NEWS RELEASE
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Preliminary Statement of Results for the year ended 31 December 2010

Kerry, the global ingredients & flavours and consumer foods group, reports preliminary results for the year ended 31 December 2010.

Highlights

- Sales revenue increased by 9.7% (4.6% LFL) to €5 billion
- 5.5% increase in continuing business volumes
- Trading profit increased by 11.3% to €470m
- Ingredients & Flavours trading margin up 50 basis points to 10.9%
- Consumer Foods trading margin up 40 basis points to 7.5%
- Adjusted EPS* up 16.8% to 194.5 cent
- Final dividend per share of 20 cent (Total 2010 dividend up 15.2% to 28.8 cent)
- Free cash flow of €305m (2009: €367m)
- R&D investment of €156m

**before intangible asset amortisation and non-trading items*

Commenting on the results Kerry Group Chief Executive Stan McCarthy said; *"Kerry Group achieved excellent results in 2010. Business development in the Group's established and emerging markets proved highly successful delivering strong volume growth and good margin progression. We achieved a 16.8% increase in earnings per share to 194.5 cent. Taking into account the phasing of raw material cost recovery and exchange rate variability, we expect to achieve growth in adjusted earnings per share in 2011 to a range of 210 to 218 cent per share".*

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CHAIRMAN'S STATEMENT

For the year ended 31 December 2010

Kerry Group achieved excellent growth and development in 2010. Strong business volume growth was achieved throughout the Group's established and emerging markets. Building on the positive business development momentum reported at the half year stage, good progress was maintained in the second half despite the return of significant input cost inflation as the year progressed. The Group's ingredients & flavours global business continued to enhance its leadership position across food and beverage end-use-markets through industry-leading innovation – driven by Kerry's broad technology capabilities and integrated approach to meeting customer requirements speedily and cost effectively. In particular the Group benefited through increased integration of Kerry's flavour expertise in a wider range of food and beverage applications in response to increasing demand for all-natural solutions and clean product labelling.

In the Group's selected consumer foods business segments of the UK and Irish markets, sectoral growth continued to be impacted by reduced consumer spending and push-back to higher prices. Trading down to value offerings continues to be the predominant market trend. In 2010 this continued to drive value sales through promotional activity and also benefit private label offerings. However Kerry Foods achieved strong top line growth in the UK market through its branded and private label offerings. The division's brand investment and innovation programmes achieved excellent results. In Ireland, as consumer sentiment remains cautious due to the prevailing economic conditions, the consumer foods market remained challenging in 2010. Targeted brand and range investment by Kerry Foods tailored to consumer requirements in Ireland has stabilised the positioning of Kerry's key brands and protected the brands' category leadership for future growth.

Due to the success of the Group's 'go-to-market' strategies and necessary investment in additional manufacturing capacity to meet customer requirements, capital expenditure in 2010 increased to €139m (2009: €108m). Investment in research and development increased to €156m (2009: €148m).

RESULTS

Group sales revenue in 2010 at €5 billion reflects an increase of 9.7% on a reported basis and growth of 4.6% on a like-for-like (LFL) basis when account is taken of currency translation, acquisitions and business disposals. Sales growth momentum increased as the year progressed. Continuing business volumes were 5.5% ahead on a Group-wide basis over the full year. Ingredients & flavours continuing business volumes increased by 6.8% and the Group's consumer foods business achieved a 3% increase in continuing business volumes, notwithstanding the challenges of the Irish market.

Trading profit increased by 11.3% to €470m (2009: €422m). Trading profit margin increased by 50 basis points in Ingredients & Flavours to 10.9% and by 40 basis points in Consumer Foods to 7.5%. The Group trading margin increased by 20 basis points to 9.5% as the strong performance of Group businesses and savings generated from recent rationalisation programmes were partially offset by unallocated development costs relating to the Group's global IT project.

Adjusted profit after tax before intangible asset amortisation and non-trading items increased by 17% to €341m (2009: €291m). Adjusted earnings per share increased by 16.8% to 194.5 cent (2009: 166.5 cent). The Board recommends a final dividend of 20 cent per share, an increase of 15.6% on the 2009 final dividend. Together with the interim dividend of 8.8 cent per share, this brings the total dividend for the year to 28.8 cent per share, an increase of 15.2% on the previous year.

BUSINESS REVIEWS

INGREDIENTS & FLAVOURS

	2010	Like-for-like (LFL) Growth
Revenue	€3,675m	6.6%
Trading profit	€401m	12.8%
Trading margin	10.9%	+50bps

The Group's Ingredients & Flavours businesses performed strongly across all technology platforms, end-use-markets and geographies in 2010. Sales revenue reported at €3,675m increased by 12.7% on a reported basis and 6.6% on a like-for-like basis relative to the prior year. Underlying continuing business volume growth was strong at 6.8%. The restructuring volume loss was 0.3% and the pricing/mix impact was almost flat at 0.1%. Trading profit grew by 12.8% (LFL) to €401m which reflects a 50 basis points improvement in trading margin to 10.9%. The solid growth in business volumes and trading profits was achieved despite the significant upward trend in input costs, including cereal, dairy, sugar, edible oils and energy costs in the second half of 2010. This performance was driven by the successful execution of Kerry's 'go-to-market' strategies in all regions and delivery of successful innovative applications in partnership with key customer accounts throughout the food processing, beverage and foodservice industries.

Americas Region

Kerry grew strongly in American markets in 2010, benefiting from the strength of the Group's customer alliances in North American markets and solid growth in Latin America. Revenue increased by 14.9% to €1,479m, reflecting 6.9% LFL sales growth – allowing for favourable reporting currency movement and net impact of acquisitions/disposals. Continuing business volumes grew by 7.2% benefiting from a very strong performance in the fourth quarter. Good progress was made in integration of Kerry's flavour expertise across food and beverage applications – capitalising on the growth in demand for all-natural ingredients.

Consumer sentiment was broadly unchanged in 2010 as household finances continued to be constrained. Out-of-home expenditure recovered slightly from the low level recorded in 2009 particularly in the fast casual sector but traffic through full-serve restaurants showed only a slight recovery in the final quarter of the year. Growth through quick-serve-restaurant chains continued at satisfactory levels.

Savoury & Dairy systems achieved good growth through key accounts notwithstanding sectoral challenges in some North American market segments. New flavour development launches and synergies with other Kerry technologies delivered strong growth in savoury snacks. Dairy systems & flavours saw solid growth through smoothie chips and through frozen yoghurt bases in the foodservice sector. The prepared meals sector remained challenging but Kerry recorded satisfactory growth through its frozen sauce technologies. Sauces developed to aid in-home cooking also delivered good growth. In December the Group completed the acquisition of Dallas, Texas based CF Chefs – strengthening Kerry's culinary expertise and development capability in provision of customised refrigerated and shelf stable sauces/gravies for processor applications. In the soups and broths sector Kerry made strong progress through complete solutions and innovations focused on clean labelling, sodium reduction and health/wellness benefits. Development in this sector was assisted through the acquisition of Beloit (WI) based IPM Foods, a provider of Tetra Recart™ shelf stable soups and sauce systems. In Latin American markets, Kerry's investment in culinary and dairy technologies in the region achieved a strong performance particularly in the added value meat processing sector and savoury snacks market.

Cereal & Sweet technologies performed well in 2010 benefiting from health and wellness innovation trends. Promotional activity in the ice-cream sector in both retail and foodservice channels led to solid growth through Kerry's key accounts. In the ice-cream and frozen desserts markets, increased consumer demand for 'bite size' snackable products led to increased product development in fruit bars, ice-cream sandwich products and frozen novelty lines. The bakery sector also exhibited positive development trends – benefiting Kerry's complete technology offering including bio-ingredients, shelf-life extenders, flavours and functional ingredients. Kerry also achieved good growth in 2010 through sweet goods bakery lines and in the added-value cracker sector. In the confectionery sector, Kerry's integrated technology solutions performed well in response to the growth in snacking trends and demand for a balance of nutrition/indulgence lines in energy and confectionery bite formats.

Increased promotional activity in the RTE cereal market meant that the overall market remained challenging but Kerry saw satisfactory growth through new health lines and infant cereal new product development. Kerry also benefited through the acquisition of NutraCea's cereal ingredients business in 2010. The nutritional bar market showed good growth through NPD targeting weight management, added fibre and added protein offerings. In Latin American markets Kerry continued to strengthen its market positioning in the cereal and nutrition sectors through expansion of production and extrusion facilities in Brazil and Mexico.

Beverage applications also benefited from wellness trends which drove significant developments in American markets in 2010. Kerry's integrated beverage flavour model delivered strong results in the nutritional beverage sector and sweet modulation applications recorded good growth particularly in the sports drinks segment through lower calorie variants. Specialty coffee applications performed well in the foodservice sector. The Group continued to invest in aseptic shelf-stable beverage production systems and facilities. Kerry's portfolio of beverage brands was expanded through the acquisition of Teawave – a well established natural fruit smoothie brand in the foodservice sector. In the branded foodservice segment Kerry also successfully launched new flavoured smoothie mixes and Jet™ Blended Iced Coffee Mixes in 2010.

In October, the Group acquired California based Agilex Flavors a leading developer of sweet, fruit and brown flavours for a broad range of beverage, confectionery and bakery applications – with a strong focus on health/nutritional market segments. Prior to year-end, the Group also acquired California based Caffe D'Amore – a leading producer of gourmet beverage products in dry and liquid instant mix formats for foodservice and speciality retail applications.

In 2010 Kerry made considerable progress in expanding the global market positioning of Sheffield Bio-Science – the Group's ***pharma ingredients*** business which develops excipient and cell nutrition products for pharmaceutical, nutritional and bio-technology applications. Good growth was achieved through excipient lines following significant investment in new tabletting technologies and coating systems. The launch of LubriTose™, an integrated co-processed excipient system developed to improve direct compression and high speed tabletting operations, achieved a positive market response. Sheffield's media optimisation products, including hydrolysed proteins, recombinant proteins and yeast extracts, delivered solid results in the cell nutrition sector. Ongoing investment to support global customers and regional customers in Latin American and Asia-Pacific markets achieved good results, particularly in Brazil, China and India.

EMEA Region

Kerry performed robustly in EMEA markets in 2010 despite challenges in many food and beverage markets due to the continuing trends arising from value conscious consumer spending. Nevertheless, provenance of raw materials and 'naturalness'/authenticity of recipe assumed more importance – as did demand for health/wellness benefits in food and beverage offerings. Increased raw material costs also focused critical attention on cost optimisation and shelf-life extension in product reformulation.

Ingredients & flavours revenue in EMEA markets increased by 8.3% to €1,218m reflecting 4.9% LFL sales growth – allowing for acquisitions and reporting currency movement. Continuing business volumes grew by 4.8%.

Savoury & Dairy systems & flavours achieved satisfactory growth across all targeted end-use-markets in the EMEA Region. In the meat sector, ingredient & flavour systems outperformed meat sectoral growth rates due to demand for enhanced functionality and process improvements. Food coatings performed well, particularly in the UK and Middle Eastern markets. In August the Group expanded its culinary systems technology offering through the acquisition of Lancashire (UK) based SpringThyme Oils Ltd – a clean label natural infused oil and seasonings company. Dairy systems & flavours enjoyed strong growth in the processed cheese, spreads and savoury snack end-use-markets. In 2010 a unique range of co-dried cheese & dairy snack seasonings was successfully launched in the snack market. Ingredients & flavours performed well in the fast growing Middle East and African snack sector. Development and commercialisation of innovative dairy flavour solutions proved highly successful in 2010 and an investment programme commenced at the Listowel plant to significantly increase dairy flavour production capacity.

Cereal & Sweet technologies outperformed market growth rates in EMEA markets due to focused innovation and market development in Kerry's targeted end-use-markets. In the sweet sector good growth was achieved in the bakery, ice-cream and dairy markets. A new range of fruit systems also proved successful in the EMEA nutritional bar sector. Newly launched clean declaration fruit and confectionery nuggets made good progress through bakery, cereal, bar, confectionery and ice-cream applications.

In the bakery market Kerry saw strong growth through emulsifiers, enzymes, flavours and fermented ingredients. 2010 was a challenging year in the cereal sector due to heavy promotional activity. However Kerry made good progress through its cereal agglomerates technologies. In the ice-cream sector Kerry achieved strong market development based on indulgent concepts incorporating inclusions, sauces, variegates and premium purees.

Beverage systems & flavours made good progress due to the growth in demand for natural flavours and market developments ahead of new EU Regulations applied from January 2011. Sugar reduction remained the predominant concern in the soft drinks sector. Kerry continued to make good progress through the Group's portfolio of sweetness modulation flavours designed to provide enhanced sweetness to offset sugar reduction and to improve taste in low calorie/light beverages. Good progress was achieved in the private label cola category. Kerry also saw good volume growth in the brewing industry with recovery of the Russian brewing market. Flavoured syrups continued to gain market share in the EMEA foodservice sector.

Functional ingredients maintained the growth momentum reported at the half year stage due to reversal of destocking trends. Emulsifiers continue to focus on wider industry end-use-market opportunities benefiting from Kerry's 'go-to-market' strategies. Enzymes grew strongly relative to the prior year in particular in the bakery, confectionery and beverage sectors. Protein hydrolysates recorded good growth in nutritional markets due to requirements for natural flavour profiles, emulsification properties and specifications arising from new regulatory standards.

Primary Dairy market conditions improved significantly in 2010 due to a recovery in demand in key dairy importing countries. Demand continued to firm as the year progressed, absorbing the increased output from exporting countries and the release of stocks from global inventories. In October, Kerry completed the acquisition of Newmarket Creameries – a leading manufacturer of cheese from a modern production facility in Co. Cork, Ireland. Newmarket Creameries is a major supplier of cheese to the Group's branded cheese business.

Asia-Pacific Region

Business development in Asia-Pacific markets progressed well in 2010 delivering an excellent operational performance. Revenue increased by 26.1% to €509m reflecting 12.2% LFL growth when account is taken of favourable reporting currency. Continuing business volumes grew by 14.3%.

Savoury & Dairy technologies grew strongly in the region particularly through nutritional and culinary applications. Lipid systems achieved strong growth in South East Asian markets in nutritional beverage and tea/coffee applications – capitalising on the Group's additional manufacturing capacity investment in Malaysia in 2009. Tea & coffee beverage applications showed good growth in Vietnam and the Philippines. Good growth was also achieved in the infant nutritional market and in the adult nutritional beverage sector. Dairy systems performed well in Thailand, the Philippines and Malaysia with new launches in the bakery and snack end-use-markets. Cheese sauces grew strongly in QSR applications in Malaysia, Singapore, Thailand and China. Developments in culinary systems led to successful launches of Asian cuisine snack application flavours and foodservice menu items. Prior to year-end the Group acquired Malaysia based KMC Foods – a leading producer of Asian cuisine culinary sauces, condiments and dressings for branded food providers in Europe, the Americas and Asia-Pacific markets.

Meat technology systems also grew satisfactorily year-on-year. Good growth was achieved in New Zealand, in the Australian poultry sector and through strong export led growth into regional QSR's from Kerry's Thailand based processing facility. Meat systems also progressed market development in the added value seafood and poultry sectors in China.

Beverage applications achieved exceptional growth in the region in 2010 particularly in the foodservice industry. QSR's and specialist coffee houses significantly expanded their speciality beverage menu offerings which has driven development of new flavour delivery systems. Volume growth in North East Asian markets was very strong, in particular in Korea and Japan, driven by QSR expansion and demand for healthy fruit based beverages. In China Kerry achieved double digit growth in beverage systems including nutritional applications. Australia and New Zealand also showed satisfactory growth in the beverages sector.

Sweet technologies achieved strong growth in the bakery category, assisted by Kerry's functional ingredients in the industrial bakery market. Kerry Pinnacle again delivered strong market growth in the Australian bakery market. Pinnacle lifestyle bakery products increased market share year-on-year with significant growth in the cookie category. A capital investment programme at the Sugar & Spice facility in Melbourne added a significant increase in production capacity through commissioning of a new frozen cookie line. Prior to year-end, the Group acquired the General Mills lifestyle bakery products business in Australia. Located in Mansfield, Queensland and Camellia, New South Wales, the acquired business has strong brand recognition through its Van den Bergh's and Croissant King brands which strengthen Kerry Pinnacle's position in this growth sector and leverage Kerry's sweet technology competence.

Functional ingredients saw strong double digit growth benefiting from the expansion in emulsifier production capacity at the Kuala Lumpur plant. Increased market opportunities were identified through Kerry's go-to-market strategy and successful layering of Group technologies.

CONSUMER FOODS

	2010	Like-for-like (LFL) Growth
Revenue	€1,768m	1.3%
Trading profit	€132m	5.3%
Trading margin	7.5%	+40bps

Economic conditions in the UK and Ireland continued to adversely impact food and beverage demand with shoppers budgeting cautiously for their grocery requirements and promotional activity playing an increasingly prominent role. However in the UK market Kerry Foods continued to achieve solid brand and private label growth. Given the challenging economic situation in Ireland, Kerry Foods has successfully repositioned its portfolio of market leading brands to meet the needs of value conscious consumers without compromising on quality. This has been achieved through significant brand investment, innovation and a major focus on the division's lean efficiency programme across all production sites.

Divisional performance improved in the second half of 2010 despite the impact of rising raw material costs. Sales revenue in 2010 increased by 3.2% to €1,768m, reflecting like-for-like growth of 1.3%, allowing for reporting currency movement and net acquisitions/disposals impact. This result reflects continuing business volume growth of 3%, restructuring volume loss of 0.7%, 0.7% lower pricing/mix and 0.3% adverse trading currency impact. Divisional trading profit grew by 5.3% LFL to €132m reflecting a 40 basis points improvement in trading profit margin to 7.5%.

Kerry Foods' ***UK Brands*** all made good progress in their respective categories. In the sausage sector Richmond outperformed category growth – benefiting from a successful packaging relaunch. A strong promotional programme and increased trade marketing support assisted in consolidating Richmond's number 1 brand positioning. A cohesive brand identity was established across the Wall's brand portfolio and the extension of the brand into the pastry category delivered strong growth through retailer listings and impulse performance. Mattessons continued to lead growth in the meat snacking sector and successfully introduced the market's first dipping meat snack 'Mattessons Rippa Dippa' prior to year-end. In the cheese snack sector the Cheestrings brand performance improved in the second half of 2010, assisted by the launch of a novel 'Cheestrings Spaghetti' range which gained excellent listings. 'Pure', Kerry Foods' dairy free range of spreads performed well in 2010 – extending its range to include sunflower, soya and olive variants. In its first full marketing year in the UK market Kerry's LowLow reduced fat cheese brand achieved encouraging incremental growth – leading growth within the low fat cheddar category.

In Kerry's selected UK ***Customer Brands*** categories, the division continued to achieve good market development through market leading innovation and consumer insight – despite strong competition from leading brands in the dairy segment. Good growth was achieved through cheese slices and Kerry's UHT product range in the foodservice sector. In the UK retailer brand spreads category Kerry Foods achieved satisfactory growth despite the unprecedented level of major brand promotional activity.

In the chilled ready meals category Kerry Foods achieved an excellent performance – outperforming overall market growth rates to become the largest supplier in the UK chilled ready meals marketplace. 2010 saw the successful launch of innovative consumer preferred meal recipes and novel packaging formats through major retailer accounts. The frozen ready meals category again proved highly competitive but showed greater market stability in the final quarter.

As reported at the half year stage, the Irish consumer foods market remained challenging in 2010 but Kerry Foods stabilised the performance of its ***Brands Ireland*** business through significant range repositioning and brand marketing investment. As a result, the volume gap between Kerry brands and the market closed during 2010. Major brand investment programmes in the added value meat category brought clarification of portfolio and role of the Denny, Shaws and Galtee ranges. 2010 saw a relaunch of the Denny brand supported by an award winning 'Home Is' marketing campaign and the brand portfolio was extended to include the Denny Family Value Pack range. Galtee was repositioned and supported by a major 'Rasherfest' advertising campaign. Shaws received significant brand market support and was also successfully relaunched in the deli category.

In the cheese and spreads categories in Ireland private label and discounter offers continued to grow at the expense of established brands. Ongoing brand investment in the LowLow, Dairygold and Charleville brands achieved brand market growth rates ahead of the market in the final quarter. Cheestrings consolidated its leading brand positioning in the Irish market and maintained strong growth in France under the Ficello brand.

The sale of Dawn Milk's Galway based liquid milk business was completed in June 2010 and since year-end the Group has agreed the sale of the Limerick based liquid milk business. A Management Buy-out of the Kerry Spring mineral water business was completed in January 2010.

FINANCIAL REVIEW

Analysis of Results

Group revenue increased by 9.7% to €5.0 billion (2009: €4.5 billion) and trading profit increased by 11.3% to €470m (2009: €422m) resulting in an improvement of 20 basis points in Group trading profit margin to 9.5% (2009: 9.3%). Adjusted profit before tax increased by 16.2% in the year to €410m (2009: €353m). Adjusted EPS for the year was 194.5 cent, representing an increase of 16.8% (2009: 166.5 cent) while basic earnings per share was 185.0 cent (2009: 115.0 cent).

Finance Costs

Finance costs for the year decreased by €9.3m to €60.5m (2009: €69.8m) as strong cash flows and lower interest rates more than offset the impact of acquisition spend and capital investment. During 2010 the Group's average interest rate decreased approximately 30 basis points to 4.7% (2009: 5.0%).

Taxation

The tax charge for the year, before non-trading items, increased by 12.4% to €68.8m (2009: €61.2m) which represents an effective tax rate of 17.5% (2009: 18.2%). The decrease in the effective tax rate is primarily due to variations in the geographical split of profits earned and changes in local statutory tax rates.

Consolidated Income Statement *Reconciliation of adjusted* earnings to profit after taxation*	**% Change**	**2010 €m**	**2009 €m**
Revenue	9.7%	4,960.0	4,520.7
Trading profit	11.3%	470.2	422.4
Trading margin		*9.5%*	9.3%
Finance costs (net)		(60.5)	(69.8)
Adjusted* profit before tax	16.2%	409.7	352.6
Income taxes (excluding non-trading items)		(68.8)	(61.2)
Adjusted* earnings after tax	17.0%	340.9	291.4
Intangible asset amortisation		(16.1)	(16.8)
Non-trading items (net of related tax)		(0.6)	(73.4)
Profit after taxation and attributable to equity shareholders	61.1%	324.2	201.2
Adjusted* earnings per share	16.8%	194.5	166.5
Intangible asset amortisation		(9.1)	(9.6)
Non-trading items (net of related tax)		(0.4)	(41.9)
Basic earnings per share	60.9%	185.0	115.0

** Before intangible asset amortisation and non-trading items*

Free Cash Flow

The Group achieved a free cash flow of €305m (2009: €367m) which is stated after net capital expenditure of €139m (2009: €108m) and working capital outflow of €21m. In 2009 the Group had a working capital inflow of €133m, primarily attributable to the Group's restructuring programmes.

Free Cash Flow	**2010 €m**	**2009 €m**
EBITDA*	618	519
Movement in working capital	(21)	133
Pension contributions paid less pension expense	(41)	(42)
Net investment in non-current assets	(139)	(108)
Finance costs paid (net)	(58)	(78)
Income taxes paid	(54)	(57)
Free cash flow	305	367

** Earnings before finance costs, income taxes, depreciation (net) and impairment, intangible asset amortisation and non-trading items (net of related tax).*

The free cash flow of €305m generated during the year was utilised as follows:

- Expenditure on acquisitions net of disposals, including deferred consideration on prior year acquisitions, of €157m (2009: €291m);
- Restructuring and other costs of €26m (2009: €37m); and
- Equity dividends paid of €46m (2009: €41m).

At 31 December 2010 net debt was €1,112m (2009: €1,159m).

Financial Position

At 31 December 2010 net debt stood at €1,112m, a decrease of €47m relative to the 2009 year-end position. In January 2010 the Group completed the issuance of US$600m of senior notes across four tranches with maturities ranging from 7 to 15 years. This has resulted in an increase in the weighted average maturity of net debt from 2.8 years to 4.8 years at year-end. At year-end 46% of debt was carried at fixed rates and the weighted average period for which rates were fixed was 4.3 years (2009: 1.3 years). Undrawn committed facilities at year-end amounted to €455m compared to €445m at the previous year-end.

At 31 December the key financial ratios were as follows;

	2010 TIMES	2009 TIMES
Net debt: EBITDA*	1.8	2.2
EBITDA: Net interest*	10.1	7.8

** Calculated in accordance with banking covenants*

The Group's balance sheet is in a healthy position and with a net debt to EBITDA* ratio of 1.8 times the organisation has sufficient headroom to support its future growth plans.

Shareholders' equity increased by €343m to €1,627m (2009: €1,284m) as profits generated during the year, together with the positive impact of retranslating the Group's net investment in its foreign currency subsidiaries, more than offset the negative impact of actuarial losses on defined benefit schemes.

The company's shares traded in a range of €19.95 to €27.17 during the year. The share price at 31 December was €24.97 (2009: €20.58) giving a market capitalisation of €4.4 billion (2009: €3.6 billion).

Retirement Benefits

At the balance sheet date, the net deficit for all defined benefit schemes (after deferred tax) was €145m (2009: €141m). The slight increase year-on-year reflects an increase in liabilities caused by reduced corporate AA bond rates and an increase in life expectancy assumptions which were almost fully offset by an increase in asset values. The net deficit expressed as a percentage of market capitalisation at 31 December was 3.3% (2009: 3.9%). The charge to the income statement during the year, for both defined benefit and defined contribution schemes, excluding non-trading items was €32.8m (2009: €33.0m).

Acquisitions

The Group completed ten bolt on acquisitions during the year at a total cost of €161m. These acquisitions, which were all completed by the Ingredients & Flavours division, strengthen Kerry's capabilities across a range of technologies and are geographically spread across the three regions.

	Savoury & Dairy	Cereal & Sweet	Beverage
Americas	- IPM Foods - CF Chefs	- NutraCea's cereal ingredients business	- Agilex Flavors - Caffe D'Amore - Teawave
EMEA	- Newmarket Creameries - SpringThyme Oils		
Asia-Pacific	- KMC Foods	- Van den Bergh's and Croissant King branded lifestyle bakery products	

DIVIDEND

The Board recommends a final dividend of 20 cent per share (an increase of 15.6% on the 2009 final dividend) payable on 13 May 2011 to shareholders registered on the record date 15 April 2011. When combined with the interim dividend of 8.8 cent per share this brings the total dividend for the year to 28.8 cent per share, an increase of 15.2% relative to the previous year.

ANNUAL REPORT AND ANNUAL GENERAL MEETING

The Group's Annual Report will be published in early April and the Annual General Meeting will be held in Tralee on 10 May 2011.

POST BALANCE SHEET EVENTS

Since year-end the Group has reached agreement to acquire the following acquisitions for a total consideration of €26m;

EBI Cremica – a provider of food coating systems to the food processing and foodservice sectors in India;

Headland Foods Ltd – a leading manufacturer of frozen customer branded ready meals supplying major multiple retail groups in the UK market.

FUTURE PROSPECTS

Building on the Group's strong performance in 2010 and notwithstanding the challenges arising from the significant increase in raw materials and input costs, we expect that Kerry will achieve good profitable growth in the year ahead. Our market strategies, supported by our industry leading technologies, brands and the strength of the Kerry business model, have continued to enhance the Group's reputation with key customer accounts and strengthen our global customer alliances. We will continue to invest in technology development and additional processing facilities to meet customer requirements in the Group's established and emerging markets.

The Group has made a good start to 2011 and, taking into account the phasing of raw material cost recovery and exchange rate variability, we expect to achieve full year growth in adjusted earnings per share to a range of 210 to 218 cent per share (2010: 194.5 cent).

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

Kerry Group plc

Consolidated Income Statement
for the year ended 31 December 2010

	Notes	**2010 €'000**	2009 €'000
Continuing operations			
Revenue	1	**4,960,003**	4,520,746
Trading profit	1	**470,216**	422,374
Intangible asset amortisation		**(16,065)**	(16,811)
Non-trading items	2	**(815)**	(83,887)
Operating profit		**453,336**	321,676
Finance income		**945**	1,438
Finance costs		**(61,446)**	(71,248)
Profit before taxation		**392,835**	251,866
Income taxes		**(68,618)**	(50,644)
Profit after taxation and attributable to equity shareholders		**324,217**	201,222
Earnings per A ordinary share		**Cent**	Cent
- basic	3	**185.0**	115.0
- diluted	3	**184.7**	114.9

Kerry Group plc

Consolidated Statement of Recognised Income and Expense
for the year ended 31 December 2010

	2010	2009
	€'000	€'000
Profit for the year after taxation	**324,217**	201,222
Other comprehensive (expense) / income:		
Fair value movements on available-for-sale investments	**-**	(6,984)
Fair value movements on cash flow hedges	**21,914**	3,515
Exchange difference on translation of foreign operations	**57,295**	39,609
Actuarial losses on defined benefit post-retirement schemes	**(30,268)**	(71,047)
Deferred tax on items taken directly to reserves	**2,015**	19,686
Net income / (expense) recognised directly in other comprehensive income	**50,956**	(15,221)
Reclassification to profit or loss from equity:		
Cash flow hedges	**1,228**	(8,611)
Available-for-sale investments	**7,403**	-
Total comprehensive income	**383,804**	177,390

Kerry Group plc

Consolidated Balance Sheet
as at 31 December 2010

	2010	2009
	€'000	€'000
Non-current assets		
Property, plant and equipment	**1,107,164**	993,744
Intangible assets	**1,998,868**	1,871,631
Financial asset investments	**8,215**	11,502
Non-current financial instruments	**42,680**	-
Deferred tax assets	**8,928**	7,366
	3,165,855	2,884,243
Current assets		
Inventories	**531,561**	444,171
Trade and other receivables	**618,727**	547,119
Cash and cash equivalents	**159,340**	270,011
Other current financial instruments	**4,684**	3
Assets classified as held for sale	**5,386**	3,881
	1,319,698	1,265,185
Total assets	**4,485,553**	4,149,428
Current liabilities		
Trade and other payables	**1,017,912**	912,444
Borrowings and overdrafts	**181,286**	164,630
Other current financial instruments	**12,206**	1,951
Tax liabilities	**34,357**	23,427
Provisions for liabilities and charges	**18,342**	44,660
Deferred income	**2,514**	1,952
	1,266,617	1,149,064
Non-current liabilities		
Borrowings	**1,123,276**	1,216,865
Other non-current financial instruments	**-**	46,083
Retirement benefits obligation	**194,700**	194,360
Other non-current liabilities	**55,299**	61,202
Deferred tax liabilities	**166,389**	154,780
Provisions for liabilities and charges	**30,672**	28,434
Deferred income	**21,649**	14,585
	1,591,985	1,716,309
Total liabilities	**2,858,602**	2,865,373
Net assets	**1,626,951**	1,284,055
Issued capital and reserves attributable to equity holders of the parent		
Share capital	**21,939**	21,895
Share premium account	**398,711**	395,177
Other reserves	**(98,234)**	(187,345)
Retained earnings	**1,304,535**	1,054,328
Shareholders' equity	**1,626,951**	1,284,055

Kerry Group plc

Consolidated Statement of Changes in Equity
for the year ended 31 December 2010

	Notes	Share Capital €'000	Share Premium €'000	Other Reserves €'000	Retained Earnings €'000	Total €'000
At 1 January 2009		21,845	392,184	(215,565)	945,231	1,143,695
Total comprehensive income		-	-	27,529	149,861	177,390
Dividends paid	4	-	-	-	(40,764)	(40,764)
Long term incentive plan expense		-	-	691	-	691
Shares issued during year		50	2,993	-	-	3,043
At 31 December 2009		21,895	395,177	(187,345)	1,054,328	1,284,055
Total comprehensive income		**-**	**-**	**87,840**	**295,964**	**383,804**
Dividends paid	4	**-**	**-**	**-**	**(45,757)**	**(45,757)**
Long term incentive plan expense		**-**	**-**	**1,271**	**-**	**1,271**
Shares issued during year		**44**	**3,534**	**-**	**-**	**3,578**
At 31 December 2010		**21,939**	**398,711**	**(98,234)**	**1,304,535**	**1,626,951**

Other Reserves comprise the following:

	Capital Redemption Reserve €'000	Capital Conversion Reserve Fund €'000	Long Term Incentive Plan Reserve €'000	Available-for-sale Investment Reserve €'000	Translation Reserve €'000	Hedging Reserve €'000	Total €'000
At 1 January 2009	1,705	340	1,424	(419)	(197,616)	(20,999)	(215,565)
Total comprehensive income	-	-	-	(6,984)	39,609	(5,096)	27,529
Long term incentive plan expense	-	-	691	-	-	-	691
At 31 December 2009	1,705	340	2,115	(7,403)	(158,007)	(26,095)	(187,345)
Total comprehensive income	**-**	**-**	**-**	**7,403**	**57,295**	**23,142**	**87,840**
Long term incentive plan expense	**-**	**-**	**1,271**	**-**	**-**	**-**	**1,271**
At 31 December 2010	**1,705**	**340**	**3,386**	**-**	**(100,712)**	**(2,953)**	**(98,234)**

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Consolidated Cash Flow Statement
for the year ended 31 December 2010

	Notes	**2010**	2009
		€'000	€'000
Operating activities			
Trading profit		**470,216**	422,374
Adjustments for:			
Depreciation (net) and impairment		**148,351**	97,247
Change in working capital		**(21,511)**	132,438
Pension contributions paid less pension expense		**(41,068)**	(42,294)
Expenditure on restructuring and other costs		**(26,355)**	(37,389)
Exchange translation adjustment		**(1,483)**	4,203
Cash generated from operations		**528,150**	576,579
Income taxes paid		**(54,249)**	(57,114)
Finance income		**945**	1,438
Finance costs paid		**(58,525)**	(79,398)
Net cash from operating activities		**416,321**	441,505
Investing activities			
Purchase of non-current assets		**(151,001)**	(126,136)
Proceeds from the sale of non-current assets		**7,162**	17,402
Capital grants received		**4,395**	801
Purchase of subsidiary undertakings (net of cash acquired)	5	**(150,681)**	(274,800)
Payments due to disposal of businesses (net of related tax)		**(2,674)**	-
Payment of deferred consideration on acquisition of subsidiaries		**(7,824)**	(13,979)
Consideration adjustment on previous acquisitions		**3,672**	(2,345)
Net cash used in investing activities		**(296,951)**	(399,057)
Financing activities			
Dividends paid	4	**(45,757)**	(40,764)
Issue of share capital		**3,578**	3,043
Net movement on bank borrowings		**(201,706)**	73,064
Increase/(decrease) in bank overdrafts		**5,240**	(7,726)
Net cash movement due to financing activities		**(238,645)**	27,617
Net (decrease)/increase in cash and cash equivalents		**(119,275)**	70,065
Cash and cash equivalents at beginning of year		270,011	195,818
Exchange translation adjustment on cash and cash equivalents		**8,604**	4,128
Cash and cash equivalents at end of year		**159,340**	270,011

Reconciliation of Net Cash Flow to Movement in Net Debt

		2010	2009
Net (decrease)/increase in cash and cash equivalents		**(119,275)**	70,065
Cash outflow/(inflow) from debt financing		**196,467**	(65,338)
Changes in net debt resulting from cash flows		**77,192**	4,727
Fair value movement on interest rate swaps recognised in shareholders' equity		**19,415**	3,879
Exchange translation adjustment on net debt		**(49,064)**	(4,579)
Movement in net debt in the year		**47,543**	4,027
Net debt at beginning of year		(1,159,476)	(1,163,503)
Net debt at end of year		**(1,111,933)**	(1,159,476)

Kerry Group plc

Notes to the Financial Statements
for the year ended 31 December 2010

1. Analysis of results

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 supplies added value brands and customer branded foods to the Irish and UK markets.

	Ingredients & Flavours 2010 €'000	**Consumer Foods 2010 €'000**	**Group Eliminations and Unallocated 2010 €'000**	**Total 2010 €'000**	Ingredients & Flavours 2009 €'000	Consumer Foods 2009 €'000	Group Eliminations and Unallocated 2009 €'000	Total 2009 €'000
Revenue	**3,674,498**	**1,768,059**	**(482,554)**	**4,960,003**	3,261,006	1,712,915	(453,175)	4,520,746
Trading profit	**401,342**	**131,963**	**(63,089)**	**470,216**	340,119	122,085	(39,830)	422,374
Intangible asset amortisation	**(11,959)**	**(1,607)**	**(2,499)**	**(16,065)**	(12,964)	(1,718)	(2,129)	(16,811)
Non-trading items	**(473)**	**(342)**	**-**	**(815)**	(71,635)	(12,252)	-	(83,887)
Operating profit	**388,910**	**130,014**	**(65,588)**	**453,336**	255,520	108,115	(41,959)	321,676
Finance income				**945**				1,438
Finance costs				**(61,446)**				(71,248)
Profit before taxation				**392,835**				251,866
Income taxes				**(68,618)**				(50,644)
Profit after taxation and attributable to equity shareholders				**324,217**				201,222
Segment assets and liabilities								
Segment assets	**2,774,501**	**1,071,238**	**639,814**	**4,485,553**	2,462,540	1,021,215	665,673	4,149,428
Segment liabilities	**(686,638)**	**(425,245)**	**(1,746,719)**	**(2,858,602)**	(645,330)	(390,850)	(1,829,193)	(2,865,373)
Net assets	**2,087,863**	**645,993**	**(1,106,905)**	**1,626,951**	1,817,210	630,365	(1,163,520)	1,284,055
Other segmental information								
Property, plant and equipment additions	**131,745**	**20,663**	**-**	**152,408**	62,842	20,996	-	83,838
Depreciation (net) and impairment	**91,144**	**35,472**	**21,735**	**148,351**	69,036	27,425	786	97,247
Intangible asset additions	**298**	**105**	**1,370**	**1,773**	625	177	25,338	26,140

Kerry Group plc

Notes to the Financial Statements (continued)
for the year ended 31 December 2010

1. Analysis of results (continued)

Information about geographical areas

	EMEA 2010 €'000	**Americas 2010 €'000**	**Asia Pacific 2010 €'000**	**Total 2010 €'000**	EMEA 2009 €'000	Americas 2009 €'000	Asia Pacific 2009 €'000	Total 2009 €'000
Revenue by location of customers	**2,972,173**	**1,479,003**	**508,827**	**4,960,003**	2,830,447	1,286,650	403,649	4,520,746
Segment assets by location	**2,882,676**	**1,251,880**	**350,997**	**4,485,553**	2,770,945	1,112,003	266,480	4,149,428
Property, plant and equipment additions	**58,831**	**76,238**	**17,339**	**152,408**	46,794	30,150	6,894	83,838
Intangible asset additions	**1,687**	**86**	**-**	**1,773**	25,727	392	21	26,140

Kerry Group plc is domiciled in the Republic of Ireland and the revenues from third party customers in the Republic of Ireland was **€581,482,000** (2009: €641,161,000). The segment assets located in the Republic of Ireland are **€1,206,004,000** (2009: €1,108,089,000). The accounting policies of the reportable segments are the same as the Group's accounting policies as outlined in the Statement of Accounting Policies.

2. Non-trading items

	2010 €'000	2009 €'000
Profit/(loss) on disposal of non-current assets	**183**	(1,814)
Loss on disposal of businesses	**(998)**	(12,935)
Kerry Ingredients & Flavours reorganisation	**-**	(56,636)
Breeo Foods integration and Consumer Foods plant restructuring	**-**	(35,655)
Incomplete acquisition	**-**	23,153
	(815)	(83,887)
Tax	**161**	10,555
	(654)	(73,332)

Loss on disposal of businesses
The loss on disposal of businesses relates primarily to the sale of the non-core Kerry Spring business in Co. Kerry, Ireland and the sale of the Dawn Dairies business in Co. Galway, Ireland.

2009 Non-trading items
The Kerry Ingredients & Flavours reorganisation was aimed at capturing operational synergies associated with the Group's 'go-to-market' strategy. The Breeo Foods integration and Consumer Foods plant restructuring costs included implementing the optimal structure after integrating the acquired business, in addition to significant restructuring of other Irish Consumer Foods operations.

The reversal of the incomplete acquisition provision was in relation to the Breeo Foods acquisition. In 2008 a provision was created as a High Court decision was pending relating to an appeal made by the Group to annul the determination of the Competition Authority to prohibit the acquisition of Breeo Foods. The judgement of the appeal in Kerry's favour in 2009 allowed the acquisition to proceed and the provision was therefore reversed.

Kerry Group plc

Notes to the Financial Statements (continued)
for the year ended 31 December 2010

2. Non-trading items (continued)

2009 Non-trading items *(continued)*
The loss on disposal of businesses primarily related to the disposal of a non-core business in France, while the loss on disposal of non-current assets related to the disposal of properties, plant and equipment located mainly in the USA.

The net tax credit on the non-trading items arose due to tax deductions available on the restructuring, acquisition integration programme and the disposal of non-current assets.

3. Earnings per A ordinary share

	Notes	**EPS cent**	**2010 €'000**	EPS cent	2009 €'000
Basic earnings per share					
Profit after taxation and attributable to equity shareholders		**185.0**	**324,217**	115.0	201,222
Intangible asset amortisation		**9.1**	**16,065**	9.6	16,811
Non-trading items (net of related tax)	2	**0.4**	**654**	41.9	73,332
Adjusted earnings*		**194.5**	**340,936**	166.5	291,365
Diluted earnings per share					
Profit after taxation and attributable to equity shareholders		**184.7**	**324,217**	114.9	201,222
Adjusted earnings*		**194.2**	**340,936**	166.3	291,365

* 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 before intangible asset amortisation and non-trading items (net of related tax).

	Number of Shares 2010 000's	Number of Shares 2009 000's
Basic weighted average number of shares for the year	**175,292**	174,989
Impact of share options outstanding	**234**	202
Diluted weighted average number of shares for the year	**175,526**	175,191
Actual number of shares in issue as at 31 December	**175,517**	175,164

4. Dividends

	2010 €'000	2009 €'000
Amounts recognised as distributions to equity shareholders in the year		
Final 2009 dividend of **17.30 cent** per A ordinary share paid 14 May 2010 (Final 2008 dividend of 15.60 cent per A ordinary share paid 22 May 2009)	**30,311**	27,313
Interim 2010 dividend of **8.80 cent** per A ordinary share paid 12 November 2010 (Interim 2009 dividend of 7.70 cent per A ordinary share paid 20 November 2009)	**15,446**	13,451
	45,757	40,764

Since the year end the Board has proposed a final 2010 dividend of 20.00 cent per A ordinary share. The payment date for the final dividend will be 13 May 2011 to shareholders registered on the record date as at 15 April 2011. These consolidated financial statements do not reflect this dividend.

Kerry Group plc

Notes to the Financial Statements (continued)
for the year ended 31 December 2010

5. Business combinations

During 2010, the Group completed ten bolt on acquisitions, all of which were 100% acquired. No individual acquisition cost in excess of €40,000,000 and the total consideration for acquisitions amounted to **€161,499,000** analysed as follows:

	Acquiree's Carrying Amount Before Combination 2010 €000	Fair Value Adjustment: Revaluations 2010 €000	Fair Value Adjustment: Alignment of Accounting Policies 2010 €000	Fair Value 2010 €000
Recognised amounts of identifiable assets acquired and liabilities assumed:				
Non-current assets				
Property, plant and equipment	**28,011**	**693**	**-**	**28,704**
Brand related intangibles	**12**	**31,523**	**-**	**31,535**
Computer software	**27**	**-**	**-**	**27**
Current assets				
Inventories	**24,238**	**-**	**-**	**24,238**
Trade and other receivables	**20,600**	**-**	**(288)**	**20,312**
Current liabilities				
Trade and other payables	**(15,378)**	**-**	**(281)**	**(15,659)**
Non-current liabilities				
Deferred tax liabilities	**(486)**	**(2,188)**	**-**	**(2,674)**
Other non-current liabilities	**(1,126)**	**(2,363)**	**-**	**(3,489)**
Total identifiable assets	**55,898**	**27,665**	**(569)**	**82,994**
Goodwill				**78,505**
Total consideration				**161,499**
Satisfied by:				
Cash				**150,681**
Contingent consideration				**6,846**
Deferred payment				**3,972**
				161,499

The acquisition method of accounting has been used to consolidate the businesses acquired in the Group's financial statements. Since the valuation of the fair value of assets and liabilities recently acquired is still in progress, the above values are determined provisionally. The cash discharged figure above includes **€6,220,000** of net debt taken over at the date of acquisition.

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. **€51,283,000** of goodwill recognised is expected to be deductible for income tax purposes.

The contingent consideration arrangements require specific contractual obligations to be met before a settlement is made. These contractual obligations vary in relation to the acquisitions to which they relate. The potential discounted amount of all future payments which the Group could be required to make under these arrangements is approximately between €6,225,000 and €7,353,000. The fair value of the contingent consideration was estimated by applying a probability analysis to future revenue streams.

The fair value of the financial assets includes trade and other receivables with a fair value of €20,312,000 and a gross contractual value of €20,701,000.

Acquisition related costs were charged against trading profit in the Group's Consolidated Income Statement during the year and represented approximately less than half a percent of the total consideration.

5. Business combinations (continued)

The principal acquisitions completed during 2010 are summarised as follows:

In February 2010, the Group acquired NutraCea's infant cereal ingredients business based in the USA.

In March 2010, the Group acquired the business and assets of IPM Foods. IPM is a specialist provider of shelf stable soups and sauce systems and Tetra Recart™ packaging technology.

The Group acquired the business and assets of Teawave in March 2010. Based in Florida, USA, the acquired business produces a line of shelf stable smoothies sold into specialty coffee and other foodservice segments.

In August 2010, the Group acquired Lancashire, UK based SpringThyme Oils Limited, a clean label natural infused spice oil and seasonings company.

In October 2010, the Group acquired Newmarket Co-operative Creameries Limited. Based in Cork, Ireland, the acquired business is a leading manufacturer of cheddar cheese in Ireland.

Also in October 2010, the Group acquired Agilex Flavors (Key Essentials Inc). Based in California, USA, the acquired business is a leading developer of sweet, fruit and brown flavours for health and wellness applications in the food industry.

In December 2010, the Group acquired the following:
- General Mills Bakery & Foodservice Pty Ltd based in Queensland and New South Wales, Australia. The business produces a range of lifestyle bakery products;
- the business and assets of KMC Foods, a developer and manufacturer of Asian cuisine culinary sauces based in Johor Bahru, Malaysia;
- CF Chefs Inc based in Texas, USA, which manufactures custom liquid and shelf stable sauces for processor applications; and
- the business and assets of Caffe D'Amore, based in California, USA, a leading provider of a complete line of gourmet beverage products for foodservice and specialty retail applications.

Due to the rapid integration of the acquired businesses into the Group's current structure, involving all aspects of business activities such as manufacturing, commercial, finance and IT, separate disclosure of the acquisitions' revenues and profit or loss is impracticable.

A number of acquisitions have been completed or signed since the year end and are discussed in note 6. As these acquisitions were only recently completed the initial accounting for these business combinations is incomplete and therefore the disclosure required is impracticable.

6. Events after the balance sheet date

Since the year end, the Group has:
- completed acquisitions to the value of €25,800,000 including:
  EBI Cremica, a provider of food coating systems to the food processor and foodservice sectors in India; and Headland Foods Limited, a leading manufacturer of frozen customer branded ready meals supplying major retailers in the UK.
- entered into an agreement to sell assets relating to the Limerick Dairies business in Ireland; and
- proposed a final dividend of 20.00 cent per A ordinary share (see note 4).

There have been no other significant events, outside the ordinary course of business, affecting the Group since 31 December 2010.

7. General information and accounting policies

The financial information set out in this document does not constitute full statutory financial statements for the years ended 31 December 2010 or 2009 but is derived from same. The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), applicable Irish law and the Listing Rules of the Irish and London Stock Exchanges. The Group's financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The 2010 and 2009 financial statements have been audited and received unqualified audit reports. The 2010 financial statements were approved by the Board of Directors on 21 February 2011.

Notes to the Financial Statements (continued)
for the year ended 31 December 2010

7. General information and accounting policies (continued)

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial asset investments and financial liabilities (including derivative financial instruments), which are held at fair value. The Group's accounting policies will be included in the Annual Report & Accounts to be published in April 2011.