NEWS RELEASE
Thursday 6 August 2015

Interim Management Report for the half year ended 30 June 2015

Kerry, the global ingredients & flavours and consumer foods group, reports a solid financial performance for the half year ended 30 June 2015 and increases guidance for full year 2015.

Highlights

- Adjusted* EPS up 8.1% to 124.5 cent
- Group revenue of €3 billion
- Volume growth +2.7%
- Trading profit increased by 9% to €300m
- Group trading margin up 40 basis points to 9.9%
  - Ingredients & Flavours +40 bps to 12.1%
  - Consumer Foods +20 bps to 8.0%
- Interim dividend per share increased by 11.1% to 15 cent
- Free cash flow of €192.2m (H1 2014: €101.6m)
- Earnings guidance for full year increased

**Before brand related intangible asset amortisation and non-trading items (net of related tax)*

Commenting on the results Kerry Group Chief Executive Stan McCarthy said; "We delivered a strong financial performance in the first half of 2015 reporting continued business margin expansion and an 8.1% increase in adjusted earnings per share. Based on Group year-to-date performance, current exchange rates and business momentum, we are increasing our market guidance for the full year".

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INTERIM MANAGEMENT REPORT

for the half year ended 30 June 2015

Kerry delivered a strong financial performance throughout its core businesses in the first half of 2015, notwithstanding challenging market conditions and volatility in many geographies. Consumer food and beverage markets worldwide continued to reflect increasing demand for 'clean-label', natural, tasteful offerings which address convenience, health & wellness and life-stage preferences. Increased volatility and currency fluctuations have contributed to inflationary trends in some countries and conversely to deflationary trends in some mature developed markets. Geopolitical issues persist in some developing market zones, impacting market development. Against this background and the significant growth in online activity, retail and foodservice channels continue to evolve and restructure rapidly.

In ingredients and flavours markets, Kerry maintained solid business development and continued to advance its Taste, Nutrition & General Wellness and Developing Market strategies. Speed of innovation and localisation of taste are key drivers of growth in the rapidly evolving global marketplace – providing solid innovation opportunities for Kerry's industry-leading Global and Regional Technology & Innovation Centres and Regional Development & Application Centre network.

While improved economic conditions in the Irish and UK markets have boosted spend in some consumer categories, food and beverage segments remain highly competitive due to increased retail fragmentation and channel diversification. However the restructured Kerry Foods' portfolio is performing well – benefiting from snacking and convenience trends.

RESULTS

Group revenue increased by 4.7% to €3 billion on a reported basis. Business volumes grew by 2.7% in the period reflecting a strong overall performance in American markets, an improved performance in the EMEA region and continuing good growth in Asia despite a slowdown in some regional markets. Net pricing was 2.7% lower against a background of approximately 6% lower raw material costs. Currency tailwinds relative to the first half of 2014 contributed a positive 8.4% translation impact to revenue.

Ingredients & Flavours achieved 3% growth in business volumes relative to H1 2014 and pricing was 2.8% lower. Kerry Foods' business volumes grew by 1.9% and pricing reduced by 2.6%.

The consistent improvement in Group trading performance was maintained due to operational improvements arising from the 1 Kerry Business Transformation Programme, improved product mix and portfolio repositioning in Kerry Foods. Group trading profit increased by 9% to €300m. The Group trading profit margin increased by 40 basis points to 9.9%. This reflects a 40 basis points improvement in trading margin in Ingredients & Flavours to 12.1% and a 20 basis points improvements in Consumer Foods' margin to 8%.

Adjusted earnings per share increased by 8.1% to 124.5 cent (H1 2014: 115.2 cent). Basic earnings per share increased to 135.2 cent (H1 2014: 110.8 cent). The interim dividend of 15 cent per share represents an increase of 11.1% over the 2014 interim dividend.

BUSINESS REVIEWS

INGREDIENTS & FLAVOURS

	H1 2015	Growth
Revenue	€2,318m	3%*
Trading profit	€281m	12.3%
Trading Margin	12.1%	+40 bps

**volume growth*

Kerry provides the largest, most innovative portfolio of taste & nutrition solutions and functional ingredients & actives for the global food, beverage and pharmaceutical industries.

In the rapidly changing global marketplace, Kerry's Taste & Nutrition technologies and systems, and Functional Ingredients & Actives platforms continued to achieve sustained business development and a solid innovation pipeline in developed and developing markets. Demand for nutritional, 'free-from', 'better-for-you' authentic taste and ingredients is increasingly driving product development across food and beverage categories for retail and foodservice channels. Reported revenue increased by 8.6% to €2.3 billion. Business volumes increased by 3% and pricing was 2.8% lower. Trading profit grew by 12.3% to €281m with the division's trading margin increased by 40 basis points to 12.1%.

Americas Region

Kerry delivered a solid performance in the Americas region in the period despite some industry sectorial issues in North America and inflationary pressures in Brazil. Sales revenue on a reported basis increased by 18.0% to €1,080m. Business volumes grew by 3.3% and pricing declined by 2%.

Excellent progress was achieved in the meat sector through Kerry Taste technologies – particularly in North American retail and foodservice markets. Trends in international dairy markets and the adverse impact of consumer trends in culinary applications limited development through dairy and culinary systems. Performance in North American culinary segments was assisted by *Wynnstarr Flavors.* Brazil based *Junior Alimentos* acquired in Q4 2014 performed in line with expectations.

In June, Kerry acquired ***KFI Savory***, the U.S. based savoury flavour business of Kraft Food Ingredients. KFI Savory significantly strengthens Kerry's Taste technology portfolio in meat systems and culinary applications. Industry leader in grilled flavours, the acquired business includes authentic savoury flavours with natural and speciality grill flavours, savoury enhancers and dairy flavours.

Kerry's 'clean-label' technologies continue to be a key driver of growth in particular in the meat and bakery industries. While the RTE cereals sector has declined, Kerry continues to achieve satisfactory growth through increased demand for snack applications. The savoury snack sector also continues to provide good growth opportunities, particularly in Mexico and Central American markets. Seasonal launches in the ice cream sector offset a decline in sweet applications. Beverage systems and flavours again delivered solid growth through aseptic offerings in nutritional segments and through its branded offerings in the foodservice sector. Kerry's *Big Train, Da Vinci Gourmet* and *Oregon Chai* brands continue to benefit from growing consumption of out-of-home beverage products through c-stores and specialist outlets. Solid growth in Latin American markets was achieved through integration of the *Big Train* range in Kerry's branded offering in the region.

Insight Beverages*,* a leading U.S. based supplier of custom beverage solutions (including cocoa and speciality offerings, fruit-flavoured beverages, and functional beverages to foodservice and convenience store channels in North American markets) acquired by the Group in May, performed in line with expectations.

Nutritional ingredients and systems recorded new wins through medical nutrition applications. Pharma ingredients achieved strong growth through excipient and cell nutrition applications throughout Kerry's global markets.

The Group has reached agreement to acquire ***Baltimore Spice****,* a Costa Rican based spices, seasonings and condiments producer. With production facilities in Costa Rica, Guatemala and Panama, Baltimore Spice further strengthens Kerry's leadership positioning in the meat, culinary and snack sectors in Central America and the Caribbean.

EMEA Region

While economic conditions in EMEA developed markets have broadly stabilised, consumer spend in the food and beverage sector remains relatively flat. Regional developing markets continue to be adversely impacted by geopolitical issues and currency related pressures. However Kerry's realigned business structures and technology development initiatives through establishment of the Group's Global Technology & Innovation Centre in Ireland, supported by Kerry Development & Application Centres in Moscow, Dubai and Durban, have achieved solid market development opportunities to-date and generated an encouraging innovation pipeline. Business volumes grew by 0.7% and pricing reduced by 3.8%. Reported sales revenue declined by 0.2% to €789m.

Kerry achieved an improved performance in regional developing markets as the half year progressed. Development in West Africa was impacted by adverse currency movements but overall market conditions in Sub-Saharan Africa improved relative to the first half of 2014. MENAT market conditions stabilized providing encouraging market development opportunities. Notwithstanding the continuing economic impact of political issues in Russia, Kerry maintained good progress particularly through seasonings and coatings technologies in the meat sector.

Dairy systems recorded good growth in the EMEA foodservice sector and through branded 'Kerrymaid' offerings. Kerry's branded beverage products continued to expand market penetration in the region. Beverage systems & flavours maintained good growth in Western Europe and regional developing markets. The meat sector again proved challenging but Kerry achieved good progress through the fast growing snacking sector and through gluten-free coatings lines. In the savoury snacks sector demand for 'health' lines also provided good development opportunities. 'Clean label' requirements in the bakery sector assisted Kerry performance through its fermentation technologies and systems.

The ongoing investment programme at the Group's facilities in Ireland assisted continued growth in nutritional applications across all life-stage end-use-markets, particularly in the infant sector in Asia. In the primary dairy sector, the continuing increase in output in exporting countries coupled with softer demand in importing countries significantly reduced international market price returns.

In April, Kerry and ***IOI Loders Croklaan*** reached agreement to form a joint venture company to develop and market the nutrition lipid Betapol® business. The joint venture partnership will significantly extend the Betapol® portfolio for infant nutrition and broaden application to other key nutrition market segments globally.

Since period end, Kerry has acquired ***PST*** *Pastacilik Gida* – a Turkey based branded foodservice provider of sweet ingredient solutions to the fine bakery, confectionery, ice cream and foodservice sectors in Turkey and the Middle East. The acquisition establishes multi-technology manufacturing capability in the region, providing a wide portfolio of fillings, creams, sauces, toppings, chocolate products, ice cream bases and cake mixes marketed under PST's industry-leading *Krater* brand.

Asia-Pacific Region

Despite the reported lower level of economic growth in the Asia-Pacific region in the half year, Kerry maintained good overall market development through its Taste and Nutrition strategies. Reported sales revenues increased by 5.6% to €414m. Business volumes increased by 7.2% and pricing reduced by 2.4%.

Kerry continues to record good progress in delivering nutritional & wellness applications and customised products to meet the needs of global, regional and local brands across the region. Dairy systems and 'Dairy Complete' achieved significant new business in Indonesia, the Philippines, China and Vietnam. Culinary systems grew solidly through snack categories in South East Asia. Premium sauce systems maintained strong growth in Malaysia and China, particularly in the foodservice channel.

Establishment of a new sauce systems production facility at the Kerry Plentong facility in Malaysia will be completed later in the year. The major investment programme at the Group's Nantong, China production facility, acquired in 2014, continues to be progressed.

The growing penetration of e-commerce in the Chinese infant nutrition sector has contributed to destocking in traditional market channels, leading to lower sales in the period. However Kerry continues to advance market development through nutritional systems and ingredients tailored to infant and adult life stages throughout Asian markets. Beverage systems maintained strong growth in the foodservice sector in Asia and Australia. Kerry's branded beverages offerings including *Da Vinci, Café D'Amore* and *Big Train* continue to broaden market reach into new territories and channels including c-stores. Solid market development continues to be achieved in India through beverage flavours, emulsifiers, texturants and meat systems. Savoury and dairy applications in Australia and New Zealand were impacted by continuing industry competitive issues. The sale of the Pinnacle lifestyle bakery business in Australia was completed in May.

CONSUMER FOODS

	H1 2015	Growth
Revenue	€749m	1.9%*
Trading profit	€60m	(3.9%)
Trading margin	8.0%	+20bps

**volume growth*

Kerry Foods is a leading manufacturer and marketer of added-value branded and customer branded chilled foods, principally to the UK and Irish consumer foods markets.

While economic conditions continue to improve in the Irish and UK consumer foods markets, trading remains highly competitive due to deflationary trends and retail competitiveness arising from increased market fragmentation and growth of etail. Following the sale of the division's pastry manufacturing assets in August 2014 and the management buy-out of the Direct-To-Store business in the UK completed at the end of February 2015, the repositioned Kerry Foods portfolio has achieved encouraging results to-date. Results in the period were impacted by the timing of the business disposals. Reported sales revenue was 6.4% lower at €749m. Business volumes increased by 1.9% and pricing reduced by 2.6%. While trading in the divisions continuing businesses improved satisfactorily, trading profit was reduced by 3.9% to €60m due to the business disposals. Divisional trading margin increased by 20 basis points to 8%.

UK Brands maintained strong brand positioning. However deep promotional activity continues with an increased focus on EDLP. In particular this has impacted Richmond sales in the sausage sector due to Kerry Foods' disciplined promotional approach. Wall's achieved an improved performance assisted by the 'Wall's Ready Baked' range. 'Mattessons Fridge Raiders' achieved 8% growth in the meat snacking sector relative to the first half of 2014. Cheestrings performed well despite deep cut promotional activity in the children's cheese snack category. 'LowLow Snack Packs' also maintained solid growth in the adult cheese snack sector.

Rollover Ltd was acquired in January, extending Kerry Foods' 'hot-to-go' offering and channel distribution in the UK market.

UK Customer Brands saw strong growth in meal solutions but a decline in the dairy sector. Kerry Foods outperformed market growth rates in chilled ready meals and achieved good volume growth in frozen meals in Q2. While the ready-to-cook category declined, Kerry Foods product offerings recorded good growth. The private label spreads sector lost market share to heavily promoted branded butter offerings.

Brands Ireland performed satisfactorily in the period. 'Denny Gold Medal' achieved strong growth year-on-year but 'Galtee' and 'Shaws' brand shares were lower. The recently launched 'Denny Fire & Smoke' cooked meats range has enjoyed a strong consumer response and encouraging sales growth momentum. Branded dairy spread volumes were lower but 'Charleville' gained strong brand growth in the cheese category. 'Cheestrings' achieved good growth in France, Germany and Poland.

FINANCIAL REVIEW

Reconciliation of adjusted* earnings to profit after taxation	% Change	H1 2015 €m	H1 2014 €m
Revenue	4.7%	**3,028.1**	2,893.5
Trading profit	9.0%	**299.5**	274.7
Trading margin		***9.9%***	*9.5%*
Computer software amortisation		**(9.0)**	(6.7)
Finance costs (net)		**(36.3)**	(31.9)
Adjusted* earnings before taxation	7.7%	**254.2**	236.1
Income taxes (excluding non-trading items)		**(35.2)**	(33.6)
Adjusted* earnings after taxation	8.1%	**219.0**	202.5
Brand related intangible asset amortisation		**(8.4)**	(7.6)
Non-trading items (net of related tax)		**27.2**	(0.2)
Profit after taxation	22.1%	**237.8**	194.7
		EPS cent	EPS cent
Adjusted* EPS	8.1%	**124.5**	115.2
Brand related intangible asset amortisation		**(4.8)**	(4.3)
Non-trading items (net of related tax)		**15.5**	(0.1)
Basic EPS	22.0%	**135.2**	110.8

**Before brand related intangible asset amortisation and non-trading items (net of related tax)*

Analysis of Results

On a reported basis Group revenue increased by 4.7% to €3.03 billion (H1 2014: €2.89 billion). Like–for-like (LFL) revenue grew 0.1% after allowing for the positive effect of reporting currency of 8.4% and the negative impact of business disposals net of acquisitions of 3.8%. Volumes grew by 2.7%, product pricing decreased by 2.7% and there was a positive transaction related currency impact of 0.1%

In Ingredients & Flavours, reported revenue increased by 8.6% to €2.32 billion (H1 2014: €2.13 billion). LFL revenue grew 0.2% after allowing for the positive effect of reporting currency of 8.8% and the negative impact of business disposals net of acquisitions of 0.4%. Volumes grew by 3.0%, product pricing decreased by 2.8%.

In Consumer Foods, reported revenue decreased by 6.4% to €749.3m (H1 2014: €801.0m). LFL revenue decreased 0.5% after allowing for the positive effect of reporting currency of 6.7% and the negative impact of business disposals net of acquisitions of 12.6%. Volumes grew by 1.9%, product pricing decreased by 2.6% and there was a positive transaction related currency impact of 0.2%.

Trading Profit & Margin

Group trading profit increased by 9.0% to €300m. Group trading margin increased 40 basis points to 9.9% (H1 2014: 9.5%) in the period driven by improved product mix, operating leverage, business efficiency programmes and the positive impact from exiting non-core business activities.

Finance Costs

Finance costs for the period increased to €36.3m (H1 2014: €31.9m) primarily due to foreign exchange movements and higher interest costs relating to post retirement benefit obligations.

Taxation

The tax charge for the period (excluding non-trading items) was €35.2m (H1 2014: €33.6m) which represents an effective tax rate of 14.3% (H1 2014: 14.7%). The decrease in the effective tax rate is primarily due to variations in the geographical split of profits earned, significant Group investment in R&D and changes in local statutory tax rates.

Free Cash Flow

The Group achieved a free cash flow of €192.2m (H1 2014: €101.6m) in the first half of the year. The improvement in free cash flow is primarily due to a lower level of working capital investment.

Free Cash Flow	H1 2015 €m	H1 2014 €m
Trading Profit	**299.5**	274.7
Depreciation	**61.0**	52.4
Movement in average working capital	**8.9**	(73.0)
Net capital expenditure	**(119.2)**	(98.3)
Pension contributions paid less pension expense	**(23.4)**	(20.9)
Finance costs paid (net)	**(21.9)**	(21.2)
Income taxes paid	**(12.7)**	(12.1)
Free cash flow	**192.2**	101.6

Acquisitions and Disposals

During the period, the Group completed five acquisitions at a total cost of €155.8m. The Group also disposed of the Pinnacle lifestyle bakery business in Australia and the Consumer Foods Direct-to-Store business in the UK for a total consideration of €151.3m before disposal related costs.

A summary balance sheet as at 30 June 2015 is presented below:

Balance Sheet	H1 2015 €m	H1 2014 €m	FY 2014 €m
Intangible assets	**2,838.8**	2,423.0	2,629.0
Property, plant & equipment	**1,352.2**	1,137.1	1,283.4
Other non-current assets	**273.8**	94.5	228.6
Current assets	**1,909.1**	1,867.3	1,826.8
Total assets	**6,373.9**	5,521.9	5,967.8
Current liabilities	**1,485.2**	1,718.2	1,633.7
Non-current liabilities	**2,380.9**	1,739.8	2,098.5
Total liabilities	**3,866.1**	3,458.0	3,732.2
Net assets	**2,507.8**	2,063.9	2,235.6
Shareholders' equity	**2,507.8**	2,063.9	2,235.6

Return on Investment

During the period the Group achieved a ROAE of 18.1% (H1 2014: 18.2%), ROACE of 14.1% (H1 2014: 14.3%) while CFROI was 10.9% (H1 2014: 10.7%).

Intangible Assets & Acquisitions

Intangible assets increased by €209.8m to €2,838.8m (H1 2014: €2,423.0m; Dec 2014: €2,629.0m), primarily due to acquisitions completed by the Group (€139.7m) and exchange rates used to translate intangible assets other than those denominated in euro.

Retirement Benefits

At the balance sheet date, the net deficit for all defined benefit schemes (after deferred tax) was €361m (H1 2014: €277m; Dec 2014: €393m). The decrease is due to an increase in the discount rates in the UK, Eurozone and the US, cash contributions and exchange rate movements.

Net Debt

At 30 June 2015 net debt stood at €1,277m, an increase of €82m relative to the December 2014 position. The increase is principally due to exchange rate movements.

At 30 June the key financial ratios were as follows;

	Covenant	H1 2015 TIMES	H1 2014 TIMES
Net debt: EBITDA*	Maximum 3.5	**1.6**	1.5
EBITDA: Net interest*	Minimum 4.75	**19.4**	13.3

*Calculated in accordance with lenders' facility agreements which take account of adjustments as outlined in Financial Definitions.

During the period, the Group agreed a new 5 year €1.1bn revolving credit facility replacing the existing facility which was due to mature in April 2016. The facility provides a line of committed debt, thereby significantly extending the maturity profile of Group debt.

The average maturity profile of net debt was 6.1 years at the end of the period (Dec 2014: 5.2 years). At the period end 42% of gross debt was carried at fixed rates and the weighted average period for which rates were fixed was 6.1 years.

The Group's balance sheet is in a healthy position. With a net debt to EBITDA* ratio of 1.6 times, the organisation has sufficient headroom to support its future growth plans.

Related Party Transactions

There were no changes in related party transactions from the 2014 Annual Report that could have a material effect on the financial position or performance of the Group in the first half of the year.

Principal Risks & Uncertainties

Details of the principal risks and uncertainties facing the Group can be found in the 2014 Annual Report on pages 46 to 48. These risks include but are not limited to; the identification and integration of acquisition targets, a slowdown in the rate of innovation, quality & food safety risks, failure to attract/retain key talent, systems implementation risks, unauthorised use of Group intellectual property, catastrophic loss such as the loss of a critical manufacturing facility and ongoing operational and compliance risks. However, risks with increased potential impact in the second half of the year include volatile currencies, fluctuating raw materials and cybercrime risk. The Group actively manages these and all other risks through its control and risk management processes.

DIVIDEND

The Board has declared an interim dividend of 15 cent per share (an increase of 11.1% on the 2014 interim dividend of 13.5 cent) payable on 13 November 2015 to shareholders registered on the record date 16 October 2015.

FUTURE PROSPECTS

Kerry has successfully embraced the changing marketplace and is well placed to respond to consumer trends and customer requirements in all geographies through exploiting the Group's Technology & Innovation network and unrivalled speed-to-market. Our significant business structure and capability investment in recent years positions Kerry well for future growth through organic development of the Group's Taste & Nutrition platforms and developing market strategies – together with complimentary acquisition investments.

Based on Group year-to-date performance, current exchange rates and business momentum, we are increasing our full year guidance. The Group now expects to achieve 6% to 9% growth in adjusted earnings per share to a range of 296 to 304 cent per share in 2015.

RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 of Ireland (S.I. No. 277 of 2007) ("the Regulations"), the Transparency Rules of the Central Bank of Ireland and with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

The Directors confirm that to the best of their knowledge:

- the Group Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2015 have been prepared in accordance with the international accounting standard applicable to interim financial reporting adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

- the Interim Management Report includes a fair review of the important events that have occurred during the first six months of the financial year, and their impact on the Group Condensed Consolidated Interim Financial Statements for the half year ended 30 June 2015, and a description of the principal risks and uncertainties for the remaining six months;

- the Interim Management Report includes a fair review of the related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties' transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

On behalf of the board

Stan McCarthy
Chief Executive

Brian Mehigan
Chief Financial Officer

5 August 2015

DISCLAIMER: FORWARD LOOKING STATEMENTS

This Announcement contains forward looking statements which reflect management expectations based on currently available data. However actual results may differ materially from those expressed or implied by these forward looking statements. These forward looking statements speak only as of the date they were made and the Company undertakes no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.

Condensed Consolidated Income Statement
for the half year ended 30 June 2015

	Notes	**Before Non-Trading Items 30 June 2015 Unaudited €'m**	**Non-Trading Items 30 June 2015 Unaudited €'m**	**Half year ended 30 June 2015 Unaudited €'m**	Half year ended 30 June 2014 Unaudited €'m	Year ended 31 Dec. 2014 Audited €'m
Continuing operations						
Revenue	*2*	**3,028.1**	**-**	**3,028.1**	2,893.5	5,756.6
Trading profit	*2*	**299.5**	**-**	**299.5**	274.7	636.4
Intangible asset amortisation		**(17.4)**	**-**	**(17.4)**	(14.3)	(28.0)
Profit/(loss) on disposal of businesses and assets	*3*	**-**	**26.5**	**26.5**	(0.4)	0.1
Operating profit		**282.1**	**26.5**	**308.6**	260.0	608.5
Finance income	*4*	**0.7**	**-**	**0.7**	0.3	1.1
Finance costs	*4*	**(37.0)**	**-**	**(37.0)**	(32.2)	(54.0)
Profit before taxation		**245.8**	**26.5**	**272.3**	228.1	555.6
Income taxes		**(35.2)**	**0.7**	**(34.5)**	(33.4)	(75.7)
Profit after taxation and attributable to owners of the parent		**210.6**	**27.2**	**237.8**	194.7	479.9
Earnings per A ordinary share				**Cent**	Cent	Cent
- basic	*5*			**135.2**	110.8	273.0
- diluted	*5*			**135.0**	110.6	272.7

Condensed Consolidated Statement of Recognised Income and Expense
for the half year ended 30 June 2015

	Notes	**Half year ended 30 June 2015 Unaudited €'m**	Half year ended 30 June 2014 Unaudited €'m	Year ended 31 Dec. 2014 Audited €'m
Profit after taxation and attributable to owners of the parent		**237.8**	194.7	479.9
Other comprehensive income/(expense):				
Items that are or may be reclassified subsequently to profit or loss:				
Fair value movements on cash flow hedges		**(16.0)**	(4.2)	(8.3)
Cash flow hedges - reclassified to profit or loss from equity		**17.0**	(1.2)	3.0
Deferred tax effect of fair value movements on cash flow hedges		**(0.2)**	0.8	4.2
Exchange difference on translation and disposal of foreign operations	*3/9*	**50.0**	30.6	68.3
Deferred tax effect of exchange difference on translation of foreign operations		**(1.0)**	(0.4)	0.7
Items that will not be reclassified to profit or loss:				
Re-measurement on retirement benefits obligation		**41.6**	(92.2)	(246.1)
Deferred tax effect of re-measurement on retirement benefits obligation		**(7.7)**	13.4	30.5
Net income/(expense) recognised directly in other comprehensive income		**83.7**	(53.2)	(147.7)
Total comprehensive income		**321.5**	141.5	332.2

Condensed Consolidated Balance Sheet
as at 30 June 2015

	Notes	**30 June 2015 Unaudited €'m**	30 June 2014 Unaudited €'m	31 Dec. 2014 Audited €'m
Non-current assets				
Property, plant and equipment		**1,352.2**	1,137.1	1,283.4
Intangible assets		**2,838.8**	2,423.0	2,629.0
Financial asset investments		**31.8**	24.3	27.9
Investment in associate		**40.2**	-	40.2
Non-current financial instruments	*8*	**148.4**	52.7	104.7
Deferred tax assets		**53.4**	17.5	55.8
		4,464.8	3,654.6	4,141.0
Current assets				
Inventories		**751.5**	789.9	702.0
Trade and other receivables		**938.1**	800.7	801.1
Cash at bank and in hand	*8*	**177.8**	231.8	283.7
Other current financial instruments		**14.2**	2.8	9.4
Assets classified as held for sale		**27.5**	42.1	30.6
		1,909.1	1,867.3	1,826.8
Total assets		**6,373.9**	5,521.9	5,967.8
Current liabilities				
Trade and other payables		**1,290.8**	1,259.4	1,194.1
Borrowings and overdrafts	*8*	**33.9**	280.8	303.1
Other current financial instruments		**45.4**	16.8	21.8
Tax liabilities		**83.9**	59.6	62.4
Provisions		**28.1**	98.9	49.8
Deferred income		**3.1**	2.7	2.5
		1,485.2	1,718.2	1,633.7
Non-current liabilities				
Borrowings	*8*	**1,562.9**	1,078.5	1,270.6
Other non-current financial instruments		**6.2**	31.4	8.4
Retirement benefits obligation	*7*	**435.0**	333.4	472.8
Other non-current liabilities		**85.2**	56.1	76.8
Deferred tax liabilities		**203.3**	159.2	191.1
Provisions		**66.4**	63.4	55.7
Deferred income		**21.9**	17.8	23.1
		2,380.9	1,739.8	2,098.5
Total liabilities		**3,866.1**	3,458.0	3,732.2
Net assets		**2,507.8**	2,063.9	2,235.6
Issued capital and reserves attributable to owners of the parent				
Share capital		**22.0**	22.0	22.0
Share premium		**398.7**	398.7	398.7
Other reserves		**(43.5)**	(143.2)	(100.6)
Retained earnings		**2,130.6**	1,786.4	1,915.5
Shareholders' equity		**2,507.8**	2,063.9	2,235.6

Condensed Consolidated Statement of Changes in Equity

for the half year ended 30 June 2015

	Notes	Share Capital €'m	Share Premium €'m	Other Reserves €'m	Retained Earnings €'m	Total €'m
At 1 January 2014		22.0	398.7	(172.5)	1,719.3	1,967.5
Total comprehensive income		-	-	25.2	116.3	141.5
Dividends paid	*6*	-	-	-	(49.2)	(49.2)
Share-based payment expense		-	-	4.1	-	4.1
Shares issued during the period		-	-	-	-	-
At 30 June 2014 - unaudited		22.0	398.7	(143.2)	1,786.4	2,063.9
Total comprehensive income		-	-	37.8	152.9	190.7
Dividends paid	*6*	-	-	-	(23.8)	(23.8)
Share-based payment expense		-	-	4.8	-	4.8
Shares issued during the period		-	-	-	-	-
At 31 December 2014 - audited		22.0	398.7	(100.6)	1,915.5	2,235.6
Total comprehensive income		**-**	**-**	**51.0**	**270.5**	**321.5**
Dividends paid	*6*	**-**	**-**	**-**	**(55.4)**	**(55.4)**
Share-based payment expense		**-**	**-**	**6.1**	**-**	**6.1**
Shares issued during the period		**-**	**-**	**-**	**-**	**-**
At 30 June 2015 - unaudited		**22.0**	**398.7**	**(43.5)**	**2,130.6**	**2,507.8**

Other Reserves comprise the following:

	Capital Redemption Reserve €'m	Capital Conversion Reserve Fund €'m	Share-Based Payment Reserve €'m	Translation Reserve €'m	Hedging Reserve €'m	Total €'m
At 1 January 2014	1.7	0.3	12.6	(171.9)	(15.2)	(172.5)
Total comprehensive income/(expense)	-	-	-	30.6	(5.4)	25.2
Share-based payment expense	-	-	4.1	-	-	4.1
At 30 June 2014 - unaudited	1.7	0.3	16.7	(141.3)	(20.6)	(143.2)
Total comprehensive income	-	-	-	37.7	0.1	37.8
Share-based payment expense	-	-	4.8	-	-	4.8
At 31 December 2014 - audited	1.7	0.3	21.5	(103.6)	(20.5)	(100.6)
Total comprehensive income	**-**	**-**	**-**	**50.0**	**1.0**	**51.0**
Share-based payment expense	**-**	**-**	**6.1**	**-**	**-**	**6.1**
At 30 June 2015 - unaudited	**1.7**	**0.3**	**27.6**	**(53.6)**	**(19.5)**	**(43.5)**

Condensed Consolidated Statement of Cash Flows
for the half year ended 30 June 2015

	Notes	**Half year ended 30 June 2015 Unaudited €'m**	Half year ended 30 June 2014 Unaudited €'m	Year ended 31 Dec. 2014 Audited €'m
Operating activities				
Trading profit		**299.5**	274.7	636.4
Adjustments for:				
Depreciation (net)		**61.0**	52.4	103.5
Change in working capital		**(103.6)**	(108.2)	(79.3)
Pension contributions paid less pension expense		**(23.4)**	(20.9)	(48.0)
Payments on acquisition integration and restructuring costs		**(12.8)**	(31.7)	(74.5)
Exchange translation adjustment	*9*	**(1.6)**	2.2	3.3
Cash generated from operations		**219.1**	168.5	541.4
Income taxes paid		**(12.7)**	(12.1)	(30.6)
Finance income received		**0.7**	0.3	1.1
Finance costs paid		**(22.6)**	(21.5)	(42.9)
Net cash from operating activities		**184.5**	135.2	469.0
Investing activities				
Purchase of assets		**(124.5)**	(100.4)	(274.1)
Proceeds from the sale of assets	*3*	**3.0**	1.3	15.9
Capital grants received		**2.3**	0.8	0.8
Purchase of businesses (net of cash acquired)	*10*	**(155.8)**	-	(133.5)
Disposal of businesses (net of related tax)	*3*	**122.2**	-	(13.4)
Payments relating to previous acquisitions		**(0.2)**	(5.2)	(9.6)
Net cash used in investing activities		**(153.0)**	(103.5)	(413.9)
Financing activities				
Dividends paid	*6*	**(55.4)**	(49.2)	(73.0)
Issue of share capital	*5*	**-**	-	-
Net movement on borrowings		**(86.2)**	(0.5)	42.4
Net cash movement due to financing activities		**(141.6)**	(49.7)	(30.6)
Net (decrease)/increase in cash and cash equivalents		**(110.1)**	(18.0)	24.5
Cash and cash equivalents at beginning of period		278.1	245.8	245.8
Exchange translation adjustment on cash and cash equivalents	*9*	**9.8**	4.0	7.8
Cash and cash equivalents at end of period	*8*	**177.8**	231.8	278.1

Reconciliation of Net Cash Flow to Movement in Net Debt				
Net (decrease)/increase in cash and cash equivalents		**(110.1)**	(18.0)	24.5
Cash outflow/(inflow) from debt financing		**86.2**	0.5	(42.4)
Changes in net debt resulting from cash flows		**(23.9)**	(17.5)	(17.9)
Fair value movement on interest rate swaps (net of adjustment to borrowings)		**0.2**	(2.7)	(5.5)
Exchange translation adjustment on net debt	*9*	**(57.8)**	(6.5)	(88.8)
Movement in net debt in the period		**(81.5)**	(26.7)	(112.2)
Net debt at beginning of period		(1,195.3)	(1,083.1)	(1,083.1)
Net debt at end of period	*8*	**(1,276.8)**	(1,109.8)	(1,195.3)

Notes to the Condensed Consolidated Interim Financial Statements
for the half year ended 30 June 2015

1. Accounting policies

These condensed consolidated interim financial statements for the half year ended 30 June 2015 have been prepared in accordance with the requirements of IAS 34 'Interim Financial Reporting' and using accounting policies consistent with International Financial Reporting Standards as adopted by the European Union. The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those detailed in the 2014 Annual Report. Some comparative information has been re-presented to align with the current half year presentation.

The following standards and interpretations are effective for the Group from 1 January 2015 but do not have a material effect on the results or financial position of the Group:

- IFRS 1 (amendment)	First-time adoption of International Financial Reporting Standards
- IFRS 2 (amendment)	Share-based Payment
- IFRS 3 (amendments)	Business Combinations
- IFRS 8 (amendment)	Operating Segments
- IFRS 13 (amendments)	Fair Value Measurement
- IAS 16 (amendment)	Property, Plant and Equipment
- IAS 19 (amendment)	Employee Benefits
- IAS 24 (amendment)	Related Party Disclosures
- IAS 38 (amendment)	Intangible Assets
- IAS 40 (amendment)	Investment Property

2. Analysis by business segment

The Group has two operating segments: Ingredients & Flavours and Consumer Foods. The Ingredients & Flavours operating segment manufactures and distributes application specific ingredients and flavours spanning a number of technology platforms, while the Consumer Foods segment manufactures and supplies added value brands and customer branded foods primarily to the Irish and UK markets. Corporate activities, such as the cost of corporate stewardship and the cost of the kerryconnect programme, are reported along with the elimination of inter-group activities under the heading 'Group Eliminations and Unallocated'.

	Half year ended 30 June 2015 Unaudited €'m	Half year ended 30 June 2014 Unaudited €'m	Year ended 31 Dec. 2014 Audited €'m
External revenue			
- Ingredients & Flavours	**2,283.2**	2,097.5	4,257.1
- Consumer Foods	**744.9**	796.0	1,499.5
	3,028.1	2,893.5	5,756.6
Inter-segment revenue			
- Ingredients & Flavours	**34.6**	35.8	79.8
- Consumer Foods	**4.4**	5.0	9.8
- Group Eliminations and Unallocated	**(39.0)**	(40.8)	(89.6)
	-	-	-
Total revenue			
- Ingredients & Flavours	**2,317.8**	2,133.3	4,336.9
- Consumer Foods	**749.3**	801.0	1,509.3
- Group Eliminations and Unallocated	**(39.0)**	(40.8)	(89.6)
	3,028.1	2,893.5	5,756.6
Trading profit			
- Ingredients & Flavours	**281.5**	250.6	592.5
- Consumer Foods	**59.9**	62.3	125.4
- Group Eliminations and Unallocated	**(41.9)**	(38.2)	(81.5)
	299.5	274.7	636.4
Intangible asset amortisation	**(17.4)**	(14.3)	(28.0)
Non-trading items	**26.5**	(0.4)	0.1
Operating profit	**308.6**	260.0	608.5
Finance income	**0.7**	0.3	1.1
Finance costs	**(37.0)**	(32.2)	(54.0)
Profit before taxation	**272.3**	228.1	555.6
Income taxes	**(34.5)**	(33.4)	(75.7)
Profit after taxation and attributable to owners of the parent	**237.8**	194.7	479.9

Notes to the Condensed Consolidated Interim Financial Statements (continued)
for the half year ended 30 June 2015

2. Analysis by business segment (continued)

Information about geographical areas

	Half year ended 30 June 2015 Unaudited €'m	Half year ended 30 June 2014 Unaudited €'m	Year ended 31 Dec. 2014 Audited €'m
Revenue by location of external customers			
EMEA	**1,534.3**	1,586.6	3,048.7
Americas	**1,079.7**	914.9	1,901.2
Asia Pacific	**414.1**	392.0	806.7
	3,028.1	2,893.5	5,756.6

The accounting policies of the reportable segments are the same as those detailed in the statement of accounting policies in the 2014 Annual Report.

3. Non-trading items

Profit/(loss) on disposal of businesses and assets

	Businesses Half year ended 30 June 2015 Unaudited €'m	***Assets Half year ended 30 June 2015 Unaudited €'m**	**Total Half year ended 30 June 2015 Unaudited €'m**
Assets			
Property, plant and equipment (net of grants)	**(30.3)**	**(1.2)**	**(31.5)**
Assets classified as held for sale	**(0.1)**	**(3.6)**	**(3.7)**
Intangible assets	**(35.8)**	**-**	**(35.8)**
Net current assets	**(23.6)**	**-**	**(23.6)**
Net assets disposed	**(89.8)**	**(4.8)**	**(94.6)**
Consideration			
Total consideration received	**151.3**	**3.0**	**154.3**
Disposal related costs	**(32.7)**	**-**	**(32.7)**
Net consideration received	**118.6**	**3.0**	**121.6**
Cumulative exchange difference on translation recycled on disposal	**(0.5)**	**-**	**(0.5)**
Profit/(loss) on disposal of businesses and assets	**28.3**	**(1.8)**	**26.5**

Net cash inflow on disposal:

	Total Half year ended 30 June 2015 Unaudited €'m
Cash	**154.3**
Less: cash at bank and in hand balance disposed of	**-**
Less: disposal related costs	**(29.1)**
	125.2

*Assets represent non-current assets and assets classified as held for sale.

During the period, the Group disposed of the Pinnacle lifestyle bakery business in Australia and a non-core business in the Consumer Foods division in the UK. The Consumer Foods business was classified as held for sale in 2014. Additionally, the Group disposed of property, plant and equipment and assets classified as held for sale primarily in the US, UK and Ireland. Given the timing of the business disposals the profit on disposal disclosed above is provisional and subject to change.

In 2014, non-trading items related primarily to the disposal of a non-core business in the Consumer Foods division in the UK, a subsidiary in Argentina, and the sale of property, plant and equipment and assets classified as held for sale in the US, UK and Ireland (30 June 2014: a loss of €0.4m; 31 December 2014: a profit of €0.1m). In addition the cumulative exchange difference on translation recycled on disposal of a subsidiary for the year ended 31 December 2014 was a loss of €0.4m and for the half year ended 30 June 2014 was €nil.

A net tax credit of **€0.7m** (30 June 2014: a tax charge of €0.2m; 31 December 2014: a tax credit of €3.9m) arose due to tax deductions available on the losses.

4. Finance income and costs

	Half year ended 30 June 2015 Unaudited €'m	Half year ended 30 June 2014 Unaudited €'m	Year ended 31 Dec. 2014 Audited €'m
Finance income:			
Interest income on deposits	**0.7**	0.3	1.1
Finance costs:			
Interest payable	**(25.3)**	(28.4)	(44.7)
Interest rate derivative	**(5.0)**	1.0	(1.2)
Borrowing costs capitalised	**-**	0.2	1.9
	(30.3)	(27.2)	(44.0)
Net interest cost on retirement benefits obligation	**(6.7)**	(5.0)	(10.0)
Finance costs	**(37.0)**	(32.2)	(54.0)

The interest rate derivative cost represents adjustments for hedge ineffectiveness for credit risk attributable to the fair value of interest rate swap derivative financial instruments. The current period movement is primarily attributable to movement in foreign exchange rates on cross currency interest rate swaps (see note 8).

5. Earnings per A ordinary share

	Half year ended 30 June 2015 Unaudited		Half year ended 30 June 2014 Unaudited		Year ended 31 Dec. 2014 Audited	
	EPS cent	**€'m**	EPS cent	€'m	EPS cent	€'m
Basic earnings per share						
Profit after taxation and attributable to owners of the parent	**135.2**	**237.8**	110.8	194.7	273.0	479.9
Brand related intangible asset amortisation	**4.8**	**8.4**	4.3	7.6	8.2	14.4
Non-trading items (net of related tax)	**(15.5)**	**(27.2)**	0.1	0.2	(2.3)	(4.0)
Adjusted earnings	**124.5**	**219.0**	115.2	202.5	278.9	490.3
Diluted earnings per share						
Profit after taxation and attributable to owners of the parent	**135.0**	**237.8**	110.6	194.7	272.7	479.9
Adjusted earnings	**124.4**	**219.0**	115.1	202.5	278.6	490.3

In addition to the basic and diluted earnings per share, an adjusted earnings per share is also provided as it is considered more reflective of the Group's underlying trading performance. Adjusted earnings is profit after taxation and attributable to owners of the parent before brand related intangible asset amortisation and non-trading items (net of related tax). These items are excluded in order to assist in the understanding of underlying earnings.

Number of Shares	**Number of Shares 30 June 2015 Unaudited m's**	Number of Shares 30 June 2014 Unaudited m's	Number of Shares 31 Dec. 2014 Audited m's
Basic weighted average number of shares	**175.9**	175.8	175.8
Impact of share options outstanding	**0.2**	0.2	0.2
Diluted weighted average number of shares	**176.1**	176.0	176.0

Shares issued during the period
During the period a total of **69,117** A ordinary shares, were issued at the nominal value of **12.50** cent per share under the Long Term Incentive Plan.

The total number of shares in issue at 30 June 2015 was **175,875,719** (30 June 2014: 175,794,953; 31 December 2014: 175,806,602).

6. Dividends

	Half year ended 30 June 2015 Unaudited €'m	Half year ended 30 June 2014 Unaudited €'m	Year ended 31 Dec. 2014 Audited €'m
Amounts recognised as distributions to equity shareholders in the period			
Final 2014 dividend of **31.50 cent** per A ordinary share paid 15 May 2015 (Final 2013 dividend of 28.00 cent per A ordinary share paid 9 May 2014)	**55.4**	49.2	49.2
Interim 2014 dividend of 13.50 cent per A ordinary share paid 14 November 2014	**-**	-	23.8
	55.4	49.2	73.0

Since the end of the period, the Board has declared an interim dividend of 15.00 cent per A ordinary share. The payment date for the interim dividend will be 13 November 2015 to shareholders registered on the record date as at 16 October 2015. These condensed consolidated interim financial statements do not reflect this dividend.

7. Retirement benefits obligation

The Group's net defined benefit post-retirement schemes' deficit which has been recognised in the Condensed Consolidated Balance Sheet was as follows:

	Half year ended 30 June 2015 Unaudited €'m	Half year ended 30 June 2014 Unaudited €'m	Year ended 31 Dec. 2014 Audited €'m
Net recognised deficit in plans before deferred tax	**(435.0)**	(333.4)	(472.8)
Net related deferred tax asset	**73.9**	56.2	79.5
Net recognised deficit in plans after deferred tax	**(361.1)**	(277.2)	(393.3)

The defined benefit post-retirement schemes' liabilities at 30 June 2015 have been rolled forward from the 31 December 2014 position and updated to reflect material movements in underlying assumptions over the period. The Group's defined benefit post-retirement schemes' assets at 30 June 2015 are measured at market value.

The decrease in the net deficit before deferred tax for the period ended 30 June 2015 of €37.8m was accounted for by an increase in the schemes' assets of €131.4m which was partially offset by an increase in the underlying present value of the schemes' liabilities of €93.6m. The increase in the schemes' assets was due to on-going cash contributions, an investment return of approximately 4% and foreign exchange movements in the period. The increase in the present value of the schemes' liabilities was mostly due to foreign exchange movements partially offset by an increase in discount rates in the Eurozone, the UK and US.

Notes to the Condensed Consolidated Interim Financial Statements (continued)
for the half year ended 30 June 2015

8. Financial instruments

i) The following table outlines the components of net debt by category at the balance sheet date:

	Loans & Other Financial Assets/(Liabilities) at Amortised Cost €'m	Liabilities at Fair Value through Profit or Loss €'m	Derivatives Designated as Hedging Instruments €'m	Total Net Debt by Category €'m
Assets:				
Interest rate swaps	**-**	**-**	**148.4**	**148.4**
Cash at bank and in hand	**177.8**	**-**	**-**	**177.8**
	177.8	**-**	**148.4**	**326.2**
Liabilities:				
Interest rate swaps	**-**	**-**	**(6.2)**	**(6.2)**
Bank loans	**(370.2)**	**-**	**-**	**(370.2)**
Senior notes	**(1,200.4)**	**(26.2)**	**-**	**(1,226.6)**
Borrowings	**(1,570.6)**	**(26.2)**	**-**	**(1,596.8)**
	(1,570.6)	**(26.2)**	**(6.2)**	**(1,603.0)**
At 30 June 2015 - unaudited	**(1,392.8)**	**(26.2)**	**142.2**	**(1,276.8)**
Assets:				
Interest rate swaps	-	-	52.7	52.7
Cash at bank and in hand	231.8	-	-	231.8
	231.8	-	52.7	284.5
Liabilities:				
Interest rate swaps	-	(0.1)	(34.9)	(35.0)
Bank loans	(118.2)	-	-	(118.2)
Senior notes	(1,224.1)	(17.0)	-	(1,241.1)
Borrowings	(1,342.3)	(17.0)	-	(1,359.3)
	(1,342.3)	(17.1)	(34.9)	(1,394.3)
At 30 June 2014 - unaudited	(1,110.5)	(17.1)	17.8	(1,109.8)
Assets:				
Interest rate swaps	-	-	104.7	104.7
Cash at bank and in hand	283.7	-	-	283.7
	283.7	-	104.7	388.4
Liabilities:				
Interest rate swaps	-	-	(10.0)	(10.0)
Bank overdrafts	(5.6)	-	-	(5.6)
Bank loans	(172.3)	-	-	(172.3)
Senior notes	(1,365.4)	(30.4)	-	(1,395.8)
Borrowings and overdrafts	(1,543.3)	(30.4)	-	(1,573.7)
	(1,543.3)	(30.4)	(10.0)	(1,583.7)
At 31 December 2014 - audited	(1,259.6)	(30.4)	94.7	(1,195.3)

As part of the Group's debt portfolio it holds US$750m of senior notes issued in 2013 and US$600m of senior notes issued in 2010. At the time of issuance, US$250m of the 2013 senior notes and US$500m of the 2010 senior notes were swapped, using cross currency swaps, to euro. Since issuance, there has been no impact on the Consolidated Income Statement arising from foreign exchange rate movements as the hedge accounting applied on the open cross currency swaps has resulted in the recognition of a total accumulated fair value gain to date of **€137.8m** (30 June 2014: €19.7m; 31 December 2014: €86.3m), directly offset by a total accumulated fair value charge to date of **€137.8m** (30 June 2014: €19.7m; 31 December 2014: €86.3m) resulting from the translation of the underlying hedged foreign currency borrowings at the balance sheet rates.

The adjustment to senior notes classified under liabilities at fair value through profit or loss of **€26.2m** (30 June 2014: €17.0m; 31 December 2014: €30.4m) represents the part adjustment to the carrying value of debt from applying fair value hedge accounting for interest rate risk. This amount is primarily offset by the fair value adjustment on the underlying cross currency interest rate swap.

8. Financial instruments (continued)

b) Fair value of financial instruments carried at amortised cost

Except as detailed below, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the condensed consolidated interim financial statements approximate their fair values.

	Fair Value Hierarchy	Carrying Amount 30 June 2015 Unaudited €'m	Fair Value 30 June 2015 Unaudited €'m	Carrying Amount 30 June 2014 Unaudited €'m	Fair Value 30 June 2014 Unaudited €'m	Carrying Amount 31 Dec. 2014 Audited €'m	Fair Value 31 Dec. 2014 Audited €'m
Financial liabilities							
Senior notes - Public	Level 2	**(665.0)**	**(631.3)**	(546.9)	(532.2)	(613.5)	(594.4)
Senior notes - Private	Level 2	**(535.4)**	**(564.1)**	(677.2)	(716.6)	(751.9)	(791.7)
		(1,200.4)	**(1,195.4)**	(1,224.1)	(1,248.8)	(1,365.4)	(1,386.1)

c) Valuation principles

The fair value of financial assets and liabilities are determined as follows:

- assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- other financial assets and liabilities (excluding derivatives) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- derivative financial instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments. Forward foreign exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates adjusted for counterparty credit risk, which is calculated based on credit default swaps of the respective counterparties. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates adjusted for counterparty credit risk which is calculated based on credit default swaps of the respective counterparties.

9. Effect of exchange translation adjustments on the Condensed Consolidated Balance Sheet

	Half year ended 30 June 2015 Unaudited €'m	Half year ended 30 June 2014 Unaudited €'m	Year ended 31 Dec. 2014 Audited €'m
Increase in assets			
Property, plant and equipment	**64.2**	20.9	72.4
Intangible assets	**93.3**	32.0	103.9
Financial asset investments	**2.0**	0.2	2.5
Inventories	**34.2**	12.3	44.8
Trade and other receivables	**27.2**	11.5	36.5
Cash at bank and in hand	**9.8**	4.0	7.8
Assets classified as held for sale	**1.4**	1.1	1.3
Increase in liabilities			
Trade and other payables	**(82.6)**	(33.6)	(77.4)
Tax liabilities	**(2.0)**	(1.1)	(2.2)
Financial liabilities	**(67.6)**	(10.5)	(96.6)
Retirement benefits obligation	**(20.5)**	(5.1)	(12.9)
Other non-current liabilities	**(2.4)**	(1.0)	(2.1)
Deferred tax liabilities	**(4.2)**	(1.1)	(6.2)
Deferred income	**(0.5)**	(0.1)	(0.5)
Provisions	**(1.2)**	(1.1)	(6.7)
Retained earnings	**(1.6)**	2.2	3.3
	49.5	30.6	67.9

The above exchange translation adjustments arise primarily on the retranslation of the Group's opening net investment in its foreign currency subsidiaries.

8. Financial instruments (continued)

ii) The following table sets out the currency profile of the Group's net debt, highlighting the impact of cross currency swaps (CCS) on net debt:

	Pre CCS Half year ended 30 June 2015 €'m	**Notional CCS Half year ended 30 June 2015 €'m**	**Post CCS Half year ended 30 June 2015 €'m**	Half year ended 30 June 2014 €'m	Year ended 31 Dec. 2014 €'m
Euro	**117.1**	**(669.3)**	**(552.2)**	(536.6)	(585.5)
Sterling	**59.0**	**-**	**59.0**	65.5	65.1
US Dollar	**(1,493.4)**	**669.3**	**(824.1)**	(648.9)	(748.6)
Other	**40.5**	**-**	**40.5**	10.2	73.7
	(1,276.8)	**-**	**(1,276.8)**	(1,109.8)	(1,195.3)

iii) The following table details the maturity profile of the Group's net debt:

	On demand & up to 1 year €'m	**Up to 2 years €'m**	**2 - 5 years €'m**	**> 5 years €'m**	**Total €'m**
Cash at bank and in hand	**177.8**	**-**	**-**	**-**	**177.8**
Interest rate swaps	**-**	**20.5**	**57.8**	**63.9**	**142.2**
Bank loans	**(33.9)**	**-**	**(336.3)**	**-**	**(370.2)**
Senior notes	**-**	**(171.3)**	**(200.4)**	**(854.9)**	**(1,226.6)**
At 30 June 2015 - unaudited	**143.9**	**(150.8)**	**(478.9)**	**(791.0)**	**(1,276.8)**
Cash at bank and in hand	231.8	-	-	-	231.8
Interest rate swaps	(3.6)	-	5.0	16.3	17.7
Bank loans	(44.5)	(73.6)	(0.1)	-	(118.2)
Senior notes	(236.3)	-	(141.1)	(863.7)	(1,241.1)
At 30 June 2014 - unaudited	(52.6)	(73.6)	(136.2)	(847.4)	(1,109.8)
Cash at bank and in hand	283.7	-	-	-	283.7
Interest rate swaps	(1.6)	-	13.7	82.6	94.7
Bank overdrafts	(5.6)	-	-	-	(5.6)
Bank loans	(39.9)	(132.4)	-	-	(172.3)
Senior notes	(257.6)	-	(158.2)	(980.0)	(1,395.8)
At 31 December 2014 - audited	(21.0)	(132.4)	(144.5)	(897.4)	(1,195.3)

At 30 June 2015, the Group had undrawn committed bank facilities of **€764m**, comprising primarily of a revolving credit facility maturing in 2020.

During the period, the Group agreed a new 5 year€1.1bn revolving credit facility replacing the existing facility which matured in April 2016.

iv) Fair value of financial instruments

a) Fair value of financial instruments carried at fair value

Financial instruments recognised at fair value are analysed between those based on:

- quoted prices in active markets for identical assets or liabilities (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- those involving inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

		Fair Value Hierarchy	**30 June 2015 Unaudited €'m**	30 June 2014 Unaudited €'m	31 Dec. 2014 Audited €'m
Financial assets					
Interest rate swaps		Level 2	**148.4**	52.7	104.7
Forward foreign exchange contracts		Level 2	**14.2**	2.8	9.4
Financial asset investments:	Fair value through profit or loss	Level 1	**27.7**	20.2	23.8
	Available-for-sale	Level 3	**4.1**	4.1	4.1
Financial liabilities					
Forward foreign exchange contracts		Level 2	**(45.4)**	(13.2)	(20.2)
Interest rate swaps		Level 2	**(6.2)**	(35.0)	(10.0)

There have been no transfers between levels and there was no movement for the financial asset investments categorised at Level 3 for the current period.

Notes to the Condensed Consolidated Interim Financial Statements (continued)
for the half year ended 30 June 2015

10. Business combinations

During the period, the Group completed five bolt on acquisitions, all of which are 100% owned by the Group.

	Half year ended 30 June 2015 Unaudited €'m
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Non-current assets	
Property, plant and equipment	**5.4**
Brand related intangibles	**91.8**
Current assets	
Cash at bank and in hand	**1.9**
Inventories	**9.7**
Trade and other receivables	**4.5**
Current liabilities	
Trade and other payables	**(3.5)**
Total identifiable assets	**109.8**
Goodwill	**47.9**
Total consideration	**157.7**
Satisfied by:	
Cash	**157.7**
	157.7

Net cash outflow on acquisition:

	Half year ended 30 June 2015 Unaudited €'m
Cash	**157.7**
Less: cash and cash equivalents acquired	**(1.9)**
	155.8

The acquisition method of accounting has been used to consolidate the businesses acquired in the Group's financial statements. Given that the valuation of the fair value of assets and liabilities recently acquired is still in progress, the above values are determined provisionally. For the acquisitions completed in 2014 there have been no material revisions of the provisional fair value adjustments since the initial values were established.

The goodwill is attributable to the expected profitability, revenue growth, future market development and assembled workforce of the acquired businesses and the synergies expected to arise within the Group after the acquisition. **€23.9m** of goodwill recognised is expected to be deductible for income tax purposes.

Transaction expenses related to the acquisition were charged against trading profit in the Group's Condensed Consolidated Income Statement during the period and represented less than one percent of the total consideration.

Due to the fact that these acquisitions were recently completed, the revenue and results included in the Group's reported figures are not material.

In January 2015 the Group acquired Rollover Limited. Rollover Limited operates in the UK 'hot-to-go' market with a strong position in the foodservice channel in consumer foods.

During May 2015 the Group acquired Insight Beverages, a leading supplier of custom beverage solutions to the foodservice and convenience store channels in North American markets.

In June 2015, the Group acquired the KFI Savory business from Kraft Food Ingredients in the US, an industry leader in grilled flavours.

During the period, the Group also completed two smaller acquisitions in the European ingredients market.

In addition to the completed acquisitions, the Group entered into a joint venture agreement with IOI Loders Croklaan, to develop and market the nutrition lipid Betapol® business and also agreed to acquire Baltimore Spice, a seasonings business in the LATAM market. These transactions are expected to complete during Q3 2015.

11. Events after the balance sheet date

Since the period end, the Group has:
- completed the acquisition of PST Pastacilik Gida, a sweet ingredients foodservice business in Turkey; and
- declared an interim dividend of 15.00 cent per A ordinary share (see note 6).

There have been no other significant events, outside the ordinary course of business, affecting the Group since 30 June 2015.

12. General information

These unaudited condensed consolidated interim financial statements for the half year ended 30 June 2015 are not full financial statements and were not reviewed by the auditors. The Board of Directors approved these condensed consolidated interim financial statements on 5 August 2015. The figures disclosed relating to 31 December 2014 have been derived from the consolidated financial statements which were audited, received an unqualified audit report and have been filed with the Registrar of Companies.

These condensed consolidated interim financial statements have been prepared on the going concern basis. The Directors report that they have satisfied themselves that the Group is a going concern, having adequate resources to continue in operational existence for the foreseeable future. In forming this view, the Directors have reviewed the Group's budget for a period not less than 12 months, the medium term plans as set out in the rolling five year plan, and have taken into account the cash flow implications of the plans, including proposed capital expenditure, and compared these with the Group's committed borrowing facilities and projected gearing ratios.

In relation to seasonality, trading profit is lower in the first half of the year due to the nature of the food business and stronger December trading. While revenue is relatively evenly spread, margin has traditionally been higher in the second half of the year due to product mix and the timing of promotional activity. There is also a material change to the levels of working capital between December and June mainly due to the seasonal nature of the dairy and crop-based businesses.

As permitted by the Transparency (Directive 2004/109/EC) Regulations 2007 this Interim Report is available on www.kerrygroup.com. However, if a physical copy is required, please contact the Corporate Affairs department.

FINANCIAL DEFINITIONS

1. Revenue

Volume growth

This represents the sales volume growth period-on-period from ongoing business, excluding volumes from acquisitions net of disposals. A full reconciliation to reported revenue growth is detailed in the revenue reconciliation below.

Revenue Reconciliation

	Volume growth	Price	Transaction currency	Like-for-like growth	Translation currency	Acquisitions / Disposals	Reported revenue growth
Ingredients & Flavours	*3.0%*	*(2.8%)*	*0.0%*	*0.2%*	*8.8%*	*(0.4%)*	*8.6%*
Consumer Foods	*1.9%*	*(2.6%)*	*0.2%*	*(0.5%)*	*6.7%*	*(12.6%)*	*(6.4%)*
Group	*2.7%*	*(2.7%)*	*0.1%*	*0.1%*	*8.4%*	*(3.8%)*	*4.7%*

2. EBITDA

EBITDA represents profit after taxation and attributable to owners of the parent before finance income and costs, income taxes, depreciation (net), intangible asset amortisation and non-trading items.

3. Trading Profit

Trading profit refers to the operating profit generated by the businesses before intangible asset amortisation and gains or losses generated from non-trading items. Trading profit represents operating profit before specific items that are considered to hinder comparison of the trading performance of the Group's businesses, either period-on-period or with other businesses.

4. Non-Trading Items

Non-trading items refers to gains or losses on the disposal of businesses, disposal of assets (non-current assets and assets classified as held for sale), costs in preparation of disposal of assets, material acquisition transaction costs and material acquisition integration and restructuring costs. It is determined by management that each of these items relate to events or circumstances that are non-recurring in nature.

5. Operating profit

Operating profit refers to profit before income taxes, finance income and finance costs.

6. Adjusted Earnings Per Share

In addition to the basic and diluted earnings per share, an adjusted earnings per share is also provided as it is considered more reflective of the Group's underlying trading performance. Adjusted earnings refers to profit after taxation and attributable to owners of the parent before brand related intangible asset amortisation and non-trading items (net of related tax). These items are excluded in order to assist in the understanding of underlying earnings.

	H1 2015 EPS cent	H1 2014 EPS cent
Basic earnings per share	**135.2**	110.8
Brand related intangible asset amortisation	**4.8**	4.3
Non-trading items (net of related tax)	**(15.5)**	0.1
Adjusted earnings per share	**124.5**	115.2

A full reconciliation of this calculation is provided within note 5 of these condensed consolidated interim financial statements.

7. Free Cash Flow

Free Cash Flow is seen as an important indicator of the strength and quality of the business and of the availability to the Group of funds for reinvestment or for return to shareholders. Movement in average working capital is used when calculating free cash flow as management believes this provides a more accurate measure of the increase or decrease in working capital needed to support the business over the course of the period rather than at two distinct points in time. Movement in average working capital measures more accurately fluctuations caused by seasonality and other timing factors. Below is a reconciliation of free cash flow to the nearest IFRS measure which is 'Net cash from operating activities'.

	H1 2015 €'m	H1 2014 €'m
Net cash from operating activities	**184.5**	135.2
Difference between movement in average working capital and movement in period end working capital	**112.5**	35.2
Payments on acquisition integration and restructuring costs	**12.8**	31.7
Purchase of assets	**(124.5)**	(100.4)
Proceeds from the sale of assets*	**3.0**	1.3
Capital grants received	**2.3**	0.8
Exchange translation adjustment	**1.6**	(2.2)
Free cash flow	**192.2**	101.6

* Assets represents non-current assets and assets classified as held for sale.

8. Financial Ratios

The Net debt: EBITDA and EBITDA: Net interest ratios disclosed are calculated in accordance with lender's facility agreements using an adjusted EBITDA, adjusted finance costs (net of finance income) and an adjusted net debt value to adjust for the impact of non-trading items, acquisitions net of disposals and deferred payments in relation to acquisitions. As outlined on page 9 this ratio is calculated in accordance with lender's facility agreements and these agreements specifically exclude these items from the calculation.

9. Return on Average Equity (ROAE)

This measure is defined as profit after tax and attributable to owners of the parent before non-trading items (net of related tax) and brand related intangible asset amortisation expressed as a percentage of average equity. Average equity is calculated by taking an average of the shareholders' funds over the last three reported balance sheets plus an additional €528m relating to goodwill written off to reserves pre conversion to IFRS.

10. Return on Average Capital Employed (ROACE)

This measure is defined as profit after tax and attributable to owners of the parent before non-trading items (net of related tax), brand related intangible asset amortisation and finance income and costs expressed as a percentage of average capital employed. Average capital employed is calculated by taking an average of the shareholders' funds and net debt over the last three reported balance sheets plus an additional €528m relating to goodwill written off to reserves pre conversion to IFRS.

11. Cash Flow Return on Investment (CFROI)

This measure is calculated as free cash flow before finance costs (net) expressed as a percentage of average capital employed. Average capital employed for the CFROI calculation is the same as that used for ROACE.