Kerry Group Annual Report & Accounts 2006

the science of food

KERRY

Contents

2006 at a glance

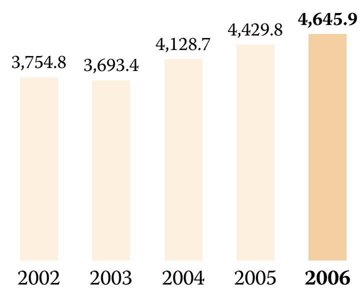
Sales revenue increased by 4.9% to

€4.65 billion

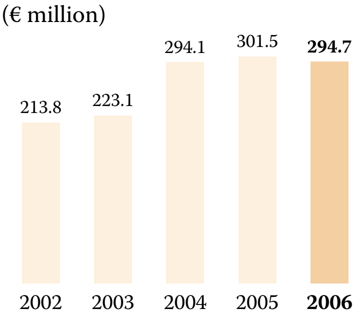
Final dividend per share up 13.6% to

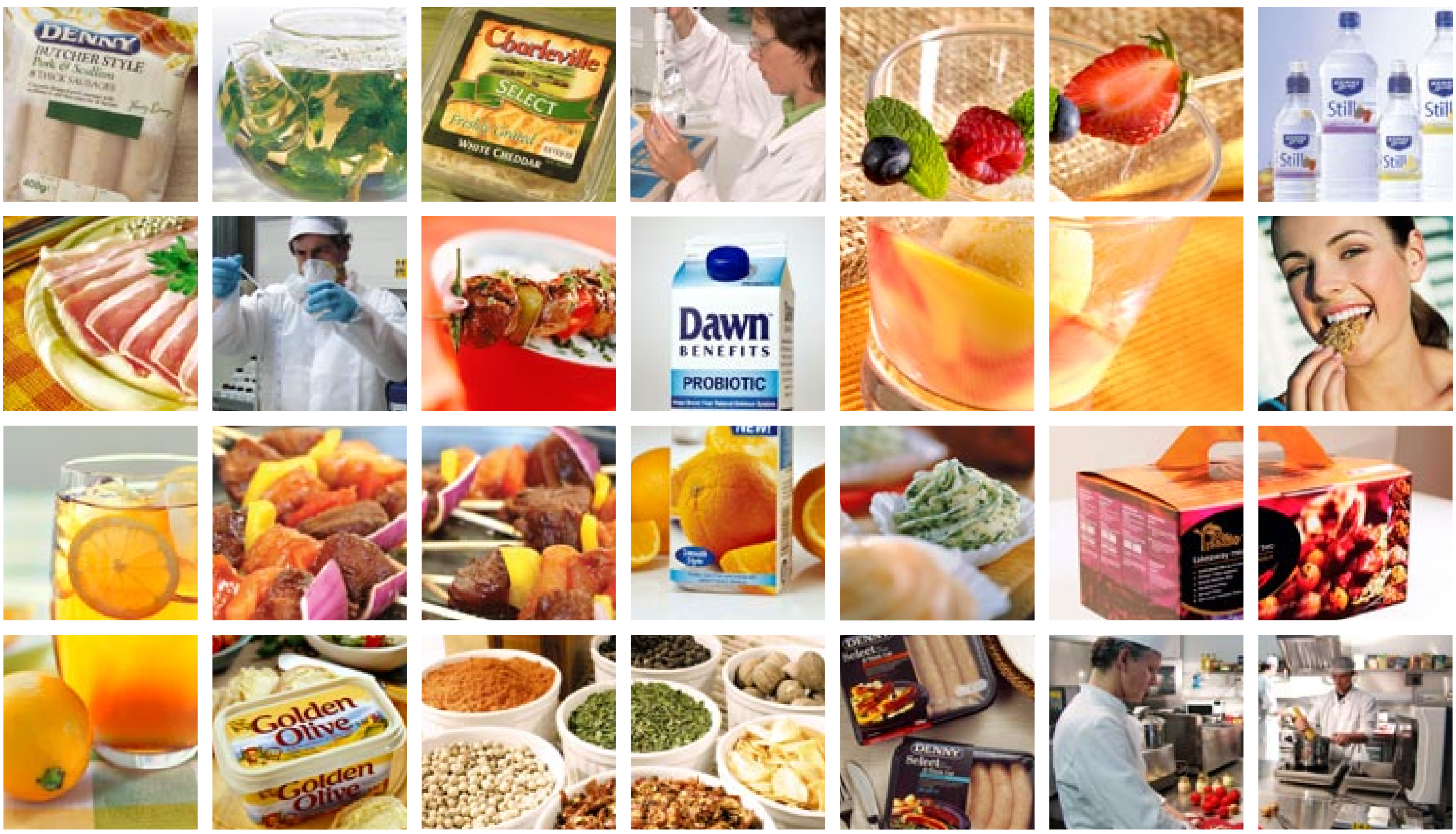
12.5 cent

Revenue
(€ million)



Profit Before Taxation and Non-trading Items
(€ million)





EBITDA increased to

€487m

Trading profit increased to

€384m

Adjusted EPS* up 1.7% to

133.9 cent

Free cash flow of

€241m

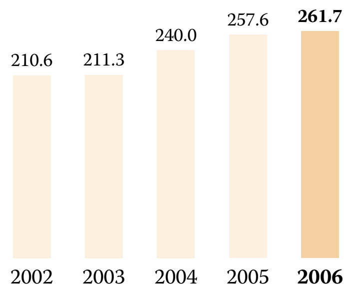
R&D expenditure increased to

€139m

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

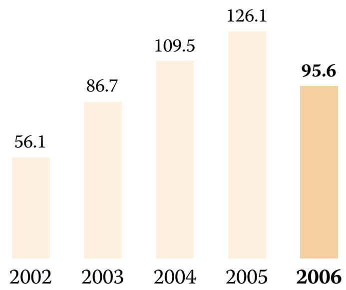
Cash (EBITDA*) Per Share

(cent)



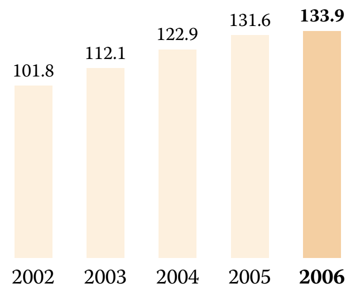
Earnings Per Share

After Intangible Asset Amortisation and Non-trading Items (cent)



Earnings Per Share

Before Intangible Asset Amortisation and Non-trading Items (cent)



Chairman's Statement

Denis Buckley, Chairman

The year 2006 will be remembered as a challenging year for the international food industry. The unprecedented surge in energy costs early in the first half of the year adversely impacted Kerry's performance but core Group businesses proved resilient – demonstrating their underlying strengths and leadership positions in global food and beverage markets. Benefiting from strong innovation and business cost saving programmes, the improved trading performance of the Group in the second half of the year was particularly encouraging.






Results

Group businesses achieved good organic growth in 2006. Despite the significant energy related input cost inflation, the Group maintained its record of annual earnings growth in its 21st year as a public company. Trading profit increased to €384m and adjusted earnings per share increased by 1.7% to 133.9 cent.

Strategic Development

Kerry's strengths in terms of its broad geographical spread, its leading technology platforms and strong customer base were to the fore in overcoming the significant challenges presented in 2006. Performance during the year was assisted by management's on-going focus on optimising operational efficiencies and on cost recovery programmes. In global ingredients markets the Group has established solid platforms for sustained growth and development throughout the food, beverage and pharma sectors. In particular good progress was achieved in meeting consumer requirements for health, nutritional and functional products. Our strong growth in emerging markets is also most encouraging.

In the Group's UK and Irish consumer foods categories, we have divested non-core activities which, coupled with substantial investment in innovation and brand promotion, places the division on a strong footing for profitable growth going forward. Details of the performances of Group businesses in 2006 are given in the Chief Executive's Review and in the Business Reviews of this report.

Dividend

The Board recommends a final dividend of 12.5 cent per share, an increase of 13.6% on 2005. Together with the interim dividend of 5.5 cent per share, this raises the total dividend for the year to 18 cent per share, an increase of 12.5% on the previous year. The final dividend will be paid on 25 May 2007 to shareholders registered on the record date 27 April 2007.

Board Changes

I would like to thank James Brosnan, Walter Costello and Roger Robbins who retired from the Board for their commitment and individual contributions to the Group. We welcome to the Board Gerard O'Hanlon, James O'Connell and Michael O'Connor who were appointed non-executive Directors of the Company in January 2007.

Prospects

Management's comments on the outlook for the Group are given in the Chief Executive's Review. In global ingredients markets the Board is confident that strong organic growth is achievable into the future. In consumer foods categories the underlying strength of Kerry Foods' brands and strong positioning in convenience growth sectors will ensure that the division continues to outperform market growth rates.

On behalf of the Board I would like to thank Hugh Friel and all Group management and employees for their achievements and success in what was a difficult year for Kerry in 2006.

Denis Buckley

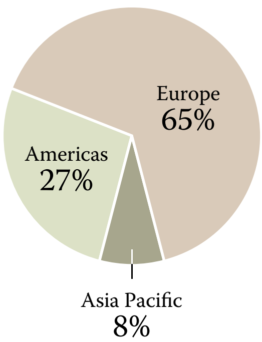
Denis Buckley, Chairman
26 February 2007

Chief Executive's Review

Hugh Friel, Chief Executive

In a difficult year for the global food industry, Kerry continued to successfully develop its worldwide food ingredients businesses and its Irish and UK consumer foods businesses. Benefiting from good top-line growth across food and beverage ingredients markets, the Group increased trading profits despite the surge in energy and energy related cost inflation in 2006.

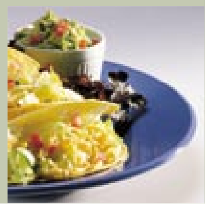
Group Revenue by Destination



Analysis of Revenue and Trading Profit 2006		
Revenue:	**Ingredients**	**€3,134m**
	Consumer Foods	**€1,819m**
Trading Profit:	**Ingredients**	**€293m**
	Consumer Foods	**€118m**





The performance in the second half of the year was particularly encouraging across ingredients markets – with trading margin improvement of 20 basis points in the period offsetting the 20 basis points reduction in trading margin in the first six months. This performance was assisted by the continued development of nutritional and functional food and beverage ingredient systems, in addition to cost recovery and savings programmes. In the UK and Irish consumer foods sectors progress was adversely affected by the delay in recovering input cost increases and market related difficulties in the poultry and frozen ready meals sectors. However the food division's market leading brands and core business segments performed well.

The programme to optimise operational efficiencies throughout the Group announced at the half year results stage is well advanced. The full programme, scheduled for completion by year-end 2007, will effect a €250m reduction in revenue and a 25 basis points improvement in the Group trading margin in 2008.

The Group's focus on research, development and application led to a 10% increase in roll-out of new product developments in 2006. Expenditure increased from €125m in 2005 to €139m in the year under review.

Results

Total Group sales revenue in 2006 increased by 4.9% to €4.65 billion. On a like-for-like basis this reflects revenue growth of 3.6% year-on-year. Earnings before interest, tax, depreciation, amortisation and non-trading items increased by 1% to €487m. The unprecedented surge in energy and energy related cost inflation in 2006 limited trading profit growth to 1% to a level of €384m. Despite good margin recovery in the second half of the year, the time-lag in cost recovery particularly in European markets resulted in a Group trading margin of 8.3%, 30 basis points below the prior year level.

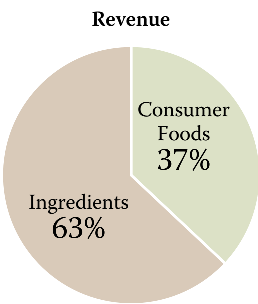
Trading margins in ingredients businesses were held at 9.4% but margins in consumer foods, exacerbated by the difficulties in the poultry and frozen ready meals sector, declined from 7.1% to 6.5%.

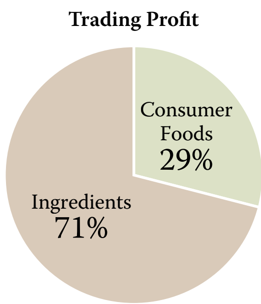
Non-trading items (acquisition integration, business disposals, plant closures and restructuring costs) for the year amounted to €73.4m which reduced profit after taxation by €59.2m to €178m. Adjusted earnings per share increased by 1.7% to 133.9 cent.

Business Reviews

Food Ingredients

Overall Kerry's food ingredients businesses achieved a good performance in 2006 notwithstanding significant cost pressures. Total sales revenue increased by 3.7% to €3.13 billion, reflecting like-for-like growth of 4%. Trading profits increased by 3.3% to €293m, maintaining a trading margin of 9.4% similar to the level over the previous two years. Despite the time-lag in recovering cost increases in particular in European markets, the trading margin in the second half increased to 10.7% offsetting the 20 basis points reduction in the first six months of 2006. This performance benefited from the on-going focus throughout all Group ingredients operations on cost savings and on restructuring programmes for optimum asset utilisation. Excellent results were also achieved through the Kerry Ingredients, Mastertaste and Kerry Bio-Science innovation programmes focused on customer requirements for enhanced health, natural, convenient product solutions and improved delivery formats.








1 Denis Cregan, *Deputy Chief Executive and CEO Kerry Ingredients*
2 Stan McCarthy, *President and CEO Kerry Ingredients Americas*
3 Flor Healy, *CEO Kerry Foods*
4 Brian Mehigan, *Chief Financial Officer*

Consumer Foods

Kerry's core consumer foods categories including chilled ready meals, pre-packed cooked meats, sausage, cheese and spreads all grew satisfactorily in 2006. However difficulties in the primary poultry and frozen foods categories adversely impacted performance and trading profits of the foods division. While sales revenue increased by 5.4% to €1.82 billion (reflecting like-for-like growth of 1.5%) trading profits declined by 4.5% to €118m. The significant reduction in profitability in the poultry and frozen ready meals categories meant that the overall trading margin in the foods division was reduced from 7.1% in 2005 to 6.5% in the year under review. Having divested the primary poultry processing operations prior to year-end, management is confident that the division's strong branded category leadership, its focus on chilled growth categories and innovation across health/wellness sectors, combined with its quality asset and strong customer base, positions Kerry Foods for good profitability in 2007.

Geographic Markets

Total Group sales revenue throughout European markets in 2006 grew by 4.2% to €3 billion. In American markets, the Group's ingredients and flavours businesses increased sales revenue by 5.2% to €1.3 billion. Sales revenue in Asia Pacific markets increased by 9.2% to €363m.

Finance

Earnings before finance costs, tax, non-trading items, depreciation and amortisation (EBITDA) increased by 1% to €487m. After allowing for an increase in working capital of €46m, capital expenditure of €88m (net of proceeds from asset disposals of €14m), finance payments of €77m and tax of €35m, free cash flow available to the Group was €241m. The consistent strong cash generation performance of the Group has delivered €1.26 billion free cash in the last five year period.

Expenditure on Group acquisitions amounted to €113m (2005 : €234m). Net debt at year-end amounted to €1,194m compared to €1,275m at the end of 2005. Net debt to EBITDA reduced to 2.5 times (2005 : 2.6 times). Finance costs were €76.9m compared to the 2005 level of €68.4m, with EBITDA to net interest covered 6.2 times (2005 : 8 times). The Group used its share buy-back programme authorisation to purchase 2.8 million shares at a cost of €48.4m in 2006.

Future Prospects

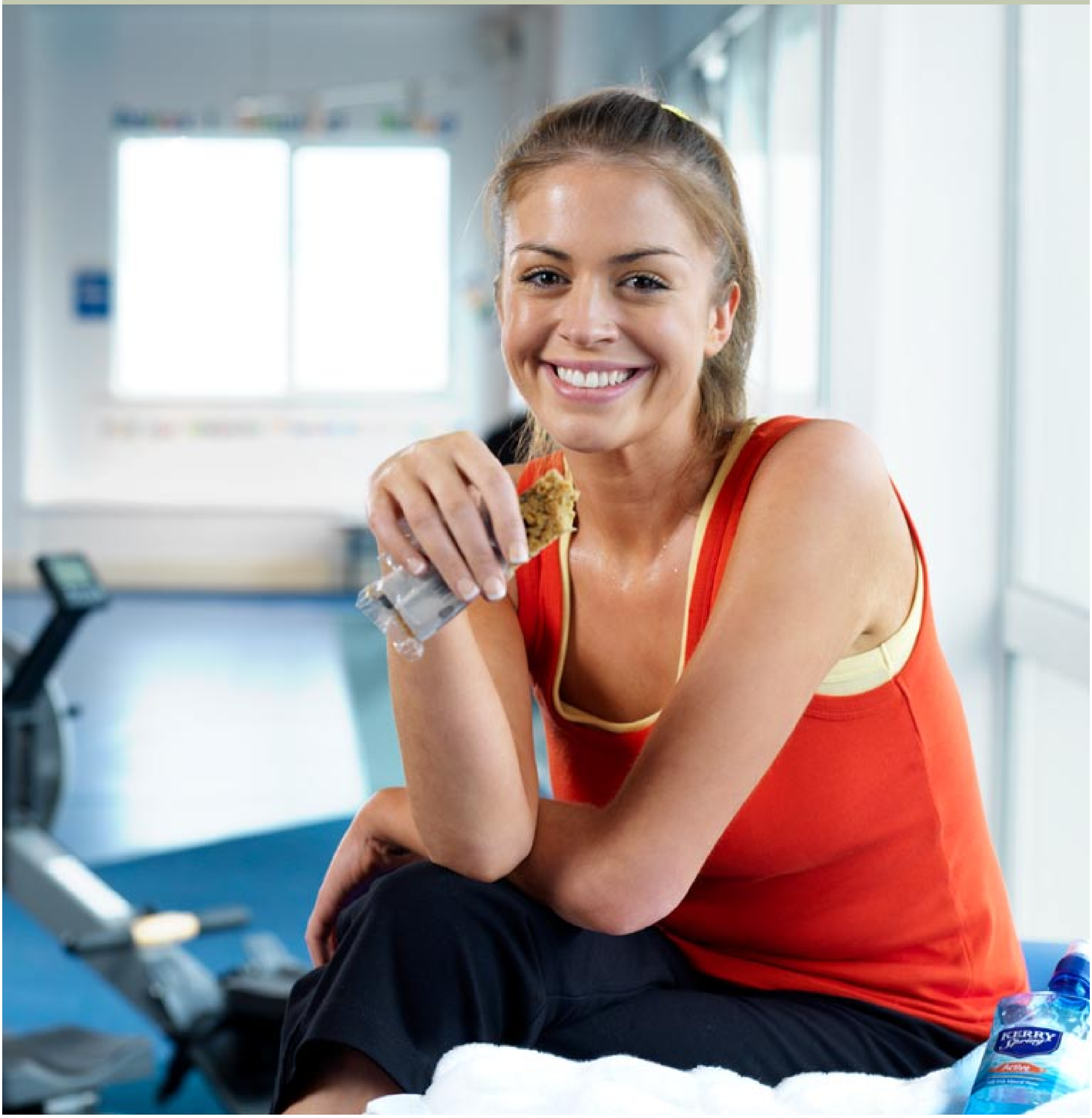
The Group has made a good start to 2007. The ingredients, bio-science and flavours businesses are well positioned to meet customer requirements for convenient, nutritional product innovations throughout the global marketplace. Having divested non-core low margin activities in the Group's consumer foods division in Ireland and the UK; Kerry Foods' focus on premium chilled growth categories, allied to its well-invested market-leading brands and strong customer base, augurs well for the future profitable growth of the division.





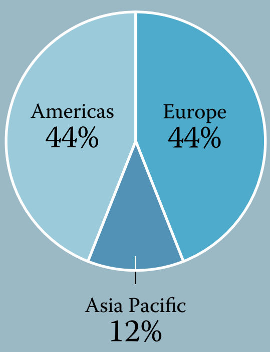
The restructuring programme to optimise asset utilisation and enhance supply chain efficiencies is well advanced and will be completed by year-end. With the forecast more benign energy cost environment, the Group's on-going focus on cost recovery in some markets and on cost savings throughout all operations, coupled with good top-line growth will deliver margin expansion in 2007. The Group has a strong balance sheet and is well positioned to avail of business growth opportunities. We are confident of an outcome for the full year in line with market expectations.

Hugh Friel, Chief Executive
26 February 2007



Excellent results were achieved in 2006 through the Group's ingredients, flavours and bio-science innovation programmes focused on customer requirements for enhanced health, natural, convenient product solutions and improved delivery formats. Total sales revenue increased by 3.7% to €3.13 billion, reflecting like-for-like growth of 4%. Trading profits increased by 3.3% to €293m, maintaining a trading margin of 9.4% similar to the level over the previous two years.

Food Ingredients Revenue by Destination



Food Ingredients	2006	2005
Revenue	€3,134m	€3,022m
Trading Profit	€293m	€284m

business review

Food Ingredients

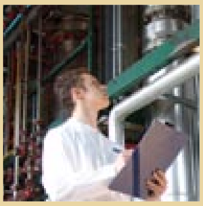
In American ingredients markets progress and development in 2006 accelerated, with an improved growth and innovation performance relative to the prior year. Sales revenue increased by 5.2% or 4.9% on a like-for-like basis to €1.28 billion. In North America, building on the ingredients business 'integrated business unit' structure, a new Go-To-Market strategy was initiated in 2006. The rapid expansion of Kerry's technology base in recent years necessitated a realignment of business units around core technologies – providing industry-leading customer service through applications and product solutions developed across multi-technology platforms. Encouraging results have already been achieved through this strategy and prospects are for higher growth rates as a result in 2007.

In the U.S. food and beverage industry development continues to focus on consumer demands for healthy 'good for you' products, convenient formats and the continued expansion of organic lines. Good growth was achieved in meeting market demands for new nutritional and functional food and beverage offerings, assisted by Kerry's Proteins and Nutritionals range of dairy and soy technologies. Successful product launches were achieved with innovative ingredient systems including high protein crisps in nutrition bars and premium inclusions in ready-to-eat cereals and ice cream categories. Progress in the cereal and sweet ingredients sectors continues to meet growth expectations. In 2006, this led to the acquisition of Custom Industries and Nuvex Ingredients. Complementing Kerry's existing facilities in the U.S. and Canada, both acquisitions added valuable production capacity and proprietary

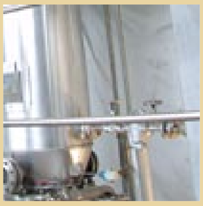










technologies. Nuvex Ingredients; operating from a modern organically certified production facility located in Blue Earth, Minnesota; further strengthens Kerry's industry leading extrusion technology and enhances its market positioning in the cereal and nutritional sectors. In the sweet sector, Custom Industries; operating from modern manufacturing facilities in St Genevieve, Missouri and Toronto, Canada; significantly strengthens Kerry's portfolio of inclusion products in particular into the bakery category.

In the speciality dairy sector Kerry's business restructuring programme delivered good results. The Albert Lea, Minnesota facility was closed and business operations were aligned to meet sector requirements. Reflecting consumer preference for heat and serve products, new production lines were introduced for frozen and chilled complete sauces and nutritional beverages.

Strong volume growth was achieved in the savoury ingredients sector in the second half of 2006. The appetizer market, regional snack manufacturers and foodservice chains provided good growth opportunities for Kerry's snack, flavourings, meat seasonings and coatings technologies.

In the nutritional beverage sector, development of spray-dried pharma-grade nutritional formulas produced at the Covington, Ohio facility and shelf-stable liquid nutritional beverages produced at the St. Claire, Quebec facility achieved strong market positioning.

In the U.S. foodservice sector, Kerry continued to record strong growth via coffee house chains through beverage, coatings and sweet ingredient applications. Growth trends in speciality beverages and indulgent frozen desserts created good opportunities for beverage syrups and sweet inclusions as restaurant chains continue to expand their menu offerings. The growing popularity of speciality coffee and indulgent coffee based beverages continues to drive coffee syrup and smoothie sales. Re-branding initiatives across the Da Vinci and JetTea ranges achieved a good market response.

The strength and breadth of the Group's ingredients technologies were again to the fore in delivering continued satisfactory business development in Latin American and South American markets. Good growth was achieved in Central American snack markets and in the Mexican beverage and bakery categories. The foodservice sector in the region continued to grow providing good opportunity for Kerry's range of savoury and sweet ingredient systems. The Group's Brazil based facilities continued to achieve good market growth through seasonings and food coatings in South American proteins markets and through sweet ingredients in the Brazilian ice cream sector.

In American markets the Group's flavour division made good progress in the growing natural and organics marketplace. While the demand for 'all natural' clean label applications has grown across all food and beverage categories, the Mastertaste natural flavours business was impacted by the pricing level of grapefruit in the aftermath of the series of hurricanes in 2005. Mastertaste is well positioned in the North American organics marketplace which grew by 24% in 2006. Its flavour modulation technology also achieved good growth as salt reduction and sugar reduction programmes were progressively implemented across food and beverage categories. Mastertaste savoury flavours expanded its penetration of U.S. poultry markets due to growing demand for bolder taste profiles, regional specific cuisine and ethnic flavours. Crystals® all-natural freeze dried juice products continued to grow market share in the health/wellness beverage sectors. Manheimer Fragrances significantly developed its market presence in the U.S. home environmental, personal care and toiletries categories, benefiting from the division's fragrance creativity combined with natural products technology. Year 1 of the research programme at Monell Chemical Senses Centre into 'human sensory adoption' and application of research findings for flavour/fragrance development achieved good results and assisted development of taste modulation.

The increased momentum towards natural, low salt, low sugar, low fat, allergen free consumer products assisted the attainment of good top-line

authentic flavour

natural culinary

growth across Kerry Bio-Science technologies in 2006. In American markets good growth was achieved through fermented ingredients in culinary, cell nutrition and distillery market segments. Emulsifiers performed satisfactorily with the closure of the Brantford facility in Canada and transfer of production to the Group's Malaysian facilities adjacent to the raw material supply base. Hydrolysed proteins delivered good results in the pharma segment reflecting Sheffield™ Pharma Ingredients position as a leading supplier of nutrients into biotechnology derived pharmaceutical applications. Sheffield™ excipients are inextricably linked with the physical performance and manufacturing processes for new medications conferring beneficial functional characteristics. However performance in the sector in 2006 was impacted by a backlog in regulatory agency approvals and customer lifecycle phasing which adversely affected lactose excipient sales. This exacerbated the time-lag in recovering the significant input cost increases during the year. Sheffield™ did achieve good sales growth through glyceride excipients and the project pipeline was boosted through new product launches.

European ingredients had a challenging year due to cost pressures and sectoral market issues in major consumer markets. Top-line growth in Kerry's European ingredients businesses was below expectations with delays well into 2006 in recovering the significant cost increases. Sales revenue increased by 2.3% to €1.29 billion, which represents like-for-like growth of 3.2%. However profit margins were maintained as good progress was made across the food ingredients, bio-science and flavours businesses in maximising supply chain efficiencies and reducing overheads.

The slowdown in growth in the prepared foods sector impacted sales and margin performance in Kerry's seasonings and coatings businesses in the UK and France. Germany continued to achieve good growth and returns from Eastern European meat seasonings markets were similar to the prior year.

Excellent progress was reported through culinary systems and sauces in France and the UK as demand grows for convenient 'clean label' authentic flavourings. While conditions in the snacks seasonings sector remained highly competitive, Kerry achieved continued growth through regional snack processors in the UK and through further market development in Middle Eastern markets. The European ingredients division's focus on supply chain efficiencies resulted in closure of the Bicester and Birmingham plants in the UK and a seasonings facility in Milan, Italy.

In dairy markets, returns were negatively impacted by the relatively weak market conditions in the first nine months of 2006. As the EU transitions from direct market supports through the processing sector to direct milk producer payments, significant market fluctuations are possible dependant on supply/demand balances. While considerable firming of international dairy markets occurred prior to year-end, nevertheless processor returns for 2006 were well below the previous year. With the increasing trend towards healthy lifestyles and greater demand for wellness products, Kerry Dairy Ingredients has made significant progress through the development of milk proteins with specific nutritional and functional benefits. Further investment in dairy flavour technology has led to innovative developments in culinary and savoury bakery markets, working in partnership with the Group's global ingredients businesses.

Kerry's European fruit and sweet ingredients business achieved a good overall business performance in 2006. While chilled and frozen dairy product markets remained intensely competitive, fruit preparations achieved satisfactory growth through range extensions and product mix improvements. Growth was also achieved through fruit beverages and flavoured syrup applications. Ravifruit purées and decoration fruits saw continued growth in Eastern Europe, the Middle East and Asian Markets. Positive growth was also achieved

flair

in the European confectionery and fruit sauce markets. Kerry's sweet ingredients business in Europe experienced strong organic growth through coated products in the breakfast cereal and fresh dairy product sectors, benefiting from the successful launch of innovative lines of low sugar and health fruit cereal clusters.

Kerry Bio-Science continued to make good progress in European markets. Its 'DuraFresh' range of shelf-life extender products recorded good growth in the cheese, yoghurt and flavoured milk sectors. The division's full line of products, including emulsifiers, stabilizers, speciality proteins and enzymes made encouraging progress in the dairy sector as processors seek product differentiation through innovative health offerings. Cost recovery programmes increased margins in functional proteins markets and innovative whipping proteins achieved growth through aerated confectionery products. Following the expansion programme at the Menstrie facility in Scotland in 2005, good growth was achieved through yeast extracts in culinary, cell nutrition and distillery markets in Europe. Despite significant cost pressures, profitable growth was also achieved through Kerry Bio-Science enzymes throughout global beverage and confectionery markets.

Mastertaste flavours recorded slightly lower sales in Europe in 2006 but profitability was improved due to successful flavour development and withdrawal from lower margin activity. The combined skills of the division's UK and Italian development teams led to successful new savoury flavour launches. 'Chef Style' clean label flavours made encouraging progress. Benefiting from its SunPure fruit expertise, good progress was achieved in fruit juice fortification and through botanical extracts for the fast growing flavoured beverages category.

In Asia Pacific markets, the Group again made excellent progress with further margin improvement and good growth in all territories. Sales revenue increased by 9.2% to €363m, reflecting like-for-like growth of 10.1% year on year.

Kerry's nutrition technologies recorded strong double digit growth in Asia in 2006. The range of San-A-Crème™ nutritional lipids including co-dried milk proteins with unique fatty acid profiles of linoleic and linolenic acid (AA and DHA) fuelled growth in this fast growing nutritional

taste

category. Specialty beverages also continue to exhibit exceptionally strong growth rates. With the continued expansion of speciality coffee chains across the region, Kerry's Da Vinci branded range of flavoured beverage products achieved 32% growth year-on-year with strong growth in Korea, Japan and Hong Kong and encouraging market development in China. The successful launch of a range of frappé and fruit smoothie products in the dynamic ice-blended products sector has positioned Kerry as 'one-stop-supplier' to the speciality beverage foodservice sector.

Asian consumer markets are increasingly demanding convenient savoury offerings which has led to good growth opportunities for the Group's meat seasonings and marinades. The health snack and biscuit sectors are also exhibiting encouraging growth where Kerry has pioneered the introduction of trans-fat free systems in Asian markets. Growth in the savoury biscuit sector has outperformed sales in the sweet sector due to the growth of health/functional lines.

Kerry Bio-Science and Mastertaste flavours and fragrance divisions also continued to successfully develop their respective positions in Asian markets in 2006. Prior to year-end, a state-of-the-art technical, applications and administration facility was established in Shanghai to spearhead development of both divisions in the region. Bio-Science saw satisfactory growth through fermentation products and enzymes. The Esterol emulsifiers facility achieved double digit growth year-on-year with strong revenue growth in the bakery segment. The investment programme to expand production capacity at the Malaysian based facility is progressing as planned.

Kerry Ingredients achieved good organic sales growth in the Australian food processor markets in 2006. New meat marinade offerings fuelled growth in the added value poultry sector and through custom-branded products for major supermarket groups. Beverage syrups and sauces continued to achieve strong growth in the speciality beverage/coffee chain market segments. Progress in the snack and food processor segments in New Zealand was similar to the prior year.

The Group's Pinnacle range of speciality bakery products continues to consolidate its leading market positions in the Australian market with growth in the franchise bakery and specialist contract manufacturers market segments offsetting changes in supermarket in-store bakery business models. Pinnacle Australia was named 'National Supplier of the Year' by a major national multiple retail chain in 2006. Pinnacle also successfully established the in-store brand offering in Thailand and prior to year-end in Malaysia.

enhancement

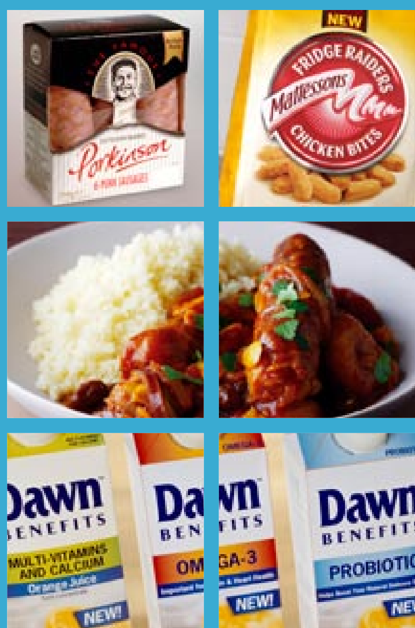

NEW
DENNY
CHICKEN & BACON
SHORTCRUST PIE
Malabar
Lamb Biryani
Wall's
mini bangers
Golden Vale
Attack
MINIS

business review

Consumer Foods

Kerry's core consumer foods categories including chilled ready meals, pre-packed cooked meats, sausage, cheese and spreads all grew satisfactorily in 2006. While sales revenue increased by 5.4% to €1.82 billion trading profits declined by 4.5% to €118m. However the division's strong branded category leadership together with its focus on chilled growth categories and innovation across health/wellness sectors, positions Kerry Foods for good profit growth in 2007.

In the UK sausage category, fresh offerings continue to grow at the expense of frozen. Kerry's market leading Richmond and Wall's brands benefited strongly from the 4.6% year-on-year increase in fresh sausage sales as consumers trade-up in the main quality segments of the market. Both brands continue to benefit from strong brand investment on TV and through press marketing support. Wall's Favourite Recipe range, the most recent brand development in the premium category, continues to perform well. The Porkinson brand has also enjoyed increased popularity as consumers seek more authentic, superior quality offerings. Despite the sales decline in the frozen sausage sector, the Richmond frozen range saw growth year-on-year. Wall's expanded its brand development and distribution in the pre-pack rasher category.



Consumer Foods	2006	2005
Revenue:	€1,819m	€1,726m
Trading Profit:	€118m	€123m

In 2006, Mattessons commenced a major brand investment programme and this considerable financial investment is expected to achieve strong results in the year ahead. Smoked Pork Sausage has already shown a good response to the increased level of marketing activity and to brand extension to new Hot & Spicy variants. Mattessons Fridge Raiders again achieved excellent results as new customers entered the growing meat snacking sectors.

In the home-baking category, Green's had a difficult year due to the poor performance of the 'kids' sector. The brand has been repositioned to re-establish its presence in the small and large cake mix sectors. Classic Desserts and time saver mixes including Pancake Mix recorded good sales growth. A major marketing programme will mark the 100th year of Green's brand in 2007. In the homebaking flour sector, Homepride continues to outperform the market across the retail landscape.

The second half of 2006 saw renewed growth in the UK chilled ready meals market. Overall the category grew by 4.2% year-on-year, with a significant increase in households buying into the sector and an increasing momentum towards 'healthily balanced' and premium offerings. Kerry Foods consolidated its position as the second largest producer of chilled ready meals in the UK market. While its sales in the oriental category declined slightly year-on-year, Indian recipes performed well and new generations of premium meals were successfully launched during the second half of the year. In the premium health sector, 'The Food Doctor' innovative range was introduced using a combination of raw and cooked ingredients that can be quickly steam cooked in the microwave. The 'Champneys' wellbeing brand of multi-cuisine meals was also successfully launched. To maximise operational efficiencies, the Hartlepool processing facility was closed. Good value growth was achieved in the ready-to-cook meals category with the launch of premium offerings. Savoury pastry products also saw a satisfactory level of value growth in 2006 through continued premiumisation of the category.

The UK frozen ready meals market declined by 12% year-on-year but by year-end the rate of decline had slowed to 9%. Against this background, Rye Valley Foods achieved a satisfactory sales performance consolidating its position as the leading European producer in the sector. However despite its lowest cost producer status, Rye Valley's trading profits were lower due to the intense competition in a declining market.

Due to the relatively poor profitability of the primary poultry processing sector, Kerry Foods divested its Redgrave operation in the UK and its Smithboro operation in Ireland prior to year-end. The chilled

innovative offerings

patisserie business in Birmingham, UK was also sold in 2006, as was the St. Brendan's Irish Cream Liqueur business in Derry.

The specialist foodservice business unit established in Kerry Foods in late 2005 achieved good results. Sourcing products from over twenty Kerry sites in the UK, Ireland and France, the new foodservice unit supplies over 800 products in ambient, chilled and frozen formats.

Kerry Foods' strong branded category leadership, together with its focus on chilled growth categories and innovation across health/wellness sectors, positions the division for good profit growth in 2007.

Kerry Foods Direct to Store continued to develop its market leadership position in the UK convenience store sector. Whilst overall sales were maintained in a challenging marketplace, profitability was slightly lower than in 2005 due to the impact of energy prices on distribution costs.

In the UK and Irish cheese categories, Kerry had an excellent year with good growth across all branded segments. The Charleville and Coleraine brands continue to grow their leading market share positions and the extension of the Low Low brand into cheese was the market's star performer with 40% year-on-year growth. In the processed cheese sector, EasiSingles brand share declined slightly as private label captured an increased market share. The brand will benefit from new packaging formats and increased marketing support in 2007 to support growth in the snacking sector.

While the UK cheese snacks sector continues to have bright prospects for long term growth, sales growth slowed relative to the previous year. Cheestrings maintained its market share and reinforced its strong nutritional/health attributes through an extensive advertising campaign emphasising its 100% natural cheese value. Ficello continues to build its market positioning in France and Brunchettas has made encouraging progress in developing the new adult cheese snacks sector in Ireland and the UK.

In the dairy and low-fat spreads category in Ireland, Kerry again delivered good volume growth through

meeting consumers' changing health and nutritional needs

its Low Low, Kerrymaid, Golden Cow and Golden Olive brands. With an on-going focus on more healthy options, the premium lower cholesterol offering under the Low Low brand achieved a strong market performance. In the UK market Kerry Foods consolidated its position as the leading producer of own-label spreads through its investment in category management and responsiveness to market trends such as the growing influence of Omega 3 & 6 enriched products.

Denny again recorded a strong performance in the Irish market. Slightly reduced sales in the standard sausage segment was offset by the continued development of Denny Select in the premium sector. Denny rashers had a strong performance with volume and value growth driven by its focus on superior quality and premiumisation. Cooked meats also had an excellent performance growing by 16% year-on-year. Differentiation and innovation across the Denny range in the premium category contributed strongly to this growth while Ballyfree as brand leader in the white meat segment continues to outperform category growth rates. The Ballyfree brand was relaunched in September 2006, with a new identity exuding 'country freshness' and new packaging formats optimising the brand promise of 'Real Food for Modern Living'.

In 2006, Freshways continued to make considerable progress towards its vision of being the number one fresh prepack food-to-go brand in Ireland. Strong growth in value and volume terms was delivered through Freshways innovation platform including the successful launch of the 'Healthy Ways' range of sandwiches, new 'Limited Edition' offerings, the re-launch of Freshways salads, new sandwich recipes and a 'Gourmet' range of sandwiches. Kerryfresh also advanced its market position as one of Ireland's leading suppliers of fresh food-to-go ingredients and menu concepts for delicatessens, sandwich bars, coffee shops, pubs, restaurants and workplace caterers.

Dawn Juice achieved satisfactory volume and value growth in Ireland but margins in the sector were impacted by higher raw material prices. Dawn Benefits was first to market in Ireland with three new health juice offerings – Dawn Orange Juice with Omega-3, Dawn Orange Juice with Probiotic and Dawn Orange Juice with Multivitamins and Calcium. Dawn Flavoured Milks were re-launched in mid-2006 leading to increased sales and Dawn Omega Milk also continued to achieve good market development. Kerry Spring achieved good growth in both the non-flavoured and flavoured market segments in Ireland.

Financial Review

Accounting policies

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and their interpretations as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), applicable Irish law and the Listing Rules of the Irish and London Stock Exchanges. Details of the basis of preparation and the significant accounting policies of the Group are included in pages 47 to 51.

Key performance indicators

Adjusted earnings per share (EPS) growth is the year-on-year improvement in EPS before amortisation of intangible assets and non-trading items. In 2006 the Group's adjusted EPS increased by **1.7%** (2005 : 7.1%) despite difficult trading conditions. As outlined at the Annual General Meeting (AGM), the weakening dollar combined with continued energy costs inflation and raw material volatility impacted performance and limited EPS growth. However the focus on cost recovery programmes along with the rationalisation of non-core activities has helped achieve another year of continued EPS growth.

Organic revenue growth, which represents like-for-like growth after adjusting for acquisitions, disposals and the impact of foreign exchange translation was **3.6%** (2005 : 3.7%). At business segment level, Ingredients revenue grew **4.0%** (2005 : 4.5%) organically while Consumer Foods' organic revenue growth was **1.5%** (2005 : 2.0%). On a geographical basis, organic revenue growth by destination was **4.9%** (2005 : 3.8%) in the Americas, **2.3%** (2005 : 3.3%) in Europe and **10.1%** (2005 : 7.1%) in Asia Pacific.

Trading margin at Group level decreased by 30 basis points to **8.3%** (2005 : 8.6%). Management considers this a robust performance given the difficult trading environment experienced during 2006. Raw material and energy cost inflation negatively impacted margin by 180 basis points. However, 150 basis points of this was recovered through the benefits of growth and cost recovery programmes implemented during the year. Ingredients margin at **9.4%** (2005 : 9.4%) remained robust as successful cost recovery programmes, particularly in the Americas, offset the negative impact of rising costs. Consumer Foods' margin fell 60 basis points to **6.5%** (2005 : 7.1%) as input cost increases and difficult market conditions in the poultry and frozen sectors all impacted margin performance in the period.

Free cash flow is seen as an important indicator of the strength and quality of the business and the availability to the Group of funds for reinvestment or for return to the shareholder. In the period under review the Group achieved a free cash flow of **€241m** (2005 : €248m), the fifth consecutive year with free cash flow in excess of €225m.

Free cash flow

	2006 €m	2005 €m
EBITDA*	**486.6**	481.9
(Increase)/decrease in working capital	**(46.4)**	0.8
Net investment in non-current assets	**(87.5)**	(119.9)
Finance costs paid (net)	**(76.6)**	(64.3)
Income taxes paid	**(35.0)**	(50.7)
Free cash flow	**241.1**	247.8

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

Return on investment is measured by the Group in a number of ways however, primary among these, is the return on shareholders' equity. The return on average equity in 2006 was **13.8%** (2005 : 15.2%).

Financing structure

The financing structure of the Group is managed in order to maximise shareholder value while allowing the Group to take advantage of opportunities that might arise to grow the business. The Group targets acquisition and investment opportunities that are value enhancing and the Group's policy is to fund these transactions from cash flow or borrowings while maintaining its investment grade debt status. This policy is managed by setting debt to EBITDA targets while allowing flexibility to accommodate significant acquisition opportunities. Any expected variation from these targets should be reversible within twelve months; otherwise consideration would be given to issuing additional equity in the Group.

Net debt

Free cash flow of **€241m** (2005 : €248m) was generated during the year. This was utilised as follows:

- Expenditure on acquisitions net of disposals including deferred consideration on prior year acquisitions of **€98m** (2005 : €243m);
- Cash spent on non-trading items of **€31m** (2005 : €15m);
- Equity dividends paid of **€31m** (2005 : €27m);
- Purchase of treasury shares of **€48m** (2005 : €nil); and
- Proceeds received from the issue of shares of **€4m** (2005 : €4m).

The net impact was a decrease in borrowings of **€37m** (2005 : increase of €33m), which taken together with an exchange translation adjustment of **€50m** (2005 : (€105m)) and a fair value movement on interest rate swaps of **(€6m)** (2005 : €nil) resulted in a decrease in net debt of **€81m** over 2005. The exchange translation adjustment in 2006 results primarily from borrowings denominated in US Dollars translated at a year end rate of 1.32 compared to 1.18 at the end of 2005. Net debt at the end of 2006 was **€1,194m** (2005 : €1,275m).

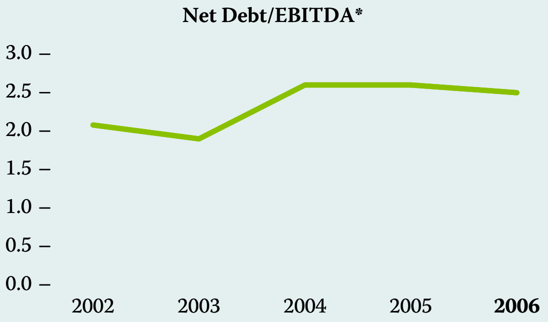
Net debt is subject to seasonal fluctuations that can be up to 25% above year end debt levels. Group net debt peaked at just over €1,490m in April 2006.

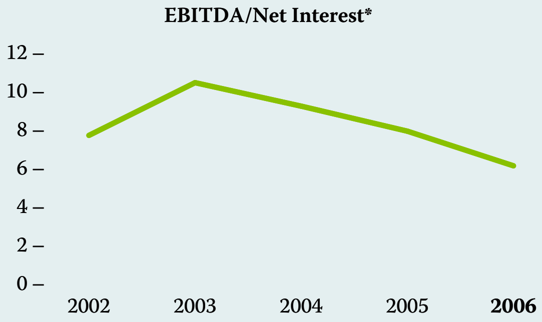
The majority of Group borrowings are subject to financial covenants calculated in accordance with lenders' facility agreements. Principal among these are:

- The ratio of net debt to EBITDA of a maximum 3.5 times; and
- EBITDA to net interest charge of a minimum 4.75 times.

Principal financial ratios

	2006	2005
Net debt: EBITDA*	**2.5**	2.6
EBITDA: Net interest*	**6.2**	8.0





*Calculated in accordance with lenders' facility agreements

Group treasury monitors compliance with all financial covenants.

Funding and liquidity management

Group funding and liquidity is managed by ensuring that sufficient facilities are available from diverse funding sources with an appropriate spread of debt maturities.

Group businesses are funded from cash generated from operations and with borrowings from banks and other capital markets. It is Group policy to ensure that:

- Sufficient facilities are available to cover its gross forecast debt by 1.25 times; and
- 75% of total facilities available are committed.

Both targets were met at the balance sheet date.

Funding is sourced from banks via syndicated and bilateral arrangements and from US institutional investors. During 2006 a new €300m term debt facility was arranged through our bank syndicate. This facility is due to mature in 2012 with an option to extend the loan by a further year. The loan is subject to a bullet repayment on maturity. In addition to this, an existing €300m facility was amended from an amortising facility to a 5 year term facility with a bullet repayment at maturity in 2011.

The Group aims to ensure that a minimum of 70% of gross debt matures after more than 3 years and 40% matures after more than 5 years. At 31 December 2006 the actual maturity percentages were **95%** and **44%** respectively.

All Group credit facilities are arranged and managed by Group Treasury and approved by the Board of Directors. Where possible facilities have common security, financial covenants and terms and conditions.

Treasury risk management

The Group has a clearly defined Financial Risk Management Programme, which is approved by the Board of Directors and is subject to regular monitoring by the Finance Committee and Group Internal Auditors. The Group operates a centralised treasury function, which manages the financial risks of the Group. The Group does not engage in speculative trading.

The principal objectives of the Group's Financial Risk Management Programme are:

- to manage the Group's exposure to foreign exchange rate risk;
- to manage the Group's exposure to interest rate risk;
- to manage the Group's exposure to commodity price risk;
- to ensure that the Group has sufficient credit facilities available; and
- to ensure that counter-party credit risk is monitored and managed.

Residual exposures not managed commercially are hedged using approved financial instruments.

Foreign exchange risk

The Group is exposed to transactional foreign currency risk on trading activities conducted by subsidiaries in currencies other than their functional currency. The principal foreign currency transaction exposures arise on Sterling and US Dollar payables and receivables against a Euro base and represent less than 10% of Group revenue.

Group policy is to manage foreign currency exposure commercially and through netting of exposures wherever possible. Any residual exposures arising on foreign exchange transactions are hedged in accordance with Group policy using approved financial instruments, which consist primarily of spot and forward exchange contracts and currency swaps.

The Group has significant investments in overseas operations that give rise to exposure from changes in foreign exchange rates upon translation. The Group minimises the effect of balance sheet translation exposure through matching net foreign currency investments with foreign currency borrowings where possible.

The Group does not hedge translation exposure on the retranslation of the profits of foreign currency subsidiaries on the basis and to the extent that they are not intended to be repatriated.

Interest rate risk

The Group's exposure to interest rate risk is managed by optimising the mix of fixed and floating rate borrowings.

The underlying borrowings of the Group are arranged on both a fixed and floating rate basis with interest rate swaps and forward rate agreements used to alter the mix of these borrowings. During 2006 the Group entered into a number of interest rate swaps to convert floating rate debt to fixed rate debt which has altered the interest rate profile of net debt. At the year end **48%** (2005 : 96%) of debt was held at floating rates. If the interest rates applicable to floating rate debt were to rise by 1% over the year to December 2007 the net finance charge of the Group before tax could increase by 9%.

Further information on borrowings and financial liabilities is contained in note 17 to the financial statements.

Commodity price risk

Commodity price volatility can create significant risk or exposure to the Group. The Group operates a commodity price risk management policy to manage commodity price risk without increasing the financial risk to the Group. The primary objective is to use common risk management techniques such as contract negotiation and economic derivative hedging to mitigate risk.

Derivatives are traded with approved counter-parties to hedge movements in commodity prices, principally cheese, wheat, sugar, butter, soybeans and various spices where available. Trading is strictly controlled and only pre-approved instruments may be used. All instruments are traded on recognised exchanges and typically have a maturity of less than twelve months.

Counter-party risk

Cash deposits and other financial instruments give rise to credit risk on the amounts due from counter-parties. The Group controls and monitors the distribution of this exposure by ensuring that all financial instruments are held with reputable and financially secure institutions and that exposure to credit risk is distributed across a number of institutions. At the year end all cash, short-term deposits and other liquid investments had a maturity of less than three months. The Group is of the opinion that the likelihood of default by a counter-party leading to material loss is minimal.

Corporate Social Responsibility

Kerry's mission is to be a responsible leader in the international food industry. The Group has worked systematically since its establishment to recognise its corporate social responsibilities. Our Corporate Mission statement provides a guiding framework for management and all employees in delivering Group Policy across all operations and worldwide activities.

"We are committed to the highest standards of business and ethical behaviour, to fulfilling our responsibilities to the communities which we serve and to the creation of long-term value for all stakeholders on a socially and environmentally sustainable basis."

Standards of Business Practice

Employees at all levels in the Group must adhere to Kerry's Standards of Business Practice and protect the Group's high reputation and integrity.

It is the responsibility of Directors and senior management to ensure that all employees who directly or indirectly report to them are fully aware of Kerry's policies and procedures regarding the conduct of Group businesses. It is also the responsibility of Directors and senior management to lead by example and to demonstrate the highest standards of integrity in carrying out their duties on behalf of the Company.

Marketplace

Nutrition/Wellbeing

As a leading manufacturer and supplier of food ingredients and consumer food products, Kerry recognises the importance of nutrition for the health and wellbeing of consumers. We are committed to ensuring that our products can be consumed with confidence as part of a well-balanced diet. To this effect we have established four areas of priority which underline our commitment to consumers and support the key principles of a balanced diet, namely;

- Nutritional expertise and positive nutrition
- Consumer information
- Marketing
- Collaboration

Nutritional Expertise and Positive Nutrition

Kerry continues to improve the nutritional content and the product ranges of all our ingredients and

"We are committed to the highest standards of business and ethical behaviour, to fulfilling our responsibilities to the communities which we serve and to the creation of long-term value for all stakeholders on a socially and environmentally sustainable basis."

brands, in line with established up to date research, without compromise on taste or quality. The Kerry Group Nutritional Research Centre provides clinical research and expertise that enables the development of new products to meet consumers' changing health and nutritional needs. Our research centre also collaborates with external scientific and nutrition experts to assist in product innovation. Kerry has fostered a commitment to food research since its inception through experienced on-site technical and new product development personnel. In addition, regional technical centres staffed by industry-leading food science specialists have been established in all major geographical markets. In 2006, Group expenditure on research, development and application increased by 11.4% to €139m.

The Group is committed to a positive nutrition programme which ensures our consumers are consistently receiving healthier products in line with their changing health and nutrition needs. Independent experts evaluate this programme ensuring its objectives are achieved such as reductions in overall fat, salt and sugar, whilst also addressing the area of portion control.

Consumer Information

Kerry provides the clear information necessary for consumers to make informed choices. This is achieved through on-pack nutritional labelling and the development of additional consumer information services e.g. business/brand websites.

The Group has established best practice guidelines for nutrition labelling. We believe all products should carry clear, simple nutritional details that are consumer friendly. We support on-pack labelling based on the 8 major nutrients and the use of guideline daily amounts. We continue to review how best to display additional on-pack information in line with consumer research.

Our customer enquiry lines are manned by experienced teams who answer all nutritional queries in an efficient and professional manner.

Marketing

Kerry is passionate about promoting the real food values of our products and in our advertising we ensure a responsible approach with particular consideration given to the status of children. Our advertising and brand positioning conforms to national advertising codes of practice.

Collaboration

Kerry continues to work with relevant organisations and government bodies to promote the best possible solutions to questions of health and nutrition. We actively participate in food and nutrition groups, ensuring an industry-wide approach to diet and nutrition issues. We also believe in contributing

marketplace, environment, workplace, community

to and co-operating with health organisations in supporting national health awareness campaigns.

Food Safety

Kerry aims to be the leader in our selected markets, excelling in product quality, product safety, technical and marketing creativity and service to our customers. This will be achieved through the skills and wholehearted commitment of all our employees. As food safety is of paramount importance to Kerry, we work closely with our customers and with industry and regulatory agencies to ensure we operate to the highest industry standards and levels of accreditation.

Group Quality Policy

Kerry is committed to producing high quality food ingredients and consumer food products that consistently satisfy customer needs while complying with all applicable regulatory requirements. Each business unit has established exacting product and service standards in support of these goals and put in place resources and programmes to assure superior manufacturing practices that reflect continuous improvement through our people, practices, processes and products.

All employees in Kerry are responsible for understanding their internal and external customer's needs and developing work processes that achieve enhanced consumer value.

Environment

Kerry Group is committed to supplying products that meet or exceed the expectations of our customers while conducting business in an environmentally friendly and responsible manner. This will be achieved through;

- Managing the impact on the environment in a pro-active way through waste prevention and minimisation, re-use, recycling and ultimately safe disposal.
- Conserving energy, raw materials and natural resources throughout all Group operations.
- Adopting appropriate measures to manage environmental risks, including emergency response plans.
- Complying with all applicable environmental legislation/regulations and with accepted codes of good environmental practice.
- Taking account of the environment at all stages, including product development, manufacturing and distribution operations.
- Encouraging and where appropriate requiring suppliers and contractors to implement sustainable environmental policies and effective environmental management systems.
- Striving to continuously improve environmental performance in all aspects of the business.
- Setting and reviewing specific environmental objectives and targets based on this policy – including targets relating to the conservation of energy and material resources, emissions to air, land and water and risk management.
- Putting in place the necessary structures and resources, including training and awareness programmes, to underpin this policy.

Workplace

Kerry Group's success has been built around the commitment, skills and creativity of the Group's employees. Retaining and developing their enthusiasm and determination to succeed is central to the Group's strategy for growth and development.

The diverse international structures within the Group require a dedication to communication and

the exchange of ideas to facilitate creativity and effective knowledge management. We recognise our responsibilities in respect of the multicultural environments in which we operate. The Group is committed to the principle of equality and complies with all relevant equality and anti-discrimination legislation.

Kerry will continue to ensure excellence in management practice through the ongoing development of business aligned human resource systems and initiatives. The Group provides structured training and development programmes for employees through which they can enhance the skills, knowledge and capability necessary for further growth within the organisation.

Health and Safety

Effective management of health and safety is given the utmost priority by the Group. Our health and safety policy applied across all Kerry operations is targeted to develop shared attitudes, beliefs and workplace behavioural practices which instill in all employees a culture of best practice in health and safety.

Community

Kerry has a proud record of supporting community initiatives and charitable causes. Right through its history from its origins in the co-operative sector, the Group has committed significant financial resources and considerable management/employee time in assisting development of facilities, amenities and charitable projects in the communities where it operates. This philosophy continues to be a core value of the Kerry organisation and on an annual basis the Group sponsors a wide range of education, healthcare, sporting, leisure, arts, amenity, community development and charitable causes.

Financial History

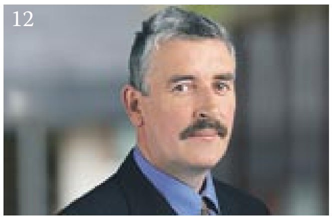
Kerry Group Consolidated Income Statement 10 Year History

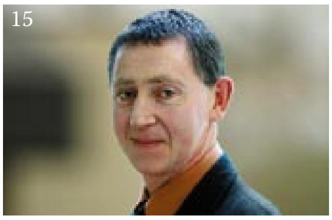
	1997 €'000	1998 €'000	1999 €'000	2000 €'000	2001 €'000	2002 €'000	2003 €'000	2004 €'000	2005 €'000	**2006 €'000**
Revenue	1,706,692	2,200,001	2,456,352	2,621,913	3,002,781	3,754,808	3,693,410	4,128,736	4,429,777	**4,645,920**
Trading profit	133,184	173,379	203,614	233,747	260,445	305,410	308,519	355,780	380,213	**383,688**
Intangible asset amortisation	–	(9,573)	(12,103)	(15,364)	(23,367)	(41,401)	(48,103)	(9,822)	(10,331)	**(12,093)**
Operating profit before non-trading items	133,184	163,806	191,511	218,383	237,078	264,009	260,416	345,958	369,882	**371,595**
Finance costs	(33,437)	(44,744)	(42,309)	(45,680)	(47,644)	(50,238)	(37,356)	(51,815)	(68,353)	**(76,930)**
Profit before taxation and non-trading items	99,747	119,062	149,202	172,703	189,434	213,771	223,060	294,143	301,529	**294,665**
Income taxes	(22,992)	(30,740)	(44,298)	(51,641)	(58,330)	(66,465)	(62,980)	(74,919)	(65,695)	**(57,753)**
Profit after taxation and before non-trading items	76,755	88,322	104,904	121,062	131,104	147,306	160,080	219,224	235,834	**236,912**
Non-trading items (net of tax)	–	112	(26,663)	450	2,030	(43,403)	897	(15,174)	42	**(59,163)**
Profit after taxation and attributable to equity shareholders	76,755	88,434	78,241	121,512	133,134	103,903	160,977	204,050	235,876	**177,749**
Adjusted earnings per ordinary share (cent)*	46.7	57.4	68.0	79.2	87.9	101.8	112.1	122.9	131.6	**133.9**

*Adjusted earnings per ordinary share before intangible asset amortisation and non-trading items (net of related tax).

Note: 1997 to 2003 are presented under Irish/UK GAAP and have not been restated to IFRS.

Directors and Other Information





Directors

1 Denis Buckley, *Chairman*
2 Hugh Friel, *Chief Executive**
3 Denis Cregan, *Deputy Chief Executive**
4 Brian Mehigan, *Chief Financial Officer**
5 Flor Healy, *CEO Kerry Foods**
6 Stan McCarthy,
*President & CEO Kerry Ingredients Americas**
7 Patrick A. Barrett
8 Denis Carroll
9 Michael Dowling
10 Noel Greene
11 Kevin Kelly
12 Eugene McSweeney
13 James O'Connell
14 Desmond O'Connor
15 Michael O'Connor
16 Donal O'Donoghue
17 Gerard O'Hanlon
18 Michael J. Sullivan
19 Denis Wallis

all of Prince's Street, Tralee, Co. Kerry, Ireland
**Executive*

Secretary and registered office

Brian Durran
Prince's Street
Tralee
Co. Kerry
Ireland

Registrar and share transfer office

Brian Durran
Registrar's Department
Kerry Group plc
Prince's Street
Tralee
Co. Kerry
Ireland

Website

www.kerrygroup.com

Report of the Directors

The Directors submit their Annual Report together with the audited financial statements for the year ended 31 December 2006.

Principal activities

Kerry Group is a major international food corporation. The Group is a leading provider of food ingredients and flavour technologies to the global food and beverage industries and is also a leading consumer foods processor and supplier in selected EU markets.

Listed on the Irish and London Stock Exchanges and operating a Level 1 American Depositary Receipt (ADR) Programme through the Bank of New York, USA, Kerry has 140 manufacturing facilities across five continents and provides over 10,000 food and ingredient products via its network of international sales and technical centres to a wide customer base in 140 countries.

Through a commitment to excellence, technological creativity, total quality, superior customer service and the wholehearted commitment of all employees, Kerry aims to continue to enhance its leadership position as a global food ingredients supplier and to further develop its consumer foods business in Ireland and the United Kingdom.

Results and dividends

The Directors are pleased to report profit attributable to equity shareholders of **€177.7m** for the year. Earnings per share (EPS) before intangible asset amortisation and non-trading items (net of related tax) increased **1.7%** over 2005 to **133.9 cent**. Basic EPS for the year is reported at **95.6 cent** (2005: 126.1 cent). Revenue for the year amounted to **€4.6 billion** (2005: €4.4 billion) an increase of **4.9%**. Further details of the results for the year are set out in the Consolidated Income Statement on page 52, in the related notes forming part of the financial statements and in the Business Review. The Group's key performance indicators are dealt with in the Financial Review.

On 26 February 2007, the Directors recommended a final dividend totalling **€23.1m** in respect of the year ended 31 December 2006 (see note 8 to the financial statements). This dividend is in addition to the interim dividend paid to shareholders on 24 November 2006, which amounted to **€10.2m**.

The payment date for the final dividend will be 25 May 2007 to shareholders registered on the record date 27 April 2007. This dividend per share is an increase of **13.6%** over the final dividend paid on 26 May 2006.

Share capital

During the year, **366,250** share options were exercised under the Group's Executive Share Option Scheme. Further details are shown in note 24 to the financial statements.

At the 2006 Annual General Meeting, shareholders passed a resolution authorising the Company to purchase up to 5% of its own issued share capital. In June 2006, 2,800,000 shares (1.5% approximately), with a nominal value of 12.50 cent each, were purchased and are now held as treasury shares. This was the maximum number of shares held at any time during the year. These shares were purchased at a total cost of **€48.4m**.

Acquisitions

The Group completed a number of acquisitions during the year. The businesses acquired are described in the Chief Executive's Review and in note 27 to the financial statements.

Research and development

The Group is fully committed to ongoing technological innovation in all sectors of its business. To facilitate this development the Group has, and will continue, to invest in highly focused research and development centres of excellence. It is by leveraging these global resources and sharing industry, academic and Group-wide scientific developments and knowledge, that Kerry will continue to lead in its chosen sectors and proactively meet customer and market needs. The Group recognises the need to evaluate market trends, stay at the forefront of technological development and bring these together to deliver commercially successful solutions in the dynamic and competitive food and beverage marketplace.

Expenditure on research and development amounted to **€139.0m** in 2006 (2005: €124.7m).

Employees
Kerry Group's success has been built around the commitment, skills and creativity of the Group's employees. Retaining and developing their enthusiasm and determination to succeed is central to the Group's strategy to grow in the years ahead.

The diverse international structures within the Group require a dedication to communication and the exchange of ideas to facilitate creativity and effective knowledge management.

Kerry will continue to ensure excellence in management practice through the ongoing development of business aligned human resource systems and initiatives. The Group provides structured training and development programmes for employees through which they can enhance the skills, knowledge and capability necessary for further growth within the organisation.

The Group is committed to the principle of equality and complies with all relevant equality and anti-discrimination legislation.

The average employment of the Group worldwide in 2006 was **23,289** (2005: 23,255).

Corporate social responsibility
Kerry Group is committed to the highest standards of business and ethical behaviour, to fulfilling its responsibilities to the communities it serves and to the creation of long term value for all stakeholders on a socially and environmentally sustainable basis. This commitment is borne out by its continued investment in facilities, systems and processes that manage waste emissions, energy consumption and materials and packaging conservation. Through the adoption of best practice procurement policies, the Group recognises the requirement to source sustainable raw materials as it continuously seeks to enhance its role as a leading international food company and supplier of quality products to its valued customers. The Group is fully committed to environmental protection as a fundamental part of all business activities and continues to develop employees' knowledge regarding environmental responsibilities and best practice.

Future developments
Kerry Group is well positioned across global growth markets and its strong technology platforms will continue to lead innovation and category growth. In global ingredients markets Kerry is satisfied that its strong organic growth rates are achievable into the future. In consumer foods categories the underlying strength of Kerry Foods' brands, its focus on health and wellness product innovations and positioning in convenience growth categories, will ensure that the division continues to outperform market growth rates. The Group is well positioned to actively pursue strategic acquisition opportunities which will contribute further supply chain efficiencies for the Group and support top-line and earnings growth into the future.

Board of Directors
The Board consists of five executive and fourteen non-executive Directors. The current Directors are as listed on page 32.

Chairman
Mr. Denis Buckley (61) is Chairman of the Company and a member of the Remuneration and Nomination Committee. He is also Chairman of Irish Agricultural Wholesale Society Limited, Chairman of One Fifty One Limited and is a director of IAWS Group plc.

Executive Directors
Mr. Hugh Friel (62) is Chief Executive of the Company and has been with the Group since its formation.

Mr. Denis Cregan (60) is Deputy Chief Executive of the Company and has been with the Group since its formation. He is Chief Executive Officer (CEO) of the Group's Ingredients Division. He is also Chairman of Kerry Airport plc.

Mr. Brian Mehigan, FCA, (45) is the Group's Chief Financial Officer.

Mr. Flor Healy (44) is CEO of Kerry Foods, the Group's Consumer Foods Division.

Mr. Stan McCarthy (49) is President and CEO of Kerry Ingredients Americas.

Non-executive Directors

Mr. Patrick A. Barrett (63) is a director of Kerry Co-operative Creameries Limited.

Mr. Denis Carroll (56) is a director of Kerry Co-operative Creameries Limited.

Mr. Michael Dowling (62) is a director of a number of private companies. He is a former Secretary General of the Department of Agriculture and Food in Ireland and is a visiting professor in the Faculty of Food Science and Technology at National University of Ireland, Cork. He is Chairman of the European Commission's conciliation body and head of Agri Strategy in Allied Irish Banks plc. He is Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

Mr. Noel Greene (50) is a director of Kerry Co-operative Creameries Limited.

Mr. Kevin Kelly, FCA, (65) is Chairman of Schroeder Private Equity Funds plc, a director of Project Management Limited and a number of other private companies. He was formerly managing director of AIB Bank. He is Chairman of the Remuneration and Nomination Committee and a member of the Audit Committee.

Mr. Eugene McSweeney (50) is Chairman of Kerry Co-operative Creameries Limited and is a member of the Remuneration and Nomination Committee.

Mr. James O'Connell (59) was appointed to the Board on 11 January 2007. He is a director of Kerry Co-operative Creameries Limited.

Mr. Desmond O'Connor (58) is a director of National Cattle Breeding Centre Limited and is Vice-Chairman of Kerry Co-operative Creameries Limited. He is a member of the Audit Committee.

Mr. Michael O'Connor (48) was appointed to the Board on 11 January 2007. He is a director of Kerry Co-operative Creameries Limited.

Mr. Donal O'Donoghue (62) is a director of Kerry Co-operative Creameries Limited.

Mr. Gerard O'Hanlon (58) was appointed to the Board on 11 January 2007. He is a director of Kerry Co-operative Creameries Limited.

Mr. Michael J. Sullivan, JD, (67) served as the US Ambassador to Ireland from January 1999 to June 2001 and as Governor of the State of Wyoming between January 1987 and January 1995. He is a non-executive director of Allied Irish Banks plc, Sletten Construction Inc. and Cimarex Energy Inc. He is a member of the Bar, State of Wyoming.

Mr. Denis Wallis (57) is a director of Kerry Co-operative Creameries Limited and is a member of the Audit Committee.

Board changes

Mr. James O'Connell, Mr. Michael O'Connor and Mr. Gerard O'Hanlon were appointed to the Board on 11 January 2007 to fill the vacancies arising from the retirement of Mr. James V. Brosnan, Mr. Walter Costelloe and Mr. Roger Robbins.

Election of Directors

Under Article 102 of the Articles of Association of the Company, Mr. James O'Connell, Mr. Michael O'Connor and Mr. Gerard O'Hanlon, who were appointed to the Board since the previous Annual General Meeting (AGM), will retire at the AGM to be held on 18 May 2007 and are seeking re-election at that meeting.

In addition, Mr. Brian Mehigan, Mr. Flor Healy, Mr. Desmond O'Connor and Mr. Michael J. Sullivan will retire by rotation at the same meeting and, being eligible, are offering themselves for re-election.

In accordance with the provisions of the Combined Code on Corporate Governance the Chairman, Mr. Denis Buckley, Mr. Eugene McSweeney and Mr. Michael Dowling, being Directors who have each served a period in excess of nine years on the Board will retire at the AGM and are seeking re-election.

The Board recommends the re-election of all Directors seeking re-election.

Directors' and Company Secretary's interests

There has not been any contract or arrangement with the Company or any subsidiary during the year in which a Director of the Company was materially interested and which was significant in relation to the Group's business.

The interests of the Directors and Company Secretary of the Company and their spouses and minor children in the share capital of the Company, all of which were beneficial, were as follows:

	31 December 2006 Number	31 December 2005 Number
Directors		
Patrick A. Barrett	**22,656**	20,992
Denis Buckley	**157,019**	146,636
Denis Carroll	**3,653**	3,394
Denis Cregan	**287,500**	287,500
Michael Dowling	**4,200**	2,200
Hugh Friel	**350,000**	345,000
Noel Greene	**3,077**	2,420
Flor Healy	**37,277**	32,097
Kevin Kelly	**23,200**	9,000
Stan McCarthy	**36,279**	36,279
Eugene McSweeney	**30,956**	28,017
Brian Mehigan	**40,000**	35,000
James O'Connell	**16,935**	14,841
Desmond O'Connor	**46,040**	41,388
Michael O'Connor	**5,462**	4,319
Donal O'Donoghue	**3,039**	2,000
Gerard O'Hanlon	**33,142**	29,050
Michael J. Sullivan	**–**	–
Denis Wallis	**3,502**	3,764
Company Secretary		
Brian Durran	**10,000**	10,000

The above holdings in A ordinary shares have not changed between 31 December 2006 and the date of this report.

Directors' and Company Secretary's interest in executive share option scheme

	Number of shares over which options are held				
	At beginning of year	**At end of year**	**Option price**	**Earliest exercisable date**	**Latest exercisable date**
Directors					
Hugh Friel	200,000	**200,000**	€8.00	30 June 2000	1 October 2010
Denis Cregan	200,000	**200,000**	€8.00	30 June 2000	1 October 2010
Brian Mehigan	–	**–**	–	–	–
Flor Healy	–	**–**	–	–	–
Stan McCarthy	–	**–**	–	–	–
Company Secretary					
Brian Durran	20,900	**20,900**	€8.00	30 June 2000	1 October 2010

Directors' and Company Secretary's interest in long term incentive plan

The interests in shares awarded in 2006 relate to the 2006 long term incentive plan (LTIP). These awards were made on 14 July 2006 and will vest on 30 June 2009. The share price on the date of grant was €15.90. The criteria under which these awards will vest in full are explained on pages 41 and 42 and in note 24 to the financial statements.

	Maximum share awards achievable
Directors	
Hugh Friel	30,000
Denis Cregan	25,000
Brian Mehigan	20,000
Flor Healy	20,000
Stan McCarthy	20,000
Company Secretary	
Brian Durran	3,000

All of the above awards were granted during the year.

Substantial interests

The Directors have been notified of the following shareholdings of 3% or more in the issued share capital of the Company:

Shareholder	Number Held	%
Kerry Co-operative Creameries Limited (KCC)	51,965,759	28.1
AIM Funds Management Inc.	15,976,120	8.6
Bank of Ireland Asset Management Limited	6,770,670	3.7

Apart from the aforementioned, the Company has not been notified of any interest of 3% or more in the issued share capital of the Company.

Statement of Directors' responsibilities

Irish company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and comply with Irish statute comprising the Companies Acts, 1963 to 2006, the European Communities (Companies: Group Accounts) Regulations, 1992, Article 4 of the IAS Regulations and the Listing Rules of the Irish and London Stock Exchanges. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate governance

Kerry Group plc is committed to achieving high standards of corporate governance throughout the Group. The Financial Reporting Council has recently revised the Combined Code on Corporate Governance. A full review of its requirements has been carried out and the Board considers that it has complied with its provisions, except in relation to the requirement to appoint a senior independent Director; the reasons for which are detailed below.

The Board of Directors

The Board leads and maintains effective control over the Group's activities and comprises a non-executive Chairman, a Chief Executive, a Deputy Chief Executive, three other executive Directors and thirteen non-executive Directors.

The Board has a formal schedule of matters specifically reserved to it for decision which includes approval of the overall Group strategic plan, annual budgets (revenue and capital), acquisitions and divestitures, financial risks management, treasury policies and major corporate activities. The division of duties between the Chairman and the Chief Executive is formally established, set out in writing and agreed by the Board. The Chairman ensures that all Directors have full and timely access to such information as they require to discharge their responsibilities fully and effectively – they receive monthly Group management financial statements and reports. Board papers are sent to each in sufficient time before Board meetings. Each Director has access to the advice and services of the Company Secretary, whose responsibility it is to ensure that Board procedures are followed and that applicable rules and regulations are complied with. In accordance with an agreed procedure, in the furtherance of their duties, each Director is, in addition, able to take independent professional advice at the Company's expense. Appropriate training and briefing is available to all Directors on appointment to the Board, with further training available subsequently as required.

The Board is of the opinion that the non-executive Directors as a group are of sufficient calibre and number to bring strength and independence to the Board and hence has not nominated any one non-executive Director to be a senior independent Director.

The non-executive Directors meet, at least annually, as a group without the executive Directors present. During such meetings, the non-executive Directors have the opportunity to discuss any issues and, at least annually, appraise the Chairman's performance.

Ten of the non-executive Directors of the Company are directors of KCC, which at the date of this report is the holder of 28% of the issued share capital of the Company. The shareholding of KCC in Kerry Group plc is a financial investment based on the expectation, similar to other shareholders, of a dividend income and capital appreciation. Notwithstanding that these Directors represent a significant shareholder, the Board has determined that they are independent in character and judgement.

The Chairman of the Board, Mr. Denis Buckley as well as Mr. Eugene McSweeney and Mr. Michael Dowling, have each served on the Board for more than nine years from the date of their first election. The Board has considered the knowledge, skills and experience of these Directors and believes each of them to be independent in character and judgement and to be of significant benefit to the Board.

The Board meets on a regular basis with specific meetings to consider the interim and full year results. It met on eleven occasions during the year under review. Attendances at scheduled Board and Board Committee Meetings during the year ended 31 December 2006 were as follows:

	Board		Audit Committee		Remuneration & Nomination Committee	
Directors	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Patrick A. Barrett	11	11	–	–	–	–
James V. Brosnan**	11	9	4	3	–	–
Denis Buckley	11	11	–	–	4	4
Denis Carroll	11	11	–	–	–	–
Walter Costelloe**	11	9	–	–	–	–
Denis Cregan	11	10	–	–	–	–
Michael Dowling	11	11	4	4	4	4
Hugh Friel	11	11	–	–	–	–
Noel Greene	11	11	–	–	–	–
Flor Healy	11	8	–	–	–	–
Kevin Kelly	11	10	4	3	4	4
Stan McCarthy	11	8	–	–	–	–
Eugene McSweeney	11	11	–	–	4	4
Brian Mehigan	11	10	–	–	–	–
James O'Connell*	–	–	–	–	–	–
Desmond O'Connor	11	11	–	–	–	–
Michael O'Connor*	–	–	–	–	–	–
Donal O'Donoghue	11	11	–	–	–	–
Gerard O'Hanlon*	–	–	–	–	–	–
Roger Robbins**	11	10	–	–	–	–
Michael J. Sullivan	11	8	–	–	–	–
Denis Wallis	11	10	4	3	–	–

The above table lists the number of meetings held and attended during 2006.

** Appointed 11 January 2007*
*** Retired 11 January 2007*

At a meeting in November 2006 the non-executive Board members, led by the Chairman, undertook a formal review of its own performance, its committees and individual Directors. In relation to the Board itself, performance evaluation was conducted through a review of a range of issues including Board composition, ability and effectiveness, its role and responsibilities, strategic development benchmarking and its financial control and risk management policies. A similar process was conducted for the evaluation of the Audit Committee and the Remuneration and Nomination Committee with additional focus given to the experience, expertise and knowledge of the committee members on the respective committees.

The Chairman appraised each of the non-executive Directors individually on issues such as independence, contribution and attendance at Board meetings, interaction with executive Directors, the Company Secretary and senior management, their ability to communicate issues of importance and concern, their knowledge and effectiveness at meetings and the overall time spent and commitment to their role on the Board.

At the same meeting, the non-executive Directors formally appraised the performance of the Chairman, who was not present for this part of the meeting. The appraisal was in the same format as that used for the evaluation of the other non-executive Directors but where leadership, communication and agenda-setting skills were also addressed.

In accordance with the Articles of Association, all newly appointed Directors are subject to election by shareholders at the next AGM following their appointment. Excluding any such newly appointed Directors and those Directors, if any, who are required to retire annually by virtue of having served more than nine years on the Board, one third of the Board is subject to re-election each year.

The Board has delegated authority to two committees of the Board on a number of specific matters as detailed below:

Audit Committee

The Audit Committee comprises Mr. Kevin Kelly, Mr. Desmond O'Connor, Mr. Denis Wallis and is chaired by Mr. Michael Dowling, all of whom are non-executive Directors. Mr. Desmond O'Connor was appointed to the Committee on 11 January 2007 in place of Mr. James V. Brosnan who retired. The Committee meets at least four times a year.

The main role and responsibilities of the Committee are set out in written terms of reference and are available from the Group's website and upon request.

The Committee reviews the arrangements in place that allow employees to raise any concerns about possible wrongdoings in financial reporting or other matters. If required it will ensure that appropriate investigation and follow up action is taken.

The Committee has agreed a process under which it reviews its own effectiveness and recommends any necessary changes to the Board.

The Committee also monitors and reviews the effectiveness of the internal audit function.

The Audit Committee makes recommendations to the Board in relation to the appointment of the external auditors. Each year the Audit Committee meets with the external auditors and reviews their report on quality control procedures and on the safeguards which they have put in place to ensure their objectivity and independence in accordance with regulatory and professional requirements. The Audit Committee also reviews the external audit plan and the findings from the audit of the financial statements.

The Audit Committee has a process in place to ensure that the independence of the audit is not compromised, which includes monitoring the nature and extent of services provided by the external auditors through its annual review of fees paid to the external auditors for audit and non-audit services.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee comprises Mr. Kevin Kelly (Chairman), Mr. Denis Buckley, Mr. Michael Dowling and Mr. Eugene McSweeney, all of whom are non-executive Directors. The Committee met on four occasions during the year under review.

The Remuneration and Nomination Committee has written terms of reference covering the authority delegated to it by the Board. The written terms of reference are available on the Group's website. The role of the Remuneration and Nomination Committee is twofold. The first role is to determine executive Directors' remuneration, which is reviewed annually. The Committee consults with the Group's Chief Executive in relation to executive Directors' remuneration and has access to internal and external professional advice as required. Decisions are made within agreed reference terms, with meetings held as required. Members of the Committee have no personal interest in the outcome of their decisions and give due regard to the interests of shareholders and the performance of the Company. The second role of the Committee relates to nomination responsibilities, which include considering the need for and the making of Board appointments, both executive and non-executive.

On 11 January 2007, Mr. James O'Connell, Mr. Michael O'Connor and Mr. Gerard O'Hanlon all of whom are directors of KCC and whose appointments were recommended by the Committee, were co-opted to the Board to fill the vacancies arising from the retirement of Mr. James V. Brosnan, Mr. Walter Costelloe and Mr. Roger Robbins respectively. Resolutions to re-elect Mr. O'Connell, Mr. O'Connor and Mr. O'Hanlon in accordance with Article 102 of the Articles of Association of the Company, will be submitted to shareholders for consideration at the AGM to be held on 18 May 2007. The Committee considered that the engagement of an external search consultant or use of open advertising was not justified in the appointment of the aforementioned candidates as KCC conducts a selection process before nominating members of its board for appointment to the Board of the Company.

Remuneration

Remuneration policy

The Group's remuneration policy is to ensure that executive Directors' remuneration properly reflects their duties and responsibilities, and is sufficient to attract, retain and motivate people of the highest quality worldwide. Remuneration includes performance related elements designed to align Directors' interests with those of shareholders and to encourage performance at the highest levels. In setting remuneration levels, the Remuneration and Nomination Committee has regard to comparable companies in terms of both the size of the Group and the geographical spread and complexity of its business. It also considers pay and employment conditions elsewhere in the Group. Full details of the Directors' remuneration are given below and on page 41.

Executive Directors' remuneration comprises basic salary, performance related incentive awards, participation in pension schemes, share-based incentives and other benefits.

Executive Directors' basic salary
The Remuneration and Nomination Committee sets the basic salary and other benefits of each executive Director by reference to individual performance and external market data.

Pensions
The executive Directors participate in the Group's general pension scheme with contributions and pension benefits based on basic salary (performance related incentive awards are excluded).

Performance related incentive awards
Executive Directors participate in performance related annual bonus schemes, which are based on achieving predetermined earnings growth and other targets set by the Remuneration and Nomination Committee. The structure of the scheme is reviewed regularly to ensure that it develops in line with the Group's strategic goals.

Share-based incentives
a) Executive share option scheme
The Remuneration and Nomination Committee approves the terms, conditions and allocation of share options under the executive share option scheme to executive Directors and senior executives. While no share options have been granted since 2000, a total of **400,000** shares are held under option by the executive Directors as at 31 December 2006 and the respective amounts are shown on page 36.

b) Long term incentive plan
The Remuneration and Nomination Committee also approves the terms, conditions and allocation of awards under the Group's LTIP to executive Directors and senior executives. Details of executive Directors' LTIP interests are shown on page 37.

Other benefits
Other benefits relate primarily to cars.

Non-executive Directors' remuneration
Non-executive Directors' fees, which are determined by the Board as a whole, fairly reflect the responsibilities and time spent by the Directors on the Group's affairs. In determining the fees, which are set within the limits approved by shareholders, consideration is given to both the complexity of the Group and the level of fees paid to non-executive Directors in comparable companies. Non-executive Directors do not participate in the Group's incentive plans, pension/superannuation arrangements or other elements of remuneration provided to the executive Directors.

Service contracts

The Group does not have any service contracts with its Directors.

Directors' remuneration

Disclosures regarding Directors' remuneration have been drawn up on an individual Director basis in accordance with the requirements of both the Combined Code and the Irish Stock Exchange:

a) Executive Directors' remuneration

	Salaries 2006 €'000	**Performance related 2006 €'000**	**Benefits-in-kind 2006 €'000**	**Pensions 2006 €'000**	**Total 2006 €'000**	Total 2005 €'000
Hugh Friel	**710**	**241**	**33**	**89**	**1,073**	1,201
Denis Cregan	**595**	**202**	**33**	**25**	**855**	1,021
Brian Mehigan	**420**	**129**	**23**	**96**	**668**	693
Flor Healy	**426**	**132**	**14**	**97**	**669**	743
Stan McCarthy	**444**	**361**	**28**	**13**	**846**	708
	2,595	**1,065**	**131**	**320**	**4,111**	4,366

b) Executive Directors' benefits under defined benefit pension schemes

	Accrued benefits on leaving service at end of year		
	Increase during year (excluding inflation) €'000	Accumulated total at end of year €'000	Transfer value of increase in accumulated accrued benefits €'000
Hugh Friel	**5**	**463**	**74**
Denis Cregan	**6**	**387**	**132**
Brian Mehigan	**10**	**149**	**76**
Flor Healy	**16**	**134**	**144**
Stan McCarthy	**13**	**160**	**138**
2006	**50**	**1,293**	**564**
2005	128	1,219	677

c) Non-executive Directors' remuneration

	Fees 2006 €	Fees 2005 €
Patrick A. Barrett	**35,142**	29,828
Denis Buckley	**190,000**	170,000
James V. Brosnan	**45,740**	44,832
Denis Carroll	**35,142**	29,828
Walter Costelloe	**29,268**	29,828
Michael Dowling	**100,000**	90,000
Cathal Foley*	**–**	12,433
Noel Greene***	**35,142**	–
Timothy G. Horan**	**–**	26,999
Kevin Kelly	**100,000**	90,000
Eugene McSweeney	**50,263**	44,913
Patrick Minogue**	**–**	44,940
Desmond O'Connor	**35,190**	29,887
Donal O'Donoghue	**35,142**	17,395
Roger Robbins***	**32,205**	–
Michael J. Sullivan	**65,000**	55,000
Denis Wallis	**50,173**	29,887
	838,407	745,770

* *Retired during 2005*
** *Retired during 2006*
*** *Appointed during 2006*

Non-executive Directors' remuneration consists of fees only. The total remuneration for all Directors in 2006 amounted to **€4,949,407** (2005: €5,111,770). There were no other emoluments paid to the executive or non-executive Directors other than as disclosed above.

Executive share option scheme

The Group has an executive share option scheme, the terms and conditions of which were approved by shareholders. In the past it was used to grant options under the scheme to key executives including executive Directors across the Group to encourage identification with shareholder interests. No options have been granted by the Company since 2000. Currently, approximately **200** executives worldwide hold outstanding options. Details of the options outstanding are presented in note 24 to the financial statements.

Long term incentive plan

The Group also operates an LTIP scheme, the terms and conditions of which were approved by shareholders at the AGM in May 2006.

Under this plan, senior executives (including the executive Directors) were granted conditional awards over shares in the Company. The awards for the 2006 – 2008 performance period were granted during the year.

Awards vest at the end of a performance period of three years. The proportion of each award which vests will depend on the relative Total Shareholder Return (TSR) and adjusted EPS performance of the Group.

Up to 50% of the award will vest according to the Group's TSR performance over the performance period measured against the TSR of a peer group of listed companies.

The remaining 50% of the award will vest according to the Group's adjusted EPS growth over the performance period compared with the increase in the Irish Consumer Price Index over the same period.

The Remuneration and Nomination Committee administer the LTIP and may vary the performance conditions for each grant of awards (including the peer group) provided they remain no less challenging and are aligned with the interests of shareholders.

Relations with shareholders

Communication with shareholders is of significant importance and the Company undertakes this principally through its Annual and Interim Reports, at the AGM and through the processes described below.

Although most shareholder contact is with the Chief Executive and the Chief Financial Officer, supported by management specialising in investor relations, it is the responsibility of the Board as a whole to ensure that a satisfactory channel of communication with shareholders exists. The Board strongly supports a programme of regular ongoing communication with the Company's shareholders. The programme, which is formalised within an investor relations framework, includes presentations of interim and full year results and regular meetings of senior management with the Company's institutional investors. The Group's website (www.kerrygroup.com) enables a significant amount of published material, including results and presentations, to be readily accessible to all shareholders on demand. Regular communication is also entered into with individual shareholders on a wide range of issues through this medium.

The AGM provides an opportunity for the Directors to deliver presentations on the business and for shareholders, both institutional and private, to question the Directors directly. The Chairman of the Board, together with the Chairmen of the Audit Committee and the Remuneration and Nomination Committee, are available to answer questions as required. Notice of the AGM, proxy statement and the Annual Report and Accounts, are sent to shareholders at least 20 working days before the meeting. A separate resolution is proposed at the AGM on each substantially separate issue including a particular resolution relating to the report and accounts. Details of the proxy votes for and against each resolution, together with details of votes withheld are announced after the result of the votes by hand. These details will also be published on the Group's website following the conclusion of this year's AGM.

Accountability and audit

A statement relating to the Directors' responsibilities in respect of the preparation of the financial statements is set out on page 37 with the responsibilities of the Company's Independent Auditors outlined on page 45.

Going concern

The financial statements have been prepared on the going concern basis and, as required by the Combined Code, 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 2007, 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.

Principal risks and uncertainties

Kerry Group operates in the dynamic and global food ingredients industry and in the consumer food industry in the UK and Ireland. As is the case with our competitors in these industries we are exposed to many and varied risks and uncertainties which are managed in order to make a profitable return for our shareholders. The risks are managed, both in the short and long term, utilising the standard management processes adopted in the businesses along with the Group internal control and risk management processes described in the next section.

The principal risks and uncertainties facing the Group are discussed below:

Commercial risks

We may experience loss of revenue growth momentum due to unforeseen events that impact our brands, our customers' brands, consumer dietary changes or food consumption patterns. Our spread of business and experience in the territories in which we operate, limits the concentration of these risks and allows mitigation through management actions.

Fluctuating raw material costs, competition between our customers, unusual competitive actions by our own competitors and the resultant difficulties in adjusting prices appropriately can have a detrimental impact on our operating margins. We deploy senior managers and subject matter experts in these areas to manage and mitigate such risks and adopt our own strategies over time to improve the positioning of our businesses in this regard.

A sudden acceleration or slow down in the rate of innovation in our significant markets can impact both our ingredients and consumer foods businesses if we are not appropriately aligned. We invest a significant level of resources to ensure that we have the right technology response to each market that we serve.

In a given market, a slow rate of innovation or stagnation of consumer trends can lead to commoditisation of a particular category of ingredients. The Group supports our customers drive for choice and market stimulation through new product development. Where this dynamic is absent for a period of time the impact on our margins can be negative. We work closely with our customers and with consumers to ensure that we are aware of the trends that are occurring in the market place both positive and negative.

Other commercial risks can be considered under the heading of operational and technical compliance. These risks include such matters as managing compliance in an ever changing regulatory environment, specifically in the areas of health and safety, emissions and effluent and indeed in relation to the potential outbreak of disease in an animal population or contamination in any particular food category. The products and raw materials the Group employs in its operations are substantially all natural in make up and where disease or contamination could potentially occur we employ strict quality policies and disciplines to reduce the level of risk encountered to a minimal level.

Possibly the largest commercial risk encountered by the Group is the risk of executing a value destroying acquisition or large capital project. The Group has significant experience in this area within its management team and employs a thorough and disciplined approach to pre-acquisition due diligence and post-acquisition integration and restructuring. However the risk inherent in this area is very much to the fore in contemplating and managing such projects.

Financial risks
The geographic spread of the Group's business (across 19 countries of manufacture and 140 in terms of revenue) provides a number of challenges in relation to financial and markets risk and uncertainty. These risks include, ensuring finance is available to the Group to carry out its mission, treasury risks, foreign exchange risks, interest rate risks, credit rating risk and market risk in relation to our employee retirement obligations. In addition risks such as inaccurate or delayed stock market reporting, internal control systems failure and IT systems failure could be considered under this heading. These risks and the Group's response to managing these risks are set out in detail in the Financial Review.

Human resources
The Group is critically aware that its performance in the short or longer term is only as good as the people that manage and run its operations. To this extent every effort is made to ensure that we have the optimal procedures and policies in place to attract, train and retain the capabilities and skill levels appropriate to succeed in our mission and business objectives.

Internal control

The Company, as required by the Irish and London Stock Exchanges, has complied with the Combined Code provisions on internal control, having established the procedures necessary to implement the guidance issued in the Turnbull Committee Report, and by reporting in accordance with that guidance.

The Board of Directors has overall responsibility for the Group's systems of internal control and risk management. It is also responsible for monitoring the effectiveness of these systems on an ongoing basis. The system of internal control provides reasonable, but not absolute, assurance of:

- The safeguarding of assets against unauthorised use or disposition; and
- The maintenance of proper accounting records and the reliability of the financial information it produces, for both internal use and for publication.

The key elements of the system are as follows:

- The Board of Directors reviews and approves a detailed annual budget each year which is used for comparison with monthly management accounts throughout the year;
- The Board of Directors also approves all major strategic decisions. Responsibility for each business unit is passed to local management and is overseen by the respective business manager in line with Group responsibility structures;
- Written policies and procedures are issued centrally for all material functional areas and are approved by the executive Directors. Specific responsibility is allocated to individual managers to monitor compliance with these policies;
- The Group operates a centralised treasury function which manages the financial risks of the Group;
- The Group has a clearly defined process and information system for controlling capital expenditure including use of appropriate authorisation levels. The overall capital expenditure programme for the year is reviewed by the Board of Directors on an ongoing basis with specific projects being approved by the Board at each meeting;
- Business acquisition and disposal decisions are taken exclusively by the Board of Directors;
- The Group Finance Committee has responsibility for raising finance, reviewing foreign currency risk, making decisions on foreign currency and interest rate hedging and managing the Group's relationship with its finance providers; and
- A procedure is in place across the Group for the submission of periodic risk and control reports from management, through the Audit Committee, to the Board. These reports emanate from the Group's Risk Assessment and Reporting System which covers financial, operational, business and compliance risks.

Report of the Directors (continued)

The Directors have procedures in place to enable them to continually monitor the effectiveness of the system of internal controls. These procedures include:

- The operations of the Audit Committee whose function it is to approve audit plans and deal with significant control issues raised by the internal and external auditors;
- The Group's internal audit function which continually reviews the internal controls and systems in all businesses and makes recommendations for improvement and reports to the Audit Committee;
- The Group has established a Corporate Compliance function designed to establish compliance policy and monitor compliance across the Group's countries of operation, carry out compliance reviews and share best practice among the compliance functions in the individual business units;
- As part of their normal audit procedures, the external auditors test the systems of internal control and report material weaknesses, if any, to the Audit Committee;
- The Board, through the Audit Committee, has completed an annual assessment of risk and controls. Internal audit has facilitated the Board in this assessment by preparing a consolidated Group Risk and Control Report for their review. In addition, as part of the monitoring process, the Audit Committee will immediately convene to deal with any significant control weaknesses reported by internal audit and management;
- Adherence to the policies outlined in the Group's procedures manual ensures all the key controls in the internal control system are complied with; and
- Any significant variance between the budget and the detailed monthly management accounts is investigated by management and remedial action is taken as necessary.

The Directors confirm that they have reviewed the effectiveness of the system of internal control operated during the period covered by these accounts and up to the date of this report. No significant failings or weaknesses were identified from the internal controls review. The procedures adopted also comply with the guidance contained in *Internal Control: Guidance for Directors on the Combined Code.*

Finally, to ensure that proper books of account are kept for the Company in accordance with section 202 of the Companies Act, 1990, the Directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the Company's registered office.

Subsidiaries
The principal subsidiaries are listed in note 32 to the financial statements.

Auditors
The Auditors, Deloitte & Touche, Chartered Accountants, continue in office in accordance with section 160(2) of the Companies Act, 1963.

Retirement benefits
Information in relation to the Group's retirement benefit schemes is given in note 19 to the financial statements.

Taxation
So far as the Directors are aware, the Company is not a close company within the definition of the Taxes Consolidation Act, 1997. There has been no change in this respect since 31 December 2006.

Signed on behalf of the Board:

Denis Buckley, Chairman

Hugh Friel, Chief Executive

26 February 2007

Independent Auditors' Report to the Members of Kerry Group plc

We have audited the financial statements of Kerry Group plc for the year ended 31 December 2006 which comprise the Group Financial Statements including the Statement of Accounting Policies, the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Recognised Income and Expense, the Consolidated Reconciliation of Changes in Shareholders' Equity, the Consolidated Cash Flow Statement and the Company Financial Statements including the Company Balance Sheet, the Company Reconciliation of Changes in Shareholders' Equity, the Company Cash Flow Statement and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the Company's members, as a body, in accordance with Section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The Directors are responsible, as set out in the Statement of Directors' Responsibilities, for preparing the Annual Report, including the preparation of the Group Financial Statements and the Parent Company Financial Statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Our responsibility, as independent auditors, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group Financial Statements and the Parent Company Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006, the European Communities (Companies: Group Accounts) Regulations, 1992 and Article 4 of the IAS Regulations. We also report to you whether in our opinion: proper books of account have been kept by the Company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Report of the Directors is consistent with the financial statements. In addition, we state whether we have obtained all information and explanations necessary for the purposes of our audit and whether the Company's balance sheet is in agreement with the books of account.

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

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Irish Stock Exchange and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its internal controls.

We read the other information contained in the Annual Report and consider whether it is consistent with the financial statements. The other information comprises only the Chairman's Statement, the Chief Executive's Review, the Business Review, the Financial Review, the Corporate Social Responsibility Report and the Report of the Directors. Our responsibilities do not extend to other information.

Basis of audit opinion

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

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

Independent Auditors' Report to the Members of Kerry Group plc (continued)

Opinion

In our opinion;

- the Group Financial Statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the Group as at 31 December 2006 and of its profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006, the European Communities (Companies: Group Accounts) Regulations, 1992 and Article 4 of the IAS Regulations;
- the Parent Company Financial Statements give a true and fair view, in accordance with IFRSs, as adopted by the European Union as applied in accordance with the provisions of the Companies Acts 1963 to 2006, of the state of the Parent Company affairs as at 31 December 2006; and
- the Parent Company Financial Statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006 and Article 4 of the IAS Regulations.

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

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

The net assets of the Company, as stated in the balance sheet are more than half the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2006 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

Deloitte & Touche
Chartered Accountants and Registered Auditors
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

26 February 2007

Statement of Accounting Policies

Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and their interpretations as issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), applicable Irish law and the Listing Rules of the Irish and London Stock Exchanges.

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.

IFRS does not define certain Income Statement headings. For clarity, the following are the definitions as applied by the Group:
- 'Trading profit' refers to the operating profit generated by the businesses before intangible asset amortisation and any gains or losses generated from non-trading items.
- 'Non-trading items' refers to gains or losses on the disposal of non-current assets or businesses, plant closures and any material acquisition or other restructuring costs.
- 'Operating profit' is profit before taxation and finance costs.

The Group makes this distinction so as to give a better understanding of the performance of the business.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries all of which prepare financial statements up to 31 December. The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the date of their acquisition or up to the date of their disposal.

The purchase method of accounting is used for the acquisition of subsidiaries. The cost of the acquisition is measured at the aggregate fair values, at the date of exchange, of assets and liabilities assumed or incurred by the Group to obtain control and any directly attributable acquisition costs.

Reporting currency

The financial statements contained herein are presented in Euro.

Revenue

Revenue represents the value of sales to third party customers net of discounts, allowances, volume and promotional rebates and excludes VAT. Revenue is recognised when the significant risks and rewards of ownership are transferred to the customer, which is usually upon shipment.

Segmental analysis

The Group's primary format for segmental reporting is business segments and the secondary format is geographical segments. The risks and returns of the Group's operations are primarily determined by the different products that the Group produces rather than the geographical location of the Group's operations.

The Group has two business segments, Ingredients and Consumer Foods. Corporate activities, such as the cost of corporate stewardship, are reported along with the elimination of inter-group activities under the heading "Unallocated and Group Eliminations". Inter-segment pricing is determined on an arm's length basis.

Segment assets and liabilities consist of property, plant and equipment, goodwill and intangible assets and other assets and liabilities that can be reasonably allocated to the reported segment. Unallocated segment assets and liabilities mainly include current and deferred income tax balances together with financial assets and liabilities.

Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

The Group's geographical segments are Europe, Americas and Asia Pacific. The Group's geographical segments are determined by geographical location and similarity of economic environments.

Statement of Accounting Policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost comprises purchase price and other directly attributable costs. Freehold land is not depreciated. Depreciation on the remaining property, plant and equipment is calculated by charging equal annual instalments to the Consolidated Income Statement so as to write off the cost of assets over the period of their expected useful lives at the following annual rates:

– Buildings	2% - 5%
– Plant, machinery and equipment	7% - 25%
– Motor vehicles	20%

Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met if the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets, including related liabilities, classified as held for sale are measured at the lower of carrying value and fair value less costs of disposal.

Intangible assets

(a) Goodwill

Goodwill represents the difference between the cost of businesses acquired and the aggregate of the fair values of their identifiable net assets at the date of acquisition. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous Irish/UK GAAP amounts subject to being tested for impairment at that date. Goodwill written off to reserves under Irish/UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal. At the date of acquisition, goodwill is allocated, for the purpose of impairment testing, to one or more cash generating units. Goodwill is tested for impairment annually and is carried at cost less accumulated impairment losses, where identified. Any impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed.

(b) Other intangible assets

Other intangible assets acquired as part of a business combination refers to brand related intangibles. These intangible assets are valued at their fair value at the date of acquisition. Intangible assets determined to have an indefinite useful life are not amortised and are subject to an annual impairment review. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. The classification of intangible assets as indefinite is reviewed annually. Finite life intangible assets are amortised over the period of their expected useful lives, which range from 2 to 20 years, by charging equal annual instalments to the Consolidated Income Statement.

Intangible assets separately acquired including computer software, which is not an integral part of an item of computer hardware, are stated at cost less accumulated amortisation and any impairment losses. Cost comprises purchase price and other directly attributable costs. These intangible assets are amortised over their expected useful lives by charging equal annual instalments to the Consolidated Income Statement.

Impairment of assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever there is an indication that the asset may be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised immediately in the Consolidated Income Statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). When an impairment loss (other than on goodwill) subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not exceeding its original carrying amount.

Inventories

Inventories are valued at the lower of weighted average cost and estimated net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of inventory on hand less all further costs to completion and all costs expected to be incurred in marketing, distribution and selling.

Income taxes

The income taxes charge includes current and deferred taxes. Income taxes are charged or credited to the Consolidated Income Statement except when they relate to items charged or credited directly to equity, in which case the income taxes are also charged or credited within equity.

The current tax charge is calculated as the amount payable based on taxable profit for the year and any adjustments relating to prior years.

Deferred taxes are calculated based on the temporary differences that arise between the tax base of the asset or liability and its carrying value in the Consolidated Balance Sheet. Deferred taxes are calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred taxes are recognised on all temporary differences in existence at the balance sheet date except as provided under IAS 12 'Income Taxes'. Deferred tax assets are reviewed on an annual basis and are recognised to the extent that it is probable that they will be recovered.

Current and deferred income tax assets and liabilities are offset where taxes are levied by the same taxation authority and relate to the same tax period, where there is a legal right of offset between the assets and liabilities and the Group intends to settle on a net basis.

Retirement benefits

Payments to defined contribution plans are recognised in the Consolidated Income Statement as they fall due and any contributions outstanding at the year end are included as an accrual in the Consolidated Balance Sheet.

The cost of providing benefits and the liabilities of defined benefit plans are determined, using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

Current service cost, interest cost and return on plan assets are recognised in the Consolidated Income Statement. Actuarial gains and losses are recognised in full in the period in which they occur in the Consolidated Statement of Recognised Income and Expense. Past service cost is recognised immediately to the extent that the benefits are already vested. Otherwise, past service cost is recognised on a straight line basis over the average period until the benefits become vested.

The defined benefit liability recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation less any past service cost not yet recognised and less the fair value of any plan assets. Defined benefit assets are also recognised in the Consolidated Balance Sheet but are limited to the total of unrecognised past service cost and the present value of available refunds and reductions in future contributions to the plan.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the financial year in which it is incurred.

Development expenditure is assessed and capitalised as an internally generated intangible asset only if it meets all of the following criteria:

- an asset is created that can be identified;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Capitalised development costs are amortised over their expected economic lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the financial year in which it is incurred.

Grants

Grants of a capital nature are accounted for as deferred income in the Consolidated Balance Sheet and are released to the Consolidated Income Statement at the same rates as the related assets are depreciated. Grants of a revenue nature are credited to the Consolidated Income Statement to offset the matching expenditure.

Dividends

Dividends are accounted for on a paid basis through the retained earnings reserve. Dividends proposed do not meet the definition of a liability until such time as they have been approved.

Operating leases

Annual rentals payable under operating leases are charged to the Consolidated Income Statement on a straight line basis over the period of the lease.

Statement of Accounting Policies (continued)

Share-based payments
The Group has granted share-based payments to employees under an executive share option scheme and a long term incentive plan.

(a) Executive share option scheme
In accordance with IFRS 2 'Share-based Payment', as no new options have been granted under the executive share option scheme since 7 November 2002, there is no requirement to recognise any compensation cost in the consolidated financial statements.

(b) Long term incentive plan
The equity-settled share-based awards granted under this plan are measured at fair value at the date of grant. The fair value is measured using the Monte Carlo Pricing Model and charged to the Consolidated Income Statement over the vesting period of the awards based on the probable number of awards that will eventually vest, with a corresponding credit to equity. At the balance sheet date, the estimate of the level of vesting is reviewed and any adjustment necessary is recognised in the Consolidated Income Statement and in equity.

Foreign currency
Foreign currency transactions are translated into local currency at the rate of exchange ruling at the date of the transaction. Any exchange difference arising from either the retranslation of the resulting monetary asset or liability at the exchange rate at the balance sheet date or from the settlement of the balance at a different rate is recognised in the Consolidated Income Statement when it occurs.

On consolidation the income statements of foreign currency subsidiaries are translated into Euro at the average exchange rate for the year. The balance sheets of such subsidiaries are translated at rates of exchange ruling at the balance sheet date. Any resultant exchange differences arising on the translation of foreign currency subsidiaries are taken directly to a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiairies are treated as assets and liabilities of the foreign subsidiaries and are translated at the closing rate.

On disposal of a foreign currency subsidiary, the cumulative translation difference for that foreign subsidiary is transferred to the Consolidated Income Statement as part of the gain or loss on disposal.

Financial instruments
Financial assets and financial liabilities are recognised on the Consolidated Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents
Cash and cash equivalents consists of cash at bank held by the Group and short term bank deposits with a maturity of three months or less and are shown within current assets on the Consolidated Balance Sheet. Bank overdrafts are shown within financial liabilities in current liabilities on the Consolidated Balance Sheet. The carrying amount of these assets and liabilities approximates to their fair value.

Financial asset investments
Financial asset investments classified as available-for-sale are stated at their fair value at the balance sheet date. Any movements in fair value are taken to equity until the asset is disposed of unless there is deemed to be an impairment on the original cost in which case the loss is taken directly to the Consolidated Income Statement. Quoted market prices are used to determine the fair value of quoted shares. Other financial asset investments are stated at cost, less provisions for impairments in value. Income from these investments is recognised in the Consolidated Income Statement in the period in which it is received.

Borrowings
Debt instruments are initially recorded at the proceeds received, net of transaction costs. Subsequently they are reported at amortised cost. Any discount between the net proceeds received and the principal value due on redemption is recognised as a finance cost in the Consolidated Income Statement. To the extent that debt instruments are hedged under qualifying fair value hedges, the hedged item is adjusted for changes in the fair value of the hedging instruments with changes arising recognised in the Consolidated Income Statement. The fair value of the hedged debt is primarily determined using the discounted cash flow basis.

Derivative financial instruments and hedge accounting
The Group's activities expose it to risks of changes in foreign currency exchange rates and interest rates in relation to overseas income and long-term debt. The Group uses foreign exchange forward contracts, interest rate swaps and forward rate agreements to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes.

Hedge accounting is applied to the derivative instruments where they are effective in offsetting the changes in fair value or cash flows of the hedged item. Regular assessment of the effectiveness of the hedging relationship is undertaken.

Derivative financial instruments are held on the Consolidated Balance Sheet at their fair value.

The fair value of derivative financial instruments is primarily determined using discounted cash flow calculations.

The treatment of gains and losses arising from the revaluation of derivatives designated as hedging instruments and of the changes in fair value of hedged items depends on the nature of the hedging relationship as follows:

(a) Cash flow hedges
Where derivatives, including forward currency and forward commodity contracts and floating to fixed interest rate swaps are used, they are treated as cash flow hedges. Changes in the fair value of derivative financial instruments that are designated, and are effective, as hedges of future cash flows are recognised directly in equity. Any ineffective portion of the hedge is recognised in the Consolidated Income Statement. When the firm commitment or forecasted transaction occurs and results in the recognition of an asset or a liability, then, at that time the associated gains or losses on the hedging instrument that had previously been recognised in equity are recognised in the Consolidated Income Statement.

(b) Fair value hedges
Where derivatives are used as fair value hedges and the fair value exposure is hedged effectively, the hedged item is adjusted for changes in fair value attributable to the risk being hedged. The movement in fair value of the derivative instrument and the related hedged item are recognised in the Consolidated Income Statement. If derivative financial instruments do not qualify for hedge accounting the changes in fair value are recognised in the Consolidated Income Statement as they arise.

If a hedge is no longer effective or a hedging relationship ceases to exist any cumulative gain or loss on the instrument previously recognised in equity is retained in equity until the forecasted transaction occurs at which time it is released to the Consolidated Income Statement. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss in equity is transferred to the Consolidated Income Statement immediately.

Some derivatives which comply with the Group's financial risk management policies do not qualify for hedge accounting or may not be designated as hedges. These derivatives are classified as trading derivatives. In these cases the instrument is reported independently at fair value with any changes recognised in the Consolidated Income Statement.

Critical accounting estimates and judgements
Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities. These include, but are not limited to, the following areas:

(a) Impairment of goodwill and intangible assets
Determining whether goodwill or intangible assets are impaired requires an estimation of the value in use of the groups of cash generating units to which goodwill and intangible assets have been allocated. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes in selling price and direct costs during the year.

(b) Retirement benefits obligation
The actuarial valuation of pension schemes' liabilities is based on various financial and demographic assumptions about the future including discount rates, inflation, salary increases, pension increases and mortality rates. The assumptions may differ from the actual data as a result of changes in economic and market conditions as well as the actual experience within each scheme. The present value of pension schemes' liabilities is heavily dependent on the discount rate. As the discount rate is based on a market driven measure, which is the interest yield on high quality corporate bonds at the balance sheet date, the present value of pension schemes' liabilities can fluctuate significantly even in the short term.

New standards and interpretations
At the date of approval of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

– IFRS 7	Financial Instruments: Disclosures
– Amendments to IAS 1	Presentation of Financial Statements

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Group.

Consolidated Income Statement

for the year ended 31 December 2006

	Notes	Before Non-Trading Items 2006 €'000	Non-Trading Items 2006 €'000	Total 2006 €'000	2005 €'000
Revenue	*1*	**4,645,920**	**–**	**4,645,920**	4,429,777
Trading profit	*1*	**383,688**	**–**	**383,688**	380,213
Intangible asset amortisation	*11*	**(12,093)**	**–**	**(12,093)**	(10,331)
Non-trading items	*4*	**–**	**(73,425)**	**(73,425)**	(3,623)
Operating profit	*2*	**371,595**	**(73,425)**	**298,170**	366,259
Finance costs	*5*	**(76,930)**	**–**	**(76,930)**	(68,353)
Profit before taxation		**294,665**	**(73,425)**	**221,240**	297,906
Income taxes	*6*	**(57,753)**	**14,262**	**(43,491)**	(62,030)
Profit after taxation and attributable to equity shareholders		**236,912**	**(59,163)**	**177,749**	235,876
Earnings per ordinary share (cent)					
– basic	*9*			**95.6**	126.1
– fully diluted	*9*			**95.2**	125.5

The financial statements were approved by the Board of Directors on 26 February 2007 and signed on its behalf by:

Denis Buckley, Chairman
Hugh Friel, Chief Executive

Consolidated Balance Sheet

as at 31 December 2006

	Notes	2006 €'000	2005 €'000
Non-current assets			
Property, plant and equipment	*10*	**1,010,343**	1,066,931
Intangible assets	*11*	**1,684,756**	1,633,367
Financial asset investments	*12*	**19,866**	12,442
Deferred tax assets	*6*	**10,856**	12,115
		2,725,821	2,724,855
Current assets			
Inventories	*13*	**495,313**	544,438
Trade and other receivables	*14*	**597,073**	558,831
Cash and cash equivalents	*17*	**188,844**	163,903
Financial assets	*17*	**4,485**	1,862
Assets classified as held for sale	*15*	**2,696**	10,415
		1,288,411	1,279,449
Total assets		**4,014,232**	4,004,304
Current liabilities			
Trade and other payables	*16*	**836,550**	845,285
Financial liabilities	*17*	**27,261**	143,854
Tax liabilities		**51,909**	44,659
Deferred income	*18*	**2,726**	3,078
Liabilities classified as held for sale	*15*	**–**	1,899
		918,446	1,038,775
Non-current liabilities			
Financial liabilities	*17*	**1,356,296**	1,297,210
Retirement benefits obligation	*19*	**180,269**	249,103
Other non-current liabilities	*20*	**87,368**	107,297
Deferred tax liabilities	*6*	**131,252**	112,276
Deferred income	*18*	**17,434**	21,959
		1,772,619	1,787,845
Total liabilities		**2,691,065**	2,826,620
Net assets		**1,323,167**	1,177,684
Capital and reserves			
Share capital	*21*	**23,445**	23,399
Share premium account	*22*	**383,341**	378,979
Other reserves	*23*	**(32,089)**	23,501
Retained earnings	*23*	**948,470**	751,805
Shareholders' equity		**1,323,167**	1,177,684

The financial statements were approved by the Board of Directors on 26 February 2007 and signed on its behalf by:

Denis Buckley, Chairman
Hugh Friel, Chief Executive

Company Balance Sheet

as at 31 December 2006

	Notes	**2006 €'000**	2005 €'000
Non-current assets			
Property, plant and equipment	*10*	**2,470**	2,655
Financial asset investments	*12*	**544,946**	544,946
		547,416	547,601
Current assets			
Trade and other receivables	*14*	**28,719**	34,178
Cash and cash equivalents		**4,374**	432
		33,093	34,610
Total assets		**580,509**	582,211
Current liabilities			
Trade and other payables	*16*	**7,325**	7,743
Deferred income	*18*	**18**	18
		7,343	7,761
Non-current liabilities			
Other non-current liabilities	*20*	**42,459**	53,370
Deferred income	*18*	**272**	290
		42,731	53,660
Total liabilities		**50,074**	61,421
Net assets		**530,435**	520,790
Capital and reserves			
Share capital	*21*	**23,445**	23,399
Share premium account	*22*	**383,341**	378,979
Other reserves	*23*	**(46,837)**	340
Retained earnings		**170,486**	118,072
Shareholders' equity		**530,435**	520,790

The financial statements were approved by the Board of Directors on 26 February 2007 and signed on its behalf by:

Denis Buckley, Chairman
Hugh Friel, Chief Executive

Consolidated Statement of Recognised Income and Expense

for the year ended 31 December 2006

	Notes	2006 €'000	2005 €'000
Fair value movements on available-for-sale investments		**7,424**	12,209
Fair value movements on cash flow hedges		**(2,608)**	(3,383)
Exchange difference on translation of foreign operations	*26*	**(13,389)**	17,747
Actuarial gains/(losses) on defined benefit pension schemes	*19*	**61,924**	(50,387)
Deferred tax on items taken directly to reserves	*6*	**(12,251)**	16,412
Net income/(expense) recognised directly in equity		**41,100**	(7,402)
Transfers			
Cash flow hedges to profit or loss from equity	*17*	**160**	857
Sale of available-for-sale investments		**–**	(6,218)
Profit for the year after taxation		**177,749**	235,876
Total recognised income and expense for the year attributable to equity shareholders		**219,009**	223,113

Consolidated Reconciliation of Changes in Shareholders' Equity

for the year ended 31 December 2006

	Notes	2006 €'000	2005 €'000
At beginning of year		1,177,684	968,160
Impact of adoption of IAS 32 and IAS 39		–	9,550
At beginning of year as adjusted		1,177,684	977,710
Total recognised income and expense for the year		**219,009**	223,113
Dividends paid	*8*	**(30,757)**	(27,129)
Purchase of treasury shares	*21*	**(48,442)**	–
Long term incentive plan expense	*23*	**1,265**	–
Shares issued during the year	*23*	**4,408**	4,014
Share issue costs	*22*	**–**	(24)
At end of year		**1,323,167**	1,177,684

Company Reconciliation of Changes in Shareholders' Equity

for the year ended 31 December 2006

	Notes	2006 €'000	2005 €'000
At beginning of year		520,790	517,905
Profit for the year after taxation	*7*	**83,171**	26,024
Dividends paid	*8*	**(30,757)**	(27,129)
Purchase of treasury shares	*21*	**(48,442)**	–
Long term incentive plan expense	*23*	**1,265**	–
Shares issued during the year	*23*	**4,408**	4,014
Share issue costs	*22*	**–**	(24)
At end of year		**530,435**	520,790

Consolidated Cash Flow Statement

for the year ended 31 December 2006

	Notes	2006 €'000	2005 €'000
Operating activities			
Trading profit		**383,688**	380,213
Adjustments for:			
Depreciation (net)	*25*	**102,923**	101,643
Change in working capital	*25*	**(45,893)**	260
Exchange translation adjustment	*26*	**(484)**	494
Cash generated from operations		**440,234**	482,610
Income taxes paid		**(35,056)**	(50,656)
Interest received		**2,006**	1,752
Finance costs paid		**(78,587)**	(66,066)
Net cash from operating activities		**328,597**	367,640
Investing activities			
Purchase of non-current assets		**(103,066)**	(149,262)
Proceeds from the sale of non-current assets		**13,886**	28,928
Capital grants received	*18*	**1,687**	446
Purchase of subsidiary undertakings	*27*	**(112,830)**	(233,688)
Proceeds from disposal of businesses		**17,118**	2,759
Payment of deferred payables		**(2,781)**	(11,353)
Expenditure on non-trading items		**(30,903)**	(15,236)
Consideration adjustment on previous acquisitions		**(63)**	(18)
Net cash used in investing activities		**(216,952)**	(377,424)
Financing activities			
Dividends paid	*8*	**(30,757)**	(27,129)
Purchase of treasury shares	*21*	**(48,442)**	–
Issue of share capital	*23*	**4,408**	3,990
Net movement on bank borrowings		**(4,958)**	199,349
Decrease in bank overdrafts		**(1,694)**	(72,853)
Net cash (used in)/from financing activities		**(81,443)**	103,357
Net increase in cash and cash equivalents		**30,202**	93,573
Cash and cash equivalents at beginning of year		163,903	65,328
Exchange translation adjustment on cash and cash equivalents		**(5,261)**	5,002
Cash and cash equivalents at end of year		**188,844**	163,903

Reconciliation of Net Cash Flow to Movement in Net Debt

for the year ended 31 December 2006

	Notes	2006 €'000	2005 €'000
Net increase in cash and cash equivalents		**30,202**	93,573
Cash outflow/(inflow) from debt financing		**6,652**	(126,496)
Changes in net debt resulting from cash flows		**36,854**	(32,923)
Fair value movement on interest rate swaps		**(5,998)**	–
Exchange translation adjustment on net debt	*26*	**50,146**	(104,997)
Movement in net debt in the year		**81,002**	(137,920)
Net debt at beginning of year		(1,275,358)	(1,137,438)
Net debt at end of year		**(1,194,356)**	(1,275,358)

Company Cash Flow Statement

for the year ended 31 December 2006

	Notes	**2006 €'000**	2005 €'000
Operating activities			
Trading profit		**82,918**	25,913
Adjustments for:			
Depreciation (net)	*25*	**167**	167
Change in working capital	*25*	**(4,456)**	208,429
Cash generated from operations		**78,629**	234,509
Interest received		**104**	78
Net cash from operating activities		**78,733**	234,587
Investing activities			
Investment in subsidiary undertakings	*12*	**–**	(212,294)
Payment of deferred payables		**–**	(213)
Net cash used in investing activities		**–**	(212,507)
Financing activities			
Dividends paid	*8*	**(30,757)**	(27,129)
Purchase of treasury shares	*21*	**(48,442)**	–
Issue of share capital	*23*	**4,408**	3,990
Net cash used in financing activities		**(74,791)**	(23,139)
Net increase/(decrease) in cash and cash equivalents		**3,942**	(1,059)
Cash and cash equivalents at beginning of year		432	1,491
Cash and cash equivalents at end of year		**4,374**	432

Notes to the Financial Statements

for the year ended 31 December 2006

1. Analysis of results

By business segment:	2006 Ingredients €'000	2006 Consumer Foods €'000	2006 Unallocated and Group Eliminations €'000	2006 Total €'000	2005 Ingredients €'000	2005 Consumer Foods €'000	2005 Unallocated and Group Eliminations €'000	2005 Total €'000
Revenue	**3,134,288**	**1,818,733**	**(307,101)**	**4,645,920**	3,021,944	1,725,839	(318,006)	4,429,777
Trading profit	**293,131**	**117,528**	**(26,971)**	**383,688**	283,816	123,018	(26,621)	380,213
Intangible asset amortisation	**(10,202)**	**(1,045)**	**(846)**	**(12,093)**	(9,263)	(477)	(591)	(10,331)
Non-trading items	**(25,544)**	**(47,881)**	**–**	**(73,425)**	(12,127)	2,227	6,277	(3,623)
Operating profit	**257,385**	**68,602**	**(27,817)**	**298,170**	262,426	124,768	(20,935)	366,259
Finance costs				**(76,930)**				(68,353)
Profit before taxation				**221,240**				297,906
Income taxes				**(43,491)**				(62,030)
Profit after taxation and attributable to equity shareholders				**177,749**				235,876
Segment assets and liabilities								
Segment assets	**2,449,392**	**1,060,691**	**504,149**	**4,014,232**	2,485,988	1,067,629	450,687	4,004,304
Segment liabilities	**564,118**	**452,173**	**1,674,774**	**2,691,065**	591,435	478,155	1,757,030	2,826,620
Net assets	**1,885,274**	**608,518**	**(1,170,625)**	**1,323,167**	1,894,553	589,474	(1,306,343)	1,177,684
Other segmental information								
Property, plant and equipment additions	**75,009**	**22,891**	**–**	**97,900**	86,266	53,368	4,124	143,758
Intangible asset additions	**1,872**	**–**	**1,279**	**3,151**	2,061	141	1,274	3,476
Depreciation (net)	**69,345**	**33,018**	**560**	**102,923**	65,431	35,671	541	101,643

By destination:	2006 Europe €'000	2006 Americas €'000	2006 Asia Pacific €'000	2006 Total €'000	2005 Europe €'000	2005 Americas €'000	2005 Asia Pacific €'000	2005 Total €'000
Revenue by location of customers	**3,007,511**	**1,275,879**	**362,530**	**4,645,920**	2,885,039	1,212,877	331,861	4,429,777
Segment assets by location	**2,718,778**	**1,102,707**	**192,747**	**4,014,232**	2,707,101	1,112,956	184,247	4,004,304
Property, plant and equipment additions	**70,222**	**20,917**	**6,761**	**97,900**	108,815	29,239	5,704	143,758
Intangible asset additions	**1,538**	**1,597**	**16**	**3,151**	1,817	1,659	–	3,476

2. Operating profit

Operating profit for the year has been arrived at after charging/(crediting):

	Notes	**2006 €'000 Continuing operations**	2005 €'000 Continuing operations
Revenue		**4,645,920**	4,429,777
Less operating costs:			
Raw materials and consumables		**2,579,758**	2,493,958
Other external charges		**408,247**	387,333
Staff costs	*3*	**900,109**	857,860
Depreciation of property, plant and equipment	*10*	**108,826**	105,118
Capital grants amortisation	*18*	**(5,903)**	(3,475)
Operating charges		**249,495**	244,592
Change in inventories of finished goods		**21,700**	(35,822)
Trading profit		**383,688**	380,213
Intangible asset amortisation	*11*	**12,093**	10,331
Non-trading items	*4*	**73,425**	3,623
Operating profit		**298,170**	366,259
And is stated after charging:			
Research and development costs		**139,018**	124,739
Auditors' remuneration – audit		**2,528**	2,490
– audit-related		**125**	435
– non-audit		**2,163**	1,627
		4,816	4,552

Directors' emoluments
Directors' emoluments are set out in the Directors' remuneration section of the Report of the Directors on pages 40 and 41.

3. Staff numbers and costs

The average number of people employed by the Group was as set out below:

	2006 Number	2005 Number
Management	**526**	519
Administration	**2,007**	1,974
Production	**16,273**	16,555
Sales	**3,839**	3,567
Others	**644**	640
	23,289	23,255

3. Staff numbers and costs (continued)

The aggregate payroll costs of these employees (including executive Directors) were as follows:

	2006 €'000	2005 €'000
Wages and salaries	**774,631**	737,874
Social welfare	**86,535**	84,128
Pension costs	**39,164**	42,088
	900,330	864,090

Wages and salaries include a long term incentive plan expense of **€1,265,000** (2005: €nil).

Pension costs above include an amount of **€221,000** (2005: €6,230,000) which is recorded in finance costs.

4. Non-trading items

	Notes	2006 €'000	2005 €'000
Profit on sale of non-current assets		**11,477**	14,702
Loss on sale of businesses		**(35,860)**	(13,363)
Acquisitions, plant closures and other restructuring costs		**(49,042)**	(4,962)
		(73,425)	(3,623)
Tax credit on non-trading items	*6*	**14,262**	3,665
		(59,163)	42

The profit on sale of non-current assets primarily relates to the sale of properties, plant and equipment.

The loss on sale of businesses in 2006 relates substantially to the sale of the poultry businesses in Ireland and the UK, the chilled desserts business in the UK and small non-core Ingredients businesses in the US and Brazil.

The acquisitions, plant closures and other restructuring costs relate to the restructuring of manufacturing plants in Europe, Americas and Asia Pacific and the integration of recent acquisitions. The costs are analysed as follows:

	Notes	2006 €'000	2005 €'000
Plant closure and relocation		**22,552**	4,061
Redundancies and contract compensation		**7,534**	–
Plant and other assets impaired	*10*	**18,139**	901
Other		**817**	–
		49,042	4,962

In 2006, the non-trading items had a positive net cash effect (after related tax) of **€14,363,000**.

5. Finance costs

	2006 €'000	2005 €'000
Interest payable	**78,715**	63,875
Interest receivable	**(2,006)**	(1,752)
Net pension interest cost	**221**	6,230
	76,930	68,353

6. Income taxes

	Notes	2006 €'000	2005 €'000
Recognition in the Consolidated Income Statement			
Current tax expense		**43,151**	46,923
Adjustments to current tax in respect of prior years		**(2,923)**	183
Deferred tax relating to the origination and reversal of temporary differences		**3,263**	14,924
Income tax expense		**43,491**	62,030
Included in the above are the following tax credits on non-trading items:			
Current tax		**(2,863)**	(1,114)
Deferred tax		**(11,399)**	(2,551)
	4	**(14,262)**	(3,665)

In addition to the income tax expense included in the Consolidated Income Statement, a deferred tax charge primarily due to retirement benefits obligation of **€12,251,000** (2005: €16,412,000 credit) has been recognised in shareholders' equity in the year.

The applicable tax rate of **22%** (2005: 22%) used by the Group is calculated based on the weighted average of the standard tax rates applying to profits earned by the Group in those jurisdictions in which it operates.

The applicable tax rate for the year can be reconciled to the income tax expense as follows:

	2006 €'000	2005 €'000
Profit before taxation	**221,240**	297,906
Applicable tax	**49,228**	66,229
Prior year current and deferred tax adjustments	**(2,719)**	802
Income taxed at rates other than standard tax rates	**(1,622)**	(3,445)
Withholding taxes and other local taxes	**4,295**	4,537
Income not subject to tax	**(4,090)**	(4,206)
Other adjusting items	**(1,601)**	(1,887)
Income tax expense	**43,491**	62,030

Deductible temporary differences totalling **€52,900,000** (2005: €58,500,000), which consists mainly of tax losses forward, have not been recognised. Unrecognised tax losses of €19,000,000 expire within five years and a further €15,500,000 expire within nine years. All other tax losses may be carried forward indefinitely.

6. Income taxes (continued)

Temporary differences have not been recognised in respect of withholding taxes and other taxes that would be payable on the unremitted earnings of foreign subsidiaries, as such amounts are currently regarded as being permanently invested.

The following is the analysis of deferred tax balances (after offset) for balance sheet purposes:

	Notes	**Deferred Tax Assets €'000**	**Deferred Tax Liabilities €'000**	**Total €'000**
At 1 January 2005		(12,812)	103,279	90,467
Consolidated Income Statement movement		5,059	9,865	14,924
Recognised in shareholders' equity during year		(3,237)	(13,175)	(16,412)
Related to businesses acquired/disposed		441	11,482	11,923
Exchange translation adjustment	*26*	(1,566)	825	(741)
At 31 December 2005		(12,115)	112,276	100,161
Consolidated Income Statement movement		**(4,096)**	**7,359**	**3,263**
Recognised in shareholders' equity during year		**371**	**11,880**	**12,251**
Related to businesses acquired/disposed		**3,985**	**109**	**4,094**
Exchange translation adjustment	*26*	**999**	**(372)**	**627**
At 31 December 2006		**(10,856)**	**131,252**	**120,396**

The following are the major deferred tax liabilities/(assets) recognised by the Group at 31 December:

	2006 €'000	2005 €'000
Property, plant and equipment	**70,971**	71,517
Intangible assets	**131,023**	120,143
Tax losses and credits	**(18,762)**	(13,268)
Retirement benefits obligation	**(58,490)**	(71,542)
Other temporary differences	**(4,346)**	(6,689)
	120,396	100,161

7. Profit attributable to Kerry Group plc

Profit for the year after taxation and attributable to equity shareholders amounting to **€83,171,000** (2005: €26,024,000) has been accounted for in the financial statements of the Holding Company.

As permitted by Section 3(2) of the Companies (Amendment) Act, 1986, a separate income statement of the Holding Company is not presented.

8. Dividends

	2006 €'000	2005 €'000
Amounts recognised as distributions to equity shareholders in the year:		
Final 2005 dividend of 11.00 cent per A ordinary share paid 26 May 2006 (2004: 9.50 cent per A ordinary share paid 27 May 2005)	**20,597**	17,776
Interim 2006 dividend of **5.50 cent** per A ordinary share paid 24 November 2006 (2005: 5.00 cent per A ordinary share paid 25 November 2005)	**10,160**	9,353
	30,757	27,129

Since the year end the Board has proposed a final 2006 dividend of 12.50 cent per share. The payment date for the final dividend will be 25 May 2007 to shareholders registered on the record date 27 April 2007. These consolidated financial statements do not reflect this dividend payable.

9. Earnings per ordinary share

	Notes	**EPS cent**	**2006 €'000**	EPS cent	2005 €'000
Basic earnings per share					
Profit after taxation and attributable to equity shareholders		**95.6**	**177,749**	126.1	235,876
Intangible asset amortisation	*11*	**6.5**	**12,093**	5.5	10,331
Non-trading items (net of related tax)	*4*	**31.8**	**59,163**	–	(42)
Adjusted earnings*		**133.9**	**249,005**	131.6	246,165
Diluted earnings per share					
Profit after taxation and attributable to equity shareholders		**95.2**	**177,749**	125.5	235,876
Adjusted earnings*		**133.4**	**249,005**	131.0	246,165

* 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 2006 000's	Number of Shares 2005 000's
Basic weighted average number of shares	**185,949**	187,051
Impact of executive share options outstanding	**715**	879
Diluted weighted average number of shares	**186,664**	187,930
Actual number of shares in issue**	**184,762**	187,196

** Excludes 2,800,000 shares held as treasury shares (see note 21).

10. Property, plant and equipment

	Notes	Land and Buildings €'000	Plant, Machinery and Equipment €'000	Motor Vehicles €'000	Total 2006 €'000	Total 2005 €'000
Group:						
Cost						
At beginning of year		710,089	1,281,009	42,022	2,033,120	1,792,630
Businesses acquired	*27*	**6,448**	**18,521**	**23**	**24,992**	72,178
Additions		**16,709**	**79,073**	**2,118**	**97,900**	143,758
Disposals/businesses disposed		**(22,655)**	**(65,745)**	**(3,627)**	**(92,027)**	(52,406)
Transferred to held for sale		**(4,056)**	**(1,023)**	**(26)**	**(5,105)**	(8,679)
Exchange translation adjustment	*26*	**(11,023)**	**(20,489)**	**(92)**	**(31,604)**	85,639
At end of year		**695,512**	**1,291,346**	**40,418**	**2,027,276**	2,033,120
Accumulated depreciation						
At beginning of year		186,097	745,791	34,301	966,189	831,963
Businesses acquired	*27*	**–**	**832**	**–**	**832**	36,830
Charge during year		**20,159**	**85,597**	**3,070**	**108,826**	105,118
Disposals/businesses disposed		**(8,656)**	**(52,696)**	**(3,172)**	**(64,524)**	(39,081)
Impairments		**7,272**	**10,867**	**–**	**18,139**	901
Transferred to held for sale		**(1,430)**	**(953)**	**(26)**	**(2,409)**	(3,428)
Exchange translation adjustment	*26*	**(3,129)**	**(6,950)**	**(41)**	**(10,120)**	33,886
At end of year		**200,313**	**782,488**	**34,132**	**1,016,933**	966,189
Net book value						
At end of year		**495,199**	**508,858**	**6,286**	**1,010,343**	1,066,931
At beginning of year		523,992	535,218	7,721	1,066,931	960,667

Included in additions is construction in progress of **€17,040,000** (2005: €9,627,000).

During the year, the Group recognised impairments in relation to the plant closures as described in note 4.

	Land and Buildings €'000	Total 2006 €'000	Total 2005 €'000
Company:			
Cost			
At beginning and end of year	4,883	4,883	4,883
Accumulated depreciation			
At beginning of year	2,228	2,228	2,043
Charge during year	**185**	**185**	185
At end of year	**2,413**	**2,413**	2,228
Net book value			
At end of year	**2,470**	**2,470**	2,655
At beginning of year	2,655	2,655	2,840

11. Intangible assets

	Notes	Goodwill €'000	Brand Related Intangibles €'000	Computer Software €'000	**Total 2006 €'000**	Total 2005 €'000
Group:						
Cost						
At beginning of year		1,295,261	375,410	9,137	1,679,808	1,388,881
Businesses acquired	*27*	**61,703**	**28,522**	**–**	**90,225**	212,818
Additions		**–**	**–**	**3,151**	**3,151**	3,476
Purchase adjustments		**1,671**	**–**	**–**	**1,671**	(446)
Disposals/businesses disposed		–	**(463)**	**(40)**	**(503)**	(94)
Exchange translation adjustment	*26*	**(26,671)**	**(5,258)**	**(220)**	**(32,149)**	75,173
At end of year		**1,331,964**	**398,211**	**12,028**	**1,742,203**	1,679,808
Amortisation and impairment						
At beginning of year		–	42,645	3,796	46,441	34,036
Charge during year		**–**	**10,085**	**2,008**	**12,093**	10,331
Disposals/businesses disposed		**–**	**(135)**	**(40)**	**(175)**	(5)
Exchange translation adjustment	*26*	**–**	**(835)**	**(77)**	**(912)**	2,079
At end of year		**–**	**51,760**	**5,687**	**57,447**	46,441
Net book value						
At end of year		**1,331,964**	**346,451**	**6,341**	**1,684,756**	1,633,367
At beginning of year		1,295,261	332,765	5,341	1,633,367	1,354,845

Included in the cost of brand related intangibles are intangibles of **€313,069,000** (2005: €305,855,000) which have indefinite lives.

Goodwill acquired in a business combination is allocated, at acquisition, to cash generating units (CGUs) that are expected to benefit from that business acquisition. A summary of the allocation of the carrying value of goodwill by region within segment is as follows:

	2006 €'000	2005 €'000
Ingredients		
Europe	**435,919**	430,529
Americas	**482,824**	471,868
Asia Pacific	**11,892**	12,905
Consumer Foods		
Europe	**401,329**	379,959
At end of year	**1,331,964**	1,295,261

11. Intangible assets (continued)

The Group tests goodwill and indefinite life intangibles annually for impairment, or more frequently if there are indications that they might be impaired. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and expected changes to selling price and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling price and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares the cash flow forecasts derived from most recent financial forecasts approved by management and the Board of Directors and extrapolates cash flows for the following five years based on an estimated growth rate at the lower of historical trends and the industry growth rates with a terminal value included thereafter to extend the cash flows to perpetuity.

The Group's weighted average cost of capital is used to discount the cash flow forecasts. No impairment arose in 2006 or 2005.

12. Financial asset investments

	2006 €'000	2005 €'000
Group:		
Available-for-sale investments		
Fair value	**19,866**	12,442

The available-for-sale investments represent the fair value of investments in listed securities which have a cost of **€nil** (2005: €nil). These investments have no fixed maturity or coupon rate. The fair value of these securities is based on quoted market prices.

	2006 €'000	2005 €'000
Company:		
Investments in subsidiaries at cost		
At beginning of year	544,946	332,652
Additions	–	212,294
At end of year	**544,946**	544,946

During 2005, the Company increased its investments in its US subsidiaries.

13. Inventories

	2006 €'000	2005 €'000
Group:		
Raw materials and consumables	**222,395**	248,435
Finished goods and goods for resale	**252,617**	274,317
Expense inventories	**20,301**	21,686
	495,313	544,438

The replacement cost of inventories does not differ materially from the amount stated above.

14. Trade and other receivables

	Group 2006 €'000	Group 2005 €'000	**Company 2006 €'000**	Company 2005 €'000
Trade receivables due within one year	**536,315**	505,828	**–**	–
Other receivables and prepayments	**53,758**	50,280	**–**	–
Trade receivables due after one year	**7,000**	2,723	**–**	–
Amounts due by Group companies	**–**	–	**28,719**	34,178
	597,073	558,831	**28,719**	34,178

The carrying amount of trade and other receivables approximates to their fair values.

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

15. Assets and liabilities classified as held for sale

	2006 €'000	2005 €'000
Group:		
Property, plant and equipment	**2,696**	3,989
Inventories	**–**	2,315
Trade and other receivables	**–**	4,111
Total assets classified as held for sale	**2,696**	10,415
Trade and other payables and other liabilities associated with assets classified as held for sale	**–**	(1,899)
	2,696	8,516

In 2006, the Group has classified property, plant and equipment in the UK and Ireland as assets held for sale. The sales are expected to be completed in 2007.

In 2005, the Group re-classified assets and liabilities relating to a UK business and an asset in the US as held for sale. The sales were completed in 2006.

16. Trade and other payables

	Group 2006 €'000	Group 2005 €'000	**Company 2006 €'000**	Company 2005 €'000
Trade payables	**686,455**	682,357	**–**	–
Other payables and accruals	**122,191**	137,058	**828**	1,246
Deferred payments on acquisitions of subsidiaries	**11,803**	10,125	**6,497**	6,497
PAYE	**9,264**	9,082	**–**	–
PRSI	**6,837**	6,663	**–**	–
	836,550	845,285	**7,325**	7,743

The carrying amount of trade and other payables approximates to their fair values.

17. Financial liabilities

The Group's treasury policy and management of derivatives and other financial instruments, which form part of these financial statements, are set out in the Financial Review.

	2006 €'000	2005 €'000
Analysis of net financial liabilities		
Cash and cash equivalents	**(188,844)**	(163,903)
Financial assets: current	**(4,485)**	(1,862)
Financial liabilities: current	**27,261**	143,854
Financial liabilities: non-current	**1,356,296**	1,297,210
Total net financial liabilities	**1,190,228**	1,275,299
Maturity profile of net debt		
On demand or within one year	**26,904**	142,051
Within two years	**3,615**	135,600
Within three years	**45,955**	207,906
Within four years	**393,785**	98,756
Within five years	**305,072**	395,767
After five years	**607,869**	459,181
Total debt	**1,383,200**	1,439,261
Less: cash and cash equivalents	**(188,844)**	(163,903)
Total net debt	**1,194,356**	1,275,358
Less: forward foreign exchange contracts	**(4,128)**	(59)
Total net financial liabilities	**1,190,228**	1,275,299

An additional €300,000,000 term facility was arranged with a group of banks during 2006. This term facility is due to mature in August 2012. In addition to this, an existing €300,000,000 facility was amended from an amortising facility to a five year term facility with a bullet repayment at maturity.

As at 31 December 2006 the Group had a portfolio of undrawn committed bank facilities which amounted to **€317,241,000** (2005: €153,445,000) and a portfolio of undrawn standby facilities amounting to **€379,567,000** (2005: €360,971,000). The undrawn committed facilities consist primarily of a revolving credit facility with an average maturity of three years.

All Group borrowings are secured by guarantees from Kerry Group plc and cross guarantees from various companies within the Group.

Currency and interest rate profiles, net of the impact of applicable swaps, are set out as follows:

	2006 €'000	2005 €'000
Currency profile of total net debt		
Euro	**368,796**	417,502
Sterling	**249,428**	275,319
US Dollar	**473,341**	471,405
Other	**102,791**	111,132
	1,194,356	1,275,358

The above analysis includes **€188,844,000** of cash balances as at 31 December 2006 which were predominantly US Dollar, Euro and Sterling denominated (2005: €163,903,000, predominantly US Dollar, Euro and Sterling denominated).

17. Financial liabilities (continued)

	Floating Rate Debt €'000	Fixed Rate Debt €'000	Total €'000
Interest rate profile of total net debt			
Euro	**168,796**	**200,000**	**368,796**
Sterling	**249,428**	**–**	**249,428**
US Dollar	**49,099**	**424,242**	**473,341**
Other	**102,791**	**–**	**102,791**
At 31 December 2006	**570,114**	**624,242**	**1,194,356**
Euro	417,502	–	417,502
Sterling	275,319	–	275,319
US Dollar	420,558	50,847	471,405
Other	111,132	–	111,132
At 31 December 2005	1,224,511	50,847	1,275,358

The weighted average interest rate for fixed borrowing was **5.80%** (2005: 9.02%) and the weighted average period for which the rate was fixed was **3.5 years** (2005: 2.6 years).

The floating rate financial liabilities are at rates which fluctuate mainly based upon LIBOR and comprise of bank borrowings and other financial liabilities bearing interest rates fixed in advance for periods ranging from one month to six months.

The weighted average period to maturity of other non-interest bearing financial liabilities was **2.9 years** (2005: 2.9 years).

Analysis of derivative financial instruments at 31 December is as follows:

	2006		2005	
	Assets €'000	**Liabilities €'000**	Assets €'000	Liabilities €'000
Forward foreign exchange contracts	**4,485**	**(357)**	1,862	(1,803)
Interest rate swaps	**–**	**(5,998)**	–	(25,272)
	4,485	**(6,355)**	1,862	(27,075)
Analysed as:				
Current	**4,485**	**(357)**	1,862	(1,803)
Non-current	**–**	**(5,998)**	–	(25,272)
	4,485	**(6,355)**	1,862	(27,075)

Of the gains and losses arising on financial instruments in 2005, a gain of **€53,000** (2005: €1,269,000) was recognised during the year ended 31 December 2006.

Gains and losses in equity on forward foreign exchange contracts as of 31 December 2006 will be released to the Consolidated Income Statement within twelve months of the balance sheet date. Gains and losses on floating to fixed interest rate swaps will be released to the Consolidated Income Statement over the life of the swaps, all of which will mature within five years.

An amount of **€160,000** (2005: €857,000) has been transferred from equity to the Consolidated Income Statement in respect of forward foreign exchange contracts matured in the year.

17. Financial liabilities (continued)

Derivative financial instruments and hedge accounting
The Group's activities expose it to risks of changes in foreign currency exchange rates and interest rates in relation to overseas income and long-term debt. The Group uses foreign exchange forward contracts, interest rate swaps and forward rate agreements to hedge these exposures. Derivative financial instruments are held in the Consolidated Balance Sheet at their fair value.

All derivative contracts are held with third parties. These third parties are all regulated institutions.

Two types of hedges are used by the Group:

(a) Cash flow hedges
Where derivative financial instruments which are designated and are effective, are used as hedges of future cash flows, changes in the fair value are recognised directly in equity. Any ineffective portion of the hedge is recognised in the Consolidated Income Statement as it arises. When the firm commitment or forecasted transaction occurs and results in the recognition of an asset or a liability, then, at that time the associated gains or losses on the hedging instrument that had previously been recognised in equity are recognised in the Consolidated Income Statement. The principal types of cash flow hedge used by the Group are forward foreign currency contracts and floating to fixed interest rate swaps. The forward foreign currency contracts are primarily denominated in the currencies of the Group's principal markets.

(b) Fair value hedges
Where a fair value exposure is hedged effectively, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the Consolidated Income Statement. If the derivative financial instrument does not qualify for hedge accounting the changes in fair value are recognised in the Consolidated Income Statement as they arise. If a hedge is no longer effective or a hedging relationship ceases to exist any cumulative gain or loss on the instrument previously recognised in equity is retained in equity until the forecasted transaction occurs at which time it is released to the Consolidated Income Statement. If the hedged transaction is no longer expected to occur, the net cumulative gain or loss in equity is transferred to the Consolidated Income Statement immediately. The principal types of fair value hedges used by the Group are interest rate swaps.

Certain derivatives which comply with the Group's financial risk management policies do not qualify for hedge accounting and are therefore classified as trading derivatives. In these cases the instrument is reported independently at fair value with any changes recognised in the Consolidated Income Statement.

	Fair Value €'000	Notional Amounts €'000
Cash flow hedges		
Foreign exchange contracts	**4,123**	**308,746**
Interest rate swaps	**(5,998)**	**(578,788)**
Trading		
Foreign exchange contracts	**5**	**14,692**

The notional amounts represent the principal amounts in the derivative contracts. When the principal amount is in a foreign currency this has been translated at the year end rate.

The effective interest rate for total borrowings was **5.45%** (2005: 4.60%).

Interest rates are stated after taking into account interest rate derivatives.

Other financial assets and liabilities are not subject to any significant interest rate risks.

17. Financial liabilities (continued)

Currency exposures

The table below shows the Group's currency exposures which consist of those transactional (or non-structural) exposures that give rise to the net currency gains and losses recognised in the Consolidated Income Statement. Such exposures comprise of the monetary assets and liabilities of the Group that are not denominated in the operating (or functional) currency of the operating unit involved, other than certain borrowings treated as hedges of net investments in overseas operations. As at 31 December these exposures were as follows:

	Net Foreign Currency Monetary Assets/(Liabilities) in €'000							
	2006				2005			
	Euro	**Sterling**	**US Dollar**	**Other**	Euro	Sterling	US Dollar	Other
Functional currency of Group operation								
Euro	**–**	**7,091**	**2,283**	**(2,436)**	–	12,397	12,015	(2,002)
Sterling	**(2,452)**	**–**	**7,214**	**(862)**	4,060	–	992	(729)
US Dollar	**(513)**	**52**	**–**	**1,476**	–	–	–	279
Other	**7,077**	**(78)**	**12,683**	**(105)**	4,464	(6)	8,374	147
Total	**4,112**	**7,065**	**22,180**	**(1,927)**	8,524	12,391	21,381	(2,305)

The amounts shown in the above table take into account the effect of forward contracts entered into to manage these currency exposures. As at 31 December 2006 the Group also held open various foreign currency forward contracts that were taken out to hedge expected future sales and purchases.

18. Deferred income

	Notes	**Group 2006 €'000**	Group 2005 €'000	**Company 2006 €'000**	Company 2005 €'000
Capital grants					
At beginning of year		25,037	27,846	308	326
Businesses disposed		**(809)**	–	**–**	–
Grants received		**1,687**	446	**–**	–
Amortised during year	*2*	**(5,903)**	(3,475)	**(18)**	(18)
Exchange translation adjustment	*26*	**148**	220	**–**	–
At end of year		**20,160**	25,037	**290**	308
Analysed as:					
Current liabilities		**2,726**	3,078	**18**	18
Non-current liabilities		**17,434**	21,959	**272**	290
		20,160	25,037	**290**	308

19. Retirement benefits obligation

The Group operates pension plans in a number of its businesses throughout the world. These plans are structured to accord with local conditions and practices in each country that they operate in and can include both defined contribution and defined benefit plans. The assets of the schemes are held, where relevant, in separate trustee administered funds.

(a) Defined contribution plans
The amount recognised as an expense in the Consolidated Income Statement for defined contribution plans for the year was **€12,931,000** (2005: €12,817,000).

(b) Defined benefit plans
The Group operates defined benefit pension schemes in a number of countries in which it operates, primarily in Ireland, the UK, the US, Canada and the Netherlands. The defined benefit plans operated by the Group primarily include final salary pension plans but also include post-retirement medical benefit plans in respect of a number of its US and Canadian employees.

The values used in this disclosure are based on the most recent actuarial valuations and have been updated by the individual schemes' independent and professionally qualified actuaries to incorporate the requirements of IAS 19 'Employee Benefits' in order to assess the liabilities of the various schemes as at 31 December 2006 using the projected unit credit method. All assets in the schemes have been measured at their fair value at the balance sheet date.

Full actuarial valuations are carried out for the Group's pension plans at least on a triennial basis. The actuarial reports are not available for public inspection.

(i) Recognition in the Consolidated Income Statement

	2006		2005	
	Pension €'000	**Post-Retirement €'000**	Pension €'000	Post-Retirement €'000
Current service cost	**25,441**	**571**	21,638	609
Past service cost	**–**	**–**	794	–
Net amount charged to trading profit	**25,441**	**571**	22,432	609
Expected return on pension schemes' assets	**(41,162)**	**–**	(31,049)	–
Interest on schemes' liabilities	**40,642**	**741**	36,634	645
Net amount (credited)/charged to finance costs	**(520)**	**741**	5,585	645

(ii) Recognition in the Consolidated Statement of Recognised Income and Expense

	2006		2005	
	Pension €'000	**Post-Retirement €'000**	Pension €'000	Post-Retirement €'000
Actual return less expected return on pension schemes' assets	**4,761**	**–**	51,657	–
Experience gains/(losses) on schemes' liabilities	**3,563**	**1,352**	594	(46)
Changes in assumptions underlying the present value of the schemes' liabilities*	**52,258**	**(10)**	(100,997)	(1,595)
Actuarial gains/(losses) recognised in the Consolidated Statement of Recognised Income and Expense	**60,582**	**1,342**	(48,746)	(1,641)
Cumulative amount of actuarial losses recognised in the Consolidated Statement of Recognised Income and Expense	**(9,569)**	**(296)**	(70,151)	(1,638)
Actual return on schemes' assets for the year	**45,923**	**N/A**	82,706	N/A

* In 2006, the main changes in assumptions underlying the present value of the schemes' liabilities were an increase in discount rates across the pension schemes and increases in inflation and salary increase assumptions in the UK. The main changes in assumptions in 2005 were a decrease in discount rates, the adoption of improved mortality assumptions and a reduction in the inflation assumption in Ireland.

19. Retirement benefits obligation (continued)

(iii) Amounts recognised in the Consolidated Balance Sheet and reconciliations for defined benefit plans

The movements in the defined benefit schemes' obligation during the year were:

		2006		2005	
	Notes	**Pension €'000**	**Post-Retirement €'000**	Pension €'000	Post-Retirement €'000
Present value of schemes' liabilities at beginning of year		(846,366)	(13,783)	(669,582)	(9,726)
Current service cost		**(25,441)**	**(571)**	(21,638)	(609)
Past service cost		–	–	(794)	–
Interest cost		**(40,642)**	**(741)**	(36,634)	(645)
Contributions by employees		**(10,535)**	**(69)**	(10,405)	(79)
Benefits paid		**20,286**	**399**	17,276	467
Actuarial gain/(loss)		**55,821**	**1,342**	(100,403)	(1,641)
Impact of businesses acquired/disposed and other movements		**(4,998)**	–	(3,178)	–
Exchange translation adjustment	*26*	**(3,323)**	**1,518**	(21,008)	(1,550)
Present value of schemes' liabilities at end of year		**(855,198)**	**(11,905)**	(846,366)	(13,783)
Present value of schemes' liabilities at end of year that relates to:					
Wholly unfunded plans		**(4,147)**	**(11,905)**	(3,386)	(13,783)
Wholly or partly funded plans		**(851,051)**	–	(842,980)	–
		(855,198)	**(11,905)**	(846,366)	(13,783)

The movements in the schemes' assets during the year were:

		2006		2005	
	Notes	**Pension €'000**	**Post-Retirement €'000**	Pension €'000	Post-Retirement €'000
Fair value of assets in plans at beginning of year		611,046	–	480,046	–
Expected return on plan assets		**41,162**	–	31,049	–
Contributions by employer		**37,221**	**330**	38,037	388
Contributions by employees		**10,535**	**69**	10,405	79
Benefits paid		**(20,286)**	**(399)**	(17,276)	(467)
Actuarial gain		**4,761**	–	51,657	–
Impact of businesses acquired/disposed and other movements		**181**	–	3,178	–
Exchange translation adjustment	*26*	**2,214**	–	13,950	–
Fair value of assets in plans at end of year		**686,834**	–	611,046	–

19. Retirement benefits obligation (continued)

The fair values of each of the categories of the pension schemes' assets at 31 December were as follows:

	2006 Pension €'000	2005 Pension €'000
Equities	**476,685**	412,247
Bonds	**159,916**	172,321
Property	**16,634**	13,843
Others including cash	**33,599**	12,635
Total fair value of pension schemes' assets	**686,834**	611,046

The schemes' assets are invested with professional investment managers or in insurance contracts and investments in the Group's own financial instruments, if any, are solely at the discretion of the investment managers concerned.

During the year ending 31 December 2007, the Group expects to contribute approximately €52,000,000 to its defined benefit plans and directly to plan participants of its unfunded defined benefit plans.

The schemes' deficit at 31 December, which has been recognised in full in the Consolidated Balance Sheet in non-current liabilities, was as follows:

	2006		2005	
	Pension €'000	**Post-Retirement €'000**	Pension €'000	Post-Retirement €'000
Deficit in plans before deferred tax at end of year	**(168,364)**	**(11,905)**	(235,320)	(13,783)
Related deferred tax asset	**53,261**	**4,861**	64,832	5,630
Deficit in plans after deferred tax at end of year	**(115,103)**	**(7,044)**	(170,488)	(8,153)

(iv) Financial assumptions

The principal financial assumptions used by the Group's actuaries in order to calculate the pension schemes' liabilities at 31 December, which have been shown in range format to reflect the differing assumptions in each scheme, were as follows:

	2006 %	2005 %
Inflation assumption	**2.00 - 2.80**	2.00 - 2.50
Rate of increase in salaries	**3.00 - 3.80**	3.00 - 3.50
Rate of increase for pensions in payment and deferred pensions	**0.00 - 2.80**	0.00 - 2.50
Rate used to discount schemes' liabilities	**4.80 - 5.75**	4.30 - 5.50

The overall expected rate of return on schemes' assets is based on current market long term expectations of each of the categories of assets in the schemes. The long term rates of return on each class of the pension schemes' assets expected at 31 December, shown as a range to reflect the differing returns in each scheme, were as follows:

	2006 %	2005 %
Equities	**6.80 - 8.55**	7.30 - 8.65
Bonds	**3.70 - 4.80**	3.40 - 5.00
Property	**7.00**	6.65
Others including cash	**2.00 - 8.00**	2.50 - 7.50
Overall expected return on pension schemes' assets	**4.00 - 7.65**	4.00 - 7.80

19. Retirement benefits obligation (continued)

(v) Amounts for the current and two previous years at 31 December are as follows:

	2006 €'000	2005 €'000	2004 €'000
Defined benefit pension schemes			
Present value of schemes' liabilities	**(855,198)**	(846,366)	(669,582)
Fair value of plans' assets	**686,834**	611,046	480,046
Deficit in defined benefit pension plans	**(168,364)**	(235,320)	(189,536)
Experience gains/(losses) on schemes' liabilities	**3,563**	594	(4,285)
Experience gains on schemes' assets	**4,761**	51,657	16,375
Post-retirement medical benefit schemes			
Present value of schemes' liabilities	**(11,905)**	(13,783)	(9,726)
Experience gains/(losses) on schemes' liabilities	**1,352**	(46)	518

As permitted by the transitional provisions of the 'Amendment to International Accounting Standard (IAS) 19 Employee Benefits', issued in December 2004, the disclosures above are determined prospectively from the year ended 31 December 2004.

20. Other non-current liabilities

	Group 2006 €'000	Group 2005 €'000	**Company 2006 €'000**	Company 2005 €'000
Other payables and accruals	**83,293**	98,588	**–**	–
Deferred payments on acquisition of subsidiaries	**4,075**	8,709	**–**	–
Amounts due to Group companies	**–**	–	**42,459**	53,370
	87,368	107,297	**42,459**	53,370

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

21. Share capital

	2006 €'000	2005 €'000
Group and Company:		
Authorised		
280,000,000 A ordinary shares (2005: 280,000,000 A ordinary shares) of 12.50 cent each	**35,000**	35,000
Allotted, called-up and fully paid		
At beginning of year (A ordinary shares of **12.50 cent** each (2005: 12.50 cent each))	23,399	23,356
Shares issued during year	**46**	43
At end of year (A ordinary shares of **12.50 cent** each)	**23,445**	23,399

The Company has one class of ordinary share which carry no right to fixed income.

Shares issued during year

During 2006, **71,000** A ordinary shares, each with a nominal value of 12.50 cent, were issued at €8.00 per share to executives in the Group under the executive share option scheme. **143,250** A ordinary shares, each with a nominal value of 12.50 cent, were issued at €12.57 per share to executives in the Group under the executive share option scheme. Also, **152,000** A ordinary shares, each with a nominal value of 12.50 cent, were issued at €13.42 per share to executives in the Group under the executive share option scheme.

Share buy back programme

During 2006 the Company purchased 2,800,000 A ordinary shares, representing approximately 1.5% of the issued share capital of the Company. These shares have been purchased at a total cost of **€48,442,000** and are now held as treasury shares.

All purchases were in accordance with the Company's general authority to repurchase securities as approved at the 2006 Annual General Meeting of the Company and in accordance with the Listing Rules of the Irish Stock Exchange and the Listing Rules of the UK Listing Authority.

The total number of shares in issue at 31 December 2006, excluding treasury shares, was **184,761,760** (2005: 187,195,510).

22. Share premium

	Notes	2006 €'000	2005 €'000
Group and Company:			
At beginning of year		378,979	375,032
Shares issued during year	*21*	**4,362**	3,971
Share issue costs		–	(24)
At end of year		**383,341**	378,979

23. Reconciliation of movements in shareholders' equity

	Share Capital and Share Premium €'000	Other Reserves: Capital Conversion Reserve Fund €'000	Other Reserves: Treasury Shares Reserve €'000	Other Reserves: Long Term Incentive Plan Reserve €'000	Other Reserves: Available-for-sale Investment Reserve €'000	Other Reserves: Translation Reserve €'000	Other Reserves: Hedging Reserve €'000	Retained Earnings €'000	Total €'000
At 1 January 2005	398,388	340	–	–	6,451	(7,601)	3,099	577,033	977,710
Total recognised income and expense for year	–	–	–	–	5,991	17,747	(2,526)	201,901	223,113
Dividends	–	–	–	–	–	–	–	(27,129)	(27,129)
Shares issued during year	4,014	–	–	–	–	–	–	–	4,014
Share issue costs	(24)	–	–	–	–	–	–	–	(24)
At 31 December 2005	402,378	340	–	–	12,442	10,146	573	751,805	1,177,684
Total recognised income and expense for year	**–**	**–**	**–**	**–**	**7,424**	**(13,389)**	**(2,448)**	**227,422**	**219,009**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(30,757)**	**(30,757)**
Purchase of treasury shares	**–**	**–**	**(48,442)**	**–**	**–**	**–**	**–**	**–**	**(48,442)**
Long term incentive plan expense	**–**	**–**	**–**	**1,265**	**–**	**–**	**–**	**–**	**1,265**
Shares issued during year	**4,408**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,408**
At 31 December 2006	**406,786**	**340**	**(48,442)**	**1,265**	**19,866**	**(3,243)**	**(1,875)**	**948,470**	**1,323,167**

24. Share-based payments

(a) Executive share option scheme
Details of the executive share option scheme are given in the Report of the Directors.

Options are exercisable at a price equal to the average quoted market price of the Company's shares at the date of grant. The earliest exercisable date for all share options was 30 June 2000 and the latest exercisable date is 1 October 2010.

	Notes	**2006 Number of Share Options**	**2006 Weighted Average Exercise Price €**	2005 Number of Share Options	2005 Weighted Average Exercise Price €
Outstanding at beginning of year		1,924,335	10.97	2,270,980	11.06
Exercised during year	*21*	**366,250**	**12.04**	346,645	11.58
Outstanding and exercisable at end of year		**1,558,085**	**10.71**	1,924,335	10.97

The exercise price range for options outstanding at the end of the year is **€8.00 - €13.42** (2005: €8.00 - €13.42).

The remaining average contractual life of the options is **2.42** years (2005: 3.10 years).

24. Share-based payments (continued)

(b) Long term incentive plan
During 2006 the Group introduced a long term incentive plan (LTIP), under which grants were made to executive Directors and senior executives. An award under this scheme will vest at the end of a period of three years from the grant date. The proportion of each award which vests will depend on the Total Shareholder Return (TSR) and adjusted Earnings Per Share (EPS) performance of the Group during a three year period ("the Performance Period"). The Performance Period commences at the beginning of the year in which the award is granted.

Up to 50% of the shares subject to an award will vest according to the Group's TSR performance during the Performance Period measured against the TSR of a peer group of listed companies. The remaining 50% of the shares subject to an award will vest according to the Group's adjusted EPS growth compared with the increase in the Irish Consumer Price Index during the Performance Period. An award will lapse if a participant ceases to be employed within the Group before the vesting date.

A summary of the status of the LTIP as at 31 December 2006 and changes during the year is presented below:

	2006 Number of Share Awards
Outstanding at beginning of year	**–**
Granted during year	**1,215,500**
Outstanding at end of year	**1,215,500**
Exercisable at end of year	**–**

The fair value of the award granted was calculated using the Monte Carlo Pricing Model. The weighted average fair value of the award at the grant date was €6.24. The key assumptions used in the model were as follows:

	2006
Share price at grant date	**€15.90**
Exercise price per share	**12.5 cent**
Expected volatility	**16.30%**
Expected life	**3 years**
Risk free rate	**3.60%**
Expected dividend yield	**1.00%**
Expected forfeiture rate	**5.00%**

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years. The life of the conditional share awards is three years.

The Group recognised an expense of **€1,265,000** related to equity-settled share-based payment transactions in the Consolidated Income Statement during the year. The expectation of meeting performance criteria was taken into account when calculating this expense.

25. Analysis of cash flow components

The components of net cash flow from operating activities can be analysed as follows:

	Notes	Group 2006 €'000	Group 2005 €'000	Company 2006 €'000	Company 2005 €'000
Depreciation (net)					
Depreciation	*10*	**108,826**	105,118	**185**	185
Capital grants amortisation	*18*	**(5,903)**	(3,475)	**(18)**	(18)
		102,923	101,643	**167**	167
Change in working capital					
Decrease/(increase) in inventories		**20,756**	(51,227)	**–**	–
(Increase)/decrease in trade and other receivables		**(48,854)**	56,252	**5,608**	155,069
(Decrease)/increase in trade and other payables		**(19,060)**	(4,765)	**(11,329)**	53,360
Long term incentive plan expense	*24*	**1,265**	–	**1,265**	–
		(45,893)	260	**(4,456)**	208,429

26. Effect of exchange translation adjustments

	Notes	2006 €'000	2005 €'000
Group:			
(Decrease)/increase in assets			
Non-current assets			
Property, plant and equipment	*10*	**(21,484)**	51,753
Intangible assets	*11*	**(31,237)**	73,094
Deferred tax assets	*6*	**(999)**	1,566
Current assets			
Inventories		**(17,957)**	30,691
Trade and other receivables		**(11,246)**	30,888
Cash and cash equivalents		**(5,261)**	5,002
Increase/(decrease) in liabilities			
Current liabilities			
Trade and other payables		**18,273**	(49,161)
Financial liabilities		**10,088**	(10,254)
Tax liabilities		**30**	(1,998)
Deferred income	*18*	**(148)**	(220)
Non-current liabilities			
Financial liabilities		**45,319**	(99,745)
Retirement benefits obligation	*19*	**409**	(8,608)
Other non-current liabilities		**936**	(4,930)
Deferred tax liabilities	*6*	**372**	(825)
Retained earnings		**(484)**	494
		(13,389)	17,747

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

27. Businesses acquired

During 2006, the Group completed the acquisition of a number of businesses, all of which were 100% acquired. The total consideration for acquisitions amounted to **€113,373,000** analysed as follows:

	Notes	Acquiree's Carrying Amount Before Combination 2006 €'000	Fair Value Adjustments Revaluations 2006 €'000	Fair Value Adjustments Alignment of Accounting Policies 2006 €'000	Fair Value 2006 €'000
Net assets acquired:					
Non-current assets					
Property, plant and equipment	*10*	21,644	2,516	–	**24,160**
Intangible assets	*11*	15,000	13,522	–	**28,522**
Current assets					
Inventories		6,984	–	(301)	**6,683**
Trade and other receivables		8,522	–	(105)	**8,417**
Current liabilities					
Trade and other payables		(10,226)	–	(1,497)	**(11,723)**
Non-current liabilities					
Deferred tax liabilities		(1,581)	(2,808)	–	**(4,389)**
		40,343	13,230	(1,903)	**51,670**
Goodwill	*11*				**61,703**
Total consideration					**113,373**
Purchase consideration:					
Cash					**111,969**
Deferred payments					**543**
Acquisition expenses					**861**
					113,373

The acquisition method of accounting has been used to consolidate the businesses acquired in 2006 in the Group's financial statements. The fair value adjustments detailed above are provisional. The cash discharged figure above includes **€570,000** of net debt taken over at the date of acquisition.

The principal acquisitions completed in 2006 are summarised as follows:

In April 2006, the Group acquired **Nuvex Ingredients**. Based in the USA, the company specialises in customised high-protein and fibre nutritional lines.

The Group acquired **Custom Industries** in March 2006. Located in the USA and Canada, the company is a leading manufacturer of particulates for bakery and ready-to-eat cereal applications and confectionery ingredients for sweet products.

During the year, the Group also completed a number of other smaller acquisitions.

28. Contingent liabilities

	2006 €'000	2005 €'000
Company:		
(a) Guarantees in respect of borrowings of subsidiaries	**1,383,200**	1,440,621

(b) For the purposes of Section 17 of the Companies (Amendment) Act, 1986, the Company has undertaken by Board resolution to indemnify the creditors of its subsidiaries incorporated in the Republic of Ireland, as set out in note 32, in respect of all losses and liabilities as referred to in Section 5(c) of the Companies (Amendment) Act, 1986 for the financial year ending on 31 December 2006 or any amended financial period incorporating the said financial year.

The company has given similar indemnities in relation to its subsidiaries in the Netherlands, as set out in note 32.

29. Other financial commitments

	2006 €'000	2005 €'000
Group:		
(a) Commitments for the acquisition of property, plant and equipment at 31 December for which no provision has been made in these accounts are as follows:		
Commitments for the acquisition of property, plant and equipment in respect of contracts placed	**12,467**	23,550
Expenditure for the acquisition of property, plant and equipment authorised by the Directors but not contracted for at the year end	**51,042**	48,751
	63,509	72,301

	2006 €'000	2005 €'000
(b) At the balance sheet date the Group had commitments, under non-cancellable operating leases which fall due as follows:		
Within one year	**25,849**	28,915
In the second to fifth years inclusive	**55,753**	54,637
After five years	**38,008**	43,868
	119,610	127,420

The operating lease charges during 2006 amounted to **€29,237,000** (2005: €24,611,000).

30. Related party transactions

(a) Related party transactions; trading with Directors

In the ordinary course of business as farmers, Directors have traded on standard commercial terms with the Group's Agribusiness Division. Aggregate purchases from, and sales to, these Directors amounted to **€783,000** (2005: €933,000) and **€300,000** (2005: €332,000) respectively. The trading balance outstanding to the Group at the year end was **€58,000** (2005: €66,000).

All transactions with Directors were at normal commercial terms. The amounts outstanding are unsecured and will be settled in cash. No expense has been recognised in the year for bad or doubtful debts in respect of amounts owed by Directors.

(b) Related party transactions; trading with material shareholders

The balance outstanding by the Group to Kerry Co-operative Creameries Limited at the end of the year was **€nil** (2005: €9,000,000).

Notes to the Financial Statements (continued)

for the year ended 31 December 2006

31. Events after the balance sheet date

Other than the proposal of a final dividend (see note 8) there have been no significant events, outside the ordinary course of business, affecting the Group since 31 December 2006.

32. Principal subsidiaries

Company Name	Nature of Business	Country	Registered Office
Ballysimon Warehousing Limited	Ingredients	Ireland	1
Castleisland Cattle Breeding Society Limited	Agribusiness	Ireland	1
Charleville Research Limited	Services	Ireland	1
Dawn Dairies Limited	Foods	Ireland	1
Duffy Meats Limited	Foods	Ireland	1
Freshways Limited	Foods	Ireland	1
Glenealy Farms (Turkeys) Limited	Foods	Ireland	1
Golden Vale Clare Limited	Investment	Ireland	1
Golden Vale Dairies Limited	Agribusiness	Ireland	1
Golden Vale Farms Limited	Agribusiness	Ireland	1
Golden Vale Food Products Limited	Ingredients	Ireland	1
Golden Vale Foods Limited	Foods	Ireland	1
Golden Vale Holdings Limited	Investment	Ireland	1
Golden Vale Investments Limited	Investment	Ireland	1
Golden Vale Limerick Limited	Foods	Ireland	1
Golden Vale Limited	Investment	Ireland	1
Golden Vale Sales Limited	Ingredients	Ireland	1
Henry Denny & Sons (Ireland) Limited	Foods	Ireland	1
Irish Cold Stores Limited	Foods	Ireland	1
Kerry Agribusiness Holdings Limited	Investment	Ireland	1
Kerry Agribusiness Trading Limited	Agribusiness	Ireland	1
Kerry Creameries Limited	Agribusiness	Ireland	1
Kerry Farm Supplies Limited	Agribusiness	Ireland	1
Kerry Food Ingredients (Cork) Limited	Ingredients	Ireland	1
Kerry Group Financial Services	Services	Ireland	1
Kerry Group Services International Limited	Services	Ireland	1
Kerry Group Services Limited	Services	Ireland	1
Kerry Holdings (Ireland) Limited	Investment	Ireland	1
Kerry Ingredients (Ireland) Limited	Ingredients	Ireland	1
Kerry Ingredients Holdings (Ireland) Limited	Investment	Ireland	1
Kerry Ingredients Trading Limited	Ingredients	Ireland	1
Kerry Treasury Services Limited	Services	Ireland	1
Kerrykreem Limited	Ingredients	Ireland	1
Platters Food Company Limited	Foods	Ireland	1
Princemark Holdings Limited	Services	Ireland	1
Rye Developments Limited	Services	Ireland	1
Rye Valley Foods Limited	Foods	Ireland	1
Snowcream (Midlands) Limited	Foods	Ireland	1
Plassey Holdings Limited	Investment	Ireland	1
National Food Ingredients Limited	Ingredients	Ireland	1
National Rusks Limited	Ingredients	Ireland	1
Plassey Investments Limited	Investment	Ireland	1
William Blake Limited	Ingredients	Ireland	1
Henry Denny & Sons (NI) Limited	Foods	UK	2
Dairy Produce Packers Limited	Ingredients	UK	3
Golden Cow Dairies Limited	Foods	UK	3
Golden Vale (NI) Limited	Investment	UK	3
Leckpatrick Dairies Limited	Foods	UK	3
Leckpatrick Holdings Limited	Investment	UK	3
Diversity Foods Limited	Foods	UK	4
Kerry Foods Limited	Foods	UK	4
Kerry Holdings (U.K.) Limited	Investment	UK	4
Kerry Savoury Foods Limited	Foods	UK	4

32. Principal subsidiaries (continued)

Company Name	Nature of Business	Country	Registered Office
Noon Group Limited	Foods	UK	4
Dairyborn Foods Limited	Foods	UK	5
Cereal Innovations Limited	Ingredients	UK	6
Dale Country Foods Limited	Ingredients	UK	6
EBI Foods Limited	Ingredients	UK	6
Kerry Ingredients (UK) Limited	Ingredients	UK	6
Kerry Ingredients Holdings (U.K.) Limited	Investment	UK	6
Gordon Jopling (Foods) Limited	Ingredients	UK	6
Gova Finance B.V.	Investment	Netherlands	7
Kerry Group B.V.	Investment	Netherlands	7
Kerry Bio-Science B.V.	Ingredients	Netherlands	7
Kerry Ingredients B.V.	Ingredients	Netherlands	8
Kerry Foods France Sarl	Ingredients	France	9
Kerry Ingredients France S.A.S.	Ingredients	France	10
Kerry Ingredients Holdings (France) S.A.	Investment	France	10
Kerry Savoury Ingredients France S.A.S.	Ingredients	France	11
Kerry Ingredients GmbH.	Ingredients	Germany	12
Kerry Ingredients Holding (Germany) GmbH.	Investment	Germany	12
Kerry Ingredients (Denmark) A/S	Ingredients	Denmark	13
Kerry Ingredients Italia S.p.A.	Ingredients	Italy	14
Mastertaste S.p.A.	Ingredients	Italy	15
Kerry Polska Sp. z.o.o.	Ingredients	Poland	16
Kerry Hungaria KFT.	Ingredients	Hungary	17
Kerry Hungary Limited	Services	Hungary	18
Kerry Ingredients Australia Pty. Limited	Ingredients	Australia	19
Kerry Ingredients (NZ) Limited	Ingredients	New Zealand	20
Flavurence Corporation	Ingredients	USA	21
Geneva Flavors Inc.	Ingredients	USA	21
Guernsey Bel, Inc.	Ingredients	USA	21
GB Seasonings Inc.	Ingredients	USA	21
Kerry Biofunctional Ingredients Inc.	Ingredients	USA	21
Kerry Holding Co.	Investment	USA	21
Kerry Inc.	Ingredients	USA	21
Mastertaste Holding Co.	Investment	USA	21
Nuvex Ingredients Inc.	Ingredients	USA	21
Hickory Specialties, Inc.	Ingredients	USA	22
Jana's Classics, Inc.	Ingredients	USA	23
Oregon Chai, Inc.	Ingredients	USA	23
Stearns & Lehman, Inc.	Ingredients	USA	24
Kerry (Canada) Inc.	Ingredients	Canada	25
Kerry (Quebec) Inc.	Ingredients	Canada	26
Rector Foods Limited	Investment	Canada	27
Nutrisens Inc.	Ingredients	Canada	28
Kerry Ingredients (de Mexico) S.A. de C.V.	Ingredients	Mexico	29
Kerry do Brasil Ltda.	Ingredients	Brazil	30
Kerry Bio-Science Egypt Misr L.L.	Ingredients	Egypt	31
Kerry Ingredients South Africa (Pty) Limited	Ingredients	South Africa	32
Kerry Ingredients (Thailand) Limited	Ingredients	Thailand	33
Kerry Food Ingredients (Philippines), Inc.	Ingredients	Philippines	34
Kerry Food Ingredients (Cebu), Inc.	Ingredients	Philippines	35
Kerry Ingredients (S) Pte Limited	Ingredients	Singapore	36
Kerry Ingredients (M) Sdn. Bhd.	Ingredients	Malaysia	37
Kerry Japan Kabushiki Kaisha	Ingredients	Japan	38
Kerry Food Ingredients (Hangzhou) Company Limited	Ingredients	China	39
Kerry Ingredients Trading (Shanghai) Limited	Ingredients	China	40
Kerry Limited Liability Company	Ingredients	Russia	41

32. Principal subsidiaries (continued)

Notes

(1) All principal subsidiaries are wholly owned.

(2) Country represents country of incorporation and operation. Ireland refers to the Republic of Ireland.

(3) With the exception of the US, Canadian and Mexican subsidiaries, where the holding is in the form of common stock, all holdings are in the form of ordinary shares.

Registered Office

1 Prince's Street, Tralee, Co. Kerry, Ireland.
2 6 Corcrain Road, Portadown, Craigavon, Co. Armagh, Northern Ireland.
3 Milburn Road, Coleraine, Co. Londonderry, BT52 1QZ, Northern Ireland.
4 Thorpe Lea Manor, Thorpe Lea Road, Egham, Surrey TW20 8HY, England.
5 Eaton Green Road, Luton LU2 9XF, England.
6 Equinox South, Great Park Road, Bradley Stoke, Bristol BS32 4QL, England.
7 Veluwezoom 62, 1327 AH Almere, The Netherlands.
8 Ettensebaan 10, 4814 NN Breda, The Netherlands.
9 Les Monestiers, 84400 Gargas, France.
10 Quartier Salignan, 84400 Apt en Provence, France.
11 26 Rue Jacques Prevert, 59650 Villenueve d'Ascq, France.
12 Hauptstrasse 22-26, D-63924 Kleinheubach, Germany.
13 Toftegardsvej 3, DK-5620, Glamsbjerg, Denmark.
14 Via Sondrio 9, 20053 Muggio (Milan), Italy.
15 Via Fossata 114, 10147, Torino, Italy.
16 25-558 Kielce, Ul. Zagnanska 97a, Poland.
17 H-1106 Budapest, Fehér út 10, Hungary.
18 H-1074 Budapest, Dohany u. 12, Hungary.
19 No. 8 Holker Street, Newington, NSW 2127, Australia.
20 11-13 Bell Avenue, Otahuhu, Auckland, New Zealand.
21 2711 Centerville Road, Wilmington, DE 19808, USA.
22 2908 Poston Avenue, Nashville, TN 37203, USA.
23 285 Liberty Street NE, Salem, OR 97301, USA.
24 50 West Broad Street, Columbus, Ohio, 43215, USA.
25 55 King Street West, Toronto-Dominion Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1N6, Canada.
26 615 Jack Ross Ave., P.O. Box 968, Woodstock, Ontario, N4S 8A4, Canada.
27 66 Wellington Street, Toronto-Dominion Bank Tower, Toronto, Ontario, M5K 1N6, Canada.
28 1 Place du Commerce, Suite 403, Verdun, Quebec, H3E 1A2, Canada.
29 Carr. Panamericana, Salamanca Km 11.2, 36660 Irapuato, Guanajuato, Mexico.
30 Rua Cristiano Alves da Silva, 15 - Parque Jussara - Tres Coracoes - MG - Brazil.
31 11th Floor, 3 Aboul Feda St., Zamalek, Cairo, Egypt.
32 Unit 24 Sancroy Commercial Park, Die Agora Road, Croydon, Gauteng, South Africa.
33 No. 618, Moo 4, Bangpoo Industrial Estate, Praksa Sub District, Muang District, Samutprakarn Province, Thailand.
34 GF/SFB#1, Mactan Economic Zone 1, Lapulapu City, Cebu, Philippines.
35 P. Suico St., Tabok, Mandaue City, Cebu, Philippines.
36 6 Shenton Way #28-09 DBS Building Tower Two, Singapore 068809.
37 No. 19 Jalan Tun Abdul Razak Susur 1/1, 80000 Johor Bahru, Malaysia.
38 Kamiyacho Sankei Building. 2F, 1-7-2, Azabudai, Minato-ku, Tokyo 106-0041, Japan.
39 68 Xing Fu Road, HEDA Xia Sha District, Hangzhou 310018, China.
40 2 Zhongnan Road, Xingmao Building, Room 248. Wai Gao Qiao, Shanghai, China.
41 Ul. Petrovka 27, Moscow, 107031, Russia.

Kerry Group
Prince's Street
Tralee
Co. Kerry
Ireland
T +353 66 718 2000
F +353 66 718 2961
www.kerrygroup.com