our focus on working capital and initiated programmes to improve management of inventory as well as payables and receivables. On inventory we have implemented improved sales and operations planning processes Group-wide. We plan to review the results of this programme regularly and look for continuing improvements. In addition, we performed a best practice benchmark review of our payables and receivables practices and have identified a number of improvement opportunities which we will begin implementing in 2015.

At the end of 2014 our working capital was €252 million, in line with the prior year, constant currency, and compares to significant increases in the prior two years. While we expect that working capital may increase as the Group continues to grow, our goal is to have working capital grow at a slower pace than revenues.

Overall free cash flow was €153 million in 2014, a strong increase from €88 million in 2013 and €65 million in 2012. Operating cash flow increased from €139 million in 2013 to €206 million.

Summary cash flow

€m	2014	2013
EBITDA pre exceptional	**240.6**	214.6
Working capital movement[1]	**8.2**	(39.9)
Business sustaining capital expenditure	**(42.6)**	(35.7)
Operating cash flow	**206.2**	139.0
Net interest and tax paid	**(57.1)**	(55.8)
Dividends from Joint Ventures	**12.6**	10.9
Other outflows	**(9.1)**	(6.5)
Free cash flow	**152.6**	87.6
Strategic capital expenditure	**(72.9)**	(76.5)
Acquisitions/disposals	**(137.4)**	8.5
Equity dividends	**(30.8)**	(27.9)
Exceptional costs paid[1]	**(16.4)**	(3.0)
Loans repaid by Joint Ventures	**–**	7.2
Cash flow pre currency exchange/fair value adjustments	**(104.9)**	(4.1)
Currency exchange/fair value adjustments	**(31.1)**	6.3
Movement in net debt in the year	**(136.0)**	2.2
Net debt at the beginning of the year	**(374.4)**	(376.6)
Net debt at the end of the year	**(510.4)**	(374.4)

1. Exceptional costs paid includes €10.8 million relating to movements in provisions for exceptional items, which are included in the change in net working capital in note 35 to the Financial Statements.

INVESTING FOR GROWTH

In 2014, we continued our programme of organic and external investments to drive growth, investing €222 million on acquisitions and strategic capital expenditure programmes.

We completed two acquisitions in the Global Performance Nutrition segment during the year – Nutramino in Scandinavia for €21 million plus €7 million additional earnout and Isopure in the USA for €121 million. Both will add further geographic reach and additional consumers to the segment and are strong additions to our portfolio of brands.

We announced the expansion of high end whey processing and lactoferrin capacity by Global Ingredients in Idaho, which we expect to complete in late 2015. In addition, we opened our new manufacturing facility for Global Performance Nutrition in Chicago. Strategic capital expenditure amounted to €73 million in 2014. We are guiding total capital investment of between €120 million and €130 million in 2015.

FINANCING CAPABILITY

We have considerable financing capacity available to continue to invest in growth opportunities in 2015. We currently have additional debt capacity of approximately €250 million and we would have the ability to raise additional funds through the use of equity should the need arise, something we believe would be supported by our Board and shareholders.

Financing key performance indicators

	2014	2013
Net debt: adjusted EBITDA[1]	1.97 times	1.66 times
Adjusted EBIT[1]: net finance cost	8.9 times	7.8 times

1. The definition of adjusted EBITDA and adjusted earnings before interest and taxation (EBIT) are as per our financing agreements and include dividends from Joint Ventures & Associates.

GROUP FINANCING

The Group's financial position continues to be strong. Net debt at the end of 2014 was €510 million. This is an increase from €374 million in 2013 and can be primarily attributed to funding the two acquisitions completed during the year as well as the impact of a stronger dollar at year end on translation of our US dollar debt. Net debt to adjusted EBITDA was just under two times and interest cover was 8.9 times, both metrics remaining well within our financing covenants. During the year we refinanced and increased our committed bank facilities which will result in lower financing costs. As at year end we had bank facilities of €713 million which will mature in January 2020 and private placement debt of $325 million which will mature in June 2021. During the year cumulative redeemable preference shares of €39 million were repaid.

RETURN ON CAPITAL EMPLOYED

The return on capital employed has decreased by 80 basis points to 13.4% from 14.2% in 2013 due to acquisitions and strategic capital expenditure in 2014, as returns from these investments will build over time. The Group operates to an internal hurdle rate of 12% post tax, by year three, and monitors investment decisions against this metric.

PENSION

The Group's net pension liability under IAS 19 (revised) 'Employee Benefits', before deferred tax, increased in 2014 by €36.8 million to €114.8 million (2013: €78 million). This increase primarily relates to the decrease in the discount rate used in valuing the net pension obligation, from 3.6% at the end of 2013 to 2.1% at end of 2014 for the Irish schemes, reflecting the fall in AA corporate bond yields during the year.

DELIVERING RETURNS TO SHAREHOLDERS

The past year was another strong year for shareholder returns. Total shareholder return for the year was 16.9%, following 35.4% in 2013. The Glanbia share price at the end of the financial year was €12.81 compared to €11.05 at the 2013 year end. The share price outperformed the STOXX Europe 600 Food and Beverage Index by 3.2% in 2014.

PRINCIPAL RISKS AND UNCERTAINTIES AFFECTING THE GROUP'S PERFORMANCE IN 2015

The performance of the Group is influenced by global economic growth and consumer confidence in the markets in which it operates. In 2015 the principal risks and uncertainties affecting the Group's performance are:

- The competitive landscape for Global Performance Nutrition, recognising the impact of a stronger dollar on the purchasing power of consumers in certain international markets;
- The overall impact on margins of movements in dairy pricing, particularly in whey markets; and
- The potential impact of geopolitical unrest and macro-economic uncertainty on our international growth strategy.

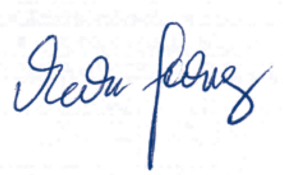
The Board has the ultimate responsibility for risk management, and the principal risks and uncertainties are outlined in more detail in pages 50 to 57 of this report.

FINANCIAL STRATEGY

Our financial strategy is very much aligned with the Group's overall strategy of ensuring we deliver on our key financial goals of organic adjusted EPS growth, constant currency, of 8% to 10% per annum while maintaining a minimum return on capital employed of 12%.

Specific financial goals to enable our strategy include:

- Assessing both external and organic investment opportunities against a minimum benchmark of 12% return post tax by year three;
- Focusing the organisation on cash conversion through improved working capital management and moderate business sustaining capital expenditure;
- Leveraging the Group's activities to enable improved cost structures utilising shared services, procurement, Information Technology, and a continuous improvement mindset; and
- Maintaining overall debt levels below a target net debt to adjusted EBITDA ratio of 3.0.



Mark Garvey
Group Finance Director

See page 28 for more about our strategy

See page 38 for more about our operations

See page 50 for more about risk management

Operations review*

GLOBAL PERFORMANCE NUTRITION

Global Performance Nutrition (GPN) is the number 1 global performance nutrition brand family, with three global brands – Optimum Nutrition, BSN and Isopure – and two regional brands – Nutramino and ABB. GPN produces the full range of performance nutrition products including protein, pre-workout, muscle gainers and general health. Products are sold through a variety of channels including specialty retail, the internet and gyms in a variety of formats including powders, bars and Ready-to-Drink beverages. GPN has a global footprint with an in-market presence in 23 countries.

Revenue

€746.2m

2013: €655.3m

EBITA

€89.2m

2013: €70.6m

	Reported			Constant currency change
€m	**2014**	2013	Change	
Revenue	**746.2**	655.3	+13.9%	+13.5%
EBITA	**89.2**	70.6	+26.3%	+26.0%
EBITA margin	**12.0%**	10.8%	+120bps	+120bps

"We delivered a strong performance in 2014, with very good branded revenue growth, market leading innovation, ongoing focus on specialty and internet channels and further international expansion."

Hugh McGuire
Chief Executive Officer,
Global Performance Nutrition

2014 PERFORMANCE

Global Performance Nutrition delivered a strong performance in 2014. Revenues increased 13.5% to €746.2 million reflecting volume growth of 7.4%, impact of acquisitions of 5.0% and net pricing of 1.1%. EBITA increased 26.0% in the period and EBITA margins increased 120 basis points to 12.0%. The improvement in margins reflected operating leverage and improved manufacturing efficiencies associated with the new production facility in the USA, partially offset by continued investment in expanding the business.

Branded revenue growth, excluding the impact of acquisitions, was 11.1% in 2014. Second half revenue growth was lower than the first half, due to some demand elasticity experienced in the third quarter following the implementation of price increases. In 2014, branded revenue grew across all key geographies with our international business outside the USA continuing to perform strongly. With a direct presence in 23 markets worldwide our focus is now on strengthening our position in those markets and we will continue to invest to achieve this.

ONGOING INVESTMENT

The acquisition of Nutramino and Isopure during the year further consolidated our position as the global leader in performance nutrition. Both acquisitions complement and extend our existing market leading brand portfolio, bringing our total number of performance nutrition consumer brands to five, including three global and two regional brands.

Nutramino provides access to the Scandinavian market and offers the potential to distribute its Ready-To-Drink (RTD) and bar offering to other European markets.

* Commentary is on a constant currency basis throughout the operations review

GLOBAL PERFORMANCE NUTRITION MISSION

Our mission is to inspire people everywhere to achieve their performance goals. We will achieve this by becoming their trusted partner through education, advocacy, quality and authenticity.

See page 8 for more about our markets

Isopure focuses on powders and RTDs and increases our relevance to lifestyle consumers in the USA as well as having future international growth potential. Both businesses are performing in line with expectations and the integration process for each business is progressing well.

The first phase of our new state-of-the-art manufacturing plant in Illinois, USA was successfully commissioned in May 2014. The second phase, bringing the total cost to approximately $75 million, will be commissioned in 2015 and will provide the additional capacity required to support our growth targets for the next three to four years.

DIGITALLY CONNECTED

Our goal is to create brand advocates who build brand advocates. This extends our connection with existing consumers and our reach to new consumers for our products; building lifetime and lifestyle relationships. We live in a digital world and our consumers expect to be digitally connected. Our growing social media presence is both an ongoing, two-way conversation and a means for consumers to connect and build communities around sport and performance nutrition.

We also use the science of listening to enhance our engagement with our consumers and to provide competitive insight for brand innovation and product renovation. The final way we connect with our consumers is through our Ecommerce business. We have invested in geographic expansion of our online shop presence and we have US and other international Ecommerce sites, primarily in Optimum Nutrition and BSN.

In 2014, we significantly grew our digital footprint and our digital ecosystem is one of, if not, the strongest in the sports nutrition sector. Our YouTube total views grew almost 16 million to approximately 45 million views during the year. We have more than doubled our Facebook 'likes' to 2.6 million and our Twitter and Instagram profiles continue to grow. Digital is a powerful tool for our business and it has immense potential for how we engage with our consumers, today and into the future.

LEAD WITH INNOVATION

In 2014, we continued to innovate and renovate our portfolio based on consumer and category insights. There were a number of exciting developments including the expansion of ON's flagship Gold Standard brand into a new category with the launch of Gold Standard Pre-Workout; creating new protein occasions with the launch of ON Protein Energy; and the launch of the next generation of BSN's N.O.-XPLODE™ pre-workout supplement, which represented our first synchronised global product launch.

2015 OUTLOOK

The outlook for GPN in 2015 is positive. The strength of our brand portfolio and our proactive approach with regard to innovation and marketing initiatives will enable us to remain in a strong position. The performance nutrition market remains competitive and the strengthening of the US dollar has the potential to impact demand in some international markets. We expect some continued operational leverage upside through 2015 although this will be partially offset by our ongoing investment in expanding the business. We continue to target growth in branded revenue ahead of the market, while we note that given the strong performance during the first half of 2014, this growth will be weighted towards the second half of the year.

LEADERS IN EDUCATION

GPN prides itself on being able to educate its staff and customers through its Sports Nutrition School (SNS). In 2014, the SNS hosted events in nine different countries with over 5,000 participants. Key events included:

- Visits to five major cities in India, reaching over 800 key influencers;
- The first ever formal sports nutrition education programme conducted in Beijing and Shanghai in China; and
- Four days of intensive training in Manila in the Philippines for leading customers in retail, gyms and online.

We define sports nutrition as the study (science) and practice (application) of nutrition and diet (supplements) as it relates to athletic performance (fitness). We recognise through the SNS programme that different sports require different approaches and, in particular, that the correct diet is the first source of nutrition for athletes with sports nutrition providing supplements to help individuals or teams achieve performance goals and fitness levels.

SNS events typically cover topics such as 'nutrition 101', our brands, best practice training techniques, sports psychology and motivation, understanding product labelling and learning about our product offering, as well as live training sessions and guest athlete speakers.

GLOBAL INGREDIENTS

Global Ingredients comprises US Cheese, Ingredient Technologies and Customised Solutions. While these business units are distinct, all benefit from the ever increasing focus on health and nutrition and share relationships with common global customers and end-markets. Global Ingredients has a direct presence in 21 countries worldwide. In addition to US based manufacturing facilities, both US Cheese and Ingredient Technologies have numerous international sales & technical offices supporting strong export platforms. Customised Solutions has manufacturing facilities in the USA, Europe and Asia and sales teams in 17 countries worldwide.

Revenue

€1,175.4m

2013: €1,074.6m

EBITA

€100.4m

2013: €102.0m

	Reported			Constant currency
€m	**2014**	2013	Change	change
Revenue	**1,175.4**	1,074.6	+9.4%	+9.3%
EBITA	**100.4**	102.0	-1.6%	-1.4%
EBITA margin	**8.5%**	9.5%	-100bps	-100bps

"We achieved a satisfactory performance in the context of challenging dairy markets which impacted milk procurement and whey pricing dynamics. We made further progress with our innovation agenda and commenced an exciting $85 million organic investment programme."

Brian Phelan
Chief Executive Officer, Global Ingredients

2014 PERFORMANCE

Global Ingredients delivered a satisfactory performance in 2014 in the context of challenging dairy markets which impacted milk procurement and whey pricing dynamics. Revenues increased 9.3% to €1,175.4 million reflecting market related price increases of 10.9% which were partially offset by a volume decline of 1.6%. EBITA decreased 1.4% arising from a decline in margins in our US Cheese and Ingredient Technologies business units.

US Cheese

US Cheese performance for 2014 was satisfactory. Revenue growth was strong as the impact of higher average market pricing more than offset a decline in volumes related to challenging milk procurement conditions experienced earlier in the year.

The milk supply environment improved from quarter two onwards in 2014 with plants broadly operating at full capacity in the fourth quarter. Price changes and the impact of efficiency measures taken across the business partially offset higher input costs, resulting in margins for the period that were somewhat behind the prior year.

Our plants had a strong operational performance in 2014. Good progress was made during the year at our Cheese Innovation Centre in Idaho, enabling us to strengthen our innovation agenda with our key customers. In addition, our organic cheese initiative launched in 2014 is gaining momentum and represents an exciting opportunity for all participants in the supply chain.

Ingredient Technologies

Ingredient Technologies had a challenging performance in 2014 as positive revenue growth was more than offset by a decline in margins. This margin decline was driven primarily by the relative price of base whey (which drives input costs) to high end whey selling prices.

Ingredient Technologies continues to focus on market-led collaborative innovation and our pipeline remains strong. Our $85 million high end whey and lactoferrin capacity expansion projects in Idaho, USA are progressing well and are expected to be fully commissioned by the end of 2015. The projects involve installation of the technology to convert our existing whey protein concentrate 34 (WPC34) stream into value added whey powders. As well as increasing whey protein isolate capacity, it will also allow us to expand our higher margin whey-based ingredient systems offering, which focuses on attractive end markets such as sports nutrition, supplements, nutritional bars and beverages.

The investment programme also incorporates increasing our lactoferrin capacity. Lactoferrin is a high value specialty milk protein used in a range of growth sectors including infant formula, supplements and nutritional beverages. Both the expansion and the commercial opportunities that they will provide are underpinned by our long track record for manufacturing excellence and dairy ingredient innovation. It is also fully aligned with our strategy of maximising the value of our whey pool and deriving an ever increasing portion of revenues from value-added ingredient systems.

Customised Solutions

Customised Solutions delivered a strong performance in 2014 reflecting a combination of positive revenue growth and higher margins. While the market remained competitive in 2014, we increased our sales with key existing customers and continued to further develop our relationships with new customers. We will continue to invest in our global operational and commercial footprint to increase our position with our customers.

2015 OUTLOOK

We are expecting an improved performance for Global Ingredients in 2015. Our strategy of maximising the value of our ingredient pool in dairy will continue to deliver results. The high end whey and lactoferrin expansion projects will begin to contribute in the second half of 2015 with the full impact coming through in 2016. Milk procurement conditions and whey price dynamics have improved to date in 2015 and the underlying demand profile across each of our businesses remains solid. We expect further progress in the development of our non-dairy ingredients portfolio in 2015.

SUSTAINABILITY

The Group's Glanbia Performance System (GPS) is a fully integrated work system that incorporates industry best practices that drive operational excellence. We have rolled out GPS to each of our operational facilities and it provides the framework to drive down costs, reduce energy usage, and eliminate waste, among other critical sustainability criteria.

In 2014, two projects at our Twin Falls, Idaho cheese plant helped deliver an energy reduction of 6% and 19% respectively. In Richview Idaho, we realised a 9.5% reduction in overall natural gas usage from more efficient use of our boilers.

Southwest Cheese in Clovis, New Mexico, also committed to the Energy Star Challenge in 2010 to reduce energy usage by 10% in five years. As of the last quarter of 2014 Southwest Cheese has reduced British Thermal Units per pound of milk processed by a full 16%.

MARKET-LED INNOVATION

There are significant changes in how consumers meet their nutritional requirements. This has led to a proliferation of product formats and driven significant innovation across the food sector. As a large global provider of ingredient solutions, this provides significant opportunity for Global Ingredients.

See page 8 for more about our markets

DAIRY IRELAND

Dairy Ireland comprises two business units. Consumer Products is a leading supplier to the food retail sector and Agribusiness has a network of over 50 retail stores focused on the Irish agri sector.

	Reported			Constant currency
€m	**2014**	2013	Change	change
Revenue	**616.7**	652.2	-5.4%	-5.4%
EBITA	**19.0**	15.1	+25.8%	+25.8%
EBITA margin	**3.1%**	2.3%	+80bps	+80bps

2014 PERFORMANCE

Dairy Ireland delivered an improved performance in 2014 driven primarily by Consumer Products. Revenues declined 5.4% reflecting a 2.2% decline in volumes and a 3.2% impact from lower pricing. An 80 basis points increase in EBITA margins more than offset the decline in revenues and EBITA increased 25.8% as a result.

Consumer Products

Consumer Products delivered a positive performance in the period. While revenues were ahead of the prior year, performance was driven primarily by higher margins. The key component of the increase in margins was the impact of the efficiency initiatives undertaken in recent years, the impact of which will continue into 2015. While global dairy prices have been in decline since mid-2014, the average milk cost for 2014 was broadly unchanged versus the prior year. The market environment remains challenging both from a retailer and consumer perspective. In this context, we remain focused on the optimisation of our brand portfolio in domestic and international markets as well as operating efficiencies.

Agribusiness

Agribusiness' performance in the period was satisfactory in an environment where overall market demand diminished materially year-on-year. Animal feed sales were impacted by the very mild weather conditions which prevailed for much of 2014 and revenues were behind the prior year as a result. Cost savings associated with the restructuring programme implemented in 2014 helped to offset the impact of lower revenues. During the year we opened our food grade oats mill in Ireland to produce a range of high end products and ingredients, including gluten free oats, for international markets.

2015 OUTLOOK

The outlook for Dairy Ireland is broadly positive. We expect both Consumer Products and Agribusiness to see a further reduction in their cost base in 2015 from the ongoing efficiency measures being taken across the businesses.

SUSTAINABILITY

Consumer Products

Consumer Products continues to maintain a successful ISO 14001 Environmental Management System. This is a multi-site independently audited accreditation. We are also the first dairy company in Europe to use only milk cartons which have been produced from sustainable forests independently verified by the Forest Stewardship Council. The introduction of resource surveys for raw materials, packaging formats and packaging materials leads to continuous evaluation of these materials with a view to improving their overall impact on the environment. This has led to the weight of some product packaging formats being reduced by 7%. The introduction of intelligent fuel management systems and route optimisation programmes into our supply chain has cut carbon emissions and has reduced engine running time by over 6,500 hours. We are currently recycling 65% of all waste and in conjunction with our suppliers we are developing reuse and recycle initiatives, which will enable a further 5% improvement in recycling rates.

Agribusiness

Agribusiness has a number of sustainability initiatives across its activities, with a focus on efficiency throughout its fully traceable and quality assured supply chain. This includes operating two accredited UFAS mills close to grain growing areas, operating a 'Lean' production programme and using by-products from oat milling for use in feed production. Plant replacements are also being switched to more energy efficient models to continue to reduce energy consumption. Innovative feed ingredients are being used to limit bovine methane production and improve feed efficiency. A key part of the Agribusiness overall sustainability programme is promoting the use of agricultural farming methods that have the lowest possible impact on the environment and are animal friendly.

JOINT VENTURES & ASSOCIATES

Glanbia has a strong capability and track record with regard to the successful operation of strategic joint ventures and we view the joint venture model as a potential option for future growth.

	Reported			Constant currency change
€m	**2014**	2013	Change	
Revenue[1]	**984.0**	900.5	+9.3%	+8.3%
EBITA[1]	**36.4**	39.0	-6.7%	-7.6%
EBITA margin	**3.7%**	4.3%	-60bps	-60bps

2014 PERFORMANCE

After a good performance in the first half of 2014, the Joint Ventures & Associates segment was impacted by the decline in global dairy market prices in the second half of the year. Revenues increased 8.3% driven by a 2.4% increase in volumes, 5.0% impact from higher pricing, primarily at Southwest Cheese, and 0.9% impact from a small acquisition in GII. Despite the increase in revenues, EBITA declined 7.6% reflecting a 60 basis points reduction in margins.

Glanbia Ingredients Ireland (GII)
GII delivered a satisfactory performance in 2014, whilst facing a difficult market backdrop. Revenues were slightly ahead of the prior year as higher volumes and the impact of a small acquisition in 2014 offset a decline in pricing. Milk input costs were reduced during the year in response to market conditions, however the pace and magnitude of the decline in dairy commodity prices led to a decline in margins.

The investment of €150 million in the milk processing plant at Belview, Co. Kilkenny, Ireland was completed on time and on budget. The official opening will take place in March 2015 prior to the removal of EU milk quotas in April 2015. Reflecting confidence in the future of the Irish dairy sector, GII recently announced an additional €35 million capital expenditure investment to further upgrade the Belview site to produce value added ingredients for the infant formula sector.

Southwest Cheese (SWC)
Revenues for SWC in 2014 were strong as a result of higher year-on-year cheese market prices in the USA, an excellent operating performance and record volumes of cheese produced. There was an overall decline in year-on-year margins caused primarily by an unfavourable timing effect associated with the sharp decline in cheese market prices in the last two months of the year.

Glanbia Cheese
Glanbia Cheese delivered a positive performance in the year underpinned by growing demand trends across the European mozzarella market. Revenues increased moderately as volume growth more than offset the decline in prices. While mozzarella prices were lower on average in the year, milk input prices adjusted accordingly and margins increased versus the prior year.

Nutricima
Nutricima delivered an improved performance in the period reflecting a combination of revenue growth and improved margins. The increase in revenues was driven by price and volume growth. However, the market and political conditions in Nigeria remain very challenging.

2015 OUTLOOK

Joint Ventures & Associates are expected to deliver a performance broadly in line with 2014 as dairy market conditions stabilise.

GII SUSTAINABILITY

GII exports to over 50 countries worldwide and a key element of our strategy for engaging with global customers is to become the industry reference point for best practice in dairy sustainability. Highlights of GII's sustainability initiatives include:

- Being a founding member of Origin Green, which is the sustainability development programme by Bord Bia (the Irish Food Board), a nationwide programme aimed at establishing Ireland as a world leader in sustainable food and beverage production;
- The launch of the Open Source® Sustainability Programme, which provides a blueprint for high quality, sustainable milk production, and making the most of what gives Ireland a competitive advantage in sustainable dairy farming and processing;
- Being the first dairy processing company to be awarded the Carbon Trust triple certification in recognition of best practice and real achievements in reduction in carbon emissions, water and waste;
- Becoming members of the Roundtable for Sustainable Palm Oil, the Sustainable Agriculture Initiative and the Dairy Sustainability Framework; and
- Being awarded first prize, along with our customer Diageo, in the B2B category at the Ethical Corporations' Responsible Business awards.

1. Glanbia's share of results of Joint Ventures & Associates

A NEW PERSPECTIVE ON OUR TALENT STRATEGY

From left:
Ben Smith, Commercial Manager, Ecommerce GPN Europe, Middle East and Africa; Michael Patten, Group Human Resources & Corporate Affairs Director; Niamh O'Sullivan, Digital Media Associate.

"We are focused on building a highly engaged employee population, growing our leadership and talent base, and through our people, unlocking enhanced performance. We want to ensure that Glanbia is a great company to work for."

Michael Patten
Group Human Resources & Corporate Affairs Director

We have fundamentally reshaped our organisation in recent years and as a result we are focusing our resources and capital allocation on two global growth platforms, bringing further momentum to our ambitions. This is driving a new perspective on our talent strategy and employee engagement.

Our goal is to create a shared, cohesive Group-wide culture with a high performing workforce of engaged employees. Our opportunity is to build stronger connections across the Group worldwide, growing our talent, finding better ways of working, driving more collaboration and successfully executing our growth strategy, in a very dynamic operating environment.

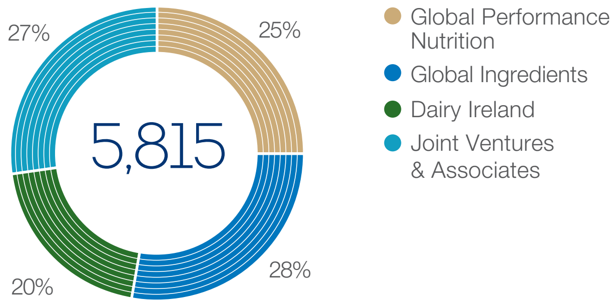
This goal has shaped key initiatives undertaken in 2014, particularly in the area of employee engagement, and has informed our 2015 people priorities. In addition, our Group Human Resources (HR) leadership team, which is drawn from all business units, has commenced a global HR strategy process to ensure that the HR function is fit for purpose to achieve this goal.

See page 48 for our 2015 people priorities

2015 HUMAN RESOURCES PRIORITIES

- A full review of the HR operating model to ensure the function is meeting our strategic talent goals, is effective and fit for purpose;
- A review of the HR information systems to ensure that the technologies and processes necessary to support our people agenda are best practice;
- Full HR engagement with the reassessment of the Group's 'Purpose, Vision and Values'; and
- A full organisation and people review to inform the leadership development and talent acquisition strategies for 2016.

TOTAL GROUP EMPLOYEES



GLOBAL HR AGENDA

To date, Glanbia has operated an effective and successful HR programme delivering talent recruitment, development planning, performance management and succession as well as critical measurement and leadership tracking of key HR metrics. In late 2014, the Glanbia global HR team commenced an initiative called 'understanding our current and future priorities in 2015 and beyond'. This is with a view to developing the global HR agenda as an enabler of the Group's strategy as well as understanding and prioritising the key people themes that will have the highest business and HR impact for Glanbia.

The critical areas for review include engagement, talent management, HR operational excellence and the use and application of technology in the global HR operating model. The scope of the project is also addressing external and internal drivers of HR, regional and industry-specific factors for consideration and the HR implications of Glanbia's strategic priorities up to 2018.

GROWING GLOBAL EMPLOYEE BASE

In 2014, total Group employees, including Joint Ventures & Associates, increased by 613 people to 5,815 people based in 34 countries.

Global Performance Nutrition (GPN) employee numbers increased by 501 people in 2014. Strong business growth created employment opportunities in our new state-of-the-art manufacturing plant in Aurora, Illinois, USA. GPN also acquired Nutramino and Isopure, leading sports nutrition companies based in Denmark and the USA respectively. Both businesses are performing well and the integration process for employees is on track. Global Ingredients, which encompasses US Cheese, Ingredient Technologies and Customised Solutions, increased its workforce by 74 people.

In Dairy Ireland, Consumer Products and Agribusiness have continued to reorganise elements of their activities aimed at optimising future growth prospects in the context of the challenging business environment.

BUILDING OUR ORGANISATIONAL CAPABILITIES

As the Group continues to grow, the depth, quality and readiness of our talent is a key factor for future success. Glanbia has a proud tradition of growing its talent and most of the senior leadership have spent a large part of their careers within the Group. Throughout the year, we continued to build our organisational capabilities through a number of core activities.

Enhanced recruitment processes

We harnessed the growing power of social media to raise our profile with the millennial generation and attract young talent to the business. We focused considerable attention in 2014 on emerging talent recruitment to secure and develop the long-term potential of top talent for the business.

Glanbia graduate programme

During the year 47 graduates joined Glanbia through the graduate programme, with opportunities to develop their careers in the areas of finance, business management, engineering, IT, sales, marketing and supply chain. Many are given the opportunity of global work placements and assignments. We also continued to invest in role specific training and development for graduates, including professional qualifications, project management certification and leadership skills. We maintain a commitment to continuous on-the-job coaching and mentoring for all graduates, maximising the benefits of this programme. In 2014, 85% of graduates from the prior programme in 2012 achieved fulltime roles with the Group. We expect a further 65 graduates to join in 2015, all taking up the challenge of our new 'Pure Ambition' graduate programme.

Find out more online at glanbia.com/careers/graduate-programme/

Employee training and education
Glanbia offers ongoing training and education opportunities for employees. GPN partnered with Alchemy to provide employees with web-based training. Alchemy has over 70 courses focusing on the food industry and also creates customised courses that are GPN-specific. Global Ingredients (GI) also offers a number of training courses including a management training course, a future leader programme specifically designed for plant employees and a leadership development programme designed for team leaders. Over 950 GI employees attended a range of leadership and personal development courses in 2014, all aimed at enhancing personal, team and leadership effectiveness and inspiring innovative thinking and work practices. In Dairy Ireland, Agribusiness run an internal leadership development programme called 'Accelerate'. 25 newly appointed leaders participated in the programme in 2014. Consumer Products also continues to invest in training and up-skilling. A range of courses are provided for senior managers ranging from behavioural and leadership development to finance and resilience training, plus some function-specific bespoke courses.

Management development
The Glanbia management development programme is held annually for high potential managers in the Group. The Group also hosts an annual global management conference for the top 100 senior leaders from around the world. In 2014 the focus of the conference was on the Group's growth strategy and the key actions essential to deliver the identified opportunities, in addition to the 'Our Glanbia' employee engagement programme.

Performance management
Performance and reward management processes are key tools to support continued high performance. Glanbia has strong, proven systems in place. We will continue to enhance these systems and processes to deliver the best possible engagement between managers and their teams around performance and development and to ensure that reward is optimally aligned with performance outcomes.

HEALTH & SAFETY AND EMPLOYEE WELLBEING
We aim to provide our employees with a safe and healthy environment in which to work. All Glanbia business units maintained an excellent Health & Safety (H&S) performance during the year and highlights for 2014 were:

- GII's Ballyragget plant received OHSAS 18001 certification, which sets out the requirements for occupational health and safety management best practice. In the second half of the year, GII launched the 'Zero Harm' on farm initiative to complement the 'Zero Harm' programme in its facilities;
- GPN continued with the implementation of several new H&S programmes to ensure a safe and healthy workplace for employees, contractors and visitors at all GPN sites. GPN's safety performance in 2014 achieved a 15% decrease in recordable injuries/illnesses. GPN sites have also made significant strides in reducing overall risk through implementation of opportunities identified in the annual Glanbia Risk Management System audit. As a result, three of the four GPN manufacturing sites achieved the highest rating possible; and
- Global Ingredients Recordable Injury Rate (RIR) continues to consistently reduce year-on-year and is now at 2.8. The Lost Time Injury rate has also fallen to the lowest level ever at 0.1 in 2014. The most significant improvement was in the Blackfoot Idaho Cheese plant, purchased in March 2013 by Glanbia. At that time, the RIR was five times above industry average. Employees embraced the Group's new behaviour based safety programme and now the RIR has fallen below the industry average and Blackfoot is quickly establishing itself as a leader in employee health and safety within the Group.

Wellbeing
Glanbia provides a range of initiatives to help maintain a healthy working life. A number of the business units operate gym and wellness programmes and many of the businesses conduct monthly wellness activities around diet, exercise and mental health. Annual health checks and health screenings are also available.

YVONNE KERRIGAN, OPERATIONS MANAGER, DAIRY IRELAND CONSUMER PRODUCTS
"Consumer Products produces some of the most popular Irish dairy and chilled foods. Our products are consumed in 92% of Irish homes, with Avonmore being Ireland's number one milk and cream brand. At the beginning of April 2014, we began processing UHT milk at our new plant in Co. Monaghan, Ireland. As operations manager, my role embraces all the activities required to create and deliver premium products to our export customers in Asia, the Middle East and Europe. My role includes site and process design, talent selection and training, and the development of systems and procedures. I also engage with our Innovation Centre in Kilkenny to proactively create new products in UHT form for our emerging markets."

LAUNCH OF 'OUR GLANBIA'

We started our journey of renewing our focus on employee engagement and development in 2014 with the launch of 'Our Glanbia', which is an integrated Group-wide programme of employee initiatives, events and communication. Its purpose is to give all employees a real understanding of the total Glanbia organisation, locally and globally. This helps our employees to gain a better understanding of how their role contributes to the successful delivery of business unit and Group strategy.

It is also contributing to wider knowledge of the Glanbia business, breaking down silos and fostering a stronger connection with employees and between employees throughout Glanbia. Whether an employee is in Suzhou or Sioux Falls, the objective is that our people get to know our strategy, our strengths, our ambition, our markets, our customers, our activities and our growth opportunities. Highlights of the year included a global employee roadshow by the Group Managing Director and senior executives; a new Group-wide website focused on building employee awareness of the total organisation; and a Group-wide 'Our Glanbia' week to sustain momentum in employee engagement.

GLOBAL EMPLOYEE SURVEY

We recognise that 'Our Glanbia' is just the first step on our Group journey to great employee engagement and that we need to fully understand how well we are performing as an employer, as leaders and as a company to work for. We also recognise the importance of culture and engagement to delivering consistent performance and creating competitive advantage.

Glanbia has over 5,800 employees in 34 countries. We operate in emerging and developed economies with significant differences in business and market landscapes. We have a diverse portfolio spanning B2C and B2B activities, from leading global brands to large scale processing facilities. Our operating model combines a high degree of local autonomy with Group co-ordination in areas such as strategy, finance, procurement, reputation and IT.

HUMAN RESOURCES VISION

"Glanbia Human Resources is committed to unlocking the full potential of our people and Glanbia through our values and leadership, relentlessly pursuing excellence and inspiring our people everywhere."

This diversity of geography and business segments drives some organisational complexity and we want to gain the fullest insight possible of our employees' views to inform our plans for talent management and employee engagement.

In February 2015, we undertook our first global employee survey, known as 'Your Voice'. This was locally administered by an independent third party provider to ensure employee confidentiality and encourage strong participation. Employees had the opportunity to take the survey online or in paper format and four languages were offered to accommodate the diversity of our global workforce. As this was our first survey it was wide-ranging in nature, covering employee engagement metrics as well as leadership, culture and values and our employee value proposition.

In the second quarter we will analyse and segment the results to identify the areas where we are strong and the opportunities for improvement. The results and action plans will roll-out across the organisation and we will report in more detail next year on the outcomes and progress in 2015. In particular, the survey gives us the capability to set the bar for employee engagement throughout Glanbia and to deploy an employee engagement best practice training module for managers.

Lao Campos, Cheese Plant Operator, Global Ingredients US Cheese

DEFINING OUR EMPLOYER BRAND REPUTATION

To complement the global employee survey, we are undertaking a wider Glanbia reputation benchmarking survey amongst key stakeholder groups such as customers, investors, suppliers, key opinion formers and media. While this is a multi-purpose exercise, in conjunction with the employee survey it will help inform our key reputation drivers as an employer and how our employer brand is aligned externally and internally.

We want to be a company that is a great place to work and to drive our talent recruitment and retention strategy through a strong, earned reputation. A specific outcome is a renewed Group 'Purpose, Vision, and Values' development project, which we expect to roll-out in 2015.

CORPORATE GIVING AND EMPLOYEE VOLUNTEERING

Glanbia has a long tradition of involvement with our local communities in areas which seek to make a tangible difference where we operate. These range from corporate sponsorship and donations to employee fundraising and volunteering.

One of Glanbia's most significant partnerships was the Group's relationship with Barretstown, which is a camp that provides respite care for seriously ill children and their families. Glanbia adopted Barretstown as its Irish charity partner in 2008. Since then €1.6 million has been raised in a three-way programme including employee fundraising, Consumer Products sponsorship and corporate donations.

Employee 'champions' and 'ambassadors' have volunteered to raise internal awareness of this relationship and help support fundraising. These volunteers led by example, organising and taking part in numerous fundraising events and encouraging colleagues to participate in fitness and fun with a social purpose.

Glanbia's sponsorship has meant that Barretstown is reaching and helping even more families' with the camp capacity increasing by 75% since 2008. The partnership concluded in 2014.

As a lasting legacy to this partnership, Glanbia donated a unique sensory garden to Barretstown. The 'sowing the seeds of magic' garden will be enjoyed by children who attend Barretstown for many years to come. We are currently reviewing our Corporate Social Responsibility partnerships.

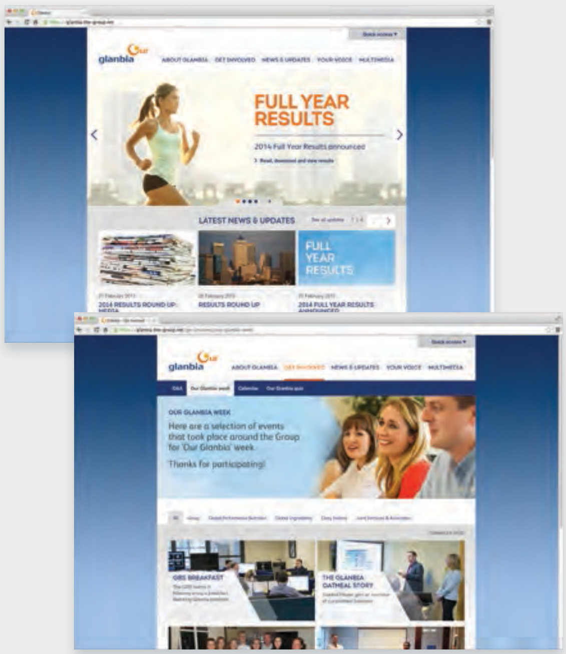
Find out more online at glanbia.com/our-responsibilities/communities

2015 PEOPLE PRIORITIES

- Deliver employee engagement survey and action planning;
- Develop and roll-out 'Purpose, Vision and Values' programme;
- Build and deploy Phase I of a Group-wide intranet, including a mobile platform;
- Enhance our internal and leadership communications programme; and
- Create and roll-out an employee engagement best practice training module for managers.

NEW GLOBAL INTRANET

A further initiative we are undertaking in 2015 is to build and deploy the first phase of a global intranet, including mobile 'on-the-go' access. This will replace the 'Our Glanbia' website, which was launched in 2014 as part of the 'Our Glanbia' programme. This website has been very well received internally and is receiving over 100,000 visits per month with Group news and employee engagement activities being the most popular. The new Group intranet will form part of the reshaping of the HR information systems infrastructure, by developing a single Group-wide platform for employee services, internal communications, sharing knowledge, facilitating collaboration and communities and improving work processes.



'Our Glanbia' website

JYOTI SHARMA, GLANBIA PERFORMANCE SYSTEM LEADER, US CHEESE, GLOBAL INGREDIENTS, IDAHO, USA

"I am a Glanbia Performance System (GPS) team leader in Glanbia's US Cheese business. We are one of the leading producers in the USA, processing 3.8 billion litres of milk per annum into 410,000 tonnes of cheese. GPS is an internally developed work system that is based on Lean Manufacturing and Total Productive Maintenance principles. This means we place a strong emphasis on empowering and involving all employees in improving productivity, safety and quality in a sustainable way. This is to ensure that all the US Cheese plants and our employees have the tools and knowledge to improve and sustain a zero loss and harm work culture, which drives out injuries and safeguards our products and high quality specifications. This creates competitive advantage for our business and empowers our employees in the work they do each day for the business and our customers. GPS creates a shared responsibility to improve the performance of our business and add more value for our customers. Over the longer term, this will position us well to address the growth opportunities that are emerging in the world of nutrition and ingredients."

DRIVING A ROBUST RISK MANAGEMENT CULTURE

"Our aim is to anticipate and address changes to the Group's business and risk environment that may impact the delivery of our strategic objectives. We do this by ensuring that a robust risk management culture exists throughout the organisation."

Paul Haran
Senior Independent Director

The Board has ultimate responsibility for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives, and for ensuring that risks are managed effectively across the Group. Risk management is a regular agenda item at Board and Audit Committee meetings and the Board considers the impact of the Group's principal risks in detail during the annual Group strategy process. This is designed to ensure that the Board understands the key risks within the business and the methods by which these risks are managed.

2014 RISK MANAGEMENT HIGHLIGHTS

Throughout 2014, the Group focused on responding to a dynamic operating environment and managing risk in several key areas.

Supplier risk

We successfully addressed the US milk procurement challenges encountered in early 2014 by Global Ingredients through a combination of measures. These included sustainable cost reductions, pricing changes and achieving greater security of supply with two year milk supply contracts now in place with the vast majority of our local suppliers. We expect our Idaho plants to operate at full capacity in 2015 and will keep our milk procurement policies under review in order to maintain supply security.

Building team engagement

In 2014 we launched the 'Our Glanbia' programme to ensure that the business retains and attracts talented and motivated employees as they are the life blood of the Group. We have already experienced enhanced employee engagement across the Group. This was driven by the global employee roadshow undertaken by the Group Managing Director and senior executives and an ongoing global and local programme of activities.

Delivery of capital investment programme

The Group continued to invest significantly behind its two growth platforms with:

- Global Performance Nutrition commissioning the first phase of a new $75 million investment in a state-of-the-art manufacturing facility in Aurora, Illinois; and
- Global Ingredients further developing the strategy of maximising the value of our ingredient pool through the $85 million high end whey and lactoferrin programme announced during 2014 at our Idaho facilities. The project is on schedule for full commissioning by the end of 2015.

These investments will strengthen our production capabilities and facilitate our goal of being a leader in the development of market insight-led and technology driven solutions and systems.

We also continue to invest in our Dairy Ireland and Joint Ventures & Associates segments, in particular:

- The completion of the greenfield Glanbia Ingredients Ireland milk processing facility;
- The development of the Agribusiness food grade oats milling facility; and
- The commissioning of Consumer Products new long-life milk and cream plant.

These developments will not only better serve existing customers but offer our Ireland based businesses extra capacity for further growth in international markets.

OUR RISK MANAGEMENT FRAMEWORK

While the Board has ultimate responsibility for the Group's systems of risk management and internal control, there are defined roles within the process for the Group Operating Executive, the Audit Committee, Internal Audit and the Group Senior Leadership Team.

The diagram below outlines the key stakeholder risk management responsibilities within our risk management framework. It is designed to ensure that there is input across all levels of the business to the management of risk; this allows us to remain responsive to the ever changing environment in which we operate.

THE BOARD

Develops the Group's vision and strategic priorities

Defines the organisational Code of Conduct and culture

Sets risk appetite and tolerance

Monitors the nature and extent of the Group's principal risk exposures versus the defined risk appetite

Top-down

Oversight, identification, assessment and mitigation of risk at Group level

Group Operating Executive

Forms organisational structure

Responsible for maintaining effective risk management policies and programmes

Monitors performance, risk exposure, mitigation and internal controls

Supports the Group Senior Leadership Team

Audit Committee

Reviews the design and implementation of the Group's risk management and internal control systems

Supports the Board in monitoring risk exposure versus risk appetite

Internal Audit

Supports the Audit Committee in reviewing the effectiveness of the Group risk management and internal control processes

Monitors actions taken by management

Reports regularly to the Audit Committee

GROUP SENIOR LEADERSHIP TEAM

Risk ownership

Identifies, measures and assigns risk management roles and responsibilities at operational level

Risk awareness

Ensures risk management processes and internal control systems are embedded within each business unit

Risk monitoring

Monitors business performance and uses risk management to support decision making

Risk reporting

Encourages open communication on risk matters and reports to the Group Operating Executive, Audit Committee and Board

Bottom-up

Oversight, identification, assessment and mitigation of risk at business unit level and across key Group functional areas

See page 61 for more information about our governance framework

OUR RISK MANAGEMENT PROCESS

Our risk management process aims to support the delivery of the Group's strategy by managing the risk of failing to achieve business objectives.

By focusing our risk management system on the early identification of key risks, it enables us to conduct a detailed consideration of the existing level of mitigation and the management actions required to either reduce or remove the risk.

Where the reduction or removal of the risk is not possible, the Group formulates a management action plan to respond to the risk should the risk materialise. Our risk management process is as follows:

Group Senior Leadership Team

On a quarterly basis, each business unit management team and functional lead are requested to perform a detailed risk review exercise and to update the Group risk register. The register ensures consistency of approach in reporting of risks and requires management to:

- Identify and classify each risk as financial, operational, strategic or regulatory;
- Assess the inherent risk impact and likelihood, and the speed at which the impact of the risk could materialise;
- Identify mitigation measures;
- Allocate an owner who has responsibility for the timely implementation of the agreed action plan; and
- Report on implementation of strategies to address residual risk exposures.

Glanbia has a continuous risk assessment process comprising five key stages.

RISK ASSESSMENT PROCESS

Consolidation and review of the Group key risk summary

Internal Audit prepares a Group summary report based on the quarterly information submitted by management. The Group Operating Executive review the report on a quarterly basis while the Audit Committee and the Board perform a bi-annual review, with an interim update from management if significant issues arise. The report includes:

- An analysis of the key Group risks in terms of impact (assessed over the following 12 months within defined monetary terms), likelihood of occurrence (assessed based on defined probabilities of occurrence) and velocity (the speed at which the impact of the risk could materialise);
- A summary of the key movements in the identified risks;
- Management action plans and owners to help manage the key residual risk exposures; and
- An overview of the broader organisational and business risks.

Management and Board review

The focus of the Board is on ensuring that the Group residual risk position is within their risk appetite. The Group Operating Executive and the Audit Committee, supported by Internal Audit, are entrusted with ensuring that appropriate measures are in place to validate the strength of internal controls and risk mitigation.

Ongoing monitoring

The quality and consistency of risk reporting is supported through a number of other monitoring and reporting processes including:

- Annual Group strategy process and Board presentations;
- Bi-annual control self-assessment and management representation letter processes;
- Monthly Chief Executive business review reports of the key financial and operational performance levels within each business unit; and
- Monthly detailed finance reviews.

Senior management are also required, when presenting a business update to the Board or Audit Committee, to provide detailed presentations on their individual business unit key risks, the mitigating controls and the residual risk exposures.

The Audit Committee continues to operate a programme of evaluating key areas of risk through a series of presentations from management and Group functional leads on matters such as food safety and quality, operational site risk management and IT.

PRINCIPAL RISKS AND UNCERTAINTIES

Key risks are identified based on the likelihood of occurrence and potential impact on the Group using the processes outlined. The Board has carefully considered the nature and extent of the significant risks it is willing to take in achieving the Group's strategic objectives and delivering a satisfactory return for shareholders.

The performance of the Group is influenced by global economic growth and consumer confidence in the markets in which it operates. In 2015 the principal risks and uncertainties affecting the Group's performance are:

- The competitive landscape for Global Performance Nutrition, recognising the impact of a stronger dollar on the purchasing power of consumers in certain international markets;
- The overall impact on margins of movements in dairy pricing, particularly in whey markets; and
- The potential impact of geopolitical unrest and macro-economic uncertainty on our international growth strategy.

The Group's approach to financial risks, including currency risk, interest rate risk, liquidity risk, price risk and credit risk is to centrally manage these risks against comprehensive policy guidelines, details of which are outlined in note 3.1 'Financial risk factors' on pages 137 and 138 of this report. The Board regularly reviews these policies.

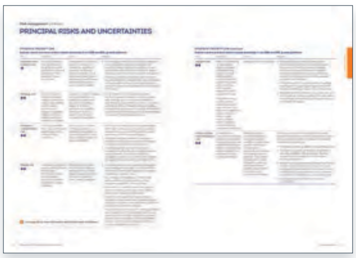
RISK PROFILE

The Group's principal risks are summarised in the risk profile table below according to the strategic objective to which they relate, together with an overview of the risk trend during 2014. There may be other risks and uncertainties that are not yet considered material or not yet known to us and this list will change if these risks assume greater importance in the future.

Likewise some of the current risks will drop off the key risks schedule as mitigating management action plans are implemented or changes in the operating environment occur. The nature of each principal risk is described in detail on pages 54 to 57.

GROUP STRATEGIC PRIORITIES Risk trend	PRIORITY ONE Sustain current and drive further market leadership in our B2B and B2C growth platforms	PRIORITY TWO Acquire or partner with complementary businesses to grow our current portfolio	PRIORITY THREE Deliver our strategic capital investment programme	PRIORITY FOUR Develop talent, culture and values in line with our growing global scale
Increasing	• Economic and industry risk			
Stable	• Strategy risk • Customer concentration risk • Market risk • Supplier risk • Product safety and compliance risk	• Acquisition risk	• Investment risk • Site compliance risk and environment, H&S regulation risk	• Talent management risk
Decreasing		• Liquidity risk	• Infrastructure capacity risk	

See pages 28 and 29 for more information about our strategic priorities



See pages 54 to 57 for more information about our principal risks and uncertainties

PRINCIPAL RISKS AND UNCERTAINTIES

STRATEGIC PRIORITY ONE:

Sustain current and drive further market leadership in our B2B and B2C growth platforms

Risk	Description	Impact	Mitigation
Economic and industry risk ↑	Our performance is strongly influenced by global economic growth and consumer confidence in the markets in which we operate.	Deterioration in economic growth or consumer confidence, significant currency movements, political instability or civil disturbances may impact business unit performance and the achievement of organic growth targets.	• Our strategy is aimed at the continued extension of our geographic spread, focusing on key customer relationships and investment in new product development which will help to shelter the Group from short-term economic fluctuations. • The Group Operating Executive and the Board regularly assess key market trends and implications for Group performance and strategy objectives. Corrective actions are identified and implemented as required.
Strategy risk ↔	We may adopt an incorrect business strategy in relation to market opportunities or fail to obtain accurate and relevant competitive intelligence before entering particular international markets.	Sudden or extreme changes in local conditions or in regulatory requirements may result in negative impact to financial performance, possible restrictions on future growth opportunities or potential impairments.	• As an established international business, the Group already operates in many countries with differing, and in some cases potentially fast-changing, competitive, economic, social and political conditions. Detailed market knowledge is assembled using a team of internal and external experts and potential risk exposures are assessed in advance of establishing operations.
Customer concentration risk ↔	The Group benefits from close commercial relationships with a number of key customers.	The loss of one or more of these customers, or a significant deterioration in commercial terms, could have a material impact on Group profitability.	• The Group has developed strong relationships with major customers by focusing on superior customer service, product innovation, quality assurance and cost competitiveness. • The Board regularly reviews its exposure to individual customers and considers the impact of potential acquisitions where relevant. • Credit exposure is actively reviewed and managed including the use of credit insurance where possible. The Group's credit risk management policy and controls were reviewed and approved by the Audit Committee in 2014.
Market risk ↔	Increasing competition across certain channels through high promotional activity and competitor product innovations provides an ongoing challenge.	Potential adverse effect on the Group's financial performance if we fail to adapt successfully where and when required to meet market challenges.	• Continued channel and international expansion by leveraging the strength of our brands limits the impact of prolonged aggressive competitor challenges in specific areas. • Our strategy of embedding in-market sales teams allows us the opportunity to drive increased penetration of our products. • We protect our market positions through the active monitoring of the major macro trends which could impact our businesses. • Research and development expenditure is focused on value-added and customer-specific solutions in sectors where Glanbia has significant technical and market knowledge. • A new role of Chief Science & Technology Officer was created in 2014 to strengthen the focus on developing our innovation pipeline and quality systems, which will allow us to further deepen our key customer relationships and enhance our market leadership position.

See page 24 for more information about what makes us different

STRATEGIC PRIORITY ONE continued:

Sustain current and drive further market leadership in our B2B and B2C growth platforms

Risk	Description	Impact	Mitigation
Supplier risk ⟷	Risk of not achieving an appropriate balance between sustainable milk supply and cost. Milk availability can fluctuate from quarter-to-quarter and year-to-year with resulting impacts on plant production levels. The relative whey pricing dynamic between base and high end whey can also have a significant impact when our ability to pass pricing volatility back to suppliers is constrained by competitive pressures.	Adverse impact on earnings.	• Market pricing is continually evolving and the market environment can change quickly. As a result, our milk procurement strategy teams are working to ensure the business remains competitive in its supplier offerings, which is in the interests of our milk suppliers, customers and Glanbia. • The vast majority of our existing Idaho suppliers have signed two year supply agreements with Glanbia including our revised milk price formula. • Management will continue to ensure that the focus is not solely on pricing but also on the non-pricing value added initiatives that can be used to ensure continued milk supply.
Product safety and compliance risk ⟷	A breakdown in control processes may result in contamination of products and/or raw materials resulting in a breach of existing food safety legislation and potential customer or employee illness.	Potential impacts include reputational damage, regulatory penalties or restrictions, product recall costs, compensation payments, lost revenues and reduced growth potential. The sudden introduction of more stringent regulations such as additional labelling requirements may also cause operational difficulties.	The Group conforms to food safety and quality regulations and aims to employ best practice across all its production facilities to maintain the highest standards by focusing on: • Employing suitably qualified and experienced staff; • Operating a supplier certification programme whereby suppliers, their processes, facilities and products are audited for conformance to Group standards; • Monitoring overall food safety through the Glanbia Quality System (GQS), which is used to assist management responsible for food safety. Results of GQS testing are presented to and considered by the Audit Committee on a regular basis; and • Ensuring that product liability insurance is maintained.

STRATEGIC PRIORITY TWO:
Acquire or partner with complementary businesses to grow our current portfolio

Risk	Description	Impact	Mitigation
Acquisition risk ↔	The anticipated benefits of such investments may not be achieved if the Group is unable to identify suitable targets, conduct full and proper due diligence, raise the required funds, complete the transaction or properly integrate the operations of the acquired businesses.	Below expected performance of the acquired business and the diversion of management attention to integration efforts could result in significant value destruction, impacting the Group's profitability and growth objectives.	• The Group has acquisition integration and partnership processes in place to monitor the integration and performance of acquired businesses and to implement corrective actions as required. • Board approval of the business case and funding requirements for all acquisitions and significant partnership arrangements is obtained. • Acquired entity management teams are typically strengthened by the transfer of experienced Glanbia managers, which assists in increasing the efficiency of integration efforts.
Liquidity risk ↓	The ongoing monitoring and management of Group debt facilities is key to underpinning the liquidity requirements of the Group.	Lack of liquidity to sustain and grow the Group which in an extreme circumstance may impact on the Group's ability to continue as a going concern.	• The Group has strong ongoing relationships with debt providers. New financing arrangements are typically negotiated at least 12 months prior to expiration. • During 2014 we refinanced and increased our committed bank facilities. • Group Treasury is responsible for ensuring tight management of debt and interest rate exposures, with significant headroom maintained against current covenants. • The Board routinely reviews and approves Group financing options.

See page 37 for more information about Group financing

STRATEGIC PRIORITY THREE:
Deliver our strategic capital investment programme

Risk	Description	Impact	Mitigation
Investment risk ↔	The risk of the Board making a sub-optimal capital allocation decision.	Lost opportunities to maximise shareholder value.	• The Group manages capital by operating within defined return on capital employed metrics and debt ratios. • All significant investment and divestment decisions are considered and approved by the Board in a portfolio context to ensure that Group resources are directed to business segments and projects which will maximise overall Group performance.
Infrastructure capacity risk ↓	Failure to deliver on planned facilities expansion.	Inability to service new and existing customer requirements and potential operational efficiency impacts.	• All key development projects are well planned in advance of execution by dedicated and experienced teams with regular Group reporting requirements to ensure projects are delivered on time and on budget. • All business units have business continuity plans in place in the event of unexpected issues arising. Our key sites undergo regular simulation testing to ensure the operating effectiveness of our business continuity plans.

STRATEGIC PRIORITY THREE continued:

Deliver our strategic capital investment programme

Risk	Description	Impact	Mitigation
Site compliance risk and environment, H&S regulation risk ⟷	The risk of non-compliance with regulations pertaining to building and fire codes and/or zoning restrictions resulting in a loss of capacity at a major site or a breach of environment or H&S regulations.	Potential impacts include H&S risks, reputational damage, regulatory penalties and an inability to service customer requirements.	The Group limits the risk of a major event impacting capital investment programmes, existing operations or the environment by: • Monitoring overall safety and loss prevention performance through the Glanbia Risk Management System (GRMS). This system assists operational management responsible for site risk. An independent third party conducts the GRMS reviews, the results of which are presented to and considered by the Audit Committee on an annual basis; • Continual investment in energy efficiency advancements, carbon reduction and emission management programmes to ensure compliance with environmental regulations; • Ensuring all business operations have business continuity plans in place including identification of alternative production locations where relevant; and • Maintaining a comprehensive insurance programme for all significant insurable risks and major catastrophes.

STRATEGIC PRIORITY FOUR:

Develop talent, culture and values in line with our growing global scale

Risk	Description	Impact	Mitigation
Talent management risk ⟷	The Group is dependent upon the quality, ability and commitment of key personnel in order to sustain, develop and grow the business in line with our key objectives.	Growth targets may be at risk by failing to attract, retain and manage key personnel.	• The Group has put in place strong recruitment processes, effective HR policies and procedures, long-term incentives, robust succession management planning and a range of talent management initiatives including the Group Management Development Programme. • The completion of the Remuneration Committee's three year remuneration policy review which is designed to assist the Group in meeting our strategic ambitions by attracting, retaining and motivating talent. • The 'Our Glanbia' programme was launched in 2014 to drive enhanced employee engagement, together with a programme of global and local activities. • Our graduate recruitment programme is focused on recruiting talented, motivated, young professionals capable of developing into future business leaders.

See page 44 for more information about our people

See page 80 for more information about remuneration

Chairman's introduction to governance

FOCUSED ON MAINTAINING GOOD GOVERNANCE

"The Board provides constructive challenge to the Group Operating Executive to create accountability for results and drive performance. Shareholder value is generated through the decisions that are taken and the strategy we pursue."

Liam Herlihy
Group Chairman

DEAR SHAREHOLDERS,

Maintaining and promoting high standards of corporate governance is central to my role as Group Chairman. I firmly believe that good corporate governance is essential to support the delivery of our strategic priorities. It is also a vital element of an effective board, whose primary role is to promote the long-term success of the Group. This protects the interests of shareholders and wider stakeholders in the Group, such as our employees and local communities.

Your Board is committed to promoting good corporate governance and understands that a valuable and challenging board is essential to providing leadership to the Group Operating Executive. By setting goals and targets, developing strategy and establishing policies and processes, the Board enables the Group to achieve its current growth ambitions, with a view to maintaining the strong performance of recent years.

COMPLIANCE WITH THE CODES

Glanbia is subject to the UK Corporate Governance Code (2012) and the Irish Corporate Governance Annex (2010), collectively known as the Codes. I am happy to confirm that the Group has complied with the detailed provisions of the Codes throughout 2014, with the exception of the composition of the Board of Directors. The Board and I are happy that the alternative to following this provision is justified in our particular circumstances in keeping with good governance. A detailed description of how we have applied the principles of the Codes is set out in the Statement of Compliance on pages 100 to 109.

BOARD EVALUATION

The Board continually strives to improve its effectiveness and recognises that the performance evaluation process represents an annual opportunity to enhance overall board effectiveness. In 2013, we conducted an externally facilitated board evaluation. This resulted in recommendations for improving the Board's effectiveness and these were progressed during this year. In 2014, the Board agreed that an internal board performance evaluation would be the most effective, in light of the ongoing work in relation to the 2013 externally-facilitated evaluation.

The key findings of the 2014 board evaluation were:

- The Board continues to be high functioning with a collaborative and professional atmosphere.
- The most recently appointed members of the Board have added positively to the Board balance and mix of skills and have embedded well.
- An acknowledgement that it has been a busy year for both:
  - the Nomination and Governance Committee with the appointment of two new Non-Executive Directors; and
  - the Remuneration Committee with the completion of the triennial review of remuneration and preparation for consideration of the remuneration policy at the 2015 Annual General Meeting (AGM).

BOARD CHANGES

During the year, the composition of the Board continued to evolve. On 13 May 2014, Jerry Liston retired as a Non-Executive Director of the Company and Chairman of the Remuneration Committee. On the same date, Donard Gaynor assumed the role of Chairman of the Remuneration Committee. On 30 May 2014, Patrick Coveney was appointed as a Non-Executive Director. Also on 30 May 2014, Brendan Hayes was re-appointed as a Non-Executive Director on behalf of Glanbia Co-operative Society Limited (the 'Society'). On 30 September 2014, John Callaghan announced his intention to retire as a Non-Executive Director, Senior Independent Director and Chairman of the Audit Committee. He retired from the Board and these roles on 1 December 2014. On the same date, Dan O'Connor was appointed as a Non-Executive Director and assumed the role of Audit Committee Chairman. Paul Haran is the new Senior Independent Director.

RE-ELECTION OF DIRECTORS

In accordance with the UK Corporate Governance Code (2012), all of the Directors are subject to annual re-election by shareholders. Accordingly, each of the Directors will seek re-election at the AGM to be held on 12 May 2015 with the exception of myself, David Farrell and Patrick Gleeson, as we intend to retire at the conclusion of the AGM.

Additionally in 2015, Patrick Coveney, Donard Gaynor, Paul Haran and Dan O'Connor will seek re-election at the AGM by separate resolution of the independent shareholders (i.e. all of the shareholders save the Society and its subsidiary companies). All Directors have indicated that they will abstain from voting on these separate resolutions.

RELATIONSHIP AGREEMENT

On 10 November 2014, Glanbia plc and the Society entered into a Relationship Agreement in accordance with the Listing Rules applicable to premium listed companies in the UK. The Relationship Agreement reiterates the commitment of both parties to reduce the size of the Board (as agreed in 2012). The Relationship Agreement also provides that the Society and Glanbia shall do everything necessary to ensure that the independence provisions referred to in the Listing Rules are satisfied at all times during the term of the Relationship Agreement.

REMUNERATION AND REPORTING

Our approach to remuneration has served the Group and our shareholders well over many years. It has enabled us to motivate and retain high calibre and talented management, and served to align the interests of Executive Directors and senior management with those of our shareholders.

Our sustained focus on paying for performance with a high ratio of variable pay to fixed pay and the consistency with which we have applied our remuneration policy has delivered excellent business results and shareholder returns. The Executive Directors have their performance individually reviewed by the Remuneration Committee against KPIs which are set annually. The incentives payable to the Executive Directors under Glanbia's Annual Incentive Plan and its 2008 Long Term Incentive Plan are linked directly to the results of these reviews.

KEY ACTIONS AND PROGRESS IN 2014

2013 Board evaluation recommendations	Progress
Board refreshment and renewal	Excellent progress was made in 2014, including: • The appointment of two new Non-Executive Directors; • The appointment of a new Senior Independent Director; • The appointment of a new Audit Committee Chairman; • The appointment of a new Remuneration Committee Chairman; and • A review of Committee composition and resultant changes to the Audit Committee.
Reduction in the number of Society nominated Board members	The reduction in the number of Society nominated members is well signalled and is due to commence in 2016.

During 2014, the Remuneration Committee carried out a detailed review of the remuneration structures in place in Glanbia. The key findings from the review were the need for:

- Greater emphasis on Europe/USA as a market reference for remuneration given the global nature of the Group;
- Greater linkage of Executive Director remuneration to Company performance, particularly business segment metrics, where relevant;
- Increased weighting on long term incentives, with market benchmarking showing a significant shortfall, particularly when compared to the European and US markets; and
- Greater alignment with shareholders/share value growth – with significant amounts linked to shares, increased shareholding requirements and increased LTIP participation below Executive Director level (both in terms of number of participants and quantum).

RISK MANAGEMENT

Your Board continues to place particular emphasis on monitoring risk and on a structured approach to the management of risk in the Group. The Board retains ultimate responsibility for defining the level of risk appropriate to Glanbia, while the Audit Committee has been delegated responsibility for reviewing the design and implementation of the Group's management and internal control systems. The Risk Management report is contained on pages 50 to 57.

EXTERNAL AUDITORS

The regulatory regime relating to mandatory audit tendering has significantly changed in Ireland and Europe and the Audit Committee has closely monitored these developments. The Audit Committee is very satisfied with the quality of audit services provided by PricewaterhouseCoopers (PwC). As PwC have been the external Auditor of the Group since the merger of Avonmore Foods plc and Waterford Foods plc in 1997, the Audit Committee has recommended that the Group conduct an audit tender in 2015. The Audit Committee will oversee the tender of the external audit, with a view to appointing a new auditor for the 2016 audit.

ENGAGEMENT WITH SHAREHOLDERS

During the year, we have continued our work in promoting greater and more effective engagement with our shareholders. We have a dedicated Investor Relations team. Our Group Managing Director, Group Finance Director and Executive Directors have presented at over ten capital market conferences and held over 250 meetings globally in 2014 with various market participants. We have an active engagement programme, we report to the market on a quarterly basis, we publish our results on our website and we make webcasts on our results freely available. Paul Haran, our Senior Independent Director and I, have met with institutional investors and analysts and attended a Global Performance Nutrition Investor Day on 19 November 2014 in Aurora, Illinois, USA. Attendees got an in-depth understanding of Global Performance Nutrition with presentations from members of the senior management team. Donard Gaynor, the Chairman of the Remuneration Committee, also consulted with institutional shareholders on executive remuneration, particularly on the proposed remuneration policy being put to shareholders for consideration at the 2015 AGM.

FAREWELL

As announced on 28 October 2014, I will be retiring as Group Chairman at the conclusion of the AGM on 12 May 2015. The new Group Chairman will be nominated by the Society and appointed by the Board in due course. I leave in the certain knowledge that Glanbia is in great shape for the future, with a strong Board, Executive and senior management team and great people working across the organisation. Under this leadership, shareholders and other stakeholders can be confident that effective governance and good performance will continue to be a high priority.

Liam Herlihy
Group Chairman

MORE INFORMATION

Strategic report on pages 1 to 57

Board evaluation pages 58 and 59

Board of Directors and senior management pages 64 to 68

Audit Committee report on pages 69 to 74

Nomination and Governance Committee report on pages 75 to 79

Remuneration Committee report pages 80 to 99

Statement of compliance pages 100 to 109

BOARD LEADERSHIP AND EFFECTIVENESS

OUR GOVERNANCE FRAMEWORK

The role of our Board of Directors includes setting the strategic direction of the Group, providing strong leadership and challenge to the Group Operating Executive and reporting to the shareholders on its stewardship of the Group. The Board has a clear governance framework with defined responsibilities and accountabilities. These are designed to safeguard long-term shareholder value, through strategic execution and business performance delivery. Our governance framework supports integrated decision making and risk management. Our internal control and risk management arrangements are described on pages 51 and 52 of this report.

BOARD COMMITTEES

Audit Committee

Key activities: Review of Financial Statements and external Auditors' independence, internal controls, risk management systems and the effectiveness of internal audit.

Nomination and Governance Committee

Key activities: Recommendations on appointments to the Board, including Group Chairman/Vice-Chairmen, succession planning, review of the independence and time commitment of Non-Executive Directors and keeping under review corporate governance developments to ensure Group governance practices are in line with best practice.

Remuneration Committee

Key activities: Review of Executive Directors' salaries and benefits, approval of Annual Incentive targets, Long Term Incentive Plan share awards and review of Non-Executive Directors' fees.

GROUP MANAGEMENT

Group Operating Executive

This group is comprised of the Executive Directors, the Group Secretary and the Group Human Resources & Corporate Affairs Director. Key activities: Monitoring performance and making strategic recommendations to the Board. This forum is also the Group Risk Committee.

Group Management Committee

This group brings together the Group Operating Executive, Business Unit Chief Executives, the Group Corporate Development Director and the Chief Science & Technology Officer and has responsibility for the delivery of Glanbia's annual business plan and strategic priorities.

Group Senior Leadership Team

This team includes the Group Operating Executive, the Group Management Committee and senior business and functional leaders, to create alignment and drive delivery of Glanbia's business plan and strategy.

THE BOARD

The Board held nine scheduled meetings in 2014 with Board member meeting attendance as follows:

2014 Board meeting attendance

Member	Appointed	Number of full years on the Board	2014 meeting attendance
L Herlihy	11 September 1997	17	9/9
Mn Keane	24 May 2006	8	9/9
H Corbally	9 June 1999	15	9/9
S Talbot	1 July 2009	5	9/9
J Callaghan[1]	13 January 1998	16	8/8
W Carroll	26 May 2011	3	9/9
P Coveney	30 May 2014	Less than 1	4/6
J Doheny	29 May 2012	2	9/9
D Farrell	26 May 2011	3	9/9
M Garvey	12 November 2013	1	9/9
D Gaynor	12 March 2013	1	9/9
P Gleeson	24 May 2006	8	9/9
V Gorman	27 June 2013	1	9/9
P Haran	9 June 2005	9	9/9
B Hayes[2]	30 May 2014	3	6/6
J Liston[3]	10 June 2002	11	3/3
Ml Keane[4]	29 June 2010	6	9/9
H McGuire	1 June 2013	1	9/9
M Merrick	9 June 2005	9	9/9
J Murphy	29 June 2010	4	9/9
P Murphy	26 May 2011	3	9/9
D O'Connor	1 December 2014	Less than 1	1/1
B Phelan	1 January 2013	2	9/9
E Power[5]	26 May 2011	12	9/9

1. Retired 1 December 2014
2. Appointed 30 May 2014 having previously served three full years on the Board
3. Retired 13 May 2014
4. Appointed to the Board in 2010 having previously served two full years on the Board
5. Appointed to the Board in 2011 having previously served nine full years on the Board

See pages 64 to 67 for more information on Board members

DIVISION OF RESPONSIBILITIES

The Group Chairman

Liam Herlihy's responsibility as Group Chairman is the efficient and effective working of the Board. His role is to lead and manage the business of the Board, promoting the highest standards of corporate governance and ensuring accurate, timely and clear information for the Board. He facilitates active engagement and challenge by the Board to the Group Operating Executive and conducts the annual board evaluation, both internal and external as appropriate. The Group Chairman has a strong working relationship with the Group Managing Director, Siobhán Talbot, and acts as a confidential sounding board. Liam Herlihy is also Chairman of the Nomination and Governance Committee.

The Senior Independent Director

Paul Haran is the Board's Senior Independent Director and his primary role is to support the Group Chairman on all governance related matters. In addition, he specifically conducts the annual appraisal of the Group Chairman's performance, acts as an intermediary for other Directors and ensures that the views of the Non-Executive Directors are heard. He is available to shareholders should they wish to raise any matter directly.

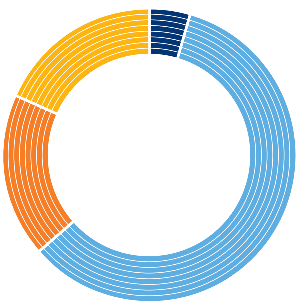
The Group Managing Director

Siobhán Talbot, Group Managing Director, is responsible for all aspects of the operation and management of the Group. She leads the corporate strategic decision making process and develops the Group strategy for Board approval. She ensures that Group policies and procedures are followed and that the business complies with relevant legislation and regulation.

The Group Secretary

Michael Horan, Group Secretary, assists the Group Chairman in promoting the highest standards of corporate governance. He supports the Group Chairman in ensuring Directors receive timely and clear information so that the Directors are properly equipped for robust debate and informed decision making. He is a central source of guidance and advice on policy, procedure, governance and ethics and acts as a sounding board for the Directors. He co-ordinates, when necessary, access to independent professional advice for Directors. He ensures compliance with all legal and regulatory requirements. In addition, he has responsibility for providing a high quality service on all shareholder related matters.

COMPOSITION OF THE BOARD



- Non-Executive Chairman nominated by Glanbia Co-operative Society Limited
- Non-Executive Directors nominated by Glanbia Co-operative Society Limited
- Non-Executive Directors
- Executive Directors

INDEPENDENCE

The Board and Nomination and Governance Committee believe that all Non-Executive Directors demonstrate the essential characteristics of independence and bring independent challenge and deliberations to the Board; however while the Company continues to regard the Directors appointed by Glanbia Co-operative Society Limited (the 'Society') (the 'Society Nominee Directors') as meeting the criteria for independence specified in the UK Corporate Governance Code (2012), the Society Nominee Directors are not being designated as independent Directors for the purpose only of Listing Rule 9.2.2A of the United Kingdom Listing Authority (UKLA). This is to ensure consistency with the agreement reached at the Extraordinary General Meeting (EGM) held on 20 November 2012 with regard to the composition and size of the Board and allow for the planned reduction of the Society's representation on the Board as described in the circular which was sent by the Company to shareholders on 2 November 2012 and is set out on page 79 of the Annual Report and is available to view at www.glanbia.com (*Society representation on the Board*).

In compliance with Listing Rule 9.2.2A of the UKLA, the Company has entered into a written legally binding agreement with the Society, the only controlling shareholder, which is intended to ensure that the Society complies with the independence provisions set out in Listing Rule 6.1.4D of the UKLA (the 'Independence Provisions'). This Relationship Agreement also provides that the governance arrangements referred to above will apply with respect to the composition and size of the Board.

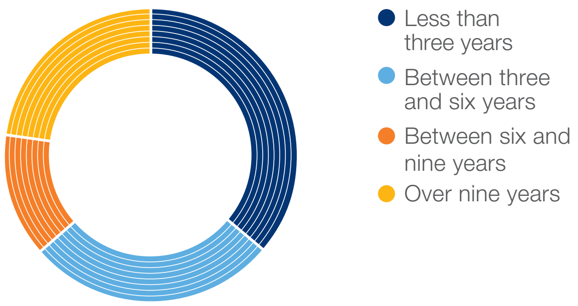
During 2014, the Company has complied with the Independence Provisions in the Relationship Agreement and, in so far as the Company is aware, the Society has also complied with the Independence Provisions. The Company is proposing a resolution as its forthcoming AGM to amend its Articles of Association to allow the election and re-election of independent Directors for the purpose of Listing Rule 9.2.2A of the UKLA to be conducted in accordance with the new election provisions for such Directors in the UKLA Listing Rules.

KEY MATTERS RESERVED FOR THE BOARD

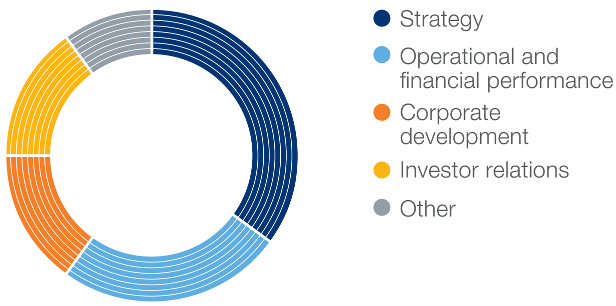
The following are the key matters reserved for the Board:

- Group strategy and business plans, including responsibility for the overall leadership of the Group;
- Approval of the Group's strategic plan, oversight of the Group's operations and review of performance in the light of the Group's strategy, objectives, business plans and budgets, and ensuring that any necessary corrective action is taken;
- Acquisitions, disposals and other transactions outside delegated limits;
- Financial reporting and controls, including approval of the half year results, interim management statements and full year results, approval of the Annual Report and Financial Statements, approval of any significant changes in accounting policies or practices, and ensuring maintenance of appropriate internal control and risk management systems;
- Capital expenditure, including the annual approval of the capital expenditure budgets and any material changes to them in line with the Group-wide policy on capital expenditure;
- Dividend policy, including the annual review of the dividend policy and declaration of the interim dividend and recommendation of the final dividend;
- Appointment of Directors;
- Shareholder documentation, including approval of resolutions and corresponding documentation to be put to shareholders and approval of all press releases concerning matters decided by the Board; and
- Key business policies, including approval of the remuneration and treasury policies.

DIRECTORS' TENURE ON BOARD



ALLOCATION OF BOARD TIME



Board of Directors and senior management

GROUP CHAIRMAN AND VICE-CHAIRMEN

From left:

Liam Herlihy Group Chairman

Liam Herlihy (aged 63), Group Chairman, was appointed to the Board on 11 September 1997 and has served 17 full years on the Board. He was nominated for appointment by Glanbia Co-operative Society Limited. Liam farms at Headborough, Knockanore, Tallow, Co. Waterford and has completed the Institute of Directors Development Programme (2006) and holds a certificate of merit in Corporate Governance from University College Dublin. He is a former Director of both The Irish Dairy Board Co-operative Limited and Irish Co-operative Organisation Society Limited.

Chair: Nomination and Governance Committee
Member: Audit Committee / Remuneration Committee

Martin Keane Vice-Chairman

Martin Keane (aged 59), Vice-Chairman, was appointed to the Board on 24 May 2006 and has served eight full years on the Board. He was nominated for appointment by Glanbia Co-operative Society Limited. Martin farms at Errill, Portlaoise, Co. Laois and has completed the ICOS Co-operative Leadership Programme. Martin is President of Irish Co-operative Organisation Society Limited and a Director of The Irish Dairy Board Co-operative Limited.

Member: Audit Committee / Remuneration Committee

Henry Corbally Vice-Chairman

Henry Corbally (aged 60), Vice-Chairman, was appointed to the Board on 9 June 1999 and has served 15 full years on the Board. He was nominated for appointment by Glanbia Co-operative Society Limited. Henry farms at Kilmainhamwood, Kells, Co. Meath and holds a certificate of merit in Corporate Governance from University College Cork. He is a former Vice-Chairman of the National Dairy Council.

Member: Audit Committee / Remuneration Committee

BOARD COMPOSITION

The Glanbia Board is comprised of 22 members. 14 members are Non-Executive Directors nominated by Glanbia Co-operative Society Limited, including the Chairman and two Vice-Chairmen. There are four other Non-Executive Directors and four Executive Directors.

NON-EXECUTIVE DIRECTORS

From left:

Dan O'Connor Non-Executive Director

Dan O'Connor (aged 55) was appointed to the Board on 1 December 2014 and has served less than one full year on the Board. Dan is a Non-Executive Director of CRH plc and is also its Senior Independent Director. Dan is also a Director of International Personal Finance plc. He is a former President and Chief Executive Officer of GE Consumer Finance Europe and a former Senior Vice-President of GE. He was Executive Chairman of Allied Irish Banks plc from November 2009 until October 2010. A fellow of the Institute of Chartered Accountants in Ireland, Dan graduated from University College Dublin with a Bachelor of Commerce and Diploma in Professional Accounting.

Chair: Audit Committee **Member:** Nomination and Governance Committee / Remuneration Committee

Patrick Coveney Non-Executive Director

Patrick Coveney, (aged 44) was appointed to the Board on 30 May 2014 and has served less than one full year on the Board. He is Chief Executive Officer (CEO) of Greencore Group plc, the leading convenience foods manufacturer. Prior to becoming CEO of Greencore, Patrick served as the Group's Chief Financial Officer for over two years. Before he joined Greencore, Patrick was Managing Partner of McKinsey & Company in Ireland. He holds an M. Phil and D. Phil from New College Oxford University, where he was a Rhodes Scholar. He also holds a Bachelor of Commerce degree (First Class) from University College Cork, where he was overall graduate of the year in 1992. Patrick served as President of the Dublin Chamber of Commerce in 2012, having been a Council member since 2003. He currently sits on the Commercial Board of Munster Rugby.

Member: Audit Committee

Donard Gaynor Non-Executive Director

Donard Gaynor (aged 58) was appointed to the Board on 12 March 2013 and has served one full year on the Board. Donard retired in March 2012 as Senior Vice President of Strategy and Corporate Development of Beam, Inc., the premium spirits company previously listed on the New York Stock Exchange, based in Chicago, Illinois. A Fellow of the Institute of Chartered Accountants in Ireland, he joined Beam in 2003 as Senior Vice President and Managing Director – International. Prior to this he served in a variety of senior executive leadership roles with The Seagram Spirits & Wine Group in New York and was also Audit Client Services Partner with the New York office of PricewaterhouseCoopers.

Chair: Remuneration Committee **Member:** Nomination and Governance Committee / Audit Committee

Paul Haran Senior Independent Director

Paul Haran (aged 57) was appointed to the Board on 9 June 2005 and has served nine full years on the Board. He is a Director of a number of companies including the Mater Private Hospital and Insurance Ireland. He also chairs Edward Dillon & Co. He is a former Director of Bank of Ireland, the Road Safety Authority, the Institute of Public Administration and the Qualifications Authority of Ireland. He retired at the end of 2004 as Secretary General of the Department of Enterprise, Trade and Employment after a public sector career of almost 30 years. Paul was appointed to the Ministerial Advisory Council for Public Sector Reform for Northern Ireland during 2014. He graduated from Trinity College Dublin with a B.Sc. in Computer Science and also has an M.Sc. in Public Sector Analysis and an Honorary Doctorate of Law, all from Trinity College Dublin.

Member: Audit Committee / Nomination and Governance Committee / Remuneration Committee

NON-EXECUTIVE DIRECTORS

Directors nominated by Glanbia Co-operative Society Limited

Avonmore Foods plc and Waterford Foods plc merged in 1997 to form Glanbia plc. At the same time, their respective major shareholders also merged to form Glanbia Co-operative Society Limited (the 'Society'). The Society still retains a major shareholding in Glanbia plc and nominates from its Board of Directors, which is elected on a three year basis, up to 14 Non-Executive Directors for appointment to the Board of Glanbia plc.

This number will reduce to eight Non-Executive Directors in 2018, more details of which are set out in the Nomination and Governance Committee report. All of the Directors nominated for appointment by the Society are full-time farmers who have significant experience of the dairy and agricultural industry.

1 **William Carroll**
William Carroll (aged 49) was appointed to the Board on 26 May 2011 and has served three full years on the Board.

2 **Jer Doheny**
Jer Doheny (aged 60) was appointed to the Board on 29 May 2012 and has served two full years on the Board. Jer has completed the University College Cork Diploma in Corporate Direction.

3 **David Farrell**
David Farrell (aged 65) was appointed to the Board on 26 May 2011 and has served three full years on the Board.

4 **Patrick Gleeson**
Patrick Gleeson (aged 53) was appointed to the Board on 24 May 2006 and has served eight full years on the Board. He was a member of the Audit Committee between July 2011 and February 2015. He has completed the University College Dublin Diploma in Corporate Governance.

5 **Vincent Gorman**
Vincent Gorman (aged 58) was appointed to the Board on 27 June 2013 and has served one full year on the Board.

6 **Brendan Hayes**
Brendan Hayes (aged 54) was re-appointed to the Board on 30 May 2014 and has served less than one full year on the Board in the current term. He previously served three full years on the Board. He has completed the University College Cork Diploma in Corporate Direction.

7 **Michael Keane**
Michael Keane (aged 62) was re-appointed to the Board on 29 June 2010 and has served four full years on the Board in the current term. He previously served two full years on the Board.

8 **Matthew Merrick**
Matthew Merrick (aged 63) was appointed to the Board on 9 June 2005 and has served nine full years on the Board. He was a member of the Audit Committee between July 2011 and February 2015. He has completed the University College Dublin Diploma in Corporate Governance.

9 **John Murphy**
John Murphy (aged 52) was appointed to the Board on 29 June 2010 and has served four full years on the Board. He also sits on the National Dairy Council Board. He has completed the University College Cork Diploma in Corporate Direction.

10 **Patrick Murphy**
Patrick Murphy (aged 56) was appointed to the Board on 26 May 2011 and has served three full years on the Board.

11 **Eamon Power**
Eamon Power (aged 60) was re-appointed to the Board on 26 May 2011 and has served three full years on the Board in the current term. He previously served nine full years on the Board. He has completed the University College Cork Diploma in Corporate Direction.

GROUP OPERATING EXECUTIVE

From left:

Hugh McGuire CEO Global Performance Nutrition

Hugh McGuire (aged 44) was appointed to the Board on 1 June 2013 as an Executive Director with responsibility for Global Performance Nutrition. Hugh joined the Group in 2003 and has been Chief Executive Officer (CEO) of Global Performance Nutrition since 2008. Prior to that he held a number of senior management roles in the Group. He previously worked for McKinsey & Company as a consultant across a range of industry sectors. Prior to this he worked in the consumer products industry with Nestlé and Leaf. Hugh graduated from University College Dublin with an M.Sc. in Food Science. He has a Diploma in Finance from the Association of Chartered Certified Accountants.

Brian Phelan CEO Global Ingredients

Brian Phelan (aged 48) was appointed as Chief Executive Officer Global Ingredients on 1 June 2013. He was appointed to the Board on 1 January 2013 as Group Development and Global Cheese Director. Brian was previously Group Human Resources & Operations Development Director. He is the Chairman of Southwest Cheese Company, LLC. Since joining the Group in 1993 he has held a number of senior management positions. Prior to this he worked with KPMG. He graduated from University College Cork with a Bachelor of Commerce and is a fellow of the Institute of Chartered Accountants in Ireland.

Mark Garvey Group Finance Director

Mark Garvey (aged 50) was appointed as Group Finance Director on 12 November 2013. Prior to joining Glanbia he held the position of Executive Vice President & Chief Financial Officer until 2012 with Sara Lee Corporation, a leading global food and beverage company. Mark also held a number of senior finance roles in the Sara Lee Corporation in the USA and Europe and prior to that he worked with Arthur Andersen in Ireland and the USA. A fellow of the Institute of Chartered Accountants in Ireland and the American Institute of Certified Public Accountants, Mark graduated from University College Dublin with a Bachelor of Commerce and Diploma in Professional Accounting and has an Executive MBA from Northwestern University, Illinois.

Siobhán Talbot Group Managing Director

Siobhán Talbot (aged 51) was appointed as Group Managing Director on 12 November 2013, having been appointed Group Managing Director Designate on 1 June 2013. She was previously Group Finance Director and her role encompassed responsibility for Group strategic planning. She has been a member of the Group Executive Committee since 2000 and the Board since 2009 and has held a number of senior positions since she joined the Group in 1992. Prior to joining the Group, she worked with PricewaterhouseCoopers in Dublin, Ireland and Sydney, Australia. A fellow of the Institute of Chartered Accountants in Ireland, Siobhán graduated from University College Dublin with a Bachelor of Commerce and Diploma in Professional Accounting.

Michael Horan Group Secretary

Michael Horan (aged 50) was appointed as Group Secretary on 9 June 2005, having previously held the position of Group Financial Controller since June 2002. He joined the Glanbia Group in 1998 as Financial Controller of the Fresh Pork business in Ireland. Michael previously worked with Almarai Company Limited in Saudi Arabia and BDO Simpson Xavier. A fellow of the Institute of Chartered Accountants in Ireland, Michael graduated from the National University of Ireland, Galway with a Bachelor of Commerce.

Michael Patten Group Human Resources & Corporate Affairs Director

Michael Patten (aged 52), is Group Human Resources and Corporate Affairs Director and has responsibility for Group human resources, strategic leadership of the Group's global reputation, public affairs and sustainability agenda. Prior to joining Glanbia, Michael was Global Public Affairs Director with Diageo plc. He previously served with Glanbia plc as Director of Communications. Michael holds a BA in Communication Studies from Dublin City University and is an Honorary Life Fellow of the Public Relations Institute of Ireland.

GROUP MANAGEMENT COMMITTEE

Back Row (left to right)

Patrick O'Riordan Chief Science & Technology Officer

Patrick O'Riordan (B.Sc., Ph.D.) (aged 40), is Chief Science & Technology Officer responsible for co-ordinating the commercial innovation agenda of the Group. Prior to joining Glanbia, Patrick was Innovation & Insights Director for Lion Dairy & Drinks Pty Ltd in Australia. He previously worked with Anheuser-Busch Inbev (ABI) where he was ultimately Head of Global Innovation based in New York. Patrick also worked with the CSIRO, Australia's national science and technology research agency.

Paul Vernon CEO Glanbia Cheese Limited

Paul Vernon (aged 54) was appointed to the Group Management Committee in December 2013 and is Chief Executive of the Glanbia Cheese Joint Venture since its inception in 2000. Prior to joining the Group in 1995 he worked for a dairy co-operative based in Northern Ireland and began his career with HP Foods, a leading FMCG company based in Great Britain.

Jim Bergin CEO Glanbia Ingredients Ireland Limited

Jim Bergin (B.Comm., M.Sc. Management Practice) (aged 52) is Chief Executive of Glanbia Ingredients Ireland Limited, an associate of the Group. He was appointed to this role in 2012 (having previously been CEO of Dairy Ingredients Ireland). He has worked for the Glanbia plc Group between 1984 and 2012 and has held a number of senior positions during that time.

Colin Gordon CEO Consumer Products

Colin Gordon (BBS, MBS, FMII) (aged 53) has been Chief Executive of Consumer Products since his appointment to the Group in 2006. He previously worked with C&C Group plc where he held a number of senior positions, including Managing Director of C&C (Ireland) Limited. Colin is currently a member of the Consumer Foods Board of Bord Bia and a Director of the Marketing Institute of Ireland.

Jerry O'Dea CEO and President Ingredient Technologies

Jerry O'Dea (B. Sc. Dy., MBA) (age 55), is President and Chief Executive of Ingredient Technologies. He joined the Group in 1981 and has held a number of senior positions including General Manager of Glanbia Ingredients USA and President of Glanbia Nutritionals. He was appointed Chief Executive of Ingredient Technologies in 2008.

Front Row (left to right)

Tom Tench Group Corporate Development Director

Tom Tench (aged 44), is the Group Corporate Development Director. Tom joined the Group in 2004 with responsibility for strategy and development for Glanbia's US Cheese and Global Nutritionals businesses. Prior to joining Glanbia, Tom worked in the investment banking and investment management industry. Tom also served for ten years as an officer in the US military.

Raimund Hoenes CEO Customised Solutions

Raimund Hoenes (Ph.D., M.Sc.) (aged 48), is Chief Executive of Customised Solutions. He joined the Group in 2008 and was appointed Chief Executive of Customised Solutions in 2009. He previously worked in a variety of senior roles in the ingredients sector in several countries.

Colm Eustace CEO Agribusiness

Colm Eustace (B.Ag. Sc., C. Dip. AF., MBA) (aged 53) has been Chief Executive of Agribusiness since 2006. He joined the Group in 1985 and has held a number of senior positions since 1997 within Agribusiness.

PROTECTING AND ENHANCING SHAREHOLDER VALUE

"The Audit Committee believes that effective governance of risk within the Board's defined risk appetite is a critical aspect of protecting and enhancing shareholder value."

Dan O'Connor
Audit Committee Chairman

DEAR SHAREHOLDER,

I am very pleased to present the Audit Committee report for 2014, my first as the Glanbia Audit Committee Chairman following the retirement of John Callaghan in December 2014. During the year, the Audit Committee devoted significant time to fulfilling its key oversight responsibilities including:

- Monitoring the integrity of the Group's financial reporting;
- Assessing the effectiveness of the internal and external audit processes; and
- Reviewing the design and implementation of the Group's systems of risk management and internal control.

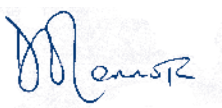
This involved engaging regularly with management, Internal Audit and the external Auditors to ensure the information the Committee receives is timely and accurate, thereby enabling the Committee to discharge its duties effectively.

The Committee has performed a detailed review of both the financial and non-financial information contained in the Group's Annual Report. It is satisfied that the report presents a fair, balanced and understandable assessment of the Group's position and prospects. It also provides the information necessary for shareholders to assess the Group's strategy, business model and performance. We have endeavoured to ensure that the key messages are clearly called out throughout the document and that consistency exists between the front and back sections of the report. To assist in the process of supporting the fair, balanced and understandable statement I requested the Group Head of Internal Audit to prepare a report for the Committee setting out the key considerations in arriving at the statement.

The Committee is aware of the changing nature of the Board's responsibility for monitoring risk management and internal control systems on an on-going basis and for conducting a robust assessment of the principal risks, including those relating to solvency and liquidity. We believe that our determination over the past number of years to embed a robust risk identification and assessment process across the Group positions us well to ensure conformance with the enhanced requirements. The Committee will continue to keep our systems of risk management and internal control under regular review and will maintain our programme of receiving presentations directly from Group senior management to ensure that the principal risks and challenges faced by the business are fully understood and managed appropriately.

While the Committee is satisfied that the current external Auditors are both independent and objective, it has been agreed with the Board that the Group audit will be put out to tender for the year commencing 3 January 2016. This follows the finalisation of the EU audit sector reforms and a detailed review of their impact on Glanbia, together with an examination of market practice in Ireland and the UK. I will oversee this tender process on behalf of the Committee to ensure it is conducted in a fair and objective manner. The Committee has agreed the scope, assessment criteria and timing of the request for proposal (RFP) process. Ultimately the Committee, following participant presentations, will make the final recommendation to the Board.

On behalf of the Audit Committee



Dan O'Connor
Audit Committee Chairman

GOVERNANCE

The Audit Committee was in place throughout 2014.

As of 24 February 2015, the Committee comprises seven Non-Executive Directors, of whom three members constitute a quorum. Each of these Directors is considered by the Board to be independent in judgement and character (see page 78 of the Nomination and Governance Committee report). The Group Secretary acts as secretary to the Committee. Membership of the Committee is reviewed annually by the Chairman of the Committee and the Group Chairman who recommend new appointments to the Nomination and Governance Committee for consideration and onward recommendation to the Board. A number of changes have occurred to the membership of the Committee in 2014 and to date in 2015, as referenced in the Chairman's introduction to governance and as outlined in the 2014 Audit Committee meeting attendance table below.

The terms of reference of the Audit Committee, which outline the key roles and responsibilities of the Committee, can be found on the Group's website: www.glanbia.com, or can be obtained from the Group Secretary. Set out opposite is an analysis of the Committee's current membership and primary activities during 2014.

2014 COMMITTEE MEETING ATTENDANCE

There were four scheduled meetings of the Audit Committee during the year ended 3 January 2015. Attendance by the Non-Executive Directors at these meetings is outlined in the table below. Meetings are typically attended by the Group Managing Director, the Group Finance Director, the Group Financial Controller, the Group Head of Internal Audit and the external Auditors. Other relevant people from the Group's businesses are requested to attend certain meetings in order to provide a deeper insight into key developments and areas of particular risk focus.

MEMBERSHIP

ALLOCATION OF TIME

Audit Committee as of 24 February 2015

Member	Appointed
D O'Connor (B.Comm, FCA)	1 December 2014
P Coveney (B.Comm, M.Phil, D.Phil)	30 September 2014
D Gaynor (FCA)	24 February 2015
P Haran (B.Sc., M.Sc.)	9 June 2005
L Herlihy	8 June 2001
Mn Keane	29 June 2010
H Corbally	7 July 2005

2014 Audit Committee meeting attendance

Member	Appointed	Resigned	Number of full years on the Committee	2014 meeting attendance
J Callaghan (FCA, FIB)	13 January 1998	1 December 2014	16	3/4
D O'Connor (B.Comm, FCA)	1 December 2014		Less than 1	0/0
L Herlihy	8 June 2001		13	4/4
Mn Keane	29 June 2010		4	4/4
H Corbally	7 July 2005		9	4/4
P Coveney (B.Comm, M.Phil, D.Phil)	30 September 2014		Less than 1	1/1
P Gleeson	26 July 2011	24 February 2015	3	4/4
P Haran (B.Sc., M.Sc.)	9 June 2005		9	4/4
J Liston (B.A., MBA)	10 June 2002	13 May 2014	11	1/1
M Merrick	26 July 2011	24 February 2015	3	4/4

See pages 64 and 65 for more information on current Audit Committee members

KEY MATTERS CONSIDERED BY THE COMMITTEE IN 2014

At our meetings during 2014 and to date in 2015, the Committee considered, amongst other matters, the following:

Financial reporting

- Reviewed the Group's half-year results and 2014 Annual Report by considering and challenging (where appropriate) the Group's accounting policies and key judgement areas;
- Reviewed a report from the Group Head of Internal Audit on the key considerations supporting our fair, balanced and understandable statement;
- Considered any potential indicators of impairment to goodwill and other intangible assets and the appropriateness of the going concern basis in preparing the 2014 Financial Statements;
- Considered the extent of rebate and deduction claims across the Group where the amounts payable or receivable can vary depending on the arrangements made with individual customers or suppliers and the volume of trade. This included understanding the basis behind any significant year end provisions to ensure they were adequate and appropriate;
- Reviewed reports from management and the external Auditors on accounting, financial reporting, treasury and taxation issues;
- Reviewed the accounting disclosures and asset/liability valuations relating to the acquisitions of Nutramino Holding ApS and The Isopure Company, LLC;
- Reviewed the status of the various legal claims and disputes the Group is party to including management's calculations and assumptions utilised in determining whether the provisions held are adequate and appropriate;
- Reviewed the Group's policy of highlighting significant items within the Group's results as exceptional items where warranted by virtue of their scale and nature;
- Received a report on the effectiveness of the Group's financial reporting controls and systems of risk management and internal control from the Internal Auditors;
- Considered the Directors' Responsibility Statement and the principal risks and uncertainties of the Group within the 2014 Annual Report and the half-year results;
- Considered the impact to the Group of recent corporate governance updates, IFRS reporting developments and regulator commentary;
- Considered our obligations with regard to the new viability statement required for accounting periods beginning 1 October 2014; and
- Recommended the approval of the Group's half-year results and 2014 Annual Report to the Board.

Risk management and internal control systems

- Received Group key risk summary presentations tracking residual risk exposures and assessed management action plans to ensure the Board's risk appetite and tolerance levels were not exceeded;
- Considered the current risk management process and deemed it effective in relation to identifying, assessing and monitoring Group risks;
- Received a presentation on the Glanbia Risk Management System, an external independent measurement of Group-wide operational and risk management procedures; and
- Approved the revised Group Credit Control policy including the Group authorisation matrices for approving uninsured credit limits, authorising credit notes and for assigning customer risk categories.

Internal Audit

- Held a private review meeting with the Group Head of Internal Audit;
- Received presentations covering team development, progress against the audit plan, improvements implemented to address control weaknesses identified, risk management practices and whistleblowing procedures;
- Considered and approved the Internal Audit work plan; and
- Considered the effectiveness of the Internal Audit function, adequacy of resources, experience and expertise and deemed all to be satisfactory.

Whistleblowing and fraud

- Considered the Group's arrangements for its employees to raise concerns, in confidence, about possible wrong doings in financial reporting and other matters;
- Considered the Group's procedures for fraud prevention and detection to ensure that these arrangements allow for the proportionate and independent investigation of such matters and appropriate follow up action; and
- Deemed the current procedures to be adequate.

External Auditors

- Held a private review meeting with the audit partner;
- Reviewed the report from the Auditors regarding their findings in respect of the half-year review and the 2014 audit and a summary of internal control observations, including observations in respect of IT controls;
- Assessed the effectiveness of the Auditors;
- Reviewed the proposed audit fee, the level of non-audit services provided and the Auditors' independence;
- Considered the appropriateness of the re-appointment of the Auditors. This included a review of external audit tendering requirements, best practice guidance and market practices in Ireland and the UK; and
- Considered the external audit plan and review of corporate reporting updates.

Review of Audit Committee performance

- Considered the Committee's performance, which was deemed effective; and
- Considered members' independence and recent and relevant financial expertise, all of which were deemed appropriate.

2014 SIGNIFICANT FINANCIAL REPORTING JUDGEMENTS AND DISCLOSURES

The Audit Committee reviewed the effectiveness of the process undertaken by the Directors to evaluate going concern, including the analysis supporting the going concern statement and disclosures in the Financial Statements. The Committee was satisfied that a robust assessment has been made, further detail in respect of which is given within the Statement of Compliance with the UK Corporate Governance Code (2012) and the Irish Corporate Governance Annex on page 104.

The Audit Committee assessed whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements in the preparation of the 2014 Financial Statements. As part of this exercise the Committee reviewed accounting papers prepared by management which provide the supporting detail for the key areas of financial judgement.

The primary areas of financial reporting judgement and disclosure which were considered by the Committee in relation to the 2014 Financial Statements and how these were addressed are outlined below:

2014 SIGNIFICANT FINANCIAL REPORTING JUDGEMENTS AND DISCLOSURES

	How the Audit Committee addressed these matters
Impairment review of goodwill and intangibles	• The Committee recognises that goodwill and intangible asset impairment reviews involve a range of judgemental decisions largely related to the assumptions used to assess the value in use of the assets being tested. These assumptions typically include long term business and macro economic projections, cash flow forecasts and associated discount rates; • Detailed reports to support the recoverable value of the balances included in note 15 to the Financial Statements were received from management and considered by the Committee. This included examining the methodology applied including ensuring the discount rates used are within an acceptable range; • The Committee considered input received from both the Internal and external Auditors; • The Committee constructively challenged assumptions used to support short and long term projections, with consideration of different scenarios and key assumptions used within the respective reviews; and • Following these discussions, the Committee is satisfied that the impairment review approach, disclosures in note 15, key assumptions and conclusions are appropriate.
Acquisition accounting	• The Committee reviewed external professional advice obtained to support the accounting treatment adopted; and • The Committee discussed with management and the external Auditors the accounting treatment for newly acquired businesses and was satisfied that the treatment in 2014 was appropriate. Further details of the business combinations undertaken in 2014 are included in note 36 to the financial statements.
Pension disclosures and key assumptions	• The Group operates a number of post employment defined benefit retirement schemes. The pension costs and liability calculations in respect of the defined benefit retirement schemes are calculated and determined by independent actuaries; • The Committee recognises the inherent uncertainties surrounding the financial assumptions adopted in defined benefit retirement scheme valuations, particularly in relation to discount rate, price inflation and mortality assumptions; • The Committee assessed the estimated impacts on plan valuations resulting from changes to the key actuarial assumptions; • The Committee discussed the appropriateness of the assumptions used with the external Auditors, who had indicated in their audit plan that this was an area of elevated audit risk; • The Committee considered the work of the external Auditor in assessing the reasonableness of the actuarial assumptions used; and • Following discussion with management and the external Auditors, the Committee is satisfied that the accounting and disclosures in respect of the defined benefit retirement schemes are appropriate. Further details on the pension schemes are given in note 28 to the Financial Statements.
Tax provisions	• The Committee review focused on the key judgements in relation to the calculation of the year end tax provisions and the respective tax charge; • The Committee received an analysis of movements in the tax provisions and obtained an update from management on the outcome of any tax authority reviews conducted during the financial period; • The Committee reviewed external professional advice obtained to support the year end provisions; • The Committee discussed the basis and appropriateness of the provisions with the external Auditors; and • Following these enquiries, the Committee is satisfied that the key assumptions governing the calculation of tax provisions within the Financial Statements are appropriate.

EXTERNAL AUDITORS' REVIEW

During the year, the Committee agreed the approach and scope of the annual audit work to be undertaken by the external Auditors, which included planned levels of materiality, key risks to the accounts including fraud risks, confirmation of Auditors' independence, the proposed audit fee, the Group's processes for disclosing information to the Auditors and the approval of the terms of engagement for the audit. The Committee also discussed recent corporate governance updates, IFRS reporting developments and regulator commentary. The Committee ensured that the external Auditors had direct access to the Chairman of the Committee and the Group Chairman. It is standard practice for the external Auditors to meet privately with the Audit Committee on at least an annual basis without any members of management or the Executive Directors being present. This meeting was held following the 2013 audit process and again in February 2015 following the completion of the 2014 audit.

Independence of our external Auditors

In order to ensure the independence and objectivity of the external Auditors, the Committee maintains and regularly reviews the Group's Auditors' Relationship and Independence Policy. This policy provides clear definitions of services that PricewaterhouseCoopers cannot provide, such as financial information systems design and implementation, internal audit services or legal services. The policy recognises that certain work of a non-audit nature may be best undertaken by the external Auditors. PricewaterhouseCoopers may only provide non-audit services provided that any individual service to be undertaken by the external Auditors, to a value in excess of the established threshold, does not impair their independence and is approved in advance by the Chairman of the Committee.

The Committee also considers the performance of the external Auditors, including audit partner rotation requirements, each year and assesses their independence on an on-going basis. In line with regulatory requirements for listed companies, the external Auditors are required to rotate the audit partner responsible for the Group audit every five years. The current audit engagement partner was appointed as lead engagement partner for the Group in 2013. The Committee believes that rotation ensures a fresh review without sacrificing industry knowledge.

As part of the independence review process, the external Auditors are requested to formally confirm their independence in writing to the Committee. This confirmation process also provides examples of safeguards that may, either individually or in combination, reduce any independence threat to an acceptable level.

While their appropriateness depends on the specific circumstances involved in the provision of the service they will always include:

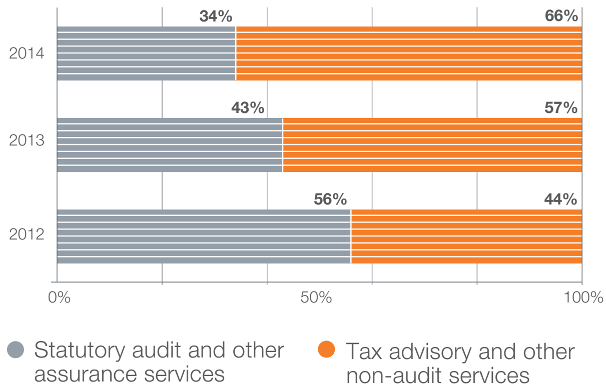
- Ensuring that the external Auditors do not make any management decisions; and
- Ensuring the individuals involved in providing the non-audit service are not members of the audit engagement team.

Non-audit services

The Committee performs regular reviews of the schedule of non-audit services authorised and the level of fees paid. Fees paid to PricewaterhouseCoopers for audit related and non-audit related services are analysed in note 6 to the Financial Statements and a trend analysis is provided in the table below.

The primary non-audit related services provided by the Auditors during the year were in respect of due diligence and taxation work for potential acquisitions and a broad range of Group tax consulting advice. PricewaterhouseCoopers were considered to be best placed to provide these services and the Committee reviewed the steps taken to ensure that these non-audit services would not impair their independence.

PERCENTAGE OF STATUTORY AUDIT AND OTHER ASSURANCE SERVICES VERSUS TAX ADVISORY AND OTHER NON-AUDIT SERVICES



In the 2013 Annual Report we reported that the Committee, while satisfied with the independence and objectivity of the current external Auditors, was conscious that the level of non-audit fees has grown in recent years, primarily as a result of due diligence work for potential acquisitions and tax advisory fees. Despite the Committee taking some corrective measures no substantial improvement in the audit to non-audit fee ratio occurred in 2014. This was primarily because of due diligence and taxation costs associated with acquisition activities which had commenced prior to the Audit Committee committing to substantially reduce the provision of any new due diligence services by PricewaterhouseCoopers. The Committee has ensured that any subsequent material due diligence services were not provided by PricewaterhouseCoopers and will continue to monitor the type and level of services provided to prevent any perceived or actual impact to the Auditors' independence.

Audit appointment and tendering

PricewaterhouseCoopers have been the Group's Auditors since the merger of Avonmore Foods plc and Waterford Foods plc in September 1997 (17 years). Section 160(2) of the Companies Act, 1963 provides that the auditor of an Irish company shall be automatically re-appointed at a company's annual general meeting unless the auditor has given notice in writing of his unwillingness to be re-appointed or a resolution has been passed at that meeting appointing someone else or providing expressly that the incumbent auditor shall not be re-appointed. In this respect, Irish company law differs from the requirements that apply in other jurisdictions, for example the UK, where auditors of a public company must be re-appointed annually by shareholders at the annual general meeting. The Auditors, PricewaterhouseCoopers, have indicated that they are willing to continue in office. Accordingly, the Directors have not proposed a resolution to re-appoint PricewaterhouseCoopers as such a resolution can have no effect in Ireland.

Following the finalisation of EU audit reform legislation in 2014 the Committee fulfilled its commitment to conduct a detailed review of the provisions of the legislation and their impact on the Group, along with the audit tendering recommendations contained in the 2012 edition of the UK Corporate Governance Code, the Financial Reporting Council (FRC) Guidance for Audit Committees and market practice in Ireland and the UK. At the completion of our review the Committee recommended to the Board that the external audit should be put out to tender, a process not previously undertaken by the Group, for the year commencing 3 January 2016. It was also recommended that the incumbent auditor, PricewaterhouseCoopers, would not be invited to tender given the recent EU audit reform legislation which limits audit tenure.

The Committee considers it essential that a major international Group, such as Glanbia, ensures that the tendering of the external audit is well planned to enable the Group to comply with regulatory and best practice requirements as well as ensuring an effective and efficient on-going external audit service. The Committee has agreed that the Audit Committee Chairman will oversee the process, with operational matters being delegated to the audit tender project managers, the Group Financial Controller and Group Head of Internal Audit under the guidance of the Group Finance Director.

In January 2015 a request for information (RFI) was issued to five of the largest audit firms. The RFI was designed to cover their capability to conduct the audit and other specialist services provided by accounting firms to the Group. In February 2015, the Committee decided, based on the responses received, that three firms would be invited to participate in the detailed RFP with the participants limited to those providers that, in the Committee's opinion, were best placed to audit an expanding global group.

The Committee also approved the RFP documents including scope, assessment criteria and timing together with the type and extent of information to be made available to tenderers through information packs, meetings and presentations. It is intended that the RFP documents will be issued to the shortlist of invited firms in March 2015 with the entire process to be completed by the end of June 2015. Key site visits will be held for participants including site management presentations. The Committee believes that this time investment should promote strong bidder engagement and allow effective participant presentations to the Audit Committee in June 2015.

ENABLING THE BOARD TO MANAGE AN EXPANDING BUSINESS

"The Committee reviews the composition and balance of the Board and Group Operating Executive on a regular basis to ensure that Glanbia has the right structure, skills and diversity of experience in place for the effective management of the Group's expanding business."

Liam Herlihy
Nomination and Governance Committee Chairman

DEAR SHAREHOLDER,

I am pleased to present to you the Nomination and Governance Committee report for 2014.

This year has seen further significant changes to the Board, with the retirement of both Jerry Liston and John Callaghan. Jerry and John have served on our Board with distinction for 11 and 16 years respectively. Both Jerry and John brought considerable experience and expertise to their roles and made a significant contribution to the development of the Group.

The retirement of Jerry and John from the Board has given us the opportunity to appoint new Non-Executive Directors. Amrop Strategis, who specialise in the recruitment of high calibre non-executive directors, was engaged to assist in this process, which resulted in us securing the appointment of two new Non-Executive Directors, Patrick Coveney and Dan O'Connor, to succeed Jerry and John on their retirement from the Board. In conjunction with these appointments, we reviewed our Committee composition and made a number of changes including the appointment of Paul Haran as Senior Independent Director. Brendan Hayes also returned to the Board. Brendan was nominated by Glanbia Co-operative Society Limited (the 'Society').

We have also extended the scope of the terms of reference of the Committee to include corporate governance and the Committee has been renamed the Nomination and Governance Committee.

The following pages provide more details on the roles and responsibilities of the Nomination and Governance Committee and our highlights and achievements during 2014. I am available at any time to discuss any concerns that any shareholder may wish to raise.

On behalf of the Nomination and Governance Committee

Liam Herlihy

Liam Herlihy
Nomination and Governance Committee Chairman

OUR 2014 HIGHLIGHTS

- Considered the effect on the composition and balance of the Board arising from the retirement of Jerry Liston and identified the requirement for an independent candidate with the appropriate experience of building operations of scale on an international basis, resulting in the appointment of Patrick Coveney as a Non-Executive Director;
- Considered the effect on the composition and balance of the Board arising from the retirement of John Callaghan and identified the requirement for an independent candidate with recent relevant accounting experience, resulting in the appointment of Dan O'Connor as a Non-Executive Director;
- Considered the nomination by the Society of Brendan Hayes as Non-Executive Director;
- Considered and recommended changes to Board Committee composition following the new Non-Executive Director appointments and retirement of existing Non-Executive Directors; and
- Recommended the appointment of Paul Haran as Senior Independent Director to replace John Callaghan on his retirement from the Board.

2014 COMMITTEE MEETING ATTENDANCE

Member	Appointed	Number of full years on the Committee	2014 Meeting attendance
L Herlihy	05 June 2008	6	7/7
J Callaghan[1]	08 June 2001	13	7/7
D Gaynor	12 December 2014	Less than 1	0/0
P Haran	09 June 2005	9	7/7
J Liston[2]	10 June 2002	11	3/3
D O'Connor	12 December 2014	Less than 1	0/0

1. Retired 1 December 2014
2. Retired 13 May 2014

See pages 64 and 65 for more information on current Nomination and Governance Committee members

GOVERNANCE

The Committee was in place throughout 2014. Liam Herlihy, the Group Chairman, has been Chairman of the Committee since 2008.

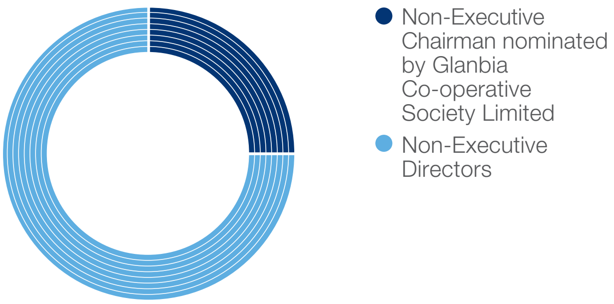
The Committee comprises four Non-Executive Directors, of whom two members constitute a quorum. The Group Secretary acts as secretary to the Committee. When dealing with any matters concerning his membership of the Board, the Group Chairman will absent himself from meetings of the Committee as required and such meetings will be chaired by the Senior Independent Director, Paul Haran.

KEY RESPONSIBILITIES

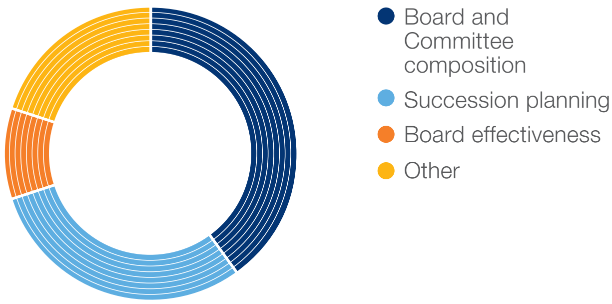
- Making recommendations to the Board on the appointment and re-appointment of Directors.
- Planning for the orderly succession of new Directors to the Board.
- Keeping under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the market place.
- Recommending to the Board the membership and chairmanship of the Audit and Remuneration Committees respectively.
- Keeping the extent of Directors' other interests under review to ensure that the effectiveness of the Board is not compromised.
- Keeping under review corporate governance developments with the aim of ensuring that the Group's governance policies and practices continue to be in line with best practice.
- Ensuring that the principles and provisions set out in the UK Corporate Governance Code and the Irish Corporate Governance Annex (and any other governance code that applies to the Company) are observed where appropriate.
- Reviewing the disclosures and statements made in the corporate governance report to shareholders.

The full terms of reference of the Nomination and Governance Committee can be found on the Group's website: www.glanbia.com or can be obtained from the Group Secretary.

MEMBERSHIP



ALLOCATION OF COMMITTEE TIME



ACTIVITIES DURING 2014

The principal activities undertaken by the Committee in 2014 are as follows.

Appointment of new Non-Executive Directors

During 2014, the Committee continued to focus on the search for new Non-Executive Directors as the phased refreshment of the Board progressed. When recruiting Non-Executive Directors, the Committee evaluates the particular skills, knowledge, independence, experience and diversity that would benefit and balance the Board most appropriately for each appointment.

Amrop Strategis was engaged to ensure that the widest possible pool of candidates was available from which to select. They are signatories to the Voluntary Code of Conduct for Executive Search Firms and other than assisting the Group with certain other senior executive searches do not have any other connection with the Group. Career profiles for potential Non-Executive appointees were considered by the Committee and candidates were shortlisted for consideration on merit and against objective criteria, after assessing their relevant qualifications and time commitments.

After consideration, the Committee was pleased to recommend to the Board the appointment of Patrick Coveney and Dan O'Connor as Non-Executive Directors. Patrick Coveney was appointed to the Board on 30 May 2014 and Dan O'Connor was appointed to the Board on 1 December 2014. The Board considered that these appointments achieved the aim of appointing a Non-Executive Director with significant experience of building operations of scale on an international basis and a Non-Executive Director with recent relevant accounting experience.

The Committee also recommended the re-appointment of Brendan Hayes as a Non-Executive Director. The Committee noted his nomination by the Society and the experience and suitability of Brendan and recommended his appointment to the Board of the Company. This was subsequently approved by the Board on 30 May 2014. The Committee did not use an external search consultancy or open advertising for the appointment of Brendan as it was not deemed necessary.

Liam Herlihy has indicated that he will step down as Group Chairman following the conclusion of the 2015 Annual General Meeting (AGM). The Society has indicated that David Farrell and Patrick Gleeson will both retire as Directors of the Society from the conclusion of the Society's AGM and accordingly David and Patrick will not be seeking re-election at the 2015 AGM of the Company and will retire as Non-Executive Directors immediately following the conclusion of the AGM.

Relationship Agreement with the Society

In compliance with Listing Rule 9.2.2A of the United Kingdom Listing Authority (UKLA), the Company has entered into a written legally binding agreement with the Society which is intended to ensure that the Society complies with the independence provisions set out in Listing Rule 6.1.4D of the UKLA. This Relationship Agreement also provides that the governance arrangements set out on page 79 will apply with respect to the composition and size of the Board. These provisions mirror exactly the Board governance arrangements described in the circular which was sent by the Company to shareholders on 2 November 2012 and approved at the Extraordinary General Meeting (EGM) held on 20 November 2012.

While the Company continues to regard the Directors nominated by the Society (the 'Society Nominee Directors') as meeting the criteria for independence specified in the UK Corporate Governance Code (see page 78), the Society Nominee Directors are not being designated as independent Directors for the purpose only of Listing Rule 9.2.2A of the UKLA. This is to ensure consistency with the agreement reached in 2012 with regard to the composition and size of the Board and allow for the planned reduction of the Society's representation on the Board as agreed and set out on page 79. The re-election of the Society Nominee Directors shall not therefore require separate approval by independent shareholders.

Board and committee changes

The Board's proactive approach to the refreshment of the Board of the Company has resulted in orderly changes in the composition of the Board and its Committees on the recommendation of the Committee which are set out below.

Jerry Liston did not stand for re-election at the AGM in May 2014 after 11 years of service and John Callaghan retired on 1 December 2014 as a Non-Executive Director, Audit Committee Chairman and Senior Independent Director after 16 years service.

Paul Haran succeeded John Callaghan as Senior Independent Director on 1 December 2014, and the Board has confirmed that he continues to demonstrate the characteristics of independence in carrying out his role on the Board (see page 78).

Donard Gaynor succeeded Jerry Liston as Chairman of the Remuneration Committee on 13 May 2014 and Dan O'Connor succeeded John Callaghan as Chairman of the Audit Committee on 1 December 2014.

Patrick Coveney was appointed to the Audit Committee with effect from 30 September 2014. Dan O'Connor was appointed to the Remuneration Committee with effect from 1 December 2014. Donard Gaynor and Dan O'Connor were appointed to the Nomination and Governance Committee with effect from 12 December 2014.

Additionally, at a meeting of the Committee held on 13 January 2015, consistent with the changes referred to above the Committee recommended that the Board revise the composition of the Audit Committee so that its membership comprised only independent Non-Executive Directors, the Group Chairman and Vice-Chairmen, bringing its membership in line with the recommendations of the UK Corporate Governance Code. Matthew Merrick and Patrick Gleeson therefore both resigned from the Audit Committee on 24 February 2015 and Donard Gaynor was appointed.

Policy for appointment of new independent Non-Executive Directors

The Board is conscious of the importance of planned succession of independent Non-Executive Directors. The Company has adopted a formal policy with respect to the appointment of new independent Non-Executive Directors (other than those appointed by Glanbia Co-operative Society Limited). Our policy is that any new independent Non-Executive Directors will be appointed for an initial three year term, subject to re-appointment by shareholders at each Annual General Meeting and should expect to serve no more than three successive three year terms i.e. a maximum of nine years.

All new independent Non-Executive Directors, and any re-appointments, will be subject to a rigorous review by the Committee after the initial three year period and annually after six years. The changes referred to above are part of the orderly programme of retirement and appointment to bring the composition of new independent Non-Executive Directors in line with this policy.

REGULAR MATTERS

A number of regular matters were considered by the Committee in accordance with its terms of reference, details of which are set out below:

Review of Non-Executive Directors' independence in accordance with the guidance in the UK Corporate Governance Code (2012) and the Irish Corporate Governance Annex (the 'Codes')

The Board evaluation and review process considered the independence of each of the Non-Executive Directors, taking into account their integrity, their objectivity and their contribution to the Board and its Committees.

The Board is of the view that the following behaviours are essential for a Non-Executive Director to be considered independent:

- provides an objective, robust and consistent challenge to the assumptions, beliefs and views of senior management and the other Directors;
- questions intelligently, debates constructively and challenges rigorously and dispassionately;
- acts at all times in the best interests of the Company and its shareholders; and
- has a detailed and extensive knowledge of the Company and the Group's business and of the market as a whole which provides a solid background in which they can consider the Company and the Group's strategy objectively and help the Executive Directors develop proposals on strategy.

The Board and Committee believe that all Non-Executive Directors demonstrated the essential characteristics of independence and brought independent challenge and deliberations to the Board.

The Committee's review took into consideration the fact that Paul Haran has served on the Board for more than nine years (five and a half years of which coincide with the Group Managing Director's tenure, the longest co-terminous period with a current Executive Director) and that 14 of the Non-Executive Directors are nominated by the Society, both of which the Codes state could be relevant to the determination of a Non-Executive Director's independence. However, the Codes also make it clear that a director may be considered independent notwithstanding the presence of one or more of these factors. This reflects the Board's view that independence is determined by the Director's character as set out above. The Committee concluded that both Paul Haran and the Society Nominee Directors continue to demonstrate the essential characteristics of independence and brought independent challenge and deliberations to the Board through their character and objectivity; however notwithstanding this, the Society Nominee Directors are not being designated as independent directors for the purpose only of Listing Rule 9.2.2A of the UKLA. Mr Haran was considered to be independent. This conclusion was presented to and agreed by the Board.

The Board agreed that Paul Haran should remain on the Board for the foreseeable future in order to maintain a degree of certainty and smooth handover of Board and Committee experience and knowledge and help to integrate the recently appointed independent Non-Executive Directors and new Group Chairman following the AGM. This decision was subject to a rigorous review in line with the new policy on the appointment of independent Non-Executive Directors.

Re-election of Directors

The Committee continues to be of the view that, in line with best practice, all Directors should be re-elected to the Board at the Company's AGM. All Directors were re-elected at the 2014 AGM, with the exception of Jerry Liston, who was not put forward for re-election as he had indicated his intention to retire at the commencement of the AGM.

All Directors are seeking re-election at the 2015 AGM, with the exception of Liam Herlihy, David Farrell and Patrick Gleeson who have indicated their intention to retire at the conclusion of the AGM. The Committee is satisfied that the backgrounds, skills, experience and knowledge of the Company and the Group of the continuing Directors collectively enables the Board and its Committees to discharge their respective duties and responsibilities effectively. This was supported by the formal performance evaluation of the Board, the outcome and recommendations of which are set out on page 58.

Additionally in 2015, each of Patrick Coveney, Donard Gaynor, Paul Haran and Dan O'Connor will seek re-election at the AGM by separate resolution of the independent shareholders (i.e. all of the shareholders save the Society and its subsidiary companies).

We believe that sufficient biographical and other information on those Directors seeking re-election is provided in this Annual Report to enable shareholders to make an informed decision.

Review of the time required from a Non-Executive Director

The Committee assessed the time dedicated to the Company and the Group by each Non-Executive Director. This review also considered the extent of the Non-Executive Directors' other interests to ensure that the effectiveness of the Board is not compromised by such interests.

The Board and Committee are satisfied that the Group Chairman and each of the Non-Executive Directors commit sufficient time to the fulfilment of their duties as Group Chairman and Directors of the Company respectively. The Group Chairman farms at Headborough, Knockanore, Tallow, Co. Waterford, but the Committee and the Board consider that this does not interfere with the discharge of his duties to the Group.

Succession

The Committee has continued its work on planning for Board and oversight of Senior Executive succession. The Committee continues to actively consider succession and has an appropriate dialogue with the Board and the Chairman in this regard.

Review of Nomination and Governance Committee performance

The Board and Committee assessed its performance, covering terms of reference, composition, procedures, contribution and effectiveness. As a result of that assessment, the Committee is satisfied that it is functioning effectively and that it has met its terms of reference.

DIVERSITY

The Committee at the current time has not agreed to set a specific female board member quota. Appointments to the Board, having regard to the right of the Society to nominate up to 14 of the 22 Directors, and throughout the Group will continue to be based on the diversity of contribution and required competencies, irrespective of gender, age, nationality or other personal characteristics.

GLANBIA CO-OPERATIVE SOCIETY LIMITED – RIGHT TO NOMINATE 14 OF THE COMPANY'S DIRECTORS

The Society currently owns 41.2% of the issued share capital of the Company. During 2012, the Society and the Board agreed the following changes, which will impact the composition and size of the Board in the coming years:

- for the years 2014 to 2015 (inclusive) the number of Society Nominee Directors on the Board will continue to be up to 14 members;
- for 2016 and 2017, the number of Society Nominee Directors on the Board will reduce to ten members;
- for 2018 and subsequent years the number of Society Nominee Directors on the Board will reduce to eight members;
- the Group Chairman of the Company will be a Society Nominee until 2020; and
- up to eight of the Directors on the Board will be composed of Executive Directors and Non-Executive Directors who are independent of the Society.

In addition, if the number of Non-Society Nominees on the Board changes, the number of Society Nominees on the Board will change on a pro rata basis. Further if the Society's shareholding in the Company falls below 40% of the issued share capital, discussions will take place regarding a further reduction in the size of the Society's representation on the Board.

SETTING NEW REMUNERATION POLICY FOR CONTINUED PERFORMANCE DELIVERY

"The remuneration strategy is to ensure that Glanbia has in place a policy and structure that meets Glanbia's strategic business ambitions and also attracts, retains and motivates key talent to deliver long term sustainable shareholder value."

Donard Gaynor
Remuneration Committee Chairman

DEAR SHAREHOLDER,

I am very pleased to present the Remuneration Committee report for 2014, my first as the Glanbia Remuneration Committee Chairman following the retirement of Jerry Liston at the 2014 Annual General Meeting (AGM).

STRATEGY AND PERFORMANCE

The Group has delivered another strong performance in 2014, building on the momentum of recent years. This is the fifth successive year of double digit increases in adjusted earnings per share (EPS) on a constant currency basis which, at 10.1%, was at the upper end of market guidance.

2014 PERFORMANCE OUTCOMES

The variable elements of our Executive Directors' remuneration, which consists of an Annual Incentive and a Long Term Incentive Plan (LTIP), are designed to reward Directors for performance. The Annual Incentive is based on a combination of personal objectives, year-on-year growth in annual adjusted EPS on a constant currency basis and a strong closing debt/adjusted EBITDA ratio.

As a result, the Executive Directors were awarded an Annual Incentive of up to 87.5% of Base Salary of which 75% will be paid in cash with the balance of up to 12.5% deferred into shares deliverable in two years, subject to a claw back condition.

Share awards in 2012 under the 2008 Long Term Incentive Plan (2008 LTIP) in respect of performance in the three year period to 3 January 2015 are based on growth in annual adjusted EPS on a reported basis, the Group's relative total shareholder return (TSR) measured against a peer group of 12 other international food and nutritional companies and return on capital employed (ROCE). Glanbia's performance against the outlined conditions has been independently verified by external advisers on behalf of the Remuneration Committee.

The outcome for annual adjusted EPS on a reported basis is set out on page 92 and shows that actual performance (14.88%) exceeded maximum expected performance under the 2008 LTIP (10.38%) over the performance period 2012-2014.

Over the last three years TSR performance has delivered an increase of 188.44%, placing Glanbia in the top quartile of its peer group. The ROCE achieved was 13.9% which exceeded maximum expected performance of 13.5% over the three year performance period. As a result share awards granted to Executive Directors in 2012, under the 2008 LTIP will vest in full no earlier than 30 August 2015, being the three year anniversary of their grant. This is the third consecutive year for which share awards will vest in full.

Arising from amendments approved by shareholders at the 2012 AGM the final vesting of the 2012 share awards will be subject to a post vesting holding period of one year.

The tables on pages 90 and 91 set out a summary of the remuneration earned by Executive Directors in respect of performance for 2014 and those share awards which will vest with Executive Directors in respect of performance in the three year period to 3 January 2015.

EXECUTIVE REMUNERATION POLICY AND DESIGN REVIEW 2015-2017

Executive remuneration policy and design is reviewed by the Remuneration Committee on a three year basis. It was last reviewed in 2011, changes were implemented at the beginning of 2012 (with shareholder support of 97%) and that policy ran to the end of 2014.

During the course of 2014, the Remuneration Committee carried out a further review, with changes proposed to be implemented during 2015 (with related shareholder resolutions to be put forward at the 2015 AGM) and the new policy and design expected to run to the end of 2017.

In terms of the overall context of the review, it is considered that Glanbia has evolved significantly from the Company that was reviewed in 2011. The Group has achieved strong growth and has a stated ambition for this growth to continue for the next number of years. With the restructuring of the Group in 2012 and the establishment of the two key global growth platforms within a portfolio of four business segments, the strategic focus and direction of the Group is clear and has driven an increase in share price since the restructuring of 58.1%. In addition the shareholder base has altered in the period with the largest shareholder, Glanbia Co-operative Society Limited (the 'Society') having reduced its shareholding from 54.3% to 41.2%. An ongoing focus on business segments, as well as the overall Group is extremely important in driving performance underpinned by a valued and effective management team.

In light of this, the key question underpinning the 2014 review was: "What does Glanbia need in terms of a remuneration policy and structure to meet its strategic business ambitions and attract, retain and motivate key talent?"

In terms of the key findings of the policy review, it is considered that there should be:

- Increasing emphasis on the global nature of the Group as a market reference for remuneration;
- Greater linkage of Executive Director remuneration to Company performance, particularly business segment metrics, where relevant;
- Increased weighting on long term incentives, with market benchmarking reflecting trends towards Europe and USA markets; and
- Greater alignment with shareholders/share value growth – with significant amounts linked to shares, increased shareholding requirements and increased LTIP participation below executive director level (both in terms of number of participants and quantum).

Details of these changes are explained further on pages 83 to 88.

NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

As part of the overall policy review the Board is planning modest increases in 2015 to the base fee paid to Non-Executive Directors, as well as the premium paid to Committee chairmen and the Senior Independent Director.

DISCLOSURE

We believe that the proposed remuneration policy and structure, which has been unanimously approved by the Remuneration Committee and the Board, supports shareholder value creation, is aligned to our key strategic imperatives and through this report is transparent. This remuneration report is designed to be clear and concise, to meet regulatory requirements and, above all, to provide you with information to demonstrate the alignment of remuneration with Company performance.

Glanbia is mindful that it is an Irish incorporated Company with a primary listing on the Irish Stock Exchange and a secondary listing on the London Stock Exchange. Our approach is that the remuneration report should reference best disclosure practice in both Ireland and the UK. Best practice and regulatory requirements in the area of remuneration in the UK have been evolving over recent years.

In 2013, significant new legislative requirements were brought into force in the UK in relation to executive remuneration by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations (the "2013 UK Regulations"). While as an Irish incorporated company, Glanbia is not subject to those UK regulatory requirements, the Group has sought to apply the new requirements on a voluntary basis to the extent possible under Irish law.

SHAREHOLDER ENGAGEMENT

The Remuneration Committee acknowledge and listen to the views of the Company's shareholders and have taken account of their opinions in formulating the remuneration principles, the remuneration policy and this remuneration report. Indeed, the Remuneration Committee has engaged extensively with its larger institutional shareholders and voting guidance services in relation to the proposed policy changes. During this consultation all shareholders, including the Society, were supportive with no material issues raised. A number of small changes to the remuneration policy were adopted arising from the consultation process.

VOTING

An advisory non-binding resolution to approve the remuneration policy for the period 2015-2017 and an advisory non-binding resolution to approve this Remuneration Committee report will be put to the AGM on 12 May 2015 together with an ordinary resolution to approve amendments to the 2008 LTIP. I thank you for your continued support.

I would also like to take this opportunity to thank the members of the Remuneration Committee for their commitment during what proved to be a very busy and productive year.

Donard Gaynor
Remuneration Committee Chairman

GOVERNANCE

KEY RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

- Determine and agree with the Board the framework or broad policy for remuneration of the Non-Executive Directors, the Executive Directors and other senior executives as required.
- Determine, within the agreed policy, individual total compensation packages for the Non-Executive Directors, the Executive Directors and other senior executives as required.
- Recommend to the Board any employee share-based incentive schemes and any performance conditions to be used for such schemes.
- Consider and approve Executive Directors' and other senior executives' total compensation arrangements annually.

The full terms of reference of the Remuneration Committee can be found on the Group's website: www.glanbia.com or can be obtained from the Group Secretary.

GOVERNANCE

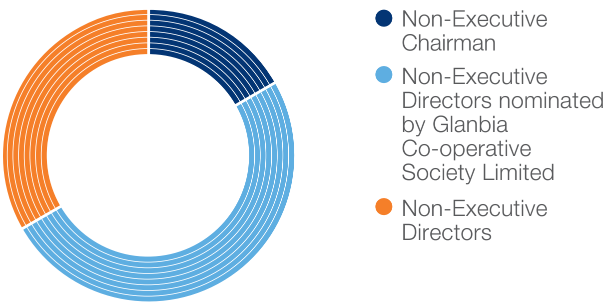
The Remuneration Committee was in place throughout 2014. Donard Gaynor has been Chairman of the Remuneration Committee since the 2014 AGM. The Remuneration Committee comprises six Non-Executive Directors, of whom three members constitute a quorum.

The Group Managing Director and the Group Human Resources Director attend Committee meetings by invitation only. They absent themselves when their remuneration is discussed and no Director is involved in considering his/her own remuneration. The Group Secretary acts as secretary to the Remuneration Committee. The position of Group Human Resources Director was vacant for most of the year with a new appointment made on 11 December 2014. The Group Managing Director assumed responsibility during the time the position was vacant.

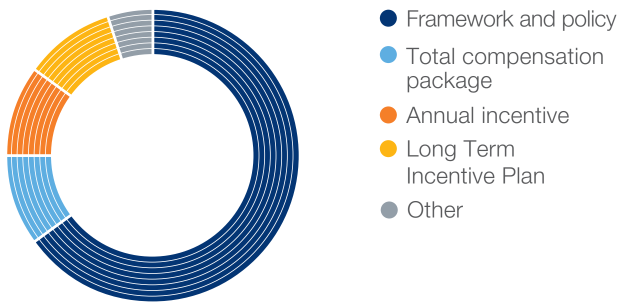
OUR 2014 HIGHLIGHTS

- Completion of the executive remuneration policy and design review. The steps taken by the Remuneration Committee in relation to the remuneration policy and design review included the following:
  - Considered the key business needs and forward looking strategic plan; and
  - Determined an appropriate population of comparative companies in the food industry in Europe and the USA, and reviewed their practice and quantum of reward versus Glanbia practice.
- Reviewed pay principles including:
  - the balance of fixed and short/long term elements of pay;
  - the current market practice structure of pay and reward (Ireland, Europe and USA);
  - the current market practice of the design of variable pay plans (Ireland, Europe and USA);
  - the current trends and best governance practice (Ireland, Europe and USA);
  - modelling the remuneration outcomes and the associated costs; and
  - consulting with shareholders and governance agencies.
- Reviewed the outcomes of Company performance and personal targets under the 2013 Annual Incentive scheme for the Group Operating Executive and the business unit CEOs and approved the payment of such Annual Incentives including the level of deferral.
- Reviewed and approved the vesting level for share awards granted in 2011 under the 2008 LTIP.
- Reviewed and approved all share awards made under the 2008 LTIP during 2014 taking into account the total value of share awards under the 2008 LTIP.
- Reviewed the UK disclosure requirements and the Company's voluntary implementation of many of the requirements in these regulations.

MEMBERSHIP



ALLOCATION OF TIME



2014 REMUNERATION COMMITTEE MEETING ATTENDANCE

Member	Appointed	Number of full years on the Committee	2014 Meeting attendance
D Gaynor	13 May 2014	Less than 1	5/5
J Liston[1]	10 June 2002	11	2/2
L Herlihy	8 June 2001	13	7/7
Mn Keane	29 June 2010	4	7/7
H Corbally	26 July 2011	3	6/7
J Callaghan[2]	13 January 1998	16	6/6
P Haran	9 June 2005	9	7/7
D O'Connor	1 December 2014	Less than 1	1/1

1. Retired 13 May 2014
2. Retired 1 December 2014

See pages 64 and 65 for more information on current Remuneration Committee members

Advice and assistance to the Remuneration Committee

The Remuneration Committee receives independent external advice from Towers Watson, remuneration consultants, in respect of remuneration policy, pay positioning and best practice. Towers Watson is a member of the Remuneration Consultants Group (RCG) and adheres to the RCG Voluntary Code of Conduct in relation to executive remuneration consulting (which was originally published in 2009 and is reviewed biennially). The Remuneration Committee is satisfied that the advice provided on executive remuneration is objective and independent and that no conflict of interest arises as a result of other services. Towers Watson fees for advising the Remuneration Committee during the year were €139,000.

Legal advice to the Remuneration Committee is provided by Arthur Cox, who also provides other legal services to the Group. The Remuneration Committee also receives assistance and advice on remuneration policy, when required, from Group Human Resources.

SECTION A: DIRECTORS' REMUNERATION POLICY REPORT

REMUNERATION STRATEGY AND 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 by growing and developing the business. Performance related elements of remuneration are designed to form an appropriate portion of the overall remuneration package of Executive Directors and link remuneration to Group performance and individual performance, while aligning the interests of Executive Directors with those of shareholders.

Our remuneration strategy and policies focus on using remuneration to drive the implementation of a successful corporate strategy, within our risk management framework. This strategy aims to deliver superior earnings growth and TSR for our shareholders over the long term by attracting, retaining and motivating high quality and committed people who are critical to sustaining the future development of the Group.

We seek to:

- Create a consistent global approach to remuneration by applying our strategy and policy, as far as possible, to all senior executives;
- Provide a competitive benefits package; and
- Provide an appropriate balance between fixed and variable remuneration, the payment of which is linked to the achievement of demanding Group and individual performance measures.

The Group KPIs, which are detailed on pages 2 and 3, underpin the selection of performance criteria used within the incentive arrangements.

We have summarised the individual elements of the remuneration packages offered to our Executive Directors on pages 86 and 87.

EXECUTIVE REMUNERATION POLICY AND DESIGN REVIEW – SUMMARY OF CHANGES

Executive remuneration policy and design is reviewed by the Remuneration Committee on a three year basis and accordingly was reviewed in 2014, with the advice of Towers Watson, remuneration consultants, and is proposed to be implemented with effect from January 2015. The Remuneration Committee will continue to consider changes in regulation and market best practice as required and we intend to review again our remuneration policy and practices in 2017.

Details of the proposed changes are contained on the following pages, but summarised as follows:

- Re-positioning the remuneration policy to recognise the global nature of the organisation with European/USA market geography seen as appropriate.
- Short Term Incentive (STI) performance metrics to be separately measured at both Company level and individual level. The Company performance metrics to be Group adjusted EPS on a constant currency basis (as before), Group operating cash flow (as defined) and business segment performance (where relevant). Individual performance metrics to be set annually by the Group Managing Director. No increase in quantum (as a percentage of Base Salary) is proposed.
- The weighting of the LTIP performance metrics have been altered as follows:
  - The performance metrics altered to both reduce the relative influence of TSR (for all participants) and, where relevant and appropriate, to increase the relevance of business segment performance;
  - Increase in the current LTIP participation levels across the senior leadership of the Group;
  - Realignment of the threshold vesting levels of the LTIP performance measures;
  - The LTIP post vesting holding period lengthened from one year to two years; and
  - Introduction of malus and claw back provisions for the LTIP.
- Increased shareholding requirement for all members of the Group Operating Executive.
- Modest increase to the base fee paid to Non-Executive Directors, as well as the premiums paid to Committee chairmen and the Senior Independent Director.

EXECUTIVE REMUNERATION POLICY AND DESIGN REVIEW – DETAILS OF PROPOSED CHANGES

As outlined in the Remuneration Committee Chairman's report, the Remuneration Committee has engaged with its larger institutional shareholders and voting guidance services in relation to the proposed policy changes. During this consultation all shareholders, including the Society, were supportive with no material issues raised. A number of small changes to the remuneration policy were adopted arising from the consultation process.

Following the proposed changes, the Remuneration Committee believes that the level of remuneration for the Executive Directors is appropriately positioned relative to European and USA markets, being at or slightly below median levels.

Element	Policy Changes for 2015 – 2017	Design Changes for 2015 – 2017
Base Salary	Definition of market for pay by reference to European and USA companies of similar size and complexity.	No change in levels proposed but a flexible policy going forward, with reference to different market perspectives. In considering the market position of each individual, the Remuneration Committee/management to continue to consider the value an individual brings at his/her particular level to the organisation as a whole.
Annual Incentive	Definition of market for Annual Incentive levels determined by reference to European and USA companies of similar size and complexity, median to upper quartile levels.	No change in levels proposed. Range of Annual Incentive potential to remain at 0% to 150% of Base Salary.
	Greater linkage to KPIs.	Key Group financial metrics to be Group adjusted EPS on a constant currency basis (as before), Group operating cash flow and individual performance objectives. Calibration details are considered to be commercially sensitive, but will include significant stretch and targets will be based on a mix of market expectations and budgeted expectations. For the Group Managing Director and Finance Director, the weighting is proposed to be: Group adjusted EPS on a constant currency basis (56%), Group operating cash flow (24%) and individual performance objectives (20%).
	Recognising Group/divisional responsibility.	Financial performance metrics tailored to business segment, where relevant. For business segment Executive Directors, the proposed weightings are: Group adjusted EPS on a constant currency basis (40%), Group operating cash flow (20%), business segment EBITA (20%) and personal objectives (20%).
	Ensure strategic and individual goals are capable of being rewarded outside of financial delivery.	Individual performance objectives are separate from financial performance.
Shareholding Guidelines	Ensure a greater alignment with shareholders' interests through own shareholding.	For the Group Managing Director the share ownership recommended level is 250% of Base Salary (from 200%) to be built up and maintained over a maximum of five years. For other Executive Directors the share ownership recommended level is 150% of Base Salary (from 100%) to be built up and maintained over a maximum period of five years.

A quality of earnings review/underpin will continue to be exercised at the discretion of the Remuneration Committee.

Element	Policy Changes for 2015 – 2017	Design Changes for 2015 – 2017
Long Term Incentive	Definition of market for LTIP levels by reference to European and USA companies of similar size and complexity. Focus on greater alignment with shareholders, long term retention and reward for performance recognising different market dynamics and contribution/alignment of the senior leadership team to share value delivery.	Maximum award face value to increase from 150% to 250% of Base Salary. Proposed award levels for 2015: 250% for Group Managing Director (from 150%) and 200% for other Executive Directors (from 150%).
	Greater linkage to KPIs, with reduced influence of relative TSR.	Key Group financial metrics to be Group adjusted EPS on a reported basis, Group ROCE and relative TSR. For the Group Managing Director and the Group Finance Director, the weighting is proposed to be: Group adjusted EPS on a reported basis (50%), Group ROCE (30%) and relative TSR (20%). Relative TSR comparator, for all LTIP participating groups to be changed to the STOXX Europe 600 Food and Beverage index (which is considered more relevant).
	Greater focus on line of sight business metrics to drive and recognise performance of the Group.	Financial performance metrics tailored to business segment, where relevant. For business segment Executive Directors, the weighting is proposed to be: Group adjusted EPS on a reported basis (40%), Group ROCE (15%), relative TSR (15%), business segment EBITA (20%) and business segment ROCE (10%).
	Post vesting holding period, malus and claw back.	Post vesting holding period of two years (from one year) for all future awards. Introduction of malus and claw back provisions, in line with best practice, to be applicable for all future awards.
	Calibration of performance metrics.	Vesting calibration is proposed to be as follows: Group adjusted EPS on a reported basis – threshold vesting at 6% CAGR (reported) over three years, maximum vesting at 12% CAGR (reported). Group ROCE – threshold vesting at 12% (average over three years), maximum vesting at 14%. Relative TSR – threshold vesting at median of the index performance and maximum vesting for upper quartile of the index. Straight line pro rata vesting between threshold and maximum for each of the performance conditions. The threshold level, for all performance metrics has been realigned to 25%. Previous levels were 50% (EPS), 30% (TSR) and 0% (ROCE). Calibration details for business segment EBITA and business segment ROCE are considered to be commercially sensitive, but will include significant stretch and targets will be based on a mix of market expectations and budgeted expectations. Quality of earnings review/underpin will continue to be exercised at the discretion of the Remuneration Committee.

KEY ELEMENTS OF REMUNERATION FOR EXECUTIVE DIRECTORS (TO REFLECT PROPOSED CHANGES)

Element	Description	Objective	Details (including maximum value)
Base Salary	Annual fixed pay.	Provide competitive base pay which reflects market value of role, job size, responsibility and individual skills and experience.	Set by reference to the relevant market median of Europe and USA based on an external independent evaluation of the role against appropriate peer companies. Reviewed annually by the Remuneration Committee. Any reviews, unless reflecting a change in role, usually take effect from the commencement of the relevant financial year.
Pension Benefit	Retirement benefits.	Provide competitive, affordable and sustainable retirement benefits.	
Other Benefits	Car benefit or equivalent, suitable medical insurance, re-location expenses (if applicable) and overseas allowance where appropriate.	Provide competitive benefits which recognise market value of role, job size and responsibility.	
Annual Incentive	Annual payment only earned if agreed target performance is achieved.	Incentivise Executive Directors to achieve specific performance goals which are linked to the Group's business plans and personal performance objectives during a one year period. Ensure greater linkage of remuneration to performance. Ensure greater linkage to long term sustainability and alignment to Group risk management policy. Alignment with shareholders/share value growth.	Range of Annual Incentive potential of 0% to 150% of Base Salary. Based on growth in annual Group adjusted EPS on a constant currency basis, Group operating cash flow, business segment EBITA (where appropriate) and individual performance objectives, all as determined by the Remuneration Committee annually. Performance targets are set by the Remuneration Committee each year. Deferral of the proportion of the Annual Incentive earned in excess of 75% of Base Salary which, once the appropriate taxation and social security deductions have been made, will be invested in shares in the Company and delivered to the Executive Directors two years following this investment. Deferred incentives may be subject to malus and claw back (for a period of two years following this investment) to the extent deemed appropriate by the Remuneration Committee in line with best practice.

Element	Description	Objective	Details (including maximum value)
Long Term Incentive Plan	LTIP under which shares are granted in the form of a provisional allocation of shares for which no exercise price is payable.	The 2008 LTIP aligns the interests of Executive Directors and shareholders through a long term share based incentive linked to share ownership and holding requirements. In addition, as part of the overall total direct compensation package it ensures that a greater proportion is based on long term sustainable results and linkage to key long term performance indicators.	Long Term Incentive individual annual award level of a maximum of 250% of Base Salary. The award is determined by reference to three performance metrics for the Group Managing Director and Group Finance Director: • 50% based on Group adjusted EPS on a reported basis; • 30% based on Group ROCE; and • 20% based on Relative TSR against the STOXX Europe 600 Food and Beverage index. In all cases, 25% vests at threshold performance and 100% vests at maximum with straight line vesting in between these levels. For business segment Executive Directors, the weighting of the award is proposed to be: Group adjusted EPS on a reported basis (40%), Group ROCE (15%), Relative TSR (15%), business segment EBITA (20%) and business segment ROCE (10%). Performance is measured over a three year period. Share awards will vest early in the event of a takeover, merger, scheme of arrangement or other similar event involving a change of control of the Company, subject to the pro-rating of the share awards, to reflect the reduced period of time between the commencement of the performance period and the early vesting, although the Remuneration Committee can decide not to pro-rate a share award if it regards it as inappropriate to do so in the particular circumstances. A share award shall not vest unless the Remuneration Committee is satisfied that the Group's underlying financial performance has shown a sustained improvement in the period since the date of grant. The extent of vesting shall be determined by the Group adjusted EPS on a reported basis, ROCE and TSR performance conditions as appropriate, and in addition where relevant, business segment EBITA and ROCE. Executive Directors are required to hold shares received pursuant to the vesting of LTIP awards for a minimum period of two years post vesting. The Remuneration Committee has the discretion to change the performance criteria (including the measures, their weighting and calibration) where deemed appropriate. Any changes to these performance conditions will be disclosed in the Remuneration Committee report which will be subject to a general shareholder non-binding advisory vote. Future LTIP awards may be subject to claw back (for a period of two years following vesting) to the extent deemed appropriate by the Remuneration Committee in line with best practice.
Shareholding requirement	Minimum share ownership requirements to be built up over a five year period.	Ensure a greater alignment with shareholders' interests.	The Group Managing Director is required to build and maintain a shareholding of 250% of Base Salary over a maximum of five years. Other Executive Directors are required to build up and maintain a shareholding of 150% of Base Salary over a maximum of five years. Executives are expected to build a shareholding through the vesting of shares under the Group's 2008 LTIP. Existing shareholdings and shares acquired in the market are also taken into account, and although share ownership guidelines are not contractually binding, the Remuneration Committee retains the discretion to withhold future grants under the 2008 LTIP if Executive Directors do not comply with the guidelines.

KEY ELEMENTS OF REMUNERATION BEYOND EXECUTIVE DIRECTORS

The above framework is used for the Group's Executive Directors. Glanbia's remuneration principles and policy are also applied, as far as possible, across the Group below this level, taking account of seniority and local market practice.

Many of the features outlined above will therefore continue to apply across the Group, but some principal differences are as follows.

Element	Objective	Details
Annual Incentive	Focus on business responsibilities for individuals and ensure an appropriate deferral percentage based on position and role.	The Annual Incentive potential will be based on appropriate and specific business unit measures, as determined by the Remuneration Committee. Deferral of the proportion of the Annual Incentive earned in excess of 50% of Base Salary which, once the appropriate taxation and social security deductions have been made, will be invested in shares in the Company and delivered two years following this investment.
Long Term Incentive	Ability to offer increased level of share awards in markets where there are high levels of long term incentives. Ensure line of sight to business unit metrics.	Material increases in maximum award potential to further align and create an ownership culture, better aligned with market expectations. In addition to key Group financial metrics, the Long Term Incentive level will also be focused on appropriate and specific business unit measures, as determined by the Remuneration Committee. In order to retain or recruit exceptional key employees, there is the ability to offer restricted stock, time based only, for key employees (particularly on recruitment). All future awards under the LTIP may be subject to malus and claw back to the extent deemed appropriate by the Remuneration Committee in line with best practice.
Shareholding guidelines	Ensure a greater alignment with shareholders' interests through own shareholding.	For business unit CEOs, the share ownership recommended level is 75% of Base Salary to be built up over a maximum period of five years.

KEY ELEMENTS OF REMUNERATION FOR NON-EXECUTIVE DIRECTORS

The remuneration policy for the Group Chairman and Non-Executive Directors is summarised below:

Element	Description	Objective	Details
Fees	Annual fixed pay.	Recognise market value of role, job size, responsibility and reflects individual skills and experience.	Set by reference to the relevant market median based on an external independent evaluation of comparator companies of a similar scale and complexity. Reflects a base fee for the role of Non-Executive Director and additional fees reflecting responsibilities for membership of a sub-committee of the Board. Reviewed from time to time by the Remuneration Committee and the Board. Any reviews usually take effect from 1 January in the relevant year.
Benefits and Expenses	No additional benefits are provided other than direct expenses relating to the role.	Reimburse role based expenses incurred during performance of the duties of the role.	Such expenses may include travel in the course of the role for the Group.

Non-Executive Director fees

Role	2015 €	2014 €
Chairman	105,000	100,000
Vice-Chairmen	52,500	47,500
Senior Independent Director	80,000	72,500
Audit Committee Chairman	80,000	75,000
Remuneration Committee Chairman	80,000	75,000
Non-Executive Director	70,000	67,500
Society nominated Non-Executive Director	35,000	30,000

The Non-Executive Directors do not have service contracts, but have letters of appointment detailing the basis of their 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 AGM of the Company.

The Non-Executive Directors do not have periods of notice and the Group has no obligation to pay compensation when their appointment terminates. They are subject to annual re-election at the AGM of the Company.

RECRUITMENT POLICY

When recruiting new Executive Directors, the Group's policy is to pay what is necessary to attract individuals with the skills and experience appropriate to the role to be filled, taking into account remuneration across the Group, including other senior executives, and that offered by other international food and nutritional companies and other companies of similar size and complexity. New Executive Directors will generally be appointed on remuneration packages with the same structure and pay elements as described in the table on pages 86 and 87. Each element of remuneration to be included in the package offered to a new Executive Director would be considered.

On appointment to the Board for either an external or internal candidate:

- Base Salary levels will be set in consideration of the new recruit's existing salary, location, skills and experience and expected contribution to the new role, the current salaries of other Executive Directors in the Group and current market levels for the role;
- Pension will be considered in light of the retirement arrangements which are in place for the other Executive Directors with a contribution level considered by the Remuneration Committee to be appropriate in light of the new recruit's package as a whole, market practice at the time and internal equities;
- Other benefits will be considered in light of the provisions in place for the other Executive Directors;
- For Annual Incentive, the Group will consider whether it is appropriate for the new recruit to participate in the same Annual Incentive plan applicable to the current Executive Directors. If this is considered appropriate, the same financial measures, weighting, payout scale and target and maximum bonus opportunity (as a percentage of Base Salary) which apply to the existing Directors will generally apply to the new recruit;
- The award of long term incentives will depend on the timing of the appointment and where this fits into the typical annual grant cycles; and
- The maximum level of variable remuneration which may be granted to a new recruit is 400% (i.e. 150% maximum Annual Incentive plus 250% maximum LTIP) excluding any buyout awards that might arise.

For an external appointment, although there are no plans to offer additional cash and/or share based payments on recruitment, the Remuneration Committee reserves the right to do so when it considers this to be in the best interests of the Group, the Company and its shareholders. Such payments may take into account remuneration relinquished when leaving the former employer and would reflect the nature, time horizons and performance requirements attached to that remuneration.

The Remuneration Committee may grant share awards on hiring an external candidate to buyout awards which will be forfeited on leaving the previous employer.

The Remuneration Committee's approach to this is to carry out a detailed review of the awards which the individual will lose and calculate the estimated value of them. In doing so, the Remuneration Committee will consider the vesting period, the award exercise period if applicable, whether the awards are cash or share based, performance related or not, the Company's recent performance and payout levels and any other factors the Remuneration Committee considers appropriate. If a buyout award is to be made, the structure and level will be carefully designed and will generally reflect and replicate the previous awards as accurately as possible. The award will be made subject to appropriate claw back provisions in the event that the individual resigns or is terminated within a certain time frame.

For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any outgoing remuneration obligations existing prior to appointment (which are inconsistent with the policy as disclosed herein) may continue, provided they are disclosed to the Remuneration Committee. Although there are no plans to offer additional cash and/or share based payments on an internal promotion, the Remuneration Committee reserves the right to do so when it considers this to be in the best interests of the Group, the Company and its shareholders.

EXIT PAYMENT POLICY

The letters of appointment for Executive Directors do not provide for any compensation for loss of office beyond payments in lieu of notice, and therefore, except as may otherwise be required by Irish law, the maximum amount payable upon termination is limited to 12 months payment.

The Remuneration Committee retains the discretion to make additional payments to Directors upon termination.

In the event an Executive Director leaves for reasons of death, injury, disability, redundancy, retirement or any other exceptional circumstance or by agreement with the Group, which the Remuneration Committee in its absolute discretion permits, any outstanding share awards will be pro-rated for time and performance and will vest at the end of the period.

In addition, in the event of a takeover, merger, scheme of arrangement or other similar event involving a change of control of the Company or a demerger of a substantial part of the Group or a special dividend which has the effect of materially changing the Group's business or other similar event that affects the Company's shares to a material extent share awards will vest early, subject to the pro-rating of the share awards to reflect the reduced period of time between the commencement of the performance period and the early vesting, although the Remuneration Committee can decide not to pro-rate an award if it regards it as inappropriate to do so in the particular circumstances.

In all other circumstances, outstanding share awards will lapse.

There have been no payments made during the year in relation to compensation for loss of office by an Executive Director.

DETAILS OF EXECUTIVE DIRECTORS' SERVICE CONTRACTS

The Executive Directors are employed under contracts of employment with Glanbia plc (or one of its subsidiary companies). No Executive Director has a service contract with a notice period in excess of 12 months or with provisions for pre-determined compensation on termination which exceed 12 months' salary and benefits-in-kind and accordingly there are no service contracts which are required to be made available for inspection.

POLICY ON EXTERNAL BOARD APPOINTMENTS

The long-standing policy of allowing Executive Directors to hold external non-executive directorships with the prior approval of the Remuneration Committee will continue. The Remuneration Committee considers that external directorships provide the Group's Executive Directors with valuable experience that is of benefit to Glanbia. The Remuneration Committee believes that it is reasonable for the individual Executive Director to retain any fees received from such appointments given the additional personal responsibility that this entails. Other than Siobhán Talbot's appointment to the IBEC Board, for which she does not receive any fee, the Executive Directors have no external directorships and no other fees earned.

CONSIDERATION OF EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

The Remuneration Committee considers all employees across the Group when establishing and implementing policy for Executive Directors. All senior and high performing individuals within the organisation are invited to participate in both annual and long term incentive arrangements, similar to the Executive Directors to ensure reward strategy is calibrated to provide substantive reward only on achievement of superior performance.

The Remuneration Committee does not consult directly with employees when formulating Executive Director pay policy. However, it does take into account information provided by the Human Resources function and the independent external advice from Towers Watson, remuneration consultants.

SECTION B: DIRECTORS' REMUNERATION IMPLEMENTATION REPORT

This section of the report explains how Glanbia's remuneration policy has been implemented during the financial year.

The remuneration for 2014 for each of the Executive Directors is set out in the table below:

	Fixed			Variable		Total	
	Salary €'000	Pension Contribution €'000	Other Benefits €'000	Annual Incentive (paid in cash)[1] €'000	Annual Incentive (deferred into shares)[2] €'000	2014 Total[3] €'000	2013 Total[3] €'000
Executive Directors							
S Talbot[4]	750	199	20	563	94	1,626	1,029
M Garvey[5]	400	64	19	300	50	833	129
H McGuire[6]	400	60	116	300	50	926	584
B Phelan	390	114	17	293	26	840	876
J Moloney[7]	–	–	–	–	–	–	1,207
K Toland[8]	–	–	–	–	–	–	95

1. This reflects the proportion of the Annual Incentive payable to Executive Directors in respect of performance for the year 2014 (which amount to 75% of Base Salary), which will be paid through salary in 2015.
2. This reflects the proportion of the Annual Incentive which, once the appropriate taxation and social security deductions have been made, will be invested in shares in the Company and delivered to the Executive Directors two years following this investment (2017).
3. Remuneration disclosed refers to each Director's period of appointment on the Board in 2013 and 2014.
4. Appointed as Group Managing Director on 12 November 2013.
5. Appointed to the Board on 12 November 2013.
6. Appointed to the Board on 01 June 2013. Other benefits include an overseas allowance of €98,964 (2013 (part): €54,389).
7. Retired on 12 November 2013.
8. Resigned on 5 January 2013.

2008 LTIP

It is expected that share awards granted to Executive Directors, under the 2008 LTIP in 2012, will vest in 2015 as follows:

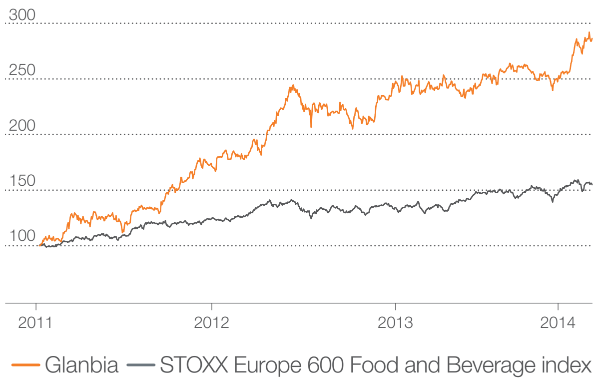
	Number of share awards
Executive Directors	
S Talbot	90,500
H McGuire	46,500
B Phelan	46,500
J Moloney[1]	64,126

1. Retired 12 November 2013

COMPARISON OF OVERALL PERFORMANCE AND PAY

The chart below shows the value over the last three financial years of €100 invested in Glanbia plc compared with that of €100 invested in the STOXX Europe 600 Food and Beverage index. A hypothetical €100 investment in Glanbia plc on 1 January 2012 would have generated a total return (inclusive of original investment) of €285.88 compared with a total return of €154.70 if invested in the STOXX Europe 600 Food and Beverage index. The Committee believes that, due to the size/industry of the Group, this index is the most appropriate index against which to compare the historic TSR of the Group.

TOTAL SHAREHOLDER RETURN



BASE SALARY

Base Salaries for the Executive Directors are determined by the Remuneration Committee as set out on page 86.

The following table sets out the closing 2014 Base Salary for each of the Executive Directors.

	Base Salary €
Executive Directors	
S Talbot	750,000
M Garvey	400,000
H McGuire	400,000
B Phelan	390,000

At the time when Siobhán Talbot was appointed as Group Managing Director in November 2013 (having been appointed as Group Managing Director designate in June 2013), it was agreed that her initial base pay level would be reviewed in the period following her appointment, including by reference to appropriate peers. During 2014, the Remuneration Committee therefore considered managing director base pay levels against a number of peers (across Ireland, the UK and USA), which demonstrated that Siobhán's Base Salary was significantly below relevant levels reviewed. In light of this review, and her development in the role, Siobhán's annual Base Salary was increased to €750,000 with effect from 1 January 2014. No change to the Base Salaries of Executive Directors for 2015 is proposed.

PENSION

Siobhán Talbot is a deferred member of a Glanbia defined benefit pension scheme. In light of the cap on pension benefits introduced in the Irish Finance Act 2006, and subsequently amended in December 2010, the Remuneration Committee reviewed the pension arrangements for Executive Directors and agreed, with effect from 1 January 2012, to offer the option to Siobhán Talbot to receive a taxable payment of 25% of salary in lieu of pension benefits. Following a further review in 2014 this rate was increased to 26.5% of Base Salary.

Brian Phelan is an active member of the Group's defined benefit plan which is based on an accrual rate of 1/60th of pensionable salary.

There is provision for Siobhán Talbot and Brian Phelan to retire at 60 years of age.

Hugh McGuire and Mark Garvey participate in a defined contribution retirement plan, to which contributions are made at an agreed rate.

OTHER BENEFITS

Employment related benefits include the use of company cars, medical/life assurance, relocation costs and overseas allowance, where appropriate.

ANNUAL INCENTIVE

The Group operates a performance related incentive scheme for Executive Directors and other senior executives as set out on page 86. The Committee believes that this method of assessment is transparent, rigorous and balanced, and provides an appropriate and objective assessment of annual performance.

For the annual period to 3 January 2015, each Executive Director could earn up to 150% of Base Salary for maximum performance measured against growth in adjusted EPS on a constant currency basis (120%) and delivery of targeted closing debt/adjusted EBITDA ratios (30%, provided a minimum adjusted EPS threshold is achieved).

In addition, each Executive Director had individual performance targets which must also be met to obtain the maximum incentive level. The personal objectives are specific and measurable and are determined at the commencement of the financial year. These comprise each individual's contribution to the Group Operating Executive, delivery against projects and initiatives within the scope of his/her role, and his/her contribution to the overall performance of the Group. Personal performance of the Executive Directors has been reviewed and the outcomes reflected in the Annual Incentive earned in the year.

The performance of the Group during the year included adjusted EPS growth on a constant currency basis of 10.1% and a strong closing debt/adjusted EBITDA ratio. In light of the above performance, the Committee concluded that up to 87.5% of Base Salary is payable to each Executive Director as set out on page 90.

LONG TERM INCENTIVE PLAN

The principal Long Term Incentive Plan for Executive Directors is the 2008 LTIP, which has received shareholder approval. This Long Term Incentive Plan was amended in 2012 with shareholder approval. It is the Committee's view that the combination of the Annual Incentive Plan and the 2008 LTIP provide an appropriate balance between short term reward and long term share based reward in accordance with recommended best practice.

Long Term Incentives (share awards with performance periods ending in the year)

Long Term Incentive share awards granted in August 2012 had a three year performance period ending on 3 January 2015 with one third of the award subject to satisfaction of an adjusted EPS growth target, one third subject to a relative TSR performance target and one third subject to a ROCE performance target.

EPS performance condition

100% of the EPS element is capable of vesting as determined by the rate of growth in reported EPS as compared to the Consumer Price Index (CPI) over the three year performance period. Adjusted EPS is calculated as the profit attributable to the equity holders of the Group before exceptional items and intangible asset amortisation (net of related tax), divided by the weighted average number of ordinary shares in issue during the year.

The rationale for the EPS performance condition is that investors consider adjusted EPS to be a key indicator of long term financial performance and value creation of a public limited company. The Committee exercised its discretion under Rule 5.2 of the 2008 LTIP rules and applied the continuing basis of accounting when assessing the EPS performance condition.

This adjustment to the performance condition was made to effectively treat Glanbia Ingredients Ireland Limited as an Associate in the accounts for 2011 (it became an Associate in 2012). The Committee considers this like for like basis of calculation to be more appropriate and consistent with a modest impact on the vesting outcome of the 2012 awards. As a result, in the three year period ended 3 January 2015, the Group delivered growth in reported adjusted EPS on a continuing basis of 14.88% Compound Annual Growth Rate (CAGR). This will result in 100% of the EPS element vesting to each Executive Director. The vesting conditions are as follows:

	EPS element vesting
Threshold performance (Three year adjusted EPS growth equal to CPI plus 5% compounded (5.38%))	50%
Maximum performance (Three year adjusted EPS growth equal to CPI plus 10% compounded (10.38%))	100%
Actual performance (Three year adjusted EPS growth equal to 14.88%)	100%

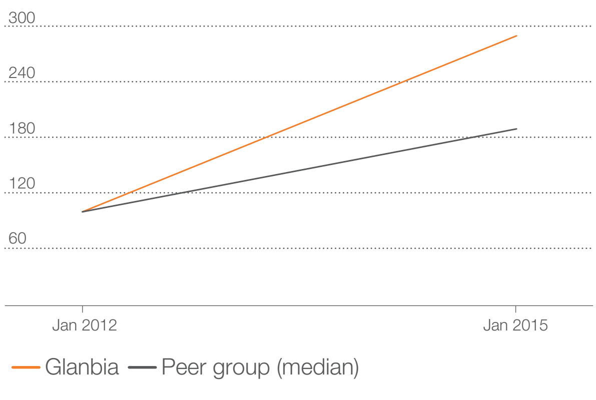
The table below shows the Group's reported adjusted EPS over the performance period for continuing operations.

2011	40.34c
2014	61.16c

TSR performance condition

100% of the TSR element is capable of vesting as determined by the Group's TSR ranking relative to an agreed comparator group of 12 other international food and nutritional companies. TSR represents the change in the capital value of a listed/quoted company over a period, plus dividends reinvested, expressed as a plus or minus percentage of the opening value.

TOTAL SHAREHOLDER RETURN



The rationale for using a TSR performance condition is that major investors regard TSR as an important indication of both earnings and capital growth relative to other major companies in the same sector and to ensure that share awards only vest if there has been a clear improvement in the Group's relative performance over the relevant period.

The graph on page 92 shows that, under the terms of the 2008 LTIP, at 3 January 2015, a hypothetical €100 invested in Glanbia plc on 1 January 2012 would have generated a total return (inclusive of original investment) of €288.44 compared with a total return of €188.79 if invested in the median performer from the peer group. This will result in 100% of the relative TSR element vesting to each Executive Director. The methodology on which TSR is calculated for LTIP purposes differs from the TSR calculation on page 91 due mainly to the use of a 30 day average base and final share price in the LTIP calculation. The vesting conditions are presented below.

	TSR element vesting
Threshold performance (Ranked halfway)	30%
Maximum performance (Ranked in top quartile)	100%
Actual performance (Ranked in top quartile)	100%

ROCE performance condition
100% of ROCE element is capable of vesting, as determined by ROCE as set out below. ROCE is calculated as Group earnings before interest and amortisation net of tax plus Glanbia's share of results of Joint Ventures & Associates after interest and tax divided by capital employed. Capital employed is calculated as the sum of the Group's total assets less current liabilities, excluding all borrowings, cash and deferred tax balances plus cumulative intangible asset amortisation. The rationale for using ROCE is that it highlights the returns generated from capital invested in the business and will show how the Group adds to shareholder value over the long term.

	ROCE element vesting
Threshold performance (Three year simple ROCE average equal to 12.5%)	0%
Maximum performance (Three year simple ROCE average equal to 13.5%)	100%
Actual performance (Three year simple ROCE average equal to 13.9%)	100%

In light of the performance against the EPS growth target, relative TSR and ROCE targets, the Committee confirmed that 100% of the total 2012 LTIP share award is capable of vesting to each Executive Director.

Long Term Incentives (share awards made in the financial year)
Long term incentive share awards were made to the Executive Directors in July 2014 and will vest in July 2017, subject to the achievement of TSR, EPS and ROCE performance conditions. The performance period will end on 31 December 2016. The vesting conditions are summarised below.

Performance targets for outstanding share awards
The performance targets for all outstanding 2008 LTIP share awards are set out in the following tables:

Adjusted EPS growth

	Vesting Level		
	0%	50%*	100%*
2012-2014 (33% of award)	Three year adjusted EPS growth less than CPI plus 5% compounded	Three year adjusted EPS growth equal to CPI plus 5% compounded	Three year adjusted EPS growth equal to or greater than CPI plus 10% compounded

* Straight line vesting between adjusted EPS growth equal to CPI plus 5% compounded and adjusted EPS growth equal to or greater than CPI plus 10% compounded.

TSR Ranking in the comparator group

	Vesting Level		
	0%	30%*	100%*
2012-2014 (33% of award)	Ranked below the top half	Ranked half way	Ranked in the top quartile

* Straight line vesting where ranked between half way and the top quartile.

Return on Capital Employed

	Vesting Level		
	0%	0%*	100%*
2012 (33% of award)	Less than 12.5%	12.5%	13.5%
2013 (33% of award)	Less than 13.5%	13.5%	14.5%
2014 (33% of award)	Less than 13.0%	13.0%	14.0%

* Straight line vesting between threshold performance and maximum performance.

DIRECTORS' SHAREHOLDINGS

As at 3 January 2015, the Executive Directors' share ownership against the guidelines was as follows:

	Shares held as at 3 January 2015	% of Base Salary based on market value as at 3 January 2015	Compliance with shareholding guidance
Executive Directors			
S Talbot	194,431	332%	250% ✓
H McGuire	123,118	394%	150% ✓
B Phelan	115,013	378%	150% ✓
M Garvey*	849	3%	–

* Mark Garvey joined the Group on 12 November 2013 and has a maximum of five years to build up his shareholding in the Company to 150% of his Base Salary.

DILUTION

Share awards granted under the 2008 LTIP and the Annual Deferred Incentive are satisfied through the funding of employee benefit trusts which acquire shares in the market. The employee benefit trusts held 715,558 shares at 3 January 2015.

The exercise of share options under the 2002 LTIP (which expired in 2012) is satisfied by the allotment of newly issued shares. At 3 January 2015 the total number of shares which could be allotted under this scheme was 210,000 shares which represent significantly less than one percent of the issued share capital of the Company.

THE GROUP CHAIRMAN AND NON-EXECUTIVE DIRECTORS

Liam Herlihy was appointed Group Chairman on 28 May 2008. His appointment is subject to annual re-appointment by the shareholders at the AGM of the Company. His appointment as Group Chairman will automatically terminate if he ceases to be a Director of the Company or a Director of Glanbia Co-operative Society Limited.

The Group Chairman's fee is set by the Remuneration Committee and for 2015 is €105,000 per annum (2014: €100,000). This fee reflects the level of commitment and responsibility of the role and is set by reference to the relevant market median based on an external independent evaluation conducted by Towers Watson, remuneration consultants.

IMPLEMENTATION OF POLICY IN 2014

Base Salary is reviewed on an annual basis. The Base Salaries of Executive Directors for 2015 remain unchanged from 2014 and are set out on page 91.

Following on from the remuneration policy review carried out in 2014 the Remuneration Committee has determined that the Annual Incentive opportunity for Executive Directors and senior executives in 2015 will be contingent on meeting targets relating to EPS, Group operating cash flow and individual performance objectives, with financial performance metrics tailored to business segment where relevant. The Committee intends that the financial targets will include significant stretch and will be based on a mix of market expectations and budgeted expectations.

The Committee will review the performance measures for share awards under the 2008 LTIP, to be granted in 2016 and beyond, to ensure they remain appropriately stretching in light of the Group's expectations of performance and those of external analysts.

REVIEW OF COMMITTEE PERFORMANCE

The Board and Committee assessed its performance, covering its terms of reference, composition, procedures, contribution and effectiveness. As a result of that assessment, the Committee is satisfied that it is functioning effectively and it has met its terms of reference.

INFORMATION SUBJECT TO AUDIT

The information in Tables A to G is covered by the Independent Auditors' report on page 116. The tables give details of the Directors' remuneration and interests in shares in Glanbia plc and Glanbia Co-operative Society Limited held by Directors and the Group Secretary and their connected persons as at 3 January 2015. There have been no changes in the interests listed in Tables B to G between 4 January 2015 and 24 February 2015. The market price of the ordinary shares as at 3 January 2015 was €12.805 and the range during the year was €13.06 to €10.48. The average price for the year was €11.34.

RESULTS 2014–RESOLUTION TO RECEIVE AND CONSIDER 2013 REMUNERATION COMMITTEE REPORT

For	%	Against	%	Total excluding withheld	%	Withheld*	%	Total including withheld
194,618,425	97.23%	5,543,778	2.77%	200,162,203	100%	109,885	0.05%	200,272,088

* Votes withheld are not votes in law.

TABLE A: 2014 DIRECTORS' REMUNERATION

The salary, fees and other benefits pursuant to the remuneration package of each Director during the year were:

	Date of appointment/ resignation, if applicable	Salary €'000	Fees €'000	Annual Incentive paid in cash[1] €'000	Annual Incentive deferred into shares[2] €'000	Pension contribution €'000	Other benefits €'000	2014 Total[3] €'000	2013 Total[3] €'000
Executive Directors									
S Talbot[4]		750	–	563	94	199	20	1,626	1,029
M Garvey	App. 12 Nov 13	400	–	300	50	64	19	833	129
H McGuire[5]	App. 01 Jun 13	400	–	300	50	60	116	926	584
B Phelan		390	–	293	26	114	17	840	876
J Moloney	Ret. 12 Nov 13	–	–	–	–	–	–	–	1,207
K Toland	Res. 05 Jan 13	–	–	–	–	–	–	–	95
2014		**1,940**	**–**	**1,456**	**220**	**437**	**172**	**4,225**	
2013		1,686	–	1,193	525	386	130		3,920
Non-Executive Directors									
L Herlihy		–	100	–	–	–	–	100	100
H Corbally		–	48	–	–	–	–	48	48
Mn Keane		–	48	–	–	–	–	48	48
J Callaghan	Ret. 01 Dec 14	–	73	–	–	–	–	73	80
W Carroll		–	30	–	–	–	–	30	30
P Coveney	App. 30 May 14	–	40	–	–	–	–	40	–
J Doheny		–	30	–	–	–	–	30	30
D Farrell		–	30	–	–	–	–	30	30
D Gaynor		–	72	–	–	–	–	72	54
P Gleeson		–	30	–	–	–	–	30	30
V Gorman		–	30	–	–	–	–	30	15
P Haran		–	68	–	–	–	–	68	68
B Hayes	Re-app. 30 May 14	–	18	–	–	–	–	18	13
Ml Keane		–	30	–	–	–	–	30	30
J Liston	Ret. 13 May 14	–	27	–	–	–	–	27	75
M Merrick		–	30	–	–	–	–	30	30
J Murphy		–	30	–	–	–	–	30	30
P Murphy		–	30	–	–	–	–	30	30
W Murphy	Ret. 01 Jun 13	–	–	–	–	–	–	–	28
D O'Connor	App. 01 Dec 14	–	6	–	–	–	–	6	–
E Power		–	30	–	–	–	–	30	30
R Prendergast	Res. 05 Jun 13	–	–	–	–	–	–	–	13
2014		**–**	**800**	**–**	**–**	**–**	**–**	**800**	
2013		–	812	–	–	–	–		812
Total 2014		**1,940**	**800**	**1,456**	**220**	**437**	**172**	**5,025**	
Total 2013		1,686	812	1,193	525	386	130		4,732

1. This reflects the portion of the Annual Incentive earned by Executive Directors in respect of performance for the year 2014 (which amounts to 75% of Base Salary) which will be paid through salary in 2015.
2. This reflects the portion of the Annual Incentive which, once the appropriate taxation and social security deductions have been made, will be invested in shares in the Company and delivered to Executive Directors two years following this investment (2017).
3. Remuneration disclosed refers to each Director's period of appointment on the Board in 2013 and 2014.
4. Appointed as Group Managing Director on 12 November 2013.
5. Other benefits include an overseas allowance of €98,964 (2013 (part): €54,389).

See page 91 for details of Directors' awards expected to vest in respect of performance to 3 January 2015

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 2014 in excess of inflation €'000	Total annual accrued pension at 3 January 2015 €'000
S Talbot[1]	–	–	158
B Phelan	87	8	103
2014	87	8	261
2013	57	7	750

1. Siobhán Talbot is a deferred member of the Glanbia defined benefit pension scheme. As a result of the cap on pension benefits introduced in the Finance Act 2006, and subsequently amended in December 2010, the Remuneration Committee reviewed the pension arrangements for Executive Directors and agreed to offer the option to receive a taxable payment of 26.5% of salary in lieu of future service pension benefit, with effect from 5 January 2014 (2013: 25%).

TABLE B: DIRECTORS' AND SECRETARY'S INTERESTS IN GLANBIA CO-OPERATIVE SOCIETY LIMITED

	As at 3 January 2015		As at 5 January 2014*	
	"A" Ordinary shares of €1.00	"C" shares of €0.01	"A" Ordinary shares of €1.00	"C" shares of €0.01
Directors				
L Herlihy	79,686	12,045,240	79,686	10,686,889
H Corbally	6,095	–	5,153	363,583
Mn Keane	7,612	3,600,000	7,612	3,118,390
S Talbot[1]	–	3,600,000	–	3,000,000
W Carroll	18,987	–	17,102	–
J Doheny	6,366	–	6,366	341,122
D Farrell	5,863	–	4,921	112,000
V Gorman	6,066	–	3,066	–
B Hayes[2]	16,040	–	11,327	2,000,000
Ml Keane	21,606	–	19,721	3,000,000
M Merrick	5,970	–	5,499	–
J Murphy	16,122	–	14,237	–
P Murphy	14,766	5,200,000	11,939	12,143,890
B Phelan[1]	–	10,540,800	–	16,284,000
E Power	23,812	5,600,000	23,812	16,284,935
Secretary				
M Horan	–	677,679	–	574,000

1. Executive Director
2. Re-appointed 30 May 2014

* Or date of appointment if later

TABLE C: DIRECTORS' AND SECRETARY'S INTERESTS IN ORDINARY SHARES IN GLANBIA PLC

	As at 3 January 2015	As at 5 January 2014*
	Ordinary shares	**Ordinary shares**
Directors		
L Herlihy	131,113	131,113
H Corbally	12,536	12,536
Mn Keane	22,849	22,849
S Talbot[1]	194,431	141,587
W Carroll	8,435	8,435
P Coveney[2]	3,900	–
J Doheny	14,737	14,737
D Farrell	2,927	2,927
M Garvey[1]	849	–
D Gaynor	10,000	5,000
P Gleeson	10,171	23,171
V Gorman	2,727	2,727
P Haran	7,462	7,462
B Hayes[3]	26,246	26,246
Ml Keane	30,770	30,770
H McGuire[1]	123,118	89,425
M Merrick	6,312	6,312
J Murphy	11,022	11,022
P Murphy	27,582	27,582
D O'Connor[4]	7,680	–
B Phelan[1]	115,013	85,519
E Power	49,296	49,296
Secretary		
M Horan	51,191	43,079

1. Executive Director
2. Appointed 30 May 2014
3. Re-appointed 30 May 2014
4. Appointed 1 December 2014

* Or date of appointment if later

Note: The ordinary shares held in trust for the Directors and Secretary disclosed in Table G on page 99 are included in the total number of ordinary shares held by the Directors and Secretary above.

TABLE D: SUMMARY OF DIRECTORS' AND SECRETARY'S INTERESTS IN GLANBIA PLC 2002 LTIP AND 2008 LTIP

	As at 3 January 2015		As at 5 January 2014	
	2008 LTIP Share awards	2002 LTIP Share awards	2008 LTIP Share awards	2002 LTIP Share awards
Directors				
M Garvey	53,250	–	–	–
H McGuire	126,650	–	123,400	–
B Phelan	147,250	750	145,250	750
S Talbot	227,150	700	243,650	700
Secretary				
M Horan	101,400	–	123,400	–

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TABLE E: DIRECTORS' AND SECRETARY'S INTERESTS IN 2008 LTIP

	Date of grant	05 Jan 14	Granted during the year	Vested during the year	03 Jan 15	Market price at date of award €	Earliest date for vesting	Expiry date	Notes
Directors									
M Garvey									
	02 Jul 14	–	53,250	–	53,250	11.51	02 Jul 17	02 Jul 18	3
Total:		**–**	**53,250**	**–**	**53,250**				
H McGuire									
	28 Mar 11	50,000	–	50,000	–	4.35	28 Mar 14	02 Jul 14	1
	30 Aug 12	46,500	–	–	46,500	6.26	30 Aug 15	30 Aug 16	2
	23 Apr 13	26,900	–	–	26,900	10.11	23 Apr 16	23 Apr 17	3
	02 Jul 14	–	53,250	–	53,250	11.51	02 Jul 17	02 Jul 18	3
Total:		**123,400**	**53,250**	**50,000**	**126,650**				
B Phelan									
	28 Mar 11	50,000	–	50,000	–	4.35	28 Mar 14	02 Jul 14	1
	30 Aug 12	46,500	–	–	46,500	6.26	30 Aug 15	30 Aug 16	2
	23 Apr 13	48,750	–	–	48,750	10.11	23 Apr 16	23 Apr 17	3
	02 Jul 14	–	52,000	–	52,000	11.51	02 Jul 17	02 Jul 18	3
Total:		**145,250**	**52,000**	**50,000**	**147,250**				
S Talbot									
	28 Mar 11	96,500	–	96,500	–	4.35	28 Mar 14	02 Jul 14	1
	30 Aug 12	90,500	–	–	90,500	6.26	30 Aug 15	30 Aug 16	2
	23 Apr 13	56,650	–	–	56,650	10.11	23 Apr 16	23 Apr 17	3
	02 Jul 14	–	80,000	–	80,000	11.51	02 Jul 17	02 Jul 18	3
Total:		**243,650**	**80,000**	**96,500**	**227,150**				
Secretary									
M Horan									
	28 Mar 11	50,000	–	50,000	–	4.35	28 Mar 14	02 Jul 14	1
	30 Aug 12	46,500	–	–	46,500	6.26	30 Aug 15	30 Aug 16	2
	23 Apr 13	26,900	–	–	26,900	10.11	23 Apr 16	23 Apr 17	3
	02 Jul 14	–	28,000	–	28,000	11.51	02 Jul 17	02 Jul 18	3
Total:		**123,400**	**28,000**	**50,000**	**101,400**				

1. Awards granted on 28 March 2011 were subject to performance conditions measured over the three financial years ended 4 January 2014. The outcome of these performance conditions was such that 100% of the awards vested. The vesting date was 2 July 2014.
2. Awards granted on 30 August 2012 were subject to performance conditions measured over the three financial years ended 3 January 2015. The outcome of these performance conditions is such that 100% of these awards are expected to vest during 2015.
3. The performance periods in respect of the 2008 LTIP awards made in 2013 and 2014 are the three financial years ending 2015 and 2016 respectively. The performance conditions attached to the awards are detailed in the section entitled 'Performance targets for outstanding share awards' on page 93.

TABLE F: DIRECTORS' AND SECRETARY'S INTERESTS IN 2002 LTIP

S Talbot

S Talbot retained 7,000 of the shares allotted to her on 8 January 2013 under the 2002 LTIP until 8 January 2015 and is therefore eligible for a share award of 10% of these shares (700).

B Phelan

B Phelan retained 7,500 of the shares allotted to him on 8 January 2013 under the 2002 LTIP until 8 January 2015 and is therefore eligible for a share award of 10% of these shares (750).

TABLE G: DIRECTORS' AND SECRETARY'S ANNUAL DEFERRED INCENTIVE

	Value of Annual Incentive to be converted into shares €[1]	Date of conversion/ acquisition of shares	Acquisition price per share at date of conversion	Number of shares acquired	Shares subject to restriction[2,3]	Date restriction removed
Directors						
M Garvey						
2013 Annual Deferred Incentive	€18,000	02 Jul 14	€11.57	1,586	849	02 Jul 16
H McGuire						
2012 Annual Deferred Incentive	€36,000	23 Apr 13	€10.11	3,582	2,389	23 Apr 15
2013 Annual Deferred Incentive	€118,000	02 Jul 14	€11.57	10,165	5,738	02 Jul 16
B Phelan						
2012 Annual Deferred Incentive	€176,000	29 May 13	€10.70	16,472	8,744	29 May 15
2013 Annual Deferred Incentive	€120,000	02 Jul 14	€11.57	10,355	5,547	02 Jul 16
S Talbot						
2012 Annual Deferred Incentive	€279,000	29 May 13	€10.70	26,097	13,852	29 May 15
2013 Annual Deferred Incentive	€143,000	02 Jul 14	€11.57	12,367	6,625	02 Jul 16
Secretary						
M Horan						
2012 Annual Deferred Incentive	€153,000	23 Apr 13	€10.11	15,134	8,176	23 Apr 15
2013 Annual Deferred Incentive	€68,000	02 Jul 14	€11.57	5,908	3,165	02 Jul 16

1. Numbers are rounded to the nearest thousand.
2. The total number of shares subject to restriction are included in the total number of ordinary shares disclosed in Table C on page 97.
3. Directors are permitted to sell sufficient shares to satisfy any tax or social security deductions arising on the acquisition of the shares. The balance of the shares are restricted from sale for two years and are held on trust for them by the trustee of the Glanbia plc Section 128D Employee Benefit Trust.

Statement of compliance with UK Corporate Governance Code (2012) and the Irish Corporate Governance Annex

As required by the European Communities (Directive 2006/46/EC) Regulations 2009 (as amended) this Statement of Compliance explains how the Board has applied the principles set down in the UK Corporate Governance Code (2012) (which is referred to in the Listing Rules, applicable to Irish and UK listed companies and which is publicly available on the Financial Reporting Council's website: www.frc.org.uk/corporate/ukcgcode.cfm) (the 'UK Code') and the Irish Corporate Governance Annex published in December 2010 by the Irish Stock Exchange and which is publicly available on the Irish Stock Exchange website: www.ise.ie/Products-Services/Sponsors-and-Advisors/Irish-Corporate-Governance-Annex.pdf?v=16112014 (the 'ISE Annex') (collectively the 'Codes').

The Board accepts that the Codes represent an authoritative statement of best practice and as such it has reviewed its practices relative to them. The Board also acknowledges that frequently it is the case that laws, regulations and policies do not provide guidance on all types of behaviour. As a result, we have a code of conduct for everybody in Glanbia. The Glanbia Code of Conduct is intended as a code of best practice and provides a broad range of guidance about the standards of integrity and business conduct expected. Our Code of Conduct is not intended to be a substitute for our responsibility and accountability to exercise good judgement and obtain guidance on proper business conduct. Glanbia employees are encouraged and expected to seek additional guidance and support from others when in doubt.

The Group has complied with the detailed provisions of the Codes throughout 2014, with the exception of provision B.1 of the UK Corporate Governance Code, Composition of the Board. We have explained in detail our reasons on page 102 which set out our alternative practice to achieve good governance. The Codes are not a rigid set of rules and they recognise that an alternative to following a provision may be justified in particular circumstances where good governance is still achieved.

We have addressed each Code principle in the tables below.

COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE (2012)

	Code of Best Practice – Principles	Group Statement of Compliance
A	**Directors**	
A.1	**The role of the board** Every company should be headed by an effective board which is collectively responsible for the long term success of the company.	Our Board consists of the Group Chairman (Liam Herlihy), two Vice-Chairmen (Martin Keane and Henry Corbally); 15 other Non-Executive Directors (including Paul Haran, the Senior Independent Director) and four Executive Directors (Siobhán Talbot, the Group Managing Director, Mark Garvey, the Group Finance Director, Brian Phelan, Chief Executive Officer of Global Ingredients and Hugh McGuire, Chief Executive Officer of Global Performance Nutrition). 14 of the Non-Executive Directors are currently nominated by our major shareholder, Glanbia Co-operative Society Limited (the 'Society'). Our Group's governance structure is based on the leadership principles in the Codes and is set out on page 61. The Board and its Committees monitor the application of values, standards and processes. The core activities of the Board and its Committees are documented and planned on an annual basis and include an agreed annual calendar of the main business to be considered at each Board meeting. This forms the basic structure within which the Board operates. The Directors' responsibilities are outlined on pages 62 to 63. The Board meets regularly on a formal basis plus additional ad hoc meetings as necessary. The Board held eight scheduled meetings in 2014 (11: 2013) and one two day planning and strategy session. The attendance of each Director at the scheduled Board meetings and the two day planning and strategy session are shown on page 62. The Audit, Nomination and Governance and Remuneration Committee membership and attendances are shown in their respective reports.

COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE (2012) continued

	Code of Best Practice – Principles	Group Statement of Compliance
A.2	**Division of responsibilities** There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision.	Responsibility is clearly split between the Group Chairman and the Group Managing Director. The Group Chairman is responsible for the efficient and effective working of the Board. While the Board is ultimately responsible for the success of the Group, given the size and complexity of its operations the day to day operations of the Group are managed on a delegated basis by the Group Managing Director and the senior executives working with her. The Board appoints the Group Managing Director and monitors her performance in leading the Group. The Group Managing Director is responsible for all aspects of the operation and management of the Group and its business. Specifically, she is responsible for developing (for the Board's approval) appropriate values and standards to guide all activities undertaken by the Group and also for making recommendations on appropriate delegation of responsibilities. A detailed explanation of their respective responsibilities is set out on page 62.
A.3	**The chairman** The chairman is responsible for leadership of the board and ensuring its effectiveness on all aspects of its role.	The Group Chairman sets the Board's agenda and ensures that adequate time is available for the discussion of all agenda items. The Group Chairman promotes a culture of openness and debate. He also ensures constructive relations between the Executive Directors and the Non-Executive Directors. The Group Chairman ensures effective communication with shareholders. Further information may be found on pages 58 to 60. A detailed explanation of the Group Chairman's responsibilities is set out on page 62.
A.4	**Non-executive directors** As part of their role as members of a unitary board, non-executive directors should constructively challenge and help develop proposals on strategy.	The Non-Executive Directors scrutinise the performance of management, monitor the reporting of performance and assist in the development of strategy. The two day planning and strategy meeting has been developed to ensure that the Non-Executive Directors can participate in the development of proposals on strategy and includes a full consideration of the key risks and opportunities facing the Group. The Senior Independent Director supports the Group Chairman on all governance issues and is available to shareholders if they have concerns that contact through the normal channels has failed to resolve. The Group Chairman holds meetings with the Non-Executive Directors without the Executive Directors present where considered appropriate. The Senior Independent Director meets with the Non-Executive Directors without the Group Chairman being present on such occasions as he considers appropriate.

COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE (2012) continued

	Code of Best Practice – Principles	Group Statement of Compliance
B	**Effectiveness**	
B.1	**The composition of the board** The board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the company to enable them to discharge their respective duties and responsibilities effectively.	The Board is pleased to take this opportunity to explain its reasons for its structure and, in doing so, how it meets the requirements of the Codes to comply or explain. The Board also wishes to explain why it is justified in the circumstances and how good governance is still achieved. Avonmore Foods plc and Waterford Foods plc merged in 1997 to form Glanbia plc. At the same time, their respective major shareholders also merged to form the 'Society'. The Society still retains a major shareholding in the Company and nominates from its Board of Directors, which is elected on a three year basis, up to 14 Non-Executive Directors for appointment to the Board of the Company. This will reduce to eight Non-Executive Directors in 2018, more details of which are set out on page 79 of the Nomination and Governance Committee report. All the Non-Executive Directors are considered by the Board to demonstrate the essential characteristics of independence and bring independent challenge and deliberations to the Board through their character, objectivity and integrity. Further information may be found on page 78 of the Nomination and Governance Committee report. The practical conduct of Board meetings is such that, even though there are currently 14 Non-Executive Directors appointed by the Society, the views of all the Non-Executive Directors are given due weight and a collective approach to decision making is adopted. The Group has an excellent track record in delivering sustained growth in shareholder value. In the latest three year period, total shareholder return has increased by 185.88% and the share price has risen from €4.63 (at the end of 2011) to €12.81 at financial year end 2014, all underpinned by the Group's good governance practices over many years.
B.2	**Appointments to the board** There should be a formal, rigorous and transparent procedure for the appointment of new directors to the board.	The Nomination and Governance Committee comprises four Non-Executive Directors, of whom two members constitute a quorum, and is responsible for making recommendations to the Board on the appointment and re-appointment of Directors and planning for the orderly succession of new Directors to the Board. A detailed explanation of the Nomination and Governance Committee and its work is set out in the Nomination and Governance Committee report. Succession planning is used by the Board to deliver two key responsibilities: firstly to ensure that the Group is managed by executives with the necessary skills, experience and knowledge; and secondly to ensure that the Board itself has the right balance of individuals to be able to discharge its responsibilities effectively. The Nomination and Governance Committee has specific responsibilities in this area but the Board as a whole is also involved in overseeing the development of management resources with the aim of ensuring the Group has the individuals with the right skills to meet the needs of an increasingly complex and global business.
B.3	**Commitment** All directors should be able to allocate sufficient time to the company to discharge their responsibilities effectively.	All Non-Executive Directors are advised of the likely time commitments at appointment and are asked to seek approval from the Nomination and Governance Committee if they wish to take on additional external appointments. The ability of individual Directors to allocate sufficient time to the discharge of their responsibilities is considered as part of the Board's annual evaluation process overseen by the Group Chairman. Any issues concerning the Group Chairman's time commitment are dealt with by the Nomination and Governance Committee, chaired for this purpose by the Senior Independent Director. The terms of appointment of Non-Executive Directors are available for inspection at the registered office of the Company.

	Code of Best Practice – Principles	Group Statement of Compliance
B	**Effectiveness**	
B.4	**Development** All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge.	The Company puts full, formal and tailored induction programmes in place for all its new Directors. While Directors' backgrounds and experience are taken into account, the induction is aimed to be a broad introduction to the Group's businesses and its areas of significant risk. Key elements are meeting the Executive Directors and senior and middle management and visiting the Group's major sites in order to be briefed on Group strategy and on individual businesses. As part of their induction programme during the year, Patrick Coveney and Dan O'Connor both visited several of the Group's sites and met relevant senior management. The Group Chairman regularly encourages the Non-Executive Directors to update their skills, knowledge and ongoing familiarity with the Group in order to competently carry out their responsibilities. This is achieved by regular presentations at Board meetings from senior management on matters of significance. Examples during the year included: presentations from the Global Performance Nutrition and US Cheese senior management and a presentation on research and development from the Chief Science and Technology Officer. In addition to the induction programme that all Directors undertake on joining the Board, an ongoing programme of Director development and Group awareness has been developed. For example, as part of the annual programme of Board meetings, Directors will typically visit some of the Group's principal operations to meet employees and gain an understanding of the Group's products and services. In June 2014 the Board visited Global Performance Nutrition in Aurora, Illinois and in September 2014 the Board visited the US Cheese plants in Idaho and the Ingredient Technologies grain facility in Sioux Falls, South Dakota. The Directors are also regularly provided with updates on the Group's business as well as updates on corporate governance and legislative/regulatory issues. Updates are by way of written briefings from the Group Secretary, presentations from management and external advisors. During the year under review, updates focused on the changing corporate landscape which included the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the FRC's 2012 UK Corporate Governance Code, particularly the balanced and understandable requirements and the reforms to Directors' remuneration reporting and the new listing rules applicable to premium listed companies in the UK. As part of their annual performance evaluation, Directors are given the opportunity to discuss their own training and development needs.
B.5	**Information and support** The board should be supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties.	A comprehensive Board procedures manual is maintained which includes formal procedures for the working of the Board and its committees, delegated authorities, the timely provision of appropriate information and the duties and responsibilities of directors, including standards of conduct and compliance. The Group Chairman, with the assistance of the Group Managing Director and Group Secretary, is responsible for ensuring that Directors are supplied with information in a timely manner and that it is in a form and of an appropriate quality that enables them to discharge their duties. In the normal course of business, such information is provided by the Group Managing Director in a regular report to the Board that includes information on operational matters, strategic developments, financial performance relative to the business plan, business development, corporate responsibility and investor relations. At each scheduled Board meeting, the Executive Directors provide operational and financial updates. Depending on the nature of the proposal to be considered, other senior executives are invited to make presentations or participate in Board discussions to ensure that Board decisions are supported by a full analysis of each proposal. All Directors have access to the advice and services of the Group Secretary, who is responsible for advising the Board on all governance matters. The Directors also have access to independent professional advice, if required, at the expense of the Group and this is co-ordinated through the Group Secretary.

COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE (2012) continued

	Code of Best Practice – Principles	Group Statement of Compliance
B.6	**Evaluation** The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual directors.	The Board conducts an annual review of its effectiveness and that of each Board Committee and Board member. The evaluation of the performance of the Board is to be externally facilitated every three years. A detailed description of the outcome of the 2014 Board internal evaluation is given in the Group Chairman's introduction to corporate governance on page 58 and a description of the process is set out on page 109 (Compliance with Irish Corporate Governance Annex). This was not externally facilitated in 2014 as a full external evaluation was undertaken in 2013.
B.7	**Re-election** All directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance.	All Directors are ordinarily subject to re-election at every Annual General Meeting (AGM). All Directors were re-elected at the 2014 AGM, with the exception of Jerry Liston, who was not put forward for re-election as he had indicated his intention to retire at the commencement of the AGM. The Board has recommended that all Directors (with the exception of Liam Herlihy, David Farrell and Patrick Gleeson as they have indicated their intention to retire following the conclusion of the AGM) should be put forward for re-election at the 2015 AGM. Each Director seeking re-election continues to be effective and demonstrates commitment to his/her roles.
C	**Accountability**	
C.1	**Financial and business reporting** The board should present a balanced and understandable assessment of the company's position and prospects.	Through this Annual Report and, as required, through other periodic financial updates, the Board is committed to providing shareholders and other stakeholders with a clear assessment of the Company and the Group's position and prospects. A statement of the Directors' responsibilities for preparing the financial statements for the Company and the Group is set out on page 114. A statement by the external Auditors about their reporting responsibilities is set out on page 116. Going Concern The Directors continue to report in the annual and half-yearly financial statements that the business is a going concern. The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Group Managing Director's review on pages 30 to 33. The financial position of the Company and the Group, its cash flows, liquidity position and borrowing facilities are outlined in the Group Finance Director's review on pages 34 to 37. In addition, note 3 to the financial statements includes the Company and the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk. The Company and the Group have considerable financial resources and a large number of customers and suppliers across different geographic areas and industries. As a consequence, the Directors believe that the Company and the Group are well placed to manage its business risks successfully. The Directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE (2012) continued

	Code of Best Practice – Principles	Group Statement of Compliance
C.2	**Risk management and internal control** The board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems.	The Board has applied principle C.2 of the UK Corporate Governance Code by establishing a continuous process for identifying, evaluating and managing the significant risks the Group faces to ensure that the Group's strategic objectives are achieved. The arrangements established by the Board for the application of risk are outlined in the Risk Management report on pages 50 to 57. The Audit Committee assists the Board in discharging its review responsibilities in accordance with the requirements of the revised Turnbull Guidance on Internal Control, published by the FRC, which the Board has fully adopted, and the Codes. In order to assist the Audit Committee and the Board in their review, the Group has developed a Control Self Assessment programme. This is subject to regular review. Having undertaken such reviews, the Audit Committee reports to the Board on its findings so that the Board can take a view on this matter. The Board has reviewed the effectiveness of the current systems of risk management and internal control specifically for the purpose of this statement and is satisfied that these systems have been operating throughout 2014 and to the date of this report. The Group also maintains a risk register, which contains the key risks faced by the Group, including their likelihood and impact, as well as the controls and procedures implemented to mitigate these risks. The content of the register is determined through regular discussions with senior management and is reviewed by the Audit Committee. While the Board is responsible for the Group's system of internal control and for the ongoing review of its effectiveness, such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has delegated to the Audit Committee oversight of the management of the relationship with the Group's external Auditors, further details of which can be found in the Audit Committee report on pages 69 to 74. Proper Books of Account The Directors, through the use of appropriate procedures and systems, have also ensured that measures are in place to secure compliance with the Company and the Group's obligation to keep proper books of account. These books of account are kept at the registered office of the Company.

COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE (2012) continued

	Code of Best Practice – Principles	Group Statement of Compliance
C.2	**Risk management and internal control** The board is responsible for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The board should maintain sound risk management and internal control systems.	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 has issued rules 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 or the Group. 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 the Group Secretary and the Group Finance Director as Compliance Officers, from one of whom approval must be obtained, in advance, for any share dealings by persons to whom the rules apply. Directors' dealings must also be approved by the Group Chairman. 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 and societies are set out in the Remuneration Committee report on pages 96 to 99. Main features of Internal control and risk management systems in preparing consolidated financial statements and financial reporting: • Board approval of the annual business and strategic plans following Group and business unit strategy plan reviews; • Monitoring of performance against the annual plan through monthly Board reports detailing actual versus budgeted results, analysis of material variances, review of key performance indicators and re-forecasting where required; • Monthly reporting by all business units and review by Group Finance; • Well resourced Finance function to facilitate segregation of duties; • Audit Committee review of the integrity of the annual report and half-yearly report. Any resulting recommendations are included in the Audit Committee Chairman's Board report; • Board review and approval of the Group consolidated half-yearly accounts, consolidated annual accounts, interim management statements and any formal announcements; • The use of a Group Finance management manual that clearly sets out Group accounting policies and financial control procedures; • Centralised Taxation and Treasury functions; • Board approved Treasury risk management policies, designed to ensure that Group foreign exchange and interest rate exposures are managed within defined parameters; and • Appropriate IT security environment.
C.3	**Audit Committee and auditors** The board should establish formal and transparent arrangements for considering how they should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the company's auditor.	A detailed explanation is given in the Risk Management report on pages 50 to 57 and the Audit Committee report on pages 69 to 74. The Audit Committee comprised eight Non-Executive Directors as at 3 January 2015 of whom three members constitute a quorum. In February 2015, the Nomination and Governance Committee recommended that the composition of the Audit, Remuneration and Nomination and Governance Committees be comprised only of Independent Non-Executive Directors, the Group Chairman and the Vice-Chairmen. Accordingly, the Audit Committee Membership was reduced to seven, with Donard Gaynor replacing Matthew Merrick and Patrick Gleeson.

COMPLIANCE WITH UK CORPORATE GOVERNANCE CODE (2012) continued

	Code of Best Practice – Principles	Group Statement of Compliance
D	**Remuneration**	
D.1	**The level and components of remuneration** Levels of remuneration should be sufficient to attract, retain and motivate directors of the quality required to run the company successfully, but a company should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.	Our remuneration strategy and policies focus on using remuneration to facilitate the implementation of a successful corporate strategy, within our risk management framework. This strategy aims to deliver superior earnings growth and total shareholder return for our shareholders over the long term by attracting, retaining and motivating high quality and committed people who are critical to sustain the future development of the Group. A detailed explanation is given in the Remuneration Committee report on pages 80 to 99.
D.2	**Procedure** There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his or her own remuneration.	Remuneration packages for individual Executive Directors are set by the Remuneration Committee after receiving appropriate information from independent sources and Group Human Resources. The Remuneration Committee comprises six Non-Executive Directors, of whom three members constitute a quorum. The Group Managing Director and the Group Human Resources and Corporate Affairs Director attend Committee meetings by invitation only. They absent themselves when their remuneration is discussed and no Director is involved in considering his/her own remuneration. The position of Group Human Resources Director was vacant for most of the year with a new appointment made on 11 December 2014. The Group Managing Director assumed responsibility during the period the position was vacant.
E	**Relations with shareholders**	
E.1	**Dialogue with shareholders** There should be a dialogue with shareholders based on the mutual understanding of objectives. The board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.	The Group has a well developed Investor Relations programme managed by the Group Finance Director. This includes regular contact with major shareholders including the Society to keep them informed of progress on Group performance. A description of our Investor Relations activity during 2014 is set out on page 35.
E.2	**Constructive use of the AGM** The board should use the AGM to communicate with investors and to encourage their participation.	Whenever possible, all Directors attend the AGM and shareholders are invited to ask questions during the meeting and have an opportunity to meet with the Directors following the conclusion of the formal part of the meeting. In line with the Codes, details of proxy voting by shareholders, including votes withheld, are made available on request and are placed on the Group's website following the meeting. To ensure shareholders have time to consider the Annual Report and Financial Statements and lodge their proxy votes, notice of the AGM and related documents are issued more than 20 working days prior to the meeting. The Company offers all shareholders the choice of submitting proxy votes either electronically or in paper format. It also offers them the option to abstain.

COMPLIANCE WITH IRISH CORPORATE GOVERNANCE ANNEX

	Code of Best Practice – Principles	Group Statement of Compliance
1	**Composition of the board**	A detailed explanation of the rationale for the current Board size and structure is set out in B.1 on page 102. Anticipated changes (from 2016 to 2018) to the Board size and structure are set out on page 79 of the Nomination and Governance Committee report. Our Directors come from a diversity of backgrounds, ranging from public service, accountancy and banking to industry (dairy, construction, fast moving consumer goods and production). A detailed description of the skills, expertise and experience that each of the Directors brings to the Board is set out on pages 64 to 67. The date of appointment of each Director and the length of service of each Director as a Director is given on page 62 and, where applicable, the length of service of each Director on a Board Committee is also given in the respective Committee reports. We involve all Directors in formulating our strategic business plan (which is the route map which guides us to meet our objectives and provides a vital framework within which the Group operates) and in all key decision making. The Group Chairman ensures that the skills, expertise and experience of the Board are harnessed to best effect in addressing significant issues facing the Group by ensuring: (i) that Directors are properly informed on all matters; (ii) that discussions foster constructive challenge and debate; and (iii) that adequate time is provided for discussions so that the view of each Director is presented and considered. Directors' roles and responsibilities are clarified from the outset and continually updated to reflect the evolving business and changing dynamics. We encourage training and personal development, and as part of the annual evaluation process, the Group Chairman discusses individual training and development requirements for each Director. Additionally, the Senior Independent Director is available to all 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.
2	**Board appointments**	A detailed explanation is given in the Nomination and Governance Committee report on pages 75 to 79.

COMPLIANCE WITH IRISH CORPORATE GOVERNANCE ANNEX continued

	Code of Best Practice – Principles	Group Statement of Compliance
3	**Board evaluation**	We have established a formal process for the annual evaluation of the performance of the Board, its principal Committees and individual Directors. The evaluation of the Board is to be externally facilitated every three years. Given that an external evaluation was undertaken in 2013, during 2014 our Board and/or its Committees conducted an internal evaluation of its own performance, its principal Committees and individual Directors, the results of which are set out on page 58. The objective of the annual Board evaluation is to provide assurance to our shareholders and other stakeholders that we are committed to the highest standards of governance and probity, and to gain insight into Board effectiveness to help the Board perform as well as possible and help the Board understand how well it is operating in key areas. These include: Board performance and strategic oversight, risk management and internal control, Board Committees, succession planning and talent management, Board processes, culture and relationships, diversity, individual performance including Chairman and CEO performance and priorities to enhance Board performance. As part of the evaluation process, questionnaires are drawn up to provide the framework for the evaluation process. In order to ensure the robustness of the process, the questionnaires are designed to be forward looking and to lead to insights for improvement. The questions are open-ended to encourage dialogue about the workings of the Board. Additionally, each member of the Board or appropriate Committee is invited to comment on the performance of peer Directors (if necessary), the collective Board and/or the appropriate Committee. Once completed the questionnaires are collated and reviewed by the Group Chairman, who then meets with each Director individually to discuss the performance of the Board or the appropriate committee and individual Directors. These interviews are designed to be informal and encourage active participation. Following the interviews the Group Chairman meets the Group Secretary to analyse the findings and prepare a report to the Board identifying the recommendations for the Board to consider. The performance of the Group Chairman is included in this process. The Group Chairman's evaluation is managed by the Senior Independent Director. As part of the Group Chairman's evaluation, the Non-Executive Directors meet separately under the chairmanship of the Senior Independent Director. The Board is confident following the completion of the evaluation that all of its members have the requisite knowledge, ability and experience to perform the functions required of a director of an internationally listed company and continue to demonstrate a high level of commitment to their roles.
4	**Board re-election**	A detailed explanation is given in the Nomination and Governance Committee report on pages 75 to 79.
5	**Audit committee**	A detailed explanation is given in the Audit Committee report on pages 69 to 74 and the Risk Management report on pages 50 to 57.
6	**Remuneration**	A detailed explanation is given in the Remuneration report and throughout this Annual Report.

Other statutory information

PRINCIPAL ACTIVITIES

Glanbia plc is a global performance nutrition and ingredients group, headquartered in Ireland, with operations in 34 countries worldwide.

Further detail can be found in: 'Where we operate' on pages 16 and 17.

The Group's strategy, business model and development activity are summarised in 'Our business' on pages 12 and 13, 'Our business model' on pages 20 and 21 and 'Our strategy' on pages 28 and 29.

As set out in the Consolidated Income Statement on page 121, the Group reported a profit before tax and exceptional items for the year of €189.5 million. Comprehensive reviews of the financial and operating performance of the Group during 2014 are set out in the 'Group Finance Director's review' on pages 34 to 37 and in the 'Operations review' on pages 38 to 43. Key performance indicators are set out in 'Key performance indicators' on pages 2 and 3. The treasury policy and objectives of the Group are set out in detail in note 3 to the Consolidated Financial Statements.

PROCESS FOR APPOINTMENT/RETIREMENT OF DIRECTORS

In addition to the Companies Acts, the Articles of Association of the Company contain provisions regarding the appointment and retirement of Directors. At each Annual General Meeting (AGM) the Articles of Association provide that each Director who has been in office at the conclusion of each of the three preceding AGMs and who has not been appointed or re-appointed at either of the two most recently held of those three meetings shall retire from office; however in accordance with the UK Corporate Governance Code (2012), all Directors will retire at the 2015 AGM and, being eligible, offer themselves for re-appointment with the exception of Liam Herlihy, David Farrell and Patrick Gleeson who are retiring from the Board on that date.

The Company is proposing a resolution at its forthcoming AGM to amend its Articles of Association to allow the election and re-election of independent directors for the purpose only of Listing Rule 9.2.2A of the United Kingdom Listing Authority (UKLA) to be conducted in accordance with the new election provisions for such Directors in the UKLA Listing Rules.

No person other than a Director retiring by rotation shall be appointed a Director at any general meeting unless he is recommended by the Directors or, not less than seven nor more than 42 days before the date appointed for the meeting, notice executed by a member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment. If a Director is also a Director of Glanbia Co-operative Society Limited (the 'Society'), the Articles of Association provide that his appointment as a Director shall terminate automatically in the event of his ceasing to be a Director of the Society.

The Articles of Association also contain provisions regarding the automatic retirement of a Director in certain other limited circumstances.

ANNUAL GENERAL MEETING

The Company's AGM will be held on 12 May 2015. Full details of the AGM, together with explanations of the resolutions to be proposed, are contained in the Notice of Meeting available on the Group's website: www.glanbia.com and, if requested, posted with this Annual Report.

POWERS OF THE DIRECTORS

The Directors are responsible for the management of the business of the Company and the Group and may exercise all powers of the Company subject to applicable legislation and regulation and the Articles of Association. At the 2014 AGM, the Directors were given the power to issue new shares up to a nominal amount of €3,260,380. This power will expire on the earlier of the conclusion of the 2015 AGM or 12 August 2015. Accordingly, a resolution will be proposed at the 2015 AGM to renew the Company's authority to issue further new shares.

At the 2014 AGM, the Directors were also given the power to disapply the strict statutory pre-emption provisions in the event of a rights issue or in any other issue up to an aggregate nominal amount of €886,937. This authority too will expire on the earlier of the conclusion of the 2015 AGM or 12 August 2015. A resolution will be proposed at the 2015 AGM to renew this authority.

DIVIDENDS

An interim dividend of 4.43 cent per share was paid on 10 October 2014 to shareholders on the register at the close of business on 29 August 2014. The Directors propose a final dividend of 6.57 cent per share. Subject to shareholder approval, the final dividend will be paid on 15 May 2015 to shareholders on the share register on 7 April 2015.

Following approval by shareholders at the AGM in 2010, all dividend payments will be made by direct credit transfer into a nominated bank or financial institution. If a shareholder has not provided his/her account details prior to the payment of the dividend, a shareholder will be sent the normal tax voucher advising a shareholder of the amount of his/her dividend and that the amount is being held because his/her direct credit transfer instructions had not been received in time.

A shareholder's dividends will not accrue interest while they are held. Payment will be transferred to a shareholder's account as soon as possible on receipt of his/her direct credit transfer instructions. Additionally, if a shareholder's registered address is in the UK and a shareholder has not previously provided the Company with a mandate form for an Irish euro account, a shareholder's dividend will default to a sterling payment. All other shareholder's dividends will default to a euro payment.

POLITICAL DONATIONS

The Electoral Act, 1997 as amended requires companies to disclose all political donations over €200 in aggregate made during the financial year. The Directors, on enquiry, have satisfied themselves that no payment or other donations in excess of this amount have been made by the Group.

ISSUED SHARE CAPITAL

At 3 January 2015 the authorised share capital of the Company was 350,000,000 ordinary shares of €0.06 each and the issued share capital was 295,875,684 (2013: 295,645,684) ordinary shares of €0.06 each, of which 41.2% was held by the Society. All the Company's shares are fully paid up and quoted on the Irish and London Stock Exchanges. During the year 230,000 ordinary shares of €0.06 each were allotted, upon the exercise of outstanding share options under the 2002 LTIP.

Details of the Company's share capital and shares under option or award at 3 January 2015 are given in notes 23 and 22, respectively, to the Financial Statements.

RIGHTS AND OBLIGATIONS OF ORDINARY SHARES

On a show of hands at a general meeting every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote. On a poll, every shareholder present in person or by proxy, shall have one vote for every ordinary share held. In accordance with the provisions of the Articles of Association, holders of ordinary shares are entitled to a dividend where declared or paid out of profits available for such purposes. On a return of capital on a winding up, holders of ordinary shares are entitled to participate.

RESTRICTIONS ON TRANSFER OF SHARES

With the exception of restrictions on transfer of shares under the Company's share schemes, while the shares are subject to the schemes, there are no restrictions on the voting rights attaching to the Company's ordinary shares or the transfer of securities in the Company. Under the Articles of Association of the Company, the Directors have the power to impose restrictions on the exercise of rights attaching to share(s) where the holder of the share(s) fails to disclose the identity of any person who may have an interest in those shares. No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights.

EXERCISE OF RIGHTS OF SHARES IN EMPLOYEE SHARE SCHEMES

As detailed in note 22 to the Financial Statements at 3 January 2015, 715,558 ordinary shares were held in employee benefit trusts for the purpose of the Group's employee share schemes.

The employee benefit trusts have waived dividends due to them in respect of unallocated shares save a nominal amount.

The Trustees of the employee trusts do not seek to exercise voting rights on shares held in the employee trusts other than on the direction of the underlying beneficiaries. No voting rights are exercised in relation to shares unallocated to individual beneficiaries.

RIGHTS UNDER THE SHAREHOLDERS' RIGHTS (DIRECTIVE 2007/36/EC) REGULATIONS 2009

Shareholder(s) have the right to ask questions related to items on the agenda of a general meeting and to receive answers, subject to certain qualifications. Shareholder(s) holding 3% of the issued share capital of the Company, representing at least 3% of its total voting rights, have the right to put items on the agenda and to table draft resolutions at AGMs. The request must be received by the Company at least 42 days before the relevant meeting. Further details of shareholders' rights under the Shareholders' Rights (Directive 2007/36/EC) Regulations 2009 are contained in the notice of the 2015 AGM available on the Group website: www.glanbia.com and, if requested, posted with this Annual Report.

RESTRICTIONS ON VOTING DEADLINES

The notice of any general meeting shall specify the deadline for exercising voting rights and appointing a proxy or proxies to vote in relation to resolutions to be proposed at the general meeting. The number of proxy votes for, against or withheld in respect of each resolution are published on the Group's website after the meeting.

MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's Memorandum and Articles of Association set out the objects and powers of the Company. The Articles of Association detail the rights attaching to the shares; the method by which the Company's shares may be purchased or re-issued; the provisions which apply to the holding of shares and voting at general meetings; and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers. A copy of the Memorandum and Articles of Association can be obtained from the Group's website: www.glanbia.com.

Unless expressly specified to the contrary in the Articles of Association of the Company, the Company's Memorandum and Articles of Association may be amended by special resolution of the Company's shareholders.

CHANGE OF CONTROL PROVISIONS

The Group has certain debt facilities which may require repayment in the event that a change in control occurs with respect to the Group.

There are also a number of agreements that take effect, alter or terminate upon a change of control of the Group, which include the Group's Joint Ventures with Leprino Foods Company and PZ Cussons plc. If a third party were to acquire control of the Group, Leprino Foods Company could elect to terminate its Joint Venture with the Group and, if this were to occur, the Group could then be required to sell its shareholding in the Joint Venture to Leprino Foods Company at a price equal to its fair value. In the same circumstances PZ Cussons plc can also elect to terminate its Nutricima Joint Venture with the Group and, if this were to occur, the Group could then be required to sell to PZ Cussons plc, at a nominal price, certain trade marks which were originally transferred from the PZ Cussons group to the Nutricima business. The Nutricima Joint Venture company would then be wound up.

In addition, the Company's employee share plans contain change of control provisions which can allow for the acceleration of the exercisability of share options and the vesting of share awards in the event of a change of control.

The Board is satisfied that no change of control provisions has occurred in respect of these agreements.

SUBSTANTIAL INTERESTS

The Company has been advised of the following notifiable interests in its ordinary share capital:

Shareholder	No of ordinary shares as at 3/01/2015	% of issued share Capital as at 3/01/2015	No of ordinary shares as at 24/02/2015	% of issued share Capital as at 24/02/2015
Glanbia Co-operative Society Limited	121,919,315	41.2%	121,919,315	41.2%
The Capital Group Companies, Inc.	21,043,293	7.12%	21,043,293	7.12%

CONTRACTS OF SIGNIFICANCE FOR THE PURPOSE OF LR 9.8.4 R, UNITED KINGDOM LISTING AUTHORITY

The Company has entered into a Shareholders' Agreement dated 25 November 2012 with the Society in respect of Glanbia Ingredients Ireland Limited (GII).

The key terms of the Shareholders' Agreement are as follows: the board of directors of GII will comprise 14 directors appointed by the Society, six directors appointed by the Company (the 'PLC Appointees') and up to two executive directors. The PLC Appointees will be appointed from the Executive Directors of the Company, the independent (of the Society) Non-Executive Directors of the Company and such other persons as may be approved by the Nomination and Governance Committee of the Board of the Company. Each of the PLC Appointees will have 1.5 votes at any meeting of the board of directors of GII. All of the other directors on the board of directors of GII will have one vote each. The prior written consent of the Company and the Society will be required for certain matters relating to GII, including agreeing the annual budget and the three year rolling business plan, changes to the business being carried on by GII, issuing shares in GII, making material investments, acquisitions and disposals or incurring material new debt. Any proposed transfer of shares in GII must be offered first to the other shareholder. If the Society proposes to dispose of its shares in GII so that the Society ceases to own a majority of the issued shares in GII, the Company (as a condition to completion of any such sale by the Society) will be entitled to sell its shares to the buyer in the same proportion and on the same terms as the proposed disposal by the Society (to include any non-cash consideration and non-compete covenants (limited to two years and only the business and geographical scope of GII's business at the time of sale) agreed by the Society, if applicable). Future capital contributions will be considered by shareholders on a case by case basis (without any binding commitment). The shareholders are required to agree a business plan for GII which provides, inter alia, for the delivery of a minimum retained profit in the business equivalent to 1 cent per litre of milk processed, post the expansion investment period. In addition, post the expansion investment period in a year of low dairy pricing, GII can reduce the profit retained in the business to 0.5 cent per litre in any one financial year of a four year cycle commencing with the 2017 financial year.

Under the Shareholders' Agreement the Society has a call option (the 'Call Option') exercisable over the six year period post completion to acquire the Company's remaining 40% interest in GII. Should the Society exercise this option, the Company would no longer be a shareholder of GII. The Call Option will be exercisable for a four month period following the end of each financial year or as otherwise may be agreed. The Company cannot sell its shares in GII so long as the Call Option remains exercisable without the prior consent of the Society. The price payable by the Society on completion of the Call Option shall be an amount equal to 40% of the higher of: (i) the audited book value of the net assets (subject to adjustment in respect of any pension deficit of GII as described below and adjusted upwards for an amount, if any, by which the assets of GII have been written down by reference to the discount of €20 million against the book value of the net assets of Dairy Ingredients Ireland at completion) of GII as at the end of the financial year prior to the date of exercise of the Call Option; or (ii) 5.5x 12 months audited earnings before interest, tax, depreciation and amortisation (EBITDA) of GII (calculated as the average of the last three financial years prior to the exercise of the Call Option).

The equity consideration under this formula will be on a debt-free, cash-free basis. A cap has been placed on the total consideration which may be payable in respect of a disposal of GII (i.e. being the initial 60% sale to the Society and the further sale of the remaining 40% on the exercise of the Call Option by the Society). The IAS 19 pension deficit of GII for the purposes of calculating the equity value pursuant to the Call Option will be calculated by valuing the scheme liabilities using the average of the yields to calculate such liabilities on each of the last four reporting dates (June, December) ending on the financial year ended immediately prior to the exercise of the Call Option. If, following the exercise of the Call Option by the Society, GII continues to be a participating employer in the Glanbia pension scheme, the Society will guarantee to the Company the due performance of its obligations under the scheme.

If the Company ceases to have any shareholding in GII, the Shareholders' Agreement provides that the following will happen:

- the proposed licence arrangements for use by GII of the Avonmore and Premier trademarks will terminate;
- GII will change its name to a new name which does not include the name 'Glanbia' and the Company will pay to GII 50% of the vouched reasonable costs of rebranding up to a maximum liability for the Company of €500,000; and
- unless the Society effects a change of its name to one which does not include the name 'Glanbia' within a prescribed period from the date on which the Company ceases to have any shareholding in GII, the Society will bear the reasonable and vouched costs of the Company and its subsidiaries rebranding to a name which does not include the name 'Glanbia'.

CORPORATE SOCIAL RESPONSIBILITY

Glanbia is focused on corporate social responsibility in three areas – our employees, the environment and our local communities.

More particular details of which are summarised in 'Our People' on pages 44 to 48 and throughout the 'Operations Review' on pages 38 to 43.

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

A list of the principal subsidiary and associated undertakings is included in note 39 to the financial statements.

ACCOUNTABILITY AND AUDIT

Financial reporting

Directors' responsibilities for preparing the Financial Statements for the Company and the Group are detailed on page 114.

The Independent Auditors' Report details the respective responsibilities of Directors and external Auditors.

External Auditors

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

INFORMATION REQUIRED TO BE DISCLOSED BY LR 9.8.4 R, UNITED KINGDOM LISTING AUTHORITY

For the purposes of LR 9.8.4C R, the information required to be disclosed by LR 9.8.4 R can be found in the following locations:

Section	Topic	Location
(1)	Interest capitalised	Financial Statements, note 10
(2)	Publication of unaudited financial information	Not applicable
(4)	Details of long-term incentive schemes	Remuneration Committee report
(5)	Waiver of emoluments by a director	Not applicable
(6)	Waiver of future emoluments by a director	Not applicable
(7)	Non pre-emptive issues of equity for cash	Not applicable
(8)	Item (7) in relation to major subsidiary undertakings	Not applicable
(9)	Parent participation in a placing by a listed subsidiary	Not applicable
(10)	Contracts of significance	Other Statutory Information
(11)	Provision of services by a controlling shareholder	Not applicable
(12)	Shareholder waivers of dividends	Other Statutory Information
(13)	Shareholder waivers of future dividends	Other Statutory Information
(14)	Agreement with controlling shareholders	Page 63

All the information cross-referenced above is hereby incorporated by reference into this Directors' Report.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations. Irish company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the 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.

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; and
- 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 are also required by applicable law and the Listing Rules issued by the Irish Stock Exchange to prepare a Directors' report and reports relating to Directors' remuneration and corporate governance and the Directors are required to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

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 2013 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 certain corporate and financial information included on the Group's website. Legislation in Ireland concerning the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Each of the current Directors, whose names and functions are listed on pages 64 to 67 confirms that he/she consider that the Annual Report and Financial Statements, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy. Each of the current Directors also confirms that to the best of each person's knowledge and belief:

- the Financial Statements prepared in accordance with IFRS as adopted by the EU give a true and fair view of the assets, liabilities and financial position of the Company and the Group and of the profit of the Group; and
- the Directors' Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and Group, together with a description of the principal risks and uncertainties that they face.

Pages 1 to 114 are deemed to be the Directors' Report which encompasses Strategy (pages 1 to 57) and Governance (pages 58 to 114)

Directors' Report
On behalf of the Board

Liam Herlihy　　Siobhán Talbot　　Mark Garvey
Directors
24 February 2015

FINANCIAL STATEMENTS

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion:

- the Group Financial Statements give a true and fair view, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, of the state of the Group's affairs as at 03 January 2015 and of its profit and cash flows for the year then ended;
- the 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 2013, of the state of the Company's affairs as at 03 January 2015 and of its cash flows for the year then ended; and
- the Group and Company Financial Statements have been prepared in accordance with the requirements of the Companies Acts 1963 to 2013 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

WHAT WE HAVE AUDITED

Glanbia plc's Financial Statements comprise:

- the Group income statement and statement of comprehensive income for the year ended 03 January 2015;
- the Group and Company statements of changes in equity for the year ended 03 January 2015;
- the Group and Company balance sheets as at 03 January 2015;
- the Group statements of cash flows for the year ended 03 January 2015;
- the Company statement of comprehensive income and statement of cash flows for the year ended 03 January 2015; and
- the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the Financial Statements. These are cross-referenced from the Financial Statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the Financial Statements is Irish law and IFRSs as adopted by the European Union and, as regards the Company, as applied in accordance with the provisions of the Companies Acts 1963 to 2013.

OUR AUDIT APPROACH – OVERVIEW

Materiality

Overall Group materiality: €9.2 million (2013: €8 million) which represents approximately 5% of profit before tax and exceptional items.

Audit scope

- We conducted audit work in 17 reporting units. We paid particular attention to these reporting units due to their size or risk characteristics.
- Taken together, the reporting units and functions where we performed our audit work accounted for 85% of Group revenues and 87% of Group profit before tax and exceptional items.

Area of focus

- Goodwill and indefinite life intangible assets impairment assessment
- Business combinations
- Provision for income taxes
- Risk of fraud in revenue recognition
- Pension liabilities

The scope of our audit and our areas of focus

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)).

We designed our audit by determining materiality and assessing the risks of material misstatement in the Financial Statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that may represent a risk of material misstatement due to fraud.

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are identified as "areas of focus" below together with an explanation of how we tailored our audit to address these specific areas. This is not a complete list of all risks identified by our audit.

Area of focus

Goodwill and indefinite life intangible assets impairment assessment

Refer to note 15.

The Group has goodwill and indefinite life intangible assets of €362 million at 03 January 2015 (see note 15).

There are eight individual Cash Generating Units (CGUs). The most significant goodwill and indefinite life intangible assets relates to the Group's Global Performance Nutrition business (€253 million) and the Group's Customised Solutions business (€80 million).

We focused on this area given the scale of the assets and because the determination of whether an impairment charge for goodwill or indefinite life intangible assets was necessary involves significant judgement in estimating the future results of the business.

How our audit addressed the area of focus

Our audit procedures included interrogating the Group's impairment model, and evaluating the methodology followed and key assumptions used.

We evaluated management's future cash flow forecasts, and the process by which they were drawn up, including comparing them to the latest Board approved budgets, and testing the underlying calculations.

We challenged the Directors estimation of growth in future profitability by considering sales growth used in the cash flow forecasts in light of:

- current sales demand; and
- independent projections of the expected growth of key markets, in particular the Performance Nutrition market in the US and globally.

We also considered the Group's historic growth rates and its achievement record of past strategic objectives.

We considered and challenged the discount rates used by recalculating the cost of capital adjusted to reflect risks associated with each CGU using observable inputs from independent sources. We also benchmarked the discount rates used against the published cost of capital for comparable organisations.

We also performed our own sensitivity analysis on the impact of changes in key assumptions.

Area of focus
Business combinations

Refer to note 36.

The Group acquired The Isopure Company, LLC (Isopure) during the year for consideration of €107 million.

The Group acquired Nutramino Holding ApS (Nutramino) during the year for consideration of €21 million.

For both acquisitions, the Group was required to determine the fair values of all acquired assets and liabilities and to identify and value intangible assets, including goodwill arising on acquisition.

The consideration arising on the acquisition of Nutramino included a portion which is contingent on future earnings. The fair value of contingent consideration is required to be calculated at the acquisition date and was estimated at €4.8 million. Due to a better than anticipated performance the estimate increased to €11.3 million at the year end. As set out in note 7, the increase in this estimate of €6.5 million was charged to the income statement in accordance with IFRS 3 and is included in exceptional items.

We focused on this area as significant judgement is exercised in;

- The identification and valuation of acquired intangible assets including:

Isopure brand	€57.2m
Isopure customer relationships	€26.6m
Nutramino brand	€9.9m
Nutramino customer relationships	€5.2m

- The estimate of the contingent consideration at the acquisition and year end date.

How our audit addressed the area of focus

We obtained and considered the reports prepared by management's independent valuation specialists.

For both acquisitions we considered the process applied to identify intangible assets and performed procedures to assess the reasonableness of the assumptions applied in valuing such assets.

In particular we consulted with our in-house valuation specialists regarding the relief from royalty rate which was used to devise the brand valuations.

We compared the customer attrition rates used in the valuation of customer relationships with those which have been observed to date by the Group in other acquisitions in the Performance Nutrition sector since 2008. We compared the projected gross margins to those historically achieved by the acquired businesses.

We performed sensitivity analysis around the key drivers of the valuation models including the relief from royalty rate, the customer attrition rate, the sales growth rate and the discount rate applied to the cash flow forecasts.

We also assessed the reasonableness of fair values of other assets and liabilities acquired in the business combinations.

In the case of Nutramino, when assessing the fair value of the contingent consideration at the acquisition date and at the year end, we obtained the most up to date management budgets and forecasts used to estimate the likely earn out. We challenged the assumptions used by management and considered the budgeted earnings in the light of historic results.

Area of focus
Provision for income taxes

As described in the critical accounting estimates and judgements section in note 4, the Group is subject to income tax in numerous jurisdictions and judgement is required in determining the worldwide provision for current and deferred taxes as there are many transactions during the ordinary course of business for which the ultimate tax determination is uncertain. This area required our focus as there is a level of estimation and judgement in calculating such liabilities.

How our audit addressed the area of focus

We obtained an understanding of the critical accounting judgements made in the estimation of these liabilities through discussions with management and the Group's in-house tax specialists.

We challenged judgements used and estimates made by management to determine the provision for uncertain tax positions. This included holding discussions with PwC international and Irish taxation specialists to assist us in evaluating the assumptions and methodologies used by the Group in calculating tax liabilities.

We read the relevant correspondence between the Group and relevant tax authorities.

Area of focus
Risk of fraud in revenue recognition

ISAs (UK & Ireland) presume there is a risk of fraud in revenue recognition because of the pressure management may feel to achieve the planned results.

How our audit addressed the area of focus

As the foundation of the evidence we obtained regarding the revenue recognised during the year, we evaluated the relevant IT systems and tested the internal controls over the completeness, accuracy and timing of revenue recognised in the Financial Statements. We also tested certain journal entries posted to revenue accounts to identify unusual or irregular items.

We tested a sample of credit notes recorded during the year and after the year end to ensure appropriate revenue recognition. We traced a sample of sales recorded during the year to delivery documentation and cash remittance.

We read extracts of relevant customer agreements and tested the amounts recorded for rebate agreements in Global Performance Nutrition, Customised Solutions and Consumer Products by independently recalculating rebate amounts based on the underlying customer agreements and the observable sales data of the entity.

Area of focus
Pension liabilities

Refer to note 28.

The deficits on the Group's defined benefit pension schemes included on the balance sheet is determined based on a number of key estimates, a significant assumption being the discount rate at year end. The discount rate has been adversely impacted in the current year by the continuing decline in global bond yields. Assumptions regarding mortality rates and inflation are also important. We focus on these assumptions because a modest change in such assumptions can result in a material change in the value of the overall deficit.

How our audit addressed the area of focus

We considered and challenged the reasonableness of the actuarial assumptions used by management regarding discount rates, salary increases, inflation and mortality rates, by holding dialogue with our in-house actuaries and comparing the assumptions to in-house benchmark data.

We evaluated whether the Directors' judgements and assumptions had been made on a basis consistent with prior years.

We also focused on the valuations of pension plan liabilities and the pension assets as follows:

- we obtained third party confirmations on ownership and valuation of pension assets; and
- we independently tested changes in membership census data by reference to pension scheme records.

HOW WE TAILORED THE AUDIT SCOPE

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the geographic structure of the Group, the accounting processes and controls and the industry in which the Group operates.

The Group is structured along four business segments: Global Performance Nutrition, Global Ingredients, Dairy Ireland and Joint Ventures & Associates. The Group Financial Statements are a consolidation of 34 reporting units, comprising the Group's operating businesses and centralised functions.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed at the reporting units by us, as the Group engagement team, or component auditors within PwC ROI and from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group Financial Statements as a whole.

Our Group audit scope focused on 17 Glanbia reporting units.

Ten subsidiaries and joint ventures were subject to an audit of their full financial information due to their size or risk characteristics. This included the primary central reporting unit, which controls central Group functions. Glanbia Ingredients Ireland Limited, a material associate, which, while not controlled by the Group, was also subject to an audit of their full financial information.

These operations which were subject to a full scope audit accounted for approximately 85% of Group turnover and 87% of Group profit before tax and exceptional items. Taken collectively these reporting units represent the principal business units of the Group.

Specific audit procedures on certain balances and transactions were performed at six of the remaining reporting units. This, together with additional procedures over central functions and areas of significant judgement including taxation, goodwill, treasury and post-retirement benefits performed at the Group level, gave us the evidence we needed for our opinion on the Group Financial Statements as a whole.

The Group audit team follows a programme of planned site visits that is designed so that senior team members visit the full scope audit reporting units regularly on a rotational basis. In addition to these visits, meetings are held with each full scope reporting unit's component auditors at least once a year and post audit conference calls are held.

Materiality

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

Overall Group materiality	€9.2 million (2013: €8 million)
How we determined it	5% of profit before tax and exceptional items
Rationale for benchmark applied	We applied this benchmark because in our view this is the metric against which the performance of the Group is most commonly measured and it results in using a materiality level that is appropriately normalised from year to year.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €0.5 million (2013: €0.4 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Going concern

Under the Listing Rules of the Irish Stock Exchange we are required to review the Directors' statement, set out on page 104, in relation to going concern. We have nothing to report having performed our review.

- As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the Group and Company Financial Statements using the going concern basis of accounting. The going concern basis presumes that the Group and Company have adequate resources to remain in operation, and that the directors intend them to do so, for at least one year from the date the Financial Statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate.

However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Group's and the Company's ability to continue as a going concern.

OTHER REQUIRED REPORTING

CONSISTENCY OF OTHER INFORMATION

Companies Acts 1963 to 2013 opinions

In our opinion:

- the information given in the Directors' Report is consistent with the Financial Statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the Group Financial Statements is consistent with the Group Financial Statements.

ISAs (UK & Ireland) reporting

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

• information in the Annual Report is: • materially inconsistent with the information in the audited Financial Statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group and Company acquired in the course of performing our audit; or • is otherwise misleading.	We have no exceptions to report arising from this responsibility.
• the statement given by the Directors on page 114, in accordance with provision C.1.1 of the UK Corporate Governance Code (the Code), that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for members to assess the Group's performance, business model and strategy is materially inconsistent with our knowledge of the Group acquired in the course of performing our audit.	We have no exceptions to report arising from this responsibility.
• the section of the Annual Report on page 72, as required by provision C.3.8 of the Code, describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.	We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

Under the Companies Acts 1963 to 2013 we are required to report to you if, in our opinion, the disclosure of Directors' remuneration and transactions specified by law have not been made, and under the Listing Rules of the Irish Stock Exchange we are required to review the six specified elements of disclosures in the report to shareholders by the Board on Directors' remuneration. We have no exceptions to report arising from these responsibilities.

CORPORATE GOVERNANCE STATEMENT

Under the Listing Rules of the Irish Stock Exchange we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with nine provisions of the UK Corporate Governance Code and the two provisions of the Irish Corporate Governance Annex specified for our review. We have nothing to report having performed our review.

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACTS 1963 TO 2013

- 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.

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 03 January 2015 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.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 114, the Directors are responsible for the preparation of the Group and Company Financial Statements giving a true and fair view.

Our responsibility is to audit and express an opinion on the Group and Company Financial Statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, 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 these opinions, 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.

WHAT AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Group's and Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the Financial Statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Martin Freyne
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Ballycar House
Newtown
Waterford

Date: 24 February 2015

Group income statement
for the financial year ended 03 January 2015

	Notes	Pre-exceptional 2014 €'000	Exceptional 2014 €'000 (note 7)	Total 2014 €'000	Pre-exceptional 2013 €'000	Exceptional 2013 €'000 (note 7)	Total 2013 €'000
Revenue	5	**2,538,368**	**–**	**2,538,368**	**2,382,133**	**–**	**2,382,133**
Earnings before interest, tax and amortisation (EBITA)		**208,634**	**(15,949)**	**192,685**	**187,665**	**5,804**	**193,469**
Intangible asset amortisation	6	(22,512)	–	(22,512)	(21,011)	–	(21,011)
Operating profit		**186,122**	**(15,949)**	**170,173**	**166,654**	**5,804**	**172,458**
Finance income	10	1,725	–	1,725	2,168	–	2,168
Finance costs	10	(22,050)	–	(22,050)	(25,110)	–	(25,110)
Share of results of Joint Ventures & Associates		23,729	–	23,729	26,488	–	26,488
Profit before taxation		**189,526**	**(15,949)**	**173,577**	**170,200**	**5,804**	**176,004**
Income taxes	11	(28,252)	1,870	(26,382)	(24,692)	(316)	(25,008)
Profit for the year		**161,274**	**(14,079)**	**147,195**	**145,508**	**5,488**	**150,996**
Attributable to:							
Equity holders of the Parent				146,313			150,330
Non-controlling interests	25			882			666
				147,195			**150,996**
Earnings per share attributable to the equity holders of the Parent							
Basic earnings per share (cents)	12			49.60			51.01
Diluted earnings per share (cents)	12			49.32			50.66

On behalf of the Board

L Herlihy **S Talbot** **M Garvey**
Directors

Group statement of comprehensive income
for the financial year ended 03 January 2015

	Notes	2014 €'000	2013 €'000
Profit for the year		**147,195**	**150,996**
Other comprehensive income/(expense)			
Items that are not reclassified subsequently to the Group income statement:			
Remeasurements – defined benefit schemes	28	(42,369)	(1,546)
Deferred tax credit/(charge) on remeasurements	27	4,868	(166)
Share of remeasurements – Joint Ventures & Associates	24	(8,900)	(1,149)
Deferred tax credit on remeasurements – Joint Ventures & Associates	24	1,120	220
Items that may be reclassified subsequently to the Group income statement:			
Currency translation differences	22	97,805	(24,592)
Net investment hedge	22	(9,544)	2,472
Revaluation of available for sale financial assets	22	1,457	1,425
Fair value movements on cash flow hedges	22	507	898
Deferred tax on cash flow hedges and revaluation of available for sale financial assets	27	(140)	(541)
Other comprehensive income/(expense) for the year, net of tax		**44,804**	**(22,979)**
Total comprehensive income for the year		**191,999**	**128,017**
Total comprehensive income attributable to:			
Equity holders of the Parent		191,117	127,351
Non-controlling interests	25	882	666
Total comprehensive income for the year		**191,999**	**128,017**

Group statement of changes in equity
for the financial year ended 03 January 2015

	Attributable to equity holders of the Parent					
	Share capital and share premium €'000 (note 23)	Other reserves €'000 (note 22)	Retained earnings €'000 (note 24)	Total €'000	Non-controlling interests €'000 (note 25)	Total €'000
Balance at 29 December 2012	**102,095**	**145,289**	**289,997**	**537,381**	**7,275**	**544,656**
Profit for the year	–	–	150,330	150,330	666	150,996
Other comprehensive income/(expense)						
Remeasurements – defined benefit schemes	–	–	(1,546)	(1,546)	–	(1,546)
Deferred tax on remeasurements	–	–	(166)	(166)	–	(166)
Share of remeasurements – Joint Ventures & Associates	–	–	(929)	(929)	–	(929)
Fair value movements	–	2,323	–	2,323	–	2,323
Deferred tax on fair value movement	–	(541)	–	(541)	–	(541)
Currency translation differences	–	(24,592)	–	(24,592)	–	(24,592)
Net investment hedge	–	2,472	–	2,472	–	2,472
Total comprehensive (expense)/income for the year	**–**	**(20,338)**	**147,689**	**127,351**	**666**	**128,017**
Dividends paid during the year	–	–	(27,929)	(27,929)	(307)	(28,236)
Cost of share based payments	–	4,568	–	4,568	–	4,568
Transfer on exercise, vesting or expiry of share based payments	–	4,468	(4,468)	–	–	–
Shares issued	41	–	–	41	–	41
Premium on shares issued	1,861	–	–	1,861	–	1,861
Purchase of own shares	–	(7,387)	–	(7,387)	–	(7,387)
Balance at 04 January 2014	**103,997**	**126,600**	**405,289**	**635,886**	**7,634**	**643,520**
Profit for the year	–	–	146,313	146,313	882	147,195
Other comprehensive income/(expense)						
Remeasurements – defined benefit schemes	–	–	(42,369)	(42,369)	–	(42,369)
Deferred tax on remeasurements	–	–	4,868	4,868	–	4,868
Share of remeasurements – Joint Ventures & Associates	–	–	(7,780)	(7,780)	–	(7,780)
Fair value movements	–	1,964	–	1,964	–	1,964
Deferred tax on fair value movements	–	(140)	–	(140)	–	(140)
Currency translation differences	–	97,805	–	97,805	–	97,805
Net investment hedge	–	(9,544)	–	(9,544)	–	(9,544)
Total comprehensive income for the year	**–**	**90,085**	**101,032**	**191,117**	**882**	**191,999**
Dividends paid during the year	–	–	(30,751)	(30,751)	(620)	(31,371)
Cost of share based payments	–	5,516	–	5,516	–	5,516
Transfer on exercise, vesting or expiry of share based payments	–	4,361	(4,361)	–	–	–
Deferred tax on share based payments	–	–	272	272	–	272
Sale of shares held by subsidiary	–	–	2,092	2,092	–	2,092
Shares issued	14	–	–	14	–	14
Premium on shares issued	717	–	–	717	–	717
Purchase of own shares	–	(7,981)	–	(7,981)	–	(7,981)
Balance at 03 January 2015	**104,728**	**218,581**	**473,573**	**796,882**	**7,896**	**804,778**

Group balance sheet
as at 03 January 2015

	Notes	2014 €'000	2013 €'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	490,180	373,972
Intangible assets	15	662,169	454,486
Investments in associates	16	81,365	80,492
Investments in joint ventures	17	69,945	62,894
Trade and other receivables	19	9,863	9,376
Deferred tax assets	27	28,503	22,464
Available for sale financial assets	18 (a)	10,621	9,498
		1,352,646	**1,013,182**
Current assets			
Inventories	20	336,802	314,481
Trade and other receivables	19	305,027	257,216
Derivative financial instruments	32	1,279	1,750
Cash and cash equivalents	21	110,370	106,259
		753,478	**679,706**
Total assets		**2,106,124**	**1,692,888**
EQUITY			
Issued capital and reserves attributable to equity holders of the Parent			
Share capital and share premium	23	104,728	103,997
Other reserves	22	218,581	126,600
Retained earnings	24	473,573	405,289
		796,882	**635,886**
Non-controlling interests	25	7,896	7,634
Total equity		**804,778**	**643,520**
LIABILITIES			
Non-current liabilities			
Borrowings	26	620,317	441,641
Deferred tax liabilities	27	128,002	95,584
Retirement benefit obligations	28	114,808	78,035
Provisions for other liabilities and charges	29	18,569	18,492
Capital grants	30	2,214	2,471
		883,910	**636,223**
Current liabilities			
Trade and other payables	31	390,350	344,642
Current tax liabilities		3,115	1,415
Borrowings	26	416	39,062
Derivative financial instruments	32	574	1,725
Provisions for other liabilities and charges	29	22,981	26,301
		417,436	**413,145**
Total liabilities		**1,301,346**	**1,049,368**
Total equity and liabilities		**2,106,124**	**1,692,888**

On behalf of the Board

L Herlihy **S Talbot** **M Garvey**
Directors

Group statement of cash flows
for the financial year ended 03 January 2015

	Notes	2014 €'000	2013 €'000
Cash flows from operating activities			
Cash generated from operating activities	35	230,716	169,296
Interest received		1,683	2,253
Interest paid		(24,358)	(26,409)
Tax paid		(34,393)	(31,600)
Net cash inflow from operating activities		**173,648**	**113,540**
Cash flows from investing activities			
Acquisition of subsidiaries - purchase consideration	36	(125,812)	–
Acquisition of subsidiaries - liabilities settled at completion	36	(16,138)	–
Acquisition of subsidiaries - cash and cash equivalents acquired	36	2,768	–
Insurance proceeds		1,035	7,670
Purchase of property, plant and equipment		(101,953)	(94,897)
Purchase of intangible assets		(13,532)	(17,346)
Dividends received from Joint Ventures	17	12,648	10,937
Loans repaid by Joint Ventures & Associates		–	7,178
Decrease in available for sale financial assets		334	1,752
Proceeds from property, plant and equipment		63	780
Net cash (outflow) from investing activities		**(240,587)**	**(83,926)**
Cash flows from financing activities			
Proceeds from issue of ordinary shares	23	731	1,902
Sale of shares held by subsidiary	24	2,092	–
Purchase of own shares	22	(7,981)	(7,387)
Increase/(decrease) in borrowings		138,242	(138,496)
Redemption of preference shares		(39,062)	(24,425)
Finance lease payments		(313)	–
Dividends paid to Company shareholders	13	(30,751)	(27,929)
Dividends paid to non-controlling interests	25	(620)	(307)
Net cash inflow/(outflow) from financing activities		**62,338**	**(196,642)**
Net (decrease) in cash and cash equivalents		**(4,601)**	**(167,028)**
Cash and cash equivalents at the beginning of the year		106,259	275,572
Effects of exchange rate changes on cash and cash equivalents		8,712	(2,285)
Cash and cash equivalents at the end of the year	21	**110,370**	**106,259**

Reconciliation of net cash flow to movement in net debt		2014 €'000	2013 €'000
Net (decrease) in cash and cash equivalents		**(4,601)**	**(167,028)**
Cash movements from debt financing		(98,867)	162,921
Acquisition of subsidiaries - debt acquired	36	(1,401)	–
		(104,869)	**(4,107)**
Fair value movement of currency swaps		(453)	674
Exchange translation adjustment on net debt		(30,597)	5,549
Movement in net debt in the year		**(135,919)**	**2,116**
Net debt at the beginning of the year		(374,444)	(376,560)
Net debt at the end of the year		**(510,363)**	**(374,444)**
Net debt comprises:			
Borrowings	26	(620,733)	(480,703)
Cash and cash equivalents	21	110,370	106,259
		(510,363)	**(374,444)**

Company balance sheet
as at 03 January 2015

	Notes	2014 €'000	2013 €'000
ASSETS			
Non-current assets			
Investments in associates	16	22,876	22,876
Investments in subsidiaries	18 (b)	609,530	609,440
Available for sale financial assets	18 (a)	4,488	514
		636,894	**632,830**
Current assets			
Trade and other receivables	19	147	209
Cash and cash equivalents	21	8,590	–
		8,737	**209**
Total assets		**645,631**	**633,039**
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium	23	459,996	459,265
Retained earnings	24	54,875	65,170
Other reserves		8,282	4,350
Total equity		**523,153**	**528,785**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	27	403	–
		403	**–**
Current liabilities			
Trade and other payables	31	122,075	102,021
Bank overdraft	26	–	2,233
		122,075	**104,254**
Total liabilities		**122,478**	**104,254**
Total equity and liabilities		**645,631**	**633,039**

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 profit for the year dealt with in the Financial Statements of the Company amounts to €24.8 million (2013: loss €10.2 million).

On behalf of the Board

L Herlihy **S Talbot** **M Garvey**
Directors

Company statement of changes in equity
for the financial year ended 03 January 2015

			Other reserves				
	Share capital and share premium €'000 (note 23)	Retained earnings €'000 (note 24)	Capital reserve €'000 (note 22 a)	Own shares €'000 (note 22 f)	Share based payment reserve €'000 (note 22 g)	Available for sale financial asset reserve €'000 (note 18)	Total €'000
Balance at 29 December 2012	**457,363**	**107,795**	**4,227**	**(8,221)**	**6,695**	**–**	**567,859**
Loss for the year	–	(10,228)	–	–	–	–	(10,228)
Dividends paid during the year	–	(27,929)	–	–	–	–	(27,929)
Cost of share based payments	–	–	–	–	4,568	–	4,568
Transfer on exercise, vesting or expiry of share based payments	–	(4,468)	–	7,417	(2,949)	–	–
Shares issued	41	–	–	–	–	–	41
Premium on shares issued	1,861	–	–	–	–	–	1,861
Purchase of own shares	–	–	–	(7,387)	–	–	(7,387)
Balance at 04 January 2014	**459,265**	**65,170**	**4,227**	**(8,191)**	**8,314**	**–**	**528,785**
Profit for the year	–	24,817	–	–	–	–	24,817
Other comprehensive income/(expense)							
Fair value movements	–	–	–	–	–	3,039	3,039
Deferred tax on fair value movements	–	–	–	–	–	(1,003)	(1,003)
Total comprehensive income for the year	**–**	**24,817**	**–**	**–**	**–**	**2,036**	**26,853**
Dividends paid during the year	–	(30,751)	–	–	–	–	(30,751)
Cost of share based payments	–	–	–	–	5,516	–	5,516
Transfer on exercise, vesting or expiry of share based payments	–	(4,361)	–	8,207	(3,846)	–	–
Shares issued	14	–	–	–	–	–	14
Premium on shares issued	717	–	–	–	–	–	717
Purchase of own shares	–	–	–	(7,981)	–	–	(7,981)
Balance at 03 January 2015	**459,996**	**54,875**	**4,227**	**(7,965)**	**9,984**	**2,036**	**523,153**

FINANCIAL STATEMENTS

Company statement of comprehensive income and statement of cash flows
for the financial year ended 03 January 2015

Company statement of comprehensive income	Notes	2014 €'000	2013 €'000
Profit/(loss) for the year after tax	24	24,817	(10,228)
Other comprehensive income/(expense) for the year			
Revaluation of available for sale financial assets	18	3,039	–
Deferred tax on revaluation of available for sale financial assets	27	(1,003)	–
Other comprehensive income for the year, net of tax		**2,036**	**–**
Total comprehensive income/(expense) for the year		**26,853**	**(10,228)**

Company statement of cash flows	Notes	2014 €'000	2013 €'000
Cash flows from operating activities			
Cash generated from operating activities	35	49,849	33,370
Net cash inflow from operating activities		**49,849**	**33,370**
Cash flows from investing activities			
Purchase of other Group companies		(117)	(2,085)
Disposal of other Group companies		27	3,165
Purchase of investments	18	(935)	(513)
Net cash (outflow)/inflow from investing activities		**(1,025)**	**567**
Cash flows from financing activities			
Proceeds from issue of ordinary shares	23	731	1,902
Dividends paid to Company shareholders	13	(30,751)	(27,929)
Purchase of own shares	22	(7,981)	(7,387)
Net cash (outflow) from financing activities		**(38,001)**	**(33,414)**
Net increase in cash and cash equivalents		**10,823**	**523**
(Bank overdraft) at the beginning of the year		(2,233)	(2,756)
Cash and cash equivalents/(bank overdraft) at the end of the year		**8,590**	**(2,233)**

1. GENERAL INFORMATION

Glanbia plc (the Company) and its subsidiaries (together the Group) is a leading global performance nutrition and ingredients Group with its main operations in Europe, USA, Middle East, Africa, Asia Pacific and Latin America.

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). The Society can nominate up to 14 members of the board of Directors of Glanbia plc for 2015 and currently holds, together with its subsidiaries, 41.2% of the issued share capital of the Company and is the ultimate parent of the Group.

The Company's 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 24 February 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

New accounting standards and IFRIC interpretations adopted by the Group during the year ended 03 January 2015 are dealt with in section (z) below. The adoption of these standards and interpretations had no significant impact on the results or financial position of the Group during the year.

The other 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 adopted International Financial Reporting Standards (IFRS), IFRIC interpretations and those parts of the Companies Acts, 1963 to 2013 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.

The preparation of the Financial Statements in conformity with IFRS requires the use of estimates, judgements 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 the 52-week period ending on 03 January 2015, comparatives are for the 53-week period ended 04 January 2014. The balance sheets for 2014 and 2013 have been drawn up as at 03 January 2015 and 04 January 2014 respectively.

Going concern
After making enquiries the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated Financial Statements.

(b) Consolidation

The Group Financial Statements incorporate:

(i) The Financial Statements of the Company and entities controlled by it (its subsidiaries). Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Discontinued operations and non-current assets held for sale are defined as follows: a component of an entity that either has been disposed of, abandoned, or is classified as held for sale and:

- represents a separate major line of business or geographical area of operation; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal, abandonment, or when the operations meet the criteria to be classified as held for sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of the carrying value and the fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than continued use. This condition is regarded as satisfied only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year of the date of classification. Property, plant and equipment and intangible assets, once classified as held for sale are not depreciated or amortised.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any movements previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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) Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

(iii) The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Glanbia plc has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

(iv) The Group's share of the results and net assets of associated companies and joint ventures is included based on the equity method of accounting. An associate is an entity 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 other comprehensive income. 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

In accordance with the requirements of IFRS 8 – Operating Segments, segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker responsible for allocating resources and assessing performance of the operating segments has been identified as the Group Operating Executive Committee.

(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 the Group's 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 reporting date. Currency translation differences on monetary assets and liabilities are taken to the income statement, except when deferred in equity in the currency translation reserve as (i) qualifying cash flow hedges or (ii) exchange gains or losses on long-term intra-group loans and on foreign currency borrowings used to finance or provide a hedge against Group equity investments in non-euro denominated operations to the extent that they are neither planned nor expected to be repaid in the foreseeable future or are expected to provide an effective hedge of the net investment. When long-term intra-group loans are repaid the related cumulative currency translation recognised in the currency reserve is not recycled through the income statement.

(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 reporting date are translated at the closing rate at the reporting date of the balance sheet; and
- income and expenses in the income statement are translated at average exchange rates for the year, or for the period since acquisition, if appropriate.

Resulting exchange differences are taken to a separate currency reserve within equity. When a foreign entity is sold outside the Group, 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 exchange rate at the end of the reporting period.

The Group uses the direct method of consolidation for revaluation of the net investments in foreign operations where the Financial Statements of the foreign operation are translated directly into the functional currency of the ultimate parent.

(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 assets. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Certain items of property, plant and equipment that had been revalued prior to the date of transition to IFRS (04 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 its estimated useful life at the following rates:

	%
Land	Nil
Buildings	2.5 – 5
Plant and equipment	4 – 33
Motor vehicles	20 – 25

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 the carrying amount and are included in the income statement.

Repairs and maintenance expenditure is charged to the income statement during the financial period in which it is 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, associate or joint venture at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill associated with the acquisition of associates or joint ventures is included within the investment in associates or joint ventures.

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 – First time adoption of International Financial Reporting Standards, 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 six years.

(iii) Brands/know-how, customer relationships and other intangibles

Expenditure to acquire brands/know-how, customer relationships and other intangibles is capitalised and amortised using the straight-line method over its useful life, which is set out in note 15. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. Indefinite life intangible assets are carried at cost less accumulated impairment losses, if applicable, and are not amortised on an annual basis.

(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 – Intangible Assets. Computer software costs recognised as assets are written off over their estimated useful lives, which is normally between five and ten years.

(g) Available for sale 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 available for sale financial asset within 12 months of the reporting date. They are initially recognised at fair value plus transaction costs and are subsequently adjusted to fair value at each reporting date. Unrealised gains and losses arising from changes in the fair value of the available for sale financial assets are recognised in other comprehensive income. When such available for sale assets are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from available for sale financial assets. The fair values of quoted financial assets 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 and associates 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 dependent 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 and 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 which relate to purchases of raw materials.

(j) Trade and loan receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

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 reporting date.

A provision for impairment of 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. If collectability appears unlikely compared with the original terms of the receivable, the Group will determine the appropriate provision based on the available evidence at that time. Significant financial difficulties of the trade/loan receivable, probability that the trade/loan receivable will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the 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. When a receivable is uncollectable, it is written off against the provision account for receivables.

Subsequent recoveries of amounts previously written off are credited to the income statement. Where risks associated with receivables are transferred out of the Group under debt purchase agreements, such receivables are recognised in the balance sheet to the extent of the Group's continued involvement and retained risk.

(k) Cash and cash equivalents

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

(l) Income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current tax

Current tax is calculated on the basis of tax laws enacted or substantially enacted at the Group balance sheet date in countries where the Group operates and generates taxable income, taking into account adjustments relating to prior years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax legislation is subject to interpretation and establishes provision, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising on the reporting date between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements. However, deferred 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. Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date.

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 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 by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(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.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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 reporting date less the fair value of the plan assets. 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 obligation.

Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise.

A curtailment arises when the Group is demonstrably committed to make a significant reduction in the number of employees or employee entitlements covered by a plan. A past service cost, negative or positive, arises following a change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post employment benefits. A settlement arises where the Group is relieved of responsibility for a pension obligation and eliminates significant risk relating to the obligation and the assets used to effect the settlement. Past-service costs, negative or positive, are recognised immediately in the income statement. Losses arising on settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the Group becomes demonstrably committed to the transaction. Gains arising on a settlement or curtailment are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction. Curtailment and settlement gains and losses are dealt with in the income statement.

(ii) Share based payments

The Group operates a number of equity settled share based compensation plans which include executive share option and share award schemes.

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 binomial model.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. When the options are exercised, the Company issues new shares or uses own shares depending on the options exercised. 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 2008 Long Term Incentive Plan (LTIP)
The fair value of shares awarded under the 2008 LTIP are determined using a Monte Carlo simulation technique. The LTIP contains inter alia a Total Shareholder Return (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 at the grant date of achieving the market-based vesting condition.

(iv) Awards under the Annual Incentive Deferred Into Shares Scheme (AIDIS)
The fair value of shares awarded is determined in line with the Group's Annual Incentive Scheme rules. The expense is recognised immediately in the income statement with a corresponding entry to equity.

(n) Government grants

Grants from government authorities 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. Research and development taxation credits are recognised at their fair value in the income statement where there is reasonable assurance that the credit will be received.

(o) Revenue recognition

Revenue comprises the fair value of the consideration receivable for 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, when 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. Rebates and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience. 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 reporting 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 is measured as the difference between the acquisition cost and the current fair value.

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 that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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 their 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
Ordinary shares purchased under the terms of the 2008 LTIP schemes and the AIDIS 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, interest rates and commodity prices. The Group uses foreign currency, interest rate and commodity derivative financial instruments to hedge these exposures.

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 the reporting date.

The fair value of 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 the European Central Bank interest rate at the measurement date. 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 fair value of commodity contracts is estimated by discounting the difference between the contracted futures price and the current forward price for the residual maturity of the contracts using the European Central Bank and US Federal Reserve interest rates.

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 every six months, 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 32. Movements on the hedging reserve are shown in note 22. 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.

(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 the income statement.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. 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 interest rates on borrowings is recognised in the income statement within 'finance costs'. The recycled gain or loss relating to the effective portion of foreign exchange contracts 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 in the income statement.

(iv) Financial guarantee contracts
Financial guarantee contracts are issued to banking institutions by the Company on behalf of certain of its subsidiaries. These subsidiaries engage in ongoing financing arrangements with these banking institutions. Under the terms of 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 – Provisions, Contingent Liabilities and Contingent Assets on the company balance sheet. Guarantees provided by the Company over the payment of employer contributions in respect of the UK defined benefit pension schemes are treated as insurance contracts.

(t) Earnings per share

Earnings per share represents the profit in cents attributable to owners of the Company, divided by the weighted average number of ordinary shares in issue during the period.

Adjusted earnings per share is calculated on the net profit attributable to the owners of the Company, before exceptional items and intangible asset amortisation (net of related tax).

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

In accordance with IAS 23 (Revised), 'Borrowing Costs', borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised. 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 borrowings. 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 reporting date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterpart.

(w) Provisions

Provisions are recognised when the Group has a constructive or legal obligation as a result of past events, when 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 an 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 at the earlier of the following dates (a) when the Group can no longer withdraw the offer of those benefits and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

(y) Income Statement format

(i) Exceptional Items

The Group has adopted an income statement format that 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, legislative changes 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.

(ii) Earnings before interest, tax and amortisation (EBITA)

The Group believes that EBITA is a relevant performance measure and has therefore disclosed this amount in the Group income statement. EBITA is stated before considering the share of results of Joint Ventures & Associates.

(z) New accounting standards and IFRIC interpretations

The following standards and interpretations, issued by the IASB and the International Financial Reporting Interpretations Committee (IFRIC), are effective for the Group for the first time in the year ended 03 January 2015 and have been adopted by the Group:

- IFRS 10, 'Consolidated financial statements'.
- IFRS 11, 'Joint arrangements'.
- IFRS 12, 'Disclosure of interests in other entities'.
- Amendments to IFRS 10,11,12 on transition guidance.
- IAS 27 (revised 2011) 'Separate financial statements'.
- IAS 28 (revised 2011) 'Associates and joint ventures'.
- Amendments to IFRS 10, IFRS 12 and IAS 27 on consolidation for investment entities.
- Amendments to IAS 32 on Financial instruments asset and liability offsetting.
- Amendments to IAS 36 'Impairment of assets' on recoverable amount disclosures.
- Amendments to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting.
- IFRIC 21 'Levies'.

None of the above have had a significant impact on the results or the financial position of the Group during the year ended 03 January 2015.

The following standards, amendments and interpretations have been published. The Group will apply the relevant standards from their effective dates and is currently assessing their impact on the Group's Financial Statements. The standards are mandatory for future accounting periods but are not yet effective and have not been early adopted by the Group.

Amendment to IAS 19 'Employee benefits' regarding defined benefit plans (effective for periods beginning on or after 01 July 2014).

This amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Amendments to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation (effective on or after 01 January 2016).

These amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions.

Amendments to IAS 27, 'Separate financial statements' on the equity method (effective on or after 01 January 2016).

These amendments allow entities to use the equity method for investments in subsidiaries, Joint Ventures & Associates in their separate financial statements.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' (effective on or after 01 January 2016).

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associates or joint venture. The main consequence of the amendment is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

IFRS 15 'Revenue from contracts with customers' (effective on or after 01 January 2017).

IFRS 15, 'Revenue from contracts with customers' is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally.

IFRS 9 'Financial instruments' (effective on or after 01 January 2018).

This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

Amendments to IFRS 9, 'Financial instruments', regarding general hedge accounting (effective on or after 01 January 2018).

These amendments to IFRS 9, 'Financial instruments', bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The conduct of its ordinary business operations necessitates the Group holding and issuing financial instruments and derivative financial instruments. The main risks arising from issuing, holding and managing these financial instruments typically include currency risk, interest rate risk, price risk, liquidity risk, cash flow risk and credit risk. The Group's 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. The Group finances its operations by a mixture of retained profits, medium-term committed borrowings and short-term uncommitted 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, other than credit 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 cooperation with the Group's business units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as liquidity risk, 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 with the euro as the functional currency of Glanbia plc, it has significant geographic investment and operating exposures outside the eurozone, primarily in the USA. As a result currency movements, particularly movements in the US dollar/euro exchange rate, can significantly affect the Group's euro balance sheet and income statement. The Group actively seeks to manage these currency exposures by financing currency assets with equivalent currency borrowings, leaving the residual net assets unhedged and accordingly exposed to foreign currency translation risk. 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. Group companies are required to hedge foreign exchange risk exposure through Group Treasury. Group Treasury monitors and manages these currency exposures on a continuous basis, using approved hedging strategies, (including net investment hedges) and appropriate currency derivative instruments. At 03 January 2015 and 04 January 2014, 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 and cash and cash equivalents. A weakening/strengthening of the euro against the US dollar by 5% as at 03 January 2015 would have resulted in a currency translation gain/loss of approximately €36.7 million (2013: €31.9 million), which would be recognised directly in other comprehensive income.

(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 can use interest rate swaps to manage the Group's resulting 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, with further minimum guidelines over succeeding 24 and 36 month periods.

The Group, on a continuous basis, monitors the level of fixed rate cover dependent on prevailing fixed market rates, projected debt and market informed interest rate outlook.

Based on noted Group policies, the impact of a 1% movement in market interest rates would have resulted in a €1.5 million gain/loss during 2014 (2013: €1.6 million gain/loss).

Occasionally, 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 these interest rate swaps, the Group agrees with other parties to exchange at specified intervals, the difference between fixed interest rate amounts 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.

(c) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group in listed and unlisted securities and classified on the Group balance sheet as available for sale financial assets. Certain securities are carried at cost and therefore not exposed to price risk. To manage its price risk arising from investments in listed equity securities, the Group does not maintain a significant balance with any one equity. 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 indices across the eurozone countries would not have any material impact on Group operating profit.

To manage its exposure to certain commodity markets the Group enters into commodity future contracts.

For further details regarding the Group's price risk see note 32.

(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 the 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 €982.3 million (2013: €744.0 million) of which €362.0 million (2013: €263.4 million) was undrawn. The weighted average maturity of these facilities is 5.4 years (2013: 4.9 years).

For further details regarding the Group's borrowing facilities see note 26.

(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. In the international movement and placement of funds and execution of financial transactions, the Group's policies require exposure to independently rated parties with long term credit ratings of at least A3 (Moody's) or A- (Standard & Poor's). In the movement and placement of funds and execution of financial transactions in Ireland, the Group is exposed to independently rated parties with long term credit ratings of at least Ba2 (Moody's) or BB (Standard & Poor's).

The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and where appropriate, credit risk is covered by credit insurance and by holding appropriate security or liens.

For further details regarding the Group's credit risk see note 19.

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 from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Financial liabilities	Less than 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	More than 5 years €'000	Total €'000
At 03 January 2015					
Borrowings	416	419	502	619,396	620,733
Future finance costs	23,179	23,179	69,479	21,131	136,968
Derivative financial instruments	574	–	–	–	574
Trade and other payables	390,350	–	–	–	390,350
Deferred acquisition payment	6,504	–	–	–	6,504
	421,023	**23,598**	**69,981**	**640,527**	**1,155,129**
Less future finance costs	(23,179)	(23,179)	(69,479)	(21,131)	(136,968)
	397,844	**419**	**502**	**619,396**	**1,018,161**

Financial liabilities	Less than 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	More than 5 years €'000	Total €'000
At 04 January 2014					
Borrowings	39,062	–	203,266	238,375	480,703
Future finance costs	25,042	23,481	59,835	31,665	140,023
Derivative financial instruments	1,725	–	–	–	1,725
Trade and other payables	344,642	–	–	–	344,642
	410,471	**23,481**	**263,101**	**270,040**	**967,093**
Less future finance costs	(25,042)	(23,481)	(59,835)	(31,665)	(140,023)
	385,429	**–**	**203,266**	**238,375**	**827,070**

The Company has cash at bank of €8.6 million at year end (2013: borrowings €2.2 million). The contractual undiscounted cash flows equal the balance at 03 January 2015 and 04 January 2014.

The table below analyses the Group's foreign exchange contracts, which will be settled on a gross basis, into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Foreign exchange contracts	Less than 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	More than 5 years €'000	Total €'000
At 03 January 2015					
Foreign exchange contracts – cash flow hedges					
Inflow	295	–	–	–	295
Outflow	(40)	–	–	–	(40)
	255	**–**	**–**	**–**	**255**

Foreign exchange contracts	Less than 1 year €'000	Between 1 and 2 years €'000	Between 2 and 5 years €'000	More than 5 years €'000	Total €'000
At 04 January 2014					
Foreign exchange contracts – cash flow hedges					
Inflow	19	–	–	–	19
Outflow	(24)	–	–	–	(24)
	(5)	**–**	**–**	**–**	**(5)**

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. Total capital is calculated based on equity as shown in the balance sheet and net debt which amounted to €1,315.1 million (2013: €1,017.9 million).

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 or buy back shares.

The Group monitors debt capital on the basis of interest cover and debt to EBITDA ratios. At 03 January 2015, the Group's debt/adjusted EBITDA ratio was 1.97 times (2013: 1.66 times), which is deemed by management to be prudent and in line with industry norms. Adjusted EBITDA for the purpose of financing ratios is as per the Group's financing agreements and includes dividends received from Joint Ventures & Associates.

3.3 Fair value estimation

The fair value of financial instruments traded in active markets (such as available for sale securities) is based on quoted market prices at 03 January 2015. 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 reporting 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 foreign exchange contracts is determined using quoted forward exchange rates at 03 January 2015.

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

In accordance with IFRS 13 – Fair Value Measurements, the Group has disclosed the fair value of instruments by the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1);
- inputs, other than quoted prices included in level 1, that are observable for the asset and liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities, which are measured at fair value at 03 January 2015 and 04 January 2014:

At 03 January 2015	Notes	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets					
Derivatives used for hedging	32	–	1,279	–	1,279
Available for sale financial assets – equity securities	18	272	3,281	–	3,553
Total assets		**272**	**4,560**	**–**	**4,832**
Liabilities					
Derivatives used for hedging	32	–	(574)	–	(574)
Deferred acquisition payments	29	–	–	(6,504)	(6,504)
Total liabilities		**–**	**(574)**	**(6,504)**	**(7,078)**

At 04 January 2014	Notes	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Assets					
Derivatives used for hedging	32	–	1,750	–	1,750
Available for sale financial assets – equity securities	18	307	1,789	–	2,096
Total assets		**307**	**3,539**	**–**	**3,846**
Liabilities					
Derivatives used for hedging	32	–	(1,725)	–	(1,725)
Total liabilities		**–**	**(1,725)**	**–**	**(1,725)**

Valuation techniques used to derive level 2 fair values

Level 2 derivatives comprise foreign exchange contracts and commodity futures. These foreign exchange contracts and commodity futures have been fair valued using forward rates that are quoted in active markets. The effects of discounting are generally insignificant for level 2 derivatives.

Group's valuation process

The Group's finance department includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

The Group did not hold any level 3 financial assets at 03 January 2015 or 04 January 2014. Level 3 financial liabilities are outlined in note 36. The valuation team reports directly to the Group Finance Director who in turn reports to the Audit Committee. Discussions of valuation processes and results are held between the Group Finance Director and the Audit Committee.

Changes in level 2 and level 3 fair values are analysed at each reporting date. As part of this discussion, the valuation team presents a report that explains the reasons for fair value movements.

3.4 Offsetting financial assets and financial liabilities

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements:

At 03 January 2015	Gross amounts of recognised financial assets €'000	Gross amounts of recognised financial liabilities set off in the balance sheet €'000	Net amounts of financial assets presented in the balance sheet €'000
Derivative financial assets	26,081	(25,641)	440
Cash and cash equivalents	362,813	(252,443)	110,370
	388,894	(278,084)	110,810

At 04 January 2014	Gross amounts of recognised financial assets €'000	Gross amounts of recognised financial liabilities set off in the balance sheet €'000	Net amounts of financial assets presented in the balance sheet €'000
Derivative financial assets	24,082	(24,082)	–
Cash and cash equivalents	370,226	(263,967)	106,259
	394,308	(288,049)	106,259

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

At 03 January 2015	Gross amounts of recognised financial liabilities €'000	Gross amounts of recognised financial assets set off in the balance sheet €'000	Net amounts of financial liabilities presented in the balance sheet €'000
Derivative financial liabilities	(25,641)	25,641	–
Bank overdrafts and borrowings	(873,176)	252,443	(620,733)
	(898,817)	278,084	(620,733)

At 04 January 2014	Gross amounts of recognised financial liabilities €'000	Gross amounts of recognised financial assets set off in the balance sheet €'000	Net amounts of financial liabilities presented in the balance sheet €'000
Derivative financial liabilities	(24,095)	24,082	(13)
Bank overdrafts and borrowings	(744,670)	263,967	(480,703)
	(768,765)	288,049	(480,716)

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the counterparty allows that they will have the option to settle all such amounts on a net basis in the event of default of the other party.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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 and indefinite life intangibles

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 intangible assets of Dairy Ireland, Global Ingredients and Global Performance Nutrition, including goodwill arising on acquisition were tested for impairment using projected cash flows over a five year period and a terminal value for a further sixteen year period assuming zero growth. A reduction in projected EBITDA of 10% or an increase in the discount factor used by 1% would not result in an impairment of the assets. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. The classification of intangible assets as indefinite is reviewed annually.

Additional information in relation to impairment reviews is disclosed in note 15.

(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 during the ordinary course of business for which the ultimate tax determination is uncertain and the applicable tax legislation is open to differing interpretations. The Group takes external professional advice to help minimise this risk. The Group recognises liabilities for anticipated tax authority review issues based on estimates of whether additional taxes will be due, having regard to all information available on the tax matter. The Group engages with local tax experts to support the judgements made where there is significant uncertainty about the position taken. In determining any liability for amounts expected to be paid to tax authorities, the Group has regard to the tax status of the entities involved, the external professional advice received, the status of negotiations and correspondence with the relevant tax authorities, past practices of the tax authorities and any precedents in the relevant jurisdiction. Where the final outcome of these tax 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.

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 may 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 also require the use of estimates.

The decision to recognise deferred tax assets (or not) also requires judgement as it involves an assessment of future recoverability of those assets.

(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 has plan assets totalling €393.3 million (2013: €346.5 million) and plan liabilities of €508.1 million (2013: €424.5 million) giving a net pension deficit of €114.8 million (2013: €78.0 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 03 January 2015, an increase in the discount rates applied of 0.25% across the various defined benefit plans, would have the impact of decreasing the pension deficit for the Group by €23.4 million (2013: €19.3 million).

Additional information in relation to post employment benefits is disclosed in note 28.

(d) Business combinations

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this method requires certain estimates and assumptions particularly concerning the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition. For intangible assets acquired, the Group bases valuations on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated after-tax cash flows expected to be generated from the purchased intangible asset using risk adjusted discount rates, revenue forecasts, estimated customer attrition and royalty savings as appropriate. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

5. SEGMENT INFORMATION

In accordance with IFRS 8 – Operating Segments, the Group has four segments as follows: Global Performance Nutrition, Global Ingredients, Dairy Ireland, and Joint Ventures & Associates. These segments align with the Group's internal financial reporting system and the way in which the Chief Operating Decision Maker assesses performance and allocates the Group's resources. A segment manager is responsible for each segment and is directly accountable for the performance of that segment to the Glanbia Operating Executive Committee which acts as the Chief Operating Decision Maker for the Group.

Each segment derives its revenues as follows: Global Performance Nutrition earns its revenue from performance nutrition products; Global Ingredients earns its revenue from the manufacture and sale of cheese, dairy and non dairy nutritional ingredients and vitamin and mineral premixes; Dairy Ireland earns its revenue from the manufacture and sale of a range of consumer products and farm inputs and Joint Ventures & Associates revenue arises from the manufacture and sale of cheese, dairy ingredients and dairy consumer products.

Each segment is reviewed in its totality by the Chief Operating Decision Maker. The Glanbia Operating Executive Committee assesses the trading performance of operating segments based on a measure of earnings before interest, tax, amortisation and exceptional items.

Amounts stated below for Joint Ventures & Associates represents the Group's share.

5.1 The segment results for the year ended 03 January 2015 are as follows:

		Global Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Total gross segment revenue	(a)	746,381	1,210,376	616,744	984,016	3,557,517
Inter-segment revenue		(154)	(34,979)	–	–	(35,133)
Segment external revenue		**746,227**	**1,175,397**	**616,744**	**984,016**	**3,522,384**
Segment earnings before interest, tax, amortisation and exceptional items (EBITA)	(b)	**89,188**	**100,426**	**19,020**	**36,427**	**245,061**

Included in external revenue are related party sales between Dairy Ireland and Joint Ventures & Associates of €21.2 million and related party sales between Global Ingredients and Joint Ventures & Associates of €18.2 million. Inter-segment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties.

5.1 (a): Total gross segment revenue is reconciled to reported external revenue as follows:

	2014 €'000
Total gross segment revenue	**3,557,517**
Inter-segment revenue	(35,133)
Joint Ventures & Associates revenue	(984,016)
Reported external revenue	**2,538,368**

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

	2014 €'000
Segment earnings before interest, tax, amortisation and exceptional items	**245,061**
Amortisation	(22,512)
Exceptional items	(15,949)
Joint Ventures & Associates interest, tax and amortisation	(12,698)
Finance income	1,725
Finance costs	(22,050)
Reported profit before tax	**173,577**
Income taxes	(26,382)
Reported profit after tax	**147,195**

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

Other segment items included in the income statement for the year ended 03 January 2015 are as follows:

	Global Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Depreciation of property, plant and equipment	5,609	18,359	8,262	14,394	46,624
Amortisation of intangibles	12,727	7,416	2,369	394	22,906
Capital grants released to the income statement	(15)	(53)	(196)	(1,142)	(1,406)
Exceptional items before tax	9,570	–	6,379	–	15,949

The segment assets and liabilities at 03 January 2015 and segment capital expenditure and acquisitions for the year then ended are as follows:

		Global Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Segment assets	(c)	801,572	709,810	293,186	161,173	1,965,741
Segment liabilities	(d)	160,139	230,678	197,583	–	588,400
Segment capital expenditure and acquisitions	(e)	186,700	64,439	29,367	56,469	336,975

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

	2014 €'000
Segment assets	1,965,741
Unallocated assets	140,383
Reported assets	**2,106,124**

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

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

	2014 €'000
Segment liabilities	588,400
Unallocated liabilities	712,946
Reported liabilities	**1,301,346**

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

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

	2014 €'000
Segment capital expenditure and acquisitions	336,975
Joint Ventures & Associates capital expenditure	(56,469)
Unallocated capital expenditure	3,119
Reported capital expenditure and acquisitions	**283,625**

5.2 The segment results for the year ended 04 January 2014 are as follows:

		Global Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Total gross segment revenue	(a)	655,289	1,118,526	652,192	900,466	3,326,473
Inter-segment revenue		–	(43,874)	–	–	(43,874)
Segment external revenue		**655,289**	**1,074,652**	**652,192**	**900,466**	**3,282,599**
Segment earnings before interest, tax, amortisation and exceptional items	(b)	**70,545**	**101,982**	**15,138**	**39,026**	**226,691**

Included in external revenue are related party sales between Dairy Ireland and Joint Ventures & Associates of €11.0 million, and related party sales between Global Ingredients and Joint Ventures & Associates of €15.8 million. Inter-segment transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

5.2 (a): Total gross segment revenue is reconciled to reported external revenue as follows:

	2013 €'000
Total gross segment revenue	**3,326,473**
Inter-segment revenue	(43,874)
Joint Ventures & Associates revenue	(900,466)
Reported external revenue	**2,382,133**

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

	2013 €'000
Segment earnings before interest, tax, amortisation and exceptional items	**226,691**
Amortisation	(21,011)
Exceptional items	5,804
Joint Ventures & Associates interest, tax and amortisation	(12,538)
Finance income	2,168
Finance costs	(25,110)
Reported profit before tax	**176,004**
Income taxes	(25,008)
Reported profit after tax	**150,996**

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

Other segment items included in the income statement for the year ended 04 January 2014 are as follows:

	Global Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Depreciation of property, plant and equipment	2,832	16,036	8,335	12,963	40,166
Amortisation of intangibles	10,545	7,459	3,007	254	21,265
Capital grants released to the income statement	(15)	(53)	(151)	(951)	(1,170)
Exceptional items before tax	–	–	(5,804)	–	(5,804)

The segment assets and liabilities at 04 January 2014 and segment capital expenditure and acquisitions for the year then ended are as follows:

		Global Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Segment assets	(c)	539,849	600,543	273,305	152,762	1,566,459
Segment liabilities	(d)	104,231	222,620	166,059	–	492,910
Segment capital expenditure and acquisitions	(e)	43,060	50,984	20,836	34,117	148,997

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

	2013 €'000
Segment assets	1,566,459
Unallocated assets	126,429
Reported assets	**1,692,888**

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

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

	2013 €'000
Segment liabilities	492,910
Unallocated liabilities	556,458
Reported liabilities	**1,049,368**

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

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

	2013 €'000
Segment capital expenditure and acquisitions	148,997
Joint Ventures & Associates capital expenditure	(34,117)
Unallocated capital expenditure	2,413
Reported capital expenditure and acquisitions	**117,293**

5.3 Entity wide disclosures

Revenue from external customers in the Global Performance Nutrition, Global Ingredients, Dairy Ireland and Joint Ventures & Associates segments is outlined in section 5.1 and 5.2 above.

Geographical information

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

	2014 €'000	2013 €'000
USA	1,823,565	1,630,524
Ireland	745,524	784,985
UK	212,774	196,321
Rest of Europe	312,492	243,939
Other	428,029	426,830
	3,522,384	**3,282,599**

Revenue of approximately €350.3 million (2013: €297.4 million) is derived from a single external customer.

The total of non-current assets, other than derivative financial instruments and deferred tax assets, located in Ireland is €767.5 million (2013: €701.5 million) and located in other countries, mainly the USA, is €556.7 million (2013: €289.2 million).

6. OPERATING EXPENSES

	Notes	2014 €'000	2013 €'000
Revenue		**2,538,368**	**2,382,133**
Less costs:			
Raw materials and consumables used		(1,773,010)	(1,676,122)
Depreciation of property, plant and equipment	14	(32,230)	(27,203)
Amortisation of government grants received	30	264	219
Employee benefit expense	8	(256,023)	(230,512)
Auditor's remuneration*			
– Statutory audit of Group companies		(774)	(728)
– Other assurance services		(672)	(903)
– Tax advisory services		(2,174)	(1,728)
– Other non-audit services		(644)	(450)
Research and development costs		(7,830)	(7,722)
Net foreign exchange gain/(loss)		816	(792)
Other expenses		(257,457)	(248,527)
Earnings before interest, tax and amortisation (EBITA)		**208,634**	**187,665**
Intangible asset amortisation	15	(22,512)	(21,011)
Operating profit before exceptional items		**186,122**	**166,654**

* Auditor's remuneration for the Company in respect of its statutory audit amounted to €35,000 (2013: €35,000).

7. EXCEPTIONAL ITEMS

	Notes	2014 €'000	2013 €'000
Rationalisation costs	(a)	(6,379)	(8,029)
Transaction related costs	(b)	(9,570)	–
Irish defined benefit pension schemes	(c)	–	13,833
Total exceptional (charge)/credit before tax		**(15,949)**	**5,804**
Exceptional tax credit/(charge)	11	1,870	(316)
Total exceptional (charge)/credit		**(14,079)**	**5,488**

(a) Rationalisation costs primarily relate to the ongoing redundancy programmes in the Dairy Ireland segment and a related write down of tangible assets of €3.2 million (see note 14).

(b) The Group acquired Nutramino Holding ApS on 17 January 2014 (see note 36). The fair value of the contingent consideration at that date was €4.8 million based on management's forecast EBITDA for the business. Following a better than anticipated performance since acquisition, an additional earn out of €6.5 million is payable. In accordance with IFRS 3 – Business Combinations, any subsequent increase in contingent consideration to that estimated at the acquisition date must be charged to the income statement.

The balance of transaction related costs, €3.1 million, relates to acquisition activities that did not come to fruition. The primary costs incurred were legal, taxation, due diligence, other consultancy and loan facility fees.

(c) The Group undertook a review of pension arrangements during 2009 and 2010 across its main Irish defined benefit pension schemes. In 2013, revisions to the Group's pension arrangements for two smaller Irish defined benefit schemes were completed giving rise to an exceptional gain in the year, in accordance with IAS 19, of €13.8 million. This gain relates to negative past service cost, settlement and curtailment of €8.9 million, €4.0 million and €0.9 million respectively. The curtailment gains and negative past service costs arose following the removal of guaranteed increases to pensions in payment for all members and the provision of benefits for members in employment on a career average basis from a final salary basis.

8. EMPLOYEE BENEFIT EXPENSE

	Notes	2014 €'000	2013 €'000
Wages and salaries		215,158	191,336
Social security costs		22,312	21,575
Cost of share based payments	22	5,516	4,568
Pension costs – defined contribution schemes	28	4,811	4,232
Pension costs – defined benefit schemes	28	8,226	8,801
		256,023	**230,512**
Exceptional items		1,678	(7,807)
		257,701	**222,705**

The average number of employees, excluding the Group's Joint Ventures & Associates, in 2014 was 4,257 (2013: 3,750) and is analysed into the following categories:

	2014	2013
Global Performance Nutrition	1,442	941
Global Ingredients	1,632	1,558
Dairy Ireland	1,183	1,251
	4,257	**3,750**

9. DIRECTORS' REMUNERATION

The Directors' remuneration information is shown on pages 80 to 99 in the Corporate Governance section of this report.

10. FINANCE INCOME AND COSTS

	Notes	2014 €'000	2013 €'000
Finance income			
Interest income		1,725	2,168
Total finance income		**1,725**	**2,168**
Finance costs			
Bank borrowing costs on loans repayable in greater than five years		(6,812)	(9,327)
Unwinding of discounts	29	(165)	(118)
Finance lease costs		(70)	–
Finance cost of private debt placement		(13,442)	(12,989)
Finance cost of preference shares		(1,561)	(2,676)
Total finance costs		**(22,050)**	**(25,110)**
Net finance costs		**(20,325)**	**(22,942)**

Net finance costs do not include borrowing costs of €2.0 million attributable to the acquisition, construction or production of a qualifying asset, which have been capitalised, as disclosed in note 14.

11. INCOME TAXES

	Notes	2014 €'000	2013 €'000
Current tax			
Irish current tax		14,124	10,800
Adjustments in respect of prior years		787	858
Irish current tax for the year		14,911	11,658
Foreign current tax		16,332	13,403
Adjustments in respect of prior years		1,925	(2,238)
Foreign current tax for the year		18,257	11,165
Total current tax		**33,168**	**22,823**
Deferred tax			
Deferred tax – current year		(3,681)	356
Adjustments in respect of prior years		(1,235)	1,513
Total deferred tax	27	**(4,916)**	**1,869**
Pre exceptional tax charge		**28,252**	**24,692**
Exceptional tax (credit)/charge			
Current tax	(a)	(1,469)	(907)
Deferred tax	(a)	(401)	1,223
Total tax charge for the year		**26,382**	**25,008**

(a) Notes on exceptional tax (credit)/charge:

(i) The rationalisation costs in the Dairy Ireland segment resulted in an exceptional current tax credit of €0.4 million (2013: €0.9 million) and an exceptional deferred tax credit of €0.4 million (2013: nil).

(ii) The Group incurred transaction costs in 2014 relating to acquisition activities that did not come to fruition, which resulted in an exceptional current tax credit of €1.1 million.

(iii) In 2013, the revisions to the Group's Irish pension arrangements resulted in an exceptional deferred tax charge of €1.2 million.

The exceptional net tax (credit)/charge in 2014 and 2013 have been disclosed separately above as they relate to costs and income which have been presented as exceptional.

The tax on the Group's profit before tax differs from the theoretical amount that would arise applying the corporation tax rate in Ireland, as follows:

	2014 €'000	2013 €'000
Profit before tax	**173,577**	**176,004**
Income tax calculated at Irish rate of 12.5% (2013: 12.5%)	21,697	22,000
Earnings at higher Irish rates	2	29
Difference due to overseas tax rates	7,305	9,017
Adjustment to tax charge in respect of previous periods	1,477	133
Tax on post tax profits of Joint Ventures & Associates included in profit before tax	(2,966)	(3,299)
Other reconciling differences	(1,133)	(2,872)
Total tax charge	**26,382**	**25,008**

Details of deferred tax charged or credited directly to other comprehensive income during the year are outlined in note 27.

Factors that may affect future tax charges and other disclosure requirements

The total tax charge in future periods will be affected by any changes to the applicable tax rates in force in jurisdictions in which the Group operates and other relevant changes in tax legislation, including amendments impacting on the excess of tax depreciation over accounting depreciation. The total tax charge of the Group may also be influenced by the effects of acquisitions and disposals.

12. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the net profit attributable to the equity holders of the Parent by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as own shares (note 22 f).

	2014	2013
Profit attributable to equity holders of the Parent (€'000)	146,313	150,330
Weighted average number of ordinary shares in issue	295,011,089	294,712,649
Basic earnings per share (cents per share)	**49.60**	**51.01**

Diluted

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

	2014	2013
Weighted average number of ordinary shares in issue	295,011,089	294,712,649
Adjustments for share options and share awards	1,645,431	2,041,339
Adjusted weighted average number of ordinary shares	**296,656,520**	**296,753,988**
Diluted earnings per share (cents per share)	**49.32**	**50.66**

Adjusted

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

	2014 €'000	2013 €'000
Profit attributable to equity holders of the Parent	146,313	150,330
Amortisation of intangible assets (net of related tax)	19,698	18,385
Amortisation of Joint Ventures & Associates intangible assets (net of related tax)	345	222
Net exceptional items	14,079	(5,488)
Adjusted net income	**180,435**	**163,449**
Adjusted earnings per share (cents per share)	**61.16**	**55.46**
Diluted adjusted earnings per share (cents per share)	**60.82**	**55.08**

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13. DIVIDENDS

The dividends paid in 2014 and 2013 were €30.8 million (10.4 cents per share) and €27.9 million (9.46 cents per share) respectively. On 10 October 2014 an interim dividend of 4.43 cents per share on the ordinary shares amounting to €13.1 million was paid to shareholders on the register of members at 29 August 2014. The Directors have recommended the payment of a final dividend of 6.57 cents per share on the ordinary shares which amounts to €19.4 million. Subject to shareholders approval, this dividend will be paid on 15 May 2015 to shareholders on the register of members at 07 April 2015, the record date. These Financial Statements do not reflect this final dividend.

14. PROPERTY, PLANT AND EQUIPMENT

	Notes	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Year ended 04 January 2014					
Opening net book amount		136,324	172,897	275	309,496
Exchange differences		(2,685)	(4,125)	(30)	(6,840)
Additions		27,771	71,705	471	99,947
Disposals		(646)	(620)	(54)	(1,320)
Reclassification		(354)	354	–	–
Impairments		–	(108)	–	(108)
Depreciation charge	6	(4,797)	(22,119)	(287)	(27,203)
Closing net book amount		**155,613**	**217,984**	**375**	**373,972**
At 04 January 2014					
Cost		210,258	528,272	18,732	757,262
Accumulated depreciation		(54,645)	(310,288)	(18,357)	(383,290)
Net book amount		**155,613**	**217,984**	**375**	**373,972**
Year ended 03 January 2015					
Opening net book amount		155,613	217,984	375	373,972
Exchange differences		13,052	25,033	125	38,210
Acquisitions	36	–	2,281	206	2,487
Additions		39,846	70,979	502	111,327
Disposals		(503)	(346)	(24)	(873)
Reclassification	15	–	503	–	503
Impairments	7	(1,184)	(2,032)	–	(3,216)
Depreciation charge	6	(6,126)	(25,774)	(330)	(32,230)
Closing net book amount		**200,698**	**288,628**	**854**	**490,180**
At 03 January 2015					
Cost		265,793	641,234	19,658	926,685
Accumulated depreciation		(65,095)	(352,606)	(18,804)	(436,505)
Net book amount		**200,698**	**288,628**	**854**	**490,180**

Depreciation expense of €32.2 million was charged to the income statement during the year (2013: €27.2 million). An impairment of €3.2 million also arose (see note 7). The impairments arise from the rationalisation activities and the challenging retail environment in Dairy Ireland.

Included in the cost of additions for 2014 is an amount of €56.6 million (2013: €41.1 million) incurred in respect of assets under construction.

During the year, the Group has capitalised borrowing costs amounting to €2.0 million (2013: nil) on qualifying assets.

Operating lease rentals amounting to €19.0 million (2013: €18.2 million) are charged to the income statement.

15. INTANGIBLE ASSETS

	Notes	Goodwill €'000 note (b)	Other intangibles €'000 note (a)	Software costs €'000	Development costs €'000	Total €'000
Year ended 04 January 2014						
Opening net book amount		189,112	262,268	12,247	9,389	473,016
Exchange differences		(5,511)	(8,000)	(338)	(405)	(14,254)
Additions		–	–	11,543	5,803	17,346
Reclassification		(1,332)	1,332	–	–	–
Write-off of intangibles		(511)	(24)	–	(76)	(611)
Amortisation	6	–	(14,671)	(4,280)	(2,060)	(21,011)
Closing net book amount		**181,758**	**240,905**	**19,172**	**12,651**	**454,486**
At 04 January 2014						
Cost		181,758	303,791	62,232	26,706	574,487
Accumulated amortisation		–	(62,886)	(43,060)	(14,055)	(120,001)
Net book amount		**181,758**	**240,905**	**19,172**	**12,651**	**454,486**
Year ended 03 January 2015						
Opening net book amount		181,758	240,905	19,172	12,651	454,486
Exchange differences		23,771	33,517	1,516	2,156	60,960
Acquisitions	36	57,460	98,820	–	–	156,280
Additions		–	–	5,716	7,815	13,531
Reclassification	14	–	42	(545)	–	(503)
Write-off of intangibles		–	–	–	(73)	(73)
Amortisation	6	–	(15,058)	(4,568)	(2,886)	(22,512)
Closing net book amount		**262,989**	**358,226**	**21,291**	**19,663**	**662,169**
At 03 January 2015						
Cost		262,989	445,247	70,120	38,622	816,978
Accumulated amortisation		–	(87,021)	(48,829)	(18,959)	(154,809)
Net book amount		**262,989**	**358,226**	**21,291**	**19,663**	**662,169**

Amortisation expense of €22.5 million (2013: €21.0 million) has been charged to the income statement during the year. The average remaining amortisation period for software costs is 8 years (2013: 8 years) and development costs is 4 years (2013: 6 years).

Approximately €2.6 million of software additions during the year (2013: €4.2 million) were internally generated with the remaining balance acquired from external parties. Development costs of €0.1 million (2013: €0.1 million) were written off during the year due to uncertainty that these projects will reach commercialisation.

Note 15 (a): Other intangibles

	Notes	Brands/ know-how €'000	Customer relationships €'000	Other €'000	Total other intangibles €'000
Year ended 04 January 2014					
Opening net book amount		160,576	97,989	3,703	262,268
Exchange differences		(4,430)	(3,503)	(67)	(8,000)
Reclassification		2,083	(1,554)	803	1,332
Write-off of intangibles		–	–	(24)	(24)
Amortisation		(3,633)	(10,390)	(648)	(14,671)
Closing net book amount		**154,596**	**82,542**	**3,767**	**240,905**
At 04 January 2014					
Cost		166,972	130,857	5,962	303,791
Accumulated amortisation		(12,376)	(48,315)	(2,195)	(62,886)
Net book amount		**154,596**	**82,542**	**3,767**	**240,905**
Year ended 03 January 2015					
Opening net book amount		154,596	82,542	3,767	240,905
Exchange differences		21,066	12,304	147	33,517
Acquisitions	36	67,090	31,730	–	98,820
Reclassification		42	–	–	42
Amortisation		(3,968)	(11,027)	(63)	(15,058)
Closing net book amount		**238,826**	**115,549**	**3,851**	**358,226**
At 03 January 2015					
Cost		256,312	182,185	6,750	445,247
Accumulated amortisation		(17,486)	(66,636)	(2,899)	(87,021)
Net book amount		**238,826**	**115,549**	**3,851**	**358,226**

Included in the total cost of brands/know-how are intangible assets of €99.0 million (2013: €87.5 million) which have indefinite useful lives. In arriving at the conclusion that certain brands/know-how have indefinite useful lives, it has been determined that these assets will contribute indefinitely to the cash flows of the Group. The factors that result in the durability of these brands/know-how being capitalised is that there are no material legal, regulatory, contractual or other factors that limit the useful lives of these intangibles. In addition, the likelihood that market-based factors could truncate a brand's life is relatively remote because of the size, diversification and market share of the brands in question. There are no material internally generated brand-related intangibles included above.

The remaining average amortisation period for Global Performance Nutrition brands/know-how is 38 years (2013: 37 years) and for the remaining brands/know-how is 12 years (2013: 13 years).

Included in customer relationships are individual significant intangible assets of €49.6 million (2013: €49.8 million) with a remaining amortisation period of 7 years (2013: 8 years). The remaining customer relationships are amortised over an average period of 12 years (2013: 9 years). The remaining average amortisation period for other intangibles is 8 years (2013: 9 years). No intangible assets were acquired by way of government grant during the financial year (2013: nil).

Note 15 (b): Impairment tests for goodwill and indefinite life intangibles

Goodwill is allocated to the Group's cash generating units (CGUs) that are expected to benefit from business acquisitions, rather than where the asset is owned. The CGUs represent the lowest level within the Group at which the associated goodwill is monitored for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 – Operating Segments. For the purposes of goodwill a total of 8 CGUs have been identified and these are allocated between the Group's main segments as follows: Global Performance Nutrition 3, Global Ingredients 4 and Dairy Ireland 1.

A summary of goodwill by CGU is as follows:

	Goodwill 2014 €'000	Exchange differences €'000	Acquisition €'000	Goodwill 2013 €'000
Global Performance Nutrition	93,859	9,634	–	84,225
Isopure	52,687	2,513	50,174	–
Nutramino	7,303	17	7,286	–
Global Performance Nutrition segment	**153,849**	**12,164**	**57,460**	**84,225**
Global Ingredients - Customised Solutions	79,621	9,291	–	70,330
Global Ingredients - other CGUs	19,849	2,316	–	17,533
Dairy Ireland	9,670	–	–	9,670
	262,989	**23,771**	**57,460**	**181,758**

A summary of indefinite life intangibles by CGU is as follows:

	Indefinite life intangibles 2014 €'000	Exchange differences €'000	Acquisition €'000	Indefinite life intangibles 2013 €'000
Global Performance Nutrition				
Global Performance Nutrition	99,049	11,558	–	87,491

Impairment testing methodology and results

Goodwill and indefinite life intangibles are subject to impairment testing on an annual basis or more frequently if there are indications they might be impaired. The recoverable amount of goodwill and indefinite life intangibles allocated to a CGU is determined based on a value in use computation, which has been selected due to the impracticality of obtaining fair value less costs to sell measurements for each reporting period.

The cash flow projections are based on a four year strategic plan formally approved by the Group Operating Executive Committee and the Board of Directors and specifically exclude the impact of future development activity. While the Group expects cash flow growth between year five and twenty a terminal value was derived for this further sixteen year period assuming zero growth. No significant impairments arose in either 2014 or 2013. The present value of future cashflows is calculated using pre tax discount rates which is the Group's weighted average cost of capital adjusted to reflect risks associated with the CGU and are set out in the table below:

	Discount rates 2014	Discount rates 2013
Global Performance Nutrition	8.1%	7.5%
Global Ingredients	7.9%-8.1%	7.4%-7.5%
Dairy Ireland	7.9%	7.4%

Key sources of estimation uncertainty

The key assumptions employed in arriving at the estimates of value in use factored into impairment testing are inherently subjective. Key assumptions include management's estimates of future profitability and discount rates. Other assumptions include the duration of the discounted cash flow model, replacement capital expenditure requirements and working capital investment. These assumptions take account of managements past experience, the Group's financial position, history of earnings, cash flow generation and the nature of the industry in which it operates. Capital expenditure requirements and profitability 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. The assumptions used are consistent with the Group's adjusted EPS growth target.

Sensitivity analysis

Sensitivity analysis has been performed across the CGUs. These CGUs had aggregate goodwill and indefinite life intangibles of €362.0 million at the date of testing. If the estimated future profitability was 10% lower than management's estimates, there would be no requirement on the Group to recognise any impairment against goodwill or indefinite life intangibles. If the estimated cash flow forecasts used in the value in use estimates were 10% lower than management's estimates, again there would be no requirement on the Group to recognise any impairment against goodwill or indefinite life intangibles. If the estimated cost of capital used in determining the pre-tax discount rate had been 1% higher than management's estimates there would be no requirement on the Group to recognise any impairment.

16. INVESTMENTS IN ASSOCIATES

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
At the beginning of the year	**22,876**	**80,492**	**22,876**	**67,586**
Share of profit after tax	–	11,219	–	13,760
Transfer to investments in joint ventures	–	(3,119)	–	–
Other comprehensive income	–	(7,227)	–	(854)
At the end of the year	**22,876**	**81,365**	**22,876**	**80,492**

The associates listed below have share capital consisting solely of ordinary shares, which is held directly by the Group.

Nature of investment in associates 2014 and 2013

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Glanbia Ingredients Ireland Limited	Kilkenny, Ireland	40%	Note 1	Equity
Co-operative Animal Health Limited	Tullow, Co. Carlow, Ireland	50%	Note 2	Equity
South Eastern Cattle Breeding Society Limited	Thurles, Co. Tipperary, Ireland	57%	Note 2	Equity
South East Port Services Limited	Kilkenny, Ireland	49%		Equity

Note 1: Glanbia Ingredients Ireland Limited is the leading Irish dairy processor. Its products, the large majority of which are exported, include milk powders, butter, cheese, whey protein, milk protein and casein.

Note 2: In accordance with Group accounting policy, Co-operative Animal Health Limited and South Eastern Cattle Breeding Society Limited are included in the Group result based on the equity method of accounting as associates as the Group has significant influence over the entities, but not control, due to their co-operative structure.

Note 3: The Group's shareholding in Malting Company of Ireland Limited increased from 33.33% to 50%, it is now recognised as a joint venture (see note 17).

There are no contingent liabilities relating to the Group's interest in associates.

Summarised financial information for associates

Set out below is the summarised financial information for the Group's associates, which are accounted for using the equity method.

The information below reflects the amounts presented in the Financial Statements of the associates (and not Glanbia plc's share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

2014	Glanbia Ingredients Ireland Ltd €'000	Other €'000	Total €'000
Associate balance sheet (100%):			
Non-current assets	305,480	20,486	325,966
Current assets	266,390	22,138	288,528
Non-current liabilities	(240,676)	(11,698)	(252,374)
Current liabilities	(155,940)	(9,328)	(165,268)
Net assets	**175,254**	**21,598**	**196,852**
Group's interest in associate/carrying value	**70,102**	**11,263**	**81,365**
Associate income statement (100%):			
Revenue	894,386	42,157	936,543
Profit before tax	30,525	1,477	32,002
Profit after tax	26,472	1,250	27,722
Other comprehensive (expense)/income	(18,080)	9	(18,071)

2013	Glanbia Ingredients Ireland Ltd €'000	Other €'000	Total €'000
Associate balance sheet (100%):			
Non-current assets	184,803	29,842	214,645
Current assets	238,838	27,078	265,916
Non-current liabilities	(129,105)	(17,599)	(146,704)
Current liabilities	(127,570)	(12,834)	(140,404)
Net assets	**166,966**	**26,487**	**193,453**
Group's interest in associate/carrying value	**66,786**	**13,706**	**80,492**
Associate income statement (100%):			
Revenue	878,034	51,710	929,744
Profit before tax	36,203	2,577	38,780
Profit after tax	31,695	2,258	33,953
Other comprehensive (expense)	(1,100)	(740)	(1,840)

Further details in relation to principal associates are outlined in note 39.

17. INVESTMENTS IN JOINT VENTURES

	2014 €'000	2013 €'000
At the beginning of the year	**62,894**	**58,482**
Share of profit after tax	12,510	12,728
Disposals	(4,089)	–
Transfer from investments in associates	3,119	–
Other comprehensive income	405	433
Income tax movement	5,032	3,930
Dividend received	(12,648)	(10,937)
Exchange differences	2,722	(1,742)
At the end of the year	**69,945**	**62,894**

The joint ventures listed below have share capital consisting solely of ordinary shares, which are held directly by the Group.

Nature of investment in joint ventures 2014 and 2013

Name of entity	Place of business/country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
Southwest Cheese Company, LLC	Clovis, New Mexico, USA	50%	Note 1	Equity
Glanbia Cheese Limited	Magheralin and Llangefni, UK	51%	Note 2	Equity
Milk Ventures (UK) Limited	Stockport, England	50%	Note 3	Equity
Malting Company of Ireland Limited	Togher, Cork, Ireland	50%	Note 4	Equity

Note 1: Southwest Cheese Company, LLC is a large scale manufacturer of cheese and whey and has facilitated the expansion of Glanbia's cheese and whey production capacity.

Note 2: Glanbia Cheese Limited is a leading European mozzarella producer. Its customers include most of the leading pizza and pasta chains, food service operators, industrial food manufacturers, wholesalers and retailers across Europe and internationally. The Group holds 51% of the share capital of Glanbia Cheese Limited but this entity is considered to be a joint venture as the group does not have control of the company, as it controls only 50% of the voting rights and is entitled to appoint only 50% of the total number of directors. Therefore, the Group does not have the power to govern the financial or operating policies of the entity.

Note 3: Milk Ventures (UK) Limited is the parent company of Nutricima Limited, a company incorporated in Nigeria and the manufacturer and supplier of branded consumer dairy products for the Nigerian market.

Note 4: Malting Company of Ireland Limited provides Irish malted barley products to the brewing and distilling industry.

Commitments and contingent liabilities in respect of joint ventures

The Group has the following commitments relating to its joint ventures:

	2014 €'000	2013 €'000
Proportionate share of capital commitments	2,000	607

There are no contingent liabilities relating to the Group's interest in its joint ventures.

Summarised financial information for joint ventures

Set out below is the summarised financial information for the Group's joint ventures, which are accounted for using the equity method.

The information below reflects the amounts presented in the financial statements of the joint ventures (and not Glanbia plc's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

2014	Southwest Cheese Company, LLC €'000	Glanbia Cheese Limited €'000	Milk Ventures (UK) Limited €'000	Other €'000	Total €'000
Joint venture balance sheet (100%):					
Non-current assets	**201,225**	**31,242**	**32,812**	**10,390**	**275,669**
Current assets					
Cash and cash equivalents	–	13,914	2,094	12	16,020
Other current assets	93,106	36,464	35,736	6,460	171,766
	93,106	**50,378**	**37,830**	**6,472**	**187,786**
Non-current liabilities					
Financial liabilities	(134,358)	–	(16,923)	(2,036)	(153,317)
Other non-current liabilities	–	(7,238)	–	(2,285)	(9,523)
	(134,358)	**(7,238)**	**(16,923)**	**(4,321)**	**(162,840)**
Current liabilities					
Bank overdrafts and loans	(9,851)	–	(3,028)	(182)	(13,061)
Other current liabilities	(98,614)	(28,842)	(15,557)	(5,561)	(148,574)
	(108,465)	**(28,842)**	**(18,585)**	**(5,743)**	**(161,635)**
Net assets	**51,508**	**45,540**	**35,134**	**6,798**	**138,980**
Group's interest in joint venture/carrying value	**25,754**	**23,225**	**17,567**	**3,399**	**69,945**
Joint venture income statement (100%):					
Revenue	802,145	300,954	89,835	10,807	1,203,741
Depreciation	(9,502)	(3,769)	(1,933)	(434)	(15,638)
Interest (expense)	(5,131)	(105)	(929)	(57)	(6,222)
Profit/(loss) before tax	20,373	13,626	1,458	(188)	35,269
Tax	(8,149)	(3,295)	1,005	(17)	(10,456)
Profit/(loss) after tax	12,224	10,331	2,463	(205)	24,813
Other comprehensive income	360	442	–	–	802
Dividend received by Group	(9,419)	(3,229)	–	–	(12,648)
Exchange differences arising on consolidation	2,360	1,307	(945)	–	2,722

2013	Southwest Cheese Company, LLC €'000	Glanbia Cheese Limited €'000	Milk Ventures (UK) Limited €'000	Other €'000	Total €'000
Joint venture balance sheet (100%):					
Non-current assets	**183,622**	**26,608**	**33,182**	**13,690**	**257,102**
Current assets					
Cash and cash equivalents	–	7,640	1,157	–	8,797
Other current assets	88,092	44,231	31,938	7,722	171,983
	88,092	**51,871**	**33,095**	**7,722**	**180,780**
Non-current liabilities					
Financial liabilities	(119,718)	–	(15,762)	–	(135,480)
Other non-current liabilities	–	(3,871)	–	(7,844)	(11,715)
	(119,718)	**(3,871)**	**(15,762)**	**(7,844)**	**(147,195)**
Current liabilities					
Bank overdrafts and loans	(5,940)	–	(2,220)	–	(8,160)
Other current liabilities	(103,076)	(36,076)	(13,735)	(4,623)	(157,510)
	(109,016)	**(36,076)**	**(15,955)**	**(4,623)**	**(165,670)**
Net assets	**42,980**	**38,532**	**34,560**	**8,945**	**125,017**
Group's interest in joint venture/carrying value	**21,490**	**19,651**	**17,280**	**4,473**	**62,894**
Joint venture income statement (100%):					
Revenue	679,421	280,800	82,464	–	1,042,685
Depreciation	(9,184)	(3,469)	(1,946)	–	(14,599)
Interest (expense)	(5,690)	(27)	(960)	–	(6,677)
Profit before tax	24,798	12,137	386	(12)	37,309
Tax	(9,896)	(2,064)	(94)	–	(12,054)
Profit after tax	14,902	10,073	292	(12)	25,255
Other comprehensive income/(expense)	1,634	(973)	224	–	885
Dividend received by Group	(9,410)	(1,527)	–	–	(10,937)
Exchange differences arising on consolidation	(567)	(179)	(996)	–	(1,742)

18. INVESTMENTS

(a) Available for sale financial assets

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
At the beginning of the year	**514**	**9,498**	**1**	**9,144**
Disposals/redemption	–	(1,269)	–	(1,071)
Fair value movements	3,039	1,457	–	1,425
Additions	935	935	513	–
Amounts written off	–	–	–	–
At the end of the year	**4,488**	**10,621**	**514**	**9,498**

Available for sale financial assets include the following:

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Listed securities				
Equity securities – eurozone countries	272	272	69	307
Unlisted securities				
One51 plc	3,281	3,281	445	1,789
The Irish Dairy Board Co-operative Limited	–	5,513	–	6,725
Other available for sale financial assets	935	1,555	–	677
	4,488	**10,621**	**514**	**9,498**

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 at each reporting date. For financial assets 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 financial assets with a carrying value of €7.1 million (2013: €7.4 million) are included at cost. The fair value of these shares cannot be reliably measured as they are not actively traded or there is not a readily available market for such instruments. The Group has no plans to dispose of these financial assets in the foreseeable future.

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

(b) Investments in subsidiaries

	2014 Company €'000	2013 Company €'000
At the beginning of the year	**609,440**	**611,660**
Disposals	(27)	(35,166)
Additions	117	34,284
Amounts written off	–	(1,338)
At the end of the year	**609,530**	**609,440**

19. TRADE AND OTHER RECEIVABLES

	Notes	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Trade receivables		–	280,756	–	248,721
Less provision for impairment of receivables		–	(8,600)	–	(11,155)
Trade receivables – net		–	272,156	–	237,566
Prepayments		–	19,363	–	10,718
Receivables from Joint Ventures & Associates	37	36	5,496	–	921
Receivables from other related parties	37	–	776	–	806
Loans to Joint Ventures & Associates	37	–	9,863	–	9,376
Value added tax		–	955	–	2,053
Other receivables		111	6,281	209	5,152
Total		**147**	**314,890**	**209**	**266,592**
Less non-current trade receivables:					
Loans to Joint Ventures & Associates	37	–	(9,863)	–	(9,376)
Non-current		**–**	**(9,863)**	**–**	**(9,376)**
Current		**147**	**305,027**	**209**	**257,216**

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

As disclosed in note 5.3, the Group has one significant external customer. Management are satisfied that they have satisfactory credit control procedures in place in respect of this customer.

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, by holding charges over assets and by active credit management. Management do not expect any significant loss from receivables that have not been provided for at year end.

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

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Euro	147	98,063	209	95,881
US dollar	–	188,669	–	152,259
Sterling	–	20,391	–	17,105
Other	–	7,767	–	1,347
	147	**314,890**	**209**	**266,592**

Movement on the Group's provision for impairment of trade receivables is as follows:

	2014 €'000	2013 €'000
At the beginning of the year	**11,155**	**10,434**
Provision for receivables impairment	1,849	2,091
Receivables written off during the year as uncollectible	(3,269)	(743)
Unused amounts reversed	(1,135)	(627)
At the end of the year	**8,600**	**11,155**

As of 03 January 2015, trade receivables of €8.6 million (2013: €11.2 million) were impaired and accordingly a provision is provided as set out on page 162. Trade receivable balances are generally considered for an impairment review when falling due outside trade terms and are normally partially or wholly provided for depending on the assessment of likely recoverability of the balance. Set out below is an aged analysis of trade receivables which remain outstanding outside of trade terms which the Group has provided for.

The breakdown of impaired trade receivables is as follows:

	2014 €'000	2013 €'000
Past due and impaired:		
Up to 3 months	1,504	2,163
3 to 6 months	2,061	1,748
Over 6 months	5,035	7,244
	8,600	**11,155**

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

At 03 January 2015, trade receivables of €51.1 million (2013: €51.8 million) were past due but not impaired, as they are considered recoverable, as follows:

	2014 €'000	2013 €'000
Past due not impaired:		
Up to 3 months	40,435	38,642
3 to 6 months	9,138	11,619
Over 6 months	1,512	1,565
	51,085	**51,826**

20. INVENTORIES

	2014 €'000	2013 €'000
Raw materials	112,602	107,639
Finished goods	198,546	186,667
Consumables	25,654	20,175
	336,802	**314,481**

Included above are inventories carried at net realisable value amounting to €11.6 million (2013: €9.5 million). The amount written off in respect of these inventories was €3.9 million (2013: €4.0 million).

21. CASH AND CASH EQUIVALENTS

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Cash at bank and in hand	8,590	102,160	–	86,259
Short term bank deposits	–	8,210	–	20,000
	8,590	**110,370**	**–**	**106,259**

The fair value of cash and cash equivalents is not materially different to their book values. The maximum exposure to credit risk at the reporting date is the carrying value of the cash and cash equivalent balances.

22. OTHER RESERVES

	Capital reserve €'000 (note a)	Merger reserve €'000 (note b)	Currency reserve €'000 (note c)	Hedging reserve €'000 (note d)	Available for sale financial asset reserve €'000 (note e)	Own shares €'000 (note f)	Share based payment reserve €'000 (note g)	Total €'000
Balance at 29 December 2012	**2,825**	**113,148**	**32,655**	**(2,254)**	**441**	**(8,221)**	**6,695**	**145,289**
Currency translation differences	–	–	(24,592)	–	–	–	–	(24,592)
Net investment hedge	–	–	2,472	–	–	–	–	2,472
Revaluation of interest rate swaps – gain in year	–	–	–	776	–	–	–	776
Foreign exchange contracts – loss in year	–	–	–	(273)	–	–	–	(273)
Transfers to income statement:								
Foreign exchange contracts – loss in year	–	–	–	155	–	–	–	155
Forward commodity contracts – loss in year	–	–	–	162	–	–	–	162
Revaluation of forward commodity contracts – gain in year	–	–	–	78	–	–	–	78
Revaluation of available for sale financial assets – gain in year	–	–	–	–	1,425	–	–	1,425
Deferred tax on fair value movements	–	–	–	(71)	(470)	–	–	(541)
Cost of share based payments	–	–	–	–	–	–	4,568	4,568
Transfer on exercise, vesting or expiry of share based payments	–	–	–	–	–	7,417	(2,949)	4,468
Purchase of own shares	–	–	–	–	–	(7,387)	–	(7,387)
Balance at 04 January 2014	**2,825**	**113,148**	**10,535**	**(1,427)**	**1,396**	**(8,191)**	**8,314**	**126,600**
Currency translation differences	–	–	97,805	–	–	–	–	97,805
Net investment hedge	–	–	(9,544)	–	–	–	–	(9,544)
Revaluation of interest rate swaps – loss in year	–	–	–	(107)	–	–	–	(107)
Foreign exchange contracts – gain in year	–	–	–	1,122	–	–	–	1,122
Transfers to income statement:								
Foreign exchange contracts – loss in year	–	–	–	271	–	–	–	271
Forward commodity contracts – gain in year	–	–	–	(79)	–	–	–	(79)
Revaluation of forward commodity contracts – loss in year	–	–	–	(700)	–	–	–	(700)
Revaluation of available for sale financial assets – gain in year	–	–	–	–	1,457	–	–	1,457
Deferred tax on fair value movements	–	–	–	175	(315)	–	–	(140)
Cost of share based payments	–	–	–	–	–	–	5,516	5,516
Transfer on exercise, vesting or expiry of share based payments	–	–	–	–	–	8,207	(3,846)	4,361
Purchase of own shares	–	–	–	–	–	(7,981)	–	(7,981)
Balance at 03 January 2015	**2,825**	**113,148**	**98,796**	**(745)**	**2,538**	**(7,965)**	**9,984**	**218,581**

Note 22 (a): Capital reserve

The capital reserve comprises of a capital redemption reserve and a capital reserve which arose due to the re-nominalisation of the Company's share capital on conversion to the euro.

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
At the beginning and the end of the year	**4,227**	**2,825**	**4,227**	**2,825**

Note 22 (b): Merger reserve

	2014 €'000	2013 €'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[1]	(327,085)	(327,085)
Share premium and other reserves relating to nominal value of shares in Waterford Foods plc	84,962	84,962
At the beginning and the end of the year	**113,148**	**113,148**

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

Note 22 (c): Currency reserve

The currency reserve reflects the foreign exchange gains and losses that form part of the net investment in foreign operations. See note 32 for further details. In addition, where Group companies have a functional currency different from the presentation currency, their assets and liabilities are translated at the closing rate at the reporting date, income and expenses in the income statement are translated at the average rate for the year and resulting exchange differences are taken to the currency reserve within equity.

Note 22 (d): Hedging reserve

The hedging 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 hedging reserve are recycled to the income statement in the periods when the hedged item affects income or expense.

Note 22 (e): Available for sale financial asset reserve

Unrealised gains and losses arising from changes in the fair value of available for sale financial assets are recognised in the available for sale financial asset reserve. When such available for sale financial assets are sold or impaired, the accumulated fair value adjustments are recycled to the income statement.

Note 22 (f): Own shares

The amount included as own shares relates to 715,558 (2013: 864,898) ordinary shares in Glanbia plc which are held by two trusts.

An Employee Share Trust was established in May 2002 to operate initially in connection with the Company's Saving Related Share Option Scheme ('Sharesave Scheme') and subsequently for the vesting of shares under the 2008 LTIP. The trustee of the Employee Share Trust is Computershare Trustees (Jersey) Limited, a Jersey based trustee services company. The dividend rights in respect of these shares has been waived, save 0.001 pence per share.

An Employee Share Scheme Trust was established in April 2013 to operate in connection with the Company's Annual Incentive Deferred into Shares Scheme. The trustee of the Employee Share Scheme Trust is Glanbia Management Services Limited. The dividend rights in respect of shares which have not vested have been waived.

The shares included in the Employee Share Trust and the Employee Share Scheme Trust at 03 January 2015 cost €8.0 million (2013: €8.2 million) and had a market value of €9.2 million (2013: €9.6 million). Shares purchased for the 2008 LTIP scheme and Company's Annual Incentive Deferred into Shares Scheme are deemed to be own shares in accordance with IAS 32 – Financial Instruments: Disclosure and Presentation.

Note 22 (g): Share based payment reserve

The share based payment reserve reflects charges relating to granting of both shares and options under the 2002 LTIP, the 2008 LTIP and the Annual Incentive Deferred into Shares Schemes, net of transfers on vesting or expiry of share based payments.

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
At the beginning of the year	**8,314**	**8,314**	**6,695**	**6,695**
Transfer on exercise, vesting or expiry of share based payments	(3,846)	(3,846)	(2,949)	(2,949)
Cost of share based payments	5,516	5,516	4,568	4,568
At the end of the year	**9,984**	**9,984**	**8,314**	**8,314**

2002 Long Term Incentive Plan (the 2002 LTIP)

Movement in the 2002 LTIP for the year ended 03 January 2015 and 04 January 2014 is as follows:

	2014 Average exercise price in € per share	2014 Number of options	2013 Average exercise price in € per share	2013 Number of options
At the beginning of the year	**3.60**	**440,000**	**3.08**	**1,130,000**
Exercised	(3.18)	(230,000)	(2.76)	(690,000)
At the end of the year	**4.06**	**210,000**	**3.60**	**440,000**

Expiry date in	Exercise price €	2014 Number of options	2013 Number of options
2014	2.73	–	140,000
2019	2.29	35,000	50,000
2021	3.68	20,000	20,000
2021	3.95	–	20,000
2021	4.38	90,000	90,000
2021	4.30	–	55,000
2021	4.70	45,000	45,000
2021	4.63	20,000	20,000
		210,000	**440,000**

Total options of 210,000 (2013: 440,000) ordinary shares were outstanding at 03 January 2015 under the 2002 Long Term Incentive Plan (the 2002 LTIP), at prices ranging between €2.29 and €4.70. In accordance with the terms of the 2002 LTIP, certain executives to whom options were granted in 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 1,450 (2013: 1,450) ordinary shares. The cost of the 2002 LTIP charged in the Group income statement was €0.1 million (2013: €0.2 million).

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 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.

The fair value of share options has been calculated using the Binomial Model. Options over 210,000 (2013: 440,000) ordinary shares were exercisable at 03 January 2015 at a weighted average price of €4.06 (2013: €2.71). The weighted average share price at the date of exercise for share options exercised was €11.47 (2013: €8.80). The weighted average life for share options outstanding is six years.

2008 Long Term Incentive Plan (the 2008 LTIP)

This is a long-term share incentive plan, which was introduced in 2008 following the approval by the shareholders, under which share awards are granted to executive directors and certain senior managers in the form of a provisional allocation of shares for which no exercise price is payable.

Following a review of executive remuneration policy and design in 2011, the following amendments to the 2008 LTIP were recommended to and approved by the shareholders at the 2012 Annual General Meeting:

- Long Term Incentive individual annual award level of a maximum 150% of Base Salary and in exceptional cases and in relation to specific local needs (USA), a maximum of 200% of Base Salary (previous maximum 115%) determined by reference to relative Total Shareholder Return (TSR), Earnings Per Share (EPS) and Return on Capital Employed (ROCE), with each of these performance conditions representing one-third of maximum vesting level, unless otherwise determined by the Remuneration Committee.
- Requirement to hold shares received pursuant to the vesting of LTIP awards for a minimum period of one year post-vesting (previously no requirement to hold).
- For Business Unit CEOs, the Long Term Incentive level will be determined by reference to relative TSR, EPS and an appropriate Business Unit measure, with each of these performance conditions representing one-third of maximum vesting level, unless otherwise determined by the Remuneration Committee.

Awards outstanding under the 2008 LTIP as at 03 January 2015 amounted to 2,073,126 (2013: 2,251,601) and are scheduled for release in August 2015, April, August and October 2016, July and November 2017 to the extent that there is sustained improvement in the underlying financial performance over a three year period as determined by the Remuneration Committee. The extent of vesting for the awards shall be determined by growth in the Company's EPS, the Company's TSR performance and the Company's ROCE, with each of EPS, TSR and ROCE representing one third of the maximum vesting level.

The TSR element is assessed against a group of leading peer companies, the EPS element is measured against pre-set targeted adjusted EPS growth criteria for the Group and the ROCE is measured against pre-set targets as set out in the Remuneration Committee Report on pages 90 to 93.

Shares awarded under the Group's LTIP schemes are equity settled share based payments as defined in IFRS 2 – Share Based Payments. IFRS 2 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 €5.1 million (2013: €3.5 million) charged 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.

Movement in the 2008 LTIP for the year ended 03 January 2015 and 04 January 2014 is as follows:

	2014 Number of Awards	2013 Number of Awards
At the beginning of the year	**2,251,601**	**2,714,000**
Granted	841,000	824,100
Vested	(758,863)	(1,010,851)
Lapsed	(260,612)	(275,648)
At the end of the year	**2,073,126**	**2,251,601**

	2014 Number of Awards	2013 Number of Awards
Expiry date in		
2014	–	50,000
2015	–	719,401
2016	604,926	717,600
2017	639,200	764,600
2018	829,000	–
At the end of the year	**2,073,126**	**2,251,601**

The total expense in the Group income statement is analysed as follows:

	Share price at date of award €	Period to earliest vesting Date	Number of shares	Fair value €	Expense in Group income statement 2014 €'000	Expense in Group income statement 2013 €'000
Granted in 2011						
2008 Long Term Incentive Plan	4.35	–	776,500	3.59	–	747
Granted in 2012						
2008 Long Term Incentive Plan	6.26	1 year	855,500	5.44	1,019	811
Granted in 2013						
2008 Long Term Incentive Plan	10.11	2 years	824,100	8.63	1,715	1,903
Granted in 2014						
2008 Long Term Incentive Plan	11.51	3 years	841,000	9.38	2,392	–

Shares awarded under the 2008 LTIP are equity settled share-based payments as defined in IFRS 2 – Share Based Payments. On 02 July 2014, 50,000 of the share awards granted in 2010 vested, and 708,863 of the share awards granted in 2011 vested. The balance of 67,637 has lapsed. The fair value of the shares awarded was determined using a Monte Carlo simulation technique taking account of peer group total share return volatilities and correlations together with the following assumptions:

	Granted in 2014	Granted in 2013	Granted in 2012	Granted in 2011
Risk-free interest rate	0.1%	0.2%	0.2%	2%
Expected volatility	26.1%	29.9%	33.1%	45%
Dividend yield	0.94%	1.17%	1.6%	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 award.

Annual Incentive Deferred into Shares Scheme

This scheme is an annual performance related incentive scheme for Executive Directors and other senior management. The cost of the Annual Incentive Deferred into Shares Scheme is €0.3 million in 2014 (2013: €0.9 million). The incentive will be invested in shares in the Company and delivered to the Executive Directors and senior management two years following this investment.

23. SHARE CAPITAL AND SHARE PREMIUM

Company	Number of shares (thousands)	Ordinary shares €'000	Share premium €'000	Total €'000
At 04 January 2014	**295,646**	**17,738**	**441,527**	**459,265**
Shares issued	230	14	717	731
At 03 January 2015	**295,876**	**17,752**	**442,244**	**459,996**

Group	Number of shares (thousands)	Ordinary shares €'000	Share premium €'000	Total €'000
At 04 January 2014	**295,646**	**17,738**	**86,259**	**103,997**
Shares issued	230	14	717	731
At 03 January 2015	**295,876**	**17,752**	**86,976**	**104,728**

The total authorised number of ordinary shares is 350 million shares (2013: 306 million shares) with a par value of €0.06 per share (2013: €0.06 per share). All issued shares are fully paid.

24. RETAINED EARNINGS

	Notes	Company €'000	Group €'000
Balance at 29 December 2012		**107,795**	**289,997**
(Loss)/profit for the year		(10,228)	150,330
Other comprehensive income/(expense)			
Remeasurements – defined benefit schemes	28	–	(1,546)
Deferred tax on remeasurements	27	–	(166)
Share of remeasurements – Joint Ventures & Associates		–	(929)
Total comprehensive (expense)/income for the year		**(10,228)**	**147,689**
Dividends paid during the year		(27,929)	(27,929)
Transfer on exercise, vesting or expiry of share based payments	22	(4,468)	(4,468)
Balance at 04 January 2014		**65,170**	**405,289**
Profit for the year		24,817	146,313
Other comprehensive income/(expense)			
Remeasurements – defined benefit schemes	28	–	(42,369)
Deferred tax on remeasurements	27	–	4,868
Share of remeasurements – Joint Ventures & Associates		–	(7,780)
Total comprehensive income for the year		**24,817**	**101,032**
Dividends paid during the year		(30,751)	(30,751)
Transfer on exercise, vesting or expiry of share based payments	22	(4,361)	(4,361)
Deferred tax credit on share based payments		–	272
Sale of shares held by subsidiary		–	2,092
Balance at 03 January 2015		**54,875**	**473,573**

25. NON-CONTROLLING INTERESTS

	2014 €'000	2013 €'000
At the beginning of the year	**7,634**	**7,275**
Share of profit for the year	882	666
Dividends paid to minority	(620)	(307)
At the end of the year	**7,896**	**7,634**

26. BORROWINGS

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Current				
Bank overdraft and borrowings	–	–	2,233	–
Cumulative redeemable preference shares	–	–	–	39,062
Finance lease liabilities	–	416	–	–
	–	416	2,233	39,062
Non-current				
Bank borrowings	–	349,530	–	203,266
Private debt placement	–	269,866	–	238,375
Finance lease liabilities	–	921	–	–
	–	620,317	–	441,641
Total borrowings	**–**	**620,733**	**2,233**	**480,703**

Borrowings are secured by cross-guarantees from other Group companies.

On 31 July 2014, all 30.764 million of the remaining cumulative redeemable preference shares were redeemed at the issue price.

The maturity of non-current borrowings is as follows:

	2014 €'000	2013 €'000
Between 1 and 2 years	419	–
Between 2 and 5 years	502	203,266
More than 5 years	619,396	238,375
	620,317	**441,641**

The exposure of the Group's total borrowings to interest rate changes, taking account of contractual repricing dates, at the reporting date is as follows:

	2014 €'000	2013 €'000
12 months or less	349,946	242,328
Between 1 and 2 years	419	–
Between 2 and 5 years	502	–
More than 5 years	269,866	238,375
	620,733	**480,703**

The effective interest rates at the reporting date are as follows:

	EUR		USD	
	2014	2013	2014	2013
Overdrafts	1.20%	1.95%	–	–
Borrowings	1.83%	2.87%	4.04%	5.29%

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

	Carrying amount 2014 €'000	Carrying amount 2013 €'000	Fair value 2014 €'000	Fair value 2013 €'000
Non-current borrowings	620,317	441,641	645,781	456,064

The carrying value of current borrowings approximates to their fair value.

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

	2014 €'000	2013 €'000
Euro	207,215	234,585
US dollar	413,518	246,118
	620,733	**480,703**

The Group has the following undrawn borrowing facilities:

	2014 €'000	2013 €'000
Uncommitted facilities expiring within 1 year	70,482	63,020
Committed facilities expiring beyond 1 year	362,040	263,394
	432,522	**326,414**

All of the undrawn borrowing facilities are floating rate facilities.

Finance lease liabilities – minimum lease payments:

	2014 €'000	2013 €'000
12 months or less	472	–
Between 1 and 2 years	452	–
Between 2 and 5 years	517	–
	1,441	–
Future finance charges on lease payments	(104)	–
Present value of finance lease liabilities	**1,337**	**–**

The present value of finance lease liabilities is as follows:

	2014 €'000	2013 €'000
12 months or less	416	–
Between 1 and 2 years	419	–
Between 2 and 5 years	502	–
	1,337	–

27. DEFERRED TAXES

The following amounts are shown in the Group balance sheet:

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Deferred tax assets	–	(28,503)	–	(22,464)
Deferred tax liabilities	403	128,002	–	95,584
Net deferred tax liability	**403**	**99,499**	**–**	**73,120**

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

	Notes	2014 Company €'000*	2014 Group €'000	2013 Company €'000	2013 Group €'000
At the beginning of the year		**–**	**73,120**	**–**	**71,094**
Income statement – pre exceptional (credit)/charge	11	(600)	(4,916)	–	1,869
Income statement – exceptional (credit)/charge	11	–	(401)	–	1,223
Deferred tax charge to other comprehensive income	22	1,003	140	–	541
Deferred tax (credit)/charge relating to defined benefit remeasurement	24	–	(4,868)	–	166
Deferred tax on acquisition of subsidiaries and intellectual property	36	–	27,741	–	–
Deferrred tax credited directly to equity	24	–	(272)	–	–
Exchange differences		–	8,955	–	(1,773)
At the end of the year		**403**	**99,499**	**–**	**73,120**

*The Company movement in deferred tax relates to a fair value gain and other movements.

The movement in deferred tax assets and liabilities during the year is as follows:

Deferred tax assets	Notes	Retirement benefit obligations €'000	Other employee obligations €'000	Tax losses €'000	Other €'000	Total €'000
At 29 December 2012		**(8,396)**	**(3,670)**	**(612)**	**(7,285)**	**(19,963)**
Charged/(credited) to income statement		1,621	(4,785)	(24)	55	(3,133)
Charged to other comprehensive income	24	166	–	–	–	166
Exchange differences		2	245	11	208	466
At 04 January 2014		**(6,607)**	**(8,210)**	**(625)**	**(7,022)**	**(22,464)**
Charged/(credited) to income statement		439	(170)	(56)	1,153	1,366
(Credited) to other comprehensive income	24	(4,868)	–	–	–	(4,868)
(Credited) directly to equity	24	–	(272)	–	–	(272)
Acquisitions of subsidiaries and intellectual property		–	(301)	–	(204)	(505)
Exchange differences		(7)	(999)	(26)	(728)	(1,760)
At 03 January 2015		**(11,043)**	**(9,952)**	**(707)**	**(6,801)**	**(28,503)**

Deferred tax liabilities

	Notes	Accelerated tax depreciation €'000	Fair value gain/ loss €'000	IP and deferred development costs €'000	Other €'000	Total €'000
At 29 December 2012		**35,757**	**163**	**25,991**	**29,146**	**91,057**
Charged/(credited) to income statement		15,512	–	(1,073)	(8,214)	6,225
Charged to other comprehensive income	22	–	541	–	–	541
Exchange differences		(1,408)	–	(797)	(34)	(2,239)
At 04 January 2014		**49,861**	**704**	**24,121**	**20,898**	**95,584**
Charged/(credited) to income statement		5,675	–	(91)	(12,267)	(6,683)
Charged to other comprehensive income	22	–	140	–	–	140
Acquisition of subsidiaries and intellectual property		93	–	28,146	7	28,246
Exchange differences		6,349	–	4,380	(14)	10,715
At 03 January 2015		**61,978**	**844**	**56,556**	**8,624**	**128,002**

A deferred tax asset has been recognised on the basis that the realisation of the related tax benefit through future taxable profits is probable. This includes deferred tax assets which are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable.

The Group has unrecognised tax losses of €123.4 million (2013: €116.3 million) to carry forward against future taxable profits, of which €51.1 million (2013: €48.0 million) are unrecognised capital losses. These unrecognised losses can be carried forward indefinitely. Deferred tax liabilities of €13.6 million (2013: €10.5 million) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. There is no current intention to remit such earnings.

The deferred income tax charged/(credited) to other comprehensive income during the year is as follows:

	Notes	2014 €'000	2013 €'000
Available for sale financial asset reserve	22	315	470
Hedging reserve	22	(175)	71
Exchange differences		8,955	(1,773)
Defined benefit remeasurements	24	(4,868)	166
		4,227	**(1,066)**

28. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined benefit and defined contribution schemes in Ireland and the UK under broadly similar regulatory frameworks, which provide retirement and death benefits for its employees. The bulk of the defined benefit pension schemes are career average pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their average salary over their period of employment. The plans face broadly similar risks as described below. The schemes are funded through separate trustee controlled funds. Plan assets held in trusts are governed by local regulations and practice in each country, as is the nature of the relationship between the Group and the trustees (or equivalent) and their composition.

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 01 July 2011 and 01 January 2014. The contributions paid to the schemes in 2014 are in accordance with the contribution rates recommended in the actuarial valuation reports or in subsequent actuarial advice.

	2014 €'000	2013 €'000
Present value of funded obligations	(508,098)	(424,519)
Fair value of plan assets	393,290	346,484
Liability in the Group balance sheet	**(114,808)**	**(78,035)**

The amounts recognised in the Group income statement are as follows:

	Notes	2014 €'000	2013 €'000
Defined benefit pension schemes			
Service costs – current		(5,522)	(5,128)
Service costs – past		–	(256)
Net interest cost		(2,704)	(3,417)
Total (expense) pre curtailment gains and negative past service costs	8	**(8,226)**	**(8,801)**
Negative past service costs, gains and losses on settlements	7	–	13,833
Total (expense)/gain		**(8,226)**	**5,032**
Defined contribution pension schemes	8	**(4,811)**	**(4,232)**

The Group undertook a review of pension arrangements during 2009 and 2010 across its main Irish defined benefit pension schemes. In 2013 revisions to the Group's pension arrangements for two smaller Irish defined benefit schemes were completed giving rise to the negative past service costs, curtailments and settlements recognised in the Group income statement.

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

	Notes	2014 €'000	2013 €'000
At the beginning of the year		**(78,035)**	**(98,133)**
Exchange differences		(1,423)	436
Service costs and net interest costs	8	(8,226)	(8,801)
Negative past service costs, gains and losses on settlements	7	–	13,833
Remeasurements – defined benefit schemes	24	(42,369)	(1,546)
Contributions paid by employer		15,245	16,176
At the end of the year		**(114,808)**	**(78,035)**

The movement in obligations during the year is as follows:

	2014 €'000	2013 €'000
At the beginning of the year	**(424,519)**	**(430,736)**
Exchange differences	(5,933)	1,434
Current service costs	(5,522)	(5,128)
Past service costs and gains and losses on settlement	–	26,496
Interest costs	(15,705)	(16,193)
Remeasurements:		
– Experience gain	3,765	3,662
– Gain/(loss) from changes in demographic assumptions	8,463	(633)
– (Loss) from changes in financial assumptions	(89,990)	(15,714)
Contributions by plan participants	(1,867)	(1,959)
Past service costs	–	(256)
Payments from plans:		
Benefit payments	23,210	14,508
At the end of the year	**(508,098)**	**(424,519)**

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

	2014 €'000	2013 €'000
At the beginning of the year	**346,484**	**332,603**
Exchange differences	4,510	(998)
Interest income	13,001	12,776
Remeasurements:		
– Return on plan assets excluding amounts included in interest income	35,393	11,139
Contributions by plan participants	1,867	1,959
Contributions paid by employer	15,245	16,176
Payments from plans:		
– Benefit payments	(23,210)	(14,508)
– Settlements	–	(12,663)
At the end of the year	**393,290**	**346,484**

The principal actuarial assumptions used are as follows:

	2014 IRL	2014 UK	2013 IRL	2013 UK
Discount rate	2.10%	3.60%	3.60%	4.40%
Inflation rate	1.20%–1.50%	1.95%–2.95%	2.00%	2.35%–3.35%
Future salary increases	2.50%	3.70%	3.00%	4.10%
Future pension increases[1]	0.00%	2.05%–2.80%	0.0%	2.40%–3.05%

1. The future pension increases on the Irish pension schemes have been calculated on a weighted average basis.

Cumulative remeasurements:

	2014 €'000	2013 €'000
Remeasurements for the year	42,369	1,546
Cumulative remeasurements	302,866	260,497

FINANCIAL STATEMENTS

Plan assets are comprised as follows:

	2014				2013			
	Quoted €'000	Unquoted €'000	Total €'000	%	Quoted €'000	Unquoted €'000	Total €'000	%
Equities:								
– Consumer	24,340	–	24,340	6	23,332	–	23,332	6
– Energy	7,617	–	7,617	2	8,799	–	8,799	3
– Financials	24,741	–	24,741	6	21,559	–	21,559	6
– Healthcare	10,621	–	10,621	3	8,846	–	8,846	3
– Industrials	12,227	–	12,227	3	13,272	–	13,272	4
– Information Technology	11,677	–	11,677	3	9,398	–	9,398	3
– Materials	7,365	–	7,365	2	7,277	–	7,277	2
– Telecommunication services	3,714	–	3,714	1	3,856	–	3,856	1
– Utilities	3,019	–	3,019	1	2,827	–	2,827	1
– Other	–	1,479	1,479	0	–	1,225	1,225	1
Corporate bonds:								
– Investment grade	22,669	4,096	26,765	7	24,832	–	24,832	7
– Non investment grade	7,615	1,972	9,587	2	2,569	–	2,569	1
– Cash	88	–	88	0	2,399	–	2,399	1
Government bonds and gilts	130,891	–	130,891	33	107,929	–	107,929	30
Property:								
– UK	761	–	761	0	–	717	717	0
– Ireland	2,246	–	2,246	1	–	3,025	3,025	1
– Europe	6,473	2,924	9,397	2	–	9,244	9,244	3
Cash	2,472	–	2,472	1	4,815	–	4,815	1
Investment funds	38,976	63,991	102,967	26	–	89,050	89,050	25
Other	391	925	1,316	1	663	850	1,513	1
	317,903	**75,387**	**393,290**	**100**	**242,373**	**104,111**	**346,484**	**100**

Expected contributions to post-employment benefit plans for 2015 are €15.4 million. The weighted average duration of the defined benefit obligation is 19 years.

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, 20 years from now:

	2014 Irish mortality rates	2014 UK mortality rates	2013 Irish mortality rates	2013 UK mortality rates
Male	22.8	22.7	24.5	22.6
Female	25.2	25.2	27.3	25.2

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

	2014 Irish mortality rates	2014 UK mortality rates	2013 Irish mortality rates	2013 UK mortality rates
Male	20.2	21.4	21.0	21.3
Female	23.0	23.7	23.8	23.7

Five year summary

	2014 €'000	2013 €'000	2012 €'000	2011 €'000	2010 €'000
Fair value of plan assets	393,290	346,484	332,603	400,022	389,351
Present value of funded obligations	(508,098)	(424,519)	(430,736)	(448,447)	(437,911)
Deficit	**(114,808)**	**(78,035)**	**(98,133)**	**(48,425)**	**(48,560)**
Experience adjustments on plan liabilities	**3,765**	**3,662**	**(591)**	**2,248**	**8,442**
Experience adjustments on plan assets	**35,393**	**11,139**	**21,542**	**(16,732)**	**7,929**

Sensitivity analysis for principal assumptions used to measure scheme liabilities

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension schemes. The following table analyses, for the Group's pension schemes, the estimated impact on the plan liabilities resulting from changes to key actuarial assumptions, all other assumptions remaining constant.

2014

Assumption	Change in assumption	Impact on plan liabilities
Discount rate	Increase/decrease 0.25%	Decrease/increase by €23.6 million
Price inflation	Increase/decrease 0.25%	Increase/decrease by €9.7 million
Mortality	Increase/decrease by one year	Increase/decrease by €15.3 million

2013

Assumption	Change in assumption	Impact on plan liabilities
Discount rate	Increase/decrease 0.25%	Decrease/increase by €19.4 million
Price inflation	Increase/decrease 0.25%	Increase/decrease by €11.3 million
Mortality	Increase/decrease by one year	Increase/decrease by €10.0 million

Through its defined benefit pension plans the Group is exposed to a number of risks, the most significant of which are detailed below:

Investment risk
The pension plans hold investment in asset classes such as equities, which have volatile market values and while these assets are expected to provide higher returns than other asset classes over the long-term, the short-term volatility could cause an increase in the deficit at any particular point in time.

Interest rate risk
The pension plans liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the pension plans hold other assets such as equities the value of the assets and liabilities may not move in the same way.

Inflation risk
A significant proportion of the benefits under the plans are linked to inflation. Although the plans' assets are expected to provide a good hedge against inflation over the long term, movements over the short-term could lead to further deficits emerging.

Mortality risk
In the event that members live longer than assumed a further deficit will emerge in the Schemes.

29. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Restructuring €'000 note (a)	UK pension €'000 note (b)	Legal claims €'000 note (c)	Property & lease commitments €'000 note (d)	Operational €'000 note (e)	Total €'000
At 04 January 2014	**13,320**	**18,126**	**6,046**	**1,554**	**5,747**	**44,793**
Provided for in the year	3,163	–	928	–	7,940	12,031
Utilised in the year	(13,372)	(898)	(500)	(380)	(1,173)	(16,323)
Exchange differences	–	1,148	470	10	103	1,731
Unwinding of discounts	–	130	–	35	–	165
Reclassification	(361)	–	220	–	(706)	(847)
At 03 January 2015	**2,750**	**18,506**	**7,164**	**1,219**	**11,911**	**41,550**
Non-current	–	17,583	–	986	–	18,569
Current	2,750	923	7,164	233	11,911	22,981
	2,750	**18,506**	**7,164**	**1,219**	**11,911**	**41,550**

(a) The restructuring provision relates to the rationalisation programme that the Group is currently undertaking. The provision, which relates mainly to termination payments is expected to be fully utilised during 2015. The amount provided in the year is recognised in the income statement as an exceptional item.

(b) The UK pension provision relates to administration and certain costs associated with pension schemes attached to businesses disposed of in prior years. This provision is expected to be fully utilised over the next 29 years.

(c) The legal claims provision relates to legal claims brought against the Group. The amounts provided for in the year are recognised in the income statement. The balance at 03 January 2015 is expected to be utilised during 2015. In the opinion of the Directors, after taking appropriate legal advice, the outcome of these legal claims is not expected to give rise to any significant loss beyond the amounts provided for at 03 January 2015.

(d) The property and lease commitments provision relates to onerous leases in respect of two properties where the Group has present and future obligations to make lease payments. It is expected that €0.2 million will be utilised during 2015 and the balance will be fully utilised over the next 3 years.

(e) The operational provision represents deferred payments in respect of recent acquisitions and other provisions related to operations. It is expected that €11.9 million of this provision will be utilised during 2015. Approximately €6.5 million of the amount provided in the year is recognised in the income statement as an exceptional item (see note 7). Due to the nature of these items, there is some uncertainty around the amount and timing of payments.

30. CAPITAL GRANTS

	Notes	2014 €'000	2013 €'000
At the beginning of the year		**2,471**	**2,636**
Credited to income statement	6	(264)	(219)
Additions		–	57
Exchange differences		7	(3)
At the end of the year		**2,214**	**2,471**

31. TRADE AND OTHER PAYABLES

	Notes	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Trade payables		36	187,201	–	177,519
Amounts due to Joint Ventures & Associates	37	–	68,254	–	52,014
Amounts due to other related parties	37	–	41	–	50
Amounts due to other Group companies	37	112,279	–	96,499	–
Social security costs		–	3,732	–	3,363
Accrued expenses		9,760	131,122	5,522	110,387
Other payables		–	–	–	1,309
		122,075	**390,350**	**102,021**	**344,642**

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

32. DERIVATIVE FINANCIAL INSTRUMENTS

	2014 Assets €'000	2014 Liabilities €'000	2013 Assets €'000	2013 Liabilities €'000
Non-hedging instruments	440	–	–	(13)
Foreign exchange contracts – cash flow hedges	295	(40)	19	(24)
Commodity futures – cash flow hedges	–	(534)	86	(43)
Commodity futures – fair value hedges	544	–	1,645	(1,645)
Total	**1,279**	**(574)**	**1,750**	**(1,725)**
Non-current	**–**	**–**	**–**	**–**
Current	**1,279**	**(574)**	**1,750**	**(1,725)**

Non-hedging instruments

Non-hedging instruments refers to a translation difference on a GBP/EUR currency swap with a notional amount of GBP 20.0 million (2013: GBP 20.0 million).

Interest rate swaps

Gains and losses recognised in the hedging reserve in other comprehensive income on interest rate swaps represent our share of the movement on swaps entered into by joint ventures. All movements are recognised against the carrying value of the investment in the joint venture until repayment of the related bank borrowings.

Foreign exchange contracts

The notional principal amounts of the outstanding foreign exchange contracts at 03 January 2015 were €16.7 million (2013: €17.7 million).

Gains and losses recognised in the hedging reserve in other comprehensive income on foreign exchange contracts at 03 January 2015 will be released to the income statement at various dates within one year from the reporting date.

Commodity futures

The notional principal amounts of the outstanding commodity (milk, cheese, gas and oil) futures, qualifying as cash flow hedges and fair value hedges at 03 January 2015 were €2.1 million and €44.9 million respectively (2013: €1.4 million and €22.2 million). Gains and losses recognised in the hedging reserve in other comprehensive income on these futures at 03 January 2015 will be released to the income statement at various dates within one year from the reporting date.

Net investment hedge

A portion of the Group's US dollar denominated borrowings amounting to USD 98.5 million (2013: USD 98.5 million) is designated as a hedge of the net investment in the Group's US dollar net assets. The fair value of the borrowing was €81.7 million (2013: €72.2 million). The foreign exchange loss of €9.5 million (2013: gain of €2.5 million) arising on translation of the borrowing into euro at 03 January 2015 is recognised in other comprehensive income.

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 and has determined that their value is not significant. No adjustment has been made to the Glanbia plc company balance sheet to reflect the fair value of the financial guarantee contracts issued in its name.

Call option

Glanbia Co-operative Society Limited has a call option to acquire Glanbia plc's 40% interest in Glanbia Ingredients Ireland Limited under an agreed valuation methodology for a six year period from November 2012. The Group is satisfied that there is no more than a nominal value attached to this call option.

33. 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 03 January 2015 and the Directors are of the opinion that no losses will arise thereon. These subsidiaries avail of the exemption from filing audited Financial Statements, as permitted by Section 17 of the Companies (Amendment) Act, 1986.

The Group recognises a defined benefit liability and incurs administration and certain other costs in relation to its UK pension schemes for businesses disposed of in prior years, as outlined in note 28 and note 29. In addition, the Company has guaranteed the payment of a proportion of employer contributions in respect of these UK pension schemes. The Company considers these guarantees to be insurance contracts and accounts for them as such. The amount of the potential liability under the UK pension guarantee is reducing annually by the contributions paid into these schemes. The Company treats the guarantee contracts as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Group

Bank guarantees amounting to €2.6 million (2013: €2.0 million) are outstanding at 03 January 2015, mainly in respect of payment of EU subsidies. The Group does not expect any material loss to arise from these guarantees.

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liability will arise from these contingent liabilities other than those provided for.

34. COMMITMENTS

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the Financial Statements is as follows:

	2014 €'000	2013 €'000
Property, plant and equipment	46,900	50,864

Operating lease commitments – where the Group is the lessee

The Group leases various assets. Generally, operating leases are short-term with no purchase option. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2014 €'000	2013 €'000
Not later than 1 year	17,457	12,197
Later than 1 year and not later than 5 years	55,312	40,025
Later than 5 years	66,609	46,594
	139,378	**98,816**

35. CASH GENERATED FROM OPERATIONS

	Notes	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Profit/(loss) before taxation		**24,217**	**173,577**	**(10,228)**	**176,004**
Write-off of intangibles		–	73	–	76
Exceptional loss/(gain)		–	10,290	–	(5,804)
Share of results of Joint Ventures & Associates		–	(23,729)	–	(26,488)
Depreciation	14	–	32,230	–	27,203
Amortisation	15	–	22,512	–	21,011
Cost of share based payments	22	5,516	5,516	4,568	4,568
Difference between pension charge and cash contributions		–	(7,019)	–	(7,375)
(Profit)/loss on disposal of property, plant and equipment		–	(226)	–	206
Finance income	10	–	(1,725)	–	(2,168)
Finance expense	10	–	22,050	–	25,110
Other Group companies – amounts written off	18	–	–	1,338	–
Non-cash movement on investments		–	–	(199)	–
Amortisation of government grants received	30	–	(264)	–	(219)
Cash generated/(absorbed) before changes in working capital		**29,733**	**233,285**	**(4,521)**	**212,124**
Change in net working capital:					
– Decrease/(increase) in inventory		–	15,740	–	(40,516)
– Decrease/(increase) in short term receivables		62	(16,264)	422	2,620
– Increase in short term liabilities		20,054	9,321	37,469	3,340
– (Decrease) in provisions		–	(11,366)	–	(8,272)
Cash generated from operating activities		**49,849**	**230,716**	**33,370**	**169,296**

36. BUSINESS COMBINATIONS

The acquisitions completed by the Group during the year were as follows:

- On 17 January 2014, the Group acquired 100% of Nutramino Holding ApS (Nutramino). Nutramino is a leading Scandinavian sports nutrition business with operations in Denmark, Sweden and Norway.
- On 14 October 2014, the Group acquired 100% of The Isopure Company, LLC (Isopure). Isopure is a US based provider of premium branded sports nutrition products.

The reason for both acquisitions was to complement the portfolio of the Group's Global Performance Nutrition business and to further consolidate the Group's market leading position. Goodwill acquired in respect of both acquisitions is attributable to the profitability and development opportunities associated with the extension of the Group's portfolio by complementing and enhancing existing performance nutrition capabilities.

Acquisition related costs charged to the Group income statement during the year ended 03 January 2015 amounted to €1.1 million (2013: €0.5 million).

No contingent liabilities arose as part of the acquisitions.

Summary of Nutramino acquisition

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

	€'000
Purchase consideration – cash paid	16,364
Contingent consideration – cash paid	4,771
Total consideration	**21,135**
Less: fair value of assets acquired	(13,849)
Goodwill	**7,286**

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

	€'000
Property, plant and equipment	2,200
Intangible assets – brands	9,918
Intangible assets – customer relationships	5,160
Inventories	994
Trade and other receivables	2,573
Trade and other payables	(2,287)
Deferred income tax liabilities	(3,308)
Net borrowings	(1,401)
Fair value of assets acquired	**13,849**

The contingent consideration arrangement requires the Group to pay the former owners of Nutramino an earn out if the 2014 actual adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) exceeds the actual 2013 adjusted EBITDA by a minimum agreed amount. The fair value of the Group's estimated contingent consideration at acquisition was €4.8 million. As a result of a better than anticipated performance this is now estimated to be €11.3 million and the additional earn out payable of €6.5 million has been charged to the income statement (see note 7). The fair value estimate is a level 3 fair value measurement and is calculated based on the adjusted EBITDA achieved during 2014 as outlined in the latest available financial information of Nutramino.

The contingent consideration is due to be paid before 17 March 2015 and as a result, the contingent consideration recognised was not discounted as the effect of discounting was not materially different than the gross amount.

The fair value of trade and other receivables at the acquisition date amounted to €2.6 million. The gross contractual amount for trade receivables due is €2.4 million, an amount of €0.1 million is provided for as an allowance for doubtful debts.

Summary of Isopure acquisition

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

	€'000
Purchase consideration – cash paid	104,677
Other consideration	1,836
Total consideration	**106,513**
Less: fair value of assets acquired	(56,339)
Goodwill	**50,174**

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

	€'000
Property, plant and equipment	287
Intangible assets – brands	57,172
Intangible assets – customer relationships	26,570
Inventories	6,987
Trade and other receivables	6,306
Trade and other payables	(3,180)
Deferred income tax liabilities	(24,433)
Liabilities settled at completion	(16,138)
Cash and cash equivalents	2,768
Fair value of assets acquired	**56,339**

The fair value of trade and other receivables at the acquisition date amounted to €6.3 million. There was no allowance for doubtful debts. The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of the Isopure business combination given the timing of closure of this transaction. Any amendments to these fair values within the 12 month timeframe from the date of acquisition will be disclosed in the 2015 Annual Report as stipulated by IFRS 3.

Combined impact of acquisitions

The revenue and profit (net of transaction costs) of the Group including the impact of acquisitions completed during the financial year was as follows:

	2014 Acquisitions €'000	Group excluding acquisitions €'000	Consolidated Group including acquisitions €'000
Revenue	32,604	2,505,764	2,538,368
Profit before taxation and exceptional items	965	188,561	189,526

The revenue and profit (net of transaction costs) of the Group for the financial year determined in accordance with IFRS 3 as though the acquisition date for all business combinations had been at the beginning of the year would be as follows:

	2014 Acquisitions €'000	Group excluding acquisitions €'000	Pro Forma Consolidated Group €'000
Revenue	75,997	2,505,764	2,581,761
Profit before taxation and exceptional items	2,631	188,561	191,192

37. RELATED PARTY TRANSACTIONS

The Group is controlled by Glanbia Co-operative Society Limited, which holds 41.2% 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

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Sales of goods:				
– Associates	–	14,734	–	5,859
– Key management[1]	–	2,020	–	2,799
	–	**16,754**	**–**	**8,658**
Sales of services:				
– Glanbia Co-operative Society Limited	–	511	–	502
– Associates	–	6,708	–	4,686
– Joint ventures	–	18,000	–	16,240
	–	**25,219**	**–**	**21,428**

Sales to related parties were carried out under normal commercial terms and conditions.

(b) Purchases of goods and services

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Purchases of goods:				
– Associates	–	66,749	–	51,172
– Joint ventures	–	5,795	–	6,260
– Key management[1]	–	456	–	409
	–	**73,000**	**–**	**57,841**
Purchases of services:				
– Glanbia Co-operative Society Limited	–	290	–	290
– Associates	–	2,025	–	2,566
– Joint ventures	–	–	–	61
– Subsidiaries	4,277	–	3,210	–
	4,277	**2,315**	**3,210**	**2,917**

Purchases from related parties were carried out under normal commercial terms and conditions.

1. Purchases, sales and related year-end balances involving key management refer to trading balances with Directors who are engaged in farming activities. No loans were made to key management during the year (2013: nil).

(c) Year-end balances

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Receivables from related parties:				
– Glanbia Co-operative Society Limited	–	192	–	102
– Associates	36	2,938	–	482
– Joint ventures	–	2,558	–	439
– Key management[1]	–	584	–	704
	36	**6,272**	**–**	**1,727**
Payables to related parties:				
– Associates	–	19,059	–	8,422
– Joint ventures	–	49,195	–	43,592
– Key management[1]	–	41	–	50
– Subsidiaries	112,279	–	96,499	–
	112,279	**68,295**	**96,499**	**52,064**

The receivables from related parties arise mainly from sale transactions and are due two months after the date of sale. The receivables are unsecured in nature and only bear interest when receivables are due more than three months after the date of sale.

The payables to related parties arise mainly from purchase transactions and are payable one month after the date of purchase. The payables bear no interest.

(d) Key management compensation[2]

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Salaries and other short-term employee benefits	–	4,094	–	3,381
Post-employment benefits	–	508	–	444
Share based payments	–	1,928	–	1,701
Non-Executive Directors fees	800	800	812	812
	800	**7,330**	**812**	**6,338**

1. Purchases, sales and related year-end balances involving key management refer to trading balances with Directors who are engaged in farming activities. No loans were made to key management during the year (2013: nil).
2. Key management compensation includes Directors (Executive and Non-Executive) and members of the Group Operating Executive Committee, including the Group Secretary.

(e) Loans to joint ventures & associates

	2014 Company €'000	2014 Group €'000	2013 Company €'000	2013 Group €'000
Loans receivable				
At the beginning of the year	**–**	**9,376**	**–**	**16,735**
Foreign exchange difference on opening balance	–	487	–	(181)
Loans advanced during the year	–	–	–	350
Loan payments received	–	–	–	(7,528)
At the end of the year	**–**	**9,863**	**–**	**9,376**
Interest on loans receivable				
At the beginning of the year	**–**	**122**	**–**	**125**
Foreign exchange difference on opening balance	–	8	–	(5)
Interest charged	–	216	–	572
Interest received	–	(85)	–	(570)
At the end of the year	**–**	**261**	**–**	**122**
Total loan and interest receivable at the end of the year	**–**	**10,124**	**–**	**9,498**

The GBP 6.25 million loan to Milk Ventures (UK) Limited is due as GBP 4.8 million on 30 April 2015 and GBP 1.45 million on 02 October 2015. It is expected that these loans will roll over on the repayment dates. There is also a loan of €1.5 million to South East Port Services Limited, which is due as €0.75 million repayable on 31 October 2015 and 30 October 2016, subject to cash flows. A loan of €0.36 million to the Malting Company of Ireland Limited is repayable in 2043.

38. EVENTS AFTER THE REPORTING PERIOD

There were no significant events outside the ordinary course of business that affected the Group since 03 January 2015.

39. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

(a) Subsidiaries

Incorporated and operating in	Principal place of business	Principal activities	Group interest %
Ireland			
Glanbia Foods Ireland Limited	Kilkenny and Citywest, Dublin 24	Consumer food products and general trading	100
Glanbia Consumer Foods Limited	Kilkenny	Chilled consumer foods	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 Feeds Limited	Enniscorthy, Co. Wexford and Portlaoise, Co. Laois	Manufacture of animal feed products	100
Glanbia Estates Limited	Kilkenny	Property and land dealing	100
Glanbia Property Rentals Limited	Kilkenny	Property rental company	100
D. Walsh & Sons Limited	Palmerstown, Co. Kilkenny	Grain and fertilisers	60
Grassland Fertilisers (Kilkenny) Limited	Palmerstown, Co. Kilkenny	Fertilisers	73
Glanbia Management Services Limited	Kilkenny	Management services	100
Glanbia Investip Limited	Kilkenny	Management of receivables	100
Glanbia Support Services Limited	Kilkenny	Business services	100
Avonmore Proteins Limited	Kilkenny	Financing	100
Glanbia Financial Services	Kilkenny	Financing	100
Glassonby	Kilkenny	Financing	100
Glanbia Finance Limited	Kilkenny	Financing	100
Glanbia Nutritionals (Blending) Limited	Kilkenny	Financing	100
ON Optimum Nutrition Limited	Kilkenny	Financing	100
Avonmore Skim Milk Products Limited	Kilkenny	Financing	100
Waterford Foods Limited	Kilkenny	Holding company	100
Glanbia Holdings (Ireland) Limited	Kilkenny	Holding company	100
Alanfield Society Limited	Kilkenny	Holding company	100
Glanbia Property Holding Limited	Kilkenny	Holding company	100
United States			
Glanbia, Inc.	Delaware	Holding company	100
Glanbia (Delaware), Inc.	Delaware	Holding company	100
Glanbia Business Services, Inc.	Aurora, Illinois	Business services	100
Glanbia Foods, Inc.	Twin Falls, Idaho	Milk products	100
Glanbia Performance Nutrition, Inc	Illinois, South Carolina, Florida	Performance nutrition products	100
The Isopure Company, LLC	New York	Performance nutrition products	100
The Isopure Company Trading LLC	New York	Performance nutrition products	100
Isopure Plus LLC	New York	Performance nutrition products	100
Glanbia Nutritionals (NA), Inc.	Carlsbad, California	Nutrient delivery systems	100
Glanbia Nutritionals, Inc.	Madison, Wisconsin	Nutritional products and distribution	100
Aseptic Solutions USA Ventures, LLC	Corona, California	Beverage manufacturer & co packer	100
Glanbia Ingredients, Inc.	Madison, Wisconsin	Dairy products distribution	100

Incorporated and operating in	Principal place of business	Principal activities	Group interest %
Britain and Northern Ireland			
Glanbia (UK) Limited	Victoria Square, Birmingham	Holding company	100
Waterford Foods International Limited	Victoria Square, Birmingham	Holding company	100
Glanbia Holdings Limited	Victoria Square, Birmingham	Holding company	100
Glanbia Investments (UK) Limited	Victoria Square, Birmingham	Holding company	100
Glanbia Milk Limited	Victoria Square, Birmingham	Management services	100
Glanbia Performance Nutrition (UK) Limited	Middlesbrough, England	Performance nutrition products	100
Glanbia Foods (NI) Limited	Portadown, Co. Armagh	Consumer food products	100
Glanbia Feedstuffs Limited	Victoria Square, Birmingham	Supply of animal feeds	100
Germany			
Glanbia Nutritionals Deutschland GmbH	Orsingen-Nenzingen	Nutrient delivery systems	100
Glanbia Performance Nutrition GmbH	Berlin	Performance nutrition products	100
Netherlands			
Glanbia Foods B.V.	Schiphol Boulevard 231	Holding company	100
Asia			
Glanbia Nutritionals (Suzhou) Company Limited	Suzhou, China	Nutrient delivery systems	100
GN Life Science (Shanghai) Co. Limited	Shanghai, China	Nutrient ingredients	100
Glanbia Nutritionals Singapore Pte Limited	Singapore	Customer service office	100
Denmark			
Nutramino Holding ApS	Copenhagen	Holding company	100
Nutramino Int. ApS	Copenhagen	Performance nutrition products	100
Luxembourg			
Glanbia Luxinvest S.A	Luxembourg	Financing	100
Glanbia Luxfin S.A	Luxembourg	Financing	100
Glanbia Luxembourg S.A	Luxembourg	Financing	100
Australia			
Glanbia Performance Nutrition Pty Limited	Sydney	Performance nutrition products	100
Belgium			
The Isopure Company Belgium Sprl	Aubel	Performance nutrition products	100
Brazil			
Glanbia Marketing de Produtos de Nutricao e Performance do Brasil Ltda	Sao Paulo	Performance nutrition products	100
Canada			
Glanbia Nutritionals (Canada) Inc.	Winnipeg	Nutritional products	100
Glanbia Performance Nutrition Canada Inc.	Winnipeg	Performance nutrition products	100
France			
Glanbia Performance Nutrition France SAS	Paris	Performance nutrition products	100
India			
Glanbia Performance Nutrition (India) Private Limited	Delhi	Performance nutrition products	100
Glanbia India Private Limited	Bangalore	Nutrient ingredients	100
Mexico			
Glanbia, S.A. de C.V	Mexico	Nutrient Ingredients	100
Norway			
Nutramino NO AS	Oslo	Performance nutrition products	100

Incorporated and operating in	Principal place of business	Principal activities	Group interest %
Portugal			
Glanbia Nutritionals (Portugal) – Sociedade Unipessoal, Lda	Sintra	Performance nutrition products	100
Russian Federation			
LLC Glanbia	Moscow	Nutrient Ingredients	100
South Africa			
Glanbia (Pty) Limited	Ekurhuleni	Nutrient Ingredients	100
Sweden			
Nutramino AB	Stockholm	Performance nutrition products	100
Uruguay			
Glanbia (Uruguay Exports) SA	Canelones	Customer service office	100

(b) Associates and joint ventures

Incorporated and operating in	Date to which results are included	Principal place of business	Principal activities	Group interest %
Ireland				
Co-operative Animal Health Limited*	31–Dec–13	Tullow, Co. Carlow	Agri chemicals	50
South Eastern Cattle Breeding Society Limited*	31–Dec–13	Thurles, Co. Tipperary	Cattle breeding	57
Malting Company of Ireland Limited**	30–Sept–14	Togher, Cork	Malting	50
South East Port Services Limited*	03–Jan–15	Belview, Kilkenny	Port services	49
South East Port Investments Limited****	03–Jan–15	Kilkenny	Port services	49
Glanbia Ingredients Ireland Limited*	03–Jan–15	Kilkenny	Milk products	40
MacCormac Products Limited***	03–Jan–15	Kilkenny	Milk products	40
Wexford Creamery Limited***	03–Jan–15	Kilkenny	Milk products	40
United States				
Southwest Cheese Company, LLC**	03–Jan–15	Clovis, New Mexico	Milk products	50
Britain and Northern Ireland				
Glanbia Cheese Limited**	03–Jan–15	Magheralin and Llangefni	Cheese products	51
Milk Ventures (UK) Limited**	30–Nov–14	Stockport, England	Holding Company	50
Nigeria				
Nutricima Limited**	30–Nov–14	Lagos	Evaporated and powdered milk	50

Pursuant to Section 16 of the Companies Act, 1986 a full list of subsidiaries, joint ventures 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

*** Consolidated as part of Glanbia Ingredients Ireland Limited

**** Consolidated as part of South East Port Services Limited

Stock exchange listings

The Company's shares are listed on the main market of the Irish Stock Exchange as well as having a premium listing on the main market of the London Stock Exchange.

Managing your shareholding

Computershare Investor Services (Ireland) Limited (Computershare) maintains the Company's register of members. Should a shareholder have any queries in respect of their shareholding, they should contact Computershare directly using the contact details provided below:

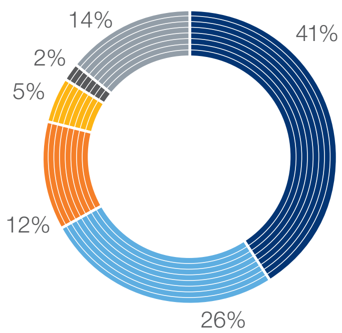
Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.

Contact details:
Telephone number 01 247 5349 (within Ireland), 00353 1 247 5349 (outside Ireland), or by logging on to: www.investorcentre.com/ie/contactus.

	2014	2013
Share price data	€	€
Share price as at financial year end	12.81	11.05
Market capitalisation	3,790m	3,267m
Share price movements during the year:		
– high	13.06	11.41
– low	10.48	8.09

The current share price of Glanbia plc ordinary shares can be accessed at: http://www.glanbia.com/prices-delayed

SHAREHOLDERS ANALYSIS



- Glanbia Co-operative Society Limited
- Retail
- North America
- European Union
- Ireland
- United Kingdom

Share capital

The authorised share capital of the Company at 03 January 2015 was 350,000,000 ordinary shares at €0.06 each. The issued share capital at 03 January 2015 was 295,875,684 ordinary shares of €0.06 each.

Substantial shareholdings

The table below details the significant holding (3% or more) in the Company's ordinary share capital that has been disclosed to the Company at 03 January 2015 and 24 February 2015 in accordance with the requirements of Rule 7 of the Transparency Rules issued by the Central Bank under Section 22 of the Investment Funds, Companies and Miscellaneous Provisions Act, 2006.

Shareholder	No. of ordinary shares as at 03 January 2015	% of issued share capital as at 03 January 2015
Glanbia Co-operative Society Limited	121,919,315	41.2
Capital Group Companies, Inc	21,043,293	7.12

Shareholder	No. of ordinary shares as at 24 February 2015	% of issued share capital as at 24 February 2015
Glanbia Co-operative Society Limited	121,919,315	41.2
Capital Group of Companies, Inc	21,043,293	7.12

Employee share schemes

The Company operates a number of employee share schemes. At 03 January 2015 715,558 ordinary shares were held in employee benefit trusts for the purpose of the Group's employee share schemes. While 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 shares.

Dividend payments direct to your bank account

An interim dividend of 4.43 cents per share was paid in respect of ordinary shares on 10 October 2014.

Subject to shareholders' approval, a final dividend 6.57 cents per share will be paid in respect of ordinary shares on 15 May 2015 to shareholders on the register of members on 07 April 2015. If a shareholder's registered address is in the UK and a shareholder has not previously provided the Company with a mandate form for an Irish euro account, the payment will be in GBP. All other payments will be in euro.

Dividend Withholding Tax (DWT) is deductible from dividends paid by an Irish resident company, unless the shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrar, Computershare. 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. Copies of this form may be obtained from Computershare.

In order to continue to protect the security of dividend payments to shareholders and reduce costs, the Company proposes to continue to pay future dividend payments on its ordinary shares only by credit transfer into a nominated bank or building society account.

Shareholders will continue to receive tax vouchers in respect of dividend payments. The Company takes data security issues very seriously. Bank account details supplied to the Company and its Registrar will be used only for dividend distribution and the information will not be used for any other purpose or supplied to any third party.

www.glanbia.com

Shareholders may visit: www.glanbia.com/shareholder-centre for up-to-date investor information. Electronic copies of current and past annual and half-yearly reports can be downloaded from the website. Current and historic share prices, news, updates and presentations may also be obtained. Shareholders may also register to receive future shareholder communications electronically.

Electronic communications

The Transparency (Directive 2004/109/EC) Regulations 2007 recognises the growing importance of electronic communications. The Group therefore provides documentation and communications to all shareholders via our website unless a shareholder has specifically elected to receive a hard copy.

Using electronic communications enables fast receipt of documents, helps the environment by significantly reducing the amount of paper used to communicate with shareholders and reduces associated printing, mailing and distribution costs.

Shareholders can also vote online for the next Annual General Meeting (AGM). This is a quick and easy option, using the proxy voting service provided by Computershare. Shareholders may use this facility by visiting: www.eproxyappointment.com.

Financial calendar

Announcement of final results for 2014	25 February 2015
Ex-dividend date	02 April 2015
Record date for dividend	07 April 2015
Date for receipt of proxy forms	10 May 2015
Record date for AGM	10 May 2015
AGM	12 May 2015
Dividend payment date	15 May 2015

AGM

The AGM will be held on 12 May 2015. The notice of meeting, together with details of the business to be conducted at the meeting is available on: www.glanbia.com/agm.

The voting results for the 2015 AGM, including proxy votes and votes withheld will be available on our website shortly after the meeting at the following address: www.glanbia.com/agm.

Conditions for participating in a meeting

Every shareholder, irrespective of how many Glanbia plc shares they hold, has the right to attend, speak, ask questions and vote at the AGM. Completion of a proxy form will not affect a shareholder’s right to attend, speak, ask questions and/or vote at the meeting in person.

The quorum for a general meeting of the Company is constituted by three persons entitled to vote upon the business of the meeting, each being a shareholder or a proxy or corporate representative for a shareholder.

The right to participate in the AGM is subject to the registration of the shares prior to the date of the meeting (the record date). For the 2015 AGM the record date is 5:00 pm on 10 May 2015 (or in the case of an adjournment 5:00 pm, on the day prior to the day before the time fixed for the adjourned meeting).

Appointment of proxy

Where a shareholder is unable to attend the AGM in person, a proxy (or proxies) may be appointed to attend, speak, ask questions and vote on their behalf. For this purpose a form of proxy is posted to all shareholders. Copies of these documents may be requested by telephoning the Company’s Registrar on 01 247 5349 (within Ireland), 00353 1 247 5349 (outside Ireland), or by logging on to www.investorcentre.com/ie/contactus or by writing to the Group Secretary at Glanbia plc, Glanbia House, Kilkenny, Ireland.

Alternatively, a shareholder may appoint a proxy electronically, by visiting: www.eproxyappointment.com and submitting their proxy details. They will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and PIN and agree to certain terms and conditions. The Control Number, the SRN and the PIN can be found on the top of the form of proxy.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST manual.

How to exercise shareholders rights

Shareholders have several ways to exercise their right to vote:

- by attending the AGM in person;
- by appointing the Chairman or another person as a proxy to vote on their behalf; or
- by appointing a proxy via the CREST system.

The passing of resolutions at a meeting of the Company, other than special resolutions, requires a simple majority. To be passed, a special resolution requires at least 75% of the votes cast to be in favour of the resolution.

Tabling agenda items

A shareholder, or a group of shareholders acting together, who hold at least 3% of the issued share capital of the Company, has the right to put an item on the agenda of the AGM. In order to exercise this right, written details of the item to be included on the 2015 AGM agenda together with a written explanation why the item is to be included on the agenda and evidence of the shareholding must be received by the Group Secretary at Glanbia plc, Glanbia House, Kilkenny, Ireland or by email to ir@glanbia.ie or info@glanbia.ie no later than 01 April 2015 (i.e. 42 days before the AGM).

An item cannot be included on the AGM agenda unless it is accompanied by the written explanation and received at one of these addresses by this deadline.

Tabling draft resolutions

A shareholder, or a group of shareholders acting together, who hold at least 3% of the issued share capital of the Company, has the right to table a draft resolution for inclusion on the agenda of the 2015 AGM subject to any contrary provision in company law.

In order to exercise this right, the text of the draft resolution and evidence of shareholding must be received by no later than 01 April 2015 (i.e. 42 days before the AGM) by post to the Group Secretary at Glanbia plc, Glanbia House, Kilkenny, Ireland or by email to ir@glanbia.ie or info@glanbia.ie. A resolution cannot be included on the 2015 AGM agenda unless it is received at one of these addresses by this deadline. Furthermore, shareholders are reminded that there are provisions in company law which impose other conditions on the right of shareholders to propose resolutions at the general meeting of a company.

How to ask a question before or at the meeting

The AGM is an opportunity for shareholders to put a question to the Chairman during the question and answer session. Before the 2015 AGM, a shareholder may also submit a question in writing by sending a letter and evidence of shareholding at least four business days before the 2015 AGM (i.e. 07 May 2015) to the Group Secretary, Glanbia plc, Glanbia House, Kilkenny, Ireland or by email to ir@glanbia.ie or info@glanbia.ie.

Dividend rights

The Company may, by ordinary resolution, declare dividends in accordance with the respective rights of shareholders, but no dividend shall exceed the amount recommended by the Directors. The Directors may also declare and pay interim dividends if it appears to them that the interim dividends are justified by the profits of the Company available for distribution.

Distribution on winding up

If the Company shall be wound up and the assets available for distribution among shareholders shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by shareholders in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the shares held by them respectively. Further if, in a winding up, the assets available for distribution among shareholders shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among shareholders in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said shares held by them respectively.

Contacts

Group Secretary and Registered Office
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(Joint Broker)

Auditor
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Ballycar House,
Newtown,
Waterford,
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Solictors
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The Governor and Company of the Bank of Ireland
BNP Paribas S.A.
Barclays Bank Ireland plc
Citibank N.A.
Danske Bank A/S
HSBC Bank plc
Rabobank International
Ulster Bank Ireland Limited

Registrar
Computershare Investor Services (Ireland) Limited,
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Corrig Road,
Sandyford Industrial Estate,
Dublin 18,
Ireland.

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