



**DELIVERING
BETTER NUTRITION
FOR EVERY STEP
OF LIFE'S JOURNEY**

HIGHLIGHTS OF 2015

ANOTHER YEAR OF DOUBLE DIGIT GROWTH

We are pleased to report a sixth consecutive year of double digit growth. We achieved a reported growth of 29.4% in adjusted earnings per share (10.6% increase constant currency). We also achieved a 29.9% increase in EBITA (10.5% constant currency) with margin expansion of 160bps (130bps constant currency) and strong operating cashflow of €281.4 million. We are increasing our dividend by 10% to 12.1 cent per share. The outlook is positive and we are guiding 8% to 10% growth in adjusted earnings per share, constant currency, for 2016.

	Reported change	Constant currency change
ADJUSTED EARNINGS PER SHARE		
79.14c	+29.4%	+10.6%
REVENUE		
€2.8bn	+9.3%	-3.6%
EBITA		
€271.0m	+29.9%	+10.5%
EBITA MARGIN		
9.8%	+160bps	+130bps
OPERATING CASHFLOW		
€281.4m	+36.5%	+16.6%

For definitions and more information on constant currency and other performance measures see the glossary on pages 170 to 172.

Forward-Looking Statements

Glanbia plc ('the Group') 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 Group'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,' 'develop,' 'ensure,' 'arrive,' 'achieve,' 'anticipate,' 'maintain,' 'grow,' 'aim,' 'deliver,' 'sustain,' '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 35 to 38 of this Annual Report could cause the Group's results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that the Group is unable to predict at this time or that the Group 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 Group 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 Group, 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.

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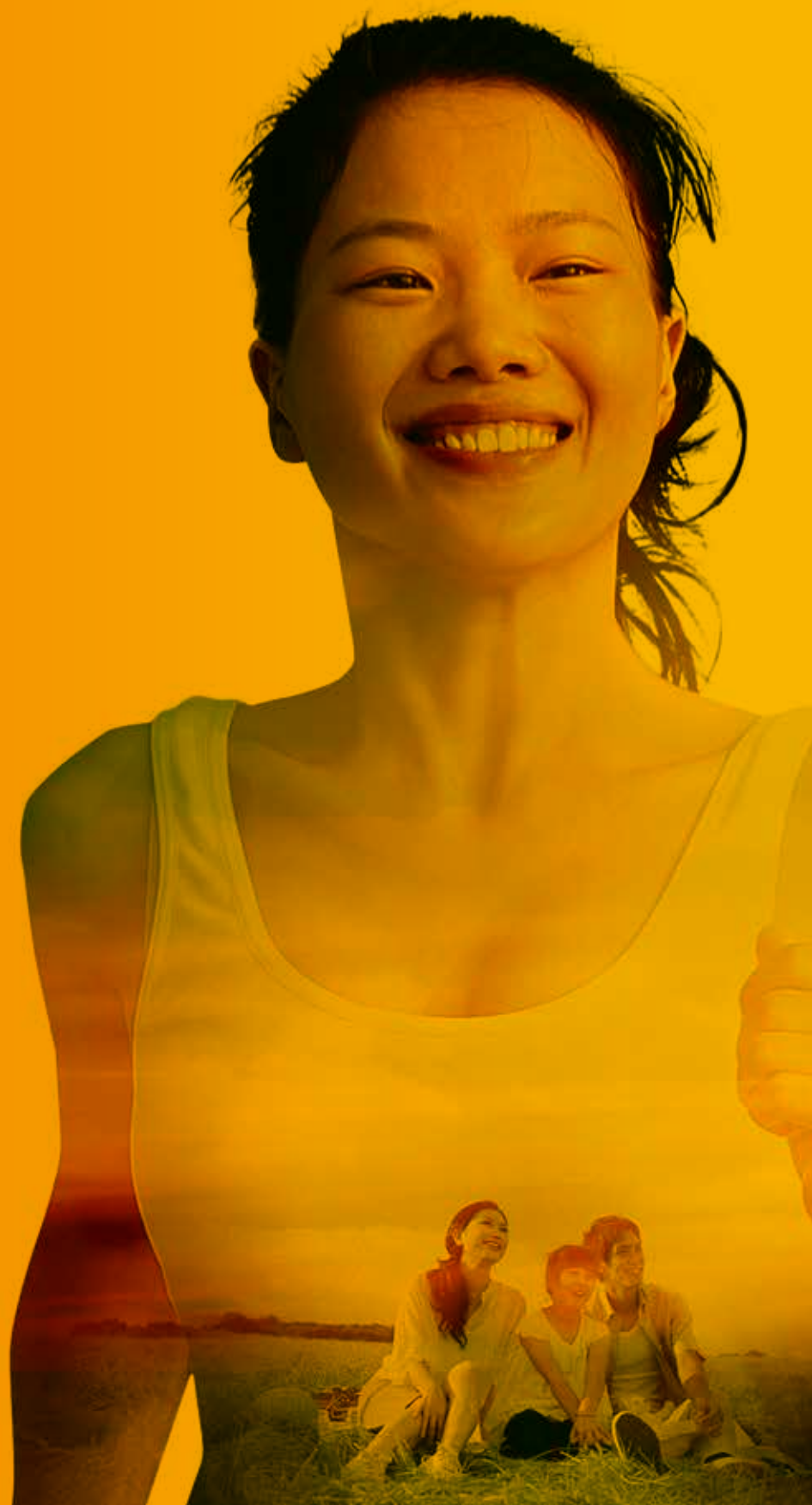
A GLOBAL NUTRITION GROUP

OUR PURPOSE:

Delivering better nutrition for every step of life's journey.

OUR VISION:

To be one of the world's top performing nutrition companies trusted to enrich lives every day.



GLANBIA AT A GLANCE

Glanbia plc is a global nutrition group, dedicated to delivering better nutrition for every step of life's journey. We employ over 6,000 people across 32 countries and our products are sold or distributed in over 130 countries. Our major production facilities are located in Ireland, the US, the UK, Germany and China. We have four segments: Glanbia Performance Nutrition, Global Ingredients, Dairy Ireland and Joint Ventures & Associates. Our shares are listed on the Irish and London Stock Exchanges (symbol: GLB).

GLANBIA PERFORMANCE NUTRITION

Glanbia Performance Nutrition (GPN) is the number one global performance nutrition brand portfolio comprising of Optimum Nutrition, BSN, Isopure, thinkThin, Nutramino, ABB and trusource, each with its own brand essence. Our mission is to inspire consumers everywhere to achieve their performance and healthy lifestyle goals. We produce the full range of performance nutrition products with broad consumer appeal, and we are the market leader in innovation and new product development.

WHERE YOU WILL FIND OUR PRODUCTS

Whether it's a protein smoothie in the morning, a pre-workout energy drink, a post-workout protein shake to repair and build muscle, or an on-the-go protein bar, professional athletes and everyday fitness enthusiasts all over the world rely on GPN products for their nutritional needs.



GLOBAL INGREDIENTS

Global Ingredients has a portfolio focused on both dairy and non-dairy nutritional ingredients. We deliver nutritional and functional ingredient solutions, and precision premixes for use in the nutrition-enhanced mainstream food and beverage markets, infant and clinical nutrition and functional nutrition markets. We are also a large-scale manufacturer and marketer of American-style cheddar cheese.

WHERE YOU WILL FIND OUR PRODUCTS

Our specialised value-added protein systems and solutions and precision premixes are found in everyday products such as Ready-To-Drink (RTD) beverages, protein-enriched bars and snacks, bakery and dairy products, health and wellness supplements and sports nutrition. Our American-style cheddar cheese is predominately used in the retail and food service channels.



32
countries

6,015
employees



DAIRY IRELAND

Dairy Ireland is comprised of two businesses. Consumer Products is the leading supplier of branded consumer dairy products to the Irish market. It also produces long-life products for export. Agribusiness supplies inputs to the Irish agriculture sector and is the leading purchaser and processor of grain and the leading manufacturer of branded animal feed in Ireland.

WHERE YOU WILL FIND OUR PRODUCTS

Our consumer product portfolio extends across a range of dairy products, including standard and fortified milks, cheese, butter and cream, and a range of chilled soups. We also produce long-life liquid milk and cream for export to markets such as China, Europe and the Middle East. Agribusiness has a network of over 50 retail stores focused on the Irish agriculture sector.



JOINT VENTURES & ASSOCIATES

We have three strategic Joint Ventures & Associates: Glanbia Ingredients Ireland, Glanbia Cheese in the UK and Southwest Cheese in the US. These are strategically important partnerships, not only in their own right, but also in terms of the synergies and growth opportunities they bring to the wholly owned Group.

WHERE YOU WILL FIND OUR PRODUCTS

Glanbia Ingredients Ireland (GII) is a supplier of dairy ingredients to key global customers including the infant formula, clinical nutrition and food and beverage sectors. Glanbia Cheese is the #1 mozzarella producer in Europe. Cheese and dairy products produced by Southwest Cheese are all commercialised by Global Ingredients.





MAKING LIFE HEALTHY

HEALTH AND WELLBEING

Today's consumers are increasingly aware of the importance of nutrition in improving their overall health and wellbeing.

We are searching for better, healthier and smarter nutritional ingredients and solutions that fit our lifestyles. A desire for improved health and physical wellness is driving the demand for functional and nutritional foods and beverages that are high in fibre and protein or fortified with dairy and non-dairy ingredients.

HOW ARE WE ADDRESSING THIS TREND?

Our range of ingredients, solutions and premixes in Global Ingredients and Joint Ventures & Associates plus our branded consumer products in Glanbia Performance Nutrition and Dairy Ireland tap into the demands of health conscious consumers. We are at the forefront of the development of whey as an important protein ingredient in food and nutrition.

 Read more about our operations on [pages 18 to 23](#).



88%

OF CONSUMERS
GLOBALLY ARE WILLING
TO PAY MORE FOR
HEALTHIER FOODS

Source: Nielsen's 2015 Global
Health & Wellness Survey





MAKING LIFE ACTIVE

ACTIVE LIFESTYLES

Fitness is no longer an occasional activity: it's now a lifestyle choice. A growing focus on active lifestyles, and a greater understanding of the link between diet, exercise and health is driving strong demand for sports nutrition products in convenient formats. Active lifestyles are lived at various levels of intensity.

HOW ARE WE ADDRESSING THIS TREND?

Our sports nutrition products target all fitness levels; from the casual user to the high performance athlete. Our products appeal to the heightened desire for tailor-made nutritional solutions that support an active lifestyle. As a supplier of high quality ingredients, Global Ingredients enables our customers to deliver nutritional and functional products to their consumers. In our Glanbia Performance Nutrition business, our brands are market leading and inspire our consumers to achieve their fitness goals.

 Read more about our operations on [pages 18 to 23](#).

Millennials:

THE MOST PHYSICALLY
ACTIVE GENERATION -
MOVING FITNESS
FROM A TREND TO
A TIPPING POINT

Source: Generation Next Millennials -
Bank of America Merrill Lynch May 2015



MAKING LIFE SIMPLE

EASY, CONVENIENT AND ON-THE-GO

Busy lifestyles are driving consumers away from traditional meals towards quick convenient foods and eating out. Convenient foods, drinks and snacks with clean nutritional profiles are the most sought after meal replacement products.

HOW ARE WE ADDRESSING THIS TREND?

In Global Ingredients we produce a large portfolio of nutrition enriched food and beverage systems and functional ingredients for use in the bakery, beverage, snack bar, dairy and foodservice markets. Our capabilities range from producing 'straight' ingredients to bespoke blends. Additionally, our product offerings, across Glanbia Performance Nutrition and Consumer Products continue to evolve into increasingly convenient formats through product and packaging innovation.

 Read more about our operations on [pages 18 to 23](#).



51%

OF CONSUMERS
SNACK AT LEAST
THREE TIMES A DAY

Source: Insights now - 2014 Meal
Replacement Study: 5 Mega-Trends







MAKING LIFE SAFE

CLEAN LABELLING

Consumers are becoming more aware and interested in what is in their food. They have a growing desire for natural, sustainable ingredients with clear and understandable information about what a food product contains. They are demanding greater ingredient authenticity and transparency in the foods that they purchase and there is a growing trend towards minimally processed, clean label food and beverage products.

HOW ARE WE ADDRESSING THIS TREND?

We address the demand for product and ingredient safety and origin by producing clean label, natural ingredients. Our Isopure brand delivers protein with little or no fat or carbohydrates.

Glanbia Agribusiness operates an Oatsecure closed-loop supply chain process, which produces functional and nutritional oats ('Oatpure') that are guaranteed gluten-free.

In Ireland we operate a milk quality assurance programme – Open Source Dairy.

 Read more about our sustainability programme on [pages 28 to 30](#).

85%

OF CONSUMERS
SEEK CLEAN LABELS
WHEN THEY ARE
PURCHASING FOOD

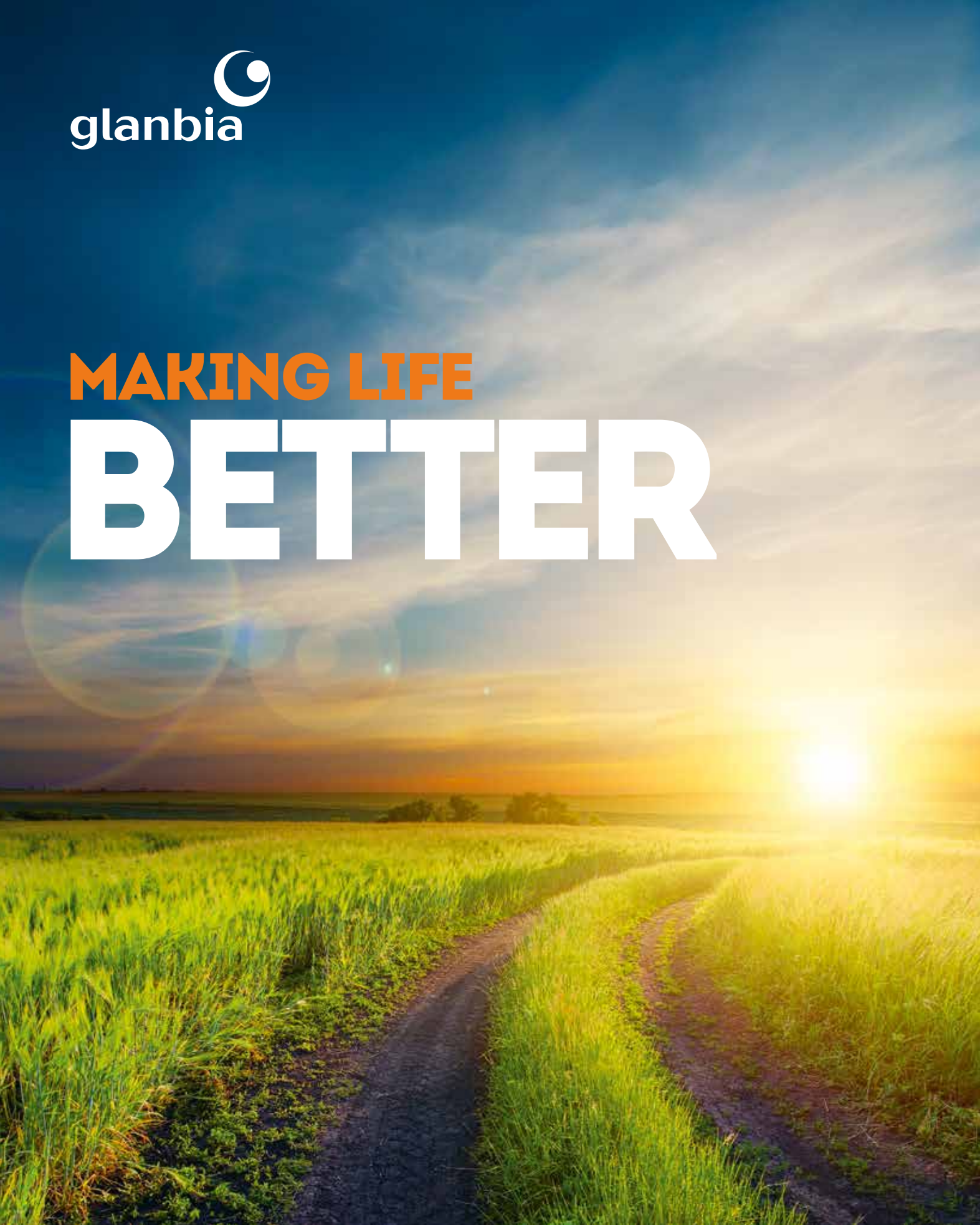
Source: Mintel 2015
Food and Drink Trends





MAKING LIFE

BETTER



KEY TOPICS IN 2015

STRATEGY

Our vision is to be one of the world's top performing nutrition companies trusted to enrich lives every day. Our strategic objective is to maximise total returns to shareholders.

Read more about our strategic priorities and targets.

[READ MORE ON PAGES 6 TO 13](#)



PERFORMANCE

We have leading market positions in performance nutrition, cheese, dairy ingredients and nutritional systems and precision premixes.

Read our commentary on the Group's operating performance.

[READ MORE ON PAGES 14 TO 23](#)



PEOPLE

Our diverse and talented employees are key to our success. Find out what the Group is doing to create a great workplace where people feel engaged and inspired to do their best work.

[READ MORE ON PAGES 24 TO 27](#)



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GROUP CHAIRMAN'S STATEMENT

GLOBAL GROWTH

"It is a testament to the strength of our business model and the commitment of our employees that we achieved a sixth consecutive year of double digit growth in earnings in 2015."

HENRY CORBALLY
Group Chairman

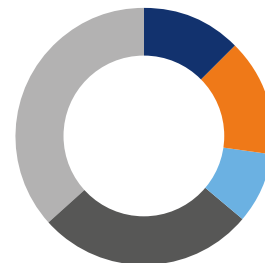
HIGHLIGHTS OF 2015

- Strong performance and delivery of shareholder value;
- Investment in people development and talent management;
- Renewed purpose, vision and values for the Group;
- Agreed further planned reduction in Board composition; and
- Positive outlook for 2016.



SHAREHOLDER ANALYSIS

Institutional	
■ North America	12.6%
■ UK	14.8%
■ Rest of World	8.9%
Other	
■ Retail	27.2%
■ Glanbia Co-op Society	36.5%



DEAR SHAREHOLDER,

It is a genuine privilege to have been appointed Group Chairman of Glanbia plc.

We live in an age where consumer attitudes to nutrition and food are changing rapidly. Busy lifestyles and a growing focus on health and wellbeing are driving demand for convenient, nutritionally-enriched foods that provide health benefits beyond just basic nutrition. Our vision to be one of the world's top performing nutrition companies, trusted to enrich lives every day, commits us to growing our business by addressing these health and nutrition trends.

STRONG PERFORMANCE

It is my particular pleasure, in my first year as Group Chairman, to report another strong set of results for Glanbia plc.

Group revenue grew from €2.5 billion to €2.8 billion. Group EBITA increased 29.9% to €271.0 million (10.5% constant currency). Growth in adjusted earnings per share was 29.4% (10.6% constant currency). This is the sixth consecutive year of double digit earnings growth (constant currency) which is an excellent achievement by any standard.

It has been a year of further progress – strategically, operationally and financially, despite challenging dairy markets. There is, however, no room for complacency and we continue to develop our two global growth platforms – Glanbia Performance Nutrition (GPN) and Global Ingredients (GI) – which together accounted for 89.4% of wholly owned 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. Our executive and senior management incentive programmes are also linked to TSR, aligning the Glanbia long-term incentive plan with shareholder interests. The share price rose 32.3% to end

the year at €16.95. TSR for 2015 was 33.2%, following returns of 16.9% in 2014 and 35.4% in 2013. This three-year performance reflects the benefits of the Group's growth strategy and the focus on our global growth platforms.

GOVERNANCE AND BOARD CHANGES

A strong governance structure is one of the principal features that underpins the continued expansion of our business. Critical to the success of the business is ensuring we maintain a breadth and balance of skills to suit both the existing business and support future growth.

I would like to take this opportunity to pay tribute to my predecessor Liam Herlihy, who retired as Group Chairman and a director in June. Liam's depth of experience and knowledge of the Group provided strong and focused Board leadership. I would like to thank him and wish him and his family the very best for the future.

Three Non-Executive Directors nominated by Glanbia Co-operative Society Limited ('the Society'); David Farrell, Patrick Gleeson and Bill Carroll, also retired from the Board during the year. I thank them for their excellent contribution and commitment over the course of their tenure.

Following my appointment as Group Chairman, Patrick Murphy was appointed Group Vice-Chairman. Patsy Ahern, Jim Gilsenan, Patrick Hogan and Tom Grant were also appointed to the Board as nominees of the Society.

During the year, the Society members approved the sale of four million Glanbia plc shares – the equivalent of 1.35% of the plc – and the spin-out of a further 10 million shares or 3.38% of the plc to over 15,500 individual Society members. This has reduced the Society's stake in Glanbia plc from 41.2% to 36.5% and the Society's board retains the discretion to reduce its holding to 33% in the future.

As a consequence of this further reduction in the Society's holding in the plc, the Society's

representation on the Board of Glanbia plc will reduce from the previously agreed eight members to seven members in 2020.

PROGRESSIVE DIVIDEND

The Board is recommending a final dividend of 7.22 cent per share bringing the total dividend for 2015 to 12.1 cent per share, representing an increase of 10%. The Annual General Meeting (AGM) will be held on 27 April 2016 in the Lyrrath Estate Hotel, Old Dublin Road, Kilkenny, Ireland. Subject to approval at the AGM, dividends will be paid on 29 April 2016 to shareholders on the register of members as of 18 March 2016. Irish withholding tax will be deducted at the standard rate where appropriate.

OUR PEOPLE

Glanbia's continued success owes a great deal to the outstanding efforts of a very talented global workforce.

At the end of 2015 Glanbia employed over 6,000 people worldwide, an increase of 3.4% during the year. Through their efforts, the Group has continued to grow and serve the needs of our valued customers and consumers.

POSITIVE 2016 OUTLOOK

In closing, I would like to thank the Board, the Glanbia management team and all our employees for their continuing hard work and commitment. Our significant scale and broad geographical exposure, as well as our strong understanding of the industry and how it is evolving, ensures we are well-positioned for future growth.

The outlook for 2016 is positive and our full year guidance is 8% to 10% growth in adjusted earnings per share, constant currency. In addition, the ambitious strategic targets we set ourselves to 2018 remain on track.

HENRY CORBALLY
Group Chairman

BUSINESS MODEL

CREATING VALUE THROUGH NUTRITION

OUR VISION

**TO BE ONE OF THE WORLD'S TOP
PERFORMING NUTRITION COMPANIES,
TRUSTED TO ENRICH LIVES EVERYDAY**

WHAT WE DO AND HOW WE ADD VALUE

**CLEAN INGREDIENTS, EXPERTISE
AND CAPABILITIES**

We take pure and clean ingredients including milk, whey and grains, and using our expertise and capabilities produce high-quality nutritional ingredients and branded consumer products for our customers and consumers worldwide.

Our deep sector knowledge, our collaborative approach and our innovative thinking enables us to:

- Develop and commercialise specialty nutritional and functional ingredients;
- Be the world leading performance nutrition company; and
- Identify trends and collaborate closely with customers and consumers to co-create and co-develop product solutions that meet consumer needs.

HOW WE DO IT BETTER

**OUTSTANDING PEOPLE,
PROCESSES AND SYSTEMS**

Our capabilities are wide ranging and include the deployment of our global talent to deliver best in class portfolio management, brand management, operational excellence, science-backed innovation and strong customer relationships supported by a well invested asset infrastructure.

We create sustainable value for all our stakeholders: our shareholders, our suppliers, our employees, our customers and our communities.

OUR VALUE CHAIN

BASE INGREDIENTS

Global Ingredients and our key strategic Joint Ventures & Associates process circa six billion litres of milk in Ireland, the UK and the US. This gives us a unique raw material supply chain, sustainable and traceable, which is a key differentiator for our customers and their consumers. Our processing capability provides us with captive large scale whey volumes: a critical raw material for higher value specialty ingredients, nutritional and functional systems and performance nutrition products.

SPECIALTY INGREDIENTS

We are at the forefront in developing whey as a key protein ingredient in food and nutrition. Today, Glanbia is the leading global manufacturer, marketer and user of whey protein fractions and isolates. We complement our dairy ingredient expertise with a portfolio of non-dairy and other specialty ingredients, such as grains and vegetable proteins, which gives us greater market reach and customer relevance.



NUTRITIONAL INGREDIENT SOLUTIONS AND SYSTEMS

We combine a range of own and bought-in ingredients to create ingredient systems which can provide both nutritional and functional benefits to food. We also have the capability to innovate and develop full turn-key nutritional ingredient solutions for our customers, independently or collaboratively. We supply to key market segments including performance nutrition, mainstream food and beverage markets and the clinical and infant nutrition industry. These are all higher growth market segments, which are being driven by changing global consumer trends and demographics.

CONSUMER BRANDS

Our leading performance nutrition brand family comprises protein, energy, performance and recovery products and general health supplements, which are available in multiple formats and channels in the US and other markets around the world. We also have some of the leading Irish consumer food and agribusiness brands. While Glanbia Performance Nutrition has our leading brand portfolio, our range of consumer products in Dairy Ireland demonstrates that there is potential for moving up the value chain across the Group.

MAINTAINING A STRONG POSITION

**STRATEGIC OBJECTIVE
TO MAXIMISE
TOTAL RETURNS TO
SHAREHOLDERS**

2016 TO 2018 STRATEGIC TARGETS

We have defined a clear set of strategic priorities and targets in order to achieve our 2018 ambitions.

Our 2016 to 2018 strategic targets are:

- To maintain annual growth in adjusted earnings per share of 8% to 10%, constant currency; and
- To maintain a return on capital employed of over 12%.

KEY PERFORMANCE INDICATORS

We monitor our long-term progress by measuring growth or improvement in seven key performance indicators (KPIs). These KPIs have been identified by the Board as the most relevant to delivering the Group's strategy and objectives. See pages 8 to 9 for more on our KPIs.

SUSTAINABILITY

We seek to maintain a strong position on key sustainability issues in our sector including the environment, regulatory compliance, supply chain and food safety. See pages 28 to 31 for more about sustainability.

PRIORITY

**MAINTAIN AND GROW OUR
GLOBAL LEADERSHIP IN
PERFORMANCE NUTRITION**

PRIORITY

**SUSTAIN CURRENT AND DRIVE
FURTHER MARKET LEADERSHIP
IN NUTRITIONAL AND
FUNCTIONAL INGREDIENTS**

PRIORITY

**GROW THROUGH ORGANIC
INVESTMENT PROGRAMME AND
ACQUISITION/PARTNER WITH
COMPLEMENTARY BUSINESSES**

PRIORITY

**DEVELOP TALENT, CULTURE
AND VALUES IN LINE WITH
OUR GROWING GLOBAL SCALE**

2015 PROGRESS

- Further consolidated our position as a leading performance nutrition brand family with the acquisition, in December 2015, of thinkThin – a US based provider of protein-enriched bars and snacks;
- Achieved channel expansion through branded revenue growth especially in the US; and
- Successfully integrated Isopure, a provider of performance nutrition products, acquired in 2014.

2016 TARGETS

- Deliver branded revenue growth ahead of the market, addressing specific challenges in certain international markets;
- Accelerate consumer-insight led innovation across new formats and channels; and
- Leverage thinkThin's platform for healthy snacks and bars throughout the rest of Glanbia Performance Nutrition (GPN).

2015 PROGRESS

- Maintained our leadership positions in American-style cheddar cheese and whey-based nutritional solutions in Global Ingredients (GI);
- Delivered strong growth in nutritional and functional dairy solutions, particularly in the nutrition bar sector; and
- Commenced the organisational redesign of GI.

2016 TARGETS

- Deliver earnings growth through further progression in value added ingredients;
- Drive innovation in our functional ingredients across key growth sectors; and
- Complete organisational redesign and leverage commercial and strategic capabilities to deliver our customers' requirements.

2015 PROGRESS

- Completed strategic capital expenditure programme of €86.2 million including the investment in high-end whey production facility in Idaho, US and Performance Nutrition packing capability expansion in Chicago, US;
- Acquired thinkThin for €202 million in December; and
- Commissioned new €235 million dairy facilities in our associate Glanbia Ingredients Ireland (GI) to facilitate an increase in milk throughput, following the abolition of EU quotas in 2015.

2016 TARGETS

- Successfully complete capital expenditure programme of €115 million to €125 million;
- Continue to develop an acquisition pipeline to grow our portfolio across the performance nutrition and ingredients sectors; and
- Finalise agreements for the 25% capacity expansion investment in our cheese and whey facility in Southwest Cheese, Clovis, New Mexico, US.

2015 PROGRESS

- Completed first global employee engagement survey and commenced initiatives to address issues raised;
- Renewed the Group's purpose, vision and values and identified core behaviours to deliver same; and
- Completed comprehensive organisation and people talent review of top leaders.

2016 TARGETS

- Embed values and behaviours across the Group;
- Develop leadership talent programme to secure pipeline of our next generation of leaders; and
- Renew focus on career development and succession planning.

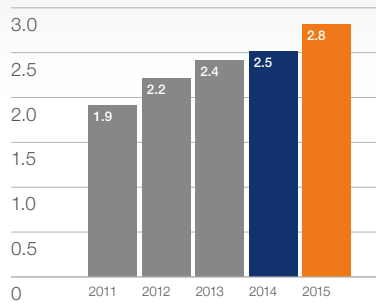
KEY PERFORMANCE INDICATORS

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.

Definitions of Key Performance Indicators are contained in the glossary on pages 170 to 172.

REVENUE
(€bn)
€2.8bn



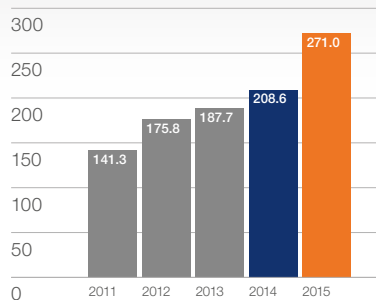
STRATEGIC RELEVANCE

While movements in commodity dairy markets can influence revenue movements in a specific year, 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 2015, revenue was €2.8 billion, up 9.3% reported, a decline of 3.6% constant currency on 2014. Constant currency revenue growth in Glanbia Performance Nutrition and Dairy Ireland was offset by a decline in Global Ingredients as a result of lower global dairy market prices.

EBITA¹
(€m)
€271.0m



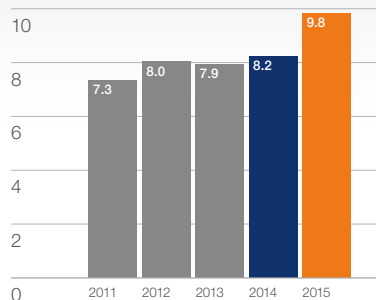
STRATEGIC RELEVANCE

EBITA is a measure of the trading profitability of the Group, excluding intangible asset amortisation. The exclusion of intangible asset amortisation aids comparability between our segments that have grown organically and those that have grown by acquisition.

PERFORMANCE

EBITA was €271.0 million in 2015 up 29.9% reported and up 10.5% constant currency on 2014. Strong performances in Glanbia Performance Nutrition and Dairy Ireland were offset by a constant currency decline in EBITA in Global Ingredients caused by challenging global dairy markets in 2015.

EBITA MARGIN
(%)
9.8%



STRATEGIC RELEVANCE

The Group has a portfolio of businesses with a range of EBITA margins. Long-term improvement in EBITA margin demonstrates how the Group's strategy to focus on higher growth, higher margin products and segments is being successfully implemented.

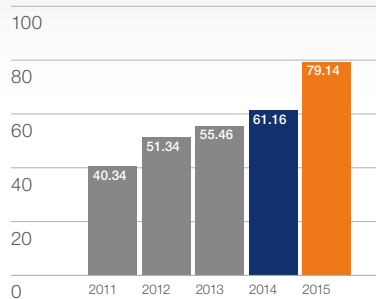
PERFORMANCE

EBITA margin in 2015 was 9.8%, up 160 basis points reported, up 130 basis points constant currency, on 2014. EBITA margin increased in all segments, with particularly strong increase in Glanbia Performance Nutrition, due to improved product mix, operating leverage and input cost reductions.

1. Performance condition of Glanbia's Annual Incentive Scheme.
2. Performance condition of Glanbia's Long Term Incentive Plan.

ADJUSTED EARNINGS PER SHARE^{1,2} (€ cent)

79.14c



STRATEGIC RELEVANCE

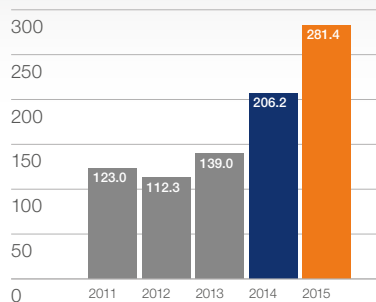
Adjusted earnings per share (EPS) is an important measure of the profitability of the Group as it represents the underlying profit of the Group per equity share in issue. The Group has set a target of achieving annual growth in adjusted EPS of 8%-10%, constant currency, to 2018.

PERFORMANCE

Adjusted EPS was 79.14 cent, up 29.4% reported, 10.6% constant currency on 2014. This is in line with market expectations and is the sixth consecutive year of double digit constant currency EPS growth. The compound annual growth rate in constant currency adjusted EPS from 2011 to 2015 was 18.3%.

OPERATING CASHFLOW¹ (€m)

€281.4m



STRATEGIC RELEVANCE

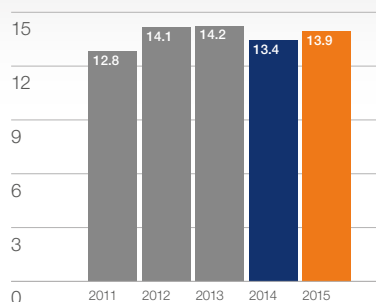
Operating cashflow measures the cash generated from operations before interest and tax payments and before strategic capital expenditure. It is a measure of the ability of the Group to convert trading profits to cash, which is then available for strategic investments and dividend payments.

PERFORMANCE

Operating cashflow was €281.4 million, up €75.2 million on 2014, a 16.6% increase, constant currency. Increased earnings and continued management of working capital were the main contributors to this increase.

RETURN ON CAPITAL EMPLOYED² (%)

13.9%



STRATEGIC RELEVANCE

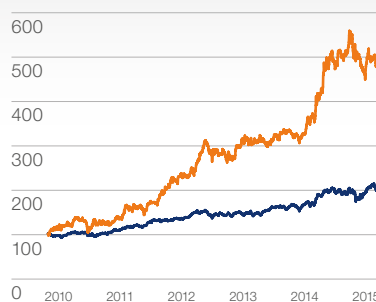
Return on Capital Employed (ROCE) measures the efficiency of the Group's organic and acquisition investment programmes as well as the utilisation of its assets. The strategic target is to maintain a minimum ROCE of 12%.

PERFORMANCE

ROCE for 2015 was 13.9% compared to 13.4% in 2014. This increase is primarily driven by the growth in reported EBITA including the impact of currency, somewhat offset by the dilutive effect of recent acquisitions.

TOTAL SHAREHOLDER RETURN²

— Glanbia
— STOXX Europe 600 F&B Index



STRATEGIC RELEVANCE

Total Shareholder Return (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, compared with its peers for the same time period.

PERFORMANCE

Glanbia's TSR in 2015 was 33.2% (2014: 16.9%). Five year TSR of 387% out-performed the STOXX Europe 600 Food and Beverage (F&B) Index by 283%.

Note: Following reassessment of its KPIs during 2015, the Group no longer views Net debt : adjusted EBITDA as a KPI and has replaced Total Group Revenue and Total Group EBITA with the equivalent wholly-owned measures.

DELIVERING A STRONG PERFORMANCE

"2015 was a very good year at Glanbia. We achieved strong earnings and cash growth and delivered on our capital investment and acquisition programmes."

SIOBHÁN TALBOT

Group Managing Director

2015 STRATEGIC HIGHLIGHTS

- Delivery of 2015 financial growth targets;
- Successful execution of the thinkThin acquisition in our Performance Nutrition brand portfolio;
- Completion of significant organic investment programme within Global Ingredients (GI) and commencement of the reorganisation of GI into one global organisation;
- Delivery of the Group capital investment programme of €123.6 million, plus commissioning of the €235 million investment in dairy processing facilities in Ireland by our associate Glanbia Ingredients Ireland (GII);
- Strong innovation execution with an exciting array of new product developments across both our ingredient and branded portfolios;
- Renewed Group purpose, vision and values; and
- Launched major employee engagement and talent development initiatives.



NUMBER OF EMPLOYEES

6,015

■ Glanbia Performance Nutrition	1,598
■ Global Ingredients	1,781
■ Dairy Ireland	1,251
■ Joint Ventures & Associates	1,385

**Q: HOW DID GLANBIA PERFORM IN 2015?**

A: We had a strong year overall and are pleased that we sustained our growth momentum into 2015. We made good progress against our strategic priorities and this enabled us to achieve a reported growth in adjusted earnings per share of 29.4%. From a management perspective we focus on the performance of the business excluding the impact of currency translation and on a constant currency basis delivered 10.6% adjusted earnings per share growth. This was our sixth consecutive year of double digit constant currency growth. We also achieved a return on capital employed of 13.9%, thereby delivering on our two key strategic performance metrics.

As in any business of our scale, there were lots of opportunities and challenges during the course of the year. It is a real testament to the resilience of the Glanbia model and the natural portfolio hedges within the Group, that we sustained our growth despite challenging conditions in global dairy markets. We have a strong portfolio of nutritional ingredients and branded products and we believe that our deep sector knowledge provides us with a unique opportunity to capitalise on key growth trends in the nutrition industry. We are ambitious and will continue to invest to sustain this momentum.

Q: WHAT WERE THE MAIN GROWTH DRIVERS?

A: Our performance was underpinned by another year of strong growth in Glanbia Performance Nutrition (GPN) with EBITA up 28.3%, constant currency and margins at 14.7% up 250 basis points, constant currency. GPN maintained the strong pace observed in recent years. We saw renewed branded revenue momentum in our core market in the US and while there were undoubtedly currency related challenges in certain other geographies, the strength of our product portfolio resulted in good growth in overall branded revenue and a strong improvement in margins in the year.

Our recently acquired Isopure brand performed well in 2015. We also completed the acquisition

of the US based snack bar business – thinkThin – a brand that very much complements our existing GPN portfolio.

In addition, we saw a recovery of margins in Dairy Ireland by 140 basis points to 4.5%. Our decision in recent years to sustain investment levels both in our leading brands and in the infrastructure of the business delivered returns and we saw revenue growth and margin recovery in that segment of the business.

Q: WHAT ARE YOUR THOUGHTS ON THE CHALLENGES IN GLOBAL INGREDIENTS?

A: Global Ingredients (GI) experienced a challenging market environment in 2015 as a consequence of difficult US and global dairy markets. This resulted in an 11.6% EBITA decline, constant currency, while margins at 8.8% were up 20 basis points constant currency. While we have a robust pricing model in our dairy operations, which gives us a strong element of margin protection, the pace and scale of US and global dairy market pricing declines resulted in margin pressures in the dairy side of our GI business. However, the team had a number of significant successes in 2015. We continue to invest in our strategy of adding value to our whey streams and completed the high-end whey investment in our Idaho plant during the year. This investment has further enabled the development, with our customers, of our nutritional and functional dairy solutions. We had particular success in 2015 in the bar sector in the US and equally, on the non-dairy side, our Customised Solutions business and our emerging platforms such as grains and vegetable proteins are all developing well with good revenue growth.

Q: TELL ME ABOUT THE ORGANISATION REDESIGN OF GLOBAL INGREDIENTS (GI)?

A: The organisational redesign of GI has been an exciting project in 2015 which will continue into 2016. Essentially this programme will result in the reorganisation of the business into one global GI organisation from the existing three current business units: US Cheese, Ingredient

Technologies and Customised Solutions.

This allows us to leverage our current strengths to seamlessly deliver the full suite of Glanbia's product, service and innovation capability to our customers. In practical terms we will have a redesigned commercial organisation, focused on driving our cheese and nutritional ingredient portfolio, aligned with clear product strategies and supported by centres of excellence across areas such as product supply, innovation and strategy. These exciting changes will enable us to be an innovative agile insight-led organisation, very much aligned to customer requirements and consumer trends.

Q: WHAT ABOUT STRATEGIC JOINT VENTURES & ASSOCIATES IN 2015?

A: Our strategic Joint Ventures & Associates progressed well in 2015. The JV model is one which we are very comfortable with, we see it as very complementary to our Global Ingredients business. Clearly, as our Joint Ventures & Associates are predominantly large scale dairy businesses, market conditions were challenging but overall the businesses delivered extremely well against their strategic plans.

Glanbia Cheese had a solid year with continued volume growth with key customers.

The commissioning of the Belview facility in Glanbia Ingredients Ireland (GII) was a milestone for the Group and our Irish suppliers. Following the abolition of EU milk quotas in May 2015, the collective ambition of the business and our Irish suppliers was demonstrated by a 18.1% increase in milk supplied by GII suppliers in the year.

We also continue to have a very strong partnership with Milk Member, LP in Southwest Cheese and were pleased to announce plans for a 25% expansion of our cheese and whey facility in Clovis, New Mexico by 2018.

GROUP MANAGING DIRECTOR'S REVIEW CONTINUED

“WE DELIVERED ON OUR PERFORMANCE METRICS, WITH ADJUSTED EARNINGS PER SHARE GROWTH OF 10.6% CONSTANT CURRENCY, OUR SIXTH CONSECUTIVE YEAR OF DOUBLE DIGIT GROWTH, AND RETURN ON CAPITAL EMPLOYED OF 13.9%.”

SIOBHÁN TALBOT
Group Managing Director

During the year we sold our interest in the Nigerian-based Nutricima joint venture to our partner PZ Cussons plc, but retain a strong commercial relationship with this business as a route to market in West Africa for ingredients from our GII business.

Q: HOW IS GLANBIA'S STRATEGY PROGRESSING?

A: We made excellent progress on our strategic ambitions in 2015.

We retained our market leadership position in nutritional and functional ingredients with particularly strong growth in the nutritional bar sector. Our non-dairy protein business such as grain and vegetable proteins also continued to gain traction.

One of our main strategic priorities is to grow our business through organic investment and acquisition/alliance with complementary businesses.

Our acquisition of the US snack bar business thinkThin and the launch of trusource will enable us to expand our consumer and channel reach. We launched trusource in Q4 2015 and this is our first entry into the US mass retail channel, aimed at lifestyle consumers.

In 2015, our total investment in capital expenditure was €123.6 million, of which €86.2 million was strategic investment, reflecting our ongoing focus on the organic growth potential of the business. The key projects undertaken in 2015 include the significant investment in GI high end whey production facility in Idaho, US and the further expansion of our Performance Nutrition packing capability in Chicago, US.

Last year was also a year of significant progress in terms of unlocking the potential of our people and global talent development in Glanbia. We placed particular focus on a comprehensive review of our top talent and succession to ensure a healthy pipeline of future leaders and to identify their development needs.

We also refreshed the Group's purpose, vision and values and developed a set of core behaviours that will underpin how our teams live these values.

At the heart of our strategy is our purpose of delivering better nutrition for every step of life's journey and ultimately we will measure our success through the delivery of our vision: to be one of the world's top performing nutrition companies, trusted to enrich lives every day.

Q: WHEN YOU TALK ABOUT BEING DRIVEN BY KEY NUTRITIONAL CONSUMER TRENDS, WHAT DOES THAT MEAN?

A: Consumer attitudes towards food, nutrition and wellbeing are continuously evolving. The challenge and opportunity for Glanbia is to respond to the ever-changing needs of our customers and ultimately our consumers. This requires a strategic approach to innovation, investments and acquisitions and it also requires agile and collaborative relationships with our key customers and consumers.

Through innovation and in particular our strong partnerships with key customers we identify how we can best address and respond to consumer trends and stay at the forefront of the food and nutrition industry. Therefore our unique portfolio of performance nutrition brands and nutritional ingredients are right at the heart of emerging growth opportunities.

Our product range spans from cheese, functional ingredients and nutritional solutions to consumer branded products.

Our GPN brands inspire our consumers to achieve optimal energy, focus and endurance, in easy and convenient formats such as powder, Ready-To-Drink (RTD) beverages, bars and supplements.

Over the last number of years, one of the biggest shifts seen in the performance nutrition sector is the rapid expansion of its demographic

base. For years, the category was a niche offshoot of supplements, catering largely to elite athletes and bodybuilders.

However, with the recent rising profile of protein as a healthy ingredient and the ever increasing focus on nutrition, health and wellbeing, the category has begun to attract more mainstream fitness consumers.

As an ingredients provider, our nutritional ingredient solutions help us exploit emerging cheese and ingredient opportunities. For example, our protein systems have transformed the bar and beverage categories over several years by facilitating increased levels of protein, cleaner labels and greater product functionality. In 2015, we further expanded our protein systems portfolio to include a range of non-dairy protein such as pea protein.

 For more information on key macro trends **find out more in our booklet.**



OUR GLANBIA UNITED BY OUR PURPOSE, VISION AND VALUES

In 2015, we refreshed the Group's purpose, vision and values to better reflect our global scale, diverse customer and consumer base and growth strategy.

Q: WHAT IS THE OUTLOOK FOR 2016?

A: Our outlook for 2016 is to sustain our growth and we are guiding growth in adjusted earnings per share of 8% to 10%, constant currency.

The growth profile of Glanbia will continue to be a blend of organic growth through innovation and strategic capital investment and acquisition.

We have an active development pipeline and will look for opportunities to invest in complementary technologies, ingredients and brands that extend our customer and consumer reach.

In terms of our individual segments, we are ambitious to continue the momentum in our two key global platforms and believe that the prospects are positive for Glanbia Performance Nutrition and Global Ingredients for 2016. Dairy Ireland and Joint Ventures & Associates are expected to be broadly in line with 2015 performance.

While there are challenges in the global economic and dairy market landscape, we believe that our market leading positions and strong execution skills will sustain our growth momentum in 2016.



SIOBHÁN TALBOT
Group Managing Director

OUR PURPOSE: DELIVERING BETTER NUTRITION FOR EVERY STEP OF LIFE'S JOURNEY.

OUR VISION: TO BE ONE OF THE WORLD'S TOP PERFORMING NUTRITION COMPANIES TRUSTED TO ENRICH LIVES EVERY DAY.

OUR VALUES: Our values describe the behaviours that are important to us in Glanbia. They provide us with a framework for how we do business, guiding the way we work with each other, our customers, stakeholders and within our communities.

As a business, it is the trust we build with all our stakeholders that is most important to us.

First, we are the **Customers' Champion**. It is this value that means our customers and consumers don't just choose us once, but rely on us delivering for them time and again.

Our commitment to quality, consistency, safety and more, demonstrates that only the highest standards of **Performance Matters** to us. We're not just delivering better nutrition, but delivering it better every day.

It's this drive to constantly improve on our performance that has led us to innovate and collaborate to **Find a Better Way** to do things throughout our history. It has fuelled acquisitions, partnerships, new product launches and smarter ways of working. It's essentially a mindset: it's in our DNA.

Naturally these values mean that we expect a lot of our people, every day. But we've plenty to offer in return. Nurturing individuals for their talent is a part of this, but so is encouraging every opportunity to work together across Glanbia. Winning is great, but **Winning Together** is far more rewarding.

Showing Respect underpins everything we do – caring for our people and our planet is at our core and is embedded in the fabric of Glanbia. It builds a better future for everyone and is vital for our success.



GROUP FINANCE DIRECTOR'S REVIEW

STRONG CASHFLOW AND MARGIN EXPANSION

MARK GARVEY

Group Finance Director

FULL YEAR 2015 RESULTS HIGHLIGHTS

- Adjusted earnings per share 79.14 cent, up 10.6% constant currency (up 29.4% reported);
- EBITA in the wholly owned business €271.0 million, up 10.5%, constant currency (up 29.9% reported);
- EBITA margins in the wholly owned business 9.8%, up 130 basis points, constant currency (up 160 basis points reported);
- Strong result from Glanbia Performance Nutrition with EBITA of €135.6 million, a 28.3% increase, constant currency (up 52.0% reported);
- Global Ingredients delivered a resilient result in difficult dairy markets with EBITA of €106.6 million, an 11.6 % decrease, constant currency (up 6.2% reported);
- Dairy Ireland EBITA of €28.8 million as margins recovered to 4.5%;
- Joint Ventures & Associates performed in line with expectations;
- Operating cashflow improved by €75.2 million to €281.4 million; and
- Recommended full year dividend of 12.1 cent per share, an increase of 10%.



“OUR STRONG OPERATING CASHFLOW AND GOOD MARGIN EXPANSION ILLUSTRATES THE STRENGTH OF OUR GLOBAL BUSINESS AS WE CONTINUE TO BUILD ON OUR TRACK RECORD OF DELIVERING DOUBLE DIGIT EARNINGS GROWTH.”

MARK GARVEY

Group Finance Director

STRONG PERFORMANCE

We are pleased to report another year of double digit growth in earnings per share (EPS), constant currency, along with a strong wholly owned EBITA margin of 9.8%. In addition our working capital initiatives across the Group are facilitating improved cash conversion and we reported strong double digit growth in operating cashflow, constant currency. These results enabled us to continue to meet our core strategic financial targets as we achieved constant currency EPS growth of 10.6% and a return on capital employed of 13.9%. Along with our strong financial results, we are also pleased to increase our dividend by 10% to 12.1 cent per share returning over €35 million to our shareholders.

INCOME STATEMENT

In 2015, wholly owned revenue declined 3.6%, constant currency (9.3% reported increase) to €2.8 billion (2014: €2.5 billion). EBITA grew by 10.5% constant currency (29.9% reported) to €271.0 million (2014: €208.6 million). EBITA margin increased by 130 basis points constant currency (160 basis points reported) to 9.8%.

Net financing costs increased by €0.8 million to €21.1 million (2014: €20.3 million). This was driven by the adverse impact of foreign exchange on translation of US dollar denominated interest and increased debt due to the net impact of acquisitions, offset somewhat by the repayment of €39 million cumulative redeemable preference shares in 2014. The Group's average interest rate in 2015 was 4.0% (2014: 4.4%). Glanbia operates a policy of fixing a significant amount of its interest exposure, with 70% of projected 2016 debt currently contracted at fixed rates.

The 2015 pre-exceptional tax charge increased by €9.0 million to €37.3 million (2014: €28.3 million). This represents an effective tax rate, excluding Joint Ventures & Associates, of 17.1% (2014: 17.0%). The Group anticipates an effective tax rate in 2016 of between 17% and 18%.

The Group's share of results of Joint Ventures & Associates increased by €2.6 million to €26.3 million (2014: €23.7 million). Share of results of Joint Ventures & Associates is an after tax and interest amount.

2015 INCOME STATEMENT (PRE-EXCEPTIONAL)

€m	2015	2014	Change	Constant Currency Change
Revenue	2,774.3	2,538.3	+9.3%	-3.6%
EBITA	271.0	208.6	+29.9%	+10.5%
EBITA margin	9.8%	8.2%	+160bps	+130bps
– Amortisation of intangible assets	(31.1)	(22.5)		
– Net finance costs	(21.1)	(20.3)		
– Share of results of Joint Ventures & Associates	26.3	23.7		
– Income tax	(37.3)	(28.3)		
Profit for the year (pre-exceptional)	207.8	161.2		

SEGMENTAL ANALYSIS

€m	2015			2014		
	Revenue	EBITA	EBITA %	Revenue	EBITA	EBITA %
Glanbia Performance Nutrition	923.1	135.6	14.7%	746.2	89.2	12.0%
Global Ingredients	1,218.0	106.6	8.8%	1,175.4	100.4	8.5%
Dairy Ireland	633.2	28.8	4.5%	616.7	19.0	3.1%
Total wholly-owned businesses	2,774.3	271.0	9.8%	2,538.3	208.6	8.2%
Joint Ventures & Associates	893.1	39.7	4.4%	984.0	36.4	3.7%
Total Group	3,667.4	310.7	8.5%	3,522.3	245.0	7.0%

For definitions and more information on constant currency and other performance measures see the glossary on pages 170 to 172.

GROUP FINANCE DIRECTOR'S REVIEW CONTINUED

ADJUSTED EARNINGS PER SHARE

	2015	2014	Change	Constant Currency Change
Adjusted earnings per share	79.14c	61.16c	+29.4%	+10.6%

Total adjusted earnings per share grew 10.6% constant currency (29.4% 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.

EXCEPTIONAL ITEMS

€m	2015	2014
1. Organisational redesign costs	(7.0)	–
2. Acquisition integration costs	(2.9)	–
3. Rationalisation costs	(7.8)	(6.4)
4. Group pension scheme costs	(5.0)	–
5. Disposal of interest in Joint Venture	(3.6)	–
Transaction related costs	–	(9.6)
Exceptional charge pre-tax	(26.3)	(16.0)
Taxation credit	2.5	1.9
Total exceptional charge	(23.8)	(14.1)

The total cash outflow during the year in respect of exceptional charges was €15.1 million (2014: €16.4 million) of which €7.1 million (2014: €10.8 million) was in respect of prior year exceptional charges. Details of the exceptional items are as follows:

1. Organisational redesign costs relate to the project to create one integrated Global Ingredients (GI) organisation as described in the Operations Review. This project will continue for 12 months at a total cost of approximately €15 million to €20 million.
2. Acquisition integration costs comprise costs incurred by Glanbia Performance Nutrition relating to restructuring and the redesign of route to market capabilities in acquired businesses.
3. Rationalisation costs primarily relate to the completion of the restructuring programme in the Dairy Ireland segment. There was no related write down of tangible assets in 2015 (2014: €3.2 million).
4. The Group undertook a review of its pension arrangements in 2015 and agreed with the pension trustees to wind up three of its smaller Irish defined benefit pension schemes. This transaction resulted in an exceptional charge in the year of €5.0 million. This charge relates to net losses on settlement of €4.3 million, in accordance with IAS19, and professional fees of €0.7 million in relation to the transaction. This settlement reduced the gross retirement benefit obligations by €60.2 million.
5. On 01 April 2015 the Group disposed of its investment in Milk Ventures (UK) Limited, which is the parent company of Nutricima Limited, a Joint Venture business involved in the supply and distribution of evaporated and powdered milk, based in Nigeria. The disposal of the Group's interest resulted in a loss of €3.6 million.

DIVIDEND PER SHARE

The Board is recommending a final dividend of 7.22 cent per share (2014: final dividend 6.57 cent per share). This represents an increase of 10% in the year and brings the total dividend for the year to 12.10 cent per share (2014: 11.00 cent per share) and a return of over €35 million to shareholders.

CASHFLOW

€m	2015	2014
EBITDA pre-exceptional	313.9	240.6
Movement in working capital (pre-exceptional)	4.9	8.2
Business sustaining capital expenditure	(37.4)	(42.6)
Operating cashflow	281.4	206.2
Net interest and tax paid	(33.6)	(57.1)
Dividends from Joint Ventures & Associates	14.9	12.6
Other outflows	(6.7)	(9.1)
Free cashflow	256.0	152.6
Strategic capital expenditure	(86.2)	(72.9)
Acquisitions	(196.8)	(142.0)
Disposals	29.0	3.2
Equity dividends	(33.9)	(30.8)
Exceptional costs paid	(15.1)	(16.4)
Cashflow pre-exchange translation adjustments	(47.0)	(106.3)
Exchange translation adjustments	(33.8)	(31.1)
Net debt movement	(80.8)	(137.4)
Net debt at the beginning of the year	(510.4)	(374.4)
Net cash acquired on acquisition of subsidiary	7.0	1.4
Net debt at the end of the year	(584.2)	(510.4)

Overall free cashflow was €256.0 million in 2015, a strong increase on €152.6 million in 2014. Operating cashflow increased from €206.2 million to €281.4 million, representing an increase of 16.6% when the impact of currency is excluded.

Corporation tax payments in 2015 were €24.4 million lower than the previous year, primarily due to the availability of accelerated capital allowances on capital expenditure in the US.

OPERATING WORKING CAPITAL

€m	2015	2014
Inventories	344.4	336.8
Trade and other receivables	350.0	305.0
Trade and other payables	(442.7)	(390.4)
Net operating working capital	251.7	251.4

During 2015 Glanbia continued to focus on working capital management and has implemented a number of initiatives focusing on payables, receivables and inventory. Total operating working capital at the end of 2015 was €251.7 million, an increase of €0.3 million compared to the previous year. Excluding the impact of currency movements, acquisitions and other non-operational movements, this represents a decrease in year on year operating working capital of €8.9 million.

INVESTING FOR GROWTH

In 2015 Glanbia continued its programme of organic and external investments to drive growth, investing €283.0 million in acquisitions and strategic capital expenditure programmes.

In December 2015, the Group acquired thinkThin, a leading range of protein-enriched bars and snacks targeted at lifestyle consumers in the US, for a total acquisition cost of €202.4 million, including liabilities assumed/settled on completion, of which €195.2 million was paid immediately and the balance is payable in 2016. The organic investment programme continued with a €123.6 million investment in capital expenditure during 2015. This included €86.2 million of strategic capital expenditure, primarily the completion of a high-end whey production facility by Global Ingredients in Idaho and the construction of additional packing capability in the Glanbia Performance Nutrition plant in Chicago. Total capital expenditure investment is expected to be between €115 million and €125 million in 2016.

GROUP FINANCING

Financing key performance indicators	2015	2014
Net debt : adjusted EBITDA	1.75 times	1.97 times
Adjusted EBIT : net finance cost	10.8 times	8.9 times

The Group's financial position continues to be strong. Net debt at the end of 2015 was €584.2 million. This is an increase from €510.4 million in 2014 and can be primarily attributed to funding the thinkThin acquisition completed during the year as well as the impact of a stronger dollar at year end on translation of US dollar debt. Net debt to adjusted EBITDA was 1.75 times and interest cover was 10.8 times, both metrics remaining well within financing covenants. At year end 2015 Glanbia had available bank facilities of €721 million which will mature in January 2020 and private placement debt of \$325 million which will mature in June 2021.

Glanbia's capital structure has considerable capacity to finance future investments.

RETURN ON CAPITAL EMPLOYED

	2015	2014	Change
Return on Capital Employed	13.9%	13.4%	+50bps

The return on capital employed in 2015 increased by 50 basis points to 13.9% (2014: 13.4%). This was driven primarily by the growth in reported EBITA, including the impact of currency, somewhat offset by the dilutive effect of recent acquisitions. The Group has a strategic target to maintain a minimum return on capital employed of 12%.

PENSION

The Group's net pension liability under IAS 19 (revised) 'Employee Benefits', before deferred tax, decreased in 2015 by €27.5 million to €87.3 million (2014: €114.8 million). A significant driver of this decrease was the increase in the discount rate used in valuing the net pension obligation, from 2.1% at the end of 2014 to 2.25% at end of 2015, reflecting the rise in AA Corporate Bond yields during the year.

The Group settled the liabilities of three Irish defined benefit pension schemes in 2015, resulting in an exceptional charge of €5.0 million. This settlement reduced the gross retirement benefit obligations by €60.2 million.

DELIVERING RETURNS TO SHAREHOLDERS

The past year was another strong year for shareholder returns. Total shareholder return for the year was 33.2% following 16.9% in 2014 and 35.4% in 2013. The Glanbia share price at the end of the financial year was €16.95 compared to €12.81 at the 2014 year end. The share price outperformed the STOXX Europe 600 Food & Beverage Index by 12.1% in 2015.

PRINCIPAL RISKS AND UNCERTAINTIES

The performance of the Group is influenced by global economic conditions and consumer confidence in the markets in which it operates. In 2016 the principal risks and uncertainties affecting the Group's performance continue to be:

- The competitive landscape for Glanbia Performance Nutrition, recognising the impact of a stronger US dollar on the purchasing power of consumers in certain non-US markets;
- The overall impact on margins of movements in dairy market pricing; 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 detail on pages 32 to 38.

FINANCIAL STRATEGY

Glanbia's financial strategy is very much aligned with its overall strategy of ensuring the Group delivers on our key financial goals to 2018 of adjusted EPS growth on a constant currency basis of 8% to 10% while maintaining a minimum return on capital employed of 12%.

Specific financial goals to enable this strategy include:

- Assessing both external and organic investment opportunities against a minimum benchmark of 12% return after 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, IT, and a continuous improvement mindset; and
- Maintaining the capital structure of the Group within an implicit investment grade credit profile.

INVESTOR RELATIONS

The Group Managing Director, Group Finance Director, Executive Directors and Head of Investor Relations presented at 13 investor conferences globally and conducted over 400 meetings with the investor community in 2015. Glanbia's dedicated investor relations team engages with investors on a daily basis, outside of closed periods, and travels to various financial centres around the world to meet with shareholders and potential shareholders alike. Glanbia is now covered by equity analysts from 10 leading stockbroking firms who regularly publish detailed independent research reports on Glanbia for their clients. Glanbia will hold a capital markets day in London on Wednesday 18 May 2016 focusing on the Glanbia Performance Nutrition business.

ANNUAL GENERAL MEETING (AGM)

Glanbia plc's AGM will be held on Wednesday, 27 April 2016, in the Lyrath Estate Hotel, Old Dublin Road, Kilkenny, Ireland.



MARK GARVEY
Group Finance Director

OPERATIONS REVIEW

GLANBIA PERFORMANCE NUTRITION

ANOTHER STRONG PERFORMANCE



HUGH MCGUIRE
CEO Glanbia Performance Nutrition

Glanbia Performance Nutrition is the global leader in the performance nutrition industry. Our portfolio is comprised of seven brands – Optimum Nutrition, BSN, Isopure, thinkThin, Nutramino, ABB and trusource. Each has its own brand essence and consumer appeal. Our brands participate across a range of formats such as powders, drinks and bars and are sold in a variety of channels such as internet, specialty and mass retail. Innovation sits at the heart of our business and we continuously develop new products in line with our consumers' preferences.

GLANBIA PERFORMANCE NUTRITION

€m	Reported			Constant Currency Change
	2015	2014	Change	
Revenue	923.1	746.2	+23.7%	+6.7%
EBITA	135.6	89.2	+52.0%	+28.3%
EBITA margin	14.7%	12.0%	+270bps	+250bps

* Commentary is on a constant currency basis throughout the Operations Review.

2015 PERFORMANCE*

Glanbia Performance Nutrition (GPN) delivered a strong performance in 2015. Revenues increased 6.7% to €923.1 million reflecting volume growth of 1.5%, the impact of acquisitions of 7.8% and a net pricing decline of 2.6%. EBITA increased 28.3% in the period and EBITA margins increased 250 basis points to 14.7%. The improvement in margins was driven by operating leverage, improved branded product mix and raw material price deflation.

Branded revenue growth, excluding the impact of acquisitions, was 5.6% in 2015. This was led by the US market where branded revenue growth was ahead of market growth rates. Growth was broad based as GPN experienced growth in branded sell-through in specialty, internet and club channels. In non-US markets performance was mixed as growth in certain regions was offset by country specific challenges, particularly in Brazil and Russia as a result of a strong US dollar, geopolitical and macro-economic events. Contract sales declined in 2015 and for the year represented less than 15% of 2015 GPN revenues (22% of 2014 GPN revenues).

ONGOING INVESTMENT

Isopure, which was acquired in Q4 2014, was successfully integrated and performed well in 2015.

The acquisition in December 2015 of thinkThin, a leading lifestyle nutrition brand of protein-enriched bars and snacks, has strengthened GPN's position in the rapidly expanding nutrition bar segment which is currently valued at \$2.8 billion in US retail channels. thinkThin is distributed primarily in food, natural and mass retail channels in the US and provides a platform for GPN to enter the "better for you" snack products category as well as augment the GPN brand portfolio in its existing channels. Net sales for thinkThin in the twelve months to the end of December 2015 were \$87 million.

“ALL OUR BRANDS SHARE FIVE FUNDAMENTAL ATTRIBUTES: AUTHENTIC, PREMIUM, SCIENCE-BASED, HIGHEST QUALITY AND EFFECTIVE. THAT’S WHAT MAKES US THE LEADING PERFORMANCE NUTRITION BRAND FAMILY.”

HUGH MCGUIRE

CEO Glanbia Performance Nutrition

OUTLOOK FOR 2016

Glanbia Performance Nutrition is expected to continue driving branded revenue growth from increased channel penetration and innovation.

CAPITAL MARKETS DAY 2016

Glanbia will hold a capital markets day on Wednesday, 18 May 2016 in London. The day will focus on Glanbia Performance Nutrition and provide an opportunity to get a detailed perspective on this segment.

BRAND ADVOCATES AND SOCIAL MEDIA

One of the core ways GPN sustains growth is continually building a community of passionate advocates who view our brands as their trusted partners for goal achievement, backed by our leadership in education and inspiration. In 2015, we engaged our advocates globally through a range of activation and experiences. We developed comprehensive videos, collaborating with athletes and retail partners, which were viewed over 46 million times. We grew our social media following across our brands to over 4 million and launched new mobile friendly websites for the ON, BSN and Isopure brands. We elevated the profile of our athlete base, including the signing of UFC Champion Conor McGregor (pictured below) to BSN. We held 85 Sports Nutrition Schools and GPN Webinars across the globe to train our teams, retail partners and athletes on how to apply our brands to their performance nutritional goals. Together with our advocates, we comprise one of the largest global communities for performance nutrition that fuels our consumers and GPN's growth ambitions.



MAKING LIFE ACTIVE

ISOPURE

We successfully integrated our recent acquisition of Isopure during the year. Isopure is a provider of premium branded sports nutrition products.

The Isopure brand has a strong heritage and shares many common attributes with our other GPN brands ON and BSN – credibility, trust, quality and strong consumer loyalty. The business focuses on powders and ready-to-drink (RTD) formats, primarily through the specialty, internet and direct distribution channels.

As a premium brand, Isopure is an excellent addition to our portfolio of market leading performance nutrition brands and provides an opportunity to leverage our infrastructure and capabilities to drive future growth.

INNOVATION

Innovation sits at the heart of the GPN strategy. We respond to consumer trends by continuously investing in the research and development of new products.

Our brand portfolio provides us with a unique platform to expand into new formats, categories and channels to meet our consumer needs.

During the year some of our key successful launches included Optimum Nutrition Gold Standard Pre-Workout, Amino Energy Café Series, Isopure Aminos, Nutramino Lean Protein Bar range and trusource. trusource was launched in Q4 2015 and is our first entry in to the US mass retail channel, aimed at lifestyle consumers. An investment programme to support the brand will continue through 2016 as the brand is at the early stages of launch.



OPERATIONS REVIEW CONTINUED
GLOBAL INGREDIENTS

POSITIONING FOR GROWTH



BRIAN PHELAN
CEO Global Ingredients

Global Ingredients is our ingredients platform with a portfolio focused on both dairy and non-dairy nutritional ingredients. We deliver nutritional functional solutions for use in the mainstream food and beverage industry, as well as the infant and clinical nutrition sector. We are also a large scale manufacturer and marketer of American-style cheddar cheese.

€m	Reported			Constant Currency Change
	2015	2014	Change	
Revenue	1,218.0	1,175.4	+3.6%	-12.8%
EBITA	106.6	100.4	+6.2%	-11.6%
EBITA margin	8.8%	8.5%	+30bps	+20bps

* Commentary is on a constant currency basis throughout the Operations Review.

2015 PERFORMANCE*

Global Ingredients (GI) had a reduced performance in 2015 as a result of difficult dairy markets which impacted US Cheese and Ingredient Technologies. Revenues decreased 12.8% to €1,218.0 million reflecting market related price decreases of 17.8% which were partially offset by a volume increase of 5.0%. As a result EBITA decreased 11.6% to €106.6 million.

US CHEESE

US Cheese revenues decreased in 2015 due to market related pricing declines. On average, cheese pricing in the US was down 25% year on year. Volumes improved in 2015 as our cheese plants operated at close to full capacity throughout the year. Although the US Cheese business model has a robust mechanism to manage dairy price volatility it did not provide full protection from dairy markets due to the scale of price declines year on year which resulted in a decreased financial performance.

INGREDIENT TECHNOLOGIES

The market environment for Ingredient Technologies was challenging in 2015 due to deteriorating dairy markets throughout the year. This impacted overall pricing with market prices down substantially across the portfolio. Volumes also declined and this led to a reduction in financial performance year on year.

Production capacity to increase the volume of high-end whey ingredients produced in Idaho was commissioned successfully in Q4 2015. This will improve the product mix of whey based ingredients produced by GI. Good progress was made on the development of the value added ingredients based business. Functional systems in particular had a strong performance in 2015, reflecting GI's capability to help customers reliably incorporate dairy protein into everyday nutrition products.

“WE ARE RE-SHAPING OUR INGREDIENTS BUSINESS TO BE A MORE AGILE, INTEGRATED ORGANISATION FOCUSED ON CUSTOMER-CENTRIC, INSIGHT-LED INNOVATION.”

BRIAN PHELAN

CEO Global Ingredients

CUSTOMISED SOLUTIONS

Customised Solutions delivered a good performance in 2015 due to volume growth with pricing marginally down. Sales of high-quality micro-nutrient premixes continued to grow during the year reflecting growth in customer end markets.

GLOBAL INGREDIENTS REORGANISATION

The project to create one integrated GI organisation is progressing to plan. Over the next 12 months the business structure will be fully reorganised into a single commercial team focused on GI's nutritional ingredient portfolio. This will be supported by centres of excellence across areas such as product supply, innovation and strategy. These changes will enable GI to be a more agile, integrated and consumer-insight-driven organisation delivering to customers the full suite of Glanbia's capability. The total cost of this project will be approximately €15 million to €20 million.

OUTLOOK FOR 2016

GI is expected to grow earnings in 2016, as a result of improved product mix following capital investment in 2015 and continued development of higher-value nutritional systems business with customers. The outlook is impacted by expectations of future global dairy markets and Glanbia is expecting dairy markets to remain challenging in 2016.

MAKING LIFE HEALTHY

BAR SOLUTIONS

GI has developed a wide range of ingredient solutions which are uniquely formulated to deliver a range of texture and shelf life-enhancing properties to nutrition bars.

- BarFlex® is our whey protein based bar solution.
- BarGain® is our whey and vegetable protein based systems.
- BarPro® is our milk protein based solution.

Our OptiSol™ 2000 ingredient solution improves the nutrition profile of our bars without the loss of texture, flavour, or eating experience. Its unique binding system reduces sugar by up to 50 per cent. OptiSol™ 2000 is suitable for several applications including chewy granola bars, baked bars and cereal clusters.

We have a range of ingredients that match the nutritional and functional characteristics that our customers require.

CHEESE

Glanbia has a long tradition of excellence in cheese making.

Innovation and quality are at the heart of our cheese products. Last year, we created a new 'Reduced Fat Cheddar'. This cheese was featured in our '2015 Spring Health and Wellness' marketing campaign and is a higher protein alternative for consumers who are looking for natural ways to get more protein into their diets. We also created a vitamin D fortified cheddar which provides added nutritional value. In addition, we expanded our pepper cheese category to include new offerings for Gouda and Havarti style cheese which have improved slicing and functional capabilities.



OPERATIONS REVIEW CONTINUED

DAIRY IRELAND

MARGIN RECOVERY

Dairy Ireland is comprised of two businesses. Consumer Products is a supplier of branded consumer dairy products to the Irish market and also produces longlife dairy products for export. Agribusiness supplies inputs to the Irish agriculture sector and is the leading purchaser and processor of grain in Ireland, which includes high quality food grade oats. It is also the leading manufacturer of branded animal feed and has a network of over 50 retail stores focusing on the agri-sector.

€m	Reported		
	2015	2014	Change
Revenue	633.2	616.7	+2.7%
EBITA	28.8	19.0	+51.6%
EBITA margin	4.5%	3.1%	+140bps

2015 PERFORMANCE

Dairy Ireland delivered a good performance in 2015 driven primarily by Consumer Products. Revenues increased 2.7% reflecting a 1.8% increase in volumes and a 0.5% decline in pricing. Bolt on acquisitions in Consumer Products contributed 1.4%. EBITA margins recovered by 140 basis points to 4.5%.

CONSUMER PRODUCTS

Consumer Products delivered a good performance in 2015. The investment in operational efficiencies, mix improvement and some reduction in input costs enabled a recovery in margins.

Revenue growth was driven by increases in value added milk and cream sales plus bolt on acquisitions. We will continue to innovate and invest in our brand portfolio both domestically and internationally.

AGRIBUSINESS

Agribusiness' performance in 2015 was broadly in line with prior year. Returns from fertiliser and feed sales declined as a result of reduced demand for fertiliser and reduced margins in feed.

This was offset by an increase in sales of food grade oats as customer demand for this high quality consumer product continues to expand.

OUTLOOK FOR 2016

Dairy Ireland performance in 2016 is expected to be broadly in line with 2015. The outlook is dependent on a stable consumer environment and demand for animal feed and fertiliser in Ireland which is impacted by climatic conditions and farm income.

MAKING LIFE SIMPLE

Mooju is Ireland's leading brand in the Flavoured Milk category with a 60% market share. Its great taste as well as its high protein content has seen it championed by young consumers.

Mooju is a youth brand, with all activation taking place through social media. A dedicated and lively following has built up online for the product.



OPERATIONS REVIEW CONTINUED JOINT VENTURES & ASSOCIATES

AMBITIOUS FOR FUTURE DEVELOPMENT

We have three strategic Joint Ventures & Associates: Glanbia Ingredients Ireland, Southwest Cheese in the US and Glanbia Cheese in the UK. Glanbia plc has a strong track record with regard to the successful operation of strategic joint ventures.

€m	Reported			Constant Currency Change
	2015	2014	Change	
Revenue ¹	893.1	984.0	-9.2%	-17.3%
EBITA ¹	39.7	36.4	+9.1%	0.0%
EBITA margin	4.4%	3.7%	+70bps	+70bps

* Commentary is on a constant currency basis throughout the Operations Review.

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

2015 PERFORMANCE *

Revenues from Glanbia's share of Joint Ventures & Associates decreased 17.3% in 2015. The main drivers of this were the decline in global dairy market prices during the year which led to a price reduction of 19.7% and the disposal of the Group's interest in Nutricima which resulted in a 2.5% decrease. This was offset by a volume increase of 4.9% largely driven by increased throughput in Glanbia Ingredients Ireland following the abolition of EU milk quotas in April 2015. EBITA of €39.7 million was similar to prior year with margins improving by 70 basis points.

GLANBIA INGREDIENTS IRELAND (GII)

GII performance in 2015 was slightly ahead on the prior year. A challenging dairy market environment reduced margins in the business and this was offset by higher volumes and cost reduction. GII milk suppliers responded to the abolition of EU milk quotas with an increase in production in 2015 by 18.1% versus the prior year.

During the year GII completed the construction of a new dairy nutrition plant in Belview, Co. Kilkenny, Ireland to produce a range of value added ingredients. This plant processed over 300 million litres of milk in 2015 and has additional available capacity to support the growth ambitions of the business and its supply base. GII recently announced plans for the expansion of cheddar cheese capacity at its plant in Wexford, Ireland at a cost of €35 million. This facility is expected to be commissioned in 2017.

SOUTHWEST CHEESE (SWC)

Performance in SWC was broadly in line with prior year. Raw material price reductions and improved ingredient yields offset a significant reduction in price as a result of US cheese market price declines. Cheese volumes were flat as the plant continued to operate at close to full capacity throughout the year.

In Q3 2015 Glanbia announced it was in advanced discussions with its SWC joint venture partner to expand cheese and whey production capacity by 25% at its plant in Clovis New Mexico, US. It is expected that the total project cost of approximately \$140 million will be independently financed by SWC. The project is expected to be commissioned by 2018.

GLANBIA CHEESE

Glanbia Cheese performance declined marginally year on year due to a significant reduction in European mozzarella pricing.

While production volumes increased as a result of good underlying demand in the sector this was not enough to offset the decline in pricing.

NUTRICIMA

In Q2 2015, the Group disposed of its investment in Nutricima to PZ Cussons plc for cash consideration of £21 million (€28.5 million). The impact of this disposal on 2015 Group earnings was immaterial. As part of the transaction GII has entered into a long term agreement with Nutricima for the sale of dairy ingredients thereby maintaining a route to market in West Africa.

OUTLOOK FOR 2016

Joint Ventures & Associates are expected to be marginally down versus 2015 performance. The outlook is impacted by dairy markets which Glanbia is expecting to remain challenging in 2016.

OUR PEOPLE

OUR PEOPLE: A YEAR OF SIGNIFICANT PROGRESS



MICHAEL PATTEN
Group HR & Corporate Affairs Director

2015 HUMAN RESOURCES HIGHLIGHTS

- Completed a comprehensive global employee survey and addressed issues raised;
- Renewed Group purpose, vision and values and identified core behaviours to deliver same;
- Completed a comprehensive succession and people talent review of our senior leadership population;
- Completed a full review of the HR operating model to ensure it is meeting our strategic talent goals;
- Completed review of HR information systems to ensure that the technologies and processes necessary to support our people agenda are best practice; and
- Developed a comprehensive Code of Conduct to support our commitment to ethical business, underpinned by a new employee 'Speak-Up' resource.

GLOBAL HR AGENDA

2015 was a year of significant progress in creating the best possible conditions to unlock the potential of our people and of Glanbia.

We recognise that organisations with a distinct purpose, clear vision and strong values deliver sustained superior returns through more committed, engaged and focused employees.

The Board and Group's Executive Leadership agreed on a core purpose and vision for the organisation, and the values and behaviours required to fulfil our potential.

In addition, particular focus was placed on a comprehensive review of our top talent and succession to ensure a healthy pipeline of future leaders and to identify their development needs.

Our employee engagement work focused on seeking the views of our people about our Group; what we do well and where we can improve.

While the results were very positive overall, this has led to some key initiatives across the organisation to improve the employee experience and services and to recognise and celebrate our achievements. Further progress was also made in improving employee communications and to improve our outreach to potential new hires to increase our talent pipeline at all levels of the organisation.

Our aim as a HR function is to strategically partner with the businesses to align our people, performance and culture with our growth agenda. To this end a review was undertaken

of the HR operating model to identify the optimum configuration of capabilities and service delivery across talent acquisition, development and retention, performance and reward, HR strategy, administration and systems to meet the needs of our growing global organisation.

Work will progress in 2016 to address a number of the opportunities identified in the review.

GROWING GLOBAL EMPLOYEE BASE

In 2015, total Group employees, including Joint Ventures & Associates, increased by 199 people to 6,015 people based in 32 countries. Glanbia Performance Nutrition (GPN) employee numbers rose by 157 to 1,598 in 2015. Global Ingredients (GI) increased its workforce by 149 people to 1,781 employees. Dairy Ireland increased employee numbers by 67 to 1,251 people. Our Joint Ventures & Associates had 1,385 employees in 2015.



EMPLOYEE ENGAGEMENT SURVEY

We are confident that the results give a clear and true reflection of how our people feel about Glanbia.

81%

EMPLOYEES PARTICIPATED IN THE SURVEY.

93%

OF EMPLOYEES QUESTIONED ARE WILLING TO WORK BEYOND WHAT IS NORMALLY EXPECTED TO HELP GLANBIA SUCCEED.

86%

OF EMPLOYEES SURVEYED ARE PROUD TO WORK IN GLANBIA.

RENEWED PURPOSE, VISION AND VALUES

During the year, we undertook a comprehensive programme of work, informed by extensive internal and external stakeholder research which led us to a renewed purpose, vision and values. These unite our people and guide the actions, decisions and behaviours of every employee.

OUR PURPOSE: is dedicated to 'delivering better nutrition for every step of life's journey'.

OUR VISION: 'to be one of the world's top performing nutrition companies, trusted to enrich lives every day' describes what we aspire to become and to achieve.

OUR VALUES: The Customers' Champion, Performance Matters, Find a Better Way, Winning Together and Showing Respect represent our desired culture and set the foundation for the way we work with our business partners, within our communities and with each other.

We have also defined the behaviours and leadership standards that underpin our refreshed values. These set the benchmarks for how we behave and ultimately succeed both personally in Glanbia and as a Group.

Our focus in 2016 is to embed our values and behaviours across every level of our organisation and to ensure our strategy and energies are focused in service of our purpose and vision. In the longer term, we'll measure and reward our people, not just on commercial results, but on how they live these behaviours every day.

EMPLOYEE ENGAGEMENT SURVEY

In February 2015 we undertook our first global employee survey, 'Your Voice'. Every employee in the Group, across 32 countries and in four languages, was given the opportunity to participate.

OUR PURPOSE

Delivering better nutrition for every step of life's journey

OUR VISION

To be one of the world's top performing nutrition companies trusted to enrich lives every day

OUR VALUES

THE CUSTOMERS' CHAMPION



PERFORMANCE MATTERS



FIND A BETTER WAY



WINNING TOGETHER



SHOWING RESPECT

OUR BEHAVIOURS

Customer advocate and Company ambassador

Committed to quality, safety and performance

Curious, innovative and eager to learn

Developing ourselves and collaborating with others

Role model and valuing the ideas of others

OUR PEOPLE CONTINUED

“OUR DIVERSE AND TALENTED EMPLOYEES ARE KEY TO OUR SUCCESS. RETAINING AND DEVELOPING THEIR ENTHUSIASM AND ENERGY IS CENTRAL TO THE GROUP’S STRATEGY FOR GROWTH AND DEVELOPMENT.”

MICHAEL PATTEN

Group HR & Corporate Affairs Director

We achieved an outstanding participation rate of 81% with an engagement score of 82%. In particular, the survey gave us new insights to enhance employee engagement throughout Glanbia.

The results highlighted that our people are very proud to work for Glanbia and would recommend us as a great place to work but it also identified the areas where we need to improve. We have engaged with all of our employees to share the findings and have implemented key actions at Group, business unit and site level in response to these findings.

DEVELOPING THE FULL POTENTIAL OF OUR LEADERS

We have a talented and dedicated workforce who demonstrate commitment and passion for our business on a daily basis. In return we continue to invest in our people to help them perform and grow, as well as share in our success.

In 2015 a comprehensive review of our senior leadership community was undertaken to evaluate talent, bench strength and succession cover, and to identify actions to develop our people and performance. The outcome of our Organisational People Review (OPR) is driving our Group talent strategy in 2016.

We also continue to invest in building our leadership capabilities at all levels across the Group. Last year the core focus was on equipping our managers with the insights and skills to effectively lead teams and to prepare our emerging senior managers for increased people management responsibilities and career development.

The Glanbia 2015 General Management Development Programme which is delivered, in conjunction with the Irish Management Institute, prepares a new generation of leaders for enhanced responsibilities across the Group. In addition we have launched a global module-based management development programme

in 2016. It is anticipated that over 500 managers will go through the ‘Leading the Glanbia Way’ programme.

Individually, our business units also offer significant training opportunities. For example; 220 leaders participated in Glanbia Performance Nutrition’s (GPN) two-day ‘Peak Performance’ leadership development programme. Also during 2015 GPN launched a global customised sales training programme. To date 60 participants have attended four sessions held in the US and Australia.

Global Ingredients (GI) and Southwest Cheese continue to invest heavily in training and up-skilling. Fifty-seven leadership workshops were held during the year, training 675 leaders in total. All the courses were aimed at enhancing personal, team and leadership effectiveness and inspiring innovative thinking and work practices.

A significant level of training and development was also undertaken in Glanbia Agribusiness. In total 218 employees took part in a broad spectrum of training and development courses including business leadership courses and sales programmes.

In Consumer Products over 100 employees across the business unit undertook training and development courses.

In Glanbia Ingredients Ireland (GII) over 300 staff took part in training courses last year.

PURE AMBITION GRADUATE PROGRAMME

The Pure Ambition Graduate Programme plays a vital role in developing future leaders for Glanbia globally. In 2015, we welcomed 58 graduates onto our programme and expect a further 65 graduates to join the Group in 2016. We also continue to strengthen and broaden our collaboration with third-level universities and colleges through internship programmes and other areas of mutual support and learning.

CODE OF CONDUCT AND SPEAK-UP

Our new ‘Code of Conduct’ sets out our business principles and what we expect from employees to ensure they protect themselves as well as the Group’s reputation and assets.

Each employee has a responsibility to adhere to our ‘Code of Conduct’ and uphold our values, to ensure we operate in a safe and ethical way.

We also launched a ‘Speak-Up’ service, a completely independent and confidential reporting service, which affords our employees the opportunity to report any genuine concern about a breach of our ethical standards. The service is operated by Safecall and is available to all employees, at all times.



96%

OF OUR PEOPLE SURVEYED WOULD RECOMMEND GLANBIA'S PRODUCTS OR SERVICES TO A FAMILY MEMBER OR FRIEND.

2016 HUMAN RESOURCES PRIORITIES

- Embed values and behaviours across all levels of the Group to support superior performance delivery, engagement and retention;
- Progress senior leadership development based on findings of 2015 Organisational People Review (OPR);
- Progress implementation of HR Operating Model strategy;
- Drive greater linkages between career pathways, performance and reward management; and
- Grow Glanbia culture of dynamic entrepreneurialism underpinned by effective processes and a highly engaged and collaborative workforce.



Graduates have the opportunity to develop their careers in the areas of accounting and finance, IT, engineering, food science, marketing, HR, purchasing and supply chain management.

Through our newly launched Pure Ambition Academy, graduates have the opportunity to make a real impact from day one. We offer role specific training and development, including professional qualifications, project management certification and leadership skill development. Many are given the opportunity of global work placements and assignments. We maintain a commitment to continuous on-the-job coaching and mentoring, maximising the benefits of this programme.

Learn more: www.glanbia.com/graduates

LAUNCH OF GLOBAL INTRANET

The new 'Our Glanbia' global intranet forms the cornerstone of a suite of tools designed to help Glanbia employees share information, find colleagues, recognise success and work together more easily across our global organisation. It ensures our people get to know one another, our strategy, our strengths, our ambition, our markets, our customers, and our growth opportunities.

HEALTH AND SAFETY

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. At our key facilities we recorded a 40% reduction in Recordable Injury Rates (RIR) in 2015. Additionally our Glanbia Risk Management System (GRMS) levels have improved across the majority of our key facilities. New health and safety policies were also adopted in 2015 such as:

- GPN sites focused heavily on next level implementation of Intellex (EHS Data Management System) and Alchemy (Learning Management System) to streamline EHS program management and improve employee training and engagement. Results have been extremely positive with a decrease in Total Recordable Injury Rate (TRIR) of 36% from 2014.
- Employee Health and Wellness Programme development was a key focus area for GPN in 2015. An Early Intervention Program (EIP) was piloted at two GPN manufacturing sites.

Since the commencement of the programme there has been a 72% reduction in reported injuries related to sprains/strains.

- A new 'Safety in Numbers' KPI tracker for all managers was introduced in GII Ballyragget, Kilkenny, Ireland; and
- Our new GII Belview, Ireland plant received the certification to OHSAS18001 in the first year of operation. This achievement assures us that our Health & Safety Management system meets international industry specific standards for these systems.

SUSTAINABILITY REVIEW

CARING FOR OUR WORLD

A COMMITMENT TO ACT RESPONSIBLY

Our vision is to be one of the world's top performing nutrition companies, trusted to enrich lives every day. We see sustainability in a social and environmental context as the opportunity to make a difference while at the same time strengthening our business for the longer-term. This is the beginning of a broadening sustainability journey for Glanbia.

Our aim is to facilitate the ambition of our businesses through the development of a consistent, credible and verifiable sustainability programme.

In order to fulfil our purpose we have set ourselves key focus areas:



We believe the energy and raw materials that we consume impacts on our environment; therefore protecting **Our Environment** is a core tenet of our sustainability framework.



Quality starts at the source. As a global nutrition company, we are committed to the strictest standards of quality control. **Supply Chain** management therefore, is a key link in our framework.



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

OUR ENVIRONMENT

Nature provides the foundations for our Group; nurturing and taking care of it ensures our success. We aim to operate our business with a strong regard for environmental sustainability.

In 2015 we adopted a Group-wide environmental approach to drive a consistent, target-led approach across the organisation.

We are working to understand our environmental impacts as a Group and how we can reduce waste, increase resource efficiency and improve our environmental performance throughout the entire product lifecycle. These programmes make good business sense, as well as ensuring we are good stewards of our natural resources.

GLANBIA PERFORMANCE SYSTEM

Sustainability is a vital cornerstone of the Group's Glanbia Performance System (GPS). This production management and improvement system drives operational excellence and provides a framework for engaging our people in achieving our sustainability related goals of reducing energy and resources, eliminating waste, improving both worker safety and product safety, and assuring quality. Since its launch in 2010, the implementation of GPS has generated significant savings and improvements in safety, sustainability and employee engagement.



“OVER THE PAST DECADE MANY PARTS OF THE GROUP HAVE INCREASINGLY EMBEDDED SUSTAINABILITY THINKING AND POSITIVE ACTION INTO THEIR ACTIVITIES. OUR FOCUS NOW IS TO BUILD ON THIS AMBITION FOR THE DELIVERY OF A SUSTAINABLE BUSINESS MODEL.”

SIOBHÁN TALBOT

Group Managing Director

STRONG PERFORMANCE IN 2015

Our businesses continued to progress environmental projects in 2015.

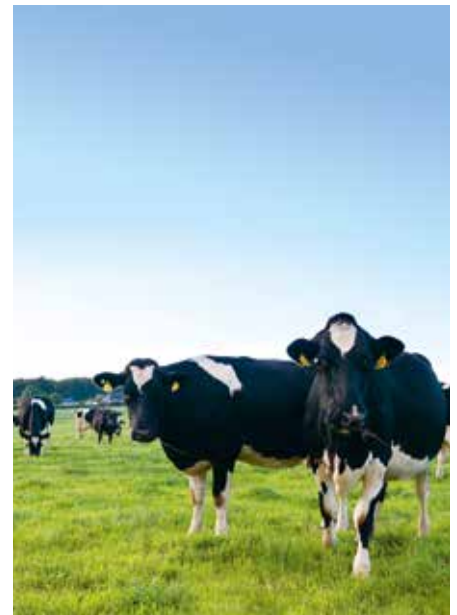
- In 2015, Glanbia Performance Nutrition (GPN) completed eight GPS energy efficiency projects across three sites and has committed to tracking energy efficiency gains using 2015 base year data.
- Against the backdrop of a 4% increase in milk processing the Dairy Ireland businesses achieved a slight reduction in water and energy usage and decreased waste to landfill by 28%.
- In 2015 ISO14001 certification was successfully maintained across the Consumer Product sites and our new plant in Co. Monaghan successfully joined the Origin Green programme.
- Gll is achieving its Zero Waste to landfill targets and in 2015 recycled more than 600 tonnes of materials. It also won the Origin Green Sustainability award, the Green Food & Beverage award and collaborated with FBD on the Champions for Change initiative which is an on-farm health and safety initiative to move towards our goal of Zero Harm on-farm.
- On average US Cheese reduced its carbon footprint by 10% (relative to 2014) at the Idaho facilities.
- Our GPN US Office relocated to a LEED (Leadership in Environmental and Energy Design) certified building in Downers Grove, Illinois. The building is Energy Star rated by the United States Environmental Protection Agency (EPA), and is in the top 25% of the most energy efficient buildings tracked through this system and received the EPA's Energy Star Award.
- US Cheese continued in 2015 to focus on energy and water saving programmes through plant improvements and engineering projects.
- Through various water reduction methods, including visual alarms and more efficient cleaning processes, in 2015 US Cheese increased its polished water recovery – water that remains after nutrients are extracted from milk – to reuse for cleaning and other processes. The use of wastewater and polished water at the land application facilities produced 93,256 tonnes of alfalfa, corn, sorghum and grains in Richfield and Gooding.

4,800

GLANBIA IS ROLLING OUT THE SUSTAINABLE DAIRY ASSURANCE SCHEME (SDAS) TO ALL ITS 4,800 IRISH MILK SUPPLIERS.

10%

US CHEESE REDUCED ITS CARBON FOOTPRINT BY 10% AT THE IDAHO FACILITIES IN 2015.



SUSTAINABILITY REVIEW CONTINUED

OUR SUPPLY CHAIN

Our goal is to sustainably source the raw materials we use in our products. We follow the principles for ethical business set out in the Glanbia Code of Conduct and operate to the highest food quality standards.



OPEN SOURCE

Our dairy and feed products are sourced from local farmers who are committed to the highest standards of animal health and crop husbandry – thus ensuring that they produce the highest quality products possible, tailored to meet our specific compositional and quality standards. In Ireland we operate a milk quality assurance programme, which ensures our milk is of the highest quality and is produced responsibly. Open Source is a programme operated by Glanbia Ingredients Ireland (GI) and is the industry reference point for best practice in dairy sustainability. The Open Source® Sustainability Programme, provides a blueprint for high quality, sustainable milk production, linking the farmer to the end customer. It is independently audited by Bord Bia (the Irish Food Board) who also certifies the milk supplier’s dairy holding in line with current EU and national legislation and customer requirements.

ORIGIN GREEN

Glanbia is a founding member of Origin Green – Bord Bia’s sustainability development programme. This is operated on a voluntary basis and follows many of the Open Source’s principles. This programme demonstrates the commitment of Irish food companies to operate in the most sustainable manner possible. We are also a founding partner of the Origin Green Ambassador Programme, which promotes the benefits of direct sourcing from Ireland to key global customers.

OATSECURE

GI and Glanbia Agribusiness made significant progress with OatSecure in 2015. The OatSecure closed loop supply chain process, which has gained NSF certification, was instrumental in OatPure Gluten Free Oats being adopted by key accounts. This rigorously validated process offers an exceptionally high level of protection, and operates to the highest international food safety standards. This development is also an endorsement of the premium quality oats grown by the Glanbia grain growers.

US FARM PROGRAMME

In our US Cheese business, Glanbia is focused on sustainable supply chains through its adoption of the National Milk Producers Federation FARM programme, (Farmers Assuring Responsible Management) which governs on-farm animal welfare. This programme is third party verified. Understanding the importance of this issue and to recognise Glanbia’s commitment to animal welfare, we adopted the programme in Spring 2013 and began the process to ensure all of our dairy farms were FARM certified. One hundred percent of the milk supplied to Glanbia by Idaho and Southwest Cheese farmers was FARM certified in 2015. The FARM programme also enabled us to add transparency, accountability, and responsibility to animal welfare certification.

US CHEESE SUSTAINABILITY REPORT

US Cheese – part of the Global Ingredients segment – published its second sustainability report in 2015.

The report, which is in line with the Global Reporting Initiative 4 standard, highlights the significant progress made in 2015.

2015 REPORT HIGHLIGHTS

- Reduction in electricity and natural gas consumption.
- Reduction in carbon footprint.
- Increase in truck fleet fuel efficiency.
- Major reductions in Lost-Time and Total Recordable injuries.
- 100% FARM animal welfare program certification.
- Continued unblemished record of zero air emissions violations.
- Important new innovations in response to the needs of our customers and the wider marketplace, leveraging our whey innovation centre and new cheese innovation centre.



OUR SOCIETY AND COMMUNITIES

Valuing our communities is at our core. We recognise our biggest societal contribution is the delivery of better nutrition, but also by contributing to stable employment and economic prosperity in our local communities.

GREAT PINK RUN

Over 5,000 people, including Glanbia employees, descended on the Phoenix Park in Dublin during the summer of 2015 as part of the Great Pink Run, sponsored by Avonmore Slimline Milk. The event raised much needed funds for Breast Cancer Ireland, a charity established to support breast cancer research, education and awareness.

GLANBIA 300 CYCLE CHALLENGE

Glanbia Ingredients Ireland continued to support local cancer care and other community endeavours in the South East of Ireland in 2015. Employees raised over €28,000 through the second GII 300k charity cycle.

HURLING SPONSORSHIP

In Ireland Glanbia has a long association with the GAA – the Gaelic Athletic Association and we sponsor the Kilkenny and Wexford hurling teams. The sponsorship is an ideal fit for a nutrition company like Glanbia and particularly for our consumer brand Avonmore milk. There is a strong link between the GAA and Glanbia through its employees, suppliers and customers.

SCHOOLS' BUSINESS

Glanbia is active in the educational sector and participates in a Schools' Business Partnership – an education inclusion programme that partners schools with business. In recent years we partnered with Duiske College, Co. Kilkenny – which involves Glanbia Agribusiness management and employees volunteering time and expertise to students for personal and career development.

FRIENDS AGAINST HUNGER

Employees in Customised Solutions in Springfield, US, participated in the Friends against Hunger annual 'Meals a Million' charity event during the year. Friends Against Hunger is a non-profit organisation focused on feeding people who are hungry in the US and around the world.

FEED MY STARVING CHILDREN

A group of employees from GPN volunteered to package food for the charitable organisation 'Feed My Starving Children' (FMSC). FMSC is a non-profit organisation that packages and ships meals to children in need around the world.

US CHEESE RAISES FUNDS FOR FIVE MAJOR CHARITIES

In its 22nd year, the annual 'Glanbia US Cheese Charity Golf Challenge' in Idaho raised \$160,000 in support of selected charities and organisations in the Magic Valley area of Idaho. Since the event's inception, Glanbia in Idaho has raised more than \$1.7 million for selected charities.

Purpose Led

OUR PEOPLE SUPPORTED A NUMBER OF NUTRITIONAL PROJECTS IN OUR COMMUNITIES IN 2015.



RISK MANAGEMENT

EFFECTIVE RISK MANAGEMENT

Embedding an effective risk management culture across the Group.

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.

The Board's aim is to anticipate and address changes to the Group's business and risk environment that may impact the delivery of the Group's strategic objectives. This is achieved by working to ensure that a robust risk management culture exists throughout the organisation.

While risk management is a regular agenda item at Board meetings, it also conducts a detailed consideration of the impact of the Group's principal risks during the annual Group strategy process. This is designed to ensure that the Board understands both the key risks within the business and newly emerging risks together with the methods by which these risks are managed.

Following the UK Corporate Governance Code 2014 updates, the Board, with the assistance of the Audit Committee, reviewed its approach to risk management and assessed the potential for gaps in its oversight processes. As a result of this review the Audit Committee will be increasing its level of oversight of certain principal risks through its programme of evaluating key areas of risk by direct presentations from management and Group functional leads. The Board is satisfied that its risk management and internal control processes are robust but, as with all practices, continuous improvement and a fresh challenge is required to remain effective.

The Board also considered its obligations in relation to providing both the annual Going Concern Statement and the new Viability Statement. Its review and conclusions in this regard are outlined in the following table.

GOING CONCERN AND VIABILITY STATEMENT

The following statements detail the Directors' assessment of the Group's viability and ability to continue as a going concern.

GOING CONCERN

Glanbia's business activities, together with the main factors likely to affect its future development and performance, are described in the strategic report on pages 2 to 38.

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.

In reaching this conclusion the Directors have had due regard for;

- Available cash resources, cash generated from operations, committed bank facilities and their maturities which taken together provide confidence that Glanbia will be able to meet its obligations as they fall due. Further information on our bank facilities is provided in Note 26 to the Financial Statements.
- Glanbia's financial risk management policies which are described in the financial statements, the nature of our business activities and the factors likely to impact our operating performance and future growth.

VIABILITY STATEMENT

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the Directors have assessed the viability of the Group and its ability to meet its liabilities as they fall due over the medium term, taking into account the Group's current financial position and the potential impact arising from the principal risks and uncertainties detailed on pages 35 to 38. The financial position of

the Group, its cashflows, liquidity position and borrowing facilities are outlined in the Group Finance Director's review on pages 14 to 17.

The Group has developed a rigorous planning process, which comprises a strategic plan, a consolidated financial forecast for the current year and financial projections for future years. The plan is reviewed each year by the Board as part of its strategy review, with routine monitoring regarding the achievement of strategic objectives taking place at each Board meeting. Assumptions are built at both Group and divisional levels and are subject to detailed examination, challenge and sensitivity analysis by management and the Directors.

The plan assumes that there will be no significant deterioration in economic growth, consumer confidence or other key drivers of revenue, profit and cashflow. The Group assumes it will be able to renegotiate banking facilities in advance of expiry date.

Whilst the Directors have no reason to believe the Group will not be viable over a longer period, a period of three years has been chosen for the purpose of this viability statement, in line with the Group's three year strategic plan to 2018.

The Directors' assessment of the Group's viability has been made with reference to the principal risks and uncertainties facing the Group and how these are managed within the Board's risk appetite; together with a robust assessment of the aforementioned financial projections during the two day strategy and budget review session in December 2015. Having considered these elements, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of the assessment.

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, Group Internal Audit and the Group Senior Leadership Team. Our Risk management framework diagram 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.



RISK MANAGEMENT CONTINUED

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.

The Board and management use the same process to assess and manage risks within our material Joint Ventures and Associates as it does for the remainder of the Group. This includes being:

- Subject to a detailed annual strategy and budget review where key risks are considered and;
- Fully assessed through our Group-wide risk register, operational site risk and food safety and quality processes. We also hold Board positions in all such entities where key site risk matters are fully considered.

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

Each business unit management team and functional lead is required to maintain a risk register on an on-going basis. 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;
- Generate a management action plan if required;
- 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 regular Group risk summary reports based on information submitted by management throughout the year. These reports include:

- 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.

The Group Operating Executive reviews this report regularly during the year. The Audit Committee on behalf of the Board perform a bi-annual review, with interim updates from management also presented if significant issues arise.

MANAGEMENT AND BOARD REVIEW

The Board regularly monitors the risk management and internal control systems. The focus of the Board during such reviews 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.

ON-GOING 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 Officer business reviews of the key financial and operational performance 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, tax compliance and IT.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors have carried out a robust assessment of the principal risks facing the Group, including those that may threaten our business model, future performance, solvency or liquidity.

Key risks are identified based on the likelihood of occurrence and potential impact on the Group using the processes outlined. The performance of the Group is influenced by global economic conditions and consumer confidence in the markets in which it operates. In 2016 the principal risks and uncertainties affecting the Group's performance continue to be:

- The competitive landscape for Glanbia Performance Nutrition, recognising the impact of a stronger US dollar on the purchasing power of consumers in certain non-US markets;
- The overall impact on margins of movements in dairy market pricing; 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 and cashflow risk, price risk and credit risk is to centrally manage these risks against comprehensive policy guidelines, details of which are outlined in Note 25 'Financial risk management' on pages 143 to 145 of this report. The Board regularly reviews these policies.

The Group's use of financial instruments is described in Note 32 'Derivative Financial Instruments' on pages 156 and 157.

RISK PROFILE

The Group's principal risks and uncertainties 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 2015. 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. During 2015, both Liquidity risk and Infrastructure capacity risk have been removed from the Group principal risk summary. This is due to:

- The Group debt and interest rate exposures being managed with significant headroom against current bank covenants; and
- Existing and planned Group banking facilities providing adequate capacity to service existing and anticipated new customer requirements in line with our growth plans.

IT and Cyber security risks have been added as a new principal risk in 2015 due to the general trend of increasing frequency of coordinated attacks. The Group is responding by strengthening controls and monitoring activities in this area.

The nature of each principal risk is described in detail on pages 35 to 38.

GROUP STRATEGIC PRIORITIES	Maintain and grow our global leadership in performance nutrition and nutritional and functional ingredients	Grow through organic investment programme and acquisition/partner with complementary businesses	Develop talent, culture and values in line with our growing global scale	Other Risks
RISK TREND INCREASING ▲	Economic, industry and political risk			IT and cyber security risks
STABLE ◄	Strategy risk Market risk Customer concentration risk Supplier risk	Acquisition risk	Talent management risk	Site compliance risk and environment, health & safety regulation risk Product safety and compliance risk

PRINCIPAL RISKS AND UNCERTAINTIES

STRATEGIC PRIORITY: MAINTAIN AND GROW OUR GLOBAL LEADERSHIP IN PERFORMANCE NUTRITION AND NUTRITIONAL AND FUNCTIONAL INGREDIENTS

ECONOMIC, INDUSTRY AND POLITICAL RISK

Risk trend	Description	Mitigation	Changes during 2015
Increasing ▲	<p>Our performance is influenced by global economic conditions, consumer confidence and the stability of the markets in which we operate.</p> <p>Potential impact 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.</p> <p>Changes in local or international tax rules or new challenges by tax authorities may expose the Group to additional tax liabilities or impact the carrying value of our deferred tax assets.</p>	<ul style="list-style-type: none"> • 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 strategic objectives. Corrective actions are identified and implemented as required. • We constructively engage with tax authorities on a range of taxation issues and where required, we engage advisors and legal counsel to clarify tax legislation, to help ensure we achieve compliance with tax law across the jurisdictions in which we operate. 	<p>Changes during 2015 There continues to be trading headwinds in certain markets as geopolitical events and macro-economic uncertainty impact on our international growth strategy.</p> <p>The strong US dollar has impacted the purchasing power of consumers in certain international markets, increasing the competitive landscape for Glanbia Performance Nutrition. This has required continued investment in promotional activity to maintain and develop market positions.</p> <p>There has been increased focus on international tax legislation and compliance, arising from the OECD's emerging recommendations on Base Erosion and Profit Shifting (BEPS).</p> <p>Impacts, although limited from a Group perspective, of a potential British exit from the European Union will be maintained under review.</p>

RISK MANAGEMENT CONTINUED

STRATEGY RISK

Risk trend Stable 	Description 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. Potential impact Sudden or extreme changes in local conditions or in regulatory requirements may result in a negative impact to financial performance, possible restrictions on future growth opportunities or potential impairments.	Mitigation <ul style="list-style-type: none"> 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. 	Changes during 2015 Global Ingredients commenced a process to reshape the current operating model in order to support our growth ambitions and to best position us for future opportunities. Glanbia Performance Nutrition has also enhanced its organisational structure and continues to evolve its strategy by expanding into new channels.
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MARKET RISK

Risk trend Stable 	Description Increasing competition across certain channels through high promotional activity and competitor product innovations provides an on-going challenge. Potential impact Potential adverse effect on the Group's financial performance if we fail to adapt successfully where and when required to meet market challenges.	Mitigation <ul style="list-style-type: none"> We limit the impact of prolonged competitor challenges in specific areas through continued channel and international expansion and by targeted acquisitions. We protect our market positions by actively monitoring the major trends impacting our businesses. Research and development expenditure is focused on value-added and customer-specific solutions in sectors where we have significant technical and market knowledge. 	Changes during 2015 The performance nutrition landscape continues to be fast moving and competitive, with changes in consumer channel preferences and aggressive promotional activity among competitors. Where required we continue to invest in promotional activity to develop our market position with new product launches during 2015 such as Optimum Nutrition Gold Standard Pre-workout performing well.
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CUSTOMER CONCENTRATION RISK

Risk trend Stable 	Description The Group benefits from close commercial relationships with a number of key customers. Potential impact The loss of one or more of these customers, or a significant deterioration in commercial terms, could have a material impact on Group profitability.	Mitigation <ul style="list-style-type: none"> 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. 	Changes during 2015 We continued to respond to customer demands through the development of a branded and ingredient product portfolio to serve the growing demand for nutritional products in formats suitable for healthy and active lifestyles.
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SUPPLIER RISK

Risk trend

Stable



Description

The principal Group ingredient supply risk relates to the 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.

Potential impact

Adverse impact on earnings.

Mitigation

- 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, our customers and Glanbia.
- 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.

Changes during 2015

Global Ingredients has significantly enhanced its Idaho whey processing facilities and has continued to engage proactively with the patron supplier base on milk procurement policy and milk price to underpin long term sustainable supply.

STRATEGIC PRIORITY: GROW THROUGH ORGANIC INVESTMENT PROGRAMME AND ACQUISITION/PARTNER WITH COMPLEMENTARY BUSINESSES

ACQUISITION RISK

Risk trend

Stable



Description

The anticipated benefits of acquisitions 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.

Potential impact

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.

Mitigation

- The Group has acquisition integration and partnership processes in place to monitor the performance of acquired businesses and to implement corrective actions as required.
- Board approval of the business case and funding requirements for all significant investments is obtained.
- Post acquisition completion reviews are conducted to extract learnings from previous acquisitions.
- Acquired entity management teams are typically strengthened by the transfer of experienced Glanbia managers, which assists in increasing the efficiency of integration efforts.

Changes during 2015

In 2015 the Group acquired thinkThin, increasing our presence in the nutrient bar market. thinkThin provides a strong platform for the Group to enter the snack products category as well as to augment the GPN brand portfolio in its existing channels.

The integration of our 2014 acquisitions, Nutramino and Isopure, has progressed well and along with thinkThin they complement and extend our market leading brand portfolios.

STRATEGIC PRIORITY: DEVELOP TALENT, CULTURE AND VALUES IN LINE WITH OUR GROWING GLOBAL SCALE

TALENT MANAGEMENT RISK

Risk trend

Stable



Description

The Group is dependent upon our global talent to deliver best in class portfolio management, brand management, operational excellence, science-based innovation and strong customer relationships.

Potential impact

A failure to retain, attract and/or develop key talent will impact on our ability to create sustainable value for all our stakeholders.

Mitigation

- The Group has implemented strong recruitment processes, effective HR policies and procedures, long-term incentives, robust succession management planning and a range of talent management initiatives including a focused graduate recruitment programme and a Group management development programme.

Changes during 2015

In 2015 we completed an employee engagement survey and implemented actions across the Group to address improvement opportunities identified.

We re-developed and communicated our Group purpose, vision and value statements and identified core behaviours to deliver same across the Group.

We conducted a comprehensive talent review of the extended leadership team.

RISK MANAGEMENT CONTINUED

OTHER RISKS

IT AND CYBER SECURITY RISKS

Risk trend Increasing 	Description The Group is dependent on robust IT systems and infrastructure for most of our principal business processes.	Mitigation <ul style="list-style-type: none"> • The Group maintains a global system for the control and reporting of access to our critical IT systems. This is supported by on-going testing of access controls, which include data leakage/loss risk assessments. • We have policies in place regarding the protection of both business and personal information, as well as the use of IT systems and applications by our employees. • We have systems in place (including on-going audit activities) to monitor compliance with relevant privacy laws and regulations. 	Changes during 2015 In general the frequency of coordinated cyber-attacks has increased during 2015. The Group has responded by strengthening controls and monitoring activities in this area.
Potential impact A successful cyber-attack on our IT infrastructure may result in significant disruption to our operating performance; with the potential loss of sensitive financial and/or commercial information. Such an attack could result in serious damage to our reputation together with the risk of financial penalties and consequential customer loss.			

SITE COMPLIANCE RISK AND ENVIRONMENT, HEALTH & SAFETY REGULATION RISK

Risk trend Stable 	Description 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 Health & Safety regulations.	Mitigation <ul style="list-style-type: none"> • The Group monitors overall safety and loss prevention performance through the Glanbia Risk Management System (GRMS). This assists operational management responsible for site risk. An independent third party conducts the GRMS reviews, with the results presented to and considered by the Audit Committee on an annual basis. • The Group continues to invest in energy efficiency advancements, carbon reduction and emission management programmes to ensure compliance with environmental regulations. 	Changes during 2015 A Group insurance tender was conducted to ensure that a comprehensive and cost effective programme is in place for all significant insurable risks and major catastrophes.
Potential impact Potential impacts include Health & Safety risks, reputational damage, regulatory penalties and an inability to service customer requirements.	Changes during 2015 An enhanced emphasis was placed on ensuring all key business operations have updated business continuity plans in place with detailed simulation exercises conducted on a number of our key operating sites.		

PRODUCT SAFETY AND COMPLIANCE RISK

Risk trend Stable 	Description 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 consumer or employee illness.	Mitigation The Group conforms to all relevant food safety and quality regulations and aims to employ best practice across all its production facilities to maintain the highest standards by focusing on:	Changes during 2015 During 2015 we appointed a new Group Head of Quality & Food Safety to underpin and further develop the best practice adopted across the Group regarding food safety and quality regulations.
Potential impact 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.	Changes during 2015 <ul style="list-style-type: none"> • 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. 		

DIRECTORS' REPORT

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GROUP CHAIRMAN'S INTRODUCTION TO GOVERNANCE

FOCUSED ON ROBUST GOVERNANCE AND EMBEDDING OUR PURPOSE, VISION AND VALUES

We believe that a high standard of corporate governance supports long-term value creation and is a key element of our business success.

HENRY CORBALLY
Group Chairman



DEAR SHAREHOLDER,

I am delighted to present my first corporate governance statement as your Group Chairman following my appointment in June 2015.

The promotion and maintenance of high standards of corporate governance is a core element of our Board. I am committed to continuing the work of my predecessor, Liam Herlihy, in ensuring a well-governed and effective Board to support the delivery of our strategic priorities.

Our Board strives to continually improve the success of the Group on behalf of our shareholders. We are committed to promoting good corporate governance. We understand that a supportive yet challenging Board is essential to providing strong leadership to the Group Operating Executive. This protects the interests of shareholders and wider stakeholders of the Group.

During 2015, the Group adopted new purpose, vision and values statements with the full endorsement of the Board. These covered five pillars: 'the customers' champion', 'performance matters', 'find a better way', 'winning together' and 'showing respect'. Collectively these pillars will provide the compass for our journey ahead in achieving our ambitious growth targets. Siobhán Talbot, the Group Managing Director, ensures that this approach is effectively implemented across the whole Group and that all our employees are aware of, and live by, our purpose, vision and values, and uphold the highest standards of corporate governance.

COMPLIANCE WITH THE CODES

The Group is subject to the UK Corporate Governance Code (2014) 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 2015, with the exception of the composition of the Board of Directors. In keeping with good governance, the Board and I are happy that the alternative to following this provision is justified in our particular circumstances. A detailed description of how we have applied the principles of the Codes is set out in the following pages, an index to which is contained on pages 84 to 85.

BOARD EVALUATION

In my role as Group Chairman, I am responsible for ensuring effectiveness in all aspects of the Board's role. This includes promoting effective relationships and open communication between Directors and encouraging active engagement by all members. I am pleased to report that the positive outcome of the Board and Committee evaluation process reflects this effectiveness.

Based on the outcome of the 2015 review, it was concluded that the Board continues to work very effectively as a cohesive body with a good balance of support and challenge. The Board rated its performance as robust and effective in the areas of governance and compliance, shareholder accountability and relationships, induction and succession planning. It was also our view that, overall, the principal Committees continued to function efficiently and effectively. Each of the Directors was considered to be making a valuable contribution and with proper commitment, including of time, to their respective roles.

In accordance with our three-year cycle of Board performance evaluations an external consultant will be engaged to facilitate the external evaluation of the effectiveness of the Board during the course of 2016. The external evaluation will supplement our existing internal Board performance evaluation processes, details of which are set out on page 47. The last externally facilitated Board evaluation was carried out in 2013 which resulted in recommendations for improving the Board's effectiveness and these were progressed during 2014 and 2015.

BOARD CHANGES

2015 was another year of change for the Board. At the conclusion of the Annual General Meeting (AGM) on 12 May 2015, Liam Herlihy retired as Group Chairman, Chairman of the Nomination and Governance Committee and as a Non-Executive Director. David Farrell, Patrick Gleeson and William Carroll also retired as Non-Executive Directors during 2015.

On 12 June 2015, I was appointed Group Chairman and Chairman of the Nomination and Governance Committee. Patrick Murphy was appointed Vice-Chairman to replace me. Also on the same date, three new Non-Executive Directors, Patsy Ahern, Jim Gilsenan and Patrick Hogan were appointed on behalf of Glanbia Co-operative Society Limited (the 'Society').

On 15 December 2015, Tom Grant was appointed as a Non-Executive Director on behalf of the Society.

RE-ELECTION OF DIRECTORS

In accordance with the UK Corporate Governance Code (2014), 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 27 April 2016. Additionally, 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.

SUCCESSION PLANNING

During the year, the Nomination and Governance Committee and the Board continued to focus on strengthening the pipeline of executive talent in the Group. They are committed to building on existing programmes while introducing new initiatives to broaden and develop the strong talent which exists across the Group.

A comprehensive talent review was presented to the Board by the Group Human Resources & Corporate Affairs Director mapping the strength of our talent base for senior leadership and outlining successional candidates across senior roles within the Group. Recommendations from this review will be progressed in 2016.

Development programmes are a key part of our talent management and the Glanbia Management Development Program has been in place for a number of years and continues to identify and partner key senior talent across the Group, broadening their skillsets and experience to prepare them for future opportunities.

RELATIONSHIP AGREEMENT

On 10 November 2014, the Company 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. The Relationship Agreement was amended in 2015 to reflect the agreement between the Company and the Society to further reduce the Society's representation on the Board, details of which are set out on page 64. The Society's shareholding in the Company was reduced from 41.2% to 36.5% during the year.

REMUNERATION AND REPORTING

The attraction, retention and motivation of a valued and highly effective management team are key to achieving our ambition for continued sustainable growth.

The Remuneration Committee carried out an extensive review of the Group's remuneration policy and design during 2014 with the advice of Towers Watson (now named Willis Towers Watson), remuneration consultants, who provided independent external advice in respect of remuneration policy, pay positioning and best practice.

At the 2015 AGM the shareholders were invited to receive and consider the revised Remuneration policy report, the Remuneration Committee report and the amendments to the 2008 Long Term Incentive Plan (LTIP). These resolutions were passed by an overwhelming majority, full results of which are set out on page 79.

Our revised remuneration strategy ensures that the Group has a policy and structure in place to drive and support our strategic business ambitions and attract, retain and motivate key talent to deliver long term sustainable shareholder value.

RISK MANAGEMENT

Your Board continues to place emphasis on monitoring risk with a structured approach to the management of risk in the Group. While the Board has ultimate accountability for defining the level of risk appropriate to Glanbia, the responsibility for reviewing the design and implementation of the Group's management and internal control systems to mitigate the risks has been delegated to the Audit Committee who played a key role in 2015 in ensuring the appropriate governance and challenge around risk and assurance is embedded throughout the Group. Our approach to risk is set out in the Risk Management report on pages 32 to 38.

EXTERNAL AUDITORS

As indicated last year, in light of the requirements of the UK Corporate Governance Code and other recent changes to the EU regulatory framework, the Audit Committee undertook a competitive tender for the external audit. PricewaterhouseCoopers (PwC) have been the external Auditors of the Group since the merger of Avonmore Foods plc and Waterford Foods plc in 1997. PwC did not participate in the tender process. This process involved: presentations to the Audit Committee by three tendering firms, addressing the key business risks and their proposed audit approach; individual meetings of the tendering firms with key members of the divisional and functional management teams, executive management and members of the Audit Committee; the presentation of written tender documents; and a final presentation to a selection committee chaired by the Chairman of the Audit Committee and comprising Executive and Non-Executive Directors, the Group Secretary, the Group Head of Internal Audit and the Group Financial Controller. The result of this tender process was that, on the recommendation of the Audit Committee, the Board has agreed to appoint Deloitte, Chartered Accountants as external Auditors for the 2016 financial year, in place of PwC. The appointment will be put to the shareholders as a non-binding resolution for their consideration at the AGM.

GROUP CHAIRMAN'S INTRODUCTION TO GOVERNANCE CONTINUED

ENGAGEMENT WITH SHAREHOLDERS

The Company has a very active and extensive investor relations programme. We report our performance to the market on a quarterly basis. In addition, we keep the investors section of our website, www.glanbia.com/investors, up-to-date with all published results and presentations with a playback facility of most recent results conference calls freely available. The Group Managing Director, Group Finance Director, Executive Directors and Head of Investor Relations presented at 13 investor conferences globally and conducted over 400 meetings with the investor community in 2015.

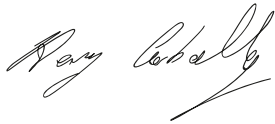
Our dedicated investor relations team engages with investors on a daily basis outside of closed periods and travels to various financial centres around the world to meet with shareholders and potential shareholders. We are now covered by equity analysts from 10 leading stockbroking firms and they publish detailed independent research reports on the Company for their clients.

Additionally, whenever possible, all Directors attend the AGM and shareholders are invited to ask questions during the meeting and have an opportunity to meet with all the Directors following the conclusion of the meeting.

ANNUAL GENERAL MEETING

I welcome questions or comments from shareholders either via our website, www.glanbia.com, or in person at the AGM which will be held at the Lyrath Estate Hotel, Kilkenny on 27 April 2016.

In the following pages, we explain in greater detail our approach to governance and how the Board and its Committees have fulfilled their governance responsibilities during the year to ensure that robust governance practices are embedded across the Group.



HENRY CORBALLY
Group Chairman

MORE INFORMATION

-  Strategic report on **pages 2 to 23**.
-  Board of Directors and senior management **pages 48 to 54**.
-  Board evaluation **pages 40 and 47**.
-  Audit Committee report on **pages 55 to 60**.
-  Nomination and Governance Committee report on **pages 61 to 65**.
-  Remuneration Committee report **pages 66 to 83**.
-  UK Corporate Governance Code and ISE Annex **pages 84 and 85**.

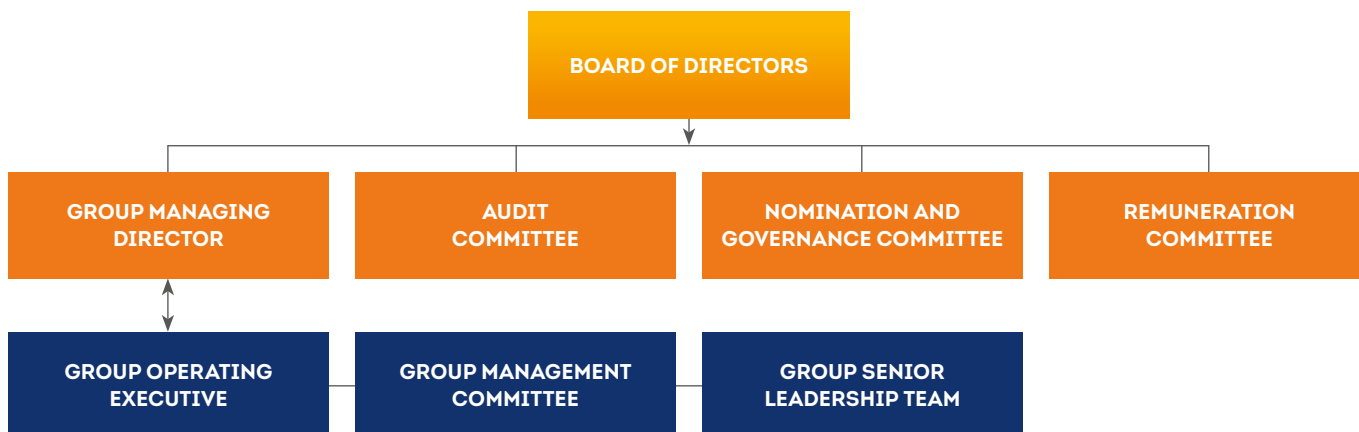
GOVERNANCE OVERVIEW

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. Our Governance Framework ensures that policies and procedures set at Board level are effectively communicated across the whole business.

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 in pages 32 to 38 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, the Group Human Resources & Corporate Affairs Director and the Group Corporate Development 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 and the Business Unit Chief Executives and has responsibility for the delivery of the Group's annual business plan and strategic priorities. The Chief Executive Officers of the Joint Ventures attend meetings by invitation.

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 the Group's business plan and strategy.

GOVERNANCE OVERVIEW CONTINUED

BOARD LEADERSHIP AND EFFECTIVENESS CONTINUED

LEADERSHIP

BOARD STRUCTURE

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 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 seven Non-Executive Directors in 2020, more details of which are set out on page 64 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).

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. 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.

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 33.2% and the share price has risen from €8.24 (at the end of 2012) to €16.95 at financial year end 2015, all underpinned by the Group's high standard of corporate governance practices over many years.

BOARD RESPONSIBILITIES

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.

DIVISION OF RESPONSIBILITIES

THE GROUP CHAIRMAN

Henry Corbally'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. Henry Corbally is also Chairman of the Nomination and Governance Committee. Read biography on page 48.

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. Read biography on page 52.

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. Read biography on page 49.

BOARD ATTENDANCE

The Board had six scheduled meetings in 2015 with Board member meeting attendance as follows:

2015 Board meeting attendance

Director	Appointed	Number of full years on the Board	2015 Meeting attendance
H Corbally	9 June 1999	16	6/6
Mn Keane	24 May 2006	9	6/6
P Murphy	26 May 2011	4	6/6
S Talbot	1 July 2009	6	6/6
P Ahern	12 June 2015	Less than 1	3/3
W Carroll ¹	26 May 2011	4	4/5
P Coveney	30 May 2014	1	6/6
J Doheny	29 May 2012	3	6/6
D Farrell ²	26 May 2011	3	3/3
M Garvey	12 November 2013	2	6/6
D Gaynor	12 March 2013	2	6/6
J Gilsenan ³	12 June 2015	11	3/3
P Gleeson ²	24 May 2006	9	3/3
V Gorman	27 June 2013	2	6/6
T Grant ⁴	15 December 2015	Less than 1	1/1
P Haran	9 June 2005	10	6/6
B Hayes ⁵	30 May 2014	4	6/6
L Herlihy ²	11 September 1997	18	3/3
P Hogan	12 June 2015	Less than 1	3/3
MI Keane ⁶	29 June 2010	7	6/6
H McGuire	1 June 2013	2	6/6
M Merrick	9 June 2005	10	6/6
J Murphy	29 June 2010	5	6/6
D O'Connor	1 December 2014	1	6/6
B Phelan	1 January 2013	3	6/6
E Power ⁷	26 May 2011	13	6/6

1. Retired 6 November 2015.

2. Retired 12 May 2015.

3. J Gilsenan was appointed on 12 June 2015 having previously served 11 full years on the Board.

4. Appointed 15 December 2015.

5. B Hayes was appointed to the Board in 2014 having previously served three full years on the Board.

6. MI Keane was appointed to the Board in 2010 having previously served two full years on the Board.

7. E Power was appointed to the Board in 2011 having previously served nine full years on the Board.

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. He coordinates, 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. Read biography on page 52.

EXECUTIVE DIRECTORS

The Executive Directors are collectively responsible for the day-to-day running of the business and developing the Group's strategy and budget for Board approval. They monitor the financial and operational performance of the Group and review the Group risk register; allocating resources across the Group within parameters agreed by the Board. The Executive Directors are also responsible for developing leadership and future talent programmes and securing strong succession planning for the Group. Read biographies on pages 52 and 53.

NON-EXECUTIVE DIRECTORS

The Non-Executive Directors promote the highest standards of integrity, probity and corporate governance throughout the Group, particularly at Board level. They constructively challenge and develop proposals on strategy scrutinising the performance of management in meeting agreed goals and objectives, and monitor the reporting of performance. They review the integrity of financial information, and ensure that financial controls and systems of risk management are robust and defensible. They also determine the three year remuneration policy for Executive Directors and have a prime role in appointing and, where necessary, removing Executive Directors, and in succession planning. Read biographies on page 48 to 51.

GOVERNANCE OVERVIEW CONTINUED

BOARD LEADERSHIP AND EFFECTIVENESS CONTINUED

EFFECTIVENESS

INDUCTION AND BOARD DEVELOPMENT

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.

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 all four business segments, Glanbia Performance Nutrition, Global Ingredients, Dairy Ireland and Joint Ventures and Associates.

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 October 2015 the Board visited Glanbia Performance Nutrition in Downers Grove, Chicago.

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 Companies Act 2014 (enacted 1 June 2015), the FRC's 2014 UK Corporate Governance Code, particularly the fair, balanced and understandable requirements and the reforms to Directors' remuneration reporting, viability statements 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.

INFORMATION FOR THE BOARD

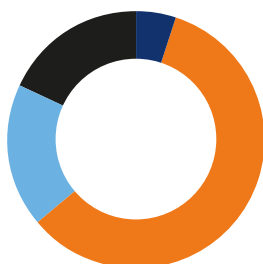
The Group Chairman, with the assistance of the Group Managing Director and the Group Secretary, is responsible for ensuring that Directors are supplied with information in a timely manner and that it is in a form and of an appropriate quality that enables them to discharge their duties. In the normal 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 coordinated through the Group Secretary.

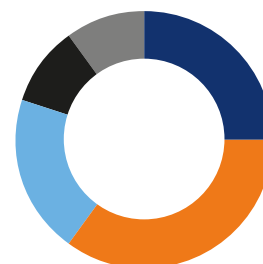
COMPOSITION OF THE BOARD

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



ALLOCATION OF TIME

- Strategy
- Operational and financial performance
- Corporate development
- Investor relations
- Other



BOARD EVALUATION

The Group has established a formal process for the annual evaluation of the performance of the Board, its principal Committees and individual Directors.

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 Group Chairman and Group Managing Director 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.

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 (2014), 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 64 of the Annual Report and is available to view at www.glanbia.com (Society representation on the Board). During 2015, the Company and the Society agreed to further reduce the number of Society Nominee Directors from 2020 (from eight to seven).

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 2015, 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 Articles of Association 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 election provisions for such Directors in the UKLA Listing Rules.

GLANBIA - DIRECTORS' TENURE ON THE BOARD

- Less than 3 years
- Between 3 and 6 years
- Between 6 and 9 years
- Over 9 years



BOARD OF DIRECTORS AND SENIOR MANAGEMENT GROUP CHAIRMAN AND VICE-CHAIRMEN

HENRY CORBALLY Group Chairman

Henry Corbally (aged 61), was appointed Group Chairman on 12 June 2015. Henry was appointed to the Board on 9 June 1999 and has served 16 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.

CHAIR: Nomination and Governance Committee
MEMBER: Audit Committee/
Remuneration Committee

MARTIN KEANE Vice-Chairman

Martin Keane (aged 60), was appointed Vice-Chairman on 29 June 2010. Martin was appointed to the Board on 24 May 2006 and has served nine 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 Ornuia Co-operative Limited.

MEMBER: Audit Committee/
Remuneration Committee

PATRICK MURPHY Vice-Chairman

Patrick Murphy (aged 57) was appointed Vice-Chairman on 12 June 2015. Patrick was appointed to the Board on 26 May 2011 and has served four full years on the Board. He was nominated for appointment by Glanbia Co-operative Society Limited. Patrick farms at Smithstown, Maddoxtown, Co. Kilkenny. Patrick is a Director of Farmer Business Developments plc.

MEMBER: Audit Committee/
Remuneration Committee



BOARD OF DIRECTORS AND SENIOR MANAGEMENT

NON-EXECUTIVE DIRECTORS

PATRICK COVENEY

Non-Executive Director

Patrick Coveney, (aged 45) was appointed to the Board on 30 May 2014 and has served 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.

MEMBER: Audit Committee

DAN O'CONNOR

Non-Executive Director

Dan O'Connor (aged 56) was appointed to the Board on 1 December 2014 and has served one full year on the Board. Dan is a former Non-Executive Director of CRH plc. 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

PAUL HARAN

Senior Independent Director

Paul Haran (aged 58) was appointed to the Board on 9 June 2005 and has served 10 full years on the Board. He is a Director of a number of companies including the Mater Private Hospital, Drury Porter Novelli and Insurance Ireland. He also chairs Edward Dillon & Co. Previously he was Secretary General of the Department of Enterprise and Employment, Principal of the UCD College of Business and Law and a Director of Bank of Ireland, the Road Safety Authority, the Institute of Public Administration and chaired the Qualifications Authority of Ireland. Paul is a member of the Ministerial Advisory Council for Public Sector Reform for Northern Ireland. He graduated from Trinity College Dublin with a B.Sc. in Computer Science and an M.Sc. in Public Sector Analysis. He was awarded Honorary Doctorates from both Trinity College Dublin and UCD.

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

DONARD GAYNOR

Non-Executive Director

Donard Gaynor (aged 59) was appointed to the Board on 12 March 2013 and has served two full years 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



BOARD OF DIRECTORS AND SENIOR MANAGEMENT
NON-EXECUTIVE DIRECTORS NOMINATED BY GLANBIA CO-OPERATIVE SOCIETY LIMITED



PATSY AHERN

Patsy Ahern (aged 58) was appointed to the Board on 12 June 2015 and has served less than one full year on the Board.



JER DOHENY

Jer Doheny (aged 61) was appointed to the Board on 29 May 2012 and has served three full years on the Board. Jer has completed the University College Cork Diploma in Corporate Direction.



JIM GILSEAN

Jim Gilsean (aged 56) was re-appointed to the Board on 12 June 2015 and has served less than one full year on the Board in the current term. He previously served 11 full years on the Board. Jim has completed the University College Cork Diploma in Corporate Direction.



VINCENT GORMAN

Vincent Gorman (aged 59) was appointed to the Board on 27 June 2013 and has served two full years on the Board.



TOM GRANT

Tom Grant (aged 61) was appointed to the Board on 15 December 2015 and has served less than one full year on the Board.



BRENDAN HAYES

Brendan Hayes (aged 55) was re-appointed to the Board on 30 May 2014 and has served 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.



PATRICK HOGAN

Patrick Hogan (aged 64) was appointed to the Board on 12 June 2015 and has served less than one full year on the Board.



MICHAEL KEANE

Michael Keane (aged 63) was re-appointed to the Board on 29 June 2010 and has served five full years on the Board in the current term. He previously served two full years on the Board.



MATTHEW MERRICK

Matthew Merrick (aged 64) was appointed to the Board on 9 June 2005 and has served 10 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.



JOHN MURPHY

John Murphy (aged 53) was appointed to the Board on 29 June 2010 and has served five full years on the Board. He is Vice-Chairman of the National Dairy Council. He has completed the University College Cork Diploma in Corporate Direction.



EAMON POWER

Eamon Power (aged 61) was re-appointed to the Board on 26 May 2011 and has served four 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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT GROUP OPERATING EXECUTIVE

SIOBHÁN TALBOT

**Group Managing Director
and Executive Director**

Siobhán Talbot (aged 52) 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. She is also a Director of the Irish Business Employers Confederation (IBEC). Prior to joining Glanbia, 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.

MARK GARVEY

**Group Finance Director
and Executive Director**

Mark Garvey (aged 51) 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.

MICHAEL HORAN

Group Secretary

Michael Horan (aged 51) 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.



HUGH MCGUIRE
CEO Glanbia Performance Nutrition and Executive Director

Hugh McGuire (aged 45) was appointed to the Board on 1 June 2013 as an Executive Director with responsibility for Glanbia Performance Nutrition. Hugh joined the Group in 2003 and has been Chief Executive Officer (CEO) of Glanbia 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 and Executive Director

Brian Phelan (aged 49) 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 Glanbia Cheese Limited. 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.

MICHAEL PATTEN
Group Human Resources & Corporate Affairs Director

Michael Patten (aged 53), is Group Human Resources & 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.

TOM TENCH
Group Corporate Development Director

Tom Tench (aged 45), 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.



BOARD OF DIRECTORS AND SENIOR MANAGEMENT GROUP MANAGEMENT COMMITTEE



COLIN GORDON
CEO Consumer Products

Colin Gordon (BBS, MBS, FMII) (aged 54) 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.



COLM EUSTACE
CEO Agribusiness

Colm Eustace (B.Ag. Sc., C. Dip. AF., MBA) (aged 54) 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.



RAIMUND HOENES
CEO Customised Solutions

Raimund Hoenes (Ph.D., M.Sc.) (aged 49), 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.



JERRY O'DEA
CEO and President Ingredient Technologies

Jerry O'Dea (B. Sc. Dy., MBA) (aged 56), 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 Nutritional. He was appointed Chief Executive of Ingredient Technologies in 2008.



JIM BERGIN
CEO Glanbia Ingredients Ireland Limited

Jim Bergin (B.Comm., M.Sc. Management Practice) (aged 53) 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. Jim is also a Director of Ornu Co-operative Limited.



PAUL VERNON
CEO Glanbia Cheese Limited

Paul Vernon (aged 55) 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.

AUDIT COMMITTEE REPORT

SAFEGUARDING SHAREHOLDER VALUE

Effective risk management and internal control systems help protect our people, business and reputation.

DAN O'CONNOR

Audit Committee Chairman



DEAR SHAREHOLDER,

As Chairman of the Committee, I am pleased to present the report of the Committee for the year ended 2 January 2016. During the year, the Audit Committee devoted significant time to fulfilling its key oversight responsibilities including:

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

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 in line with the revised UK Corporate Governance Code and the new guidance on risk management and internal control.

The Committee has been delegated responsibility by the Board for the on-going monitoring of the effectiveness of the Group's systems of risk management and internal control and for conducting a robust assessment of the principal risks, including those that would threaten the Group's business model, future performance, solvency and liquidity. Our focus over the past number of years has been to embed a robust risk identification and assessment process across the Group. This has enabled the Board to fully consider these risks as part of our three year Group strategy review process. As a result we are well positioned to confirm that both the Committee and the Board consider it appropriate to adopt the going concern basis of accounting with no material uncertainties as to our ability to continue to do so. The work performed in this regard is set out on page 32.

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, the Group Head of Internal Audit prepares a report for the Committee setting out the key considerations in arriving at the statement including the documented processes for the preparation of the 2015 Annual Report and Accounts.

As highlighted in last year's Audit Committee report, the Committee engaged in a formal tender process for the external audit of the Group's Financial Statements in respect of the year commencing 3 January 2016. This followed the finalisation of the EU audit sector reforms and a detailed review of their impact on Glanbia. I oversaw the tender process on behalf of the Committee and ensured it was conducted in a fair and objective manner. Following the conclusion of this process, the Board has agreed to appoint Deloitte as our new Group Auditors. Full details of the tender process are set out on page 60. The 2015 Group audit will be the last external audit conducted by PricewaterhouseCoopers (PwC) who have been our Group Auditors for the past 18 years. I would like to record my thanks to all the partners and staff of PwC for their many years of excellent service to Glanbia.

On behalf of the Audit Committee

DAN O'CONNOR

Audit Committee Chairman

AUDIT COMMITTEE REPORT CONTINUED

GOVERNANCE

The Audit Committee was in place throughout 2015.

As of 23 February 2016, 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 64 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. The record of members attendance for meetings held in 2015 is outlined in the 2015 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. Outlined below is an analysis of the Committee's current membership, 2015 meeting attendance and primary activities during 2015.

AUDIT COMMITTEE AS OF 23 FEBRUARY 2016

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
H Corbally	7 July 2005
Mn Keane	29 June 2010
P Murphy	12 June 2015

2015 AUDIT COMMITTEE MEETING ATTENDANCE

There were six scheduled meetings of the Audit Committee during the year ended 2 January 2016. 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.

Member	Appointed	Retired/Resigned	Number of full years on the Committee	2015 meeting attendance
D O'Connor (B.Comm, FCA)	1 December 2014		1	6/6
L Herlihy	8 June 2001	12 May 2015	13	2/2
Mn Keane	29 June 2010		5	6/6
H Corbally	7 July 2005		10	6/6
P Coveney (B.Comm, M.Phil, D.Phil)	30 September 2014		1	6/6
P Gleeson	26 July 2011	24 February 2015	3	1/2
P Haran (B.Sc., M.Sc.)	9 June 2005		10	6/6
D Gaynor (FCA)	24 February 2015		Less than 1	4/4
M Merrick	26 July 2011	24 February 2015	3	2/2
P Murphy	12 June 2015		Less than 1	4/4

 See pages 48 and 49 for more information on current Audit Committee members.

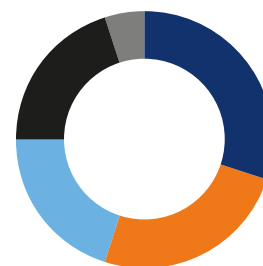
MEMBERSHIP

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



ALLOCATION OF TIME

- Financial and corporate governance updates
- External Auditors
- Risk management and internal control systems
- Internal audit
- Other



KEY MATTERS CONSIDERED BY THE COMMITTEE IN 2015

At our meetings during 2015 and to date in 2016, the Committee considered, amongst other matters, the following:

FINANCIAL REPORTING

- Reviewed the Group's half-year results, 2015 full-year Financial Statements and 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 2015 Financial Statements;
- Reviewed reports from management and the external Auditors on accounting, financial reporting, treasury and taxation issues;
- Reviewed the Group's policy of highlighting significant items within the Group's results as exceptional items. The Committee reviewed the items classified as exceptional in 2015 and following a review of supporting calculations, documentation and assumptions deemed the classification and disclosures in the financial statements to be appropriate. Detailed disclosures are included in Note 6 to the Financial Statements;
- Reviewed the accounting disclosures and asset/liability valuations relating to the acquisition of thinkThin;
- 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;
- Received a report on the effectiveness of the Group's financial reporting controls and systems of risk management and internal control from the Group Head of Internal Audit;
- Received a presentation from the Group Head of Tax on tax matters including legislative and other developments, team structure and controls;
- Considered the Directors' Responsibility Statement and the principal risks and uncertainties of the Group within the 2015 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 the Group's obligations with regard to the new viability statement;
- Recommended the approval of the Group's half-year results, 2015 full-year Financial Statements and Annual Report to the Board; and
- The Committee considered and were satisfied with the events after the reporting period note in the Financial Statements (Note 39).

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;
- Received a presentation from the Group Head of Quality and Food Safety on our controls in this area;
- Received a presentation on IT risks from the Group Head of IT which considered key risk areas such as cybersecurity, data privacy and the non-availability of mission critical systems; and
- See pages 32 to 38 for more information on our approach to risk management.

INTERNAL AUDIT

- Held a private review meeting with the Group Head of Internal Audit;
- Received presentations covering team development, external resource benchmarking reports, 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, which included the Group's new Safecall Speak-up service;
- Considered the revised Group Code of Conduct and approved all updates noted;
- 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 2015 audit and a summary of internal control observations, including observations in respect of IT controls;
- Assessed the effectiveness of the Auditors, the audit fee, the level of non-audit services provided and the Auditors' independence;
- Considered the external audit plan and review of corporate reporting updates;
- Conducted an external audit tender process described in detail on page 60; and
- Considered the adequacy of the transition plan for the agreed change in external Auditors in 2016.

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.

AUDIT COMMITTEE REPORT CONTINUED

2015 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 and the Board consider it appropriate to adopt the going concern basis of accounting with no material uncertainties as to the Group's ability to continue to do so. The Group will be able to continue in operation and meet its liabilities taking into account its current position and principal risks. The Committee also reviewed the Directors' Viability Statement which covers the next three financial years (2016-2018). This statement is supported by the work conducted by the Board during its two day strategy and budget review session in December 2015 and the Board's on-going review of monthly and year-to-date business performance versus budget and forecast. Further detail is given within the Risk Management section of the Strategic report on page 32.

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 2015 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 2015 Financial Statements and how these were addressed are outlined below:

2015 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, cashflow forecasts and associated discount rates;
- Detailed reports to support the recoverable value of the balances included in Note 14 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 appropriate;
- 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 14, key assumptions and conclusions are appropriate.

Acquisition accounting

- The Committee reviewed external professional advice obtained in relation to the key assumptions used to assess asset valuations, long term business and macro-economic projections and 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 2015 was appropriate.

Further details of the business combinations undertaken in 2015 are included in Note 37 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;
- 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 increased focus on international legislation and compliance; and
- The Committee discussed the basis and appropriateness of the provisions with the external Auditors.

Following these enquiries, the Committee is satisfied that the key assumptions governing the calculation of tax provisions within the Financial Statements are appropriate.

Revenue recognition

- The Committee considered the extent of rebate and deduction claims across the Group where the amounts payable can vary depending on the arrangements made with individual customers and the volume of trade.
- This included understanding the basis behind any significant year-end provisions to ensure they were adequate and appropriate.

Following these discussions, the Committee is satisfied that the basis behind the year-end rebate provisions within the Financial Statements is appropriate.

REVIEW OF EXTERNAL AUDITORS

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 in February 2016 following the completion of the 2015 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, which has been updated to reflect the EU audit reform legislation requirements, provides clear definitions of services that the external Auditors 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 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, is approved in advance by the Chairman of the Committee and does not exceed the thresholds defined by EU legislation.

The Committee also considers the performance of the external Auditors each year, including audit partner rotation requirements, 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 partner was appointed as lead engagement partner for the Group in 2013.

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:

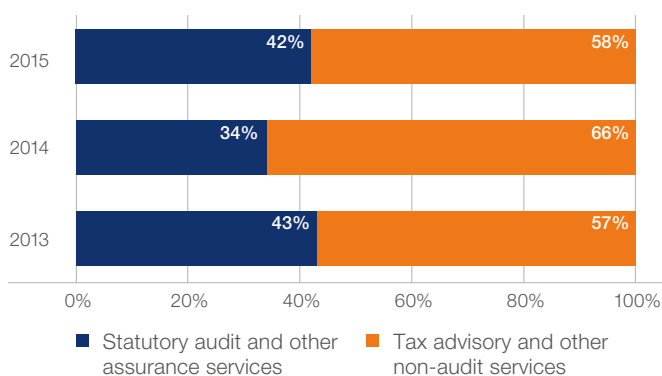
- Ensuring that the external Auditors do not make any management decisions; and
- Ensuring the individuals involved in providing the non-audit service are not members of the audit engagement team.

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 PwC for audit related and non-audit related services are analysed in Note 5 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 taxation work for potential acquisitions and a broad range of Group tax consulting advice. PwC 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



While the Committee is satisfied with the independence and objectivity of the current external Auditors, it anticipates that the level of non-audit fees will reduce significantly in 2016 following the Board's decision to appoint Deloitte as our new Group Auditors for the financial year commencing 3 January 2016. This is primarily as a result of the Committees' decision to restrict the external Auditors' involvement in due diligence and taxation consulting services in line with recent EU legislative changes. The Committee will continue to monitor the type and level of services provided to prevent any perceived or actual impact on the Auditors' independence.

AUDIT COMMITTEE REPORT CONTINUED

REVIEW OF EXTERNAL AUDITORS CONTINUED

AUDITOR TENDERING AND APPOINTMENT

The Audit Committee oversees the relationship with the external Auditors and is responsible for considering and making recommendations to the Board in relation to the appointment, re-appointment or removal of the Company's external Auditors. PwC have been the Group's Auditors since the merger of Avonmore Foods plc and Waterford Foods plc in September 1997 (18 years).

As noted in last year's Audit Committee report, the Committee, following a detailed review of EU audit reform legislation, the audit tendering recommendations contained in the UK Corporate Governance Code, the Financial Reporting Council (FRC) guidance for Audit Committees and market practice in Ireland and the UK, recommended to the Board that the external audit for the year commencing 3 January 2016 should be put out to tender, a process not previously undertaken by the Group. It was also recommended that the incumbent auditor, PwC, would not be invited to tender given the EU audit reform legislation which limits audit tenure. As such, the current Auditors, PwC, will resign as Auditors of the Company prior to the Annual General Meeting ('AGM') on 27 April 2016.

The Committee agreed that the Audit Committee Chairman would 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 request for proposal (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 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. The RFP documents were issued to the shortlist of invited firms in March 2015 and key site visits were held for participants, in Ireland and the USA, including detailed site management presentations. The Committee believes that this time investment promoted strong bidder engagement and resulted in effective participant presentations to the Audit Committee in June 2015. These presentations were also attended by the Group Managing Director, Group Finance Director, Group Secretary, Group Financial Controller and Group Head of Internal Audit.

Following these final presentations and discussions, the Committee recommended to the Board that Deloitte be appointed as the external Auditors. The Board accepted this recommendation and appointed Deloitte as the external Auditors for the year commencing 3 January 2016 with effect from the conclusion of the AGM on 27 April 2016. The appointment will be put to shareholders as a non-binding resolution for their approval at the AGM. PwC have confirmed that there are no matters in connection with their proposed resignation as Auditors which need to be brought to the attention of shareholders.

NOMINATION AND GOVERNANCE COMMITTEE REPORT

EMPOWERING THE BOARD TO MEET THE GROUP'S STRATEGIC OBJECTIVES

The Committee ensures the Board comprises individuals with the necessary skill, knowledge and experience to ensure the effective management of the Group's expanding business and delivery of its strategic objectives.

HENRY CORBALLY

Nomination and Governance Committee Chairman



DEAR SHAREHOLDER,

Having succeeded Liam Herlihy as Chairman of the Nomination and Governance Committee following his retirement, I am pleased to present to you the Nomination and Governance Committee report for 2015 outlining the work performed by the Committee during the year.

2015 was another year of significant change for the Board following the retirement of Liam Herlihy as Group Chairman in May 2015. Liam served on the Board for nearly 18 years; he joined the Board in 1997 and was appointed Vice-Chairman in 2001 and Group Chairman in 2008. Liam made an enormous contribution to Glanbia, his depth of experience and knowledge of the Group provided strong and focused leadership during a hugely important period of transformation and it is an honour to succeed him.

Patrick Murphy was appointed Vice-Chairman in succession to me. Other significant changes to the Board during 2015 were the retirement of William Carroll, David Farrell and Patrick Gleeson as Non-Executive Directors. Both William and David had served on the Board for four years and Patrick had served on the Board for nine years.

Four new Non-Executive Directors: Patsy Ahern, Jim Gilsenan, Tom Grant and Patrick Hogan were appointed to the Board following their nomination by Glanbia Co-operative Society Limited ('the Society').

The following pages provide more details on the roles and responsibilities of the Nomination and Governance Committee and our highlights and achievements during 2015. I am available at any time to discuss any matters that any shareholder may wish to raise.

On behalf of the Nomination and Governance Committee.

HENRY CORBALLY

Nomination and Governance Committee Chairman

NOMINATION AND GOVERNANCE COMMITTEE REPORT CONTINUED

OUR 2015 HIGHLIGHTS

- Considered and recommended the appointment of Henry Corbally as Group Chairman.
- Considered and recommended the appointment of Patrick Murphy as Vice-Chairman.
- Considered the nomination by the Society of Patsy Ahern, Jim Gilsey, Tom Grant and Patrick Hogan as Non-Executive Directors.
- Recommended the revision of the Memorandum and Articles of Association for the re-election of directors to reflect the changes required under the United Kingdom Listing Authority (UKLA) Listing Rules.
- Oversaw governance aspects of the Board and its Committees.
- Succession Planning.
- Amendment to the Relationship Agreement with Glanbia Co-operative Society Limited.

GOVERNANCE

The Committee was in place throughout 2015. Henry Corbally the new Group Chairman replaced Liam Herlihy as Chairman of the Committee on 12 June 2015.

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.

2015 COMMITTEE MEETING ATTENDANCE

Member	Appointed	Number of full years on the Committee	2015 Meeting attendance
H Corbally	12 June 2015	Less than 1	0/0
D Gaynor	12 December 2014	1	2/2
P Haran	9 June 2005	10	2/2
D O'Connor	12 December 2014	1	2/2
L Herlihy ¹	5 June 2008	6	1/1

1. Retired 12 May 2015.

 See pages 48 and 49 for more information on current Nomination and Governance Committee members.

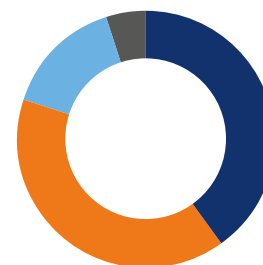
COMPOSITION OF THE BOARD

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



ALLOCATION OF TIME

- Board and Committee composition
- Succession planning
- Board effectiveness
- Other



ACTIVITIES DURING 2015

The principal activities undertaken by the Committee in 2015 are as follows:

APPOINTMENT OF NEW GROUP CHAIRMAN

Liam Herlihy retired as Group Chairman on 12 May 2015 following the conclusion of 2015 Annual General Meeting (AGM) and was succeeded by Henry Corbally (former Vice-Chairman) who was appointed as new Group Chairman on 12 June 2015 on the recommendation of the Committee. Mr Corbally was considered independent on his appointment.

APPOINTMENT OF NEW VICE-CHAIRMAN

Following the appointment of Henry Corbally as new Group Chairman, the Committee recommended the appointment of Patrick Murphy as new Vice-Chairman to replace Henry Corbally.

APPOINTMENT OF NEW NON-EXECUTIVE DIRECTORS

The Committee recommended the re-appointment of Jim Gilson and also the appointment of Patsy Ahern, Tom Grant and Patrick Hogan as Non-Executive Directors. The Committee noted their nomination by the Society and their experience and suitability and recommended their appointment to the Board. Patsy, Jim and Patrick were approved by the Board on 12 June 2015. Tom was approved by the Board on 15 December 2015. The Committee did not use an external search consultancy or open advertising for these appointments or the appointment of the Group Chairman, as it was not deemed necessary.

AMENDMENT TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION

The Committee recommended the adoption of a new Article 84(c) in response to the new United Kingdom Listing Authority ('UKLA') Listing Rule 9.2.2A which requires the Company to have a constitution that allows the election and re-election of independent Directors to be conducted in accordance with the new election provisions for independent Non-Executive Directors in the UKLA Listing Rules. These changes were approved at the AGM in 2015.

The new UKLA Listing Rules require a dual voting process on the election or re-election of independent directors at general meetings for listed companies which have a controlling shareholder. The dual approval process requires such appointments to be approved by independent shareholders (those shareholders other than the controlling shareholder and its concert parties) as well as by shareholders as a whole. This is on the basis that independent directors act as an important source of challenge and control and the Listing Authority therefore sees it as essential that minority shareholders have a proper say in their election.

RELATIONSHIP AGREEMENT WITH THE SOCIETY

In compliance with UKLA Listing Rule 9.2.2A, 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 64 will apply with respect to the composition and size of the Board. These provisions reflect 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.

This Relationship Agreement was amended in 2015 to reflect the agreement between the Company and the Society to further reduce the Society's representation on the Board, details of which are set on page 64. This was agreed as part of the Society's agreement to reduce its shareholding to 36.5% of the Company.

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 64), 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 and amended in 2015 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 64. The re-election of the Society Nominee Directors shall not therefore require separate approval by independent shareholders.

COMMITTEE CHANGES

Changes in the composition of the Committees on the recommendation of the Committee are set out below.

Henry Corbally was appointed Chairman of the Nomination and Governance Committee on 12 June 2015. Additionally, at a meeting of the Committee held on 13 January 2015, 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.

NOMINATION AND GOVERNANCE COMMITTEE REPORT CONTINUED

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

The Society currently owns 36.5% of the issued share capital of the Company. During 2012 (and amended in 2015), 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 would 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 2019 the number of Society Nominee Directors on the Board will reduce to eight;
- From 2020 the number of Society Nominee Directors on the Board will reduce to seven;
- 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 33% of the issued share capital, discussions will take place regarding a further reduction in the size of the Society's representation on the Board.

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 IRISH CORPORATE GOVERNANCE ANNEX AND THE UK CORPORATE GOVERNANCE CODE (2014) (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 ten years (six 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 transition of Board and Committee experience and knowledge and help to integrate the recently appointed independent Non-Executive Directors and new Group Chairman following the 2015 AGM. This decision was subject to a rigorous review in line with the Company's policy on the appointment of independent Non-Executive Directors adopted in 2014.

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 2015 AGM, with the exception of Liam Herlihy, David Farrell and Patrick Gleeson who were not put forward for re-election as they had indicated their intention to retire at the conclusion of the AGM.

All Directors are seeking re-election at the 2016 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 40.

Additionally in 2016 (as 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 Kilmainhamwood, Kells, Co. Meath, but the Committee and the Board consider that this does not interfere with the discharge of his duties to the Group.

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.

SUCCESSION

Succession planning and talent development provided much focus during the year. The Committee and the Board remain committed to broadening and developing the strong talent which exists across the Group. This is also referenced on page 41.

DIVERSITY

The Committee at the current time has not 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 (which will reduce to 10 later in 2016), 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.

REMUNERATION COMMITTEE REPORT

ENABLING GROWTH AMBITIONS THROUGH INDIVIDUAL AND COLLECTIVE PERFORMANCE

“The remuneration strategy is designed to ensure that the Group has in place a policy and structure that meets the Group’s strategic business ambitions and attracts, retains and motivates key talent to deliver long term sustainable shareholder value.”

DONARD GAYNOR

Remuneration Committee Chairman



DEAR SHAREHOLDER,

On behalf of the Remuneration Committee, I am pleased to present the Remuneration Committee report for the year ended 2 January 2016.

The Group’s remuneration policy is reviewed every three years, the last review was in 2014 with changes effective 2015 through to 2017. Following the Remuneration Committee and the Board’s unanimous approval, an advisory non-binding resolution to approve the remuneration policy for the period 2015-2017 and an advisory non-binding resolution to approve the 2014 Remuneration Committee report was put to the Annual General Meeting (AGM) on 12 May 2015 together with an ordinary resolution to approve amendments to the 2008 Long Term Incentive Plan (‘LTIP’).

I am pleased to report that all three resolutions received the overwhelming support of shareholders at the AGM in May 2015. No changes are being proposed to the current remuneration policy, which is outlined on pages 69 to 73.

REMUNERATION POLICY AND PRINCIPLES

The Group’s current remuneration policy reflects the strong growth achieved and the stated ambition for this growth to continue into the future, supported by our business strategies. This growth is dependent on us continuing to drive for sustainable performance through each business segment, as well as the overall Group.

The attraction, retention and motivation of a valued and highly effective management team are key to achieving this growth ambition.

This is reflected in the principles which underpin the current remuneration policy:

- **Global context** – strong emphasis on the global nature of the Group and therefore global market references for remuneration;
- **Strong alignment with business performance** – clear linkage of Executive Director remuneration to Group performance, particularly business segment metrics, where relevant;
- **Rewarding sustained performance** – higher weighting on long term incentives, with market benchmarking reflecting trends towards Europe and US markets; and
- **Greater alignment with shareholders/share value growth** – delivery of remuneration through shares, increased shareholding requirements, extended LTIP holding period, malus and claw back provisions together with increased LTIP participation below Executive Director level (both in terms of number of participants and quantum).

BUSINESS PERFORMANCE AND REWARD OUTCOMES FOR 2015

The Executive Directors participate in two variable remuneration plans, an Annual Incentive and a LTIP, both designed to reward Executive Directors for performance, based on both business and personal objectives.

- 1) The Annual Incentive for 2015 is based on a combination of personal objectives, year-on-year growth in annual adjusted Earnings Per Share (EPS) on a constant currency basis, EBITA (Earnings Before Interest, Tax and Amortisation) performance and Operating Cash Flow (OCF). OCF was introduced through the 2014 remuneration review and implemented for 2015.
- 2) The 2013 share awards under the 2008 Long Term Incentive Plan (2008 LTIP) in respect of performance in the three year period to 2 January 2016 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). The Group’s outcome against the outlined performance conditions has been independently verified by external advisers on behalf of the Remuneration Committee.

Whilst the external conditions have been challenging for 2015, the Group again delivered another strong performance. Growth in adjusted EPS on a constant currency basis for 2015 was 10.6%, aligning with the full year guidance of 9% to 11%. On a reported basis adjusted EPS grew by 29.4% in the year. ROCE was 13.9% for 2015.

Against stretching performance conditions, the share awards granted to Executive Directors in 2013, under the 2008 LTIP, will vest at a rate of 74.98% no earlier than 23 April 2016, the three year anniversary of their grant. The final vesting of the 2013 share awards will be subject to a post vesting holding period of one year in line with the amendments approved by shareholders at the 2012 AGM.

Details of both the 2015 Annual Incentive and 2013 share awards for Executive Directors are included on pages 75 and 77.

Aligned with our remuneration policy, the performance targets for our incentive schemes reflect stretch business metrics and targets which will enable us to achieve our stated ambition for continued growth. Business performance has been strong and will deliver incentive awards under the 2015 Annual Incentive scheme and the share awards granted in 2013 under the 2008 LTIP. Whilst these incentive awards are not at the maximum opportunity level they fairly and transparently recognise business performance against our stretch targets. Through the construct of the Annual Incentive scheme there continues to be an opportunity to differentiate personal performance, relative to peers. The out-turn of the 2015 Annual Incentive scheme and the 2008 LTIP demonstrate how stretching targets focus, drive and recognise individual and collective performance.

NON-EXECUTIVE DIRECTOR REMUNERATION

The fees paid to Non-Executive Directors were adjusted as part of the overall remuneration policy review carried out in 2014 and no further amendments are planned for 2016.

RELEVANT REMUNERATION

The Committee complies with all relevant reporting and legislative requirements as required for an Irish incorporated company with a primary listing on the Irish Stock Exchange. Additionally the Committee monitors and incorporates, as appropriate, best practice developments for remuneration policies.

Best disclosure practice is reflected in the remuneration report through compliance with Irish regulations. Whilst the Company is not subject to UK regulatory requirements, the Company has a secondary listing on the London Stock Exchange and as such we integrate, on a voluntary basis to the extent possible under Irish law, best practice approaches from the UK.

The views of the Company's shareholders are very important to us. The Remuneration Committee continues to acknowledge and actively listen to the views of the shareholders when determining the remuneration policy and making remuneration decisions. Additionally, the Committee welcomes independent and expert advice in developing and implementing remuneration policy and decisions.

VOTING

An advisory non-binding resolution to approve the Remuneration Committee report will be put to the AGM in April 2016 (excluding the part containing the Directors' remuneration policy 2015-2017 which was overwhelmingly approved at the 2015 AGM).

The Committee continues to be committed to ensuring the Group's remuneration policy is aligned to our shareholders' best interests, is compliant with relevant legislation and enables the Group to attract, retain and motivate a highly effective management team to meet the Group's objectives.



DONARD GAYNOR

Remuneration Committee Chairman

REMUNERATION COMMITTEE REPORT CONTINUED

THE REMUNERATION COMMITTEE

REMUNERATION COMMITTEE ACTIVITY 2015

OUR 2015 HIGHLIGHTS

- Implementation of the executive remuneration policy and design as approved at the 2015 AGM.
- Implemented revised long term performance metric weightings for the Group Managing Director and Group Finance Director of EPS (50%) relative to ROCE (30%) and TSR (20%).
- Implemented revised long term performance metrics to incorporate business segment EBITA and business segment ROCE where appropriate.
- Implemented revised Annual Incentive scheme, with stand-alone reward for business and personal performance.
- Reviewed the outcomes of Group performance and personal targets under the 2014 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 into shares.
- Reviewed and approved the vesting level for share awards granted in 2012 under the 2008 LTIP.
- Reviewed and approved all share awards made under the 2008 LTIP during 2015, 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.
- Reviewed Irish Defined Benefit Pension Schemes resulting in the de-risking and winding up of a number of the smaller schemes.

ROLE & KEY RESPONSIBILITIES OF THE REMUNERATION COMMITTEE

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.

COMPOSITION OF THE REMUNERATION COMMITTEE

The Remuneration Committee was in place throughout 2015. 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 & 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 Group Secretary acts as secretary to the Remuneration Committee.

REMUNERATION COMMITTEE MEETINGS

2015 REMUNERATION COMMITTEE MEETING ATTENDANCE

Member	Appointed	Number of full years on the Committee	2015 Meeting attendance
D Gaynor	13-May-14	1	5/5
P Haran	09-Jun-05	10	5/5
Mn Keane	29-Jun-10	5	5/5
H Corbally	26-Jul-11	4	5/5
D O'Connor	01-Dec-14	1	4/5
P Murphy	12-Jun-15	Less than 1	2/2
L Herlihy ¹	08-Jun-01	13	2/2

1. Retired 12 May 2015.

REMUNERATION COMMITTEE MEMBERSHIP

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



REMUNERATION COMMITTEE ALLOCATION OF TIME

- Framework and Policy
- Annual Incentive Plan
- Long Term Incentive Plan
- Pension
- Total Compensation Package
- Other



REMUNERATION COMMITTEE ADVISORS

The Remuneration Committee aims to ensure that decisions on executive remuneration are objective and independent. Towers Watson (now named Willis Towers Watson following a merger in early 2016), remuneration consultants, have been engaged by the Remuneration Committee to provide independent external advice in respect of remuneration policy, pay positioning and best practice. Willis 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). Willis Towers Watson fees for advising the Remuneration Committee during the year were €122,000.

The Remuneration Committee is satisfied that the advice provided raises no conflict of interest as a result of other services from Willis Towers Watson.

Arthur Cox are engaged to provide legal advice to the Remuneration Committee. Arthur Cox 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, POLICY & PURPOSE

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 Total Shareholder Return 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 appropriate to reflect unique geographic circumstances, 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 stretching Group and individual performance measures.

The Group KPIs, which are detailed on pages 8 and 9, 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 the following pages.

KEY ELEMENTS OF REMUNERATION FOR EXECUTIVE DIRECTORS

The following table details the remuneration policy for the Group's Executive Directors as approved by Shareholders at the 2015 AGM and is applicable for the three year period, 2015 to 2017 inclusive.

Description	Objective	Description and maximum value	Performance measures
Base Salary (fixed)			
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.	Individual performance, with targets and assessment determined annually.
Short Term Performance Related Incentive (variable)			
Annual Incentive 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.	The Annual Incentive scheme rewards achievement of specific short term annual performance metrics. Group Executive Directors can earn 75% of Base Salary at target performance and up to 150% for maximum performance. The proportion of the Annual Incentive earned in excess of 75% of Base Salary is deferred, once the appropriate taxation and social security deductions have been made, 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.	Based on growth in annual Group adjusted EPS on a constant currency basis, Group operating cashflow, business segment EBITA (where appropriate) and individual performance objectives, all as determined by the Remuneration Committee annually.

REMUNERATION COMMITTEE REPORT CONTINUED

SECTION A: DIRECTORS' REMUNERATION POLICY REPORT CONTINUED KEY ELEMENTS OF REMUNERATION FOR EXECUTIVE DIRECTORS CONTINUED

Description	Objective	Description and maximum value	Performance measures
Long Term Performance Related Incentive (variable)			
<p>Long Term Incentive Plan under which shares are granted in the form of a provisional allocation of shares for which no exercise price is payable</p>	<p>To align the interests of Executive Directors and shareholders through a long term share based incentive linked to share ownership and holding requirements.</p> <p>To focus on greater alignment with shareholders, long term retention and reward for sustainable performance.</p>	<p>Long Term Incentive individual annual award level of a maximum of 250% of Base Salary. Set dependent on the level of job responsibilities and with reference to companies of similar size and complexity in Europe and USA.</p> <p>In all cases, 25% vests at threshold performance and 100% vests at maximum with straight line vesting in between these levels.</p> <p>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.</p> <p>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's adjusted EPS on a reported basis, ROCE and TSR performance conditions as appropriate, and in addition where relevant, business segment EBITA and ROCE.</p> <p>Executive Directors will be required to hold shares received pursuant to the vesting of LTIP awards for a minimum period of two years post vesting.</p> <p>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 report will be subject to a general shareholder non-binding advisory vote.</p> <p>LTIP awards granted from 2015 are subject to claw back and malus (for a period of two years following vesting) to the extent deemed appropriate by the Remuneration Committee in line with best practice.</p>	<p>The award is determined by reference to three performance metrics for the Group Managing Director and Group Finance Director:</p> <ul style="list-style-type: none"> • 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. <p>For business segment Executive Directors, the weighting of the award is:</p> <ul style="list-style-type: none"> • 40% based on Group adjusted EPS on a reported basis; • 15% based on Group ROCE; • 15% based on Relative TSR against the STOXX Europe 600 Food and Beverage index; • 20% based on business segment EBITA and; • 10% based on business segment ROCE. <p>Performance is measured over a three year period.</p> <p>The Remuneration Committee has discretion to amend the financial performance targets over the performance period to take account of acquisitions and disposals where appropriate.</p> <p>Straight line pro rata vesting between threshold and maximum for each of the performance conditions.</p> <p>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.</p> <p>Quality of earnings review/underpin will continue to be exercised at the discretion of the Remuneration Committee.</p>
Pension (fixed)			
Retirement Benefits	Provide competitive, affordable and sustainable retirement benefits.	Determined as a % of Base Salary.	

Description	Objective	Description and maximum value	Performance measures
Other Benefits (fixed)			
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.	Determined in consideration of the level of responsibilities and local market practice.	
Shareholding Requirement			
Minimum share ownership requirements to be built up over a five year period	Ensure a greater alignment with shareholders' interests.	<p>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.</p> <p>Executive Directors are expected to build a shareholding through the vesting of shares under the Group's 2008 LTIP.</p> <p>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.</p>	

The content of the table above is consistent with the policy approved by shareholders and is inclusive of formatting and language refinements to give better clarity.

ELEMENTS OF REMUNERATION BEYOND EXECUTIVE DIRECTORS

The Group's remuneration principles and policy as outlined in the preceding tables are used for the Group's Executive Directors. Below this level across the Group the same principles and policy are also applied, as far as possible, 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.	<p>The Annual Incentive potential is based on appropriate and specific business unit measures, as determined by the Remuneration Committee.</p> <p>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.</p>
Long Term Incentive	<p>Ability to offer increased level of share awards in markets where there are high levels of long term incentives.</p> <p>Ensure line of sight to business unit metrics.</p>	<p>Material increases in maximum award potential to further align and create an ownership culture, better aligned with market expectations.</p> <p>In addition to key Group financial metrics, the Long Term Incentive level is focused on appropriate and specific business unit measures, as determined by the Remuneration Committee.</p> <p>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).</p> <p>LTIP share awards granted from 2015 may be subject to malus and claw back provisions to the extent deemed appropriate by the Remuneration Committee in line with best practice.</p>
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.

REMUNERATION COMMITTEE REPORT CONTINUED

SECTION A: DIRECTORS' REMUNERATION POLICY REPORT CONTINUED

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 chairmanship 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	2016 €	2015 €
Group Chairman	105,000	105,000
Vice-Chairmen	52,500	52,500
Senior Independent Director	80,000	80,000
Audit Committee Chairman	80,000	80,000
Remuneration Committee Chairman	80,000	80,000
Non-Executive Director	70,000	70,000
Society nominated Non-Executive Director	35,000	35,000

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 69 to 71. 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, 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 incentive opportunity (as a percentage of Base Salary) which apply to the existing Executive 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 exceptional senior external appointments, the Remuneration Committee reserves the right to offer additional cash and/or share based payments on recruitment, when it considers this to be in the best interests of the Group 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 also 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 former employer'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. During 2015 this discretion was exercised for some senior appointments. These instances were exceptional and managed by the Group Human Resources & Corporate Affairs Director with the guidance of Willis Towers Watson, the Remuneration Committee advisors.

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 and its shareholders.

EXIT PAY 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 Executive 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 Group'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 the Company (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 GROUP

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 Group Human Resources function and the independent external advice from Willis Towers Watson, remuneration consultants.

REMUNERATION COMMITTEE REPORT CONTINUED

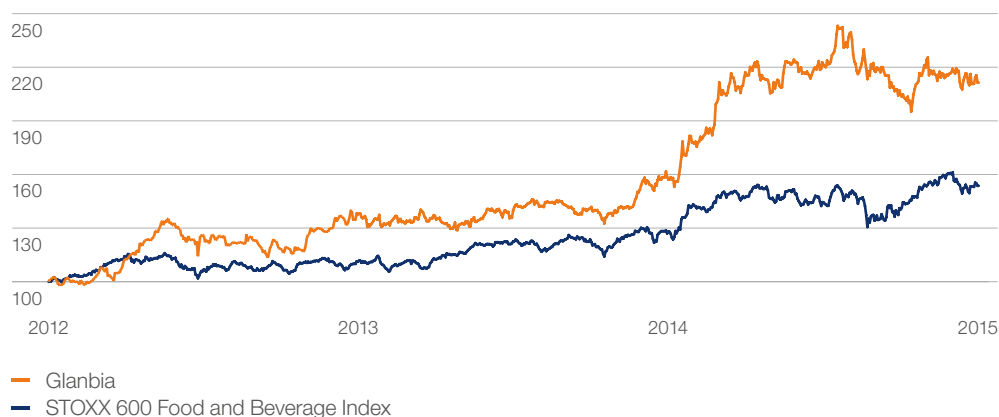
SECTION B: DIRECTORS' REMUNERATION IMPLEMENTATION REPORT

This section of the report explains how the Group's remuneration policy was implemented during 2015. This is aligned with the Group's strategy to deliver superior earnings growth for our shareholders.

COMPARISON OF OVERALL PERFORMANCE AND PAY

The graph below illustrates 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. Total return from the hypothetical €100 invested in Glanbia shares over the three years is €210.92 (inclusive of original investment) versus the Index of €153.46.

TOTAL SHAREHOLDER RETURN



EXECUTIVE DIRECTOR REMUNERATION 2015

The remuneration for 2015 for each of the Executive Directors is set out in the table below.

Remuneration element	Fixed			Variable		Total	
	Base Salary €'000	Pension Contribution €'000	Other Benefits €'000	Annual incentive (paid in cash) ¹ €'000	Annual incentive (deferred into shares) ² €'000	2015 Total €'000	2014 Total €'000
Executive Directors							
S Talbot	750	199	26	563	351	1,889	1,626
M Garvey	400	64	21	300	199	984	833
H McGuire ³	479	72	135	359	254	1,299	926
B Phelan	390	103	15	293	90	891	840

- This reflects the proportion of the Annual Incentive payable to Executive Directors in respect of performance for the year 2015 (which amount to 75% of Base Salary), which will be paid through salary in 2016.
- This reflects the proportion of the Annual Incentive (over 75% of Base Salary) which once the appropriate taxation and social security deductions have been made will be invested in shares in the Company in 2016 and delivered to Executive Directors two years following this investment (2018).
- The base salary is paid in US dollars and remains unchanged from year to year, whilst currency movement impacts the euro reported number.

Details of Directors' long term awards expected to vest in respect of performance to 2 January 2016 are set out on page 77.

Further explanatory notes relating to each remuneration element follow.

BASE SALARY (FIXED)

Base salaries for the Executive Directors are determined by the Remuneration Committee, 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.

The following table sets out the closing 2015 Base Salary for each of the Executive Directors.

	Base Salary
Executive Directors	
S Talbot	€750,000
M Garvey	€400,000
H McGuire	\$530,800*
B Phelan	€390,000

* For clarity the base salary is being disclosed in US dollars as it is the underlying currency of payment.

Base salaries for Executive Directors will increase in the range of 2-3% with effect from 1 April 2016.

PENSION (FIXED)

Brian Phelan 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 4 January 2015, to offer the option to Brian Phelan to receive a taxable payment of 26.5% of Base Salary in lieu of pension benefits. Siobhán Talbot is a deferred member of a Glanbia defined benefit pension scheme effective 1 January 2012. 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 (FIXED)

This includes employment related benefits such as the use of company cars, medical/life assurance, relocation costs and overseas allowance, where appropriate. All benefits are subject to normal deductions per the relevant regulations.

ANNUAL INCENTIVE (VARIABLE)

The Group's Executive Directors participate in a performance related Annual Incentive scheme, which aims to reward achievement of specific short term performance metrics determined by the Remuneration Committee annually and reviewed periodically during the year. Other senior executives below the Group's Executive Directors also participate in this scheme, albeit at different participation levels. The performance metrics consider collective business performance and individual performance. The Committee believes that this method of performance measurement and assessment is objective, transparent, rigorous and balanced, and provides an appropriate means to evaluate annual performance. It also ensures that all senior management in the Group are aligned to the same annual goals in the best interest of the Group and the shareholders.

For the annual period to 2 January 2016, 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, Operating Cashflow on a constant currency basis, individual performance objectives and where relevant Business Segment EBITA for Executive Directors with Business Unit responsibility. The mix of weightings for all objectives reflected 30% for personal objectives at maximum performance and 120% for business objectives (EPS, Operating Cashflow and Business Segment EBITA where relevant) at maximum performance.

Both personal and business objectives are specific and measurable, determined and communicated at the start of the financial year. The mix and weighting of objectives recognises each individual's contribution to the Group. Achievement against personal performance objectives is reviewed continuously during the financial year with the full year outcomes reflected in the Annual Incentive earned.

The table below summarises the achieved performance in 2015 in respect of the primary measures used in the determination of annual incentive, together with an indication of actual performance relative to target.

Performance Assessment in 2015	Actual Performance	Below Target	Target	Above Target	Maximum
Adjusted EPS Growth ¹	10.6%			✓	
Group Operating Cashflow (€m) ²	281.4				✓

- Adjusted EPS growth is measured on a constant currency basis to reflect the underlying performance of the Group. For 2015 the Executive Directors targeted constant currency adjusted EPS growth of 9.5% with a maximum incentive achieved at 12%. The 2015 outcome is 10.6% growth in adjusted EPS adjusted to 10.5% for incentive purposes when the impacts of acquisitions and divestitures made during the year are excluded. Note that on a reported basis adjusted EPS increased by 29.4%.
- Operating Cash Flow (OCF) is defined as EBITDA plus or minus the movement in Working Capital less Business Sustaining Capital Expenditure. Similar to Adjusted EPS, OCF is measured on a constant currency basis. For 2015 the Executive Directors targeted constant currency OCF of €250.8 million with a maximum incentive achieved at €273.2 million. The 2015 outcome was €281.4 million adjusted to €283.2 million when the impacts of acquisitions and divestitures made during the year are excluded.

The table outlines the 2015 Annual Incentive design for each Executive Director and respective weightings. It also details the full year 2015 actual incentive outcome as a percentage of salary.

Executive Directors	Annual Incentive Weighting					Annual Incentive Opportunity	2015 Actual Incentive Outcome as a % of Salary
	Adjusted EPS	Group Operating Cashflow	Personal Objectives	Business Segment EBITA	Total		
S Talbot	56%	24%	20%	–	100%	0% – 150%	121.8%
M Garvey	56%	24%	20%	–	100%	0% – 150%	124.8%
H McGuire	40%	20%	20%	20%	100%	0% – 150%	128.1%
B Phelan	40%	20%	20%	20%	100%	0% – 150%	98.1%

LONG TERM INCENTIVE PLAN

The Group operates a 2008 LTIP for Executive Directors. The 2008 LTIP was approved by shareholders and was subsequently amended in 2012 with shareholder approval to include a post vesting holding period of one year. The 2008 LTIP was further amended in 2015 with shareholder approval to extend the post vesting holding period to two years as well as the addition of clawback and malus provisions.

The Remuneration Committee approves the terms, conditions and allocation of awards under the 2008 LTIP to Executive Directors and senior management. Based on the best practice reviews, the Committee believe that the combination of the short term Annual Incentive Plan and the 2008 LTIP provide an appropriate balance to incentivise and reward performance which supports shareholder value creation and aligns to the key strategic imperatives of long term sustainable performance.

LONG TERM INCENTIVES (SHARE AWARDS WITH PERFORMANCE PERIODS ENDING IN THE YEAR)

Long Term Incentive share awards granted in April 2013 had a three year performance period ending on 2 January 2016 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.

REMUNERATION COMMITTEE REPORT CONTINUED

SECTION B: DIRECTORS' REMUNERATION IMPLEMENTATION REPORT CONTINUED

LONG TERM INCENTIVE PLAN CONTINUED

EPS PERFORMANCE CONDITION

One third of the award vests according to the Group's rate of growth in reported adjusted 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.

Investors consider adjusted EPS to be a key indicator of long term financial performance and value creation of a public limited company. Therefore adjusted EPS is a key metric to incentivise long term sustainable business performance.

The vesting conditions are as follows:

	EPS element vesting
Threshold performance (Three year adjusted EPS growth equal to CPI plus 5% compounded (5.03%))	50%
Maximum performance (Three year adjusted EPS growth equal to CPI plus 10% compounded (10.03%))	100%
Actual performance (Three year adjusted EPS growth equal to 15.76%)	100%

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

2012 as restated to reflect IAS19 (revised)	51.34c
2015	79.14c

TSR PERFORMANCE CONDITION

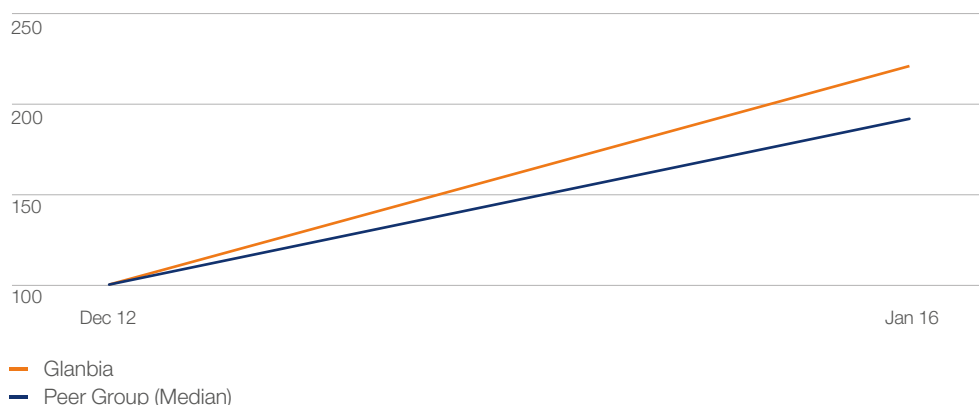
One third of the award vests according to the Group's TSR ranking relative to an agreed comparator group of 12 other international food and nutritional companies. TSR represents the change in the capital value of a listed/quoted company over a period, plus dividends reinvested, expressed as a plus or minus percentage of the opening value.

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. Therefore TSR is a key metric to incentivise long term sustainable business performance.

The graph below shows that, under the terms of the 2008 LTIP, at 2 January 2016, a hypothetical €100 invested in Glanbia plc on 30 December 2012 would have generated a total return (inclusive of original investment) of €221.26 compared with a total return of €191.98 if invested in the median performer from the peer group. This will result in 77% 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 74 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 between median and top quartile)	77%

Total Shareholder Return



ROCE PERFORMANCE CONDITION

One third of the award vests according to the Group's ROCE over the three year performance period. 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.

ROCE is an important metric as 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. Therefore ROCE is a key metric to incentivise long term sustainable performance. The Committee exercised its discretion under Rule 5.2 of the 2008 LTIP rules to amend the 2013 ROCE performance condition threshold to take account of the impact of strategic acquisitions and disposals during 2014 and 2015. The Committee considered it reasonable to revise the threshold vesting level only, to 13.2% from 13.5%. The Committee believes this to be a fairer measure of performance whilst continuing to maintain the Group's commitment to deliver a minimum ROCE performance of 12%.

	ROCE element vesting
Threshold performance (Three year simple ROCE average equal to 13.2% (as amended))	0%
Maximum performance (Three year simple ROCE average equal to 14.5%)	100%
Actual performance (Three year simple ROCE average equal to 13.82%)	47.95%

In light of the performance against the EPS growth target, relative TSR and adjusted ROCE targets, the Committee confirmed that 74.98% of the total 2013 LTIP share award is capable of vesting to each Executive Director.

2008 LTIP

It is expected that share awards granted to Executive Directors, under the 2008 LTIP in 2013 for the three year performance period 2013-2015, will vest in 2016 as follows:

	Number of Share Awards	Estimated Market Value ¹
Executive Directors		
S Talbot	42,479	€725,966
H McGuire	20,172	€344,739
B Phelan	36,555	€624,725

1. This reflects the value of long term incentive awards expected to vest in 2016 with a three-year performance period ended in 2015. These have been estimated using the average official closing price over the last quarter of 2015 of €17.09.

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%	Vesting Level 50% (Threshold)*	Vesting Level 100% (Maximum)*
2013 Awards	33% of award for all participants	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
2014 Awards				
ADJUSTED EPS GROWTH		Vesting Level 0%	Vesting Level 25% (Threshold)*	Vesting Level 100% (Maximum)*
2015 Awards	50% of award for Group Managing Director and Group Finance Director. 40% of award for business segment Executive Directors	Three year adjusted EPS growth less than 6% CAGR	Three year adjusted EPS growth equal to 6% CAGR	Three year adjusted EPS growth equal to or greater than 12% CAGR
TSR RANKING IN THE COMPARATOR GROUP		Vesting Level 0%	Vesting Level 30% (Threshold)*	Vesting Level 100% (Maximum)*
2013 Awards	33% of award for all participants	Ranked below the top half	Ranked half way	Ranked in the top quartile
2014 Awards	Peer group of 12 other international food and nutritional companies			
ADJUSTED EPS GROWTH		Vesting Level 0%	Vesting Level 25% (Threshold)*	Vesting Level 100% (Maximum)*
2015 Awards	20% of award for Group Managing Director and Group Finance Director. 15% of award for business segment Executive Directors	Ranked below the top half	Ranked half way	Ranked in the top quartile
	Peer group is the STOXX Europe 600 Food and Beverage index			

REMUNERATION COMMITTEE REPORT CONTINUED

SECTION B: DIRECTORS' REMUNERATION IMPLEMENTATION REPORT CONTINUED
PERFORMANCE TARGETS FOR OUTSTANDING SHARE AWARDS CONTINUED

RETURN ON CAPITAL EMPLOYED		Vesting Level 0%	Vesting Level 0% (Threshold)*	Vesting Level 100% (Maximum)*
2013 Awards	33% of award for all participants	Less than 13.5% ¹	Equal to 13.5%	Equal to or greater than 14.5%
2014 Awards	33% of award for all participants	Less than 13.0%	Equal to 13.0%	Equal to or greater than 14%
2015 Awards		Vesting Level 0%	Vesting Level 25% (Threshold)*	Vesting Level 100% (Maximum)*
2015 Awards	30% of award for Group Managing Director and Group Finance Director. 15% of award for business segment Executive Directors	Less than 12.0%	Equal to 12.0%	Equal to or greater than 14%
BUSINESS SEGMENT RETURN ON CAPITAL EMPLOYED**		Vesting Level 0%	Vesting Level 25% (Threshold)*	Vesting Level 100% (Maximum)*
2015 Awards	10% of award for business segment Executive Directors based on Average Business Segment ROCE	Below target	At target	At Maximum
BUSINESS SEGMENT EBITA**		Vesting Level 0%	Vesting Level 25% (Threshold)*	Vesting Level 100% (Maximum)*
2015 Awards	20% of award for business segment Executive Directors	Growth over Base EBITA is less than 6% per annum compounded	Growth over Base EBITA is equal to 6% per annum compounded	Growth over Base EBITA is equal to or greater than 12% per annum compounded

* Straight line vesting between threshold performance and maximum performance.

** Commercially sensitive information.

1. Revised to 13.2% to take account of strategic acquisitions and disposals during 2014 and 2015.

LONG TERM INCENTIVES (SHARE AWARDS MADE IN THE FINANCIAL YEAR)

Long term incentive share awards were made to the Executive Directors on 18 May 2015 and will vest no earlier than 18 May 2018, subject to the achievement of TSR, EPS and ROCE performance conditions. For business segment Executive Directors, their long term incentive weightings also include business segment EBITA and business segment ROCE as outlined in the table 'Key Elements of Remuneration for Executive Directors' on page 69.

These awards were made in line with the remuneration policy agreed at the AGM in May 2015. Performance is measured over a three year period. The performance period will end on 30 December 2017. The shares are subject to a two year holding period from date of vesting.

Executive Directors	Share Award Granted May 2015	Market Value € ¹	Share Award as a % of Base Salary
S Talbot	109,450	1,875,152	250%
M Garvey	46,700	800,088	200%
H McGuire	46,700	800,088	166%
B Phelan	45,500	779,529	200%

1. These have been valued at the mean between the highest and lowest sale prices of a Glanbia plc share on 15 May 2015 (€17.1325) the dealing day immediately preceding the date of grant.

DIRECTORS' SHAREHOLDINGS

As at 2 January 2016, the Executive Directors' share ownership against the guidelines was as follows:

Executive Directors	Shares held as at 2 January 2016	% of Base Salary based on Market Value as at 2 January 2016	Compliance with Shareholding Guidance
S Talbot	223,150	504%	250%
M Garvey*	2,444	10%	–
H McGuire	125,602	445%	150%
B Phelan	130,342	566%	150%

* 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

The Company offers Executive Directors and employees the opportunity to participate in share based schemes as part of the Group's remuneration policy.

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 859,933 shares at 2 January 2016.

The exercise of share options under the 2002 LTIP (which expired in 2012) is satisfied by the allotment of newly issued shares. At 2 January 2016 the total number of shares which could be allotted under this scheme was 55,000 shares which represent significantly less than one percent of the issued share capital of the Company.

THE GROUP CHAIRMAN AND NON-EXECUTIVE DIRECTORS

Henry Corbally was appointed Group Chairman on 12 June 2015. 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 2016 is €105,000 per annum (2015: €105,000). 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 Willis Towers Watson, remuneration consultants.

IMPLEMENTATION OF POLICY IN 2016

Base Salary is reviewed on an annual basis. Base salaries for Executive Directors will increase in the range of 2-3% with effect from 1 April 2016. The Base Salaries of Executive Directors as of the date of this report are set out on page 74. Annual Incentive opportunity for Executive Directors and senior executives in 2016 will continue to align with the remuneration policy review carried out in 2014 by the Remuneration Committee. Annual Incentive 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. Annual incentive opportunity will also remain unchanged in 2016.

2016 LTIP awards will continue to operate in line with the remuneration policy as outlined on page 70. Proportional weighting will apply to Group adjusted EPS, Group ROCE and Relative TSR against the STOXX Europe 600 Food and Beverage index, extended to include business segment EBITA and business segment ROCE for business segment Executive Directors. The Committee intends that the performance measures and targets will continue to include significant stretch to reflect the Group's and external expectations of performance.

All pension and other benefits will remain unchanged.

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 H is covered by the Independent Auditors' report on pages 93 to 97. The tables give details of the Directors' remuneration and interests in shares in Glanbia plc held by Directors and the Group Secretary and their connected persons as at 2 January 2016. There have been no changes in the interests listed in Tables B to G between 3 January 2016 and 23 February 2016.

The market price of the ordinary shares as at 02 January 2016 was €16.95 and the range during the year was €12.36 to €19.55. The average price for the year was €16.92.

RESULTS 2015—RESOLUTION TO RECEIVE AND CONSIDER 2014 REMUNERATION COMMITTEE REPORT

For	%	Against	%	Total excluding withheld	%	Withheld*	%	Total including withheld
193,564,861	97.69%	4,569,311	2.31%	198,134,172	100%	587,513	0.30%	198,721,685

* Votes withheld are not votes in law.

RESULTS 2015—RESOLUTION TO RECEIVE AND CONSIDER REMUNERATION POLICY REPORT (2015-2017)

For	%	Against	%	Total excluding withheld	%	Withheld*	%	Total including withheld
191,062,482	97.59%	4,715,762	2.41%	195,778,244	100%	2,943,441	1.48%	198,721,685

RESULTS 2015—RESOLUTION TO AUTHORISE THE AMENDMENT OF THE 2008 LONG TERM INCENTIVE PLAN

For	%	Against	%	Total excluding withheld	%	Withheld*	%	Total including withheld
191,306,153	97.58%	4,737,693	2.42%	196,043,846	100%	2,677,839	1.35%	198,721,685

REMUNERATION COMMITTEE REPORT CONTINUED

SECTION B: DIRECTORS' REMUNERATION IMPLEMENTATION REPORT CONTINUED

TABLE A: 2015 DIRECTORS REMUNERATION

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

Date of appointment/ retirement, if applicable	Base Salary €'000	Fees €'000	Annual Incentive paid in cash ¹ €'000	Annual Incentive deferred into shares ² €'000	Pension Contribution €'000	Other Benefits €'000	2015 Total €'000	2014 Total €'000
Executive Directors								
S Talbot	750	–	563	351	199	26	1,889	1,626
M Garvey	400	–	300	199	64	21	984	833
H McGuire ^{3,4}	479	–	359	254	72	135	1,299	926
B Phelan	390	–	293	90	103	15	891	840
2015	2,019	–	1,515	894	438	197	5,063	
2014	1,940	–	1,456	220	437	172		4,225
Non-Executive Directors								
H Corbally	–	81	–	–	–	–	81	48
Mn Keane	–	53	–	–	–	–	53	48
P Murphy	–	45	–	–	–	–	45	30
P Ahern	App. 12 June 2015	–	19	–	–	–	19	–
J Callaghan	Ret. 1 Dec 2014	–	–	–	–	–	–	73
W Carroll	Ret. 6 Nov 2015	–	30	–	–	–	30	30
P Coveney	App. 30 May 2014	–	70	–	–	–	70	40
J Doheny	–	–	35	–	–	–	35	30
D Farrell	Ret. 12 May 2015	–	13	–	–	–	13	30
D Gaynor	–	–	80	–	–	–	80	72
J Gilsenan	Reapp. 12 June 2015	–	19	–	–	–	19	–
P Gleeson	Ret. 12 May 2015	–	13	–	–	–	13	30
V Gorman	–	–	35	–	–	–	35	30
T Grant	App. 15 Dec 2015	–	2	–	–	–	2	–
P Haran	–	–	80	–	–	–	80	68
B Hayes	Reapp. 30 May 2014	–	35	–	–	–	35	18
L Herlihy	Ret. 12 May 2015	–	38	–	–	–	38	100
P Hogan	App. 12 June 2015	–	19	–	–	–	19	–
Ml Keane	–	–	35	–	–	–	35	30
J Liston	Ret. 13 May 2014	–	–	–	–	–	–	27
M Merrick	–	–	35	–	–	–	35	30
J Murphy	–	–	35	–	–	–	35	30
D O'Connor	App. 1 Dec 2014	–	80	–	–	–	80	6
E Power	–	–	35	–	–	–	35	30
2015	–	887	–	–	–	–	887	
2014	–	800	–	–	–	–		800
Total 2015	2,019	887	1,515	894	438	197	5,950	
Total 2014	1,940	800	1,456	220	437	172		5,025

1. This reflects the portion of the Annual Incentive earned by Executive Directors in respect of performance for the year 2015 (which amounts to 75% of base salary) which will be paid through salary in 2016.
2. This reflects the portion of the Annual Incentive (over 75% of Base Salary) which once the appropriate taxation and social security deductions have been made will be invested in shares in the Company in 2016 and delivered to Executive Directors two years following investment (2018).
3. Other benefits includes an overseas allowance of €92,866.
4. The Base Salary is paid in US dollars and remains unchanged from year to year, whilst currency movement impacts the euro reported number.

Details of Directors' long term awards expected to vest in respect of performance to 2 January 2016 are set out on page 77.

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 2015 in excess of inflation €'000	Total annual accrued pension at 2 January 2016 €'000
S Talbot	–	–	158
B Phelan	–	–	103
2015	–	–	261
2014	87	8	261

Siobhán Talbot and Brian Phelan are deferred members of the Glanbia defined benefit pension scheme, effective 1 January 2012 and 4 January 2015 respectively. As a result 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 to offer the option to receive a taxable payment in lieu of future service pension benefit.

TABLE B: DIRECTORS' AND SECRETARY'S INTERESTS IN GLANBIA PLC

	As at 2 January 2016 Ordinary Shares	As at 4 January 2015* Ordinary Shares
Directors		
H Corbally	13,991	12,536
Mn Keane	24,664	22,849
P Murphy	31,105	27,582
S Talbot ¹	223,150	194,431
P Ahern ²	7,720	3,726
P Coveney	3,900	3,900
J Doherty	16,257	14,737
M Garvey ¹	2,444	849
D Gaynor	10,000	10,000
J Gilsenan ²	5,373	4,549
V Gorman	4,173	2,727
T Grant ³	6,236	6,236
P Haran	7,462	7,462
B Hayes	30,074	26,246
P Hogan ²	7,658	7,020
MI Keane	35,927	30,770
H McGuire ¹	125,602	123,118
M Merrick	7,736	6,312
J Murphy	8,000	11,022
D O'Connor	7,680	7,680
B Phelan ¹	130,342	115,013
E Power	55,322	49,639
Secretary		
M Horan	55,524	51,191

1. Executive Director.

2. Appointed 12 June 2015.

3. Appointed 15 December 2015.

* Or date of appointment if later.

Note: The ordinary shares held in trust for the Directors and Secretary disclosed in Table C below are included in the total number of ordinary shares held by the Directors and Secretary above.

TABLE C: DIRECTORS' AND SECRETARY'S INTERESTS IN ORDINARY SHARES IN GLANBIA PLC SUBJECT TO RESTRICTION ON SALE

	2008 LTIP ²	2013 Annual Deferred Incentive ³	2014 Annual Deferred Incentive ⁴	Total ¹
Executive Directors				
S Talbot	45,728	6,625	2,991	55,344
M Garvey	–	849	1,595	2,444
H McGuire	24,536	5,738	2,484	32,758
B Phelan	23,495	5,547	834	29,876
Secretary				
M Horan	23,495	3,165	838	27,498

1. The above ordinary shares are held on trust for the Directors and Secretary by the Glanbia plc Section 128D Employee Benefit Trust and are included in the total number of ordinary shares held by the Directors and Secretary disclosed in Table B.

2. Subject to restriction on sale until 1 September 2016.

3. Subject to restriction on sale until 2 July 2016.

4. Subject to restriction on sale until 27 March 2017.

REMUNERATION COMMITTEE REPORT CONTINUED

SECTION B: DIRECTORS' REMUNERATION IMPLEMENTATION REPORT CONTINUED

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

	As at 2 January 2016		As at 4 January 2015	
	2008 LTIP Share awards	2002 LTIP Share awards	2008 LTIP Share awards	2002 LTIP Share awards
Directors				
S Talbot	246,100	700	227,150	700
M Garvey	99,950	–	53,250	–
H McGuire	126,850	–	126,650	–
B Phelan	146,250	750	147,250	750
Secretary				
M Horan	76,350	–	101,400	–

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

	Date of grant	4 January 2015	Granted during the year	Vested during the year	2 January 2016	Market price at date of award €	Earliest date for vesting	Expiry date	Notes
Directors									
S Talbot	30 Aug 12	90,500	–	90,500	–	6.26	30 Aug 15	30 Aug 16	1,2,3
	23 Apr 13	56,650	–	–	56,650	10.11	23 Apr 16	23 Apr 17	4
	2 Jul 14	80,000	–	–	80,000	11.51	2 Jul 17	2 Jul 18	5
	18 May 15	–	109,450	–	109,450	17.525	18 May 18	18 May 19	5
Total:		227,150	109,450	90,500	246,100				
M Garvey	2 Jul 14	53,250	–	–	53,250	11.51	2 Jul 17	2 Jul 18	5
	18 May 15	–	46,700	–	46,700	17.525	18 May 18	18 May 19	5
Total:		53,250	46,700	–	99,950				
H McGuire	30 Aug 12	46,500	–	46,500	–	6.26	30 Aug 15	30 Aug 16	1,2,3
	23 Apr 13	26,900	–	–	26,900	10.11	23 Apr 16	23 Apr 17	4
	2 Jul 14	53,250	–	–	53,250	11.51	2 Jul 17	2 Jul 18	5
	18 May 15	–	46,700	–	46,700	17.525	18 May 18	18 May 19	5
Total:		126,650	46,700	46,500	126,850				
B Phelan	30 Aug 12	46,500	–	46,500	–	6.26	30 Aug 15	30 Aug 16	1,2,3
	23 Apr 13	48,750	–	–	48,750	10.11	23 Apr 16	23 Apr 17	4
	2 Jul 14	52,000	–	–	52,000	11.51	2 Jul 17	2 Jul 18	5
	18 May 15	–	45,500	–	45,500	17.525	18 May 18	18 May 19	5
Total:		147,250	45,500	46,500	146,250				
Secretary									
M Horan	30 Aug 12	46,500	–	46,500	–	6.26	30 Aug 15	30 Aug 16	1,2,3
	23 Apr 13	26,900	–	–	26,900	10.11	23 Apr 16	23 Apr 17	4
	2 Jul 14	28,000	–	–	28,000	11.51	2 Jul 17	2 Jul 18	5
	18 May 15	–	21,450	–	21,450	17.525	18 May 18	18 May 19	5
Total:		101,400	21,450	46,500	76,350				

- 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 was such that 100% of the awards vested. The vesting date was 1 September 2015.
- Directors were 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 one year and are held on trust for them by the trustee of the Glanbia plc Section 128D Employee Benefit Trust.
- The total number of shares subject to restriction are included in the total number of ordinary shares disclosed in Tables B and C on page 81.
- Awards granted on 23 April 2013 were subject to performance conditions measured over the three financial years ended 2 January 2016. The outcome of these performance conditions is such that 74.98% of these awards are expected to vest during 2016, and will be restricted from sale for one year and held on trust for them by the trustee of the Glanbia plc Section 128D Employee Benefit Trust.
- The performance periods in respect of the 2008 LTIP awards made in 2014 and 2015 are the three financial years ending 2016 and 2017 respectively. The performance conditions attached to the awards are detailed in the section entitled 'Performance Targets for Outstanding Share Awards' on pages 77 and 78.

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

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

Brian Phelan retained 7,500 of the shares allotted to him on 8 January 2013 under the 2002 Long Term Incentive Plan 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 converted into shares € ¹	Date of conversion/ acquisition of shares	Acquisition price per share at date of conversion €	Number of shares acquired
Directors				
Siobhán Talbot				
2013 Annual Deferred Incentive	143,000	2 Jul 14	11.57	12,367
2014 Annual Deferred Incentive	94,000	27 Mar 15	16.79	5,584
Mark Garvey				
2013 Annual Deferred Incentive	18,000	2 Jul 14	11.57	1,586
2014 Annual Deferred Incentive	50,000	27 Mar 15	16.79	2,978
Hugh McGuire				
2013 Annual Deferred Incentive	118,000	2 Jul 14	11.57	10,165
2014 Annual Deferred Incentive	62,000	27 Mar 15	16.79	3,665
Brian Phelan				
2013 Annual Deferred Incentive	120,000	2 Jul 14	11.57	10,355
2014 Annual Deferred Incentive	26,000	27 Mar 15	16.79	1,557
Secretary				
Michael Horan				
2013 Annual Deferred Incentive	68,000	2 Jul 14	11.57	5,908
2014 Annual Deferred Incentive	26,000	27 Mar 15	16.79	1,565

- Numbers are rounded to the nearest thousand.
- Directors were 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.
- The total number of shares subject to restriction are included in the total number of ordinary shares disclosed in Tables B and C on page 81.

TABLE H: VALUE OF AWARDS EXPECTED TO VEST IN 2016 AND AWARDS VESTED IN 2015

	Number of Share Awards expected to vest in 2016	Estimated Market Value € ¹	Number of Share Awards vested in 2015	Market Value € ²
Executive Directors				
S Talbot	42,479	725,966	90,500	1,610,448
H McGuire	20,172	344,739	46,500	827,468
B Phelan	36,555	624,725	46,500	827,468

- This reflects the value of long term incentive awards expected to vest in 2016 with a three-year performance period ended in 2015. The market values have been estimated using the average closing price over the last quarter of 2015 of €17.09 per share.
- This reflects the value of long term incentive awards vested in 2015 with a three-year performance period ended in 2014. These have been valued at the market value of the shares on the date of vesting €17.795 per share (official opening price).

UK CORPORATE GOVERNANCE CODE AND THE IRISH CORPORATE GOVERNANCE ANNEX ('THE CODES') INDEX TO DETAILED PROVISIONS

The Group has complied with the detailed provisions of the Codes throughout 2015, with the exception of provision B.1 of the UK Corporate Governance Code, Composition of the Board. The rationale for this departure is explained on pages 44 and 64. 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.

The Codes are 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').

HOW THE COMPANY HAS APPLIED THE PRINCIPLES OF IRISH CORPORATE GOVERNANCE ANNEX

BOARD COMPOSITION		
Rationale for the current Board size and structure	Leadership Nomination and Governance Committee report	Page 44 Page 64
Board biographies and tenure	Board attendance Board of Directors	Page 45 Pages 48 to 53
Skills, expertise and experience of the Board	Board of Directors	Pages 48 to 53
Explanation for divergence from Provision B.1.2 of the UK Corporate Governance Code	Leadership Nomination and Governance Committee report	Page 44 Page 64
Nomination by Glanbia Co-operative Society Limited	Nomination and Governance Committee report	Page 64
BOARD APPOINTMENTS		
Process for the identification, selection and recommendation of Directors	Nomination and Governance Committee report	Pages 61 to 65
BOARD EVALUATION		
Objective, scope and methodology and steps taken to ensure approach is robust and objective	Effectiveness	Page 47
BOARD RE-ELECTION		
General Policy for renewal	Nomination and Governance Committee report	Pages 61 to 65
Independence	Independence	Pages 47 and 64
AUDIT COMMITTEE		
Work Carried out by the Audit Committee	Audit Committee report	Pages 55 to 60
Work done by Audit Committee relating to oversight of risk management	Risk Management report	Pages 32 to 38
REMUNERATION COMMITTEE		
Remuneration policy	Remuneration Committee report	Pages 66 to 83
Skills, expertise and experience of the Remuneration Committee Members	Board of Directors	Pages 48 and 49
Components of Remuneration	Remuneration Committee report	Pages 69 to 73
Recovery of Variable Compensation	Remuneration Committee report	Pages 69 and 70
Vesting Periods for Shares	Remuneration Committee report	Page 70

HOW THE COMPANY HAS APPLIED THE PRINCIPLES OF THE UK CORPORATE GOVERNANCE CODE (2014)

A: LEADERSHIP		
An effective Board collectively responsible for the long-term success of the Company	Board of Directors Leadership	Pages 48 to 53 Page 44
A clear division of responsibilities at the head of the Company between the running of the Board and the Executive. No one individual should have unfettered powers of decision	Division of responsibilities	Pages 44 and 45
The Group Chairman is responsible for leadership of the Board and ensuring its effectiveness on all aspects of its role	Division of responsibilities	Pages 44 and 45
As a member of a unitary Board, Non-Executive Directors should constructively challenge and help develop proposals on strategy	Leadership	Pages 44 and 45
B: EFFECTIVENESS		
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	Board of Directors Independence Nomination and Governance Committee report	Pages 48 to 53 Page 47 Page 64
There should be a formal, rigorous and transparent procedure for the appointment of new Directors to the Board	Nomination and Governance Committee report	Pages 61 to 65
All Directors should be able to allocate sufficient time to the Company to discharge their responsibilities effectively	Board attendance table Effectiveness	Page 45 Pages 46 and 47
All Directors should receive induction on joining the Board and should regularly update and refresh their skills and knowledge	Effectiveness	Page 46
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	Effectiveness	Page 46
The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors	Effectiveness	Page 47
All Directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance	Effectiveness Nomination and Governance Committee report	Page 47 Page 64
C: ACCOUNTABILITY		
The Board should present a fair, balanced and understandable assessment of the Company's position and prospects	Strategic report Going concern and viability	Pages 2 to 23 Page 32
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	Risk management	Pages 32 to 38
The Board should establish formal and transparent arrangements for considering how they should apply the corporate reporting, risk management and internal control principles, and for maintaining an appropriate relationship with the Company's Auditors	Audit Committee report	Pages 55 to 60
D: REMUNERATION		
Executive Directors' remuneration should be designed to promote the long-term success of the Company. Performance-related elements should be transparent, stretching and rigorously applied	Remuneration Committee report	Pages 66 to 83
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 Committee report	Pages 66 to 83
E: RELATIONS WITH SHAREHOLDERS		
There should be a dialogue with shareholders based on the mutual understanding of objectives. The Board as a whole is responsible for ensuring that a satisfactory dialogue with shareholders takes place	Engagement with shareholders	Page 42
The Board should use General Meetings to communicate with investors and to encourage their participation	Engagement with shareholders	Page 42

OTHER STATUTORY INFORMATION

PRINCIPAL ACTIVITIES, STRATEGY AND BUSINESS MODEL

Glanbia plc is a global nutrition group, headquartered in Ireland, with operations in 32 countries worldwide.

The Group's business model and strategy are summarised in the Strategic report on pages 4 to 7.

The Group Chairman's statement on pages 2 and 3, the Group Managing Director's review on pages 10 to 13, the Operations review on pages 18 to 23 and the Group Finance Director's review on pages 14 to 17 contain a review of the development and performance of the Group's business during the year, of the state of affairs of the business at 2 January 2016, of recent events and of likely future developments. Information in respect of events since the year end is included in these sections and in Note 39 on page 164.

As set out in the Consolidated Income Statement on page 98, the Group reported a profit before tax and exceptional items for the year of €245.0 million. Comprehensive reviews of the financial and operating performance of the Group during 2015 are set out in the Group Finance Director's review on pages 14 to 17 and in the Operations review on pages 18 to 23. Key performance indicators are set out in Key performance indicators on pages 8 and 9. The treasury policy and objectives of the Group are set out in detail in Note 25 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 (2014), all Directors will retire at the 2016 AGM and, being eligible, offer themselves for re-appointment. The Articles of Association also allows the election and re-election of independent Directors to be conducted in accordance with the new election provisions for independent Non-Executive Directors in the United Kingdom Listing Authority (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 27 April 2016. Full details of the AGM, together with explanations of the resolutions to be proposed, are contained in the Notice of the Annual General Meeting.

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 2015 AGM, the Directors were given the power to issue new shares up to a nominal amount of €3,239,059. This power will expire on the earlier of the conclusion of the 2016 AGM or 11 August 2016. Accordingly, a resolution will be proposed at the 2016 AGM to renew the Company's authority to issue further new shares.

At the 2015 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 €888,047. This authority too will expire on the earlier of the conclusion of the 2016 AGM or 11 August 2016. A resolution will be proposed at the 2016 AGM to renew this authority.

DIVIDENDS

An interim dividend of 4.88 cent per share was paid on 16 October 2015 (an aggregate of €14.5 million) to shareholders on the register at the close of business on 4 September 2015. The Directors propose a final dividend of 7.22 cent per share. Subject to shareholder approval, the final dividend will be paid on 29 April 2016 to shareholders on the share register on 18 March 2016.

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 2 January 2016 the authorised share capital of the Company was 350,000,000 ordinary shares of €0.06 each and the issued share capital was 296,030,684 (2014: 295,875,684) ordinary shares of €0.06 each, of which 36.5% 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 155,000 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 2 January 2016 are given in Notes 22 and 21, 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 21 to the Financial Statements at 2 January 2016, 859,933 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 2016 AGM.

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 Venture with Leprino Foods Company. 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 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 this agreement.

OTHER STATUTORY INFORMATION CONTINUED

INTERNAL CONTROLS

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, the UK Corporate Governance Code and Irish Stock Exchange Annex. 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 2015 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 55 to 60.

FEATURES OF INTERNAL CONTROL 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.

ADEQUATE ACCOUNTING RECORDS

The Directors are responsible for keeping adequate accounting records that are sufficient to correctly record and explain the transactions of the Company or enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable the Directors to ensure that the Financial Statements comply with the Companies Act 2014, and as regards the Group Financial Statements, Article 4 of the IAS Regulation and enable those Financial Statements to be audited.

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 adequate accounting records. These accounting records are kept at the registered office of the Company.

SUBSTANTIAL INTERESTS

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

Shareholder	No of ordinary shares as at 2/01/2016	% of issued share Capital as at 2/01/2016	No of ordinary shares as at 23/02/2016	% of issued share Capital as at 23/02/2016
Glanbia Co-operative Society Limited	108,014,900	36.5%	108,014,900	36.5%
The Capital Group Companies, Inc.	20,550,941	6.9421%	20,550,941	6.9421%
Standard Life Investments Limited	8,941,987	3.021%	8,941,987	3.021%

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'.

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

A list of the principal subsidiary and associated undertakings and their activities is included in Note 40 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 90.

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

EXTERNAL AUDITORS

The Board has agreed to appoint Deloitte, Chartered Accountants, as Auditors for the year commencing 3 January 2016 in place of PricewaterhouseCoopers who have indicated their willingness to resign later this year. PricewaterhouseCoopers has confirmed that there are not any matters in connection with their proposed resignation as Auditors which need to be brought to the attention of shareholders.

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

For the purposes of LR 9.8.4 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, Notes 9 and 13
(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. Under Irish law the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position as at the end of the financial year and of the profit or loss for the financial year.

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 ensure the Financial Statements contain the information required by the Companies Act 2014; and
- prepare the Financial Statements on a 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 adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the Financial Statements comply with the Companies Act 2014, and as regards the Group Financial Statements article 4 of the IAS Regulation and enable those Financial Statements to be audited.

The Directors 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.

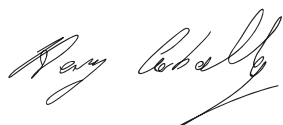
Each of the current Directors, whose names and functions are listed on pages 48 to 53 confirms that he/she considers that the Annual Report and Financial Statements, taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and 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.

Strategy (pages 2 to 23) and Directors' report (pages 40 to 89) are deemed to be the Directors' report.

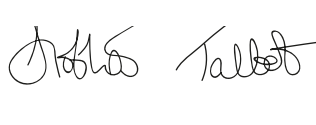
DIRECTORS' REPORT

On behalf of the Board



HENRY CORBALLY

Directors
23 February 2016



SIOBHÁN TALBOT



MARK GARVEY

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLANBIA PLC

REPORT ON THE FINANCIAL STATEMENTS

OUR OPINION

In our opinion:

- Glanbia plc's Group Financial Statements and Company Financial Statements (the "Financial Statements") give a true and fair view of the Group's and the Company's assets, liabilities and financial position as at 02 January 2016 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Financial Statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

WHAT WE HAVE AUDITED

The Financial Statements, included within the Annual Report, comprise:

- the Group and Company balance sheets as at 02 January 2016;
- the Group income statement and statement of comprehensive income for the year then ended;
- the Group statement of cash flows for the year then ended;
- the Company statement of comprehensive income and statement of cash flows for the year then ended;
- the Group and Company statements of changes in equity for the year then ended; 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 Financial Statements, as applied in accordance with the provisions of the Companies Act 2014.

OUR AUDIT APPROACH

OVERVIEW

Materiality

Overall Group materiality: €12 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. An audit on the full financial information of 12 units and specified procedures on selected account balances of a further 5 units were performed.
- Taken together, the reporting units and functions where an audit on the full financial information was performed accounted for 82% of Group revenues and 84% 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 represented 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" in the table below. We have also set out how we tailored our audit to address these specific areas in order to provide an opinion on the Financial Statements as a whole. This is not a complete list of all risks identified by our audit.

GOODWILL AND INDEFINITE LIFE INTANGIBLE ASSETS IMPAIRMENT ASSESSMENT

Area of focus

Refer to note 14.

The Group has goodwill and indefinite life intangible assets of €486.8 million at 02 January 2016 (see note 14).

There are 7 individual Cash Generating Units (CGUs). The most significant goodwill and indefinite life intangible assets relates to the Group's Glanbia Performance Nutrition business (€368.9 million) and the Group's Customised Solutions business (€85.2 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 on the impairment assessment, for example the discount rate and the rate of sales and margin growth assumed by management.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLANBIA PLC CONTINUED

BUSINESS COMBINATIONS**Area of focus**

Refer to note 37.

The Group acquired PHTT Acquisition, LLC (thinkThin) during the year for consideration of €193.3 million.

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.

We focused on this area as significant judgement is exercised in: the identification and valuation of acquired intangible assets including:

- thinkThin brand €78.6 million
- thinkThin customer relationships €71.3 million

How our audit addressed the area of focus

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

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 also compared the projected sales growth and 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 the fair values of other assets and liabilities acquired in the business combinations.

PROVISION FOR INCOME TAXES**Area of focus**

As described in the critical accounting estimates and judgements section in note 3, 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.

RISK OF FRAUD IN REVENUE RECOGNITION**Area of focus**

As described in the accounting policies in note 2 revenue is recognised net of rebates and discounts which are calculated based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience.

We focused on this area as a degree of judgement is involved

- due to the fact that the percentage rebate may vary depending on the achievement of targets and
- certain allowances may still be open to negotiation at the year end.

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 Glanbia 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 entities. We considered rebate calculations in the context of sales in the year to date and the historical achievement of similar targets. We considered promotional agreements spanning the year end in light of settlement discounts claimed post year end and the outcome of similar arrangements in previous years.

We selected rebate payments made after the year end to ensure they were accrued in the Financial Statements where appropriate.

PENSION LIABILITIES**Area of focus**

Refer to note 28.

The deficits on the Group's defined benefit pension schemes included on the balance sheet are determined based on a number of key estimates, a significant assumption being the discount rate at year end. Assumptions regarding mortality rates and inflation are also important. We focused on the assumptions used in the calculation of the pension liabilities because a modest change in such assumptions can result in a material change in the amount 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 tested the calculation of the settlement loss arising on the wind-up of certain Irish Pension Schemes (see note 28) and read correspondence with the Trustees and regulators.

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: Glanbia 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.

11 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, although not controlled by the Group, was also subject to an audit of their full financial information. These operations accounted for approximately 82% of Group turnover and 84% 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 5 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 was 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 on the individual Financial Statement line items and disclosures and in evaluating 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	€12 million (2014: €9.2 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 a metric against which the performance of the Group is commonly measured and it results in using a materiality level that is appropriately normalised from year to year.
Component materiality	For each component in our audit scope, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was €1 million to €11.5 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €0.5 million (2014: €0.5 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

GOING CONCERN

Under the Listing Rules we are required to review the Directors' statement, set out on page 32, in relation to going concern. We have nothing to report having performed our review.

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to the Directors' statement about whether they considered it appropriate to adopt the going concern basis in preparing the Financial Statements. We have nothing material to add or to draw attention to.

As noted in the Directors' statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the Financial Statements. The going concern basis presumes that the Group and Company has 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 Company's ability to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLANBIA PLC CONTINUED

OTHER REQUIRED REPORTING

CONSISTENCY OF OTHER INFORMATION

COMPANIES ACT 2014 OPINION

In our opinion the information given in the Directors' Report is consistent with the Financial Statements.

ISAs (UK & IRELAND) REPORTING

Under ISAs (UK & Ireland) we are required to report to you if, in our opinion:

- | | |
|---|----------------------------------|
| <ul style="list-style-type: none"> • information in the Annual Report is: <ul style="list-style-type: none"> • 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 otherwise misleading. | We have no exceptions to report. |
| <ul style="list-style-type: none"> • the statement given by the Directors on page 90, 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 and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company acquired in the course of performing our audit. | We have no exceptions to report. |
| <ul style="list-style-type: none"> • the section of the Annual Report on page 58, 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. |

THE DIRECTORS' ASSESSMENT OF THE PROSPECTS OF THE GROUP AND OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE GROUP

Under ISAs (UK & Ireland) we are required to report to you if we have anything material to add or to draw attention to in relation to:

- | | |
|---|--|
| <ul style="list-style-type: none"> • the Directors' confirmation on page 34 of the Annual Report, in accordance with provision C.2.1 of the Code, that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. | We have nothing material to add or to draw attention to. |
| <ul style="list-style-type: none"> • the disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated. | We have nothing material to add or to draw attention to. |
| <ul style="list-style-type: none"> • the Directors' explanation on page 32 of the Annual Report, in accordance with provision C.2.2 of the Code, as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. | We have nothing material to add or to draw attention to. |

Under the Listing Rules we are required to review the Directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the Directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit. We have nothing to report having performed our review.

DIRECTORS' REMUNERATION

Under the Companies Act 2014, we are required to report to you if, in our opinion, the disclosure of Directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made, and under the Listing Rules of the Irish Stock Exchange we are required to review the 6 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

- In our opinion, based on the work undertaken in the course of our audit of the Financial Statements:
 - the description of the main features of the internal control and risk management systems in relation to the financial reporting process; and
 - the information required by Section 1373(2)(d) of the Companies Act 2014;
 included in the Corporate Governance Statement, is consistent with the Financial Statements and has been prepared in accordance with section 1373(2) of the Companies Act 2014.
- Based on our knowledge and understanding of the Company and its environment obtained in the course of our audit of the Financial Statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process and the information required by section 1373(2)(d) of the Companies Act 2014 included in the Corporate Governance Statement.
- In our opinion, based on the work undertaken during the course of our audit of the Financial Statements, the information required by section 1373(2)(a),(b),(e) and (f) is contained in the Corporate Governance Statement.
- Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with 10 provisions of the UK Corporate Governance Code and the 2 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 ACT 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the Company Financial Statements to be readily and properly audited.
- The Company balance sheet is in agreement with the accounting records.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors' Responsibilities set out on page 90, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Financial Statements in accordance with Irish 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 391 of the Companies Act 2014 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 the 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
Waterford
23 February 2016

GROUP INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

	Notes	Pre- exceptional 2015 €'000	Exceptional 2015 €'000 (note 6)	Total 2015 €'000	Pre- exceptional 2014 €'000	Exceptional 2014 €'000 (note 6)	Total 2014 €'000
Revenue	4	2,774,326	–	2,774,326	2,538,368	–	2,538,368
Earnings before interest, tax and amortisation (EBITA)		271,003	(26,342)	244,661	208,634	(15,949)	192,685
Intangible asset amortisation	5	(31,125)	–	(31,125)	(22,512)	–	(22,512)
Operating profit		239,878	(26,342)	213,536	186,122	(15,949)	170,173
Finance income	9	1,706	–	1,706	1,725	–	1,725
Finance costs	9	(22,816)	–	(22,816)	(22,050)	–	(22,050)
Share of results of Joint Ventures & Associates		26,270	–	26,270	23,729	–	23,729
Profit before taxation		245,038	(26,342)	218,696	189,526	(15,949)	173,577
Income taxes	10	(37,322)	2,543	(34,779)	(28,252)	1,870	(26,382)
Profit for the year		207,716	(23,799)	183,917	161,274	(14,079)	147,195
Attributable to:							
Equity holders of the Parent				183,271			146,313
Non-controlling interests	24			646			882
				183,917			147,195
Earnings per share attributable to the equity holders of the Parent							
Basic earnings per share (cent)	11			62.08			49.60
Diluted earnings per share (cent)	11			61.87			49.32

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

	Notes	2015 €'000	2014 €'000
Profit for the year		183,917	147,195
Other comprehensive income			
Items that are not reclassified subsequently to the Group income statement:			
Remeasurements – defined benefit schemes	28	20,856	(42,369)
Deferred tax (charge)/credit on remeasurements	27	(2,334)	4,868
Share of remeasurements – Joint Ventures & Associates	23	4,254	(8,900)
Deferred tax (charge)/credit on remeasurements – Joint Ventures & Associates	23	(612)	1,120
Items that may be reclassified subsequently to the Group income statement:			
Currency translation differences	21	91,102	97,805
Net investment hedge	21	(8,684)	(9,544)
Revaluation of available for sale financial assets	21	1,273	1,457
Fair value movements on cash flow hedges	21	145	507
Recycle of currency reserve to the Group income statement on disposal of Investment in Joint Venture	21	5,037	–
Deferred tax on cash flow hedges and revaluation of available for sale financial assets	27	(480)	(140)
Other comprehensive income for the year, net of tax		110,557	44,804
Total comprehensive income for the year		294,474	191,999
Total comprehensive income attributable to:			
Equity holders of the Parent		293,828	191,117
Non-controlling interests	24	646	882
Total comprehensive income for the year		294,474	191,999

GROUP BALANCE SHEET AS AT 02 JANUARY 2016

	Notes	2015 €'000	2014 €'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	586,190	490,180
Intangible assets	14	951,527	662,169
Investments in Associates	15	97,897	81,365
Investments in Joint Ventures	16	60,585	69,945
Trade and other receivables	18	1,850	9,863
Deferred tax assets	27	36,474	28,503
Available for sale financial assets	17 (a)	10,754	10,621
		1,745,277	1,352,646
Current assets			
Inventories	19	344,353	336,802
Trade and other receivables	18	350,020	305,027
Derivative financial instruments	32	414	1,279
Cash and cash equivalents	20	210,889	110,370
		905,676	753,478
Total assets		2,650,953	2,106,124
EQUITY			
Issued capital and reserves attributable to equity holders of the Parent			
Share capital and share premium	22	105,370	104,728
Other reserves	21	306,425	218,581
Retained earnings	23	642,763	473,573
		1,054,558	796,882
Non-controlling interests	24	8,515	7,896
Total equity		1,063,073	804,778
LIABILITIES			
Non-current liabilities			
Borrowings	26	752,963	620,317
Derivative financial instruments	32	47	–
Deferred tax liabilities	27	201,646	128,002
Retirement benefit obligations	28	87,288	114,808
Provisions	29	18,984	18,569
Capital grants	30	2,787	2,214
		1,063,715	883,910
Current liabilities			
Trade and other payables	31	442,713	390,350
Current tax liabilities		18,969	3,115
Borrowings	26	42,169	416
Derivative financial instruments	32	902	574
Provisions	29	19,128	22,981
Capital grants	30	284	–
		524,165	417,436
Total liabilities		1,587,880	1,301,346
Total equity and liabilities		2,650,953	2,106,124

On behalf of the Board

H CORBALLY**S TALBOT****M GARVEY**

Directors

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

	Attributable to equity holders of the Parent				Non-controlling interests €'000 (note 24)	Total €'000
	Share capital and share premium €'000 (note 22)	Other reserves €'000 (note 21)	Retained earnings €'000 (note 23)	Total €'000		
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 (net of deferred tax)	–	–	(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
Profit for the year	–	–	183,271	183,271	646	183,917
Other comprehensive income/(expense)						
Remeasurements – defined benefit schemes	–	–	20,856	20,856	–	20,856
Deferred tax on remeasurements	–	–	(2,334)	(2,334)	–	(2,334)
Share of remeasurements – Joint Ventures & Associates (net of deferred tax)	–	–	3,642	3,642	–	3,642
Fair value movements	–	1,418	–	1,418	–	1,418
Deferred tax on fair value movements	–	(480)	–	(480)	–	(480)
Currency translation differences	–	91,102	–	91,102	–	91,102
Recycle of currency reserve to the Group income statement on disposal of Investment in Joint Venture	–	5,037	–	5,037	–	5,037
Net investment hedge	–	(8,684)	–	(8,684)	–	(8,684)
Total comprehensive income for the year	–	88,393	205,435	293,828	646	294,474
Dividends paid during the year	–	–	(33,895)	(33,895)	(427)	(34,322)
Cost of share based payments	–	8,724	–	8,724	–	8,724
Transfer on exercise, vesting or expiry of share based payments	–	4,078	(4,078)	–	–	–
Deferred tax on share based payments	–	–	1,728	1,728	–	1,728
Shares issued	9	–	–	9	–	9
Premium on shares issued	633	–	–	633	–	633
Purchase of own shares	–	(13,351)	–	(13,351)	–	(13,351)
Additions during the year	–	–	–	–	400	400
Balance at 02 January 2016	105,370	306,425	642,763	1,054,558	8,515	1,063,073

GROUP STATEMENT OF CASHFLOWS

FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

	Notes	2015 €'000	2014 €'000
Cash flows from operating activities			
Cash generated from operating activities	35	307,865	230,716
Interest received		1,773	1,683
Interest paid		(22,939)	(22,361)
Tax paid		(9,987)	(34,393)
Net cash inflow from operating activities		276,712	175,645
Cash flows from investing activities			
Acquisition of subsidiaries - purchase consideration	37	(195,579)	(125,812)
Acquisition of subsidiaries - liabilities settled at completion	37	(1,296)	(16,138)
Acquisition of subsidiaries - cash and cash equivalents acquired	37	6,991	2,768
Disposal of Investment in Joint Venture		28,516	-
Capital grants received	30	1,132	-
Insurance proceeds		-	1,035
Purchase of property, plant and equipment		(103,792)	(101,953)
Purchase of intangible assets		(19,798)	(13,532)
Interest paid in relation to property, plant and equipment		(2,403)	(1,997)
Dividends received from Joint Ventures & Associates	15/16	14,924	12,648
Net redemption and additions in available for sale financial assets	17 (a)	1,140	334
Proceeds from property, plant and equipment		428	63
Net cash outflow from investing activities		(269,737)	(242,584)
Cash flows from financing activities			
Proceeds from issue of Ordinary Shares	22	642	731
Sale of shares held by subsidiary	23	-	2,092
Purchase of own shares	21	(13,351)	(7,981)
Increase in borrowings		91,577	138,242
Redemption of preference shares		-	(39,062)
Finance lease payments		(468)	(313)
Dividends paid to Company shareholders	12	(33,895)	(30,751)
Dividends paid to non-controlling interests	24	(427)	(620)
Net cash inflow from financing activities		44,078	62,338
Net increase/(decrease) in cash and cash equivalents		51,053	(4,601)
Cash and cash equivalents at the beginning of the year		110,370	106,259
Effects of exchange rate changes on cash and cash equivalents		7,702	8,712
Cash and cash equivalents at the end of the year	20	169,125	110,370
Reconciliation of net cash flow to movement in net debt			
Net increase/(decrease) in cash and cash equivalents		51,053	(4,601)
Cash movements from debt financing		(91,109)	(98,867)
Acquisition of subsidiaries - debt acquired		-	(1,401)
		(40,056)	(104,869)
Exchange translation adjustment on currency swaps		1,108	(453)
Exchange translation adjustment on net debt		(34,932)	(30,597)
Movement in net debt in the year		(73,880)	(135,919)
Net debt at the beginning of the year		(510,363)	(374,444)
Net debt at the end of the year		(584,243)	(510,363)
Net debt comprises:			
Borrowings	26	(753,368)	(620,733)
Cash and cash equivalents	20	169,125	110,370
		(584,243)	(510,363)

COMPANY BALANCE SHEET

AS AT 02 JANUARY 2016

	Notes	2015 €'000	2014 €'000
ASSETS			
Non-current assets			
Investments in Associates	15	22,876	22,876
Investments in Subsidiaries	17 (b)	609,530	609,530
Available for sale financial assets	17 (a)	5,827	4,488
		638,233	636,894
Current assets			
Trade and other receivables	18	213	147
Cash and cash equivalents	20	15,303	8,590
		15,516	8,737
Total assets		653,749	645,631
EQUITY			
Issued capital and reserves attributable to equity holders of the Company			
Share capital and share premium	22	460,638	459,996
Retained earnings	23	147,489	54,875
Other reserves		8,586	8,282
Total equity		616,713	523,153
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	27	1,045	403
		1,045	403
Current liabilities			
Borrowings	26	372	–
Trade and other payables	31	35,619	122,075
		35,991	122,075
Total liabilities		37,036	122,478
Total equity and liabilities		653,749	645,631

As permitted by section 304 of the Companies Act, 2014, 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 €130.6 million (2014: €24.8 million).

On behalf of the Board

H CORBALLY **S TALBOT** **M GARVEY**
Directors

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

	Share capital and share premium €'000 (note 22)	Retained earnings €'000 (note 23)	Other reserves				Total €'000
			Capital reserve €'000 (note 21 (a))	Own shares €'000 (note 21 (f))	Share based payment reserve €'000 (note 21 (g))	Available for sale financial asset reserve €'000 (note 17)	
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
Profit for the year	–	130,587	–	–	–	–	130,587
Other comprehensive income/(expense)							
Fair value movements	–	–	–	–	–	1,273	1,273
Deferred tax on fair value movements	–	–	–	–	–	(420)	(420)
Total comprehensive income for the year	–	130,587	–	–	–	853	131,440
Dividends paid during the year	–	(33,895)	–	–	–	–	(33,895)
Cost of share based payments	–	–	–	–	8,724	–	8,724
Transfer on exercise, vesting or expiry of share based payments	–	(4,078)	–	8,078	(4,000)	–	–
Shares issued	9	–	–	–	–	–	9
Premium on shares issued	633	–	–	–	–	–	633
Purchase of own shares	–	–	–	(13,351)	–	–	(13,351)
Balance at 02 January 2016	460,638	147,489	4,227	(13,238)	14,708	2,889	616,713

COMPANY STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF CASHFLOWS FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

Company statement of comprehensive income	Notes	2015 €'000	2014 €'000
Profit for the year after tax	23	130,587	24,817
Other comprehensive income			
Revaluation of available for sale financial assets	17	1,273	3,039
Deferred tax on revaluation of available for sale financial assets	27	(420)	(1,003)
Other comprehensive income for the year, net of tax		853	2,036
Total comprehensive income for the year		131,440	26,853

Company statement of cash flows	Notes	2015 €'000	2014 €'000
Cash flows from operating activities			
Cash generated from operating activities	35	53,011	49,849
Net cash inflow from operating activities		53,011	49,849
Cash flows from investing activities			
Purchase of other Group companies		–	(117)
Disposal of other Group companies		–	27
Purchase of investments	17	(66)	(935)
Net cash outflow from investing activities		(66)	(1,025)
Cash flows from financing activities			
Proceeds from issue of Ordinary Shares	22	642	731
Dividends paid to Company shareholders	12	(33,895)	(30,751)
Purchase of own shares	21	(13,351)	(7,981)
Net cash outflow from financing activities		(46,604)	(38,001)
Net increase in cash and cash equivalents		6,341	10,823
Cash and cash equivalents at the beginning of the year		8,590	(2,233)
Cash and cash equivalents at the end of the year	20	14,931	8,590

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

1. GENERAL INFORMATION

Glanbia plc (the "Company") and its subsidiaries (together the "Group") is a leading global nutrition group with its main operations in Europe, USA, Middle East, 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. Glanbia Co-operative Society Limited (the "Society"), together with its subsidiaries, holds 36.5% of the issued share capital of the Company. The Board of Directors for the year ended 02 January 2016 is comprised of 22 members, of which up to 14 are nominated by the Society. The number of members the Society may nominate to the Board will reduce to 10 members in 2016. In accordance with IFRS 10 'Consolidated Financial Statements', the Society controls the Group and is the ultimate parent of the Group.

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

The consolidated Financial Statements have been approved for issue by the Board of Directors on 23 February 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New accounting standards and International Financial Reporting Interpretations Committee (IFRIC) interpretations adopted by the Group during the year ended 02 January 2016 are dealt with in section (aa) 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 the Financial Statements are set out below.

These policies have been consistently applied to all years presented, by the Company, its subsidiaries and Joint Ventures & Associates unless otherwise stated.

(a) Basis of preparation

The consolidated Financial Statements have been prepared in accordance with EU adopted International Financial Reporting Standards (IFRS), IFRIC interpretations and those parts of the Companies Act 2014, applicable to companies reporting under IFRS.

Both the Company and consolidated Financial Statements have also been prepared in accordance with IFRS as adopted by the European Union (EU) which comprise standards and interpretations approved by the International Accounting Standards Board (IASB). The consolidated Financial Statements comply with Article 4 of the EU IAS Regulation. IFRS adopted by the EU differs in certain respects from IFRS issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU.

The Company Financial Statements are prepared using accounting policies consistent with the accounting policies applied by the Group to the consolidated Financial Statements.

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, derivative financial instruments, share-based payments and retirement benefit obligations. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The preparation of the consolidated 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 consolidated 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 ended 02 January 2016. Comparatives are for the 52-week period ended 03

January 2015. The balance sheets for 2015 and 2014 have been drawn up as at 02 January 2016 and 03 January 2015 respectively.

Going concern

After making enquiries the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the consolidated Financial Statements.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated Financial Statements incorporate the Financial Statements of the Company and entities controlled by it (its subsidiaries). Subsidiaries are 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.

Inter-company transactions, balances and unrealised gains and losses, unless they provide an indicator of impairment, between Group companies are eliminated.

(ii) Joint Ventures

The Group applies IFRS 11 'Joint Arrangements' 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. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Investments in Joint Ventures are accounted for using the equity method of accounting.

(iii) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Investments in Associates are accounted for using the equity method of accounting.

(iv) Equity method of accounting - Joint Ventures & Associates'

Under the equity method of accounting, investments in Joint Ventures & Associates are initially recognised at cost.

The Group's share of Joint Ventures & Associates' post acquisition profits or losses after tax are recognised in the "Share of results of Joint Ventures & Associates" in the Group income statement.

The Group's share of Joint Ventures & Associates' post acquisition movement in reserves is recognised in other comprehensive income.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment less any impairment in value. Where indicators of impairment arise, the carrying amount of the Joint Venture or Associate is tested for impairment by comparing its recoverable amount against its carrying value.

Unrealised gains arising from transactions with Joint Ventures & Associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are similarly eliminated to the extent that they do not provide evidence of impairment.

When the Group's share of losses in a Joint Venture or Associate equals or exceeds its interest in the Joint Venture or Associate the Group does not recognise further losses unless the Group has incurred obligations or made payments on behalf of the Joint Venture or Associate.

When the Group ceases to have joint control or significant influence, any retained interest in the entity is re-measured to its fair value at the date when joint control or significant influence is lost with the change in carrying amount recognised in the income statement. The Group also reclassifies any movements previously recognised in other comprehensive income to the income statement.

(v) Business combinations

The Group uses the acquisition method of accounting to account for business combinations.

The acquisition date is deemed to be the date the Group gained control of the entity.

The cost of the acquisition is measured at the aggregate of the fair value of the consideration given.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration will be recognised in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' in the income statement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The fair value of the assets and liabilities are based on valuations using assumptions deemed by management to be appropriate. Professional valuers are engaged when it is deemed appropriate to do so.

Upon acquisition, the Group assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Acquisition-related costs are expensed as incurred in the income statement.

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.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount of any non-controlling interest in the net identifiable assets acquired and liabilities assumed. 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the valuation of the fair value of assets and liabilities acquired is still in progress. Those provisional amounts are adjusted during the measurement period of one year from the date control is achieved when additional information is obtained about facts and circumstances which would have affected the amounts recognised as of that date.

(vi) Discontinued operations and non-current assets held for sale

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.

(vii) Non-controlling interests

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Company and are presented separately in the income statement and within equity in the balance sheet, distinguished from shareholders' equity attributable to owners of the Company.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Statements of each of the Group's subsidiaries, Joint Ventures & Associates 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 currency 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 or net investment 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 net investment hedges.

Net investment hedges are 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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

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 reclassified to the income statement unless the entity is disposed of.

(iii) Subsidiaries, Joint Ventures & Associates

The income statement and balance sheet of subsidiaries, Joint Ventures & Associates 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 and statement of comprehensive income are translated at average exchange rates for the year. Average exchange rates are only permissible if they approximate actual. The average exchange rates are a reasonable approximation of the cumulative effect of the rates on transaction dates.
- all resulting exchange differences are recognised in other comprehensive income.

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

The principal exchange rates used for the translation of results and balance sheets into euro are as follows:

euro 1=	Average		Year end	
	2015	2014	2015	2014
US dollar	1.1092	1.3271	1.0887	1.2043
Pound Sterling	0.7259	0.8058	0.7340	0.7800
Danish Kroner	7.4589	7.4547	7.4626	7.4434

In accordance with IFRS 1 'First time Adoption of International Financial Reporting Standards', cumulative currency translation differences arising prior to the transition date to IFRS (04 January 2004) have been set to zero for the purpose of ascertaining the gain or loss on disposal of a foreign operation.

(iv) Business combinations

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are expressed as functional currency assets and liabilities of the foreign entity and are recorded at the exchange rate at the date of the transaction and subsequently retranslated at the applicable closing rates.

(d) Property, plant and equipment

(i) Cost

Property, plant and equipment is stated at cost or deemed cost less accumulated depreciation and impairment losses.

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.

Subsequent costs, for example the costs of major renovation, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is de-recognised when replaced.

All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income statement.

Borrowing costs directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of the assets.

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.

(ii) Depreciation

Depreciation is calculated on the straight-line method to write off the cost (less residual value) 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

Land is not depreciated. 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.

(iii) Impairment

In accordance with IAS 36 'Impairment of Assets', the carrying amounts of items of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

Impairment losses are recognised in the income statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value over the remaining useful life.

(e) Intangible assets

(i) Goodwill

Goodwill is initially recognised at cost being the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary, Joint Venture or Associate at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill associated with the acquisition of Joint Ventures & Associates is included within the investment in Joint Ventures & Associates under the equity method of accounting.

Following initial recognition goodwill is carried at cost less accumulated impairment losses, if applicable. Goodwill impairments are not reversed.

Goodwill is not amortised but is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist; the annual goodwill impairment tests are undertaken at a consistent time in each annual period.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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.

- (ii) Research and development costs
Research expenditure is recognised as an expense in the income statement 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, customer relationships and other intangibles
Brands, customer relationships and other intangibles acquired as part of a business combination are stated at their fair value at the date control is achieved.

Indefinite life brands are carried at cost less accumulated impairment losses, if applicable. Indefinite life brands are not amortised on an annual basis but are tested annually for impairment. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. The classification of the brands as indefinite is assessed annually.

Definite life brands, customer relationships and other intangibles are amortised using the straight-line method over their useful life, which is set out in note 14. The useful life used to amortise definite life brands, customer relationships and other intangibles relates to the future performance of the assets acquired and management's judgement of the period over which the economic benefit will be derived from the assets.

The carrying values of definite life brands, customer relationships and other intangibles are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or circumstances indicate that the carrying values may not be recoverable.

- (iv) Computer software
Computer software is stated at cost less accumulated amortisation and impairment losses.

Costs incurred on the acquisition of computer software are capitalised, as are costs directly associated with developing computer software programmes for internal use, if they meet the recognition criteria of IAS 38 'Intangible Assets'.

Computer software costs recognised as assets are amortised using the straight-line method over their estimated useful lives, which is normally between 5 and 10 years.

- (v) Impairment of intangible assets
All intangible assets are reviewed for impairment annually or more frequently if indicators of impairment exist.

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

An impairment loss is recognised in the income statement for the amount by which the carrying value of the cash generating unit (CGU) exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Value in use is determined as the discounted future cash flows of the CGU.

(f) 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 classified as 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 disposed 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 (level 1 within the fair value hierarchy).

If the market for a financial asset is not active the Group establishes fair value using valuation techniques (level 2 within the fair value hierarchy).

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.

Dividends on available for sale financial assets are recognised in the income statement.

Impairment

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, 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.

Available for sale financial assets - Company

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

(g) Inventories

Inventories are stated at the lower of cost or net realisable value.

Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition.

Cost is determined by the first-in, first-out (FIFO) method or by weighted average cost. 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).

Costs of inventories include the transfer from equity of any gains/losses on qualifying cash flow hedges which relate to purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Provision is made, where necessary, for aged, slow moving, obsolete and defective inventories.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

(h) 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.

Impairment

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.

Objective evidence includes 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.

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.

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. The Group has not entered into any debt purchase arrangement.

(i) Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost which approximates to fair value given the short dated nature of these liabilities.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid.

The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

(j) Provisions

Provisions are recognised on the balance sheet when the Group has a constructive or legal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured using management's best estimate of the present value of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to passage of time is recognised as an interest expense.

Provisions arising on business combinations are only recognised to the extent that they have qualified for recognition in the Financial Statements of the acquiree prior to acquisition.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purposes of the Group statement of cash flows, cash and cash equivalents consists of cash and cash equivalents as defined above net of bank overdrafts.

(l) Borrowings

Borrowings are recognised initially at fair value. Borrowings are subsequently stated at amortised cost; any difference between the proceeds and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

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.

(m) Employee benefits

(i) Pension obligations

The 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.

Defined contribution pension

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 obligation 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 an employee benefit expense in the income statement when they are due.

Defined benefit pension obligation

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.

The fair value of plan assets is based on market price information and in the case of published securities, it is the published bid price.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to the income statement in subsequent periods.

A curtailment arises when the Group significantly reduces the number of employees or employee entitlements covered by a plan. A past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when benefits are withdrawn or changed so that the present value of the defined benefit obligation decreases).

A settlement occurs when an entity enters into a transaction that eliminates all further legal or constructive obligation for part or all of the benefits provided under a defined benefit plan (other than a payment of benefits to, or on behalf of, employees in accordance with the terms of the plan and included in the actuarial assumptions).

The gain or loss on a settlement is the difference between:

- (a) the present value of the defined benefit obligation being settled, as determined on the date of settlement; and
- (b) the settlement price, including any plan assets transferred and any payments made directly by the entity in connection with the settlement.

The deferred tax impact of pension scheme obligations is disclosed separately within deferred tax assets.

(ii) Share based payments

The Group operates a number of equity settled share based compensation plans which include share option and share award schemes which are open to Executive Directors and certain senior managers.

The charge to the income statement in respect of share-based payments is based on the fair value of the equity instruments granted.

The charge is spread over the period from the start of the performance period to the date of vesting of the instrument. This is the period over which all of the specified vesting conditions are to be satisfied.

Options under the 2002 Long Term Incentive Plan

The fair value of the instruments awarded is calculated using the binomial model.

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.

Awards under the 2008 Long Term Incentive Plan

The fair value of the awards is calculated using a Monte Carlo simulation technique. The awards contain 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 'Share-based Payment' is adjusted so as to reflect the anticipated likelihood at the grant date of achieving the market-based vesting condition.

Non-market vesting conditions are included in assumptions about the number of awards that are expected to vest. At each reporting date, the Group revises its estimates of the number of awards 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.

The non-market based charge to the income statement is only reversed where awards do not vest because non-market performance conditions have not been met or where, subject to the rules of the scheme, an employee in receipt of share awards relinquishes service before the end of the vesting period.

Awards under the Annual Incentive Deferred Into Shares Scheme

The fair value of shares awarded is determined in line with the Group's Annual Incentive Scheme rules and equates with the cash value of the portion of the annual incentive that will be settled by way of shares. The expense is recognised immediately in the income statement with a corresponding entry to equity.

(n) 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 any foreign currency contracts or any commodities contract is estimated by discounting the difference between the contractual forward price and the current forward price, using the market interest rate at the measurement date, for a time period equal to the residual maturity of the contract.

The fair value of any interest rate swap is estimated by discounting future cash flows under the swap, using the market interest rates, at the measurement date, for time periods equal to the residual maturity of the contracted cash flows.

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 hedging 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 cash flow hedging reserve in equity are shown in note 21. 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 (e.g. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

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
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.

(o) 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 substantively 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 provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

- (ii) Deferred tax
Deferred tax is determined using tax rates and laws enacted or substantively enacted by the reporting date. Deferred tax is provided on a non-discounted basis, using the balance sheet liability method, providing for temporary differences 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 liabilities are not recognised to the extent they arise from the initial recognition of goodwill not having full tax basis.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, Joint Ventures & Associates 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.

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.

(p) 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.

Revenue grants 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 current and 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.

(q) Share capital

- (i) Equity
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.

- (ii) Own shares
Where the Employee Share Trust and/or the Employee Share Scheme Trust (on behalf of the Company) purchases the Company's equity share capital, under the 2008 LTIP Scheme and the Annual Incentive Deferred into Shares Scheme, the consideration paid is deducted from total equity and classified as own shares until they are re-issued. Where such shares are re-issued, they are re-issued on a first in, first out basis and the amount re-issued is transferred from own shares to retained earnings.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received/receivable for the sale of goods 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. This 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. Rebates and discounts are recorded in the same period as the original revenue.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

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.

The timing of recognition of service revenue equals the timing of when the services were rendered.

(s) Segment reporting

In identifying the Group's operating segments, management assessed the following by business unit:

- the nature of the products,
- the nature of the production processes,
- the type or class of customer; and
- the methods used to distribute the products.

The Group has four segments:

Glanbia Performance Nutrition

Glanbia Performance Nutrition earns its revenue from performance nutrition products. Its products are sold through a variety of channels including speciality retail, the internet and gyms in a variety of formats, including powders, bars and ready-to-drink beverages.

Global Ingredients

Global Ingredients comprises US Cheese, Ingredient Technologies and Customised Solutions and sells cheese, dairy and non-dairy nutritional ingredients. All are targeted on the increased market focus on health and nutrition and share relationships with common global customers and end markets.

Dairy Ireland

Dairy Ireland comprises two Irish 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.

Joint Ventures & Associates

Joint Ventures & Associates comprise the Group's strategic Joint Ventures & Associates and are considered by management as strategically important, not just in their own right but also in terms of the synergies and growth opportunities they bring to the wholly owned Group.

These segments align with the Group's internal financial reporting system and the way in which the Chief Operating Decision Maker (Glanbia Operating Executive) assesses performance and allocates the Group's resources.

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 tax position of the Group. Unallocated assets and liabilities primarily include tax, cash and cash equivalents, available for sale financial assets, borrowings and derivatives. Intersegment revenue is determined on an arms-length basis. Where a material dependency or concentration on an individual customer would warrant disclosure, this is disclosed in the operating segments note under IFRS 8 'Operating Segments'.

(t) Dividends

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

Proposed dividends that are approved after the balance sheet date are not recognised as a liability but are disclosed in the dividends note.

(u) Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, net losses on hedging instruments that are recognised in the income statement, facility fees and the unwinding of discounts on provisions. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

General and specific finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other finance costs are expensed in the income statement in the period in which they are incurred.

(v) Finance income

Finance income is recognised in the income statement as it accrues using the effective interest rate method and includes net gains on hedging instruments that are recognised in the income statement.

(w) 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 excluding own shares.

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) divided by the weighted average number of Ordinary Shares in issue during the period.

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.

(x) Leases

(i) Finance leases

Leases of assets where the Group has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are operating leases.

A determination is also made as to whether the substance of an arrangement could equate to 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 cost. 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.

The corresponding rental obligation, net of finance charges is included in borrowings and split between current and non-current, as appropriate.

(ii) Operating leases

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.

(y) 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 'Provisions, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

(z) 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, adjustments to contingent consideration, material acquisition integration costs, restructuring costs, profit or loss on disposal or termination of operations, material acquisition costs, litigation settlements, legislative changes, gains or losses on defined benefit pension scheme restructuring 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.

(aa) 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 02 January 2016 and have been adopted by the Group:

- Amendments to IFRS 1 'First-time Adoption of International Financial Reporting Standards';
- Amendments to IFRS 2 'Share-based Payment';
- Amendments to IFRS 3 'Business Combinations';
- Amendments to IFRS 8 'Operating Segments';
- Amendments to IFRS 13 'Fair Value Measurement';
- Amendments to IAS 16 'Property, Plant & Equipment' and IAS 38 'Intangible Assets';
- Amendments to IAS 24 'Related Party Disclosures';
- Amendments to IAS 40 'Investment Property';
- Amendment to IAS 19 'Employee Benefits'; and
- 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 02 January 2016.

The following standards, amendments and interpretations have been published. The Group will apply the relevant standards from their effective dates and at this point the Group does not believe that they will have a material 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.

Amendments to IFRS 11 'Joint Arrangements' on acquisition of an interest in a joint operation (effective on or after 01 January 2016).

This amendment adds 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 16 'Property, Plant and Equipment' and IAS 38, 'Intangible Assets', on depreciation and amortisation (effective on or after 01 January 2016).

These amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Amendments to IAS 27 'Consolidated and 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 - not yet endorsed).

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 Ventures. 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.

Amendment to IAS 1 'Presentation of Financial Statements' on the disclosure initiative (effective on or after 01 January 2016 - not yet endorsed).

These amendments are as part of the IASB initiative to improve presentation and disclosure in financial report, effective for annual periods beginning on or after 1 January 2016, subject to EU endorsement.

IFRS 15 'Revenue from Contracts with Customers' (effective on or after 01 January 2018 - not yet endorsed).

IFRS 15, 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 - not yet endorsed).

This standard replaces the guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. 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 IAS 12 'Income Taxes' on the recognition of deferred tax assets for unrealised losses (effective on or after 01 January 2017 - not yet endorsed).

These amendments clarify the recognition of deferred tax assets for unrealised losses on debt instruments.

Amendments to IAS 7 'Statement of Cash Flows' under its disclosure initiative (effective on or after 01 January 2017 - not yet endorsed).

These amendments are intended to improve the information provided to users of Financial Statements about an entity's financing activities.

IFRS 16 'Leases' (effective on or after 01 January 2019 - not yet endorsed).

IFRS 16 supersedes IAS 17 'Leases'. The new standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from IAS 17.

3. 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 (e). 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 Glanbia Performance Nutrition, including goodwill arising on acquisition were tested for impairment using projected cash flows over a three year period and a terminal value for a further seventeen 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 14.

(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. It 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, a probability weighted expected value, 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) Retirement benefit obligations

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 €352.8 million (2014: €393.3 million) and plan liabilities of €440.1 million (2014: €508.1 million) giving a net pension deficit of €87.3 million (2014: €114.8 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 02 January 2016, 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 €19.4 million (2014: €23.6 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

4. SEGMENT INFORMATION

In accordance with IFRS 8 'Operating Segments', the Group has four segments as follows: Glanbia 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 which acts as the Chief Operating Decision Maker for the Group.

Each segment derives its revenues as follows: Glanbia 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 and dairy ingredients.

Each segment is reviewed in its totality by the Chief Operating Decision Maker. The Glanbia Operating Executive 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.

4.1 The segment results for the year ended 02 January 2016 are as follows:

		Glanbia Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Total gross segment revenue	(a)	924,165	1,272,795	633,787	893,089	3,723,836
Inter-segment revenue		(1,050)	(54,814)	(557)	–	(56,421)
Total Group Revenue		923,115	1,217,981	633,230	893,089	3,667,415
Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)	(b)	135,610	106,642	28,751	39,690	310,693

Included in external revenue are related party sales between Global Ingredients and Joint Ventures & Associates of €15.3 million and related party sales between Dairy Ireland and Joint Ventures & Associates of €17.0 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.

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

	2015 €'000
Total gross segment revenue	3,723,836
Inter-segment revenue	(56,421)
Joint Ventures & Associates revenue	(893,089)
Reported external revenue	2,774,326

4.1 (b) Total Group earnings before interest, tax, amortisation and exceptional items are reconciled to reported profit before tax and profit after tax as follows:

	Notes	2015 €'000
Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)		310,693
Amortisation	14	(31,125)
Exceptional items	6	(26,342)
Joint Ventures & Associates interest, tax and amortisation		(13,420)
Finance income	9	1,706
Finance costs	9	(22,816)
Reported profit before tax		218,696
Income taxes	10	(34,779)
Reported profit after tax		183,917

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 02 January 2016 are as follows:

	Glanbia Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Depreciation of property, plant and equipment	10,352	23,777	9,008	14,863	58,000
Amortisation of intangibles	19,471	9,209	2,445	476	31,601
Capital grants released to the income statement	(17)	(38)	(227)	(1,212)	(1,494)

The segment assets and liabilities at 02 January 2016 and segment capital expenditure and acquisitions for the year then ended are as follows:

		Glanbia Performance Nutrition €'000	Global Ingredients €'000	Dairy Ireland €'000	JVs & Associates €'000	Group including JVs & Associates €'000
Segment assets	(c)	1,150,637	794,155	302,000	160,332	2,407,124
Segment liabilities	(d)	257,148	237,853	181,146	–	676,147
Capital expenditure - additions	(e)	34,437	64,399	13,484	35,522	147,842
Capital expenditure - business combinations	(e)	235,359	–	1,109	–	236,468

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

	2015 €'000
Segment assets	2,407,124
Unallocated assets	243,829
Reported assets	2,650,953

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

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

	2015 €'000
Segment liabilities	676,147
Unallocated liabilities	911,733
Reported liabilities	1,587,880

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

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

	2015 €'000
Capital expenditure - additions	147,842
Capital expenditure - business combinations	236,468
Joint Ventures & Associates capital expenditure	(35,522)
Unallocated capital expenditure	8,086
Reported capital expenditure and acquisitions	356,874

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

4.2 The segment results for the year ended 03 January 2015 are as follows:

		Glanbia 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)
Total Group Revenue		746,227	1,175,397	616,744	984,016	3,522,384
Total Group 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 normal commercial terms and conditions that would also be available to unrelated third parties.

4.2 (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

4.2 (b) Total Group earnings before interest, tax, amortisation and exceptional items are reconciled to reported profit before tax and profit after tax as follows:

	2014 €'000
Total Group earnings before interest, tax, amortisation and exceptional items (EBITA)	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:

	Glanbia 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)

The segment assets and liabilities at 03 January 2015 and segment capital expenditure and acquisitions for the year then ended are as follows:

		Glanbia 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
Capital expenditure - additions	(e)	27,933	64,439	29,367	56,469	178,208
Capital expenditure - business combinations	(e)	158,767	–	–	–	158,767

4.2 (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.

4.2 (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.

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

	2014 €'000
Capital expenditure - additions	178,208
Capital expenditure - business combinations	158,767
Joint Ventures & Associates capital expenditure	(56,469)
Unallocated capital expenditure	3,119
Reported capital expenditure and acquisitions	283,625

4.3 Entity wide disclosures

Revenue from external customers in the Glanbia Performance Nutrition, Global Ingredients, Dairy Ireland and Joint Ventures & Associates segments is outlined in section 4.1 (a) and 4.2 (a) 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:

	2015 €'000	2014 €'000
USA	2,008,164	1,823,565
Ireland	746,215	745,524
UK	227,268	212,774
Rest of Europe	291,194	312,492
Other	394,574	428,029
	3,667,415	3,522,384

Revenue of approximately €291.4 million (2014: €350.3 million) is derived from a single external customer within the Global Ingredients segment.

The total of non-current assets, other than the financial instruments and deferred tax assets, located in Ireland is €828.3 million (2014: €767.5 million) and located in other countries, mainly the USA, is €880.5 million (2014: €556.7 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

5. OPERATING EXPENSES

	Notes	2015 €'000	2014 €'000
Revenue	4.1	2,774,326	2,538,368
Less costs:			
Raw materials and consumables used		(1,782,647)	(1,773,010)
Depreciation of property, plant and equipment	13	(43,137)	(32,230)
Amortisation of capital grants received	30	282	264
Employee benefit expense	7	(329,894)	(256,023)
Auditor's remuneration*			
– Statutory audit of Group companies		(823)	(774)
– Other assurance services		(583)	(672)
– Tax advisory services		(1,930)	(2,174)
– Other non-audit services		(10)	(644)
Research and development costs		(6,646)	(7,830)
Net foreign exchange gain		790	816
Other expenses		(338,725)	(257,457)
Earnings before interest, tax, amortisation and exceptional items (EBITA)		271,003	208,634
Intangible asset amortisation	14	(31,125)	(22,512)
Operating profit before exceptional items		239,878	186,122

* Auditor's remuneration for the Company in respect of its statutory audit amounted to €35,000 (2014: €35,000).

6. EXCEPTIONAL ITEMS

	Notes	2015 €'000	2014 €'000
Organisation redesign costs	(a)	(6,945)	–
Acquisition integration costs	(b)	(2,919)	–
Rationalisation costs	(c)	(7,841)	(6,379)
Irish defined benefit pension schemes	(d)	(5,006)	–
Disposal of Joint Venture	(e)	(3,631)	–
Transaction related costs	(f)	–	(9,570)
Total exceptional charge before tax		(26,342)	(15,949)
Exceptional tax credit		2,543	1,870
Total exceptional charge		(23,799)	(14,079)

The nature of the total exceptional charge before tax is as follows:

	Notes	2015 €'000	2014 €'000
Employee benefit expense		(7,416)	(1,678)
Defined benefit pension scheme settlement loss	28	(4,306)	–
Other operating costs		(14,620)	(14,271)
Total exceptional charge before tax		(26,342)	(15,949)

The total cash outflow during the year in respect of exceptional charges was €15.1 million (2014: €16.4 million) of which €7.1 million (2014: €10.8 million) was in respect of prior year exceptional charges.

- (a) The project to create one integrated Global Ingredients (GI) organisation is progressing to plan. Over the next 12 months the business structure will be fundamentally reorganised into a single commercial team focused on GI's nutritional ingredient portfolio. This will be supported by centres of excellence across areas such as product supply, innovation and strategy. These changes will enable GI to be a more agile integrated consumer insight driven organisation delivering to customers the full suite of Glanbia's capability. Costs of €6.9 million include consultancy of €4.9 million, employee benefit expense of €0.6 million and other costs of €1.4 million. The total cost of this project will be approximately €15 million to €20 million.

- (b) Acquisition integration costs of €2.9 million comprise costs incurred by Glanbia Performance Nutrition relating to restructuring and the redesign of route to market capabilities in acquired businesses. Costs of €2.9 million include consultancy of €1.6 million, employee benefit expense of €0.8 million and other costs of €0.5 million.
- (c) Rationalisation costs primarily relate to the completion of the restructuring programme in the Dairy Ireland segment. Costs of €7.8 million include employee benefit expense of €5.9 million and other costs of €1.9 million. There were no related impairments of tangible assets in 2015 (2014: €3.2 million).
- (d) The Group undertook a review of its pension arrangements in 2015 and agreed with the pension trustees to wind up three of its smaller Irish defined benefit pension schemes. This transaction resulted in an exceptional charge in the year of €5.0 million. This charge relates to gains and losses on settlement of €4.3 million, in accordance with IAS 19 'Employee Benefits', and professional fees of €0.7 million in relation to the transaction. This settlement reduced the gross retirement benefit obligation by €60.2 million.
- (e) On 01 April 2015, the Group disposed of its investment in Milk Ventures (UK) Limited which is the parent company of Nutricima Limited, a non-core Joint Venture business involved in the supply and distribution of evaporated and powered milk, based in Nigeria. PZ Cussons plc, Glanbia's partner in the Joint Venture Nutricima, acquired Glanbia's 50% stake for cash consideration of £21 million (€28.5 million). In line with IFRS 5 'Non Current Assets Held for Sale and Discontinued Operations', the disposal of the Group's interest resulted in a non-cash loss of €3.6 million. This comprised a profit on disposal of €1.4 million (cash consideration of €28.5 million less carrying value €27.1 million including loan to Joint Venture) offset by the recycle of €5.0 million cumulative foreign currency translation losses previously recognised in equity. Milk Ventures (UK) Limited was previously included in the Joint Ventures & Associates segment.
- (f) Transaction related costs in 2014 comprised of costs relating to acquisition activities that did not come to fruition and additional contingent consideration relating to the acquisition of Nutramino Holding ApS, in excess of its fair value at date of acquisition.

7. EMPLOYEE BENEFIT EXPENSE

The aggregate payroll costs of employees (including Executive Directors) in the Group were:

	Notes	2015 €'000	2014 €'000
Wages and salaries		266,197	205,486
Social security costs		24,196	22,312
Pension costs – defined contribution schemes	28	7,817	4,811
Pension costs – defined benefit schemes	28	8,512	8,226
Other compensation costs:			
Cost of share based payments	21	8,724	5,516
Company car allowance		1,383	1,045
Private health insurance		13,065	8,627
	5	329,894	256,023
Exceptional items	6	11,722	1,678
		341,616	257,701

Capitalised labour costs of €12.0 million (2014: €8.9 million) are included within the aggregate payroll costs above. See note 13 and note 14.

The average number of employees, excluding the Group's Joint Ventures & Associates, in 2015 was 4,630 (2014: 4,257) and is analysed into the following categories:

	2015	2014
Glanbia Performance Nutrition	1,598	1,442
Global Ingredients	1,781	1,632
Dairy Ireland	1,251	1,183
	4,630	4,257

The aggregate payroll costs of employees in the Company is nil (2014: nil).

8. DIRECTORS' REMUNERATION

The Directors' remuneration information is shown on pages 66 to 83 in the Remuneration Committee report.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

9. FINANCE INCOME AND COSTS

	Notes	2015 €'000	2014 €'000
Finance income			
Interest income		1,706	1,725
Total finance income		1,706	1,725
Finance costs			
Bank borrowing costs		(4,109)	(4,767)
Facility fees		(2,761)	(2,045)
Unwinding of discounts	29	(142)	(165)
Finance lease costs		(127)	(70)
Finance cost of private debt placement		(15,677)	(13,442)
Finance cost of preference shares		–	(1,561)
Total finance costs		(22,816)	(22,050)
Net finance costs		(21,110)	(20,325)

Net finance costs do not include borrowing costs of €2.4 million (2014: €2.0 million) attributable to the acquisition, construction or production of a qualifying asset, which have been capitalised, as disclosed in note 13. Interest is capitalised at the Group's average interest rate for the period of 4.0% (2014: 4.4%).

10. INCOME TAXES

	Notes	2015 €'000	2014 €'000
Current tax			
Irish current tax		16,388	14,124
Adjustments in respect of prior years		489	787
Irish current tax for the year		16,877	14,911
Foreign current tax		14,282	16,332
Adjustments in respect of prior years		(5,488)	1,925
Foreign current tax for the year		8,794	18,257
Total current tax		25,671	33,168
Deferred tax			
Deferred tax – current year		5,898	(3,681)
Adjustments in respect of prior years		5,753	(1,235)
Total deferred tax	27	11,651	(4,916)
Pre-exceptional tax charge		37,322	28,252
Exceptional tax credit			
Current tax		(2,302)	(1,469)
Deferred tax		(241)	(401)
Total tax charge for the year		34,779	26,382

Notes on exceptional tax credit:

- (a) The Group incurred exceptional costs in the Global Ingredients and Glanbia Performance Nutrition segments during 2015 relating to restructuring projects aimed at redesigning the businesses to meet future market needs. These costs resulted in an exceptional current tax credit of €1.29 million (2014: nil).
- (b) The rationalisation costs in the Dairy Ireland segment resulted in an exceptional current tax credit of €0.95 million (2014: €0.40 million) and an exceptional deferred tax credit of €0.03 million (2014: €0.40 million).
- (c) In 2015, there was an exceptional current tax credit of €0.06 million (2014: nil) and exceptional deferred tax credit of €0.21 million (2014: nil) relating to revisions to the Group's Irish pension arrangements.
- (d) During 2015, the Group disposed of its investment in Milk Ventures (UK) Limited which is the parent company of Nutricima Limited, a non-core Joint Venture business involved in the supply and distribution of evaporated and powdered milk, based in Nigeria. While this transaction gave rise to an exceptional loss of €3.6 million in the Financial Statements, there is no current tax or deferred tax impact arising.
- (e) In 2014, the Group incurred transaction costs relating to acquisition activities that did not come to fruition, which resulted in an exceptional current tax credit of €1.1 million.
- The exceptional net tax credit in 2015 and 2014 has been disclosed separately above as it relates 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:

	2015 €'000	2014 €'000
Profit before tax	218,696	173,577
Income tax calculated at Irish rate of 12.5% (2014: 12.5%)	27,337	21,697
Earnings at higher Irish rates	24	2
Difference due to overseas tax rates	10,632	7,305
Adjustment to tax charge in respect of previous periods	754	1,477
Tax on post tax profits of Joint Ventures & Associates included in profit before tax	(3,284)	(2,966)
Other reconciling differences	(684)	(1,133)
Total tax charge	34,779	26,382

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 corporate development activity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

11. 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 21 (f)).

	2015	2014
Profit attributable to equity holders of the Parent (€'000)	183,271	146,313
Weighted average number of Ordinary Shares in issue	295,196,003	295,011,089
Basic earnings per share (cent)	62.08	49.60

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 and share awards are the Company's only 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 market price (determined as the average annual market price of the Company's shares) and the fair value (determined as the fair value at the date of grant) attached to outstanding share options and awards. 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 and awards.

	2015	2014
Weighted average number of Ordinary Shares in issue	295,196,003	295,011,089
Adjustments for share awards	1,002,678	1,510,550
Adjustments for share options	42,617	134,881
Adjusted weighted average number of Ordinary Shares	296,241,298	296,656,520
Diluted earnings per share (cent)	61.87	49.32

Adjusted

Adjusted earnings per share is calculated on the net profit attributable to equity holders of the Parent, before exceptional items (net of related tax) 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 and reflects the metrics used by the Group to measure profitability and financial performance.

	2015 €'000	2014 €'000
Profit attributable to equity holders of the Parent	183,271	146,313
Amortisation of intangible assets (net of related tax)	26,126	19,698
Amortisation of Joint Ventures & Associates intangible assets (net of related tax)	417	345
Exceptional items (net of related tax)	23,799	14,079
Adjusted net income	233,613	180,435
Adjusted earnings per share (cent)	79.14	61.16
Diluted adjusted earnings per share (cent)	78.86	60.82

12. DIVIDENDS

	2015 €'000	2014 €'000
Dividends paid per Ordinary Share are as follows:		
Final dividend for the year ended 03 January 2015 of 6.57 cent per share paid on 15 May 2015	19,449	–
Final dividend for the year ended 04 January 2014 of 5.97 cent per share paid on 16 May 2014	–	17,650
Interim dividend for the year ended 02 January 2016 of 4.88 cent per share paid on 16 October 2015	14,446	–
Interim dividend for the year ended 03 January 2015 of 4.43 cent per share paid on 10 October 2014	–	13,101
	33,895	30,751

The Directors have recommended the payment of a final dividend of 7.22 cent per share on the Ordinary Shares which amounts to €21.4 million. Subject to shareholder approval, this dividend will be paid on 29 April 2016 to shareholders on the register of members at 18 March 2016, the record date. These Financial Statements do not reflect this final dividend. There are no income tax consequences for the Company in respect of dividends proposed prior to issuance of the Financial Statements.

13. PROPERTY, PLANT AND EQUIPMENT

	Notes	Land and buildings €'000	Plant and equipment €'000	Motor vehicles €'000	Total €'000
Year ended 03 January 2015					
Opening carrying amount		155,613	217,984	375	373,972
Exchange differences		13,052	25,033	125	38,210
Acquisitions		–	2,281	206	2,487
Additions		39,846	70,979	502	111,327
Disposals		(503)	(346)	(24)	(873)
Reclassification	14	–	503	–	503
Impairments	6 (c)	(1,184)	(2,032)	–	(3,216)
Depreciation charge	5	(6,126)	(25,774)	(330)	(32,230)
Closing carrying 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)
Carrying amount		200,698	288,628	854	490,180
Year ended 02 January 2016					
Opening carrying amount		200,698	288,628	854	490,180
Exchange differences		14,541	23,723	139	38,403
Acquisitions	37	38	765	2	805
Additions		36,462	63,637	477	100,576
Disposals		(13)	(582)	(42)	(637)
Reclassification		887	(887)	–	–
Depreciation charge	5	(8,625)	(34,005)	(507)	(43,137)
Closing carrying amount		243,988	341,279	923	586,190
At 02 January 2016					
Cost		321,232	743,907	20,413	1,085,552
Accumulated depreciation		(77,244)	(402,628)	(19,490)	(499,362)
Carrying amount		243,988	341,279	923	586,190

Depreciation expense of €43.1 million was charged to the income statement during the year (2014: €32.2 million). There were no impairments during the year (2014: €3.2 million).

Included in the closing cost at 02 January 2016 is an amount of €73.9 million (2014: €62.2 million) incurred in respect of assets under construction.

Included in the cost of additions for 2015 is €2.1 million (2014: €1.4 million) incurred in respect of staff costs capitalised into assets.

During the year, the Group has capitalised borrowing costs amounting to €2.4 million (2014: €2.0 million) on qualifying assets. See note 9.

Operating lease rentals amounting to €23.8 million (2014: €19.0 million) are charged to the income statement.

Assets held under finance leases:

The net carrying amount and the depreciation charge during the year in respect of assets held under finance leases and accordingly capitalised in property, plant and equipment is as follows:

	2015 €'000	2014 €'000
Leasehold equipment		
Cost	6,281	6,218
Accumulated depreciation	(5,083)	(4,767)
Carrying amount	1,198	1,451
Depreciation charge	312	317

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

14. INTANGIBLE ASSETS

	Notes	Goodwill €'000 note (b)	Other intangibles €'000 note (a)	Software costs €'000	Development costs €'000	Total €'000
Year ended 03 January 2015						
Opening carrying amount		181,758	240,905	19,172	12,651	454,486
Exchange differences		23,771	33,517	1,516	2,156	60,960
Acquisitions		57,460	98,820	–	–	156,280
Additions		–	–	5,716	7,815	13,531
Reclassification	13	–	42	(545)	–	(503)
Write-off of intangibles		–	–	–	(73)	(73)
Amortisation	5	–	(15,058)	(4,568)	(2,886)	(22,512)
Closing carrying 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)
Carrying amount		262,989	358,226	21,291	19,663	662,169
Year ended 02 January 2016						
Opening carrying amount		262,989	358,226	21,291	19,663	662,169
Exchange differences		25,340	36,069	1,414	2,198	65,021
Acquisitions	37	85,790	149,867	6	–	235,663
Additions		–	335	8,124	11,371	19,830
Disposals		–	–	(31)	–	(31)
Reclassification		(23)	23	82	(82)	–
Amortisation	5	–	(20,810)	(5,428)	(4,887)	(31,125)
Closing carrying amount		374,096	523,710	25,458	28,263	951,527
At 02 January 2016						
Cost		374,096	643,481	76,265	53,843	1,147,685
Accumulated amortisation		–	(119,771)	(50,807)	(25,580)	(196,158)
Carrying amount		374,096	523,710	25,458	28,263	951,527

Amortisation expense of €31.1 million (2014: €22.5 million) has been charged to operating expenses during the year. The average remaining amortisation period for software costs is 7 years (2014: 8 years) and development costs is 5 years (2014: 4 years).

Approximately €6.0 million of software additions during the year (2014: €2.6 million) were internally generated which included €4.4 million (2014: €3.6 million) of staff costs capitalised. Approximately €10.2 million of development cost additions during the year (2014: €7.0 million) were internally generated which included €5.5 million (2014: €3.9 million) of staff costs capitalised.

No development costs were written off in 2015 due to uncertainty that these projects would not reach commercialisation (2014: €0.1 million).

14 (a) Other intangibles

	Notes	Brands €'000	Customer relationships €'000	Other €'000	Total other intangibles €'000
Year ended 03 January 2015					
Opening carrying amount		154,596	82,542	3,767	240,905
Exchange differences		21,066	12,304	147	33,517
Acquisitions		67,090	31,730	–	98,820
Reclassification		42	–	–	42
Amortisation		(3,968)	(11,027)	(63)	(15,058)
Closing carrying 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)
Carrying amount		238,826	115,549	3,851	358,226
Year ended 02 January 2016					
Opening carrying amount		238,826	115,549	3,851	358,226
Exchange differences		24,017	11,924	128	36,069
Acquisitions	37	78,589	71,278	–	149,867
Additions		–	–	335	335
Reclassification		1,129	1,505	(2,611)	23
Amortisation		(5,651)	(15,025)	(134)	(20,810)
Closing carrying amount		336,910	185,231	1,569	523,710
At 02 January 2016					
Cost		365,244	275,530	2,707	643,481
Accumulated amortisation		(28,334)	(90,299)	(1,138)	(119,771)
Carrying amount		336,910	185,231	1,569	523,710

Individually material intangible assets with definite useful lives

	Carrying amount 2015 €'000	Average remaining amortisation position 2015 Yrs	Carrying amount 2014 €'000
Brands			
Glanbia Performance Nutrition - BSN	51,289	35	47,688
Glanbia Performance Nutrition - Isopure	64,390	39	59,710
Glanbia Performance Nutrition - thinkThin	78,862	40	–
Customer Relationships			
Glanbia Performance Nutrition - Optimum Nutrition	45,365	7	47,330
Glanbia Performance Nutrition - BSN	29,319	10	29,395
Glanbia Performance Nutrition - Isopure	27,957	12	27,433
Glanbia Performance Nutrition - thinkThin	71,406	13	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

Indefinite life intangible assets

	Carrying amount 2015 €'000	Useful life 2015 Yrs	Carrying amount 2014 €'000
Brands			
Glanbia Performance Nutrition - Optimum Nutrition	112,703	Indefinite	99,049

In arriving at the conclusion that certain brands 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 being capitalised is that there are no material legal, regulatory, contractual or other factors that limit their useful lives. 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.

14 (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 the business acquisition, 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'.

A summary of goodwill by CGU is as follows:

	Goodwill 2015 €'000	Indefinite life intangibles 2015 €'000	Number of CGUs 2015	Goodwill 2014 €'000	Indefinite life intangibles 2014 €'000	Number of CGUs 2014
Glanbia Performance Nutrition	171,030	112,703	1	153,849	99,049	3
thinkThin	85,126	–	1	–	–	–
Glanbia Performance Nutrition segment	256,156	112,703	2	153,849	99,049	3
Global Ingredients - Customised Solutions	85,184	–	2	79,621	–	2
Global Ingredients - Other CGUs	21,987	–	2	19,849	–	2
Global Ingredients segment	107,171	–	4	99,470	–	4
Dairy Ireland	10,769	–	1	9,670	–	1
	374,096	112,703	7	262,989	99,049	8

The Isopure and Nutramino businesses acquired in 2014 have been integrated into the Glanbia Performance Nutrition business and are included within the Glanbia Performance Nutrition CGU in 2015.

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 three year strategic plan formally

approved by the Group Operating Executive and the Board of Directors and specifically exclude the impact of future development activity. While the Group expects cash flow growth between years four and twenty, a terminal value was derived for this further seventeen year period assuming zero growth. No impairments arose in either 2015 or 2014. The present value of future cash flows is calculated using pre-tax discount rates which are 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 2015	Discount rates 2014
Glanbia Performance Nutrition	6.8%	8.1%
Global Ingredients - Customised Solutions	6.0%-6.5%	7.9%-8.1%
Global Ingredients - Other CGUs	8.0%	8.1%
Dairy Ireland	7.5%	7.9%

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 management's 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. 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.

15. INVESTMENTS IN ASSOCIATES

	Notes	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
At the beginning of the year		22,876	81,365	22,876	80,492
Share of profit after tax		–	12,450	–	11,219
Transfer to Investments in Joint Ventures	16	–	–	–	(3,119)
Other comprehensive income/(expense)		–	4,474	–	(7,227)
Dividend received		–	(392)	–	–
At the end of the year		22,876	97,897	22,876	81,365

The Associates listed below have share capital, consisting of Ordinary Shares and Preference Shares, which are held by the Group.

Nature of Investment in Associates

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	61%	Note 2	Equity
South East Port Services Limited	Kilkenny, Ireland	49%		Equity

Note 1: Glanbia Ingredients Ireland Limited is the largest dairy processor in Ireland. Its products, the large majority of which are exported, include milk powders, butter, cheese, whey protein, milk protein and casein. Its customers include many of the large global food and infant formula manufacturers as well as more regionally focused food companies across Europe, Middle East, Africa and Asia.

Note 2: In accordance with the Group's accounting policy, Co-operative Animal Health Limited and South Eastern Cattle Breeding Society Limited are included in the Group result as Associates using the equity method of accounting. The Group, despite holding 50% or more of the Ordinary Share capital of these entities, has significant influence and not control over the entities, due to the nature of its voting rights.

There are no contingent liabilities relating to the Group's interest in Associates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

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 the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the Associates.

2015	Glanbia Ingredients Ireland Ltd €'000	Other €'000	Total €'000
Associate balance sheet (100%):			
Non-current assets	346,837	27,952	374,789
Current assets	257,356	16,879	274,235
Non-current liabilities	(279,719)	(11,443)	(291,162)
Current liabilities	(108,861)	(11,078)	(119,939)
Net assets	215,613	22,310	237,923
Group's interest in Associate/carrying value	86,245	11,652	97,897
Associate income statement (100%):			
Revenue	866,997	40,174	907,171
Profit before tax	32,440	1,953	34,393
Profit after tax	28,856	1,773	30,629
Other comprehensive income/(expense)	11,499	(251)	11,248
Total comprehensive income	40,355	1,522	41,877
2014			
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)
Total comprehensive income	8,392	1,259	9,651

Further details in relation to principal Associates are outlined in note 40.

16. INVESTMENTS IN JOINT VENTURES

The Joint Ventures listed below have share capital consisting solely of Ordinary Shares, which are held directly by the Group.

	2015 €'000	2014 €'000
At the beginning of the year	69,945	62,894
Share of profit after tax	13,820	12,510
Disposals	(18,263)	(4,089)
Transfer (to Investments in Subsidiaries)/from Investments in Associates	(391)	3,119
Other comprehensive (expense)/income	(662)	405
Income tax movement	6,155	5,032
Dividend received	(14,532)	(12,648)
Exchange differences	4,513	2,722
At the end of the year	60,585	69,945

Nature of investment in Joint Ventures

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, Co Cork, Ireland	50%	Note 4	Equity

* Percentage of ownership interest is in line with the Group's control of voting rights in the entity at year end, with the exception of Glanbia Cheese Limited (see note 2 below) and Milk Ventures (UK) Limited (see note 3 below).

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 two plants (Magheralin and Llangefni) are strategically located in productive agricultural heartlands which helps to ensure a secure and consistent supply of high quality milk. 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.

Note 3: Milk Ventures (UK) Limited was the parent company of Nutricima Limited, a company based in Nigeria, involved in the supply and distribution of evaporated and powdered milk. The Group disposed of its share in Milk Ventures (UK) Limited to its Joint Venture partner, PZ Cussons plc on 01 April 2015, as the business no longer aligned with the Group's strategic priorities. As part of the sale agreement, Glanbia Ingredients Ireland Limited entered into a long-term agreement with PZ Cussons (International) Limited for the supply of dairy ingredients.

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:

	2015 €'000	2014 €'000
Proportionate share of capital commitments	4,831	2,000

There are no contingent liabilities relating to the Group's interest in its Joint Ventures.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

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 the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the Joint Ventures.

2015	Southwest Cheese Company, LLC €'000	Glanbia Cheese Limited €'000	Milk Ventures (UK) Limited €'000	Malting Company of Ireland Limited €'000	Total €'000
Joint Venture balance sheet (100%):					
Non-current assets	220,890	40,764	–	7,397	269,051
Current assets					
Cash and cash equivalents	–	12,195	–	–	12,195
Other current assets	75,891	38,003	–	6,177	120,071
	75,891	50,198	–	6,177	132,266
Non-current liabilities					
Financial liabilities	(123,135)	–	–	(1,656)	(124,791)
Other non-current liabilities	–	(7,409)	–	(370)	(7,779)
	(123,135)	(7,409)	–	(2,026)	(132,570)
Current liabilities					
Bank overdrafts and loans	(11,127)	–	–	(1,079)	(12,206)
Other current liabilities	(99,836)	(31,859)	–	(4,709)	(136,404)
	(110,963)	(31,859)	–	(5,788)	(148,610)
Net assets	62,683	51,694	–	5,760	120,137
Group's interest in Joint Venture/carrying value	31,341	26,364	–	2,880	60,585
Joint Venture income statement (100%):					
Revenue	752,687	259,730	22,544	11,569	1,046,530
Depreciation	(11,417)	(4,339)	–	(439)	(16,195)
Interest expense	(5,871)	(238)	(193)	(75)	(6,377)
Profit/(loss) before tax	25,263	14,370	803	(313)	40,123
Tax	(10,105)	(2,476)	(197)	58	(12,720)
Profit/(loss) after tax	15,158	11,894	606	(255)	27,403
Other comprehensive income/(expense)	889	(2,170)	–	–	(1,281)
Total comprehensive income/(expense)	16,047	9,724	606	(255)	26,122
Joint Venture other movements:					
Dividend received by Group	(11,269)	(3,263)	–	–	(14,532)
Exchange differences arising on consolidation	2,678	1,442	393	–	4,513

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
Total comprehensive income/(expense)	12,584	10,773	2,463	(205)	25,615
Joint Ventures other movements:					
Dividend received by Group	(9,419)	(3,229)	–	–	(12,648)
Exchange differences arising on consolidation	2,360	1,307	(945)	–	2,722

Further details in relation to principal Joint Ventures are outlined in note 40.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

17. INVESTMENTS

(a) Available for sale financial assets

	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
At the beginning of the year	4,488	10,621	514	9,498
Disposals/redemption	–	(1,506)	–	(1,269)
Fair value adjustment	1,273	1,273	3,039	1,457
Additions	66	366	935	935
At the end of the year	5,827	10,754	4,488	10,621

Available for sale financial assets at the reporting date include the following:

	Notes	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Listed securities					
Equity securities – eurozone countries	25.3	161	161	272	272
Unlisted securities					
One51 plc	25.3	4,772	4,772	3,281	3,281
Ornua Co-operative Limited		–	4,041	–	5,513
The BDO Development Capital Fund	25.3	894	894	935	935
Other available for sale financial assets		–	886	–	620
		5,827	10,754	4,488	10,621

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. These fair values are within level 1 of the fair value hierarchy (note 25.3).

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. The unlisted investment in the BDO Development Capital Fund is fair valued by reference to the latest quarterly report to the limited partners.

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. These fair values are within level 2 of the fair value hierarchy (note 25.3).

Available for sale financial assets with a carrying value of €4.9 million (2014: €6.1 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

	2015 Company €'000	2014 Company €'000
At the beginning of the year	609,530	609,440
Disposals	–	(27)
Additions	–	117
At the end of the year	609,530	609,530

18. TRADE AND OTHER RECEIVABLES

	Notes	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Trade receivables		–	315,798	–	280,756
Less allowance for impairment of receivables		–	(8,969)	–	(8,600)
Trade receivables – net		–	306,829	–	272,156
Prepayments		–	24,079	–	19,363
Receivables from Joint Ventures & Associates	38	101	4,419	36	5,496
Receivables from other related parties	38	112	237	–	776
Loans to Joint Ventures & Associates	38	–	1,850	–	9,863
Value added tax		–	2,500	–	955
Other receivables		–	11,956	111	6,281
Total		213	351,870	147	314,890
Non-current - Loans to Joint Ventures & Associates		–	1,850	–	9,863
Current		213	350,020	147	305,027
		213	351,870	147	314,890

See note 36 for analysis of the movement in trade and other receivables. 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 4.3, 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 has not been provided for at year end.

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

	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Euro	213	111,919	147	98,063
US dollar	–	218,300	–	188,669
Pound Sterling	–	12,485	–	20,391
Other	–	9,166	–	7,767
	213	351,870	147	314,890

Provision for impairment of receivables:

	2015 €'000	2014 €'000
At the beginning of the year	8,600	11,155
Translation adjustment	91	159
Allowance for receivables impairment	1,201	1,690
Receivables written off during the year as uncollectible	(548)	(3,269)
Unused amounts reversed	(375)	(1,135)
At the end of the year	8,969	8,600

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

Movement on the Group's provision for impairment of trade receivables is as follows:

As of 02 January 2016, trade receivables of €9.0 million (2014: €8.6 million) were impaired and accordingly an allowance is provided as set out on the previous page. 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:

	2015 €'000	2014 €'000
Past due and impaired:		
Up to 3 months	1,324	1,504
3 to 6 months	3,009	2,061
Over 6 months	4,636	5,035
	8,969	8,600

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

At 02 January 2016, trade receivables of €54.7 million (2014: €51.1 million) were past due but not impaired, as they are considered recoverable, as follows:

	2015 €'000	2014 €'000
Past due not impaired:		
Up to 3 months	41,624	40,435
3 to 6 months	10,338	9,138
Over 6 months	2,746	1,512
	54,708	51,085

19. INVENTORIES

	2015 €'000	2014 €'000
Raw materials	113,759	112,602
Finished goods	198,615	198,546
Consumables	31,979	25,654
	344,353	336,802

See note 36 for analysis of the movement in inventories. Included above are inventories carried at net realisable value amounting to €18.0 million (2014: €11.6 million). The amount written off as an expense to the income statement in respect of these inventories was €4.6 million (2014: €3.9 million).

20. CASH AND CASH EQUIVALENTS

	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Cash at bank and in hand	15,303	202,021	8,590	102,160
Short term bank deposits	–	8,868	–	8,210
	15,303	210,889	8,590	110,370

Cash and cash equivalents include the following for the purposes of the Company and Group statement of cash flows:

	Notes	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Cash at bank and in hand		15,303	202,021	8,590	102,160
Short term bank deposits		–	8,868	–	8,210
Bank overdrafts	26	(372)	(41,764)	–	–
		14,931	169,125	8,590	110,370

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

21. 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 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
Currency translation differences	-	-	91,102	-	-	-	-	91,102
Recycle of currency reserve to the Group income statement on disposal of Investment in Joint Venture	-	-	5,037	-	-	-	-	5,037
Net investment hedge	-	-	(8,684)	-	-	-	-	(8,684)
Revaluation of interest rate swaps – gain in year	-	-	-	248	-	-	-	248
Foreign exchange contracts – loss in year	-	-	-	(294)	-	-	-	(294)
Transfers to income statement:								
Foreign exchange contracts – gain in year	-	-	-	(149)	-	-	-	(149)
Forward commodity contracts – loss in year	-	-	-	701	-	-	-	701
Revaluation of forward commodity contracts – loss in year	-	-	-	(361)	-	-	-	(361)
Revaluation of available for sale financial assets – gain in year	-	-	-	-	1,273	-	-	1,273
Deferred tax on fair value movements	-	-	-	(60)	(420)	-	-	(480)
Cost of share based payments	-	-	-	-	-	-	8,724	8,724
Transfer on exercise, vesting or expiry of share based payments	-	-	-	-	-	8,078	(4,000)	4,078
Purchase of own shares	-	-	-	-	-	(13,351)	-	(13,351)
Balance at 02 January 2016	2,825	113,148	186,251	(660)	3,391	(13,238)	14,708	306,425

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

21 (a) Capital reserve

The capital reserve comprises of a capital redemption reserve and a capital reserve which arose due to the renormalisation of the Company's share capital on conversion to the euro.

	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
At the beginning and the end of the year	4,227	2,825	4,227	2,825

21 (b) Merger reserve

	2015 €'000	2014 €'000
Share premium representing excess of fair value over nominal value of Ordinary Shares issued in connection with the merger of Avonmore Foods plc and Waterford Foods plc	355,271	355,271
Merger adjustment*	(327,085)	(327,085)
Share premium and other reserves relating to nominal value of shares in Waterford Foods Limited	84,962	84,962
At the beginning and end of the year	113,148	113,148

* 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.

21 (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 that differs 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.

21 (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.

21 (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.

21 (f) Own shares

The own shares reserve reflects the purchase and issue of Ordinary Shares in Glanbia plc.

	2015 Number of Shares	2014 Number of shares
At the beginning of the year	715,558	864,898
Purchased	770,475	696,185
Allocated	(626,100)	(845,525)
At the end of the year	859,933	715,558

The amount included as own shares relates to 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 Long Term Incentive Plan (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 02 January 2016 cost €13.2 million (2014: €8.0 million) and had a market value of €14.6 million (2014: €9.2 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'.

21 (g) Share based payment reserve

The share based payment reserve reflects charges relating to granting of both shares and options under the 2002 Long Term Incentive Plan (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.

	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
At the beginning of the year	9,984	9,984	8,314	8,314
Transfer on exercise, vesting or expiry of share based payments	(4,000)	(4,000)	(3,846)	(3,846)
Cost of share based payments	8,724	8,724	5,516	5,516
At the end of the year	14,708	14,708	9,984	9,984

2002 Long Term Incentive Plan

Movement in the 2002 LTIP for the year ended 02 January 2016 and 03 January 2015 is as follows:

	Notes	2015 Average Exercise price in € per share	2015 Number of options	2014 Average Exercise price in € per share	2014 Number of options
At the beginning of the year		4.06	210,000	3.60	440,000
Exercised	22	(4.14)	(155,000)	(3.18)	(230,000)
At the end of the year		3.81	55,000	4.06	210,000

Expiry date	Exercise price €	2015 Number of options	2014 Number of options
2019	2.29	15,000	35,000
2021	3.68	–	20,000
2021	4.38	40,000	90,000
2021	4.70	–	45,000
2021	4.63	–	20,000
		55,000	210,000

Total options of 55,000 (2014: 210,000) Ordinary Shares were outstanding at 02 January 2016 under the 2002 LTIP at prices of €2.29 and €4.38. 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 (2014: 1,450) Ordinary Shares. The cost of the 2002 LTIP charged in the Group income statement was nil (2014: €0.1 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 pre-determined performance criterion for the Group has been achieved. The performance criterion is that there has been an increase in the adjusted earnings per share (EPS) of the Group of at least the Consumer Price Index plus 5% over a three year period.

When the options are exercised, the Company issues new shares. The fair value of the awards exercised is reclassified from the share based payment reserve to retained earnings.

The fair value of share options has been calculated using the Binomial Model. Options over 55,000 (2014: 210,000) Ordinary Shares were exercisable at 02 January 2016 at a weighted average price of €3.81 (2014: €4.06). The weighted average share price at the date of exercise for share options exercised was €16.92 (2014: €11.47). The weighted average life for share options outstanding is five years.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

2008 Long Term Incentive Plan

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 2014, the following amendments to the 2008 LTIP were recommended to, and approved by, the shareholders at the 2015 Annual General Meeting and implemented with effect from January 2015:

- Long Term Incentive individual annual award level of a maximum 250% (previous maximum 150%) of Base Salary. In all cases, 25% vests at threshold performance and 100% vests at maximum with straight line vesting in between those levels.
- The award is determined by reference to three performance metrics for the Group Managing Director and the Group Finance Director:
 - 50% based on Group adjusted EPS on a reported basis;
 - 30% based on Group Return on Capital Employed (ROCE); and
 - 20% based on relative Total Shareholder Return (TSR) against the STOXX Europe 600 Food and Beverage index.
- For business segment Executive Directors, the award is determined by reference to the following performance metrics:
 - 40% based on Group adjusted EPS on a reported basis;
 - 15% based on Group ROCE;
 - 15% based on relative TSR against the STOXX Europe 600 Food and Beverage index;
 - 20% based on business segment EBITA; and
 - 10% based on business segment ROCE.

Awards outstanding under the 2008 LTIP as at 02 January 2016 amounted to 2,060,605 (2014: 2,073,126) and are scheduled to vest in April, August and October 2016, July and November 2017 and May, June, August and September 2018, 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 awards granted before 2015 shall be determined by growth in EPS, TSR performance and ROCE, with each of EPS, TSR and ROCE representing one third of the maximum vesting level. The extent of vesting for awards granted from 2015 onwards shall be determined based on the performance category of each individual and consists of a combination of the performance metrics outlined above and in certain circumstances a personal objective.

In relation to awards granted up to and including 2014 there is a requirement to hold shares received pursuant to the vesting of LTIP awards for a minimum period of one year post-vesting. From 2015 onwards this requirement has been increased to two years.

Shares awarded under the Group's LTIP schemes are equity settled share based payments as defined in IFRS 2 'Share-based Payment'. 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 €7.3 million (2014: €5.1 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.

When the awards are exercised the Company re-issues shares from own shares, the fair value of the awards exercised is reclassified from the share based payment reserve to retained earnings.

Movement in the 2008 LTIP for the year ended 02 January 2016 and 03 January 2015 is as follows:

	2015 Number of Awards	2014 Number of Awards
At the beginning of the year	2,073,126	2,251,601
Granted	844,490	841,000
Vested	(596,451)	(758,863)
Lapsed	(260,560)	(260,612)
At the end of the year	2,060,605	2,073,126
	2015 Number of Awards	2014 Number of Awards
Expiry date in		
2016	–	604,926
2017	470,015	639,200
2018	766,500	829,000
2019	824,090	–
At the end of the year	2,060,605	2,073,126

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 2015 €'000	Expense in Group income statement 2014 €'000
Granted in 2012						
2008 Long Term Incentive Plan	6.26	–	855,500	5.44	–	1,019
Granted in 2013						
2008 Long Term Incentive Plan	10.11	1 year	824,100	8.63	732	1,715
Granted in 2014						
2008 Long Term Incentive Plan	11.51	2 years	841,000	9.38	2,159	2,392
Granted in 2015						
2008 Long Term Incentive Plan	17.525	3 years	844,490	15.79	4,320	–

On 26 June 2015 and 01 September 2015, 11,800 and 584,651, respectively, of the share awards granted in 2012 vested. The balance of 259,049 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 2015	Granted in 2014	Granted in 2013	Granted in 2012
Risk-free interest rate	0.04%	0.10%	0.20%	0.20%
Expected volatility	22.0%	26.1%	29.9%	33.1%
Dividend yield	0.81%	0.94%	1.17%	1.60%

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 fair value of the Annual Incentive Deferred into Shares Scheme was calculated as €1.4 million in 2015 (2014: €0.3 million) and equates to the cash value of the portion of the annual incentive that will be settled by way of shares. The incentive will be invested in shares in the Company and delivered to the Executive Directors and senior management two years following this investment. Please refer to the Remuneration Committee report on pages 66 to 83 for further information.

22. SHARE CAPITAL AND SHARE PREMIUM

Company	Number of shares (thousands)	Ordinary Shares €'000	Share premium €'000	Total €'000
At 03 January 2015	295,876	17,752	442,244	459,996
Shares issued	155	9	633	642
At 02 January 2016	296,031	17,761	442,877	460,638
Group	Number of shares (thousands)	Ordinary Shares €'000	Share premium €'000	Total €'000
At 03 January 2015	295,876	17,752	86,976	104,728
Shares issued	155	9	633	642
At 02 January 2016	296,031	17,761	87,609	105,370

The total authorised number of Ordinary Shares is 350 million shares (2014: 350 million shares) with a par value of €0.06 per share (2014: €0.06 per share). All issued shares are fully paid.

During the year ended 02 January 2016 155,000 (2014: 230,000) of the 2002 Long Term Incentive Plan shares were exercised with exercise proceeds of €0.6 million (2014: €0.7 million). The related weighted average exercise price was €4.14 (2014: €3.18) per share.

The rights and obligations of the Ordinary Shares and the restrictions on the transfer of shares and voting rights are provided on page 87.

Details of share options and awards granted under the Long Term and Annual Incentive Schemes are provided in note 21 and also in the Remuneration Committee report on page 66 to 83.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

23. RETAINED EARNINGS

	Notes	Company €'000	Group €'000
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	21	(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
Profit for the year		130,587	183,271
Other comprehensive income/(expense)			
Remeasurements – defined benefit schemes	28	–	20,856
Deferred tax on remeasurements	27	–	(2,334)
Share of remeasurements – Joint Ventures & Associates (net of deferred tax)		–	3,642
Total comprehensive income for the year		130,587	205,435
Dividends paid during the year		(33,895)	(33,895)
Transfer on exercise, vesting or expiry of share based payments	21	(4,078)	(4,078)
Deferred tax credit on share based payments		–	1,728
Balance at 02 January 2016		147,489	642,763

24. NON-CONTROLLING INTERESTS

	2015 €'000	2014 €'000
At the beginning of the year	7,896	7,634
Share of profit for the year	646	882
Dividends paid	(427)	(620)
Additions during the year	400	–
At the end of the year	8,515	7,896

25. FINANCIAL RISK MANAGEMENT

25.1 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 €1,647.3 million (2014: €1,315.1 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 02 January 2016, the Group's debt/adjusted EBITDA ratio was 1.75 times (2014: 1.97 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.

25.2 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 co-operation with the Group's business units. The Board of Directors 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.

There has been no significant change during the financial year or since the end of the year to the types of financial risks faced by the Group or the Group's approach to the management of those risks.

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 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.

Sensitivity analysis

At 02 January 2016 and 03 January 2015, 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. A weakening/strengthening of the euro against the US dollar by 5% as at 02 January 2016 would have resulted in a currency translation gain/loss of approximately €59.0 million (2014: €36.7 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.

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.

Sensitivity analysis

Based on noted Group policies, the impact of a 1% movement in market interest rates would have resulted in a €1.8 million gain/loss during 2015 (2014: €1.5 million gain/loss).

(c) Price risk

The Group's objective is to minimise the price risk the Group is exposed to 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.

Sensitivity analysis

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

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 ensure that the Group does not encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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 €1,019.0 million (2014: €982.3 million) of which €265.6 million (2014: €362.0 million) was undrawn. The weighted average maturity of these facilities is 4.4 years (2014: 5.4 years).

The table below analyses the Group's financial liabilities, all non-derivative financial liabilities and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows, 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 02 January 2016					
Non-derivative financial liabilities					
Borrowings (excluding finance lease liabilities)	(41,764)	–	(453,978)	(298,521)	(794,263)
Finance lease liabilities	(474)	(366)	(136)	–	(976)
Future finance costs	(23,395)	(23,359)	(62,710)	(7,254)	(116,718)
Trade and other payables	(438,328)	–	–	–	(438,328)
	(503,961)	(23,725)	(516,824)	(305,775)	(1,350,285)
Less future finance costs	23,395	23,359	62,710	7,254	116,718
	(480,566)	(366)	(454,114)	(298,521)	(1,233,567)
Derivative financial liabilities					
Other derivative financial liabilities	(877)	(47)	–	–	(924)
Foreign exchange contracts - gross cash (outflow)	(25)	–	–	–	(25)
Foreign exchange contracts - gross cash inflow	35	–	–	–	35
	(867)	(47)	–	–	(914)

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					
Non-derivative financial liabilities					
Borrowings (excluding finance lease liabilities)	–	–	–	(619,396)	(619,396)
Finance lease liabilities	(472)	(452)	(517)	–	(1,441)
Future finance costs	(23,123)	(23,146)	(69,479)	(21,131)	(136,879)
Trade and other payables	(386,618)	–	–	–	(386,618)
Deferred acquisition payment	(6,504)	–	–	–	(6,504)
	(416,717)	(23,598)	(69,996)	(640,527)	(1,150,838)
Less future finance costs	23,123	23,146	69,479	21,131	136,879
	(393,594)	(452)	(517)	(619,396)	(1,013,959)
Derivative financial liabilities					
Other derivative financial instruments	(534)	–	–	–	(534)
Foreign exchange contracts - gross cash (outflow)	(40)	–	–	–	(40)
Foreign exchange contracts - gross cash inflow	295	–	–	–	295
	(279)	–	–	–	(279)

When appropriate, surplus funds in the Group are transferred to Group Treasury through different methods including the repayment of borrowings, deposits and dividends. These are then lent to Group companies or contributed as equity to fund Group operations, used to repay external debt or invested externally. The Group does not use off-balance sheet special purpose entities as a source of liquidity or for other financing purposes. The Group uses cash flow forecasts to constantly monitor the funding requirements of the Group. Compliance with the Group's debt covenants is monitored continually based on the management accounts. All covenants have been complied with and based on current forecasts it is expected that all covenants will continue to be complied with for the foreseeable future. There is no significant concentration of liquidity risk.

Further analysis of the Group's debt covenants is included in the Group Finance Director's Review on pages 14 to 17.

For further details regarding the Group's borrowing facilities see note 26.

The Company had cash at bank of €15.3 million at 02 January 2016 (2014: €8.6 million). The contractual undiscounted cash flows equal the balance at 02 January 2016 and 03 January 2015.

(e) Credit risk

The Group's objective is to minimise credit risk. Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, derivative financial instruments 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 risk of counterparty default is managed by the Group's policies requiring 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's policies require exposure 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 and process in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. As disclosed in note 4.3 the Group has one significant external customer. The Group is satisfied that they have satisfactory credit control procedures in place in respect of that customer.

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.

The Group does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

For further details regarding the Group's credit risk see note 18.

25.3 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 02 January 2016. 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 02 January 2016.

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.

Fair value of financial assets and liabilities carried at fair value

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 02 January 2016 and 03 January 2015:

	Notes	Fair value hierarchy	2015 €'000	2014 €'000
Assets				
Derivatives used for hedging	32	Level 2	414	1,279
Available for sale financial assets – equity securities	17	Level 1	161	272
Available for sale financial assets – equity securities	17	Level 2	5,666	4,216
Total assets			6,241	5,767
Liabilities				
Derivatives used for hedging	32	Level 2	(949)	(574)
Deferred acquisition payments		Level 3	–	(6,504)
Total liabilities			(949)	(7,078)

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 02 January 2016 or 03 January 2015. The level 3 financial liability held at 03 January 2015 was settled during the year. 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.

Fair value of financial assets and liabilities carried at amortised cost

With the exception of borrowings (see note 26) it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the Financial Statements approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

25.4 Offsetting financial assets and financial liabilities

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting arrangements. The ISDA agreements do not meet the criteria for offsetting in the Group balance sheet. This is because the Group does not have any current legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as

a default on bank loans or other credit events. No collateral is paid or received.

The Group is required to maintain cash on deposit in respect of certain borrowings. Upon maturity the Group and the lender intend to net settle. As a result, the Group's borrowings have been presented net of the cash on deposit as the requirements for offsetting have been met.

The following tables set out the carrying amounts of recognised financial instruments that are subject to the above agreements. The Group has no recognised financial instruments that are not included in the following tables.

25.4 (a) Financial assets

	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
At 02 January 2016			
Derivative financial assets	414	–	414
Cash and cash equivalents	425,705	(214,816)	210,889
	426,119	(214,816)	211,303

	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
At 03 January 2015			
Derivative financial assets	1,279	–	1,279
Cash and cash equivalents	362,813	(252,443)	110,370
	364,092	(252,443)	111,649

25.4 (b) Financial liabilities

	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
At 02 January 2016			
Derivative financial liabilities	(949)	–	(949)
Bank overdrafts and borrowings	(1,009,948)	214,816	(795,132)
	(1,010,897)	214,816	(796,081)

	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
At 03 January 2015			
Derivative financial liabilities	(574)	–	(574)
Bank overdrafts and borrowings	(873,176)	252,443	(620,733)
	(873,750)	252,443	(621,307)

The prior year financial assets and financial liabilities offset disclosure has been restated to exclude the notional gross value of the cross currency swap which had previously been disclosed for information purposes only and is not required under IFRS.

26. BORROWINGS

	Notes	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Non-current					
Bank borrowings		–	453,978	–	349,530
Private debt placement		–	298,521	–	269,866
Finance lease liabilities*		–	464	–	921
		–	752,963	–	620,317
Current					
Bank overdraft and borrowings	20	372	41,764	–	–
Finance lease liabilities*		–	405	–	416
		372	42,169	–	416
Total borrowings		372	795,132	–	620,733

* Secured on specific plant and equipment.

Borrowings are secured by cross-guarantees from Glanbia plc and certain principal subsidiaries. The Group has complied with the financial covenants of its borrowing facilities during 2015 and 2014. See Group Finance Director's review on page 14.

Borrowings include the following for the purposes of the Company and Group statement of cash flows at the reporting date:

	Notes	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Borrowings		372	795,132	–	620,733
Bank overdraft included as part of cash and cash equivalents	20	(372)	(41,764)	–	–
		–	753,368	–	620,733

The maturity of non-current borrowings at the reporting date is as follows:

	2015 €'000	2014 €'000
Between 1 and 2 years	333	419
Between 2 and 5 years	454,109	502
More than 5 years	298,521	619,396
	752,963	620,317

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:

	2015 €'000	2014 €'000
12 months or less	496,147	349,946
Between 1 and 2 years	333	419
Between 2 and 5 years	131	502
More than 5 years	298,521	269,866
	795,132	620,733

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 25.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

The effective interest rates at the reporting date are as follows:

	EUR		GBP		USD	
	2015	2014	2015	2014	2015	2014
Overdrafts	0.95%	1.20%	1.10%	–	–	–
Borrowings	1.31%	1.83%	–	–	3.78%	4.04%

The carrying amounts and fair values of non-current borrowings at the reporting date are as follows:

	Fair value hierarchy	Carrying amount 2015 €'000	Carrying amount 2014 €'000	Fair value 2015 €'000	Fair value 2014 €'000
Non-current borrowings	Level 2	752,963	620,317	776,931	645,781

The fair values of non-current borrowings are based on discounted cash flows using current borrowing rates. 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 at the reporting date:

	2015 €'000	2014 €'000
Euro	234,220	207,215
Pound Sterling	20,387	–
US dollar	540,525	413,518
	795,132	620,733

The Group has the following undrawn borrowing facilities at the reporting date:

	2015 €'000	2014 €'000
Uncommitted facilities expiring within 1 year	80,701	70,482
Committed facilities expiring beyond 1 year	265,652	362,040
	346,353	432,522

All of the undrawn borrowing facilities are floating rate facilities.

Finance lease liabilities - minimum lease payments at the reporting date:

	2015 €'000	2014 €'000
12 months or less	474	472
Between 1 and 2 years	366	452
Between 2 and 5 years	136	517
	976	1,441
Future finance charges on lease payments	(107)	(104)
Present value of finance lease liabilities	869	1,337

The present value of finance lease liabilities at the reporting date is as follows:

	2015 €'000	2014 €'000
12 months or less	405	416
Between 1 and 2 years	333	419
Between 2 and 5 years	131	502
	869	1,337

27. DEFERRED TAXES

The following amounts are shown in the Group balance sheet:

	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Deferred tax assets	–	(36,474)	–	(28,503)
Deferred tax liabilities	1,045	201,646	403	128,002
Net deferred tax liability	1,045	165,172	403	99,499

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

	Notes	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
At the beginning of the year		403	99,499	–	73,120
Income statement – pre-exceptional charge/(credit)	10	222	11,651	(600)	(4,916)
Income statement – exceptional credit	10	–	(241)	–	(401)
Deferred tax charge on fair value movements	21	420	480	1,003	140
Deferred tax charge/(credit) relating to defined benefit remeasurement	23	–	2,334	–	(4,868)
Deferred tax on acquisition of subsidiaries	37	–	42,807	–	27,741
Deferred tax credited on share based payments	23	–	(1,728)	–	(272)
Exchange differences		–	10,370	–	8,955
At the end of the year		1,045	165,172	403	99,499

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 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	23	(4,868)	–	–	–	(4,868)
(Credited) directly to equity	23	–	(272)	–	–	(272)
Acquisitions of subsidiaries		–	(301)	–	(204)	(505)
Exchange differences		(7)	(999)	(26)	(728)	(1,760)
At 03 January 2015		(11,043)	(9,952)	(707)	(6,801)	(28,503)
Charged/(credited) to income statement		2,136	(6,452)	2,264	(1,070)	(3,122)
Charged to other comprehensive income	23	2,334	–	–	–	2,334
(Credited) directly to equity	23	–	(1,728)	–	–	(1,728)
Acquisitions of subsidiaries and intellectual property		(648)	–	(2,527)	(655)	(3,830)
Exchange differences		(976)	(4)	9	(654)	(1,625)
At 02 January 2016		(8,197)	(18,136)	(961)	(9,180)	(36,474)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

Deferred tax liabilities

	Notes	Accelerated tax depreciation €'000	Fair value gain €'000	IP and deferred development costs €'000	Other €'000	Total €'000
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	21	–	140	–	–	140
Acquisition of subsidiaries		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
Charged/(credited) to income statement		11,970	–	(2,317)	4,879	14,532
Charged to other comprehensive income	21	–	480	–	–	480
Acquisition of subsidiaries		58	–	46,440	139	46,637
Exchange differences		6,133	–	5,809	53	11,995
At 02 January 2016		80,139	1,324	106,488	13,695	201,646

A deferred tax asset of €36.5 million (2014: €28.5 million) 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 €124.1 million (2014: €123.4 million) to carry forward against future taxable profits, of which €54.3 million (2014: €51.1 million) are unrecognised capital losses. These unrecognised losses can be carried forward indefinitely. Deferred tax liabilities of €15.4 million (2014: €13.6 million) have not been recognised for withholding tax and other taxes that would be payable on unremitted earnings of €305.4 million (2014: €272.1 million) in certain subsidiaries. There is no current intention to remit such earnings.

The deferred income tax charged to other comprehensive income during the year is as follows:

	Notes	2015 €'000	2014 €'000
Available for sale financial asset reserve	21	420	315
Hedging reserve	21	60	(175)
Exchange differences		10,370	8,955
Defined benefit remeasurements	23	2,334	(4,868)
		13,184	4,227

28. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined benefit schemes in Ireland and the UK under their respective regulatory frameworks and minimum funding requirements. These schemes provide retirement and death benefits for the Group's employees. The majority 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 defined benefit schemes in Ireland and the UK are administered by Boards of Trustees. These Boards are

responsible for the management and governance of the plans including compliance with all relevant laws and regulations.

The contributions paid to the defined benefit schemes are in accordance with the schedule of contributions agreed between the Group and the trustees of the relevant schemes. The contributions are partly funded by the employees, where they are required to contribute a fixed percentage of pensionable salary, and partly by the Group. The contributions paid to the schemes in 2015 are also in accordance with the contribution rates recommended in the actuarial valuation reports or in subsequent actuarial advice. The latest actuarial valuation reports for these schemes, which are not available for public inspection, are dated between 01 October 2012 and 01 January 2015.

The Group also has a number of defined contribution schemes in place.

	2015 €'000	2014 €'000
Present value of funded obligations	(440,077)	(508,098)
Fair value of plan assets	352,789	393,290
Liability in the Group balance sheet	(87,288)	(114,808)

The net liability disclosed above relates to funded plans.

The amounts recognised in the Group income statement are as follows:

	Notes	2015 €'000	2014 €'000
Defined benefit pension schemes			
Current service cost		(5,887)	(5,522)
Net interest cost		(2,625)	(2,704)
Total expense pre-settlement	7	(8,512)	(8,226)
Settlement loss	6 (d)	(4,306)	–
Total expense		(12,818)	(8,226)
Defined contribution pension schemes	7	(7,817)	(4,811)

The Group undertook a review of pension arrangements in 2015 and agreed with the pension trustees to wind up three of its smaller Irish defined benefit pension schemes. This transaction resulted in a settlement loss of €4.3 million. The Group has also committed to making estimated cash contributions to the schemes of €6.5 million as part of the transaction which are accrued within contributions paid/payable by employer as at 02 January 2016.

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

	Notes	2015 €'000	2014 €'000
At the beginning of the year		(114,808)	(78,035)
Exchange differences		(1,557)	(1,423)
Service cost and net interest cost	7	(8,512)	(8,226)
Loss on settlement	6 (d)	(4,306)	–
Remeasurements - defined benefit schemes	23	20,856	(42,369)
Contributions paid/payable by employer		21,039	15,245
At the end of the year		(87,288)	(114,808)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

The movement in obligations during the year is as follows:

	2015 €'000	2014 €'000
At the beginning of the year	(508,098)	(424,519)
Exchange differences	(6,815)	(5,933)
Current service costs	(5,887)	(5,522)
Settlement	60,229	–
Interest costs	(11,945)	(15,705)
Remeasurements:		
– Experience gain	7,045	3,765
– (Loss)/gain from changes in demographic assumptions	(1,153)	8,463
– Gain/(loss) from changes in financial assumptions	11,076	(89,990)
Contributions by plan participants	(1,477)	(1,867)
Payments from plans:		
– Benefit payments	16,948	23,210
At the end of the year	(440,077)	(508,098)

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

	2015 €'000	2014 €'000
At the beginning of the year	393,290	346,484
Exchange differences	5,258	4,510
Interest income	9,320	13,001
Settlement	(64,535)	–
Remeasurements:		
- Return on plan assets excluding amounts included in interest income	3,888	35,393
Contributions by plan participants	1,477	1,867
Contributions paid/payable by employer	21,039	15,245
Payments from plans:		
- Benefit payments	(16,948)	(23,210)
At the end of the year	352,789	393,290

The principal actuarial assumptions used are as follows:

	2015 IRL	2015 UK	2014 IRL	2014 UK
Discount rate	2.25%	3.70%	2.10%	3.60%
Inflation rate	1.30%–1.40%	2.0%–3.0%	1.20%–1.50%	1.95%–2.95%
Future salary increases	2.40%	3.75%	2.50%	3.70%
Future pension increases	0.00%	2.10%–2.80%	0.00%	2.05%–2.80%

Plan assets are comprised as follows:

	2015				2014			
	Quoted €'000	Unquoted €'000	Total €'000	%	Quoted €'000	Unquoted €'000	Total €'000	%
Equities:								
- Consumer	17,408	-	17,408	5	24,340	-	24,340	6
- Energy	4,245	-	4,245	1	7,617	-	7,617	2
- Financials	17,487	-	17,487	5	24,741	-	24,741	6
- Healthcare	8,785	-	8,785	2	10,621	-	10,621	3
- Industrials	8,869	-	8,869	3	12,227	-	12,227	3
- Information Technology	9,836	-	9,836	3	11,677	-	11,677	3
- Materials	3,209	-	3,209	1	7,365	-	7,365	2
- Telecommunication services	2,480	-	2,480	1	3,714	-	3,714	1
- Utilities	1,946	-	1,946	1	3,019	-	3,019	1
- Other	8	1,406	1,414	-	-	1,479	1,479	-
Corporate bonds:								
- Investment grade	24,629	6,755	31,384	9	22,669	4,096	26,765	7
- Non-investment grade	3,229	77	3,306	1	7,615	1,972	9,587	2
- Cash	-	-	-	-	88	-	88	-
Government bonds and gilts	61,778	12,869	74,647	21	130,891	-	130,891	33
Property:								
- UK	-	796	796	-	761	-	761	-
- Ireland	1,611	2,822	4,433	1	2,246	-	2,246	1
- Europe	-	6,566	6,566	2	6,473	2,924	9,397	2
Cash	1,931	13,791	15,722	4	2,472	-	2,472	1
Investment funds	2,555	115,807	118,362	34	38,976	63,991	102,967	26
Other	1,665	20,229	21,894	6	391	925	1,316	1
	171,671	181,118	352,789	100	317,903	75,387	393,290	100

Expected contributions to post-employment defined benefit plans for 2016 are €13.7 million. The weighted average duration of the defined benefit obligation is 18 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:

	2015 Irish mortality rates	2015 UK mortality rates	2014 Irish mortality rates	2014 UK mortality rates
Male	22.9	22.3	22.8	22.7
Female	25.3	24.9	25.2	25.2

The mortality assumptions imply the following life expectancies in years of an active member, aged 65, retiring now:

	2015 Irish mortality rates	2015 UK mortality rates	2014 Irish mortality rates	2014 UK mortality rates
Male	20.4	21.0	20.2	21.4
Female	23.1	23.3	23.0	23.7

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

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. The impact on the plan liabilities has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognised on the Group balance sheet. There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

2015

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 €8.8 million
Mortality	Increase/decrease by one year	Increase/decrease by €13.5 million
Future salary increases*		
Future pension increases**		

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
Future salary increases*		
Future pension increases**		

* The majority of the defined benefit schemes are career average plans. As a result, future salary increases will not have a material impact on the plan liabilities.

** There are no future pension increases agreed in the material defined benefit pension schemes.

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 investments 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 plan's 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

	Restructuring €'000 note (a)	UK pension €'000 note (b)	Legal claims €'000 note (c)	Lease commitments €'000 note (d)	Operational €'000 note (e)	Total €'000
At 03 January 2015	2,750	18,506	7,164	1,219	11,911	41,550
Provided for in the year	4,720	–	2,190	–	–	6,910
Utilised in the year	(1,778)	(913)	(2,676)	(240)	(6,381)	(11,988)
Exchange differences	–	1,168	430	8	72	1,678
Unwinding of discounts	–	137	–	5	–	142
Reclassification	–	–	(180)	–	–	(180)
At 02 January 2016	5,692	18,898	6,928	992	5,602	38,112
Non-current	–	18,120	–	864	–	18,984
Current	5,692	778	6,928	128	5,602	19,128
	5,692	18,898	6,928	992	5,602	38,112

- (a) The restructuring provision relates to the rationalisation programme in Dairy Ireland that the Group concluded this year. The provision, which relates mainly to termination payments, is expected to be fully utilised during 2016. 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 28 years. See further detail in note 33.
- (c) The legal claims provision represents legal claims brought against the Group. The balance at 02 January 2016 is expected to be utilised during 2016. 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 02 January 2016.
- (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 €0.1 million will be utilised during the next year and the balance will be fully utilised in 2017.
- (e) The operational provision represents provisions relating to certain insurance claims, property remediation works and product returns. Due to the nature of these items, there is some uncertainty around the amount and timing of payments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

30. CAPITAL GRANTS

	Notes	2015 €'000	2014 €'000
At the beginning of the year		2,214	2,471
Amortisation of grants received	5	(282)	(264)
Additions		1,132	–
Exchange differences		7	7
At the end of the year		3,071	2,214
Non-current		2,787	2,214
Current		284	–
		3,071	2,214

The entities receiving the grants are principal subsidiaries as outlined in note 40 and have no going concern issues, therefore, there are no material contingencies attaching to any grants received.

31. TRADE AND OTHER PAYABLES

	Notes	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Trade payables		35	216,247	36	187,201
Amounts due to Joint Ventures & Associates	38	–	53,280	–	68,254
Amounts due to other related parties	38	–	42	–	41
Amounts due to other Group companies	38	26,819	–	112,279	–
Social security costs		–	4,385	–	3,732
Accrued expenses		8,765	168,759	9,760	131,122
		35,619	442,713	122,075	390,350

See note 36 for analysis of the movement in trade and other payables. The carrying value of payables is a reasonable approximation of fair value due to their short term nature.

32. DERIVATIVE FINANCIAL INSTRUMENTS

	Notes	2015 Assets €'000	2015 Liabilities €'000	2014 Assets €'000	2014 Liabilities €'000
Non-hedging instruments		–	(666)	440	–
Foreign exchange contracts – cash flow hedges		35	(25)	295	(40)
Commodity futures – cash flow hedges		–	(258)	–	(534)
Commodity futures – fair value hedges		379	–	544	–
Total	25.3	414	(949)	1,279	(574)
Non-current - Commodity futures - cash flow hedges		–	(47)	–	–
Current portion		414	(902)	1,279	(574)
		414	(949)	1,279	(574)

Non-hedging instruments

Non-hedging instruments refer to a translation difference on a GBP/EUR currency swap with a notional amount of GBP 31.0 million (2014: GBP 20.0 million). The translation loss included in the Group income statement is €1.1 million (2014 €0.5 million gain).

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 Joint Ventures until repayment of the related bank borrowings.

Foreign exchange contracts

The notional principal amounts of the outstanding foreign exchange contracts at 02 January 2016 were €12.5 million (2014: €16.7 million).

Gains and losses recognised in the hedging reserve in other comprehensive income on foreign exchange contracts at 02 January 2016 will be released to the income statement at various dates within one year from the reporting date. The gain released to the Group income statement in respect of these contracts during 2015 was €0.3 million.

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 02 January 2016 were €2.0 million and €43.5 million respectively (2014: €2.1 million and €44.9 million).

Gains and losses recognised in the hedging reserve in other comprehensive income on these futures at 02 January 2016 will be released to the income statement at various dates within two years from the reporting date. The loss released to the Group income statement in respect of these futures during 2015 was €0.5 million.

Net investment hedge

A portion of the Group's US dollar denominated borrowings amounting to US dollar 98.5 million (2014: US dollar 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 €90.5 million (2014: €81.7 million). The foreign exchange loss of €8.7 million (2014: €9.5 million loss) arising on translation of the borrowing into euro at 02 January 2016 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 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, based on professional advice received, 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:

- D Walsh & Sons Limited
- Eilish Oils Limited
- Grassland Fertilizers (Kilkenny) Limited
- Inactive Company 100 Limited
- Inactive Company 101 Limited
- Rathcoffey Fertilizers Limited

and all the Company's Irish registered wholly-owned subsidiaries with the exception of:

- Glanbia Pension Trustees Limited
- Cold Chain Food Distributors Limited
- Glanbia Pension Trustees (No. 2) Limited
- Virginia Milk Products Pension Trustees Limited

in respect of any losses or liabilities (as defined in section 357 (i) (b) of the Companies Act 2014) for the year ended 02 January 2016 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 357 of the Companies Act 2014.

Within the scope of benefiting of the exemption related to the filing of the annual accounts for the financial year ended on 31 December 2015 of the three Luxembourg subsidiaries (see note 40), the Company has guaranteed the liabilities of these subsidiaries in respect of any losses or liabilities (as provided by Article 70 (c) of the Luxembourg Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings) for the financial year ended on 31 December 2015. These subsidiaries avail of the exemption from filing of their Financial Statements, as permitted by Article 70 of the Luxembourg Law of 19 December 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings.

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 €3.6 million (2014: €2.6 million) are outstanding at 02 January 2016. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

34. COMMITMENTS

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the Financial Statements is as follows:

	2015 €'000	2014 €'000
Property, plant and equipment	12,845	46,900

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 at the reporting date:

	2015 €'000	2014 €'000
Not later than 1 year	18,944	17,457
Later than 1 year and not later than 5 years	59,742	55,312
Later than 5 years	64,187	66,609
	142,873	139,378

35. CASH GENERATED FROM OPERATIONS

	Notes	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Profit before taxation		130,809	218,696	24,217	173,577
Write-off of intangibles		–	–	–	73
Non-cash element of exceptional charge		–	18,299	–	10,290
Share of results of Joint Ventures & Associates		–	(26,270)	–	(23,729)
Depreciation	13	–	43,137	–	32,230
Amortisation	14	–	31,125	–	22,512
Cost of share based payments	21	8,724	8,724	5,516	5,516
Difference between pension charge and cash contributions		–	(6,027)	–	(7,019)
Loss/(profit) on disposal of property, plant and equipment		–	209	–	(226)
Finance income	9	–	(1,706)	–	(1,725)
Finance expense	9	–	22,816	–	22,050
Amortisation of government grants received	30	–	(282)	–	(264)
Cash generated before changes in working capital		139,533	308,721	29,733	233,285
Change in net working capital:					
– Decrease in inventory	36	–	20,287	–	15,740
– (Increase)/decrease in short term receivables	36	(63)	(12,187)	62	(16,264)
– (Decrease)/increase in short term liabilities	36	(86,459)	846	20,054	9,321
– (Decrease) in provisions	36	–	(9,802)	–	(11,366)
Cash generated from operating activities		53,011	307,865	49,849	230,716

36. MOVEMENT IN WORKING CAPITAL

2014	Notes	Inventories €'000	Short term receivables €'000	Short term liabilities €'000	Provisions €'000	Total €'000
At 04 January 2014		314,481	257,216	(344,642)	(44,793)	182,262
Exchange differences		30,080	22,668	(26,082)	(1,148)	25,518
Arising on acquisition		7,981	8,879	(5,467)	–	11,393
Other consideration arising on acquisition		–	–	(1,836)	–	(1,836)
Exceptional items, interest accruals, capital creditors and other non-operating items		–	–	(3,002)	(6,975)	(9,977)
(Decrease)/increase in working capital	35	(15,740)	16,264	(9,321)	11,366	2,569
At 03 January 2015		336,802	305,027	(390,350)	(41,550)	209,929
2015	Notes	Inventories €'000	Short term receivables €'000	Short term liabilities €'000	Provisions €'000	Total €'000
At 03 January 2015		336,802	305,027	(390,350)	(41,550)	209,929
Exchange differences		24,642	20,932	(24,671)	(1,678)	19,225
Arising on acquisition	37	3,196	10,741	(10,500)	–	3,437
Arising on disposal		–	(233)	–	–	(233)
Liabilities assumed at completion	37	–	–	(8,647)	–	(8,647)
Refund of consideration due from vendor - thinkThin	37	–	1,433	–	–	1,433
Exceptional items, interest accruals, capital creditors and other non-operating items		–	(67)	(7,699)	(4,686)	(12,452)
(Decrease)/increase in working capital	35	(20,287)	12,187	(846)	9,802	856
At 02 January 2016		344,353	350,020	(442,713)	(38,112)	213,548

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

37. BUSINESS COMBINATIONS

The acquisitions completed by the Group during the year were as follows:

- On 28 June 2015, the Group acquired 100% of Cold Chain Food Distributors Limited (Cold Chain). Cold Chain's principal activity is the sale and distribution of dairy products in Ireland. The acquisition will allow the Group to broaden its product range for customers in the growing food service channel and its customer base. Goodwill is attributable to the profitability and development opportunities associated with the extension of the Group's portfolio by complementing and enhancing existing sales and distribution channels. Goodwill is not deductible for tax purposes.
- On 10 December 2015, the Group acquired 100% of PHTT Acquisition, LLC (thinkThin). thinkThin is a US based provider of premium lifestyle nutrition products. The reason for the acquisition was to complement the portfolio of the Group's Glanbia Performance

Nutrition business and to further consolidate the Group's market leading position. Goodwill 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. The goodwill reflects the expectation that the business will continue to generate new customers and new products over time, the acquired workforce (which is not an identifiable asset for financial reporting purposes) and synergies. Goodwill of €12.5 million is deductible for tax purposes.

Acquisition related costs charged to the Group income statement, included within other expenses (note 5), during the year ended 02 January 2016 amounted to €0.8 million (2014: €1.1 million).

No contingent liabilities arose as part of the acquisitions.

Summary of acquisitions

Details of the net assets acquired and goodwill arising from the acquisitions during the year ended 02 January 2016 are as follows:

	Cold Chain €'000	thinkThin €'000	Total €'000
Purchase consideration	872	193,274	194,146
Add/(less): fair value of liabilities acquired/(assets acquired)	227	(108,583)	(108,356)
Goodwill	1,099	84,691	85,790

The fair value of assets and liabilities arising from the acquisitions during the year ended 02 January 2016 are as follows:

	Cold Chain €'000	thinkThin €'000	Total Fair Value €'000
Property, plant and equipment	10	795	805
Intangible assets - brands	-	78,589	78,589
Intangible assets - customer relationships	-	71,278	71,278
Intangible assets - software	-	6	6
Inventories	108	3,088	3,196
Trade and other receivables	1,374	9,367	10,741
Trade and other payables	(1,217)	(9,283)	(10,500)
Deferred tax asset/(liabilities)	22	(42,829)	(42,807)
Liabilities assumed at completion	-	(8,647)	(8,647)
Liabilities settled at completion	(802)	(494)	(1,296)
Cash and cash equivalents	278	6,713	6,991
Fair value of (liabilities)/assets acquired	(227)	108,583	108,356

The total purchase consideration is as follows:

	Cold Chain €'000	thinkThin €'000	Total €'000
Purchase consideration - cash paid	872	194,707	195,579
Refund of consideration due from vendor	-	(1,433)	(1,433)
Purchase consideration	872	193,274	194,146

The fair value of Cold Chain's trade and other receivables at the acquisition date amounted to €1.4 million. The gross contractual amount for trade receivables due is €1.5 million, an amount of €0.1 million is provided for as an allowance for doubtful debts.

The fair value of thinkThin's trade and other receivables at the acquisition date amounted to €9.4 million. The gross contractual amount for trade receivables due is €6.3 million, an amount €0.2 million is provided for as an 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 thinkThin 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 2016 Annual Report as stipulated by IFRS 3 'Business Combinations'.

For the acquisitions completed in 2014 there were no material revisions of the provisional fair value adjustments since the initial values were established.

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 ended 02 January 2016 were as follows:

	2015 Acquisitions €'000	Group excluding acquisitions €'000	Consolidated Group including acquisitions €'000
Revenue	9,892	2,764,434	2,774,326
Profit before taxation and exceptional items	373	244,665	245,038

The revenue and profit (including transaction costs) of the Group for the financial year ended 02 January 2016 determined in accordance with IFRS 3 as though the acquisition date for all business combinations effected during the year had been at the beginning of the year would be as follows:

	2015 Acquisitions €'000	Group excluding acquisitions €'000	Pro Forma Consolidated Group €'000
Revenue	86,606	2,764,434	2,851,040
(Loss)/profit before taxation and exceptional items	(4,748)	244,665	239,917

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

38. RELATED PARTY TRANSACTIONS

The Group is controlled by Glanbia Co-operative Society Limited, which holds 36.5% of the issued share capital of the Company and is the ultimate parent of the Group. During 2015, dividends of €13.3 million (2014: €12.7 million) were paid to Glanbia Co-operative Society Limited and its wholly owned subsidiaries based on their shareholding in Glanbia plc.

Subsidiaries, Joint Ventures & Associates

The Group Financial Statements include the Financial Statements of the Company, its subsidiaries and its percentage shareholding of results from

Joint Ventures & Associates. A listing of the principal subsidiary and associated undertakings is provided in note 40.

Sales to and purchases from, together with outstanding payables and receivables to and from subsidiaries, are eliminated in the preparation of the Group Financial Statements in accordance with IFRS 10 'Consolidated Financial Statements'. Borrowings are secured by cross-guarantees from Glanbia plc and certain principal subsidiaries.

The following transactions were carried out with related parties:

38 (a) Sales of goods and services

	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Sales of goods:				
– Associates	–	6,886	–	14,734
– Joint Ventures	–	2,971	–	–
– Key management*	–	2,029	–	2,020
		11,886		16,754
Sales of services:				
– Glanbia Co-operative Society Limited	–	1,331	–	511
– Associates	–	6,679	–	6,708
– Joint Ventures	–	15,770	–	18,000
		23,780		25,219

Sales to related parties were carried out under normal commercial terms and conditions.

38 (b) Purchases of goods and services

	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Purchases of goods:				
– Associates	–	70,394	–	66,749
– Joint Ventures	–	5,681	–	5,795
– Key management*	–	369	–	456
		76,444		73,000
Purchases of services:				
– Glanbia Co-operative Society Limited	–	290	–	290
– Associates	–	6,427	–	6,444
– Joint Ventures	–	24	–	–
– Subsidiaries	6,803	–	4,277	–
	6,803	6,741	4,277	6,734

* Purchases, sales and related year end balances involving key management refer to trading balances with Directors who are engaged in farming activities.

Purchases from related parties were carried out under normal commercial terms and conditions.

38 (c) Contributions to retirement benefit plans

Information in relation to the Group's contributions to retirement benefit plans is disclosed in note 28.

38 (d) Year end balances

	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Receivables from related parties:				
– Glanbia Co-operative Society Limited	112	102	–	192
– Associates	101	2,456	36	2,938
– Joint Ventures	–	1,963	–	2,558
– Key management*	–	135	–	584
	213	4,656	36	6,272
Payables to related parties:				
– Associates	–	15,763	–	19,059
– Joint Ventures	–	37,517	–	49,195
– Key management*	–	42	–	41
– Subsidiaries	26,819	–	112,279	–
	26,819	53,322	112,279	68,295

* Purchases, sales and related year end balances involving key management refer to trading balances with Directors who are engaged in farming activities.

The outstanding balances included in receivables and payables at the balance sheet date in respect of transactions with related parties are unsecured, interest free and settlement arises in cash.

38 (e) Key management compensation

The Board of Directors and Glanbia Operating Executive are deemed to be key management personnel as they are responsible for planning, directing and controlling the activities of the Group. Key management compensation includes Directors (Executive and Non-Executive) and members of the Glanbia Operating Executive, including the Group Secretary. Dividends totalling €0.1 million (2014: €0.1 million) were received by key management personnel during the year, based on their personal shareholdings in Glanbia plc.

In addition to their salaries and short term benefits, the Group contributes to post retirement benefit plans on behalf of key management personnel and these personnel also participate in the Group's Long Term Incentive Plan (LTIP). See notes 21 and 28. No loans were made to key management during the year (2014: nil).

	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Salaries and other short-term employee benefits	–	5,179	–	4,094
Post-employment benefits	–	568	–	508
Share based payments	–	4,343	–	1,928
Non-Executive Directors fees	887	887	800	800
	887	10,977	800	7,330

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

38 (f) Loans to Joint Ventures & Associates

	2015 Company €'000	2015 Group €'000	2014 Company €'000	2014 Group €'000
Loans receivable				
At the beginning of the year	–	9,863	–	9,376
Foreign exchange difference on opening balance	–	462	–	487
Loan payments received	–	(8,475)	–	–
At the end of the year	–	1,850	–	9,863
Interest on loans receivable				
At the beginning of the year	–	261	–	122
Foreign exchange difference on opening balance	–	11	–	8
Interest charged	–	89	–	216
Interest received	–	(308)	–	(85)
At the end of the year	–	53	–	261
Total loan and interest receivable at the end of the year	–	1,903	–	10,124

The GBP £6.25 million loan to Milk Ventures (UK) Limited was repaid on 1 April 2015, following the disposal of the Group's investment in Milk Ventures (UK) Limited, which was the parent company of Nutricima Limited. See notes 6 and 16. A loan of €1.5 million, to South East Port Services Limited, is due as €0.75 million repayable on 31 October 2017 and 31 October 2018, subject to cash flows. A loan of €0.35 million to the Malting Company of Ireland Limited is repayable in 2043.

39. EVENTS AFTER THE REPORTING PERIOD

See note 12 for the final dividend, recommended by the Directors, to be paid on 29 April 2016.

40. PRINCIPAL SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The information outlined below relates only to the principal undertakings in the Group. The Group has availed of the exemption under section 316 of the Companies Act 2014. The information required under section 314 of the Companies Act 2014, including a full listing of subsidiaries and Joint Ventures & Associated undertakings, will be annexed to the Company's Annual Return to be filed in the Companies Registration Office in Ireland.

40 (a) Subsidiaries

Incorporated and operating in	Registered office	Principal activity	Group interest % 2015	Group interest % 2014
Ireland				
Alanfield Society Limited	Glanbia House, Kilkenny, Co Kilkenny	Holding society	100	100
Avonmore Proteins Limited	Glanbia House, Kilkenny, Co Kilkenny	Financing	100	100
Avonmore Skim Milk Products Limited	Glanbia House, Kilkenny, Co Kilkenny	Holding company	100	100
Cold Chain Food Distributors Limited	Glanbia House, Kilkenny, Co Kilkenny	Sale and distribution of dairy foods	100	–
D. Walsh & Sons Limited	Palmerstown, Co Kilkenny	Grain and fertilisers	60	60
Glanbia Cheesip Limited ¹	Glanbia House, Kilkenny, Co Kilkenny	Research and development	100	100
Glanbia Consumer Foods Limited	Glanbia House, Kilkenny, Co Kilkenny	Consumer foods	100	100
Glanbia Estates Limited	Glanbia House, Kilkenny, Co Kilkenny	Property and land dealing	100	100
Glanbia Feeds Limited	Glanbia House, Kilkenny, Co Kilkenny	Manufacture of animal feed	100	100
Glanbia Finance Limited	Glanbia House, Kilkenny, Co Kilkenny	Financing	100	100
Glanbia Financial Services	Glanbia House, Kilkenny, Co Kilkenny	Financing	100	100
Glanbia Foods Ireland Limited	Glanbia House, Kilkenny, Co Kilkenny	Consumer foods, agri trading and business services	100	100
Glanbia Investipr Limited	Glanbia House, Kilkenny, Co Kilkenny	Management of receivables	100	100
Glanbia Holdings (Ireland) Limited	Glanbia House, Kilkenny, Co Kilkenny	Holding company	100	100
Glanbia Management Services Limited	Glanbia House, Kilkenny, Co Kilkenny	Management services	100	100
Glanbia Nutritionals (Blending) Limited	Glanbia House, Kilkenny, Co Kilkenny	Financing	100	100
Glanbia Nutritionals (Europe) Limited	Glanbia House, Kilkenny, Co Kilkenny	Nutritional ingredients	100	100
Glanbia Nutritionals (Ireland) Limited	Glanbia House, Kilkenny, Co Kilkenny	Performance nutrition and ingredients	100	100
Glanbia Nutritionals (Research) Limited	Glanbia House, Kilkenny, Co Kilkenny	Research and development	100	100
Glanbia Property Holding Limited	Glanbia House, Kilkenny, Co Kilkenny	Holding company	100	100
Glanbia Property Rentals Limited	Glanbia House, Kilkenny, Co Kilkenny	Property rental company	100	100
Glanbia Support Services Limited	Glanbia House, Kilkenny, Co Kilkenny	Business services	100	100
Glassonby	Glanbia House, Kilkenny, Co Kilkenny	Financing	100	100
Grassland Fertilizers (Kilkenny) Limited	Palmerstown, Co Kilkenny	Fertilisers	73	73
ON Optimum Nutrition Limited	Glanbia House, Kilkenny, Co Kilkenny	Financing	100	100
Waterford Foods Limited	Glanbia House, Kilkenny, Co Kilkenny	Holding company	100	100
United States				
Aseptic Solutions USA Ventures, LLC	1209 Orange Street, Wilmington, New Castle County, DE 19801	Beverage manufacturer & co packer	100	100
Glanbia (Delaware), Inc.	1209 Orange Street, Wilmington, New Castle County, DE 19801	Holding company	100	100
Glanbia, Inc.	2711 Centerville Road Suite 400, Wilmington, New Castle County, DE 19808	Holding company	100	100
Glanbia Business Services, Inc.	1209 Orange Street, Wilmington, New Castle County, DE 19801	Business services	100	100
Glanbia Foods, Inc.	121 4 th Avenue S., Twin Falls ID 83301	Cheese and nutritional ingredients	100	100
Glanbia Nutritionals (NA), Inc.	1209 Orange Street, Wilmington, New Castle County, DE 19801	Nutritional ingredients	100	100
Glanbia Nutritionals, Inc.	1209 Orange Street, Wilmington, New Castle County, DE 19801	Nutritional ingredients	100	100
Glanbia Performance Nutrition, Inc.	11380 Prosperity Farms Rd #221E, Palm Beach, Gardens FL 33410	Performance nutrition	100	100
PHTT Acquisition, Inc.	3411 Silverside Road, Rodney Building 104, Wilmington, New Castle County, DE 19810	Holding company	100	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

Incorporated and operating in	Registered office	Principal activity	Group interest % 2015	Group interest % 2014
United States				
thinkThin, LLC	2711 Centerville Road Suite 400, Wilmington, New Castle County, DE 19808	Performance nutrition	100	–
The Isopure Company, LLC	1209 Orange Street, Wilmington, New Castle County, DE 19801	Performance nutrition	100	100
Britain and Northern Ireland				
Glanbia Feedstuffs Limited	One Victoria Square, Birmingham, B1 1BD	Animal feed distribution	100	100
Glanbia Foods (NI) Limited	202 City Business Park, Dunmurry, BT17 9HY	Consumer food distribution	100	100
Glanbia Holdings Limited	One Victoria Square, Birmingham, B1 1BD	Financing	100	100
Glanbia Investments (UK) Limited	One Victoria Square, Birmingham, B1 1BD	Holding company	100	100
Glanbia Milk Limited	One Victoria Square, Birmingham, B1 1BD	Management services	100	100
Glanbia Performance Nutrition (UK) Limited	One Victoria Square, Birmingham, B1 1BD	Performance nutrition	100	100
Glanbia (UK) Limited	One Victoria Square, Birmingham, B1 1BD	Holding company	100	100
Waterford Foods International Limited	One Victoria Square, Birmingham, B1 1BD	Holding company	100	100
Germany				
Glanbia Nutritionals Deutschland GmbH	Gewerbestrasse 3, 78359 Orsingen - Nenzingen	Nutritional delivery systems	100	100
Glanbia Performance Nutrition GmbH	Köpenicker Strasse 10, 10997, Berlin	Performance nutrition products	100	100
Asia				
Glanbia Nutritionals Singapore Pte Limited	70 Bendemeer Road, 06-01, 339940, Singapore	Customer service office	100	100
Glanbia Nutritionals (Suzhou) Co. Limited	No. 128 Fangzong Street SIP, Suzhou, Jiangsu Province, PRC 215025, China	Nutrient delivery systems	100	100
GN Life Science (Shanghai) Co. Limited	Room 432, No.473 Fute Xiyi Road, Waigaoqiao Free Trade Zone, Shanghai, China	Nutritional ingredients	100	100
Australia				
Glanbia Performance Nutrition Pty Limited	Level 10, 68 Pitt Street, Sydney NSW 2000	Performance nutrition	100	100
Brazil				
Glanbia Marketing de Produtos de Nutricao e Performance do Brasil Ltda	Alameda Gabriel Monteiro da Silva, No. 2892, Jardim America, na Cidade de Sao Paulo, São Paulo	Performance nutrition	100	100
Canada				
Glanbia Nutritionals (Canada) Inc.	c/o Thompson Dorfman Sweatman LLP, 201 Portage Avenue, Suite 2200, Winnipeg MB R3B 3L3	Nutritional products	100	100
Glanbia Performance Nutrition Canada Inc.	c/o Thompson Dorfman Sweatman LLP, 201 Portage Avenue, Suite 2200, Winnipeg MB R3B 3L3	Performance nutrition	100	100
Denmark				
Nutramino Holding ApS	Frederikssundsvej 62 B 1, 2400 København NV	Holding company	100	100
Nutramino Int. ApS	Frederikssundsvej 62 B 1, 2400 København NV	Performance nutrition	100	100
France				
Glanbia Performance Nutrition France SAS	8, Avenue Hoche, 75008, Paris	Performance nutrition	100	100

Incorporated and operating in	Registered office	Principal activity	Group interest % 2015	Group interest % 2014
India				
Glanbia India Private Limited ²	43/61, "Srinidhi", Surveyor's Street, Basavangudi, Bangalore 560004	Nutritional ingredients	100	100
Glanbia Performance Nutrition (India) Private Limited	234, 3 rd Floor, Shivani CGHS Ltd., Plot No. 18, Sector 12, Dwarka, New Delhi, West Delhi, Delhi-DL, 110078	Performance nutrition	100	100
Luxembourg				
Glanbia Luxembourg SA ³	5, Rue Guillaume Kroll, L-1882	Financing	100	100
Glanbia Luxfin SA ³	5, Rue Guillaume Kroll, L-1882	Financing	100	100
Glanbia Luxinvest SA ³	5, Rue Guillaume Kroll, L-1882	Financing	100	100
Netherlands				
Glanbia Foods B.V. ³	Schiphol Boulevard 231, 1118 BH Schiphol	Holding company	100	100
Mexico				
Glanbia, S.A. de CV	Av. Prolongación Paseo de la Reforma No. 115-1006, Col. Paseo de las Lomas, C.P. 01330	Nutritional ingredients	100	100
Norway				
Nutramino NO AS	Fillpstad brygge 1, 0252, Oslo	Performance nutrition	100	100
Portugal				
Glanbia Nutritionals (Portugal) - Sociedade Unipessoal, Lda.	Regus Quinta da Fonte, Edificio D. Pedro I, Rua dos Malhões, 2770-071, Paço de Arcos, Oeiras	Performance nutrition	100	100
Russian Federation				
LLC Glanbia	Office 1934, 10 Testovskaya Street, 123317, Moscow	Nutritional ingredients	100	100
South Africa				
Glanbia (Pty) Limited	Stand 893, 7 Forbes Street, Midstream Estate - Windsor Gate, Brakfontein Road, Ekurhuleni	Nutritional ingredients	100	100
Sweden				
Nutramino AB	Frederikssundsvej 62b, DK-2400 København NV, Denmark	Performance nutrition	100	100
Turkey				
Glanbia Besin Ürünleri Pazarlama ve Ticaret Limited Sirketi	Kocatepe Mah., Lamartin Cad. No:5, Ofis Lamartine Kat:6, Taksim, Beyoglu, Istanbul, 34437	Performance nutrition	100	–
Uruguay				
Glanbia (Uruguay Exports) SA	Copacabana Street, Block 26 - S 12, Médanos de Solymar City, Canelones	Customer service office	100	100

¹ Glanbia Cheesip Limited has a branch at 7A, rue Robert Stümper, L-2557, Luxembourg, with a statutory year end fixed at 31 December each year in order to comply with statutory requirements.

² The statutory year end of this subsidiary is 31 March 2016, which coincides with the tax year in India.

³ The statutory year end of these subsidiaries is fixed at 31 December each year in order to comply with statutory requirements.

The Group has no significant restrictions in relation to the Group's ability to access or use the assets and settle the liabilities of its principal subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED FOR THE FINANCIAL YEAR ENDED 02 JANUARY 2016

40 (b) Joint Ventures & Associates

Incorporated and operating in	Date to which results are included	Registered Office	Principal activities	Group interest % 2015	Group interest % 2014
Ireland					
Co-operative Animal Health Limited ¹	31-Dec-2014	Tullow, Co Carlow	Agri chemicals	50	50
Glanbia Ingredients Ireland Limited ¹	02-Jan-2016	Ballyconra, Ballyragget, Co Kilkenny	Milk products	40	40
Malting Company of Ireland Limited ²	30-Oct-2015	The Maltings, South Link, Togher, Co Cork	Malting	50	50
South Eastern Cattle Breeding Society Limited ¹	31-Dec-2014 ³	Dovea, Thurles, Co Tipperary	Cattle breeding	61	57
South East Port Services Limited ¹	02-Jan-2016	Palmerstown, Co Kilkenny	Port services	49	49
United States					
Southwest Cheese Company, LLC ²	02-Jan-2016	1209 Orange Street, Wilmington New Castle County, DE 19801	Milk products	50	50
Britain and Northern Ireland					
Glanbia Cheese Limited ²	02-Jan-2016	4 Royal Mews, Gadbrook Park, Rudheath, Northwich, Cheshire, CW9 7VD	Cheese products	51	51
Milk Ventures (UK) Limited ²	31-Mar-2015 (note 6)	Manchester Business Park, 3500 Aviator Way, Manchester, M22 5TG	Holding company	-	50
Nigeria					
Nutricima Limited ²	31-Mar-2015 (note 6)	45/47 Town Planning Way, Ilupeju, Lagos	Evaporated and powdered milk	-	50

¹ Associate

² Joint Venture

³ This Associate's results do not have a material impact on the Group's result and are therefore accounted for one year in arrears.

The Group's investments in Joint Ventures & Associates are subject to certain restrictions however these are not material.

OTHER INFORMATION

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GLOSSARY

KEY PERFORMANCE INDICATORS AND NON-IFRS PERFORMANCE MEASURES

NOT COVERED BY INDEPENDENT AUDITORS' REPORT

Non-IFRS performance measures

The Group reports certain performance measures that are not defined under IFRS but which represent additional measures used by the Board of Directors and the Glanbia Operating Executive in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these non-IFRS performance measures provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group.

None of these non-IFRS performance measures should be considered as an alternative to financial measures drawn up in accordance with IFRS.

The principal non-IFRS performance measures used by the Group are defined below with a reconciliation of these measures to IFRS measures where applicable.

Constant currency

While the Group reports its results in euro, it generates a significant proportion of its earnings in currencies other than euro, in particular US dollar. Constant currency reporting is used by the Group to eliminate the translational effect of foreign exchange on the Group's results. To arrive at the constant currency year-on-year change, the results for the prior year are retranslated using the average exchange rates for the current year and compared to the current year reported numbers.

The principal average exchange rates used to translate results for 2015 and 2014 were as follows:

euro 1 =	2015	2014
US dollar	1.1092	1.3271
Pound Sterling	0.7259	0.8058
Danish Kroner	7.4589	7.4547

Total Group

The Group has a number of strategically important Joint Ventures & Associates which when combined with the Group's wholly owned businesses give an important indication of the scale and reach of the Group's operations. Total Group is used to describe certain financial metrics such as Revenue and EBITA when they include both the wholly owned businesses and the Group's share of Joint Ventures & Associates.

Revenue

Revenue comprises sales of goods and services of the wholly owned businesses to external customers net of value added tax, rebates and discounts. Revenue is one of the Group's Key Performance Indicators (see pages 8 to 9).

Total Group Revenue

Total Group Revenue comprises the revenue of the wholly owned businesses and the Group's share of the revenue of its Joint Ventures & Associates.

	Notes to the Financial Statements	2015 €'000	2014 €'000
Revenue per the Group income statement		2,774,326	2,538,368
Group's share of revenue of Joint Ventures & Associates	4.1 / 4.2	893,089	984,016
Total Group Revenue		3,667,415	3,522,384

EBITA

EBITA is defined as earnings before interest, tax and amortisation excluding exceptional items.

EBITA is one of the Group's Key Performance Indicators (see pages 8 to 9). Business Segment EBITA growth on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan for Executive Directors with Business Unit responsibility. See Remuneration Committee report on pages 66 to 83 for more information.

Total Group EBITA

Total Group EBITA comprises EBITA of the wholly owned businesses and the Group's share of its Joint Ventures & Associates EBITA.

	Notes to the Financial Statements	2015 €'000	2014 €'000
EBITA per the Group income statement		271,003	208,634
Group's share of EBITA of Joint Ventures & Associates		39,690	36,427
Total Group EBITA	4.1 / 4.2	310,693	245,061

» Reconciliation of the Group's share of Joint Ventures & Associates EBITA to the share of results of Joint Ventures & Associates per the Group income statement is as follows:

	2015 €'000	2014 €'000
EBITA of Joint Ventures & Associates	39,690	36,427
Amortisation	(476)	(394)
Finance costs	(5,037)	(5,310)
Income tax	(7,907)	(6,994)
Share of results of Joint Ventures & Associates per the Group income statement	26,270	23,729

EBITA margin

EBITA margin is defined as EBITA as a percentage of the revenue of the wholly owned businesses.

	2015 €'000	2014 €'000
EBITA per the Group income statement	271,003	208,634
Revenue per the Group income statement	2,774,326	2,538,368
EBITA margin	9.8%	8.2%

Total Group EBITA margin

Total Group EBITA margin is defined as Total Group EBITA as a percentage of Total Group Revenue.

	Notes to the Financial Statements	2015 €'000	2014 €'000
Total Group EBITA	4.1 / 4.2	310,693	245,061
Total Group Revenue	4.1 / 4.2	3,667,415	3,522,384
Total Group EBITA margin		8.5%	7.0%

Adjusted Earnings per share (EPS)

Adjusted EPS is defined 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. The Group believes that Adjusted EPS is a better measure of underlying performance than Basic EPS as it excludes exceptional items that are not related to on-going operational performance and intangible asset amortisation, which allows better comparability of segments and companies that grow by acquisition to those that grow organically.

Adjusted EPS is one of the Group's Key Performance Indicators (see pages 8 to 9). Adjusted EPS growth on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan. Adjusted EPS growth on a reported basis is one of the performance conditions in Glanbia's Long-term Incentive Plan. See Remuneration Committee report on pages 66 to 83 for more information.

	Notes to the Financial Statements	2015 €'000	2014 €'000
Profit attributable to equity holders of the Parent		183,271	146,313
Amortisation of intangible assets (net of related tax)	11	26,126	19,698
Amortisation of Joint Venture & Associates intangible assets (net of related tax)	11	417	345
Exceptional items (net of related tax)	11	23,799	14,079
Adjusted net income		233,613	180,435
Weighted average number of Ordinary Shares in issue	11	295,196,003	295,011,089
Adjusted earnings per share (cent per share)		79.14	61.16

Financing Key Performance Indicators

Net debt : 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 (as defined under operating cash flow) 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.

Adjusted EBIT : net finance cost is calculated as Earnings before interest and tax plus dividends received from Joint Ventures and Associates divided by net finance cost. Net finance cost comprises finance costs less finance income per the Group income statement plus capitalised borrowing costs.

Operating cash flow

Operating cash flow is defined as earnings before interest, taxation, depreciation and amortisation (EBITDA) of the wholly owned businesses net of business sustaining capital expenditure and working capital movements, excluding exceptional cash flows. EBITDA represents pre-exceptional EBITA of the wholly owned businesses plus depreciation, net of grant amortisation.

Operating cash flow is one of the Group's Key Performance Indicators (see pages 8 to 9). Operating cash flow on a constant currency basis is one of the performance conditions in Glanbia's Annual Incentive Plan. See Remuneration Committee report on pages 66 to 83 for more information.

GLOSSARY CONTINUED

KEY PERFORMANCE INDICATORS AND NON-IFRS PERFORMANCE MEASURES

Reconciliation of Operating cash flow to the Group statement of cash flows in the Financial Statements:

	Notes to the Financial Statements	2015 €'000	2014 €'000
Cash generated from operating activities	35	307,865	230,716
Add back exceptional costs paid in the year		15,090	16,438
Less non operating working capital movements in the year		(1,295)	–
Less business sustaining capital expenditure		(37,391)	(42,600)
<i>Non cash items not adjusted in computing Operating cash flow:</i>			
Cost of share options	35	(8,724)	(5,516)
Difference between pension charge and cash contributions	35	6,027	7,019
Loss on disposal of property, plant and equipment	35	(209)	226
Operating cash flow		281,363	206,283
» <i>Exceptional costs paid in the year:</i>			
Pre-tax exceptional charge for year	6	26,342	15,949
Non-cash element of exceptional charge	35	(18,299)	(10,290)
Current year exceptional costs paid in the year		8,043	5,659
Prior year exceptional costs paid in the year*		7,047	10,779
Total exceptional costs paid in the year		15,090	16,438
» <i>Capital expenditure analysis:</i>			
Business sustaining capital expenditure		37,391	42,600
Strategic capital expenditure		86,199	72,885
Total capital expenditure		123,590	115,485
» <i>Capital expenditure reconciled to the Group statement of cash flows:</i>			
Purchase of property, plant and equipment		103,792	101,953
Purchase of intangible assets		19,798	13,532
Total capital expenditure per the Group statement of cash flows		123,590	115,485

* Within decrease in provisions of €9.8 million (2014: €11.4 million) in note 35.

Business sustaining capital expenditure

The Group defines business sustaining capital expenditure as the expenditure required to maintain/replace existing assets with a high proportion of expired useful life. This expenditure does not attract new customers or create the capacity for a bigger business. It enables the Group to keep running at current throughput rates but also keep pace with regulatory and environmental changes as well as complying with new requirements from existing customers.

Strategic capital expenditure

The Group defines strategic capital expenditure as the expenditure required to facilitate growth and generate additional returns for the Group. This is generally expansionary expenditure beyond what is necessary to maintain the Group's current competitive position.

Operating working capital

Operating working capital is defined as inventories plus trade and other receivables less trade and other payables. The year on year movement on operating working capital, excluding the impact of currency translation, acquisitions, disposals and other non operating items (note 36) is a measure of the success of the Group's working capital management programme.

Free cash flow

Free cash flow is calculated as the net cash flow in the year before the following items: strategic capital expenditure, acquisition spend, proceeds received on disposals, equity dividends paid, exceptional costs paid and currency translation movements.

Return on capital employed (ROCE)

ROCE is defined as the Group's earnings before interest, tax and amortisation (net of related tax) plus the Group's share of the results of Joint Ventures & Associates after interest and tax divided by capital employed. Capital employed comprises the sum of the Group's total assets plus cumulative intangible asset amortisation less current liabilities but excluding all borrowings, cash and deferred tax balances. It is calculated by taking the average of the relevant opening and closing balance sheet amounts.

In years where the Group makes significant acquisitions or disposals, the ROCE calculation is adjusted appropriately, to ensure the acquisition or disposal are equally time apportioned in the numerator and the denominator.

ROCE is one of the Group's Key Performance Indicators (see pages 8 to 9). ROCE is one of the performance conditions in Glanbia's Long-term Incentive Plan. See Remuneration Committee report on pages 66 to 83 for more information.

Total Shareholder Return (TSR)

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.

TSR is one of the Group's Key Performance Indicators (see pages 8 to 9). TSR is one of the performance conditions in Glanbia's Long-term Incentive Plan. See Remuneration Committee report on pages 66 to 83 for more information.

SHAREHOLDER INFORMATION

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

Within Ireland: 01 247 5349
Outside Ireland: +353 1 247 5349

or by logging on to: www.investorcentre.com/ie/contactus

	2015	2014
Share price data	€	€
Share price as at financial year end	16.95	12.81
Market capitalisation as at financial year end	5,018m	3,790m
Share price movements during the year:		
– high	19.55	13.06
– low	12.37	10.48

The current share price of Glanbia plc Ordinary Shares can be accessed at: <http://www.glanbia.com/prices-delayed>

Shareholder analysis

Institutional	
■ North America	12.6%
■ UK	14.8%
■ Rest of World	8.9%
Other	
■ Retail	27.2%
■ Glanbia Co-op Society	36.5%



Share capital

The authorised share capital of the Company at 02 January 2016 was 350,000,000 Ordinary Shares at €0.06 each. The issued share capital at 02 January 2016 was 296,030,684 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 02 January 2016 and 23 February 2016 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 02 January 2016	% of issued share capital as at 02 January 2016
Glanbia Co-operative Society Limited	108,014,900	36.50
Capital Group Companies, Inc	20,550,941	6.94
Standard Life Investments Limited	8,941,987	3.02

Shareholder	No. of Ordinary Shares as at 23 February 2016	% of issued share capital as at 23 February 2016
Glanbia Co-operative Society Limited	108,014,900	36.50
Capital Group of Companies, Inc	20,550,941	6.94
Standard Life Investments Limited	8,941,987	3.02

Employee share schemes

The Company operates a number of employee share schemes. At 02 January 2016 859,933 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 4.88 cent per share was paid in respect of Ordinary Shares on 16 October 2015.

Subject to shareholders' approval, a final dividend of 7.22 cent per share will be paid in respect of Ordinary Shares on 29 April 2016 to shareholders on the register of members on 18 March 2016. 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.

SHAREHOLDER INFORMATION CONTINUED

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 improve the security of dividend payments to shareholders and reduce costs, the Company proposes 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 2015	24 February 2016
Ex-dividend date	17 March 2016
Record date for dividend	18 March 2016
Date for receipt of proxy forms	25 April 2016
Record date for AGM	25 April 2016
AGM	27 April 2016
Dividend payment date	29 April 2016

AGM

The AGM will be held on 27 April 2016. The notice of meeting, together with details of the business to be conducted at the meeting is available on: www.glanbia.com/aggm.

The voting results for the 2016 AGM, including proxy votes and votes withheld will be available on our website shortly after the meeting at the following address: www.glanbia.com/aggm.

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 2016 AGM the record date is 5:00 pm on 25 April 2016 (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), +353 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 2016 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 /info@glanbia.ie no later than 17 March 2016 (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 either 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 2016 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 no later than 17 March 2016 (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 /info@glanbia.ie. A resolution cannot be included on the 2016 AGM agenda unless it is received at either 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 2016 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 2016 AGM (i.e. 22 April 2016) to the Group Secretary, Glanbia plc, Glanbia House, Kilkenny, Ireland or by email to ir@glanbia.ie /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

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