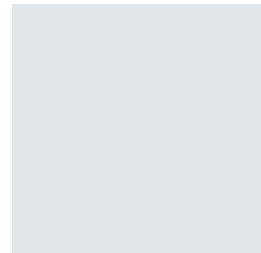
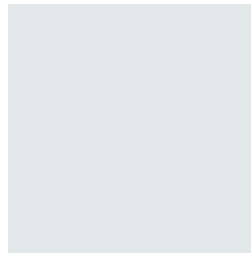
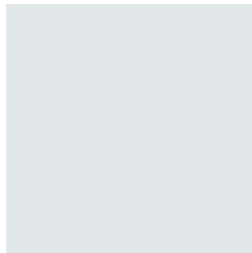


Innovative
integrated
solutions



for a global
market.

Results for the year

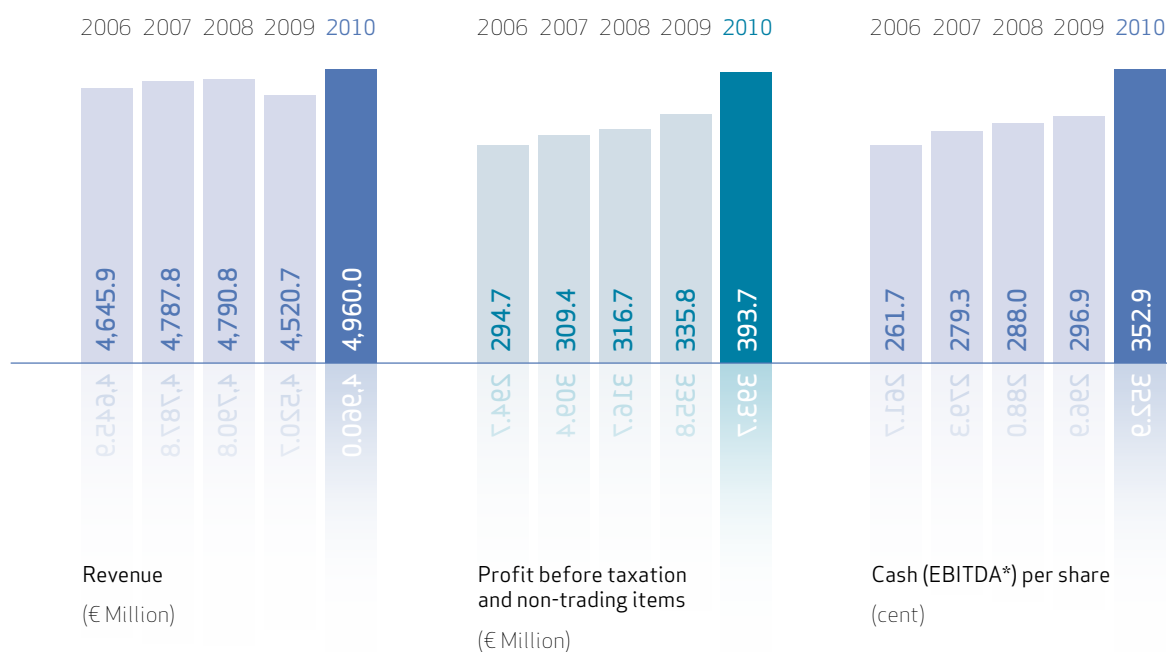
2010

Sales revenue up 9.7% to

€5 billion

Trading profit up 11.3% to

€470 million





Adjusted EPS* up 16.8% to

194.5 cent

Final dividend per share
up 15.6% to

20 cent

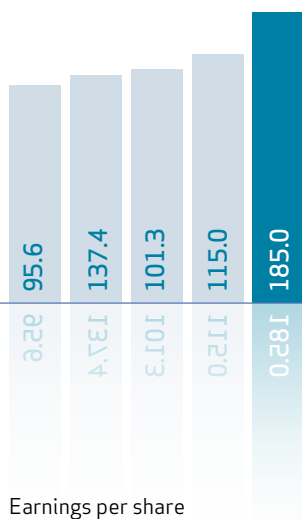
Free cash flow of

€305 million

R&D investment of

€156 million

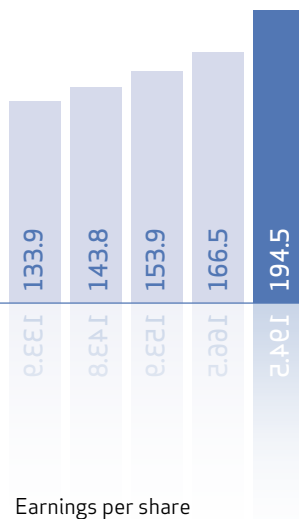
2006 2007 2008 2009 2010



Earnings per share

After intangible asset amortisation
and non-trading items (cent)

2006 2007 2008 2009 2010



Earnings per share

Before intangible asset amortisation
and non-trading items (cent)

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* Before intangible asset amortisation and non-trading items

Note:

Pages 2 – 19 of this Annual Report which contain picture images have been removed for the web version of this Report. Hard copies of the Kerry Group Annual Report 2010 are available on request.

Chairman's Statement



I am pleased to report that Kerry achieved excellent results and a strong operational performance in 2010. Business development in the Group's established and emerging markets proved highly successful delivering strong volume growth and margin progression. Our global food and beverage key customer accounts all performed well, benefiting from strong demand for innovative concepts and health & wellness trends which continue to drive category growth. The Group's consumer foods' brands and customer brands performed well in the UK market and by year-end the market positioning of the division's Irish brands had stabilised.

Results

Group sales revenue increased by 9.7% to €5 billion reflecting growth of 4.6% on a like-for-like basis. Good volume growth was achieved across ingredients & flavours end-use-markets and in the Group's selected consumer foods categories. Trading profit increased by 11.3% to €470m. Adjusted earnings per share increased by 16.8% to 194.5 cent (2009: 166.5 cent).

Business development in the Group's established and emerging markets proved highly successful delivering strong volume growth and margin progression.

Strategic Development

Details of the performance of Group businesses in 2010 are presented in the Chief Executive's Review and in the Business Reviews of the report. The Group has made excellent progress in building our global leadership in ingredients & flavours and in consolidating our chilled foods' leadership position in the UK and Irish markets. The success of Kerry's 'go-to-market' strategies and customer-centric business model continues to achieve excellent business development momentum, forging ever stronger customer alliances with food

and beverage manufacturers and foodservice providers. Our broad range of ingredients & flavours technologies and end-use-market focus gives Kerry an unrivalled position as the leading integrated solutions provider to global and regional accounts. The Group's consumer foods' businesses in the UK and Ireland have withstood the challenges posed by the economic conditions in both countries. Kerry Foods' investment and on-going efficiency programmes will enable the division's leading brands and its selected private label offerings to meet the value requirements of consumers without compromising product quality.



Dividend

The Board recommends a final dividend of 20 cent per share, an increase of 15.6% on 2009. Together with the interim dividend of 8.8 cent per share, this raises the total dividend for the year to 28.8 cent per share, reflecting an increase of 15.2% on the total 2009 dividend. The final dividend will be paid on 13 May 2011 to shareholders registered on the record date 15 April 2011.

Board Changes

I would like to thank Donal O'Donoghue and John Twomey, who retired from the Board at year-end, for their individual contributions and service to the Kerry organisation. Donal and John were succeeded as non-executive Directors of the company by Kieran Breen and Patrick Flahive who joined the Board in January 2011.

Prospects

Management's views regarding the prospects for the Group in 2011 are outlined in the Chief Executive's Review. Building on the Group's excellent performance in 2010 and its strong operating momentum coming into 2011, the Board is confident that Kerry Group is well positioned to deliver sustained business growth and value for all stakeholders.

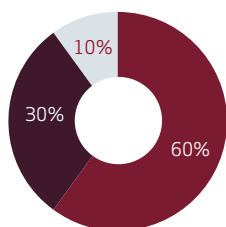
May I take this opportunity to record the appreciation of the Board to Stan McCarthy Chief Executive, to management at all levels, and to all employees for their individual contributions to the Group's strong performance in 2010.

Denis Buckley

Denis Buckley, Chairman

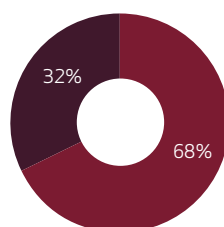
21 February 2011

Chief Executive's Review



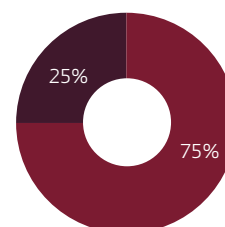
Group Revenue by Destination

EMEA	60%
Americas	30%
Asia-Pacific	10%



Revenue

Ingredients & Flavours	68%
Consumer Foods	32%



Trading Profit

Ingredients & Flavours	75%
Consumer Foods	25%

Kerry Group achieved excellent growth and development in 2010. Strong business volume growth was achieved throughout the Group's established and emerging markets.

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

In the Group's selected consumer foods business segments of the UK and Irish markets, sectoral growth continued to be impacted by reduced consumer spending and push-back to higher prices. Trading down to value offerings continues to be the predominant market trend. In 2010 this continued to drive value sales through promotional activity

The Group has made excellent progress in building our global leadership in ingredients & flavours and in consolidating our chilled foods' leadership position in the UK and Irish markets.

and also benefit private label offerings. However Kerry Foods achieved strong top line growth in the UK market through its branded and private label offerings. The division's brand investment and innovation programmes achieved excellent results.

In Ireland, as consumer sentiment remains cautious due to the prevailing economic conditions, the consumer foods market remained challenging in 2010. Targeted brand and range investment by Kerry Foods tailored to consumer requirements in Ireland has stabilised the positioning of Kerry's key brands and protected the brands' category leadership for future growth.

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

Results

Group sales revenue in 2010 at €5 billion reflects an increase of 9.7% on a reported basis and growth of 4.6% on a like-for-like (LFL) basis when account is taken of currency translation, acquisitions and business disposals. Sales growth momentum increased as the year progressed. Continuing

Analysis of revenue and trading profit

Revenue	Ingredients & Flavours	€3,675m
	Consumer Foods	€1,768m
Trading Profit	Ingredients & Flavours	€401m
	Consumer Foods	€132m



business volumes were 5.5% ahead on a Group-wide basis over the full year. Ingredients & flavours continuing business volumes increased by 6.8% and the Group's consumer foods business achieved a 3% increase in continuing business volumes, notwithstanding the challenges of the Irish market.

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

Adjusted profit after tax before intangible asset amortisation and non-trading items increased by 17% to €341m (2009: €291m). Adjusted earnings per share increased by 16.8% to 194.5 cent (2009: 166.5 cent).

Business Reviews

Ingredients & Flavours

The Group's Ingredients & Flavours businesses performed strongly across all technology platforms, end-use-markets and geographies in 2010. Sales revenue reported at €3,675m increased by 12.7% on a reported basis and 6.6% on a like-for-like basis

relative to the prior year. Underlying continuing business volume growth was strong at 6.8%. Trading profit grew by 12.8% (LFL) to €401m which reflects a 50 basis points improvement in trading margin to 10.9%. The solid growth in business volumes and trading profits was achieved despite the significant upward trend in input costs, including cereal, dairy, sugar, edible oils and energy costs in the second half of 2010. This performance was driven by the successful execution of Kerry's 'go-to-market' strategies in all regions and delivery of successful innovative applications in partnership with key customer accounts throughout the food processing, beverage and foodservice industries.

Revenue in the Americas region increased by 14.9% to €1,479m, reflecting 6.9% LFL sales growth – allowing for favourable reporting currency movement and net impact of acquisitions/disposals. Continuing business volumes grew by 7.2% benefiting from a very strong performance in the fourth quarter.

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

Revenue in Asia-Pacific markets increased by 26.1% to €509m reflecting 12.2% LFL growth when account is taken of favourable reporting currency. Continuing business volumes grew by 14.3%.



Brian Mehigan

Chief Financial Officer

Flor Healy

CEO - Kerry Foods

Gerry Behan

President & CEO Kerry Ingredients & Flavours,
Americas Region

Consumer Foods

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

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

The performance of the Group's ingredients & flavours and consumer foods' businesses is reviewed in detail in the Business Review section of this report.

Finance

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

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

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

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

- Expenditure on acquisitions net of disposals, including deferred consideration on prior year acquisitions, of €157m (2009: €291m);



- Restructuring and other costs of €26m (2009: €37m); and
- Equity dividends paid of €46m (2009: €41m).

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

Post Balance Sheet Events

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

- EBI Cremica – a provider of food coating systems to the food processing and foodservice sectors in India;
- Headland Foods – a leading manufacturer of frozen customer branded ready meals supplying major multiple retail groups in the UK market.

Future Prospects

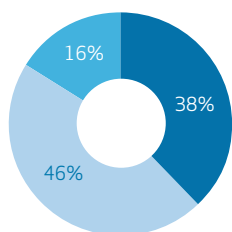
Building on the Group's strong performance in 2010 and notwithstanding the challenges arising from the significant increase in raw materials and input costs, we expect that Kerry will achieve good profitable growth in the year ahead. Our market strategies, supported by our industry leading technologies,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

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

Stan McCarthy, Chief Executive

21 February 2011

Ingredients & Flavours



Revenue by Destination

EMEA	38%
Americas	46%
Asia-Pacific	16%

	2010	LFL Growth
Revenue	€3,675m	6.6%
Trading Profit	€401m	12.8%

Kerry Ingredients & Flavours provides customised product applications to service customer needs across a wide range of end-use-markets in the global food and beverage industries. Our unique 'Kerry integrated approach' to meeting customers' specific innovation and product solution requirements is driven by the Group's industry-leading global technology, market application, culinary and sensory capabilities.

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

Americas Region

Kerry grew strongly in American markets in 2010, benefiting from the strength of the Group's customer

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

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

Savoury & Dairy systems achieved good growth through key accounts notwithstanding sectoral challenges in some North American market segments. New flavour development launches and synergies

The success of Kerry's 'go-to-market' strategies and customer-centric business model continues to achieve excellent business development momentum, forging ever stronger customer alliances with food and beverage manufacturers and foodservice providers.



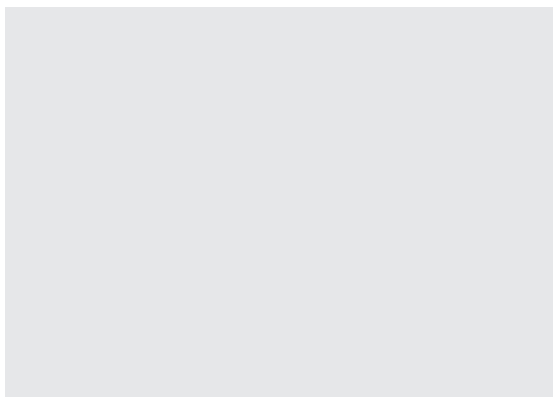
with other Kerry technologies delivered strong growth in savoury snacks. Dairy systems & flavours saw solid growth through smoothie chips and through frozen yoghurt bases in the foodservice sector. The prepared meals sector remained challenging but Kerry recorded satisfactory growth through its frozen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

Cereal & Sweet technologies performed well in 2010 benefiting from health and wellness innovation trends. Promotional activity in the ice-cream sector in both retail and foodservice channels led to solid growth through Kerry's key accounts. In the ice-cream and frozen desserts markets, increased

consumer demand for 'bite size' snackable products led to increased product development in fruit bars, ice-cream sandwich products and frozen novelty lines. The bakery sector also exhibited positive development trends – benefiting Kerry's complete technology offering including bio-ingredients, shelf-life extenders, flavours and functional ingredients. Kerry also achieved good growth in 2010 through sweet goods bakery lines and in the added-value cracker sector. In the confectionery sector, Kerry's integrated technology solutions performed well in response to the growth in snacking trends and demand for a balance of nutrition/indulgence lines in energy and confectionery bite formats.

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

Beverage applications also benefited from wellness trends which drove significant developments in American markets in 2010. Kerry's integrated



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

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

In 2010 Kerry made considerable progress in expanding the global market positioning of Sheffield Bio-Science – the Group's pharma ingredients business which develops excipient and cell nutrition products for pharmaceutical, nutritional and bio-technology applications. Good growth was achieved

through excipient lines following significant investment in new tableting technologies and coating systems. The launch of LubriTose™, an integrated co-processed excipient system developed to improve direct compression and high speed tableting operations, achieved a positive market response. Sheffield's media optimisation products, including hydrolysed proteins, recombinant proteins and yeast extracts, delivered solid results in the cell nutrition sector. Ongoing investment to support global customers and regional customers in Latin American and Asia-Pacific markets achieved good results, particularly in Brazil, China and India.

EMEA Region

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

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

Provenance of raw materials and authenticity of recipe assumed more importance – as did demand for health/wellness benefits in food and beverage offerings.



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

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

sector. Newly launched clean declaration fruit and confectionery nuggets made good progress through bakery, cereal, bar, confectionery and ice-cream applications.

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

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



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

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

Asia-Pacific Region

Business development in Asia-Pacific markets progressed well in 2010 delivering an excellent operational performance. Revenue increased by 26.1% to €509m reflecting 12.2% LFL growth when

account is taken of favourable reporting currency. Continuing business volumes grew by 14.3%.

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

Meat technology systems also grew satisfactorily year-on-year. Good growth was achieved in New Zealand, in the Australian poultry sector and through



strong export led growth into regional QSR's from Kerry's Thailand based processing facility. Meat systems also progressed market development in the added value seafood and poultry sectors in China.

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

Sweet technologies achieved strong growth in the bakery category, assisted by Kerry's functional ingredients in the industrial bakery market. Kerry Pinnacle again delivered strong market growth in the Australian bakery market. Pinnacle lifestyle bakery products increased market share year-on-year with significant growth in the cookie category. A capital investment programme at the Sugar & Spice facility in Melbourne added a significant increase in production capacity through commissioning of a new frozen cookie line. Prior to year-end,

the Group acquired the General Mills lifestyle bakery products business in Australia. Located in Mansfield, Queensland and Camellia, New South Wales, the acquired business has strong brand recognition through its Van den Bergh's and Croissant King brands which strengthen Kerry Pinnacle's position in this growth sector and leverage Kerry's sweet technology competence.

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

Consumer Foods



	2010	LFL Growth
Revenue	€1,768m	1.3%
Trading profit	€132m	5.3%



Kerry Foods is a leading supplier of chilled foods in the Irish and UK markets. Our brands are market leaders in the added value dairy products and meat & savoury provisions categories. Kerry Foods also holds leading positions in selected customer branded growth categories, working closely with all major retailers – leveraging the division's market leading innovation and consumer insight.

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

Divisional performance improved in the second half of 2010 despite the impact of rising raw material costs. Sales revenue in 2010 increased by 3.2% to €1,768m, reflecting like-for-like growth of 1.3%, allowing for reporting currency movement and net acquisitions/disposals impact.

Continuing business volumes increased by 3%. Divisional trading profit grew by 5.3% LFL to €132m reflecting a 40 basis points improvement in trading profit margin to 7.5%.

Kerry Foods' **UK Brands** all made good progress in their respective categories. In the sausage sector Richmond outperformed category growth, benefiting from a successful packaging relaunch. A strong promotional programme and increased trade marketing support assisted in consolidating Richmond's number 1 brand positioning. A cohesive brand identity was established across the Wall's brand portfolio and the extension of the brand into the pastry category delivered strong growth through retailer listings and impulse performance. Mattessons continued to lead growth in the meat snacking sector and successfully introduced the market's first dipping meat snack 'Mattessons Rippa Dip' prior to year-end.



In the cheese snack sector the Cheestrings brand performance improved in the second half of 2010, assisted by the launch of a novel 'Cheestrings Spaghetti' range which gained excellent listings. 'Pure', Kerry Foods' dairy free range of spreads performed well in 2010 – extending its range to include sunflower, soya and olive variants. In its first full marketing year in the UK market Kerry's LowLow reduced fat cheese brand achieved encouraging incremental growth – leading growth within the low fat cheddar category.

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

In the chilled ready meals category Kerry Foods achieved an excellent performance to become the largest supplier in the UK chilled ready meals marketplace.

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

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



Galtee was repositioned and supported by a major 'Rasherfest' advertising campaign. Shaws received significant brand market support and was also successfully relaunched in the deli category.

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

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

Financial Review

The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2010 and of the Group's financial position at that date.

In addition the following measures, which are considered key performance indicators of the Group's underlying performance, are also discussed:

- Adjusted earnings per share (EPS) growth
- Continuing volume growth
- Trading profit margin
- Free cash flow
- Return on investment

Consolidated Income Statement

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

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



Analysis of results

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

Revenue and trading profit

Like-for-like revenue growth, which excludes the impact of acquisitions, disposals and foreign exchange translation was **4.6%** (2009: negative 4.8%) for the Group. This growth is attributable to continuing business volume growth of **5.5%**, offset by restructuring volume loss (**0.5%**), pricing impact of (**0.3%**) and trading currency impact of (**0.1%**). At a divisional level, like-for-like revenue growth in Ingredients & Flavours was **6.6%** (2009: negative 4.5%) and in Consumer Foods was **1.3%** (2009: negative 6.1%).

Geographically, like-for-like revenue growth by destination was **6.9%** in the Americas (2009: negative 5.2%), **2.5%** in EMEA (2009: negative 6.1%) and **12.2%** in Asia-Pacific (2009: 6.6%).

Like-for-like trading profit growth was **12.8%** (2009: 4.9%) in Ingredients & Flavours and **5.3%** (2009: 0.0%) in Consumer Foods.

A comprehensive review of the revenue and trading profit for the Group's Ingredients & Flavours and Consumer Foods divisions is included in the Business Review on pages 26 to 35.

Finance costs

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

Taxation

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

Dividends

The Board has proposed a final dividend of 20.0 cent per A ordinary share payable on 13 May 2011 to shareholders registered on the record date 15 April 2011. When combined with the interim dividend of 8.8 cent per share, the total dividend for the year increased to 28.8 cent (2009: 25.0 cent) an increase of 15.2%.

Retirement benefits

At the balance sheet date, the net deficit for all defined benefit schemes (after deferred tax) was **€144.6m** (2009: €141.4m). The slight increase year-on-year reflects an increase in liabilities caused by reduced corporate AA bond rates and an increase in life expectancy assumptions which were almost fully offset by an increase in asset values. The net deficit expressed as a percentage of market capitalisation at 31 December was **3.3%** (2009: 3.9%). The charge to the income statement during the year, for both defined benefit and defined contribution schemes, excluding non-trading items was **€32.8m** (2009: €33.0m).

Acquisitions

The Group completed ten bolt on acquisitions during the year at a total cost of **€161.5m**. These acquisitions, which were all completed by the Ingredients & Flavours division, strengthen Kerry's capabilities across a range of technologies and are geographically spread across the three regions (see table below). Further details are available in note 27 and in the Business Review.

2010 Acquisitions

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

Key performance indicators

The Group delivered strong profitable growth in 2010 with strong delivery against all key performance indicators:

Key performance indicators	2010	2009
Adjusted EPS growth	16.8%	8.2%
Continuing volume growth	5.5%	2.2%
Trading margin	9.5%	9.3%
Free cash flow	€305m	€367m
Return on average equity (ROAE)	17.2%	16.7%
Cash flow return on investment (CFROI)	11.6%	15.3%

Adjusted EPS growth is the year-on-year improvement in EPS before amortisation of intangible assets and non-trading items (net of related tax). In 2010 the Group's adjusted EPS increased by **16.8%** to **194.5 cent** (2009: 166.5 cent). The growth in adjusted EPS is accounted for by a increase of 11.3% in trading profit together with a decrease in finance costs and a reduction in the effective tax rate.

Continuing volume growth of **5.5%** (2009: 2.2%) at Group level was driven by the successful execution of the Group's 'go-to-market' strategies. This represents continuing volume growth in Ingredients & Flavours of **6.8%** (2009: 2.9%) and **3.0%** (2009: 0.0%) in Consumer Foods.

Trading profit margin at divisional level increased by 50 basis points in Ingredients & Flavours to **10.9%** (2009: 10.4%) and by 40 basis points in Consumer Foods to **7.5%** (2009: 7.1%). At Group level this equated to an increase of 20 basis points to **9.5%** (2009: 9.3%) as the strong performance of the divisions and savings generated from recent rationalisation programmes were partially offset by unallocated development costs relating to the Group's global IT project (Kerryconnect).

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 **€304.8m** (2009: €366.7m) which is stated after net capital expenditure of **€139.4m** (2009: €107.9m) and working capital outflow of **€21.5m** (2009 inflow €132.4m - primarily attributable to the Group's restructuring programmes).

Free cash flow	2010 €m	2009 €m
EBITDA*	618.6	519.6
Movement in working capital	(21.5)	132.4
Pension contributions paid less pension expense	(41.1)	(42.3)
Net investment in non-current assets	(139.4)	(107.9)
Finance costs paid (net)	(57.6)	(78.0)
Income taxes paid	(54.2)	(57.1)
Free cash flow	304.8	366.7

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

Return on investment is measured by the Group using ROAE and CFROI. ROAE in 2010 was **17.2%** (2009: 16.7%). CFROI was **11.6%** (2009: 15.3%) as the year on year movement in working capital returned to more normalised levels.

Capital structure

The Group finances its operations through a combination of equity and borrowing facilities, including bank borrowings and senior notes from capital markets.

The financing structure of the Group is managed in order to optimise 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 is managed by setting net debt to EBITDA targets while allowing flexibility to accommodate significant acquisition opportunities. Any expected variation from these targets should be reversible within twelve to eighteen months; otherwise consideration would be given to issuing additional equity in the Group.

Private placement

In January 2010 the Group completed the issuance of US\$600m of senior notes across four tranches with maturities ranging from 7 to 15 years. These senior notes were raised in the US private placement market and were primarily used for the prepayment of near term debt. This has resulted in an increase in the weighted average maturity of net debt from 2.8 years at 31 December 2009 to **4.8 years** at 31 December 2010. Further details on the maturity profile of net debt are available in note 20 to the financial statements.

Net Debt

Net debt decreased by €47.6m during 2010 to **€1,111.9m** (2009: €1,159.5m). The reduction of €47.6m during the year is analysed in the table below:

<i>Movement in net debt</i>	2010 €m	2009 €m
Free cash flow	304.8	366.7
Acquisitions (net of disposals) including deferred consideration	(157.5)	(291.1)
Restructuring and other costs	(26.4)	(37.4)
Dividends paid	(45.8)	(40.7)
Issue of share capital	3.6	3.0
Exchange translation adjustment on profits	(1.5)	4.2
Decrease in net debt resulting from cash flows	77.2	4.7
Fair value movement on interest rate swaps	19.4	3.9
Exchange translation adjustment on net debt	(49.0)	(4.6)
Decrease in net debt in the year	47.6	4.0
Net debt at beginning of year	(1,159.5)	(1,163.5)
Net debt at end of year	(1,111.9)	(1,159.5)

Exchange impact on net debt

The exchange translation adjustment of **(€49.0m)** results primarily from borrowings denominated in sterling translated at a year end rate of 86p compared to 89p at the end of 2009 and borrowings denominated in US dollar translated at a year end rate of \$1.34 versus \$1.44 at the end of 2009.

Key financial covenants

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

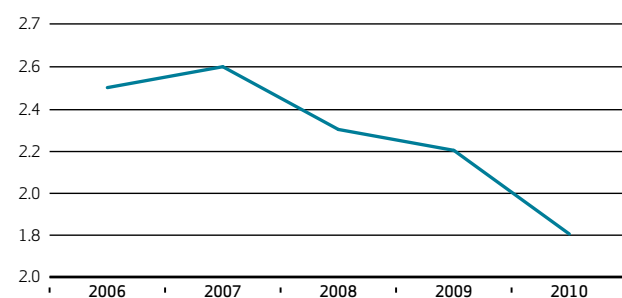
Principal among these are:

- 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.

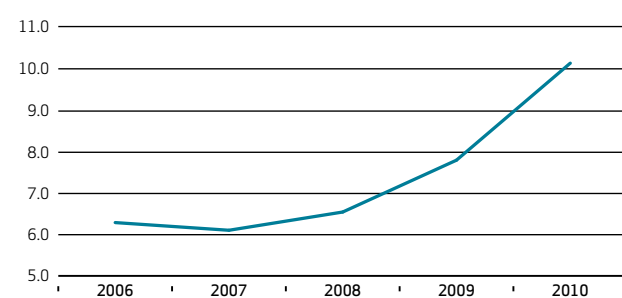
Group treasury monitors compliance with all financial covenants and at 31 December these ratios were as follows:

	Covenant	2010 Times	2009 Times
Net debt: EBITDA*	Maximum 3.5	1.8	2.2
EBITDA: Net interest*	Minimum 4.75	10.1	7.8

Net Debt: EBITDA*



EBITDA : Net Interest*



* Calculated in accordance with lenders facility agreements.

Share price and market capitalisation

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

Shareholders' equity

Shareholders' equity increased by €342.9m to **€1,627.0m** (2009: €1,284.1m) as profits generated during the year, together with the positive impact of retranslating the Group's net investment in its foreign currency subsidiaries, more than offset the negative impact of actuarial losses on defined benefit schemes.

Full details of the Group's financial liabilities and cash and cash equivalents are disclosed in notes 19 and 20 to the financial statements and a full reconciliation of shareholders' equity is disclosed in the Consolidated Statement of Changes in Equity on page 73.

Financial 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 principal financial risks of the Group. The Group does not engage in speculative trading.

Further details relating to the Group's financial risks and its Financial Risk Management Programme are disclosed in note 20 to the financial statements.

Post balance sheet events

Since the year end the Group has reached agreement to acquire the following acquisitions for a total consideration of €25.8m;

- EBI Cremica – a provider of food coating systems to the food processing and foodservice sectors in India;
- Headland Foods – a leading manufacturer of frozen customer branded ready meals supplying major multiple retail groups in the UK market.

Summary and financial outlook

The Group delivered a strong trading performance in 2010. With revenue of **€5.0 billion**, trading profit of **€470.2m** and free cash flow of **€304.8m**, the Group has a strong base to continue to meet the challenging consumer, trading and financial environment that prevails going into 2011. The balance sheet is in a healthy position and with a net debt: EBITDA ratio of **1.8 times**, the Group has sufficient headroom to support the future growth plans of the organisation.

The Group looks forward to further financial growth and development in 2011.

Sustainability





Marketplace

Workplace

Environment

Community

Kerry Group is committed to growing its business on a sustainable basis. As a world leader in ingredients & flavours and as a major consumer foods organisation in Europe, Kerry aims to conduct its business in a responsible and sustainable manner. This demands a holistic approach to Group activities involving close liaison with our customers, suppliers, regulatory authorities, employees and other relevant stakeholders.

Therefore central to Kerry's mission and values 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 and we are increasingly embedding sustainability thinking and positive action into the activities of all our businesses.

"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."

This Sustainability review outlines Group policies and programme objectives in connection with the four main pillars of Kerry's approach to sustainable development – the marketplace, workplace,

environment and the community. Our approach represents a journey of continuous improvement. We have significantly broadened our sustainability programmes in recent years and will progressively establish goals and Group-wide targets to measure our progress.

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

Everyday millions of people throughout the world consume food or beverage products produced by Kerry or by our customers using our ingredients and flavours. Innovation and product development to enhance the nutritional quality of our ingredients and our customers' products is a core value of the Group, building on the Group's industry-leading ingredients & flavours technology platforms and food & beverage applications expertise. We fully recognise our role in making a positive contribution to healthy diets and lifestyles and have enabled our customers to achieve significant improvement in the nutritional value of their product offerings through calorie reduction, sodium reduction, reduced saturated fats, elimination of trans-fat and incorporation of all-natural ingredients. Kerry Foods, the Group's Consumer Foods division, has established clear nutritional policies for all Kerry brands and is adopting 'Guideline Daily Amounts' (GDA) nutrition labelling.

Kerry leverages its industry-leading ingredients & flavours technology platforms and food & beverage applications expertise to enhance the nutritional quality of customers' product offerings.

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.

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;

1. Nutritional expertise and positive nutrition
2. Consumer information
3. Marketing
4. Collaboration

Nutritional Expertise and Positive Nutrition

Kerry continues to improve the nutritional content and the product ranges of all our ingredients and brands, in line with established up to date research, without compromise on taste or quality. Our Research Centres of Excellence provide research and expertise enabling the development of new products to meet consumers' changing health and nutritional needs. Kerry nutritionists also collaborate with external scientific and nutrition experts to assist in product innovation. The Group has fostered a commitment to food research since its inception through experienced on-site technical and new product development personnel. The Group employs some 500 scientists and food science specialists throughout its Global Centres of Excellence and satellite research centres. In 2010, Group expenditure on research, development and application increased to €156m.

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.

Kerry employs some 500 scientists and food science specialists throughout its Global Centres of Excellence and satellite research centres.

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

ENVIRONMENT

The Group acknowledges the universal impact of climate change and the need to stimulate economic and business development in a sustainable manner. We are actively addressing the challenges posed by climate change and have programmes in place to measure, manage and reduce climate change impacts. 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;

1. Managing the impact on the environment in a pro-active way through waste prevention and minimisation, re-use, recycling and ultimately safe disposal.
2. Conserving energy, raw materials and natural resources throughout all Group operations.
3. Adopting appropriate measures to manage environmental risks, including emergency response plans.
4. Complying with all applicable environmental legislation/regulations and with accepted codes of good environmental practice.
5. Taking account of the environment at all stages, including product development, manufacturing and distribution operations.
6. Encouraging and where appropriate requiring suppliers and contractors to implement sustainable environmental policies and effective environmental management systems.
7. Striving to continuously improve environmental performance in all aspects of the business.
8. 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.

Our primary focus is to achieve an 8% reduction in greenhouse gas emissions by the end of 2012 and to achieve an overall 12% reduction in emissions by 2014 compared to the baseline year 2009.

9. Putting in place the necessary structures and resources, including training and awareness programmes, to underpin this policy.

The Group has on-going improvement programmes in place with respect to energy utilisation, water intake, effluent and waste; and we are progressing towards the establishment of Group targets across these KPI's. Accredited Environmental Management Systems are progressively being established across all Group sites. To-date all Kerry Foods manufacturing sites have attained ISO 14001 accreditation.

In recent years we have been measuring our carbon footprint in accordance with the Greenhouse Gas (GHG) protocol and have been developing and investing in solutions to reduce carbon emissions. Our primary focus is to achieve an 8% reduction in greenhouse gas emissions by the end of 2012 and to achieve an overall 12% reduction in emissions by 2014 compared to the baseline year 2009. The Group has made excellent progress globally in meeting the above targets. Kerry's progress in this programme will be independently verified and reported through the Carbon Disclosure Project (CDP) process. The footprint measurement covers Scope 1 & 2 emissions (incorporating fossil fuels, transport fuel, refrigerants and electricity related emissions) and defined emissions related to business travel.

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 in Ireland, 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. Kerry continues to play a vital role in supporting local communities and in participating in community development programmes.

Community Focus Areas

In our communities our primary areas of focus and support are; (a) health, hunger and nutrition, (b) entrepreneurship, (c) amenity/community development, (d) education, arts and sport. These areas are of critical importance to our customers, consumers, employees, shareholders and the communities in which we operate.



CONCERN
worldwide

ENDEAVOUR
DREAMS REALISED

YOUR COUNTRY
YOUR CALL } 

In 2008 the Group engaged in a three-way partnership between Concern (Ireland's largest humanitarian organisation working in the world's poorest countries), Kerry Group and the Washington based International Food Policy Research Institute (IFPRI) to progress a major international research initiative towards alleviating world hunger. The aim of the three year research programme was to develop innovative policies and solutions which would ease hunger and malnutrition, which currently afflicts 900 million people globally. This initiative brought together Concern's experience in 30 of the world's most vulnerable countries with the commercial expertise of the Kerry Group, and the acknowledged capability of IFPRI, the world's leading authority on nutrition and food policy research. Kerry has contributed €500,000 towards the cost of this major research programme.

Using the learnings from the recently concluded research project, the Group is now focused on working with Concern in design of a new collaborative project aimed at realigning agricultural programmes to improve nutrition in the world's poorest countries.

Arising from the slowdown in economic development in Ireland, the Group has devoted increased financial resources to the promotion of entrepreneurship. This includes 'Your Country, Your Call' – a competition based initiative to promote transformational proposals which will help to secure prosperity and employment in Ireland, and the 'Endeavour' programme – Ireland's leading fast-track programme for business start-ups which aims to attract high-quality candidates who have a strong ability to succeed in the entrepreneurial world. This prestigious two phase programme offers candidates access to business expertise through its international mentor base, along with incubation space and support structures in the global marketplace. As Corporate Partner of Endeavour, Kerry Group is making a significant financial contribution to the project, as well as offering our international business expertise in support of the new start-ups planning to operate in global markets.

Kerry Group Consolidated Income Statement

10 Year History

	2001 €'000	2002 €'000	2003 €'000	2004 €'000	2005 €'000	2006 €'000	2007 €'000	2008 €'000	2009 €'000	2010 €'000
Revenue	3,002,781	3,754,808	3,693,410	4,128,736	4,429,777	4,645,920	4,787,766	4,790,770	4,520,746	4,960,003
Trading profit	260,445	305,410	308,519	355,780	380,213	383,688	401,126	409,234	422,374	470,216
Intangible asset amortisation	(23,367)	(41,401)	(48,103)	(9,822)	(10,331)	(12,093)	(12,669)	(14,891)	(16,811)	(16,065)
Operating profit before non-trading items	237,078	264,009	260,416	345,958	369,882	371,595	388,457	394,343	405,563	454,151
Finance costs (net)	(47,644)	(50,238)	(37,356)	(51,815)	(68,353)	(76,930)	(79,055)	(77,677)	(69,810)	(60,501)
Profit before taxation and non-trading items	189,434	213,771	223,060	294,143	301,529	294,665	309,402	316,666	335,753	393,650
Income taxes	(58,330)	(66,465)	(62,980)	(74,919)	(65,695)	(57,753)	(64,512)	(62,695)	(61,199)	(68,779)
Profit after taxation and before non-trading items	131,104	147,306	160,080	219,224	235,834	236,912	244,890	253,971	274,554	324,871
Non-trading items (net of tax)	2,030	(43,403)	897	(15,174)	42	(59,163)	1,228	(76,996)	(73,332)	(654)
Profit after taxation	133,134	103,903	160,977	204,050	235,876	177,749	246,118	176,975	201,222	324,217
Adjusted earnings per ordinary share (cent)*	87.9	101.8	112.1	122.9	131.6	133.9	143.8	153.9	166.5	194.5

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

Note: 2001 to 2003 are presented under Irish/UK GAAP and have not been restated to IFRS. All other years are as reported.

Directors & Other Information

Directors

Denis Buckley, *Chairman*

Stan McCarthy, *Chief Executive Officer**

Brian Mehigan, *Chief Financial Officer**

Flor Healy, *CEO Kerry Foods**

Gerry Behan,
*President & CEO Kerry Ingredients
& Flavours Americas**

Kieran Breen

Denis Carroll

Michael Dowling

Patrick Flahive

Michael J. Fleming

Noel Greene

Kevin Kelly

Gerard O'Hanlon

Michael J. Sullivan

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

The Directors submit their Annual Report together with the audited financial statements for the year ended 31 December 2010.

Principal activities

Kerry Group is a major international food corporation. The Group is a world leader in food ingredients and flavour technologies serving the 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 BNY Mellon, USA, Kerry has 140 manufacturing facilities across five continents and provides over 15,000 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 and flavours 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 **€324m** for the year. Earnings per share (EPS) before intangible asset amortisation and non-trading items (net of related tax) increased **16.8%** over 2009 to **194.5 cent** (2009: 166.5 cent). Basic EPS for the year is reported at **185.0 cent** (2009: 115.0 cent). Revenue for the year amounted to **€5.0 billion** (2009: €4.5 billion). Further details of the results for the year are set out in the Consolidated Income Statement, in the related notes forming part of the financial statements and in the Business Review. The Group's key performance indicators are discussed in the Financial Review.

On 21 February 2011, the Directors recommended a final dividend totalling **€35.1m** in respect of the year ended 31 December 2010 (see note 9 to the financial statements). This final dividend per share is an increase of **15.6%** over the final 2009 dividend paid on 14 May 2010. This dividend is in addition to the interim dividend paid to shareholders on 12 November 2010, which amounted to **€15.5m**.

The payment date for the final dividend will be 13 May 2011 to shareholders registered on the record date 15 April 2011.

Share capital

Details of the share capital are shown in note 23 of the financial statements. The authorised share capital of

the Company is €35,000,000 divided into 280,000,000 A ordinary shares of 12.5 cent each, of which **175,517,206** shares were in issue at 31 December 2010.

The A ordinary shares rank equally in all respects. There are no limitations on the holding of securities in the Company.

There are no restrictions on the transfer of fully paid shares in the Company but the Directors have the power to refuse the transfer of shares that are not fully paid. There are no deadlines for exercising voting rights other than proxy votes, which must be received by the Company at least 48 hours before the time of the meeting at which a vote will take place. There are no restrictions on voting rights except:

- where the holder or holders of shares have failed to pay any call or instalment in the manner and at the time appointed for payment; or
- the failure of any shareholder to comply with the terms of Article 14 of the Company's Articles of Association (disclosure of beneficial interest).

The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities or on voting rights.

The Directors have the authority to issue new shares in the Company up to the authorised but unissued share capital of the Company but may only allot shares for cash on a non pro-rata basis up to a maximum of 5% of the issued share capital. This authority will expire on 5 August 2011 and it is intended to seek shareholder approval for its renewal at the Annual General Meeting (AGM) to be held on 10 May 2011.

During the year, **324,190** share options were exercised under the Group's Executive Share Option Scheme. In the same period **28,965** share options granted in 2009 under the Company's Long Term Incentive Plan were exercised. Further details are shown in note 23 to the financial statements.

The Company may purchase its own shares in accordance with the Companies Acts and the Company's Articles of Association. At the 2010 AGM, shareholders passed a resolution authorising the Company to purchase up to 5% of its own issued share capital but the authority was not exercised. This authority is due to expire on 10 May 2011 and it is intended to seek shareholder approval for its renewal at the AGM.

Articles of Association

The Articles of Association empower the Board to appoint Directors but also require Directors to retire and submit themselves for re-election at the first AGM following their appointment. Specific rules regarding the re-election of Directors are referred to on pages 58 and 59.

The regulations contained in the Articles of Association of the Company may be amended by special resolution with the sanction of shareholders in a general meeting.

Significant agreements

The Company's financing arrangements include 'Change of Control' provisions which give its lending institutions the right to withdraw their facilities in the event of a change of control occurring unless they agree otherwise in writing. Other than change of control provisions in those arrangements, the Company is not a party to any other significant agreements which contain such a provision.

Acquisitions

The Group completed a number of acquisitions during the year and since the year end. The businesses acquired are described in the Chief Executive's Review and in note 27 and note 31 to the financial statements.

Research and development

The Group is fully committed to ongoing technological innovation in all sectors of its business, providing integrated customer-focused product development. To facilitate this development the Group has invested in highly focused research, development and application 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 **€156.4m** in 2010 (2009: €147.8m).

Employees

Kerry Group's success is 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 growth strategy in the years ahead.

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

Kerry will continue to ensure excellence in management practices through the ongoing development of business aligned human resource programmes and initiatives. The Group provides structured training and development

programmes for employees to 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 compliance and anti-discrimination legislation.

The average employment of the Group worldwide in 2010 was **22,468** (2009: 21,997).

Sustainability

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. Our Corporate Mission statement provides a guiding framework for management and all employees in delivering Group Sustainability Policy across all operations and worldwide activities. The Group is committed to achieving its sustainability vision and objectives through a holistic approach involving close liaison with customers, suppliers, regulatory authorities, employees and other relevant stakeholders.

In relation to climate change and the environment, this commitment is borne out by continued investment in facilities, systems and processes that manage waste emissions, energy consumption and materials/packaging conservation. The Group recognises environmental protection as a critical part of all business activities and continues to develop employees' knowledge regarding environmental responsibilities and best practice. Through the adoption of best practice procurement policies, the Group is committed to sourcing raw materials sustainably as it continuously seeks to enhance its role as a leading international food company and supplier of quality products to its valued customers.

Building on Kerry's nutritional expertise, we continue to invest considerable Group resources in innovation programmes to enhance the nutritional quality of our ingredients and flavours systems and consumer products.

We also recognise that the Group's success has been achieved through the commitment, skills and creativity of Kerry's employees. Effective management of health and safety and employee welfare and training is given the utmost priority by the Group.

Further details regarding Group policies, programmes and projects in respect of the marketplace, environment, workplace and the community are outlined in the Sustainability Review.

Future developments

Kerry Group is well positioned across global growth markets and its strong technology platforms will continue to lead innovation and category growth. The Group is confident that good growth rates are achievable through application of its ingredients and flavours technologies in global food and beverage markets. In addition, in the Group's selected consumer foods categories, the underlying strength of Kerry Foods' brands and its focus on product innovation and positioning in convenience growth categories, will ensure that the Consumer Foods division continues to outperform market growth rates. The Group is well positioned to actively pursue strategic acquisition opportunities which will support top-line and earnings growth into the future.

Board of Directors

The Board consists of four executive and eleven non-executive Directors. The current Directors are as listed on page 50.

Mr. Denis Buckley

Non-executive Director
Chairman of the Company
Age 65

Denis Buckley was appointed a Director on 6 June 1986 and has served as Chairman since August 2003. Denis is a director of Aryzta AG and is chairman of One Fifty One plc and the Irish Agricultural Wholesale Society Limited. He is a member of the Remuneration and Nomination Committee to which he was appointed in 1996.

Mr. Stan McCarthy

Executive Director
Chief Executive Officer
Age 53

Stan McCarthy joined Kerry's graduate recruitment programme in Ireland in 1976 and worked in a number of finance roles until his appointment as financial controller in the USA on the establishment of Kerry's Representative Office in Chicago in 1984. Following the Group's acquisition of Beatreme Foods Inc. in 1988 he was appointed Vice President of Materials Management and Purchasing. In 1991, he was appointed Vice President of Sales and Marketing and became President of Kerry North America in 1996. He was appointed to the Board on 9 March 1999 and as Group Chief Executive Officer on 1 January 2008.

Mr. Brian Mehigan, FCA

Executive Director
Chief Financial Officer
Age 49

Brian Mehigan joined Kerry Group in 1989, having worked in practice for six years previously. He has held a number of finance positions within Kerry between 1989 and 2002. He has served as Chief Financial Officer and as an executive Director of Kerry Group Plc's Board since 25 February 2002. Brian is a Fellow of the Institute of Chartered Accountants in Ireland and a graduate of National University of Ireland, Cork.

Mr. Flor Healy

Executive Director
Chief Executive Officer of Kerry Foods
Age 48

Flor Healy joined Kerry's graduate recruitment programme in 1984 and has worked for the Group in a number of leading management and finance roles in Ireland and the UK. He was appointed Chief Executive Officer of the Group's Consumer Foods Division in 2004 and as an executive Director of Kerry Group Plc's Board in the same year.

Mr. Gerry Behan

Executive Director
President & Chief Executive Officer of Kerry Ingredients & Flavours Americas
Age 46

Gerry Behan joined Kerry's graduate recruitment programme in 1986 and has held a number of senior financial and management roles primarily in the Americas Region. He was appointed President and Chief Executive Officer of Kerry Ingredients & Flavours in 2008 and as an executive Director of Kerry Group Plc's Board in the same year.

Mr. Kieran Breen

Non-executive Director
Age 56

Kieran Breen was appointed a Director on 12 January 2011. Kieran operates his own business in the agribusiness sector and is a director of Kerry Co-operative Creameries Limited.

Mr. Denis Carroll

Non-executive Director
Age 60

Denis Carroll was appointed a Director on 1 January 2005. Denis is a director of Kerry Co-operative Creameries Limited and he also operates his own business in the agribusiness sector. He is a member of the Audit Committee to which he was appointed in January 2010.

Mr. Michael Dowling

Non-executive Director

Age 66

Michael Dowling was appointed a Director on 3 March 1998. Michael is a director of a number of private companies. He is head of Agri Strategy in Allied Irish Banks and is a former Secretary General of the Department of Agriculture and Food in Ireland. He is also the chairman of the board of management of the UCC/Teagasc Food Research and Innovation Alliance and is a visiting professor in the Faculty of Food Science and Technology at National University of Ireland, Cork. He chairs the Audit Committee and has served on this committee since January 2000. He is also a member of the Remuneration and Nomination Committee to which he was appointed in January 2001.

Mr. Patrick Flahive

Non-executive Director

Age 46

Patrick Flahive was appointed a Director on 12 January 2011. Patrick is a director of the Irish Co-operative Organisation Society Limited and is also a director of Kerry Co-operative Creameries Limited. He also operates his own business in the agribusiness sector.

Mr. Michael J. Fleming

Non-executive Director

Age 47

Michael J. Fleming was appointed a Director on 14 January 2010. Michael operates his own business in the agribusiness sector and is a director of Kerry Co-operative Creameries Limited.

Mr. Noel Greene

Non-executive Director

Age 54

Noel Greene was appointed a Director on 13 January 2006. Noel operates his own business in the agribusiness sector and is also a director of Kerry Co-operative Creameries Limited.

Mr. Kevin Kelly, FCA

Non-executive Director

Age 69

Kevin Kelly was appointed a Director on 1 June 2001. Kevin is chairman of Schroeder Private Equity Funds plc, Project Management Limited and is a director of a number of other private companies. He was formerly a managing partner of Coopers & Lybrand (Chartered Accountants). He is Chairman of the Remuneration and Nomination Committee and has served on this committee since June 2001. He is also a

member of the Audit Committee to which he was appointed in January 2003.

Mr. Gerard O'Hanlon

Non-executive Director

Age 62

Gerard O'Hanlon was appointed a Director on 4 December 2006. Gerard operates his own business in the agribusiness sector and is a director of Kerry Co-operative Creameries Limited.

Mr. Michael J. Sullivan, JD

Non-executive Director

Age 71

Michael J. Sullivan was appointed a Director on 13 April 2002. Michael 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 Sletten Construction Inc. and Cimarex Energy Inc. He is a member of the Bar, State of Wyoming. He will retire from the Board following the conclusion of the AGM in May 2011.

Mr. Denis Wallis

Non-executive Director

Age 61

Denis Wallis was appointed a Director on 29 January 2003. Denis was formerly a director and chairman of Golden Vale Plc. He is a director of Kerry Co-operative Creameries Limited and is a member of the Audit Committee, which he has served on since January 2006. He also operates his own business in the agribusiness sector.

Board changes

Mr. Kieran Breen and Mr. Patrick Flahive were appointed to the Board on 12 January 2011 to fill the vacancies caused by the retirement of Mr. Donal O'Donoghue and Mr. John Twomey.

Election of Directors

Under Article 102 of the Company's Articles of Association, Mr. Kieran Breen and Mr. Patrick Flahive who were appointed to the Board since the previous AGM will retire at the next AGM and, being eligible, both are seeking re-election.

All Directors, other than Mr. Kieran Breen and Mr. Patrick Flahive, will retire by rotation at the AGM and, with the exception of Mr. Michael J. Sullivan who is not seeking re-election, they, being eligible, are seeking re-election at that meeting.

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

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	41,567,612	23.7%
Capital Research and Management Company	8,965,824	5.1%
Prudential plc Group of Companies	8,771,488	5.0%

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 2009, 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. The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Group website.

The Directors of Kerry Group plc acknowledge these responsibilities and accordingly have prepared this consolidated Annual Report for the year ended 31 December 2010 in compliance with the provisions of Regulation (EC) No. 1606/2002, regulations 4 and 5 of Statutory Instrument

277 of 2007 of Ireland, the Transparency Rules of the Irish Financial Services Regulatory Authority and the applicable International Financial Reporting Standards as adopted by the European Union.

The Directors also confirm that to the best of their knowledge:

- the Group consolidated financial statements for the year ended 31 December 2010 have been prepared in accordance with the applicable International Financial Reporting Standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation, taken as a whole, as at that date;
- the Business Review includes a fair review of the development and performance of the business for the year ended 31 December 2010 and the position of the Group and the undertakings included in the consolidation, taken as a whole, at the year end; and
- the Report of the Directors provides a description of the principal risks and uncertainties which may impact the future performance of the Group and the undertakings included in the consolidation taken as a whole.

Corporate Governance Report

Kerry Group plc is committed to achieving high standards of corporate governance throughout the Group. The Board considers that it has complied throughout the period with the provisions of the Combined Code on Corporate Governance, except in relation to the requirement to appoint a senior independent Director, the reasons for which are detailed below.

The Board of Directors

Board composition and role

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

The Directors are responsible for managing the business of the Company and may exercise all the powers of the Company subject to the provisions of relevant statutes, to any directions given by shareholders in General Meeting and to the Company's Memorandum and Articles of Association. The fundamental responsibility of the Directors is to exercise their business judgement on matters of critical and long-term significance for the Group.

The Board has a formal schedule of matters specifically reserved to it for decision which includes:

- approval of the overall Group strategic and operating plans;
- approval of annual budgets (revenue and capital);
- approval of interim management statements;
- approval of annual and interim financial statements;
- approval of acquisitions and divestitures;
- approval of risk management and internal control systems;
- corporate governance; and
- approval of treasury policy and major corporate activities.

Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separate and the division of duties between them is formally established, set out in writing and agreed by the Board.

The Chief Executive Officer is responsible for the management of the Group's business and the implementation of Board strategy and policy.

Board operations

The Chairman ensures that all Directors have full and timely access to such information as they require to discharge their responsibilities fully and effectively. Board papers are sent to each Director at least one week in advance of Board meetings, and include the meeting agenda, minutes of the previous Board meeting, Chief Executive Officer's report,

capital expenditure and merger and acquisitions reports together with management accounts and commentaries. At least annually they receive comprehensive reports and documentation on all matters for which they have responsibility. All Directors participate in discussing strategy, trading, financial performance and operational activities. Board meetings are of sufficient duration to ensure that all agenda items and any other material non agenda items that may arise are addressed.

All Directors are expected to attend each Board meeting. Should any Director be unable to attend in person conferencing arrangements are available to facilitate participation. In the event that a Director cannot attend or participate in the meeting, the Director may discuss and share opinions on agenda items with the Chairman, Chief Executive Officer or Company Secretary prior to the meeting.

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. Board members undergo a full and formal induction programme on appointment to the Board, with further training available subsequently as required.

Senior independent director

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 a non-executive Director to be a senior independent director.

Independence

Immediately following its incorporation in June 1986 the Company acquired the business, undertaking, assets and debt of Kerry Co-operative Creameries Limited (KCC) in exchange for the issue of 90,000,000 shares in the Company to KCC. The businesses and assets acquired comprised principally of a Food Ingredients business, a Consumer Foods division and an Agri business operation together with property and cash. On completion of the transaction Kerry Group plc had an enterprise value of approximately €80m. At the same time the Board of Kerry Group plc comprised the eighteen member board of KCC together with three newly appointed executive Directors. KCC ceased to trade and became an investment holding society where its major asset was, and continues to be, its shareholding in Kerry Group plc.

Over the past twenty five years KCC's shareholding has reduced from 100% to its current level of 23.7%. The reduction is a result of equity issues by the Company which has increased its current share capital to 175,517,206 shares and by decisions of KCC to distribute shares held by it in the Company to its own 12,500 shareholders. Over the same period, KCC nominated Directors on the Board of Kerry Group plc has reduced from eighteen to seven. Any such Directors so nominated must first be a director of KCC which is attained by undergoing an electoral process by the membership of KCC.

No trading relationship exists between KCC and the Company. It is the Board's role to ensure that the strategic objectives and financial targets of the Company are achieved and the KCC directors on the Kerry Group plc Board, through their knowledge of the industry in which the Group operates, have contributed significantly in the delivery of these objectives. The enterprise value of Kerry Group plc has grown very significantly since its formation and at 31 December 2010 was €5.5 billion. This has been achieved by the stewardship and under the governance of the Board over that period. Notwithstanding that they are connected to a significant shareholder, the Board as a whole, is of the opinion that such directors are independent in both character and judgement.

Denis Buckley, Michael Dowling and Kevin Kelly have each served on the Board for more than nine years from the date of their respective first elections as Directors. Denis Buckley is a director of Aryzta AG, a major international food corporation, and has extensive knowledge of the food and food ingredients industry. Michael Dowling served as Secretary General of the Department of Agriculture and Food in Ireland. He is acknowledged as a leading expert in Agri Food strategy and has invaluable skills and expertise in the food and agribusiness industries. Kevin Kelly was formally managing partner of Coopers & Lybrand, Chartered Accountants in Ireland and has over four decades of experience and expertise in the areas of finance, business and administration. 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 continued significant benefit to the Board.

Meetings and attendances

The Board meets at least nine times annually including specific meetings to consider the interim results, interim management statements and full year results. In 2010 it met on ten occasions. Attendances at scheduled Board and Board Committee Meetings during the year ended 31 December 2010 were as follows:

	Board		Remuneration & Nomination Committee		Audit Committee	
Directors	Held	Attended	Held	Attended	Held	Attended
Gerry Behan	10	10	-	-	-	-
Denis Buckley	10	10	4	4	-	-
Denis Carroll	10	10	-	-	6	6
Michael Dowling	10	10	4	4	6	6
Michael J. Fleming	10	10	-	-	-	-
Noel Greene	10	10	-	-	-	-
Flor Healy	10	10	-	-	-	-
Kevin Kelly	10	9	4	4	6	6
Stan McCarthy	10	10	-	-	-	-
Brian Mehigan	10	10	-	-	-	-
Donal O'Donoghue	10	9	-	-	-	-
Gerard O'Hanlon	10	10	-	-	-	-
Michael J. Sullivan	10	9	-	-	-	-
John Twomey	10	8	-	-	-	-
Denis Wallis	10	10	-	-	6	6

Board appraisal

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.

At a meeting in November 2010 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;
- role and responsibilities;
- strategic development;
- financial control; and
- risk management.

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 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 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 AGM following their appointment. All other Board members subject themselves for re-election by shareholders on an annual basis.

Board Committees

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 of Mr. Kevin Kelly, Mr. Denis Carroll, Mr. Denis Wallis and is chaired by Mr. Michael Dowling, all of whom are independent non-executive Directors. The Committee meets at least four times a year.

The Board has determined that Mr. Kevin Kelly, FCA, in particular has recent and relevant financial experience and that the other members of the committee have a wide range of business experience.

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

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

The Audit Committee reviews the Interim and Annual Consolidated Financial Statements, and any formal announcements relating to the statements before submission to the Board of Directors with a recommendation whether or not to approve. This review focuses on, but is not limited to, any changes in accounting policies and practices, major judgemental areas and compliance with accounting standards, legal, corporate governance and stock exchange requirements. The Committee also reviews the Interim Management Statements with a recommendation whether or not to approve.

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

The Committee monitors and reviews the effectiveness of the internal audit function. When assessing the work carried out by the internal audit function, the Committee considers the annual work programme, significant findings, reports and the role of the function in the context of the group risk management procedures.

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 is responsible for the policies and procedures on the use of the external auditor for non-audit services. These policies are kept under strict review to meet the objective of ensuring that the Group benefits in a cost effective manner from the knowledge and experience of its auditor whilst also ensuring that the auditor maintains the necessary degree of independence and objectivity. Non-audit services are approved by the Audit Committee.

The Board, through the Audit Committee, completes a periodic assessment of risk and controls. The internal audit function facilitates the Board in this assessment by preparing a consolidated Group Risk and Control Report for their review. Where necessary, the Audit Committee will convene to deal with any significant control weaknesses reported by internal audit and management.

Remuneration and Nomination Committee

During the year, the Remuneration and Nomination Committee comprised Mr. Kevin Kelly (Chairman), Mr. Denis Buckley and Mr. Michael Dowling, all of whom are independent non-executive Directors.

The Remuneration and Nomination Committee has written terms of reference covering the authority delegated to it by the Board. The role of the Remuneration and Nomination Committee is two-fold. The first role, acting as the Remuneration Committee is to determine executive Directors' remuneration, which is reviewed annually. The second role covers nomination responsibilities which include considering the need for and the making of Board appointments, both executive and non-executive.

The Nomination Committee recommend candidates for election to the Board. A review of each candidate's qualifications, expertise, experience and skills is conducted by the Nomination Committee or by an individual or third party assigned that responsibility on behalf of the Board. The Board as a whole makes the final decision on appointments to the Board.

At least annually the Committee conducts a detailed review with the Chief Executive Officer on the organisation structure, management development and senior management appointments. The Committee also has responsibility for succession planning.

The full terms of reference of the Remuneration and Nomination Committee are available on the Group's website.

Relations with shareholders

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

Although most shareholder contact is with the Chief Executive Officer 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 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 are published on the Group's website following the conclusion of the 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 55 with the responsibilities of the Company's Independent Auditors outlined on page 67.

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 2011, 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.

The Group's business activities, together with the main trends and factors that are likely to affect the future development, performance and position of the Group are outlined in the Business Review on pages 26 to 35 and the Financial Review on pages 36 to 41. The principal risks and uncertainties facing the Group are identified and described on pages 60 and 61. The financial position of the Group, its cash flows, liquidity position, borrowing facilities and financial risk management are discussed in the Financial Review on pages 36 to 41. In addition note 20 to the financial statements includes details of the Group's borrowings, financial instruments and its exposures to credit and liquidity risk.

Principal risks and uncertainties

The Group operates in the dynamic and global food ingredients and flavours industry and in the consumer food industry in the UK and Ireland. As is the case with competitors in these industries, the Group is exposed to many and varied risks and uncertainties which are managed in order to make a profitable return for 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's internal control and risk management processes described in the next section.

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

Commercial risks

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

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

A sudden acceleration or slow down in the rate of innovation in significant markets can impact both ingredients and flavours and consumer foods businesses if the Group is not appropriately aligned. Investing a significant level of resources ensures the right technological response to each market.

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 customers' drive for choice and market stimulation through new product development. Where this dynamic is absent for a period of time the impact on margins can be negative. Kerry Group works closely with customers and consumers to ensure awareness of trends 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, the Group employs strict quality policies and disciplines to reduce the level of risk encountered to a minimal level.

Possibly the largest commercial risk is the Group 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.

The loss of a critical manufacturing facility, through natural catastrophe, fire, act of vandalism and the failure of critical information systems to support our operations could result in a significant impact on the Group. In addition to the insurance cover in place to mitigate and reduce any financial impact to the Group, business continuity plans are in place across the Group and are reviewed with management regularly.

To support our 1 Kerry Strategy and to facilitate future business growth and expansion, in 2010 the Board approved our Kerryconnect programme which will establish a common Information Communication and Technology (ICT) strategic development approach and integrated systems throughout the Group. The Kerryconnect programme is a major

undertaking and investment by the Group. The Group has a professional governance structure, program development and implementation teams in place led by two executive Directors of the Group.

As a multinational company our business may be negatively impacted by political decisions, civil unrest or other developments in the countries in which we operate. While political decisions and civil unrest are outside our control we do monitor these risks and actively manage our investment and borrowings, in consideration of the higher risk in some of the countries in which we operate.

Financial risks

The geographic spread of the Group's business (across 23 countries of manufacture and 140 in terms of revenue) provides a number of challenges in relation to financial and market risks and uncertainties. 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 employee retirement obligations. Specifically, currency volatility and credit availability have become more significant than in the past. In addition, risks such as inaccurate or delayed stock market reporting, internal control systems failure and ICT 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 note 20 to the financial statements.

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 optimal procedures and policies are in place to attract, train and retain the capabilities and skill levels appropriate to succeed in the Group's 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 also approves the Interim and Annual Consolidated Financial Statements;
- 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 the 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;
- The Group uses a standardised consolidation system for the preparation of the Group's monthly management accounts, Interim and Annual Consolidated Financial Statements;
- The Group has a central financial reporting department which facilitates training and financial standards updates for the maintenance of expertise in the Group's finance personnel; 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.

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 across the businesses and makes recommendations for improvement and reports to the Audit Committee;
- The Group has a corporate compliance function 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 these countries;
- The Group has successfully rolled out a self assessment system covering the key controls for the finance and treasury functions of the Group. The system facilitates a self assessment at a local level and consolidation to a group level. The internal audit function independently verifies a number of these assessments each year and the scores, issues and areas for improvement are reported to the Audit Committee as part of our overall governance program;
- 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, completes an annual assessment of risk and controls. The internal audit function facilitates the Board in this assessment by preparing a consolidated Group Risk and Control Report for their review. Where necessary, the Audit Committee will 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 the key controls in the internal control system are complied with; and
- Significant variances between the budget and detailed monthly management accounts are 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 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 employ appropriately qualified accounting personnel and maintain appropriate computerised accounting systems. The books of account are located at the Company's registered office.

Remuneration Report

Composition and terms of reference of the Remuneration Committee

The Remuneration Committee is responsible for determining executive Directors' remuneration on an annual basis. The Committee consults with the Group's Chief Executive Officer 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.

During the year, the Remuneration Committee comprised Mr. Kevin Kelly (Chairman), Mr. Denis Buckley and Mr. Michael Dowling, all of whom are independent non-executive Directors. The Committee met on four occasions during the year. These meetings principally addressed guidelines on executive salaries, incentive targets, share and option awards, pension rights and long term performance plans.

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 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.

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

Executive Directors' basic salary

The Remuneration 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 schemes.

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 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

No share options have been issued under this scheme since the year 2000 and the scheme concluded in October 2010.

(b) Long Term Incentive Plan (LTIP)

The Remuneration Committee approves the terms, conditions and allocation of awards under the Group's LTIP to executive Directors, the Company Secretary and senior executives. Further information on the rules of the scheme is given on page 65. Details of executive Directors' and Company Secretary's LTIP interests are shown on page 66.

Other benefits

Other benefits relate primarily to motor vehicles.

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. Periodically, the Committee Chairman will review non-executive Directors' fees, consult with the Committee and present any recommendations to the full Board for approval. 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 which extend beyond one year.

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 and London Stock Exchanges:

(a) Executive Directors' remuneration

	Salaries 2010 €'000	Performance related 2010 €'000	Benefits- in-kind 2010 €'000	Pensions 2010 €'000	Total 2010 €'000	Total 2009 €'000
Stan McCarthy	810	1,062	62	182	2,116	1,751
Brian Mehigan	460	441	22	92	1,015	978
Flor Healy	500	384	12	79	975	1,063
Gerry Behan	485	549	31	101	1,166	1,131
	2,255	2,436	127	454	5,272	4,923

(b) Executive Directors' benefits under defined benefit pension schemes

	Accrued benefits on leaving service at end of year		Transfer value of increase in accumulated accrued benefits €'000
	Increase during year (excluding inflation) €'000	Accumulated total at end of year €'000	
Stan McCarthy	126	574	730
Brian Mehigan	9	199	96
Flor Healy	9	226	80
Gerry Behan	57	236	193
2010	201	1,235	1,099
2009	182	989	864

(c) Non-executive Directors' remuneration

	Fees 2010 €	Fees 2009 €
Denis Buckley	209,000	209,000
Denis Carroll	53,820	38,160
Michael Dowling	110,000	110,000
Michael J. Fleming	38,160	-
Noel Greene	38,160	38,160
Kevin Kelly	110,000	110,000
James O'Connell	-	31,800
Desmond O'Connor	-	49,500
Donal O'Donoghue	34,980	38,160
Gerard O'Hanlon	38,160	38,160
Michael J. Sullivan	73,000	73,000
John Twomey	31,786	-
Denis Wallis	53,820	53,820
	790,886	789,760

Non-executive Directors' remuneration consists of fees only. The total remuneration for all Directors in 2010 amounted to **€6,062,886** (2009: €5,712,760). There were no other emoluments paid to the executive or non-executive Directors other than as disclosed above.

(d) Payments to former Directors

Payments made to former Directors in relation to consultancy and other accrued fees amounted to **€667,000** in 2010 (2009: €976,000).

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 2010 Number	31 December 2009 Number
Directors		
Gerry Behan	8,913	8,913
Denis Buckley	169,755	169,775
Denis Carroll	4,236	4,236
Michael Dowling	4,200	4,200
Michael J. Fleming	4,001	4,001
Noel Greene	4,299	4,299
Flor Healy	46,342	46,342
Kevin Kelly	23,200	23,200
Stan McCarthy	40,679	40,679
Brian Mehigan	40,334	40,334
Donal O'Donoghue	5,060	4,948
Gerard O'Hanlon	40,558	40,558
Michael J. Sullivan	-	-
John Twomey	1,071	1,181
Denis Wallis	3,567	3,567
Company Secretary		
Brian Durran	13,000	10,000

The above holdings in ordinary shares have not changed between 31 December 2010 and the date of this report.

Directors' and Company Secretary's interest in Executive Share Option Scheme

No Director held share options in the Company under this scheme during the period. The Company Secretary, Brian Durran, held 10,900 share options at an Option Price of €8.00 which were exercisable no later than 1 October 2010. In September 2010, he exercised and sold 8,560 of these options at €25.60 and he exercised and retained 2,340 options as shares.

Long Term Incentive Plan

The Group operates a Long Term Incentive Plan (LTIP), the terms and conditions of which were approved by shareholders in 2006. Under this plan, senior executives (including executive Directors) are invited to participate in conditional awards over shares or share options in the Company. The proportion of each award which vests depends on the performance of the Group.

Up to 50% of the award vests according to the Group's Total Shareholder Return (TSR) performance over the period measured against the TSR performance of a peer group of listed companies.

The remaining 50% of the award vests according to the Group's adjusted Earnings Per Share growth over the performance period compared with the increase in the Irish Consumer Price Index over the same period.

The first conditional awards were made in 2006 and these awards partially vested in September 2009. New conditional awards were granted during 2009/2010 and these awards potentially vest in 2012/2013.

The Remuneration Committee administer the LTIP.

Report of the Directors

Directors' and Company Secretary's interest in Long Term Incentive Plan

The following table shows the executive Directors' interests under the LTIP.

	Conditional Awards at 1 January 2010	Awards lapsed/ cancelled during the year	Share Awards vested during the year	Share Option Awards vested during the year	Conditional Awards made during the year	Conditional Awards at 31 December 2010
Directors						
Stan McCarthy	55,441	-	-	-	37,674	93,115
Brian Mehigan	28,336	-	-	-	19,256	47,592
Flor Healy	30,800	-	-	-	20,930	51,730
Gerry Behan	30,800	-	-	-	20,930	51,730
Company Secretary						
Brian Durran	8,230	-	-	-	6,047	14,277

Conditional awards at 1 January 2010 relate to awards made in 2009 which have a three year performance period from 2009 to 2011 inclusive. Conditional awards made during the year have a three year performance period from 2010 to 2012 inclusive.

The following table shows the share options which are held by the executive Directors under the LTIP.

	Share Options outstanding at 1 January 2010	Share Options exercised during the year	Share Options outstanding at 31 December 2010
Directors			
Brian Mehigan	4,400	-	4,400
Flor Healy	4,400	-	4,400
Company Secretary			
Brian Durran	660	660	-

Share options outstanding at 31 December 2010 are exercisable until September 2016.

Subsidiaries

The principal subsidiaries are listed in note 33 to the financial statements.

Consolidation Act, 1997. There has been no change in this respect since 31 December 2010.

Auditors

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

Signed on behalf of the Board:

Denis Buckley, Chairman

Stan McCarthy, Chief Executive Officer

Retirement benefits

Information in relation to the Group's retirement benefit schemes is given in note 22 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

21 February 2011

We have audited the financial statements of Kerry Group plc for the year ended 31 December 2010 which comprise the Group Financial Statements including the Consolidated Income Statement, the Consolidated Statement of Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Financial Statements including the Company Balance Sheet, the Company Statement of Changes in Equity, the Company Cash Flow Statement, the Statement of Accounting Policies, and the related notes 1 to 33. 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 auditor, 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 2009, and Article 4 of the IAS Regulation. 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 the information and explanations necessary for the purpose of our audit and

whether the parent company 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 are required by law to report to you our opinion as to whether the description in the annual Corporate Governance Statement set out in the directors' report of the main features of the internal control and risk management systems in relation to the process for preparing the group financial statements is consistent with the group financial statements. In addition, we review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2008 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 Sustainability Review 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.

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 the affairs of the Group as at 31 December 2010 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 2009 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 2009, of the state of the parent company affairs as at 31 December 2010; and
- the Parent Company Financial Statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

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 parent company. The parent company 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 and the description in the annual Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the group financial statements is consistent with the group financial statements.

The net assets of the parent company, as stated in the parent company 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 2010 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 parent company.

Deloitte & Touche
Chartered Accountants & Registered Auditors
Dublin

21 February 2011

Consolidated Income Statement
for the year ended 31 December 2010

	Notes	2010 €'000	2009 €'000
Continuing operations			
Revenue	1	4,960,003	4,520,746
Trading profit	1/2	470,216	422,374
Intangible asset amortisation	11	(16,065)	(16,811)
Non-trading items	4	(815)	(83,887)
Operating profit	2	453,336	321,676
Finance income	5	945	1,438
Finance costs	5	(61,446)	(71,248)
Profit before taxation		392,835	251,866
Income taxes	6	(68,618)	(50,644)
Profit after taxation and attributable to equity shareholders		324,217	201,222
Earnings per A ordinary share		Cent	Cent
- basic	8	185.0	115.0
- diluted	8	184.7	114.9

The financial statements were approved by the Board of Directors on 21 February 2011 and signed on its behalf by:
 Denis Buckley, Chairman
 Stan McCarthy, Chief Executive Officer

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

	Notes	2010 €'000	2009 €'000
Profit for the year after taxation		324,217	201,222
Other comprehensive (expense)/income:			
Fair value movements on available-for-sale investments	12	-	(6,984)
Fair value movements on cash flow hedges	20	21,914	3,515
Exchange difference on translation of foreign operations	26	57,295	39,609
Actuarial losses on defined benefit post-retirement schemes	22	(30,268)	(71,047)
Deferred tax on items taken directly to reserves	6	2,015	19,686
Net income/(expense) recognised directly in other comprehensive income		50,956	(15,221)
Reclassification to profit or loss from equity:			
Cash flow hedges	20	1,228	(8,611)
Available-for-sale investments	12	7,403	-
Total comprehensive income		383,804	177,390

Consolidated Balance Sheet
as at 31 December 2010

	Notes	2010 €'000	2009 €'000
Non-current assets			
Property, plant and equipment	10	1,107,164	993,744
Intangible assets	11	1,998,868	1,871,631
Financial asset investments	12	8,215	11,502
Non-current financial instruments	19	42,680	-
Deferred tax assets	6	8,928	7,366
		3,165,855	2,884,243
Current assets			
Inventories	13	531,561	444,171
Trade and other receivables	15	618,727	547,119
Cash and cash equivalents	19	159,340	270,011
Other current financial instruments	19	4,684	3
Assets classified as held for sale	14	5,386	3,881
		1,319,698	1,265,185
Total assets		4,485,553	4,149,428
Current liabilities			
Trade and other payables	16	1,017,912	912,444
Borrowings and overdrafts	19	181,286	164,630
Other current financial instruments	19	12,206	1,951
Tax liabilities		34,357	23,427
Provisions for liabilities and charges	21	18,342	44,660
Deferred income	17	2,514	1,952
		1,266,617	1,149,064
Non-current liabilities			
Borrowings	19	1,123,276	1,216,865
Other non-current financial instruments	19	-	46,083
Retirement benefits obligation	22	194,700	194,360
Other non-current liabilities	18	55,299	61,202
Deferred tax liabilities	6	166,389	154,780
Provisions for liabilities and charges	21	30,672	28,434
Deferred income	17	21,649	14,585
		1,591,985	1,716,309
Total liabilities		2,858,602	2,865,373
Net assets		1,626,951	1,284,055
Issued capital and reserves attributable to equity holders of the parent			
Share capital	23	21,939	21,895
Share premium account		398,711	395,177
Other reserves		(98,234)	(187,345)
Retained earnings		1,304,535	1,054,328
Shareholders' equity		1,626,951	1,284,055

The financial statements were approved by the Board of Directors on 21 February 2011 and signed on its behalf by:

Denis Buckley, Chairman

Stan McCarthy, Chief Executive Officer

Company Balance Sheet
as at 31 December 2010

	Notes	2010 €'000	2009 €'000
Non-current assets			
Property, plant and equipment	10	1,611	1,874
Investment in subsidiaries	12	638,736	638,736
		640,347	640,610
Current assets			
Trade and other receivables	15	10,000	-
Cash and cash equivalents	19	38	377
		10,038	377
Total assets		650,385	640,987
Current liabilities			
Trade and other payables	16	23,270	11,957
Borrowings and overdrafts	19	583	-
Deferred income	17	18	18
		23,871	11,975
Non-current liabilities			
Other non-current liabilities	18	112,603	76,353
Deferred income	17	200	218
		112,803	76,571
Total liabilities		136,674	88,546
Net assets		513,711	552,441
Issued capital and reserves attributable to equity holders of the parent			
Share capital	23	21,939	21,895
Share premium account		398,711	395,177
Other reserves		5,431	4,160
Retained earnings		87,630	131,209
Shareholders' equity		513,711	552,441

The financial statements were approved by the Board of Directors on 21 February 2011 and signed on its behalf by:

Denis Buckley, Chairman

Stan McCarthy, Chief Executive Officer

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

	Notes	Share Capital €'000	Share Premium €'000	Other Reserves €'000	Retained Earnings €'000	Total €'000
Group:						
At 1 January 2009		21,845	392,184	(215,565)	945,231	1,143,695
Total comprehensive income		-	-	27,529	149,861	177,390
Dividends paid	9	-	-	-	(40,764)	(40,764)
Long term incentive plan expense	24	-	-	691	-	691
Shares issued during year	23	50	2,993	-	-	3,043
At 31 December 2009		21,895	395,177	(187,345)	1,054,328	1,284,055
Total comprehensive income		-	-	87,840	295,964	383,804
Dividends paid	9	-	-	-	(45,757)	(45,757)
Long term incentive plan expense	24	-	-	1,271	-	1,271
Shares issued during year	23	44	3,534	-	-	3,578
At 31 December 2010		21,939	398,711	(98,234)	1,304,535	1,626,951

Other Reserves comprise the following:

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

The nature and purpose of each reserve within shareholders' equity are described in note 32.

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

	Notes	Share Capital €'000	Share Premium €'000	Other Reserves €'000	Retained Earnings €'000	Total €'000
Company:						
At 1 January 2009		21,845	392,184	3,469	168,246	585,744
Total comprehensive income	7	-	-	-	3,727	3,727
Dividends paid	9	-	-	-	(40,764)	(40,764)
Long term incentive plan expense	24	-	-	691	-	691
Shares issued during year	23	50	2,993	-	-	3,043
At 31 December 2009		21,895	395,177	4,160	131,209	552,441
Total comprehensive income	7	-	-	-	2,178	2,178
Dividends paid	9	-	-	-	(45,757)	(45,757)
Long term incentive plan expense	24	-	-	1,271	-	1,271
Shares issued during year	23	44	3,534	-	-	3,578
At 31 December 2010		21,939	398,711	5,431	87,630	513,711

Other Reserves comprise the following:

	Capital Redemption Reserve €'000	Capital Conversion Reserve Fund €'000	Long Term Incentive Plan Reserve €'000	Total €'000
At 1 January 2009	1,705	340	1,424	3,469
Long term incentive plan expense	-	-	691	691
At 31 December 2009	1,705	340	2,115	4,160
Long term incentive plan expense	-	-	1,271	1,271
At 31 December 2010	1,705	340	3,386	5,431

The nature and purpose of each reserve within shareholders' equity are described in note 32.

Consolidated Cash Flow Statement
for the year ended 31 December 2010

	Notes	2010 €'000	2009 €'000
Operating activities			
Trading profit		470,216	422,374
Adjustments for:			
Depreciation (net) and impairment	25	148,351	97,247
Change in working capital	25	(21,511)	132,438
Pension contributions paid less pension expense		(41,068)	(42,294)
Expenditure on restructuring and other costs		(26,355)	(37,389)
Exchange translation adjustment	26	(1,483)	4,203
Cash generated from operations		528,150	576,579
Income taxes paid		(54,249)	(57,114)
Finance income		945	1,438
Finance costs paid		(58,525)	(79,398)
Net cash from operating activities		416,321	441,505
Investing activities			
Purchase of non-current assets		(151,001)	(126,136)
Proceeds from the sale of non-current assets		7,162	17,402
Capital grants received	17	4,395	801
Purchase of subsidiary undertakings (net of cash acquired)	27	(150,681)	(274,800)
Payments due to disposal of businesses (net of related tax)		(2,674)	-
Payment of deferred consideration on acquisition of subsidiaries		(7,824)	(13,979)
Consideration adjustment on previous acquisitions		3,672	(2,345)
Net cash used in investing activities		(296,951)	(399,057)
Financing activities			
Dividends paid	9	(45,757)	(40,764)
Issue of share capital	23	3,578	3,043
Net movement on bank borrowings		(201,706)	73,064
Increase/(decrease) in bank overdrafts	19	5,240	(7,726)
Net cash movement due to financing activities		(238,645)	27,617
Net (decrease)/increase in cash and cash equivalents		(119,275)	70,065
Cash and cash equivalents at beginning of year		270,011	195,818
Exchange translation adjustment on cash and cash equivalents	26	8,604	4,128
Cash and cash equivalents at end of year	19	159,340	270,011
Reconciliation of Net Cash Flow to Movement in Net Debt			
Net (decrease)/increase in cash and cash equivalents		(119,275)	70,065
Cash outflow/(inflow) from debt financing		196,467	(65,338)
Changes in net debt resulting from cash flows		77,192	4,727
Fair value movement on interest rate swaps recognised in shareholders' equity	20	19,415	3,879
Exchange translation adjustment on net debt	26	(49,064)	(4,579)
Movement in net debt in the year		47,543	4,027
Net debt at beginning of year		(1,159,476)	(1,163,503)
Net debt at end of year	19	(1,111,933)	(1,159,476)

Company Cash Flow Statement
for the year ended 31 December 2010

	Notes	2010 €'000	2009 €'000
Operating activities			
Trading profit		1,182	2,868
Adjustments for:			
Depreciation (net)	25	215	181
Change in working capital	25	40,096	36,122
Cash generated from operations		41,493	39,171
Interest received		2	15
Net cash from operating activities		41,495	39,186
Investing activities			
Net investment in subsidiary undertakings	12	-	(39)
Payment of deferred consideration on acquisition of subsidiaries		(238)	(45)
Net cash used in investing activities		(238)	(84)
Financing activities			
Dividends paid	9	(45,757)	(40,764)
Issue of share capital	23	3,578	3,043
Increase/(decrease) in bank overdrafts	19	583	(1,095)
Net cash movement due to financing activities		(41,596)	(38,816)
Net (decrease)/increase in cash and cash equivalents		(339)	286
Cash and cash equivalents at beginning of year		377	91
Cash and cash equivalents at end of year	19	38	377

General information

Kerry Group plc is a public limited company incorporated in the Republic of Ireland. The address of its registered office is Prince's Street, Tralee, Co. Kerry. The principal activities of the Company and its subsidiaries are described in the Business Review.

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), applicable Irish law and the Listing Rules of the Irish and London Stock Exchanges. The Group's financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial asset investments and financial liabilities (including derivative financial instruments), which are held at fair value.

The financial statements have been prepared on a going concern basis and further details can be found on pages 59 and 60 of the Report of the Directors.

The consolidated financial statements contained herein are presented in Euro, which is the functional currency of the parent company, Kerry Group plc. The functional currencies of the Group's main subsidiaries are Euro, US Dollar and Sterling.

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 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 and material acquisition integration costs. It is determined by management that each of these items relate to events or circumstances that are non-recurring in nature.
- 'Operating profit' is profit before taxation and finance costs.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries) all of which prepare financial statements up to 31 December. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. Control is achieved where the Company has the power to govern the financial and operating policies of an entity.

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 effective date of their disposal. All inter-group transactions and balances are eliminated on consolidation.

Revenue

Revenue represents the fair value of the consideration received or receivable, for ingredients and flavours applications and consumer foods branded and non-branded products, from third party customers. Revenue is recorded at invoice value, net of discounts, allowances, volume and promotional rebates and excludes VAT. Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually upon shipment, or in line with terms agreed with individual customers and when the amount of revenue and costs incurred can be measured reliably. Revenue is recorded when the collection of the amount due is reasonably assured. An estimate is made on the basis of historical sales returns and is recorded to allocate these returns to the same period as the original revenue is recorded. Rebate and discount accruals are established based on best estimates of the amounts necessary to meet claims by the Group's customers. Any unutilised accrual is released after assessment that the likelihood of such a claim being made is remote.

Segmental analysis

The Group's operating segments are identified on the basis of the Group's management structure, the components of which engage in revenue and expense generating activities. The operating segments present their results and financial information to be regularly reviewed by the Group's Chief Operating Decision Maker, which the Group has defined as the executive Directors. Trading profit is the key measure utilised in assessing the performance of operating segments within the Group.

The Group has two operating segments: Ingredients & Flavours and Consumer Foods. The Ingredients & Flavours operating segment manufactures and distributes application specific ingredients and flavours spanning a number of technology platforms while the Consumer Foods segment supplies added value brands and customer branded foods to the Irish and UK markets. Corporate activities, such as the cost of corporate stewardship, are reported along with the elimination of inter-group activities under the heading 'Group Eliminations and Unallocated'. Inter-segment pricing is determined on an arm's length basis. There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8.

Property, plant and equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price and other directly attributable costs. Freehold land is stated at cost and is not depreciated. Depreciation on the remaining property, plant and equipment is calculated by charging equal annual installments, to the Consolidated Income Statement at the following annual rates:

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

The charge in respect of periodic depreciation is calculated after establishing an estimate of the asset's useful life and the expected residual value at the end of its life. Increasing/(decreasing) an asset's expected life or its residual value would result in a (decreased)/increased depreciation charge to the Consolidated Income Statement.

The useful lives of Group assets are determined by management at the time the assets are acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Historically, changes in useful lives or residual values have not resulted in material changes to the Group's depreciation charge.

Assets in the course of construction for production or administrative purposes, are carried at cost, less any recognised impairment loss. Cost includes professional fees and other directly attributable costs. Depreciation of these assets commences when the assets are ready for their intended use, on the same basis as other property assets.

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, management is committed to the sale and the sale is expected to be completed within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

Intangible assets

(a) Goodwill

Goodwill arises on business combinations and represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary entity at the date control is achieved. The fair value of the assets and liabilities are based on valuations using assumptions deemed by management to be appropriate. Professional valuers are engaged when it is deemed appropriate to do so.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous Irish/UK GAAP amounts subject to impairment testing. 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 control is achieved, goodwill is allocated, for the purpose of impairment testing, to one or more cash generating units (CGU). Goodwill is not amortised but is reviewed for indications of impairment at least annually and is carried at cost less accumulated impairment losses, where identified. Impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill (not previously written off to reserves) is included in the determination of the profit or loss on disposal.

(b) Brand related intangibles

Brand related intangibles acquired as part of a business combination are valued at their fair value at the date control is achieved. Intangible assets determined to have an indefinite useful life are not amortised and are tested for impairment at least annually. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. In arriving at the conclusion that these brand related intangibles have an indefinite life,

management considers that the Group is a technology business and expects to acquire, hold and support technology for an indefinite period. The Group supports this through spending on research and development. The classification of intangible assets as indefinite is reviewed annually.

Finite life brand related intangible assets are amortised over the period of their expected useful lives, which range from 2 to 20 years, by charging equal annual installments to the Consolidated Income Statement. The useful life used to amortise finite intangible assets relates to the future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. Historically, changes in useful lives has not resulted in material changes to the Group's amortisation charge.

(c) Computer software

Intangible assets separately acquired, including computer software which is not an integral part of an item of computer hardware, are stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises purchase price and other directly attributable costs.

Computer software is recognised as an asset only if it is probable that the expected future benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be reliably determined.

These intangible assets are amortised over their expected useful lives, which range from 3 to 7 years, by charging equal annual installments to the Consolidated Income Statement. Amortisation commences when the assets are ready for their intended use.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation. They are tested annually in the last quarter of the year for an indication that the asset may be impaired. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU) which is by region within operating segment. An impairment loss is recognised immediately in the Consolidated Income Statement for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. Value in use is determined as the discounted future cash flows of the CGU. The key assumptions for the value in use calculations are discount rates, growth rates and expected changes in selling price

and direct costs during the year. These assumptions reflect management's best estimates but these estimates involve inherent uncertainties which may not be controlled by management.

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 carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Impairment is reviewed by assessing the asset's value-in-use when compared to its carrying value.

Inventories

Inventories are valued at the lower of cost and 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

Income taxes include both 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 shareholders' equity. In this instance the income taxes are also charged or credited to shareholders' equity.

The current tax charge is calculated as the amount payable based on taxable profit and the tax rates applying to those profits in the year together with adjustments relating to prior years. Deferred taxes are calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

The calculation of the income tax charge involves a degree of estimation and judgement as the Group operates in many jurisdictions and the tax treatment of certain items cannot be fully determined at the time of the original transaction. The Group can also be subject to tax audits in any of the jurisdictions in which it operates, which by their nature are often complex and can require several years to conclude. Amounts accrued in respect of tax audits are determined based on management's interpretation of the relevant tax laws and likelihood of a successful conclusion. When the

final tax outcome for these items is different from amounts initially recorded, such differences will impact the income tax and deferred tax in the period in which such a determination is made, as well as the Group's cash position.

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 recognised on all temporary differences in existence at the balance sheet date except for:

- temporary differences which arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss, or on the initial recognition of goodwill for which a tax deduction is not available; and
- temporary differences which arise on investments in subsidiaries where the timing of the reversal is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The recognition of a deferred tax asset is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted.

Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset exists.

Deferred tax assets are reviewed at each reporting date.

Current and deferred income tax assets and liabilities are offset where taxes are levied by the same taxation authority, 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. Where sufficient information is not available to account for defined benefit multi employer plans as defined benefit plans, they are treated as defined contribution plans and are accounted for accordingly.

Actuarial valuations for accounting purposes are carried out at each balance sheet date in relation to defined benefit plans, using the projected unit credit method, to determine the schemes' liabilities and the related cost of providing benefits.

Current service cost, expected return on pension schemes' assets and interest on schemes' liabilities are recognised in the Consolidated Income Statement as they arise.

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, which can be positive or negative, is recognised immediately in the Consolidated Income Statement to the extent the change in benefits is already vested. Otherwise, past service cost is recognised on a straight line basis over the average period until the benefits become vested. Gains or losses on the curtailment or settlement of a plan are recognised in the Consolidated Income Statement when the curtailment or settlement occurs.

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 from, and reductions in future contributions to, the plan.

Provisions

Provisions can be distinguished from other types of liability by considering the events that give rise to the obligation and the degree of uncertainty as to the amount and timing of the liability. These are recognised in the Consolidated Balance Sheet when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Group will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the amount required to settle the present obligation at the balance sheet date, taking account of the risks and uncertainties surrounding the obligation.

Research and development expenditure

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

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

- it is technically feasible to complete the asset for use or sale;
- it is intended to complete the asset for use or sale;
- the Group has the ability to use or sell the intangible asset;

- it is probable that the asset created will generate future economic benefits;
- adequate resources are available to complete the asset for sale or use; 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 it is incurred. The Group has not capitalised development expenditure to date.

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 when they are approved, 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.

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', there is no requirement to recognise any compensation expense in the consolidated financial statements, as no new options have been granted under the Executive Share Option Scheme since 7 November 2002.

(b) Long Term Incentive Plan

The equity-settled share-based awards granted under this plan are measured at the fair value of the equity instruments at the date of grant. The fair value is measured using the Monte Carlo Pricing Model. It is 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 shareholders' 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 shareholders' equity.

Foreign currency

Foreign currency transactions are translated into functional currency at the rate of exchange ruling at the date of the transaction. Exchange differences arising from either the retranslation of the resulting monetary assets or liabilities at the exchange rate at the balance sheet date or from the settlement of the balance at a different rate are recognised in the Consolidated Income Statement when they occur.

On consolidation the income statements of foreign currency subsidiaries are translated into Euro at the average exchange rate, which approximates to the actual exchange rates for the year. The balance sheets of such subsidiaries are translated at the rate of exchange at the balance sheet date. Resulting exchange differences arising on the translation of foreign currency subsidiaries are taken directly to a separate component of shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries 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.

Borrowing costs

Borrowing costs incurred for qualifying assets, which take a substantial period of time to construct, are added to the cost of the asset during the period of time required to complete and prepare the asset for its intended use. Other borrowing costs are expensed to the Consolidated Income Statement in the period in which they are incurred.

Business combinations

The acquisition method of accounting is used for the acquisition of subsidiaries. The cost of the acquisition is measured at the aggregate fair value of the consideration given. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business Combinations' are recognised at their fair value, which represents fair value less costs to sell, at the date the Group assumes control of the acquiree. Acquisition related costs are recognised in the Consolidated Income Statement as incurred.

Certain assets and liabilities are not recognised at their fair value at the date control was achieved as they are accounted for using other applicable IFRSs. These include deferred tax assets/liabilities and also any assets related to employee benefit arrangements.

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

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement measured at fair value at the date control is achieved. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs.

Any fair value adjustments in relation to acquisitions completed prior to 1 January 2010 have been accounted for under IFRS 3 'Business Combinations (2004)'.

Financial instruments

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

Financial assets and liabilities are initially measured at fair value, plus transaction costs, except for those classified as fair value through profit or loss, which are initially measured at fair value.

All financial assets are recognised and derecognised on a trade date basis, where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe of the market concerned.

Financial assets and liabilities are classified into specified categories in accordance with IAS 39 'Financial Instruments: Recognition & Measurement'. These categories are as follows:

- available-for-sale financial assets;
- loans and receivables;
- cash and cash equivalents;

- financial assets at fair value through profit or loss (FVTPL);
- held to maturity investments;
- trade and other payables;
- financial liabilities measured at amortised cost;
- financial liabilities at fair value through profit or loss (FVTPL); and
- borrowings.

The classification is determined at the time of initial recognition of the financial asset or liability and is based upon its nature and purpose.

(a) Available-for-sale financial assets

Group financial asset investments, classified as available-for-sale, are stated at their fair value at the balance sheet date. Movements in fair value are recorded in shareholders' 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. Upon disposal the fair value movement in shareholders' equity is transferred to the Consolidated Income Statement.

Quoted market prices are used to determine the fair value of listed shares where there is an active market. Where there is not an active market, a 'sum-of-the-parts' valuation model is used to determine the fair value of shares. A market is deemed not to be active when a low level of trading exists and willing buyers and sellers are not readily available. The 'sum-of-the-parts' valuation separates the available-for-sale investments into the operating segments and uses industry analysis and the market valuations of peer companies in the relevant segments to arrive at a combined valuation for the investments.

(b) Investments in subsidiaries

Investments in subsidiaries held by the Company are carried at cost less accumulated impairment losses.

(c) Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'.

Trade and other receivables are stated at amortised cost, which approximates fair value given the short term nature of these assets. A provision for doubtful trade receivables is created based on incurred loss experience or where there is objective evidence that amounts are irrecoverable. Movements in this provision are recorded in general overheads in the Consolidated Income Statement.

(d) Cash and cash equivalents

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

(e) Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL when the financial assets are either held for trading or they are designated upon initial recognition as FVTPL.

Certain derivatives that are not designated and effective as a hedging instrument are classified as held for trading. The Group does not have any other financial assets classified as held for trading.

(f) Held to maturity investments

The Group currently does not have any held to maturity investments.

(g) Trade and other payables

Trade and other payables are stated at amortised cost, which approximates to their fair value given the short term nature of these liabilities. Trade payables are non interest bearing.

(h) Financial liabilities at amortised cost

Other non-derivative financial liabilities consist primarily of trade and other payables and borrowings.

(i) Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities at FVTPL arise when the financial liabilities are either held for trading or they are designated upon initial recognition as FVTPL.

The Group classifies as held for trading certain derivatives that are not designated and effective as a hedging instrument. The Group does not have any other financial liabilities classified as held for trading.

(j) Borrowings

Debt instruments are initially recorded at fair value, net of transaction costs. Subsequently they are reported at amortised cost, except for hedged debt. Discounts between the net proceeds received and the principal value due on redemption are 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.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when objective evidence highlights that the estimated future cash flows from the investment have been affected.

For quoted and unquoted equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the asset below its cost is considered to be objective evidence of impairment.

For trade receivables, unusual or increasingly delayed payments, increase in average credit period taken or known financial difficulties of a customer, in addition to observable changes in national or local economic conditions in the country of the customer are considered indicators that the trade receivable balance may be impaired. The carrying amount of the asset is reduced through the use of a provision account and the amount of the loss is recognised in the Consolidated Income Statement. When a trade receivable is uncollectable, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited to general overheads in the Consolidated Income Statement.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the counterparty, indicated through unusual or increasingly delayed payments or increase in average credit period taken;
- evidence that they are entering bankruptcy or financial re-organisation; and
- observable changes in local or economic conditions.

Derecognition of financial liabilities

The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or when they expire.

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 international trading 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. The relevant criteria required in order to apply hedge accounting is as follows:

- the hedged item and the hedging instrument are specifically identified;
- the hedging relationship is formally documented to identify the hedged risk and how the effectiveness is assessed;
- the effectiveness of the hedge can be reliably measured;
- the hedge must be expected to be highly effective and this is tested regularly throughout its life; and
- a forecast transaction that is the subject of the hedge must be highly probable.

Fair value of financial instrument derivatives

The fair values of financial assets and financial instrument derivatives are determined as follows:

- The fair value of financial assets with standard terms and conditions, and traded on active liquid markets is determined with reference to quoted market prices, which are observable; and
- The fair value of derivative instruments is calculated using discounted cash flow analysis based on the applicable yield curve for the duration and currency of the instrument, which are observable:
 - Foreign currency forward contracts are measured using quoted forward exchange rates to match the maturities of these contracts; and
 - Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves.

The carrying values of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values. In the case of derivative financial instruments their fair value has been recognised on the face of the Consolidated Balance Sheet.

Cash flow hedges

Where derivatives, including forward foreign currency contracts, forward commodity contracts and floating to fixed interest rate swaps or cross currency swaps are used, they are primarily treated as cash flow hedges. The gain or loss relating to the effective portion of the interest rate swaps and cross currency interest rate swaps is recognised in other comprehensive income and is reclassified to profit or loss in the period when the hedged item is recognised through profit or loss. Any such reclassification to profit or loss is recognised within finance costs in the Consolidated

Income Statement and all effective amounts directly offset against movements in the underlying hedged item. Any ineffective portion of the hedge is recognised in the Consolidated Income Statement. The gain or loss relating to the effective portion of forward foreign currency contracts and forward commodity contracts is recognised in other comprehensive income and is reclassified to profit or loss in the period the hedged item is recognised through profit or loss. Any ineffective portion of the hedge is recognised in the Consolidated Income Statement. When the hedged firm commitment or forecasted transaction occurs and results in the recognition of an asset or liability, the amounts previously recognised in the hedge reserve, within shareholders' equity are reclassified through profit or loss in the periods when the hedged item is impacting the Consolidated Income Statement.

If a hedge is no longer effective or a hedging relationship ceases to exist, hedge accounting is discontinued prospectively and any cumulative gain or loss on the instrument previously recognised in shareholders' equity is retained in shareholders' 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 shareholders' equity is transferred to the Consolidated Income Statement immediately.

Cash flow hedge accounting is applied to foreign exchange forward contracts which are expected to be effective in offsetting the changes in fair value or cash flows of expected future cash flows. In order to achieve and maintain cash flow hedge accounting, it is necessary for management to determine, at inception and on an ongoing basis, whether a forecast transaction is highly probable and whether the hedge is effective.

Fair value hedges

Where fixed to floating interest rate swaps are used they are treated as fair value hedges. Changes in the fair value of derivatives that are designated as fair value hedges are recognised directly in the Consolidated Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued prospectively when the hedging relationship ceases to exist or the Group revokes the designation. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised through the Consolidated Income Statement from that date.

Trading derivatives

Certain derivatives which comply with the Group's financial risk management policies are not accounted for using hedge accounting. This arises where the derivatives either; a) do not qualify for hedge accounting; b) provide an effective hedge against foreign currency borrowings without having to apply hedge accounting; or c) where management have decided not to apply hedge accounting. In these cases the instrument is reported independently at fair value with any changes recognised in the Consolidated Income Statement. In all other instances, cash flow or fair value hedge accounting is applied.

Critical accounting estimates and judgements

Preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the reported profits, assets and liabilities. The significant estimates and assumptions used in the preparation of the Group's financial statements are outlined in the relevant accounting policies and notes to the financial statements and include:

- Property, plant and equipment;
- Intangibles assets;
- Impairment of intangible assets and property, plant and equipment;
- Income taxes;
- Retirement benefits obligation;
- Provisions for liabilities and charges; and
- Non-trading items.

New standards and interpretations

Certain new and revised accounting standards and new International Financial Reporting Interpretations Committee (IFRIC) interpretations are mandatory for the Group for accounting periods beginning on or after 1 January 2010. The Group's assessment of the impact of these new standards and interpretations is set out below.

The following standard is effective from 1 January 2010 and did not have a material effect on the Group's financial position:

- *IFRS 3 (revised)* *Business Combinations*
The standard continues to apply the acquisition method to business combinations, with some significant changes. These changes include a requirement that all payments to purchase a business be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to minority interest. All transaction costs will be expensed.

The following standard is also effective from 1 January 2010 and has an impact on the format of the cash flow statement:

- *IAS 7 (amendment)* *Statement of Cash Flows*
Amended to state explicitly that only expenditures that result in the recognition of an asset can be classified as a cash flow used in investing activities. In the cash flow statement the expenditure on restructuring and other costs has been relocated from cash flow used in investing activities to cash flow from operating activities due to the amendment to IAS 7 which states only expenditure that results in the recognition of an asset can be classified as cash flow used in investing activities. This has not affected any other balances contained in the cash flow statement or the free cashflow. The current year, prior year and opening balance sheets and related notes are also not affected by this amendment and therefore a third balance sheet has not been disclosed as it is unchanged from previously reported.

Standards and Interpretations effective for Kerry Group in 2010 but not material to the Group:		Effective Date
— IFRS 1 (amendment)	First-time adoption of International Financial Reporting Standards	1 January 2010
— IFRS 2 (amendment)	Share Based Payment	1 July 2009
— IFRS 2 (amendment)	Share Based Payment	1 January 2010
— IFRS 5 (amendment)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
— IFRS 7 (amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 January 2010
— IFRS 8 (amendment)	Operating Segments	1 January 2010
— IAS 1 (amendment)	Presentation of Financial Statements	1 January 2010
— IAS 17 (amendment)	Leases	1 January 2010
— IAS 27 (amendment)	Consolidated and Separate Financial Statements	1 July 2009
— IAS 28 (amendment)	Investment in Associates	1 July 2009
— IAS 31 (amendment)	Interests in Joint Ventures	1 July 2009
— IAS 36 (amendment)	Impairment of Assets	1 January 2010
— IAS 38 (amendment)	Intangible Assets	1 July 2009
— IAS 39 (amendment)	Financial Instruments: Recognition and Measurement	1 July 2009
— IAS 39 (amendment)	Financial Instruments: Recognition and Measurement	1 January 2010
Standards and Interpretations which are not yet effective for Kerry Group and not expected to have a material effect:		Effective Date
— IFRS 1 (amendment)	First-time adoption of International Financial Reporting Standards	1 July 2010
— IFRS 1 (amendment)	First-time adoption of International Financial Reporting Standards	1 January 2011
— IFRS 1 (amendments)	First-time adoption of International Financial Reporting Standards	1 July 2011
— IFRS 3 (amendment)	Business Combinations	1 July 2010
— IFRS 7 (amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 January 2011
— IFRS 7 (amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments	1 July 2011
— IAS 1 (amendment)	Presentation of Financial Statements	1 January 2011
— IAS 12 (amendment)	Income Taxes	1 January 2012
— IAS 24 (amendment)	Related Party Transactions	1 January 2011
— IAS 27 (amendment)	Consolidated and Separate Financial Statements	1 July 2010
— IAS 32 (amendment)	Financial Instruments: Presentation	1 February 2010
— IAS 34 (amendment)	Interim Financial Reporting	1 January 2011
— IFRIC 13 (amendment)	Customer Loyalty Programmes – Amendments resulting from May 2010 Annual Improvements to IFRSs	1 January 2011
— IFRIC 14 (amendment)	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011
— IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
The following revised standard is not yet effective and the impact on Kerry Group is currently under review:		Effective Date
— IFRS 9	Financial Instruments IFRS 9 (2009) provides guidance solely on recognition, classification and measurement of financial assets. IFRS 9 (2009) and IFRS 9 (2010) contain two primary measurement categories for financial assets: amortised cost and fair value and also include consequential amendments to the disclosure requirements of IFRS 7. IFRS 9 (2010) also includes additional requirements for the classification and measurement of financial liabilities.	1 January 2013

1. Analysis of results

The Group has two operating segments: Ingredients & Flavours and Consumer Foods. The Ingredients & Flavours operating segment manufactures and distributes application specific ingredients and flavours spanning a number of technology platforms while the Consumer Foods segment supplies added value brands and customer branded foods to the Irish and UK markets.

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

1. Analysis of results (continued)

Information about geographical areas

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

Kerry Group plc is domiciled in the Republic of Ireland and the revenue from third party customers in the Republic of Ireland was **€581,482,000** (2009: €641,161,000). The segment assets located in the Republic of Ireland are **€1,206,004,000** (2009: €1,108,089,000).

The accounting policies of the reportable segments are the same as the Group's accounting policies as outlined in the Statement of Accounting Policies.

2. Operating profit

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

	Notes	Continuing Operations 2010 €'000	Continuing Operations 2009 €'000
Revenue		4,960,003	4,520,746
<i>Less operating costs:</i>			
Cost of sales		3,133,099	2,856,120
Operating charges		419,838	416,967
General overheads		787,119	738,910
Depreciation and impairment	25	150,664	99,360
Capital grants amortisation	17	(2,313)	(2,113)
Foreign exchange gains/(losses)		1,380	(10,872)
Trading profit		470,216	422,374
Intangible asset amortisation	11	16,065	16,811
Non-trading items	4	815	83,887
Operating profit		453,336	321,676

And is stated after charging:

Research and development costs	156,432	147,760
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2. Operating profit (continued)

Directors' emoluments

Directors' emoluments are set out in the Directors' remuneration section of the Report of the Directors on pages 64 and 65.

Auditors' remuneration

	Deloitte Ireland 2010 €'000	Deloitte Other 2010 €'000	Deloitte Worldwide 2010 €'000	Deloitte Ireland 2009 €'000	Deloitte Other 2009 €'000	Deloitte Worldwide 2009 €'000
<i>Statutory disclosure:</i>						
Audit of parent company	7	-	7	7	-	7
Other assurance services including						
Group audit	1,019	2,017	3,036	1,031	1,703	2,734
Tax advisory services	865	484	1,348	750	176	926
Other non-audit services	58	2,108	2,166	106	1,204	1,310
	1,949	4,609	6,557	1,894	3,083	4,977

3. Staff numbers and costs

The average number of people employed by the Group was:

	Ingredients & Flavours 2010 Number	Consumer Foods 2010 Number	Total 2010 Number	Ingredients & Flavours 2009 Number	Consumer Foods 2009 Number	Total 2009 Number
EMEA	4,534	10,077	14,611	4,577	10,289	14,866
Americas	5,507	-	5,507	5,368	-	5,368
Asia Pacific	2,350	-	2,350	1,763	-	1,763
	12,391	10,077	22,468	11,708	10,289	21,997

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

	Ingredients & Flavours 2010 €'000	Consumer Foods 2010 €'000	Total 2010 €'000	Ingredients & Flavours 2009 €'000	Consumer Foods 2009 €'000	Total 2009 €'000
EMEA	226,603	347,363	573,966	235,343	323,276	558,619
Americas	267,327	-	267,327	238,161	-	238,161
Asia Pacific	67,285	-	67,285	44,425	-	44,425
	561,215	347,363	908,578	517,929	323,276	841,205

Social welfare costs of **€84,745,000** (2009: €79,622,000) are included in payroll costs above. Payroll costs also include a Long Term Incentive Plan expense of **€1,271,000** (2009: €691,000). Pension costs included in the above are disclosed in note 22.

4. Non-trading items

	Notes	2010 €'000	2009 €'000
Profit/(loss) on disposal of non-current assets		183	(1,814)
Loss on disposal of businesses		(998)	(12,935)
Kerry Ingredients & Flavours reorganisation		-	(56,636)
Breeo Foods integration and Consumer Foods plant restructuring		-	(35,655)
Incomplete acquisition		-	23,153
		(815)	(83,887)
Tax	6	161	10,555
		(654)	(73,332)

Loss on disposal of businesses

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

2009 Non-trading items

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

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

The loss on disposal of businesses primarily related to the disposal of a non-core business in France, while the loss on disposal of non-current assets related to the disposal of properties, plant and equipment located mainly in the USA.

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

5. Finance income and costs

	2010 €'000	2009 €'000
Interest payable (including fair value movements on interest rate derivatives)	61,446	71,248
Interest income on deposits	(945)	(1,438)
	60,501	69,810

6. Income taxes

	Notes	2010 €'000	2009 €'000
Recognition in the Consolidated Income Statement			
Current tax expense		67,089	43,484
Adjustments in respect of prior years		(2,393)	(2,978)
		64,696	40,506
Deferred tax relating to the origination and reversal of temporary differences		3,922	10,138
Income tax expense		68,618	50,644
Included in the above are the following tax charge/(credit) on non-trading items:			
Current tax		90	(5,426)
Deferred tax		(251)	(5,129)
	4	(161)	(10,555)

The applicable notional tax rate of **23.9%** (2009: 18.7%) used by the Group is calculated based on the weighted average of the standard tax rates applying to profits earned by the Group in the jurisdictions in which it operates. The variation in the applicable notional tax rate is caused by changes in profits by jurisdiction, as well as changes in local statutory tax rates.

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

	2010 €'000	2009 €'000
Profit before taxation	392,835	251,866
Applicable notional tax	93,802	47,215
Adjustments to current tax and deferred tax in respect of prior years	(71)	(1,612)
Income taxed at rates other than standard tax rates	(1,426)	(372)
Withholding taxes and other local taxes	2,795	3,021
Income not subject to tax	(7,576)	(5,929)
(Utilisation)/derecognition of unprovided deferred tax assets	(19,278)	8,100
Other adjusting items	372	221
Income tax expense	68,618	50,644

An increase in the Group's applicable tax rate of 1% would reduce profit after tax by €3,928,000 (2009: €2,519,000).

The total tax value of deductible temporary differences which have not been recognised is **€82,200,000** (2009: €77,900,000) consisting mainly of tax losses forward. Unrecognised tax losses with a value of **€6,800,000** (2009: €6,600,000) expire within 5 years, **€8,700,000** (2009: €4,975,000) expire within 9 years, and **€48,200,000** (2009: €32,800,000) expire within 20 years. All other losses may be carried forward indefinitely. In the year, €19,278,000 of unrecognised deferred tax assets were utilised, of which €8,100,000 had previously been derecognised.

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 the Group is in a position to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. As the Group can rely on participation exemptions and tax credits that would be available in the context of the Group's investments in subsidiaries in the majority of the jurisdictions in which the Group operates, the aggregate amount of temporary differences in respect of which deferred tax liabilities have not been recognised would not be material.

6. Income taxes (continued)

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group:

		Property, Plant and Equipment €'000	Intangible Assets €'000	Tax Losses and Credits €'000	Retirement Benefits Obligation €'000	Short Term Temporary Differences and Other Differences €'000	Total €'000
	Notes						
At 1 January 2009		86,741	139,431	(44,306)	(41,007)	(16,028)	124,831
Consolidated Income Statement movement		(10,849)	(20,015)	37,415	5,656	(2,069)	10,138
Recognised in shareholders' equity during year		-	-	-	(21,777)	2,091	(19,686)
Related to businesses acquired/disposed		(317)	31,864	-	-	(126)	31,421
Exchange translation adjustment	26	778	484	1,289	(223)	(1,618)	710
At 31 December 2009		76,353	151,764	(5,602)	(57,351)	(17,750)	147,414
Consolidated Income Statement movement		(1,562)	4,635	1,113	10,088	(10,352)	3,922
Recognised in shareholders' equity during year		-	-	-	(5,584)	3,569	(2,015)
Related to businesses acquired/disposed		2,015	2,459	(289)	(105)	(1,742)	2,338
Exchange translation adjustment	26	7,471	4,310	(818)	(2,655)	(2,506)	5,802
At 31 December 2010		84,277	163,168	(5,596)	(55,607)	(28,781)	157,461

The short term temporary differences and other temporary differences recognised in shareholders' equity comprises fair value movements on cashflow hedges of **€2,894,000** (2009: (€810,000)) and an exchange difference on translation of foreign operations of **€675,000** (2009: €2,901,000).

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

	2010 €'000	2009 €'000
Deferred tax assets	(8,928)	(7,366)
Deferred tax liabilities	166,389	154,780
	157,461	147,414

Factors that may affect the Group's future tax charge include the effects of restructuring, acquisitions and disposals, changes in tax legislation and rates and the use of brought forward tax losses.

7. Profit attributable to Kerry Group plc

In accordance with section 148 (8) of the Companies Act, 1963 and section 7 (1A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual profit and loss account to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's profit for the financial year as determined in accordance with IFRSs as adopted by the European Union is **€2,178,000** (2009: €3,727,000).

8. Earnings per A ordinary share

	Notes	EPS cent	2010 €'000	EPS cent	2009 €'000
Basic earnings per share					
Profit after taxation and attributable to equity shareholders		185.0	324,217	115.0	201,222
Intangible asset amortisation	11	9.1	16,065	9.6	16,811
Non-trading items (net of related tax)	4	0.4	654	41.9	73,332
Adjusted earnings*		194.5	340,936	166.5	291,365
Diluted earnings per share					
Profit after taxation and attributable to equity shareholders		184.7	324,217	114.9	201,222
Adjusted earnings*		194.2	340,936	166.3	291,365

* In addition to the basic and diluted earnings per share, an adjusted earnings per share is also provided as it is considered more reflective of the Group's underlying trading performance. Adjusted earnings is profit after taxation before intangible asset amortisation and non-trading items (net of related tax).

	Number of Shares 2010 000's	Number of Shares 2009 000's
Basic weighted average number of shares for the year	175,292	174,989
Impact of share options outstanding	234	202
Diluted weighted average number of shares for the year	175,526	175,191
Actual number of shares in issue as at 31 December	23 175,517	175,164

9. Dividends

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

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

10. Property, plant and equipment

	Notes	Land and Buildings €'000	Plant Machinery and Equipment €'000	Construction in Progress €'000	Motor Vehicles €'000	Total €'000
Group:						
Cost						
At 1 January 2009		699,467	1,242,784	40,737	37,775	2,020,763
Businesses acquired		29,520	41,897	1,146	2,526	75,089
Additions		26,488	48,601	7,858	891	83,838
Purchase adjustments		-	(11)	-	-	(11)
Transfer from construction in progress		1,407	32,227	(33,634)	-	-
Disposals/businesses disposed		(15,727)	(31,828)	-	(4,020)	(51,575)
Transferred to held for sale		(6,659)	-	-	-	(6,659)
Exchange translation adjustment	26	13,273	27,655	(1,204)	536	40,260
At 31 December 2009		747,769	1,361,325	14,903	37,708	2,161,705
Businesses acquired	27/17	12,464	38,431	321	567	51,783
Additions		27,365	77,425	46,400	1,218	152,408
Purchase adjustments		(33)	11	-	5	(17)
Transfer from construction in progress		551	14,897	(15,448)	-	-
Disposals/businesses disposed		(12,512)	(63,061)	-	(7,899)	(83,472)
Transferred to held for sale	14	(1,650)	(545)	-	-	(2,195)
Exchange translation adjustment	26	33,843	60,732	1,151	718	96,444
At 31 December 2010		807,797	1,489,215	47,327	32,317	2,376,656
Accumulated depreciation and impairment						
At 1 January 2009		208,930	792,697	-	33,166	1,034,793
Businesses acquired		10,216	28,961	-	1,551	40,728
Charge during year		20,512	76,682	-	2,166	99,360
Disposals/businesses disposed		(9,304)	(23,966)	-	(3,825)	(37,095)
Impairments		6,216	4,528	-	-	10,744
Transferred to held for sale		(2,778)	-	-	-	(2,778)
Exchange translation adjustment	26	3,501	18,398	-	310	22,209
At 31 December 2009		237,293	897,300	-	33,368	1,167,961
Businesses acquired	27/17	3,489	13,819	-	428	17,736
Charge during year		24,923	84,498	-	1,748	111,169
Disposals/businesses disposed		(10,104)	(59,730)	-	(7,217)	(77,051)
Impairments		2,540	5,359	-	-	7,899
Transferred to held for sale	14	(285)	(235)	-	-	(520)
Exchange translation adjustment	26	8,191	33,676	-	431	42,298
At 31 December 2010		266,047	974,687	-	28,758	1,269,492
Carrying value						
At 31 December 2009		510,476	464,025	14,903	4,340	993,744
At 31 December 2010		541,750	514,528	47,327	3,559	1,107,164

During 2010, the Group recognised impairments on property, plant and equipment following a review of the Group's asset portfolio and the systemisation of the fixed asset register arising from the Kerryconnect programme.

10. Property, plant and equipment (continued)

	Land and Buildings Total €'000
Company:	
Cost	
At 1 January 2009 and 2010	4,841
Disposals	(59)
At 31 December 2010	4,782
Accumulated depreciation	
At 1 January 2009	2,768
Charge during year	199
At 31 December 2009	2,967
Charge during year	233
Disposals	(29)
At 31 December 2010	3,171
Carrying value	
At 31 December 2009	1,874
At 31 December 2010	1,611

11. Intangible assets

	Notes	Goodwill €'000	Brand Related Intangibles €'000	Computer Software €'000	Total €'000
Group:					
Cost					
At 1 January 2009		1,233,636	383,603	21,822	1,639,061
Businesses acquired		115,311	142,800	870	258,981
Additions		-	-	26,140	26,140
Purchase adjustments		1,846	349	-	2,195
Disposals/businesses disposed		-	-	(824)	(824)
Exchange translation adjustment	26	27,557	6,162	86	33,805
At 31 December 2009		1,378,350	532,914	48,094	1,959,358
Businesses acquired	27	78,505	31,535	27	110,067
Additions		-	-	1,773	1,773
Purchase adjustments		5,652	(12,034)	-	(6,382)
Disposals/businesses disposed		(228)	-	(242)	(470)
Exchange translation adjustment	26	50,115	12,358	652	63,125
At 31 December 2010		1,512,394	564,773	50,304	2,127,471
Accumulated amortisation and impairment					
At 1 January 2009		-	58,062	11,497	69,559
Charge during year		-	12,298	4,513	16,811
Impairments		-	-	454	454
Disposals/businesses disposed		-	-	(550)	(550)
Exchange translation adjustment	26	-	1,464	(11)	1,453
At 31 December 2009		-	71,824	15,903	87,727
Charge during year	2	-	11,812	4,253	16,065
Purchase adjustments		-	(62)	-	(62)
Impairments		-	-	20,906	20,906
Disposals/businesses disposed		-	-	(229)	(229)
Exchange translation adjustment	26	-	3,743	453	4,196
At 31 December 2010		-	87,317	41,286	128,603
Carrying value					
At 31 December 2009		1,378,350	461,090	32,191	1,871,631
At 31 December 2010		1,512,394	477,456	9,018	1,998,868

Allocation of the purchase price in a business combination affects the results of the Group as finite life intangible assets are amortised, whereas indefinite life intangible assets, including goodwill, are not amortised. This could result in differing amortisation charges based on the allocation to finite life and indefinite life intangible assets.

Included in the cost of brand related intangibles are intangibles of **€359,832,000** (2009: €365,189,000) which have indefinite lives. There are no material internally generated brand related intangibles.

11. Intangible assets (continued)

Intangible assets acquired in a business combination are allocated to cash generating units (CGUs) that are expected to benefit from the business acquisition, rather than where the assets are owned. A summary of the allocation of the carrying value of goodwill and indefinite life intangible assets by beneficial region within segment, is as follows:

	Goodwill 2010 €'000	Goodwill 2009 €'000	Indefinite Life Intangibles 2010 €'000	Indefinite Life Intangibles 2009 €'000
Ingredients & Flavours				
EMEA	405,261	385,066	96,443	105,418
Americas	606,132	514,431	150,784	159,567
Asia Pacific	88,449	67,665	10,580	10,475
Consumer Foods				
EMEA	412,552	411,188	102,025	89,729
	1,512,394	1,378,350	359,832	365,189

Some intangibles, which are centrally held and legally owned by Kerry Group Services International Limited, have been allocated above to customers/users of the intellectual property.

The Group tests goodwill and indefinite life intangibles annually for impairment, or more frequently if there are indications they might be impaired. No impairments arose in 2010 or 2009.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are discount rates and growth rates in addition to expected changes to selling price and direct costs during the year.

The table below outlines the discount rates and growth rates by CGU:

	Discount Rates 2010	Discount Rates 2009	Growth Rates 2010	Growth Rates 2009
Ingredients & Flavours				
EMEA	6% - 9%	5% - 8%	0% - 3%	3%
Americas	6% - 9%	5% - 8%	3% - 7%	3.75%
Asia Pacific	6% - 10%	5% - 10%	3% - 8%	3% - 7%
Consumer Foods				
EMEA	6%	5%	0% - 2%	2%

Management estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. A higher discount rate is applied to higher risk markets such as South America, while a lower rate is applied to more stable markets such as the USA. A 1% increase in the discount rate would not have resulted in an impairment charge in 2010 or 2009.

Growth rates are based on forecasts in line with long-term industry growth rates. Generally, lower growth rates are used in mature markets such as Ireland while higher growth rates are used in emerging markets such as Asian countries. A 1% decrease in the growth rate would not have resulted in an impairment charge in 2010 or 2009.

Changes in selling price and direct costs are based on past practices and expectations of future changes in the market.

11. Intangible assets (continued)

The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by the Board of Directors. The cash flows are extrapolated for 5 years based on applicable estimated growth rates extended to perpetuity. The duration of the discounted cash flow model is a significant factor in determining the fair value of the CGUs, which has been arrived at after taking account of the Group's strong financial position, its established history of earnings growth and cash flow generation, its proven ability to pursue and integrate value-enhancing acquisitions and the nature of the Ingredients & Flavours and Consumer Foods industries. A 5% decrease in estimated cash flow forecasts would not have resulted in an impairment charge in 2010 or 2009.

Management believes that no reasonable change, in normal circumstances, in any of the above key assumptions would cause the carrying value of any CGU to exceed its recoverable amount. Key assumptions include management's estimates of future profitability, replacement capital expenditure requirements based on depreciation levels and working capital investment needs which are linked to the growth rates outlined above.

The Group has no separate individual intangible asset that is material, as all intangibles acquired are integrated and developed within the existing business.

The impairment of computer software of €20,906,000 (2009: €nil) relates to ERP systems previously capitalised, for which the future benefit is no longer certain, due to ongoing developments in the organisation. This cost was included in the depreciation and impairment line in the Income Statement (note 2). At 31 December 2010 the recoverable amount of this ERP software was €nil.

12. (a) Financial asset investments

	2010 €'000	2009 €'000
Group:		
Available-for-sale investments at fair value		
At beginning of year	11,502	18,486
Fair value movements	-	(6,984)
Impairments	(3,287)	-
At end of year	8,215	11,502

The available-for-sale investments represent investments in securities. These investments have no fixed maturity or coupon rate.

Quoted market prices are used to determine the fair value of listed shares where there is an active market. A 'sum-of-the-parts' valuation model is used to determine the fair value of shares where there is not an active market.

Shares that were valued using a market price in 2009 were valued using a 'sum-of-the-parts' valuation methodology in 2010 as the market they were trading on was no longer deemed to be an active market. This change in estimation of fair value occurred due to the low level of trading in the market as well as other external factors that indicated that the market was no longer a robust measure of fair value for financial accounting purposes.

This resulted in a decrease in the fair value of the asset and as this fair value was lower than the original cost of these shares, it resulted in the release of €7,403,000 from the available-for-sale reserve and an impairment of €3,287,000 from the asset value.

If this 'sum-of-the-parts' valuation had been used to value the asset as at the end of 2009, it would have indicated an increase of €10,391,000 which would have been offset by a change in the available-for-sale investment reserve held in shareholders' equity.

12. (b) Investments in subsidiaries at cost

	2010 €'000	2009 €'000
Company:		
Investments in subsidiaries at cost		
At beginning of year	638,736	638,697
Additions	-	39
At end of year	638,736	638,736

In 2009, the Company increased its investment in its Indonesian subsidiary.

13. Inventories

	2010 €'000	2009 €'000
Group:		
Raw materials and consumables	237,878	193,744
Finished goods and goods for resale	274,038	233,223
Expense inventories	19,645	17,204
	531,561	444,171

14. Assets classified as held for sale

	2010 €'000	2009 €'000
Group:		
Property, plant and equipment	5,386	3,881

In 2009 and 2010, the Group has classified certain assets in the Kerry Ingredients & Flavours division in the USA as held for sale. These non-core assets resulted from restructuring programmes in prior years. Some of these assets were sold in 2010 with the disposal of the remaining assets expected to be completed in 2011. These have taken longer to sell than originally expected due to the decline of the US property market. The proceeds on the disposal of these assets is not expected to be less than their carrying amount.

15. Trade and other receivables

	Group 2010 €'000	Group 2009 €'000	Company 2010 €'000	Company 2009 €'000
Trade receivables	576,942	522,442	-	-
Less impairment provision for doubtful trade receivables	(24,792)	(26,968)	-	-
Trade receivables due within 1 year	552,150	495,474	-	-
Other receivables and prepayments	32,269	30,206	10,000	-
VAT receivable	22,485	19,700	-	-
Receivables due after 1 year	11,823	1,739	-	-
	618,727	547,119	10,000	-

All receivable balances are due within 1 year except for **€11,823,000** (2009: €1,739,000) outlined above. All receivable balances are within terms with the exception of trade receivables which is detailed below.

The Company receivable balance of €10,000,000 (2009: €nil) consists of a dividend receivable from its subsidiaries.

The following table shows an analysis of trade receivables split between past due and within terms accounts, where past due is deemed to be when an account exceeds the agreed terms of trade.

	2010 €'000	2009 €'000
Within terms	428,929	396,508
Past due not more than 1 month	98,196	74,151
Past due more than 1 month but less than 2 months	15,969	16,031
Past due more than 2 months but less than 3 months	4,424	5,392
Past due more than 3 months	4,632	3,392
Trade receivables (net)	552,150	495,474

Trade and other receivables are stated at amortised cost, which approximates to fair value given the short term nature of these assets. Hence, the maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

Credit terms and the charging of interest are determined in individual countries. The Group has provided for all receivables where there is objective evidence, based on historical loss experience, that amounts are irrecoverable. The Group does not typically require collateral in respect of trade receivables.

The quality of past due not impaired trade and other receivables is considered good, therefore no significant impairment charge has been recorded in the Consolidated Income Statement in 2010 or 2009.

Before accepting any new customer, the Group uses a credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. These credit limits are reviewed regularly throughout the year.

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

16. Trade and other payables

	Group 2010 €'000	Group 2009 €'000	Company 2010 €'000	Company 2009 €'000
Trade payables	835,795	747,226	-	-
Other payables and accruals	160,181	144,582	478	365
Deferred payments on acquisition of subsidiaries	11,322	8,575	6,041	6,279
PAYE	7,688	8,102	-	-
Social security costs	2,926	3,959	-	-
Amounts due to Group companies	-	-	16,751	5,313
	1,017,912	912,444	23,270	11,957

Trade and other payables are stated at amortised cost, which approximates to fair value given the short term nature of these liabilities. The above balances are all due within 1 year.

17. Deferred income

	Notes	Group 2010 €'000	Group 2009 €'000	Company 2010 €'000	Company 2009 €'000
Capital grants					
At beginning of year		16,537	18,073	236	254
Businesses acquired	27	5,343	5	-	-
Disposals/businesses disposed		-	(301)	-	-
Grants received		4,395	801	-	-
Amortised during year	2	(2,313)	(2,113)	(18)	(18)
Exchange translation adjustment	26	201	72	-	-
At end of year		24,163	16,537	218	236
Analysed as:					
Current liabilities		2,514	1,952	18	18
Non-current liabilities		21,649	14,585	200	218
		24,163	16,537	218	236

There are no material unfulfilled conditions or other contingencies attaching to government grants received.

18. Other non-current liabilities

	Group 2010 €'000	Group 2009 €'000	Company 2010 €'000	Company 2009 €'000
Other payables and accruals	48,356	48,601	-	-
Deferred payments on acquisition of subsidiaries	6,943	12,601	-	-
Amounts due to Group companies	-	-	112,603	76,353
	55,299	61,202	112,603	76,353

The above balances are all due within 1 to 5 years except for €55,000 (2009: €364,000) of deferred payments on acquisition of subsidiaries which is due after 5 years.

19. Analysis of financial instruments by category

The following table outlines the financial assets and liabilities held by the Group at the balance sheet date.

		Loans & Receivables & Other Financial Liabilities at Amortised Cost 2010 €'000	Liabilities at Fair Value through Profit or Loss 2010 €'000	Derivatives Designated as Hedging Instruments 2010 €'000	Available- for-sale Investments 2010 €'000	Total 2010 €'000
	Notes					
Group:						
Financial asset investments	12	-	-	-	8,215	8,215
Forward foreign exchange contracts	20	-	-	4,684	-	4,684
Interest rate swaps	20	-	-	42,680	-	42,680
Trade and other receivables	15	618,727	-	-	-	618,727
Cash and cash equivalents	20	159,340	-	-	-	159,340
Total financial assets		778,067	-	47,364	8,215	833,646
Current assets		778,067	-	4,684	-	782,751
Non-current assets		-	-	42,680	8,215	50,895
		778,067	-	47,364	8,215	833,646
Borrowings and overdrafts	20	(1,301,715)	(2,847)	-	-	(1,304,562)
Forward foreign exchange contracts	20	-	(2,603)	(212)	-	(2,815)
Interest rate swaps	20	-	-	(9,391)	-	(9,391)
Trade and other payables	16	(1,017,912)	-	-	-	(1,017,912)
Total financial liabilities		(2,319,627)	(5,450)	(9,603)	-	(2,334,680)
Current liabilities		(1,199,198)	(2,603)	(9,603)	-	(1,211,404)
Non-current liabilities		(1,120,429)	(2,847)	-	-	(1,123,276)
		(2,319,627)	(5,450)	(9,603)	-	(2,334,680)
Total net financial liabilities		(1,541,560)	(5,450)	37,761	8,215	(1,501,034)
Included in the above table are the following components of net debt:						
Analysis of total net debt by category						
Interest rate swaps		-	-	33,289	-	33,289
Cash and cash equivalents		159,340	-	-	-	159,340
		159,340	-	33,289	-	192,629
Bank overdrafts		(7,196)	-	-	-	(7,196)
Bank loans		(436,121)	-	-	-	(436,121)
Senior notes		(858,398)	(2,847)	-	-	(861,245)
Borrowings and overdrafts		(1,301,715)	(2,847)	-	-	(1,304,562)
Total net debt		(1,142,375)	(2,847)	33,289	-	(1,111,933)

19. Analysis of financial instruments by category (continued)

	Notes	Loans & Receivables & Other Financial Liabilities at Amortised Cost 2009 €'000	Assets/ (Liabilities) at Fair Value through Profit or Loss 2009 €'000	Derivatives Designated as Hedging Instruments 2009 €'000	Available- for-sale Investments 2009 €'000	Total 2009 €'000
Group:						
Financial asset investments	12	-	-	-	11,502	11,502
Forward foreign exchange contracts	20	-	-	3	-	3
Trade and other receivables	15	547,119	-	-	-	547,119
Cash and cash equivalents	20	270,011	-	-	-	270,011
Total financial assets		817,130	-	3	11,502	828,635
Current assets		817,130	-	3	-	817,133
Non-current assets		-	-	-	11,502	11,502
		817,130	-	3	11,502	828,635
Borrowings and overdrafts	20	(1,401,605)	20,110	-	-	(1,381,495)
Forward foreign exchange contracts	20	-	-	(42)	-	(42)
Interest rate swaps	20	-	(1,909)	(46,083)	-	(47,992)
Trade and other payables	16	(912,444)	-	-	-	(912,444)
Total financial liabilities		(2,314,049)	18,201	(46,125)	-	(2,341,973)
Current liabilities		(1,077,074)	(1,909)	(42)	-	(1,079,025)
Non-current liabilities		(1,236,975)	20,110	(46,083)	-	(1,262,948)
		(2,314,049)	18,201	(46,125)	-	(2,341,973)
Total net financial liabilities		(1,496,919)	18,201	(46,122)	11,502	(1,513,338)

Included in the above table are the following components of net debt:

Analysis of total net debt by category

Interest rate swaps	-	(1,909)	(46,083)	-	(47,992)
Cash and cash equivalents	270,011	-	-	-	270,011
	270,011	(1,909)	(46,083)	-	222,019
Bank overdrafts	(1,956)	-	-	-	(1,956)
Bank loans	(899,630)	-	-	-	(899,630)
Senior notes	(500,019)	20,110	-	-	(479,909)
Borrowings and overdrafts	(1,401,605)	20,110	-	-	(1,381,495)
Total net debt	(1,131,594)	18,201	(46,083)	-	(1,159,476)

19. Analysis of financial instruments by category (continued)

In 2010 and 2009 all Group borrowings are guaranteed by Kerry Group plc and its material asset holding companies through a cross-guarantee structure. All borrowings are unsecured.

During the year, the Group completed the issuance of US\$600,000,000 of senior notes across four tranches with maturities ranging from 7 to 15 years. These senior notes were raised in the US private placement market and were primarily used for the prepayment of near term debt.

At the time of issuance, US\$500,000,000 of the senior notes were swapped, using cross currency swaps, to euro. There was no impact on the Consolidated Income Statement as the hedge accounting for the cross currency swaps resulted in the recognition of a gain of €37,000,000, directly offset by a charge of €37,000,000 resulting from the translation of the underlying hedged foreign currency borrowings at the balance sheet rates.

The adjustment to senior notes classified under assets/(liabilities) at fair value through profit or loss represents the part adjustment to the carrying value of debt from applying fair value hedge accounting for interest rate risk. This amount is directly offset by the fair value adjustment on the underlying cross currency interest rate swap.

The following table outlines the financial assets and liabilities held by the Company at the balance sheet date.

	Notes	2010 €'000	2009 €'000
Company:			
Financial asset investments			
Investments in subsidiaries at cost	12	638,736	638,736
Loans & receivables & other financial assets at amortised cost			
Trade and other receivables	15	10,000	-
Cash and cash equivalents		38	377
Total financial assets		648,774	639,113
Current assets		10,038	377
Non-current assets		638,736	638,736
		648,774	639,113
Financial liabilities at amortised cost			
Borrowings and overdrafts		(583)	-
Trade and other payables	16	(23,270)	(11,957)
Total financial liabilities		(23,853)	(11,957)
Current liabilities		(23,853)	(11,957)
Total net financial assets		624,921	627,156

20. Financial instruments

Capital risk management

The financing structure of the Group is managed in order to optimise 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.

The capital structure of the Group consists of financial liabilities, cash and cash equivalents and equity attributable to equity holders of the parent Company, comprising issued capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity.

This is managed by setting net debt to earnings before interest, taxes, depreciation, impairment, amortisation and non-trading items (EBITDA) targets while allowing flexibility to accommodate significant acquisition opportunities. Any expected variation from these targets should be reversible within 12 to 18 months; otherwise consideration would be given to issuing additional equity in the Group.

Net debt is subject to seasonal fluctuations that can be up to 25% above year end debt levels.

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 of 3.5 times; and
- EBITDA to net interest charge of a minimum of 4.75 times.

At 31 December these ratios were as follows:

	2010 Times	2009 Times
Net debt: EBITDA	1.8	2.2
EBITDA: Net interest	10.1	7.8

During the year, the Group completed the issuance of US\$600,000,000 of senior notes across four tranches with maturities ranging from 7 to 15 years. These senior notes were raised in the US private placement market and were primarily used for the prepayment of near term debt.

Financial risk management objectives

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 principal financial risks of the Group and Company.

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 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. The use of financial derivatives is governed by the Group's policies and procedures. The Group does not engage in speculative trading.

20. Financial instruments (continued)

(i) Foreign exchange rate risk management

The Group is exposed to transactional foreign currency risk on trading activities conducted by subsidiaries in currencies other than their functional currency. Group policy is to manage foreign currency exposures 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 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. These exposures comprise the monetary assets and liabilities of the Group not denominated in the operating (or functional) currency of the operating unit involved, other than certain borrowings which are borrowed in the same currency as the investment in the overseas operation. As at 31 December these exposures were as follows:

Net Foreign Currency Monetary Assets/(Liabilities) in €'000								
	Euro 2010	Sterling 2010	US Dollar 2010	Other 2010	Euro 2009	Sterling 2009	US Dollar 2009	Other 2009
Functional currency of Group operation								
Euro	-	5,427	(11,064)	1,255	-	1,247	28,188	3,214
Sterling	1,226	-	2,536	(765)	(53)	-	(2,479)	(560)
US Dollar	50	34	-	(4)	(162)	-	-	(3)
Other	(3,611)	885	9,447	559	(1,805)	(172)	11,279	726
Total	(2,335)	6,346	919	1,045	(2,020)	1,075	36,988	3,377

The amounts shown in the above table take into account the effect of forward contracts entered into to manage currency exposures. As at 31 December 2010 the Group held various open foreign currency forward contracts that were undertaken to hedge expected future transactions. Based on these net positions, as at 31 December 2010, a weakening of 5% of the US dollar and sterling against all other key operational currencies, and holding all other items constant, would have impacted the Group's profit before taxation for the year by €346,000 (2009: €1,900,000).

The Group's exposure on the retranslation of the net assets of foreign currency subsidiaries is taken directly to the translation reserve. As at 31 December 2010 a 5% strengthening of the Euro against the US dollar and sterling, holding all other items constant, would have resulted in an additional translation reserve loss of €9,000,000 (2009: €5,000,000) and €14,500,000 (2009: €15,000,000) respectively.

20. Financial instruments (continued)

(i) Foreign exchange rate risk management (continued)

Forward foreign exchange contracts

The Group's activities expose it to risks of changes in foreign currency exchange rates in relation to international trading, primarily sales in US dollar and sterling out of the Eurozone. The Group uses forward foreign exchange contracts to hedge these exposures. Derivative financial instruments are held in the Consolidated Balance Sheet at their fair value.

The following table details the foreign exchange contracts classified as cash flow hedges at 31 December:

	Fair Value Asset/(Liability)		Notional Principal	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Forward foreign exchange contracts	4,472	(39)	126,000	76,000

At 31 December 2010 an asset of **€3,605,000** (2009: a liability of €120,000) of the fair value is included in the hedging reserve, which will be released to the Consolidated Income Statement within **9 months** (2009: 6 months) of the balance sheet date. All forward contracts relate to sales revenue made in their respective currencies.

During 2010, a charge of **€2,637,000** (2009: a gain of €8,611,000) has been taken to general overheads in the Consolidated Income Statement in respect of forward foreign exchange contracts that matured during the year. There were no transactions during 2010 or 2009 which were designated as hedges that did not occur, nor are there hedges on forecast transactions that are no longer expected to occur.

The gains and losses in shareholders' equity on forward foreign exchange contracts as at 31 December 2009 were released to the Consolidated Income Statement in 2010 as follows:

- within 3 months: **€120,000** (2009: €5,458,000);
- within 3 to 6 months: **€nil** (2009: €3,132,000).

At 31 December 2010 and 2009 no ineffectiveness was recognised in the Consolidated Income Statement from foreign currency cash flow hedges.

In addition, the Group hold forward foreign exchange contracts that provide a hedge against foreign currency receivables from within Group lending. These derivatives are classified as trading derivatives and held at fair value through profit or loss.

The following table details the forward foreign exchange contracts classified as trading derivatives at 31 December:

	Fair Value Asset/(Liability)		Notional Principal	
	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Forward foreign exchange contracts	(2,603)	–	94,000	–

The fair value charge of €2,603,000 (2009: €nil) is directly offset by a gain of €2,603,000 on the retranslation to balance sheet rates on foreign currency receivables from within Group lending.

20. Financial instruments (continued)

(ii) Interest rate risk management

The Group is exposed to interest rate risk as the Group holds borrowings on both a fixed and floating basis. This exposure to interest rate risk is managed by optimising the mix of fixed and floating rate borrowings and by using interest rate swaps, cross currency swaps and forward rate agreements to hedge these exposures. Derivative financial instruments are held in the Consolidated Balance Sheet at their fair value.

Interest rate profile of financial liabilities excluding related derivatives fair value

The Group's exposure to interest rates on financial assets and liabilities are detailed in the table below including the impact of cross currency swaps (CCS) on the currency profile of net debt:

	Total Pre CCS €'000	Impact of CCS €'000	Total after CCS €'000	Floating Rate Debt €'000	Fixed Rate Debt €'000
Euro	133,321	373,134	506,455	437,798	68,657
Sterling	60,782	-	60,782	60,782	-
US Dollar	907,382	(373,134)	534,248	86,487	447,761
Other	40,890	-	40,890	40,890	-
At 31 December 2010	1,142,375	-	1,142,375	625,957	516,418
Euro	499,612	-	499,612	499,612	-
Sterling	118,957	-	118,957	118,957	-
US Dollar	447,607	-	447,607	79,551	368,056
Other	65,418	-	65,418	65,418	-
At 31 December 2009	1,131,594	-	1,131,594	763,538	368,056

The currency profile of debt highlights the impact of the US\$500,000,000 of cross currency swaps entered into at the time of issuance of the senior notes. US\$408,000,000 of the senior notes were swapped from US dollar fixed to Euro floating and are accounted for as fair value hedges. In addition US\$92,000,000 were swapped from US dollar fixed to Euro fixed. The retranslation of the foreign currency debt of US\$500,000,000 to the balance sheet rate resulted in a foreign currency loss of €37,000,000 which is directly offset by a gain of €37,000,000 on the application of hedge accounting on the cross currency swaps as detailed below.

The weighted average interest rate for fixed borrowings is **3.36%** (2009: 6.33%) and the weighted average period for which the rate is fixed is **4.3 years** (2009: 1.3 years).

The floating rate financial liabilities are at rates which fluctuate mainly based upon LIBOR and comprise bank borrowings and other financial liabilities bearing interest rates fixed in advance for periods ranging from 1 to 6 months. At the year end **55%** (2009: 67%) 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 2011 holding all other items constant, the net finance charge of the Group before taxation could increase by 13% (2009: 14%).

20. Financial instruments (continued)

(ii) Interest rate risk management (continued)

Interest rate swap contracts

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

Certain short term interest rate derivatives whereby the Group receives floating interest rates and pays fixed interest rates, which provide an economic hedge of interest rate liabilities are classified as trading derivatives and held at fair value through profit or loss.

The following table details the interest rate derivatives classified as trading derivatives at 31 December:

	Average Contracted Fixed Interest Rate		Fair Value Asset/(Liability)		Notional Principal	
	2010 %	2009 %	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Interest rate derivatives	-	1.70	-	1,909	-	580,075

A gain of **€1,909,000** (2009: charge of €1,909,000) has been recognised within the Consolidated Income Statement due to the unwinding of the contracts held for trading at 31 December 2009.

All other interest rate derivatives are accounted for using hedge accounting.

Cash flow hedges

Under interest rate swap contracts including cross currency interest rate swaps, the Group agrees to exchange the difference between the fixed and floating rate interest amounts calculated on the agreed notional principal amounts.

The following table details the notional principal amounts and remaining terms of the cash flow hedges, where the Group receives floating or fixed interest rate and pays fixed interest rate on swaps as at 31 December:

	Average Contracted Fixed Interest Rate		Fair Value Asset/(Liability)		Notional Principal	
	2010 %	2009 %	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Interest rate swap contracts						
less than 1 year	5.44	-	(9,391)	-	373,134	-
1 - 2 years	-	5.44	-	(23,691)	-	347,222
2 - 5 years	1.49	-	3,479	-	373,134	-
> 5 years	4.38	4.38	6,162	(2,282)	68,657	63,889
Total			250	(25,973)		

As at 31 December 2010, the Group had €373,134,000 of floating to fixed interest rate swaps commencing on 1 May 2011 with maturities ranging from 2-4 years. These swaps replace the floating to fixed interest rate swaps of €373,134,000 expiring on 30 April 2011.

20. Financial instruments (continued)

(ii) Interest rate risk management (continued)

Cash flow hedges (continued)

Of the fair value asset of **€250,000** at 31 December 2010 (2009: €25,973,000 liability) a gain of **€6,808,000** (2009: €nil) has been recognised in the Consolidated Income Statement and directly offsets the loss incurred on the retranslation of the underlying hedged foreign currency borrowings. Included in this is an amount of **€3,865,000** (2009: €nil) released from the hedging reserve upon initial recognition of the 2010 senior notes. In addition a charge of **€6,558,000** (2009: €25,973,000) has been recognised in the hedging reserve and will be released to the Consolidated Income Statement over the life of the interest rate swaps.

The interest rate swaps settle on either a 3 or 6 monthly basis, the difference between the floating rate or fixed rate due to be received and the fixed rate to be paid are settled on a net basis.

During 2010 and 2009 no amount was recognised in the Consolidated Income Statement in relation to hedge ineffectiveness for interest rate swap cash flow hedges. All hedges are deemed to be highly effective on a prospective and retrospective basis.

Fair value hedges

Under interest rate swap contracts including cross currency interest rate swaps, the Group agrees to exchange the difference between the floating and fixed interest amounts calculated on the agreed notional principal amounts.

The following table details the notional principal amounts and remaining terms of the fair value hedges, where the Group receives fixed interest rate and pays floating interest rate on swaps as at 31 December:

	Average Contracted Fixed Interest Rate		Fair Value Asset/(Liability)		Notional Principal	
	2010 %	2009 %	2010 €'000	2009 €'000	2010 €'000	2009 €'000
Interest rate swap contracts						
> 5 years	4.91	4.91	33,039	(20,110)	304,478	283,333

The interest rate swaps settle on a 6 monthly basis. The floating interest rate paid by the Group is based on 6 month EURIBOR. All hedges are deemed to be highly effective on a prospective and retrospective basis.

Of the fair value asset of **€33,039,000** at 31 December 2010 (2009: €20,110,000 liability) a gain of **€30,192,000** has been recognised in the Consolidated Income Statement to directly offset the loss incurred on the retranslation of the underlying hedged foreign currency borrowings. In addition the balance of **€2,847,000** has been recognised in the Consolidated Income Statement and is directly offset against the fair value adjustment to the underlying hedged foreign currency borrowings for interest rate risk.

The interest rate swaps in 2009 were forward starting swaps for a firm commitment of the Group to undertake a senior notes issuance in January 2010. During 2009 the forward starting interest rate swaps were 100% effective in hedging the fair value exposure to interest rate movements and as a result the carrying amount of the firm commitment for the new senior notes was adjusted by an equal amount and included in profit or loss for 2009. The fair value adjustment of €20,110,000 was included within borrowings and overdrafts and reflected in note 19 under assets/(liabilities) at fair value through the profit or loss.

20. Financial instruments (continued)

(iii) Liquidity risk management

Liquidity risk considers the risk that the Group could encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. There is no significant concentration of liquidity risk.

Group funding and liquidity is managed by ensuring that sufficient facilities are available from diverse funding sources with an appropriate spread of debt maturities to match the underlying assets. The Group uses cash flow forecasts to constantly monitor the funding requirements of the Group.

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

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

Both targets were met at 31 December 2010 and 2009.

Funding is sourced from banks via syndicated and bilateral arrangements and from institutional investors.

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.

At 31 December 2010, the Group had undrawn committed bank facilities of €455,000,000 (2009: €445,000,000), and a portfolio of undrawn standby facilities amounting to €200,000,000 (2009: €235,000,000). The undrawn committed facilities comprise primarily of a revolving credit facility maturing in under 2 years (2009: 3 years).

The following table details the Group's remaining contractual maturity of its non-derivative financial instruments excluding trade & other receivables and trade & other payables. This information has been drawn up based on the undiscounted cash flows of financial liabilities to the earliest date on which the Group can be required to repay. The analysis includes both interest commitments and principal cash flows. To the extent that interest rates are floating, the rate used is derived from interest rate yield curves at the end of the reporting date and are as such subject to change based on market movements.

	On demand & up to 1 year €'000	Up to 2 years €'000	2 - 5 years €'000	> 5 years €'000	Total €'000
Bank overdrafts	7,196	-	-	-	7,196
Bank loans	174,090	261,212	480	339	436,121
Senior notes	-	-	410,637	447,761	858,398
Borrowings and overdrafts	181,286	261,212	411,117	448,100	1,301,715
Deferred payments on acquisition of subsidiaries	11,322	166	6,722	55	18,265
Interest commitments	192,608 50,972	261,378 45,836	417,839 95,026	448,155 90,595	1,319,980 282,429
At 31 December 2010	243,580	307,214	512,865	538,750	1,602,409
Reconciliation to net debt position:					
Borrowings and overdrafts	181,286	261,212	411,117	448,100	1,301,715
Interest rate swaps	9,391	-	(3,479)	(39,201)	(33,289)
Senior notes - fair value adjustment	-	-	-	2,847	2,847
Cash and cash equivalents	(159,340)	-	-	-	(159,340)
Total net debt as at 31 December 2010	31,337	261,212	407,638	411,746	1,111,933

20. Financial instruments (continued)

(iii) Liquidity risk management (continued)

	On demand & up to 1 year €'000	Up to 2 years €'000	2 – 5 years €'000	> 5 years €'000	Total €'000
Bank overdrafts	1,956	-	-	-	1,956
Bank loans	48,775	579,859	270,527	469	899,630
Senior notes	113,899	-	159,722	226,398	500,019
Borrowings and overdrafts	164,630	579,859	430,249	226,867	1,401,605
Deferred payments on acquisition of subsidiaries	8,575	11,740	497	364	21,176
Interest commitments	173,205 40,168	591,599 34,947	430,746 49,176	227,231 3,879	1,422,781 128,170
At 31 December 2009	213,373	626,546	479,922	231,110	1,550,951
Reconciliation to net debt position:					
Borrowings and overdrafts	164,630	579,859	430,249	226,867	1,401,605
Interest rate swaps	1,909	23,691	-	22,392	47,992
Senior notes – fair value adjustment	-	-	-	(20,110)	(20,110)
Cash and cash equivalents	(270,011)	-	-	-	(270,011)
Total net debt as at 31 December 2009	(103,472)	603,550	430,249	229,149	1,159,476

The following table details the Group's remaining contractual maturity of its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis. To the extent that the amounts payable or receivable are not fixed, the rate used is derived from interest rate yield curves at the end of the reporting date and are as such subject to change based on market movements.

	On demand & up to 1 year €'000	Up to 2 years €'000	2 – 5 years €'000	> 5 years €'000	Total €'000
Interest rate swaps inflow	19,648	21,014	62,953	124,169	227,784
Interest rate swaps outflow	(21,919)	(17,957)	(48,963)	(70,102)	(158,941)
Interest rate swaps (outflow)/inflow	(2,271)	3,057	13,990	54,067	68,843
Forward foreign exchange contracts inflow	1,869	-	-	-	1,869
At 31 December 2010	(402)	3,057	13,990	54,067	70,712
Interest rate swaps inflow	20,777	17,750	50,082	107,970	196,579
Interest rate swaps outflow	(29,539)	(17,743)	(39,892)	(90,287)	(177,461)
Interest rate swaps (outflow)/inflow	(8,762)	7	10,190	17,683	19,118
Forward foreign exchange contracts outflow	(39)	-	-	-	(39)
At 31 December 2009	(8,801)	7	10,190	17,683	19,079

Included in the interest rate swaps inflow amounts greater than 5 years is the foreign currency differential on final maturity of the cross currency interest rate swaps of €37,000,000 (2009: €11,000,000).

20. Financial instruments (continued)

(iii) Liquidity risk management (continued)

Summary of borrowing arrangements

(a) Bank loans

Bank loans comprise committed term loan facilities, committed revolving credit facilities, bilateral term loans and other uncommitted facilities:

- Demand facilities;
- Syndicate revolving credit facilities maturing within 2 years;
- Bilateral term loans with maturities ranging from 1 to 2 years; and
- Syndicate term loans maturing within 2 years.

(b) 2003 Senior notes

The Group placed senior notes with US institutional investors in 2003, Tranche A matured on 30 April 2010, the remaining two tranches mature as follows:

- Tranche B - maturing on 30 April 2013
- Tranche C - maturing on 30 April 2015

(c) 2010 Senior notes

The Group placed senior notes with US institutional investors in four tranches with maturity as follows:

- Tranche A - maturing on 20 January 2017
- Tranche B - maturing on 20 January 2020
- Tranche C - maturing on 20 January 2022
- Tranche D - maturing on 20 January 2025

Both the committed syndicate facilities and the senior notes have financial covenants attached to them. The Group was in full compliance with these covenants as at 31 December 2010 and 2009.

The following table details the Group's non-derivative financial assets all of which are available on demand and have no fixed interest return:

	2010 €'000	2009 €'000
Cash and cash equivalents	159,340	270,011
Available-for-sale investments	8,215	11,502
	167,555	281,513

20. Financial instruments (continued)

(iv) Credit risk management

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 31 December 2010 and 2009 all cash, short-term deposits and other liquid investments had a maturity of less than 3 months.

Credit risk is actively managed across the portfolio of institutions by ensuring that material surplus funds are placed with counter-parties that are either covered by Government guarantee schemes or have a credit rating of at least AA.

The Group's exposure to its counter-parties is continuously monitored and the aggregate value of transactions entered into is spread amongst approved counter-parties.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable at operating unit level at least on a monthly basis.

(v) Price risk

The Group's exposure to equity securities price risk due to financial asset investments held is considered to be low as the level of securities held versus the Group's net assets is not material.

(vi) Fair value of financial instruments

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

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

(a) Fair value of financial instruments carried at amortised cost

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

	Carrying Amount 2010 €'000	Fair Value 2010 €'000	Carrying Amount 2009 €'000	Fair Value 2009 €'000
Financial assets				
Trade and other receivables	618,727	618,727	547,119	547,119
Cash and cash equivalents	159,340	159,340	270,011	270,011
Financial liabilities				
Bank overdrafts	(7,196)	(7,196)	(1,956)	(1,956)
Bank loans	(436,121)	(436,121)	(899,630)	(899,630)
Senior notes	(858,398)	(858,993)	(500,019)	(498,289)
Trade and other payables	(1,017,912)	(1,017,912)	(912,444)	(912,444)
	(1,541,560)	(1,542,155)	(1,496,919)	(1,495,189)

20. Financial instruments (continued)

(vi) Fair value of financial instruments (continued)

(b) Fair value of financial instruments recognised in the Consolidated Balance Sheet

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

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

	Level 1 2010 €'000	Level 2 2010 €'000	Level 3 2010 €'000	Level 1 2009 €'000	Level 2 2009 €'000	Level 3 2009 €'000
Financial assets						
Interest rate swaps	-	42,680	-	-	-	-
Forward foreign exchange contracts	-	4,684	-	-	3	-
Available-for-sale investments	-	-	8,215	11,502	-	-
Financial liabilities						
Forward foreign exchange contracts	-	(2,815)	-	-	(42)	-
Interest rate swaps	-	(9,391)	-	-	(47,992)	-

Transfers between Level 1 and 3

The available-for-sale investments have been transferred from Level 1 to Level 3 as the market upon which the shares were previously valued is no longer deemed to be a sufficiently robust measure of fair value for financial reporting purposes. Therefore, the shares are valued in the current year using a 'sum-of-the-parts' valuation methodology. The methodology uses observable inputs where possible being either quoted market prices or company disclosed information, in some instances observable data is not specific to certain parts of the valuation and judgement is used to apply a comparable measure, hence it is on balance deemed to be Level 3. In 2009, no transfers occurred.

The following table provides a reconciliation of the movements in the available-for-sale asset in Level 3:

	2010 €'000
Group:	
Available-for-sale investments at fair value	
At beginning of year	-
Transfer from Level 1	11,502
Total losses for the year recognised in the Consolidated Income Statement	(3,287)
At end of year	8,215

21. Provisions for liabilities and charges

	Notes	Insurance €'000	Non-Trading Items €'000	Other €'000	Total €'000
Group:					
At 1 January 2009		27,484	-	19,424	46,908
Consolidated Income Statement movement		-	35,482	(8,719)	26,763
Transferred to payables and accruals		(2,430)	-	-	(2,430)
Exchange translation adjustment	26	1,853	-	-	1,853
At 31 December 2009		26,907	35,482	10,705	73,094
Provided and discounting released during the year		343	-	280	623
Utilised during the year		-	(26,355)	(76)	(26,431)
Transferred from payables and accruals		622	-	-	622
Exchange translation adjustment	26	781	-	325	1,106
At 31 December 2010		28,653	9,127	11,234	49,014

	2010 €'000	2009 €'000
Analysed as:		
Current liabilities	18,342	44,660
Non-current liabilities	30,672	28,434
	49,014	73,094

Insurance

The insurance provision represents amounts provided based on historical data in respect of claims that are classified as incurred but not reported and are covered by the Group's self insurance schemes. The utilisation of the provision is dependent on the timing of the settlement of the outstanding claims. Historically, the average time for settlement for outstanding claims ranges from 3-6 years from claim date.

Non-trading items

Restructuring provisions related to non-trading items incurred in 2009, the majority of which related to redundancy and contract compensation owing to people who are in the process of transitioning out of the business. The balance on this provision relates to outstanding contract compensation and costs relating to onerous leases that should expire within 5 years.

Other

These provisions relate primarily to the present value of costs associated with pension schemes relating to businesses that were restructured. The provision is calculated based on the rules associated with the plans and discounted at rates applicable to those plans. The standard payment term is over 20 years, however the actual terms and amounts of these payments are subject to the finalisation of negotiations with the pension plan trustees.

22. Retirement benefits obligation

The Group operates post-retirement benefit plans in a number of its businesses throughout the world. These plans are structured to accord with local conditions and practices in each country 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) Recognition in the Consolidated Income Statement

The following amounts have been recognised in the Consolidated Income Statement in relation to defined contribution and defined benefit post-retirement plans:

		Pension 2010 €'000	Post- Retirement Medical 2010 €'000	Pension 2009 €'000	Post- Retirement Medical 2009 €'000
	<i>Notes</i>				
Current service cost relating to defined contribution schemes		17,824	-	16,115	-
Current service cost relating to defined benefit schemes		14,648	145	9,531	185
Total current service cost		32,472	145	25,646	185
Past service cost		298	(5,243)	364	(1,463)
Expected return on pension schemes' assets		(42,146)	-	(31,986)	-
Interest on schemes' liabilities		47,732	524	40,400	619
Curtailment gains		(1,264)	-	(736)	-
Settlement losses		249	-	-	-
Included in trading profit		37,341	(4,574)	33,688	(659)
Settlement gains (non-trading items)		-	-	(8,719)	-
Included in staff costs	3	37,341	(4,574)	24,969	(659)

In 2010 and 2009, the net past service gains mostly relate to adjustments to benefits under the Group's defined benefit post-retirement medical plans. In 2009, the settlement gains (non-trading items) were due to the restructuring of the Group's businesses as outlined in note 21.

(b) Additional disclosures relating to the defined benefit plans

The Group operates defined benefit post-retirement schemes in a number of countries in which it operates, primarily in Ireland, the UK, the USA and the Netherlands. The defined benefit plans operated by the Group mostly include final salary pension plans but also include career average salary pension plans and post-retirement medical plans. The post-retirement medical plans are in respect of a number of the Group's US employees.

The values used in the Group's financial statements 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 2010 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 for funding purposes are carried out for the Group's pension plans in line with local requirements. The actuarial reports are not available for public inspection.

22. Retirement benefits obligation (continued)

(i) Financial and demographic assumptions

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

	2010 %	2009 %
Inflation assumption	1.90 - 3.40	2.00 - 3.20
Rate of increase in salaries	2.90 - 5.00	3.00 - 5.00
Rate of increase for pensions in payment and deferred pensions	1.90 - 3.40	2.00 - 3.20
Rate used to discount schemes' liabilities	5.25 - 5.75	5.70 - 6.00

The most significant demographic assumption is mortality. The mortality assumptions used are based on advice from the pension schemes' actuaries and reflect each scheme's population. The life expectancy of a member retiring at 31 December at age 65, now and in 20 years' time, which has been shown in range format to reflect the differing assumptions in each scheme, is as follows:

	2010 Years	2009 Years
Male - retiring now	19 - 22	18 - 21
Female - retiring now	21 - 25	21 - 24
Male - retiring in 20 years' time	19 - 25	19 - 22
Female - retiring in 20 years' time	21 - 26	21 - 25

The expected rates of return for each of the categories of schemes' assets are determined based on current market long term expectations for such rates and input from investment advisors. The rates of return on equities and property are based on current long term government bond yields (approximating risk free rates) plus an appropriate risk premium. The long term rates of return on bond and cash investments are set in line with market yields currently available at the balance sheet date. The overall expected rate of return for each scheme is calculated by weighting the expected return on each category of asset by the anticipated balance in that asset category during the year in accordance with the scheme's investment strategy. 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:

	2010 %	2009 %
Equities	7.10 - 7.90	7.30 - 8.10
Bonds	3.30 - 5.00	3.70 - 6.00
Property	7.10	7.40
Other	0.50 - 8.20	0.50 - 8.50
Overall expected return on pension schemes' assets	4.00 - 7.20	4.00 - 7.60

22. Retirement benefits obligation (continued)

(i) Financial and demographic assumptions (continued)

There are inherent uncertainties surrounding the financial and demographic assumptions adopted by the Group. 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 post-retirement benefit 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 post-retirement benefit schemes' liabilities can fluctuate significantly from valuation to valuation. The expected rate of inflation impacts the schemes' liabilities in that inflation is the basis for the calculation of the assumed future salary and revaluation increases in each scheme where applicable. In relation to demographic assumptions, differing expectations regarding current and future changes in mortality rates can have a significant impact on schemes' liabilities.

The table below gives an approximate indication of the impact of a change in the principal financial actuarial assumptions (the discount rate and the inflation rate) and the principal demographic actuarial assumption (mortality). The impact on the schemes' liabilities at 31 December 2010 is on the basis that only that assumption is changed with all other assumptions remaining unchanged.

Assumption	Change in assumption	Impact on schemes' liabilities
Discount rate	Increase/decrease of 0.25%	Decrease/increase of 4.75%
Inflation rate	Increase/decrease of 0.25%	Increase/decrease of 3.75%
Mortality	Increase/decrease in life expectancy of 1 year	Increase/decrease of 2.25%

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

The following amounts, in relation to defined benefit plans, have been recognised in the Consolidated Statement of Recognised Income and Expense:

	Pension 2010 €'000	Post- Retirement Medical 2010 €'000	Pension 2009 €'000	Post- Retirement Medical 2009 €'000
Actual return less expected return on pension schemes' assets	35,837	-	45,335	-
Experience gains/(losses) on schemes' liabilities	2,541	362	(5,560)	957
Changes in assumptions underlying the present value of the schemes' liabilities*	(68,432)	(576)	(110,988)	(791)
Actuarial (losses)/gains recognised in the Consolidated Statement of Recognised Income and Expense	(30,054)	(214)	(71,213)	166
Cumulative amount of actuarial (losses)/gains recognised in the Consolidated Statement of Recognised Income and Expense	(210,801)	1,984	(180,747)	2,198
Actual return on schemes' assets for the year	77,983	N/A	77,321	N/A

* The decrease in discount rates across the main defined benefit schemes in the Group and the additional life expectancy improvements in Ireland, the UK and the Netherlands gave rise to the loss in 2010, under changes in assumptions underlying the present value of the schemes' liabilities. In 2009, the loss arising from changes in assumptions underlying the present value of the schemes' liabilities primarily related to the UK schemes resulting from a decrease in the discount rate and an increase in the inflation rate. The assumed rates of life expectancy in Ireland and the UK were further strengthened in 2009.

22. Retirement benefits obligation (continued)

(iii) Reconciliations for defined benefit plans

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

	Pension 2010 €'000	Post- Retirement Medical 2010 €'000	Pension 2009 €'000	Post- Retirement Medical 2009 €'000
Present value of schemes' liabilities at beginning of year	(791,907)	(8,597)	(639,526)	(10,676)
Current service cost	(14,648)	(145)	(9,531)	(185)
Past service cost	(84)	4,998	(133)	1,888
Interest on schemes' liabilities	(47,732)	(524)	(40,400)	(619)
Curtailment gains	1,264	-	736	-
Settlement losses	(249)	-	-	-
Contributions by employees	(9,126)	(202)	(8,999)	(172)
Benefits paid	26,362	614	40,067	683
Actuarial (losses)/gains	(65,891)	(214)	(116,548)	166
Impact of businesses acquired/disposed	(4,006)	-	-	-
Other movements	(2,559)	-	(1,109)	-
Exchange translation adjustment	(20,389)	(700)	(16,464)	318
Present value of schemes' liabilities at end of year	(928,965)	(4,770)	(791,907)	(8,597)
Present value of schemes' liabilities at end of year that relates to:				
Wholly unfunded plans	(14,813)	(4,770)	(12,555)	(8,597)
Wholly or partly funded plans	(914,152)	-	(779,352)	-
	(928,965)	(4,770)	(791,907)	(8,597)

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

	Pension 2010 €'000	Post- Retirement Medical 2010 €'000	Pension 2009 €'000	Post- Retirement Medical 2009 €'000
Fair value of assets in plans at beginning of year	604,418	-	492,786	-
Expected return on pension schemes' assets	42,146	-	31,986	-
Contributions by employer	55,086	412	50,572	511
Contributions by employees	9,126	202	8,999	172
Benefits paid	(26,362)	(614)	(40,067)	(683)
Actuarial gains	35,837	-	45,335	-
Impact of businesses acquired/disposed	3,001	-	-	-
Other movements	-	-	426	-
Exchange translation adjustment	14,060	-	14,381	-
Fair value of assets in plans at end of year	737,312	-	604,418	-

22. Retirement benefits obligation (continued)

(iii) Reconciliations for defined benefit plans (continued)

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

	Pension 2010 €'000	Pension 2009 €'000
Equities	477,722	395,058
Bonds	215,610	177,407
Property	9,756	9,489
Other	34,224	22,464
Total fair value of pension schemes' assets	737,312	604,418

The schemes' assets are invested with professional investment managers or in insurance contracts. Investments in the Group's own financial instruments, if any, are solely at the discretion of the investment managers concerned. The actual amount of the Group's own financial instruments held by the pension schemes during 2010 and 2009 were immaterial. No property held by the pension schemes was occupied by the Group nor were any other pensions schemes' assets used by the Group during 2010 and 2009.

During the year ending 31 December 2011, the Group expects to make contributions of approximately €51,000,000 in relation to its defined benefit plans.

(iv) Amounts recognised in the Consolidated Balance Sheet

The Group's net defined benefit post-retirement schemes' deficit at 31 December, which has been recognised in the Consolidated Balance Sheet, was as follows:

	Pension 2010 €'000	Post- Retirement Medical 2010 €'000	Total 2010 €'000	Pension 2009 €'000	Post- Retirement Medical 2009 €'000	Total 2009 €'000
Present value of schemes' liabilities	(928,965)	(4,770)	(933,735)	(791,907)	(8,597)	(800,504)
Fair value of assets in plans	737,312	-	737,312	604,418	-	604,418
Net deficit	(191,653)	(4,770)	(196,423)	(187,489)	(8,597)	(196,086)
Unrecognised past service cost	1,925	(202)	1,723	2,139	(413)	1,726
Net recognised deficit in plans before deferred tax	(189,728)	(4,972)	(194,700)	(185,350)	(9,010)	(194,360)
Net related deferred tax asset	48,208	1,908	50,116	49,477	3,500	52,977
Net recognised deficit in plans after deferred tax	(141,520)	(3,064)	(144,584)	(135,873)	(5,510)	(141,383)

22. Retirement benefits obligation (continued)

(v) Historical information

The history of the net deficit and experience gains and losses in the defined benefit schemes for the current and four previous years at 31 December are as follows:

	2010 €'000	2009 €'000	2008 €'000	2007 €'000	2006 €'000
Defined benefit pension schemes					
Present value of schemes' liabilities	(928,965)	(791,907)	(639,526)	(805,731)	(855,198)
Fair value of plans' assets	737,312	604,418	492,786	699,997	686,834
Net deficit in defined benefit pension plans	(191,653)	(187,489)	(146,740)	(105,734)	(168,364)
Experience gains/(losses) on schemes' liabilities	2,541	(5,560)	(16,491)	1,105	3,563
Experience gains/(losses) on schemes' assets	35,837	45,335	(215,196)	(41,330)	4,761
Defined benefit post-retirement medical schemes					
Present value of schemes' liabilities	(4,770)	(8,597)	(10,676)	(8,850)	(11,905)
Experience gains/(losses) on schemes' liabilities	362	957	(80)	1,957	1,352
Total defined benefit schemes					
Net recognised deficit in plans after deferred tax	(144,584)	(141,383)	(115,594)	(75,888)	(122,147)

23. Share capital

	2010 €'000	2009 €'000
Group and Company:		
Authorised		
280,000,000 A ordinary shares of 12.50 cent each	35,000	35,000
Allotted, called-up and fully paid (A ordinary shares of 12.50 cent each)		
At beginning of year	21,895	21,845
Shares issued during year	44	50
At end of year	21,939	21,895

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

Shares issued

During 2010 a total of **324,190** A ordinary shares were issued each with a nominal value of 12.50 cent, of which 180,790 were issued at €13.42 per share and a further 143,400 were issued at €8.00 per share to executives in the Group under the Executive Share Option Scheme. Also, **28,965** A ordinary shares, each with a nominal value of 12.50 cent, were issued at nominal value per share under the Long Term Incentive Plan.

During 2009, 307,070 A ordinary shares were issued each with a nominal value of 12.50 cent, of which 106,070 were issued at €13.42 per share and a further 201,000 were issued at €8.00 per share to executives in the Group under the Executive Share Option Scheme. Also, 95,296 A ordinary shares, each with a nominal value of 12.50 cent, were issued at nominal value per share under the Long Term Incentive Plan.

The total number of shares in issue at 31 December 2010 was **175,517,206** (2009: 175,164,051).

Share buy back programme

At the 2010 Annual General Meeting shareholders passed a resolution authorising the Company to purchase up to 5% of its own issued share capital which was not exercised in the year. In 2009 no shares were purchased under this programme.

24. Share-based payments

(a) Executive Share Option Scheme

		Number of Share Options 2010	Weighted Average Exercise Price 2010 €	Number of Share Options 2009	Weighted Average Exercise Price 2009 €
	Notes				
Outstanding at beginning of year		349,690	11.20	656,760	10.58
Exercised	23	(324,190)	11.02	(307,070)	9.87
Forfeited		(25,500)	13.42	-	-
Outstanding and exercisable at end of year		-	-	349,690	11.20

Options are equity settled and 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 was 1 October 2010.

The exercise price range for options outstanding at the end of 2009 was €8.00 – €13.42.

24. Share-based payments (continued)

(b) Long Term Incentive Plan

The Group operates an equity settled Long Term Incentive Plan (LTIP), under which an invitation to participate was made to executive Directors and senior executives. These invitations were made on three occasions to date, July 2006, March 2009 and March 2010. The proportion of each invitation which vests will depend on the Total Shareholder Return (TSR) and Earnings Per Share (EPS) performance of the Group during a three year period ('the performance period'). A proportion of invitations made in 2006 vested during 2009 and the invitations made in 2009/2010 will potentially vest in 2012/2013 if the targets set are achieved.

Up to 50% of the shares subject to an invitation will vest according to the Group's TSR performance during the performance period measured against the TSR performance of a peer group of listed companies. The remaining 50% of the shares subject to an invitation will vest according to the Group's adjusted EPS growth performance compared with the inflation adjusted targets during the performance period. An invitation may 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 and the changes during the year is presented below:

	Number of Conditional Awards 2010	Number of Conditional Awards 2009
Outstanding at beginning of year	200,793	1,076,792
Forfeited	-	(69,621)
Lapsed	-	(785,724)
Shares vested	-	(54,847)
Share options	-	(166,600)
New conditional awards	136,567	200,793
Outstanding at end of year	337,360	200,793
Exercisable at end of year	-	-

	Number of Share Options 2010	Number of Share Options 2009
Share options arising under the LTIP		
Outstanding at beginning of year	126,151	-
Vested under the LTIP scheme	-	166,600
Exercised	(28,965)	(40,449)
Outstanding and exercisable at end of year	97,186	126,151

Share options awarded under the LTIP scheme have an exercise price of 12.50 cent. The remaining life for share options outstanding is **5.75 years** (2009: 6.75 years).

24. Share-based payments (continued)

The fair value per award and the assumptions used in the calculations are as follows:

	2010 Conditional Award at Grant Date	2009 Conditional Award at Grant Date	2006 Conditional Award at Grant Date
Share price at grant date	€23.75	€14.30	€15.90
Exercise price per share	€0.125	€0.125	€0.125
Expected volatility	34.9%	31.1%	16.3%
Expected life	3 years	3 years	3 years
Risk free rate	1.5%	2.0%	3.6%
Expected dividend yield	1.0%	1.0%	1.0%
Expected forfeiture rate	5.0%	5.0%	5.0%
Weighted average fair value at grant date	€19.52	€12.16	€6.24
Valuation model	Monte Carlo Pricing	Monte Carlo Pricing	Monte Carlo Pricing

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 3 years. Market based vesting conditions, such as the TSR condition, have been taken into account in establishing the fair value of equity instruments granted. Non-market based performance conditions, such as the EPS condition, were not taken into account in establishing the fair value of equity instruments granted, however the number of equity instruments included in the measurement of the transaction is adjusted so that the amount recognised is based on the number of equity instruments that eventually vest. The weighted average share price at the date of exercise was **€24.02** (2009: €17.31).

The Group recognised an expense of **€1,271,000** (2009: €691,000) 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

		Group 2010 €'000	Group 2009 €'000	Company 2010 €'000	Company 2009 €'000
	Notes				
Depreciation (net) and impairment					
Depreciation	10	111,169	99,360	233	199
Fixed asset impairment	10	7,899	-	-	-
Computer software impairment	11	20,906	-	-	-
Available-for-sale investments impairment	12	10,690	-	-	-
Capital grants amortisation	17	(2,313)	(2,113)	(18)	(18)
		148,351	97,247	215	181
Change in working capital					
(Increase)/decrease in inventories		(39,063)	95,831	-	-
(Increase)/decrease in trade and other receivables		(24,642)	66,395	(10,000)	-
Increase/(decrease) in trade and other payables		40,923	(30,479)	48,825	35,431
Long term incentive plan expense	24	1,271	691	1,271	691
		(21,511)	132,438	40,096	36,122

26. Effect of exchange translation adjustments

	Notes	2010 €'000	2009 €'000
Group:			
Increase in assets			
Property, plant and equipment	10	54,146	18,051
Intangible assets	11	58,929	32,352
Inventories		24,969	9,381
Trade and other receivables		30,442	16,847
Cash and cash equivalents		8,604	4,128
Decrease in liabilities			
Trade and other payables		(43,616)	(23,967)
Tax liabilities		(2,215)	(1,551)
Financial instruments		(57,668)	(8,707)
Retirement benefits obligation		(7,063)	(1,753)
Other non-current liabilities		(641)	(6,740)
Deferred tax liabilities	6	(5,802)	(710)
Provisions for liabilities and charges	21	(1,106)	(1,853)
Deferred income	17	(201)	(72)
Retained earnings		(1,483)	4,203
		57,295	39,609

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

27. Business combinations

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

			Fair Value Adjustment		
		Acquiree's Carrying Amount Before Combination 2010 €'000	Revaluations 2010 €'000	Alignment of Accounting Policies 2010 €'000	Fair Value 2010 €'000
	Notes				
Recognised amounts of identifiable assets acquired and liabilities assumed:					
Non-current assets					
Property, plant and equipment	10/17	28,011	693	-	28,704
Brand related intangibles	11	12	31,523	-	31,535
Computer software	11	27	-	-	27
Current assets					
Inventories		24,238	-	-	24,238
Trade and other receivables		20,600	-	(288)	20,312
Current liabilities					
Trade and other payables		(15,378)	-	(281)	(15,659)
Non-current liabilities					
Deferred tax liabilities		(486)	(2,188)	-	(2,674)
Other non-current liabilities		(1,126)	(2,363)	-	(3,489)
Total identifiable assets		55,898	27,665	(569)	82,994
Goodwill	11				78,505
Total consideration					161,499
Satisfied by:					
Cash					150,681
Contingent consideration					6,846
Deferred payment					3,972
					161,499

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

The goodwill is attributable to the expected profitability, revenue growth, future market development and assembled workforce of the acquired businesses and the synergies expected to arise within the Group after the acquisition. **€51,283,000** of goodwill recognised is expected to be deductible for income tax purposes.

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

27. Business combinations (continued)

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

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

The principal acquisitions completed during 2010 are summarised as follows:

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

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

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

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

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

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

In December 2010, the Group acquired the following:

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

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

A number of acquisitions have been completed or signed since the year end and are discussed in note 31. As these acquisitions were only recently completed the initial accounting for these business combinations is incomplete and therefore the disclosure required is impracticable.

28. Contingent liabilities

	2010 €'000	2009 €'000
Company:		
(a) Guarantees in respect of borrowings of subsidiaries	1,301,715	1,401,605

(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 33, 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 2010 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 33.

The Company does not expect any material loss to arise from these guarantees.

29. Other financial commitments

(a) Commitments for the acquisition of property, plant and equipment at 31 December for which no provision has been made in the accounts are as follows:

	2010 €'000	2009 €'000
Group:		
Commitments for the acquisition of property, plant and equipment in respect of contracts placed	20,317	23,293
Expenditure for the acquisition of property, plant and equipment authorised by the Directors but not contracted for at the year end	50,893	33,252
	71,210	56,545

(b) At the balance sheet date the Group had commitments under non-cancellable operating leases which fall due as follows:

	2010 €'000	2009 €'000
Within 1 year	27,378	23,807
Within 2 to 5 years	51,600	44,676
After 5 years	23,993	25,507
	102,971	93,990

The operating lease charges during 2010 amounted to €30,520,000 (2009: €27,767,000).

The Group leases various buildings, plant and machinery and motor vehicles under non-cancellable lease arrangements. The Group has a number of leases but none of these leases are individually material. The leases have various terms, escalation clauses and renewal rights. The leases typically range from less than 1 year to 66 years.

30. Related party transactions

(a) Trading with Directors

In their ordinary course of business as farmers, certain Directors have traded on standard commercial terms with the Group's Agribusiness Division. Aggregate purchases from, and sales to, these Directors amounted to **€825,000** (2009: €821,000) and **€262,000** (2009: €311,000) respectively. The trading balance outstanding to the Group at the year end was **€8,000** (2009: €18,000).

All transactions with Directors were on standard 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) Trading with Parent Company

Other than as disclosed in earlier notes, transactions in the year between the Company and its subsidiaries included dividends receivable of **€10,003,000** (2009: €8,246,000) and cost recharges of **€5,850,000** (2009: €3,560,000).

(c) Trading with other related parties

Kerry Co-operative Creameries Limited is considered to be a related party of the Group as a result of its significant shareholding in the Parent Company, and the number of Directors in common as detailed in the Report of the Directors. During 2010 dividends of **€10,849,000** (2009: €9,685,000) were paid to Kerry Co-operative Creameries Limited based on its shareholding.

(d) Transactions with key management personnel

The Board of Directors are deemed to be key management personnel of Kerry Group plc as they are responsible for planning, directing and controlling the activities of the Group.

In addition to their salaries, the Group also contributes to post employment defined benefit plans on the executive Directors behalf and these Directors also participate in the Group's Long Term Incentive Plan (LTIP) (note 22 and 24 respectively).

Remuneration cost of key management personnel is as follows:

	2010 €'000	2009 €'000
Short-term benefits (salaries, fees and other short-term benefits)	5,609	5,473
Post-retirement benefits	454	240
LTIP accounting charge	915	361
Other long-term benefits	-	-
Termination benefits	-	-
Total	6,978	6,074

Details of the remuneration of the Group's individual Directors, together with the number of Kerry Group plc shares owned by them and their interest in the LTIP are set out in the Report of the Directors on pages 63 to 66.

Dividends totalling **€103,000** (2009: €92,000) were also received by key management personnel during the year, based on their personal interests in the shares of the company.

31. Events after the balance sheet date

Since the year end, the Group has:

- completed acquisitions to the value of €25,800,000 including:
 - EBI Cremica, a provider of food coating systems to the food processor and foodservice sectors in India; and
 - Headland Foods, a leading manufacturer of frozen customer branded ready meals supplying major retailers in the UK.
- entered into an agreement to sell assets relating to the Limerick Dairies business in Ireland; and
- proposed a final dividend of 20.00 cent per A ordinary share (see note 9).

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

32. Reserves

Capital redemption reserve

Capital redemption reserve represents the nominal cost of the cancelled shares in 2007.

Capital conversion reserve fund

This reserve represents the amount transferred to reserves as a result of renominating the share capital of the parent company due to the euro conversion in 2002.

Long term incentive plan reserve

This reserve relates to invitations made to employees to participate in the Group's Long Term Incentive Plan. Further information in relation to this share based payment is set out in note 24.

Available-for-sale investment reserve

Accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income. Net amounts are reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Translation reserve

Exchange differences relating to the translation of the balance sheets of the Group's foreign currency operations from their functional currencies to the Group's presentation currency (i.e. euros) are recognised directly in other comprehensive income and accumulated in the translation reserve.

Hedging reserve

The hedging reserve represents the effective portion of gains and losses on hedging instruments from the application of cash flow hedge accounting for which the underlying hedged transaction is not impacting profit or loss. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss.

Retained earnings

Retained earnings refers to the portion of net income which is retained by the Group rather than distributed to shareholders as dividends.

33. Principal subsidiaries

Company Name	Nature of Business	Country	Registered Office
Breeo Brands Limited	Consumer Foods	Ireland	1
Breeo Enterprises Limited	Consumer Foods	Ireland	1
Breeo Foods Limited	Consumer Foods	Ireland	1
Charleville Research Limited	Services	Ireland	1
Cuarto Limited	Ingredients & Flavours	Ireland	1
Dawn Dairies Limited	Consumer Foods	Ireland	1
Duffy Meats Limited	Consumer Foods	Ireland	1
Dynaboo Limited	Consumer Foods	Ireland	1
Fambee Limited	Consumer Foods	Ireland	1
Freshways Limited	Consumer Foods	Ireland	1
Glenealy Farms (Turkeys) Limited	Consumer 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 & Flavours	Ireland	1
Golden Vale Holdings Limited	Investment	Ireland	1
Golden Vale Investments Limited	Investment	Ireland	1
Golden Vale Limerick Limited	Consumer Foods	Ireland	1
Golden Vale Limited	Investment	Ireland	1
Henry Denny & Sons (Ireland) Limited	Consumer Foods	Ireland	1
Irish Cold Stores Limited	Consumer 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 & Flavours	Ireland	1
Kerry Group Business Services Limited	Services	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 & Flavours Limited	Ingredients & Flavours	Ireland	1
Kerry Ingredients (Ireland) Limited	Ingredients & Flavours	Ireland	1
Kerry Ingredients Holdings (Ireland) Limited	Investment	Ireland	1
Kerry Ingredients Trading Limited	Ingredients & Flavours	Ireland	1
Kerry Treasury Services Limited	Services	Ireland	1
Kerrykream Limited	Consumer Foods	Ireland	1
Lifeforce Foods Research Limited	Consumer Foods	Ireland	1
National Food Ingredients Limited	Ingredients & Flavours	Ireland	1
National Rusks Limited	Ingredients & Flavours	Ireland	1
Newmarket Co-operative Creameries Limited	Consumer Foods	Ireland	1
Newmarket Marketing Company Limited	Agribusiness	Ireland	1
Newmarket Co-op Supervalu Limited	Agribusiness/Investment	Ireland	1
Newmarket Farms Limited	Agribusiness	Ireland	1
Newmarket Retail Limited	Agribusiness	Ireland	1
Pixundo Limited	Consumer Foods	Ireland	1
Plassey Holdings Limited	Investment	Ireland	1
Platters Food Company Limited	Consumer Foods	Ireland	1

33. Principal subsidiaries (continued)

Company Name	Nature of Business	Country	Registered Office
Princemark Holdings Limited	Services	Ireland	1
Quandu Limited	Consumer Foods	Ireland	1
Rye Developments Limited	Services	Ireland	1
Rye Investments Limited	Consumer Foods	Ireland	1
Rye Valley Foods Limited	Consumer Foods	Ireland	1
Snowcream (Midlands) Limited	Consumer Foods	Ireland	1
Trundu Limited	Consumer Foods	Ireland	1
William Blake Limited	Ingredients & Flavours	Ireland	1
Breeo Food Products (Northern Ireland) Limited	Consumer Foods	UK	2
Henry Denny & Sons (NI) Limited	Consumer Foods	UK	2
Dairy Produce Packers Limited	Ingredients & Flavours	UK	3
Golden Cow Dairies Limited	Consumer Foods	UK	3
Golden Vale (NI) Limited	Investment	UK	3
Leckpatrick Dairies Limited	Consumer Foods	UK	3
Leckpatrick Holdings Limited	Investment	UK	3
Diversity Foods Limited	Consumer Foods	UK	4
Kerry Foods Limited	Consumer Foods	UK	4
Kerry Foods Distribution Limited	Consumer Foods	UK	4
Kerry Holdings (U.K.) Limited	Investment	UK	4
Kerry Savoury Foods Limited	Consumer Foods	UK	4
Noon Group Limited	Consumer Foods	UK	4
Dairyborn Foods Limited	Ingredients & Flavours	UK	5
Cereal Innovations Limited	Ingredients & Flavours	UK	6
Dale Country Foods Limited	Ingredients & Flavours	UK	6
EBI Foods Limited	Ingredients & Flavours	UK	6
Gordon Jopling (Foods) Limited	Ingredients & Flavours	UK	6
Kerry Ingredients (UK) Limited	Ingredients & Flavours	UK	6
Kerry Ingredients Holdings (U.K.) Limited	Investment	UK	6
Titusfield Limited	Ingredients & Flavours	UK	6
Spicemanns Limited	Ingredients & Flavours	UK	7
Dera Food Technology Limited	Ingredients & Flavours	UK	8
SpringThyme Oils Limited	Ingredients & Flavours	UK	9
Dera Holding NV	Ingredients & Flavours	Belgium	10
Kerry (NL) B.V.	Ingredients & Flavours	Netherlands	11
Kerry Group B.V.	Investment	Netherlands	11
Dera Food Technology CZ SRO	Ingredients & Flavours	Czech Republic	12
Kerry Foods France Sarl	Ingredients & Flavours	France	13
Kerry Ingredients France S.A.S.	Ingredients & Flavours	France	14
Kerry Ingredients Holdings (France) S.A.	Investment	France	14
Kerry Savoury Ingredients France S.A.S.	Ingredients & Flavours	France	15
Kerry Foods GmbH.	Ingredients & Flavours	Germany	16
Kerry Ingredients GmbH.	Ingredients & Flavours	Germany	16
Crema Ingredients A/S	Ingredients & Flavours	Denmark	17
Kerry Ingredients & Flavours Italia S.p.A.	Ingredients & Flavours	Italy	18
Kerry Polska Sp. z o.o.	Ingredients & Flavours	Poland	19
Kerry Hungaria KFT.	Ingredients & Flavours	Hungary	20
Dera Food Technology ROM SRL	Ingredients & Flavours	Romania	21
Kerry Limited Liability Company	Ingredients & Flavours	Russia	22

33. Principal subsidiaries (continued)

Company Name	Nature of Business	Country	Registered Office
Kerry Bio-Science Egypt Misr L.L. Co.	Ingredients & Flavours	Egypt	23
Kerry Ingredients South Africa (Pty) Limited	Ingredients & Flavours	South Africa	24
Dera SK SRO	Ingredients & Flavours	Slovakia	25
Dera Limited	Ingredients & Flavours	Ukraine	26
Flavurence Corporation	Ingredients & Flavours	USA	27
GB Seasonings Inc.	Ingredients & Flavours	USA	27
Geneva Flavors Inc.	Ingredients & Flavours	USA	27
Guernsey Bel, Inc.	Ingredients & Flavours	USA	27
Kerry Biofunctional Ingredients Inc.	Ingredients & Flavours	USA	27
Kerry Holding Co.	Investment	USA	27
Kerry Inc.	Ingredients & Flavours	USA	27
Mastertaste Holding Co.	Investment	USA	27
Nuvex Ingredients Inc.	Ingredients & Flavours	USA	27
X-Café LLC	Ingredients & Flavours	USA	27
Hickory Specialties Inc.	Ingredients & Flavours	USA	28
Oregon Chai, Inc.	Ingredients & Flavours	USA	29
Stearns & Lehman, Inc.	Ingredients & Flavours	USA	30
Presco Food Seasonings Inc.	Ingredients & Flavours	USA	31
Can-Pan Candy Inc.	Ingredients & Flavours	Canada	32
Kerry (Canada) Inc.	Ingredients & Flavours	Canada	33
Kerry (Quebec) Inc.	Ingredients & Flavours	Canada	34
Nutrisens Inc.	Ingredients & Flavours	Canada	35
Rector Foods Limited	Ingredients & Flavours	Canada	36
Kerry Ingredients (de Mexico) S.A. de C.V.	Ingredients & Flavours	Mexico	37
Kerry do Brasil Ltda.	Ingredients & Flavours	Brazil	38
Vittaflavour Ltda.	Ingredients & Flavours	Brazil	38
Kerry de Amazonia Ingredientes e Aromas Limitada	Ingredients & Flavours	Brazil	39
Prima S.A. de C.V.	Ingredients & Flavours	Costa Rica	40
Kerry Chile Ingredientes, Sabores Y Aromas Limitada	Ingredients & Flavours	Chile	41
Kerry Ingredients (Thailand) Limited	Ingredients & Flavours	Thailand	42
Kerry Food Ingredients (Philippines), Inc.	Ingredients & Flavours	Philippines	43
Kerry Food Ingredients (Cebu), Inc.	Ingredients & Flavours	Philippines	44
Kerry Ingredients (S) Pte Limited	Ingredients & Flavours	Singapore	45
Kerry Ingredients (M) Sdn. Bhd.	Ingredients & Flavours	Malaysia	46
Kerry Japan Kabushiki Kaisha	Ingredients & Flavours	Japan	47
Kerry Food Ingredients (Hangzhou) Company Limited	Ingredients & Flavours	China	48
Kerry Ingredients Trading (Shanghai) Limited	Ingredients & Flavours	China	49
Kerry Ingredients Indonesia Pty. Limited	Ingredients & Flavours	Indonesia	50
Kerry Ingredients India Pvt. Limited	Ingredients & Flavours	India	51
Kerry Ingredients Australia Pty. Limited	Ingredients & Flavours	Australia	52
Kerry Ingredients (NZ) Limited	Ingredients & Flavours	New Zealand	53

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.

33. Principal subsidiaries (continued)

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 9 Kelvin Avenue, Hillington, Glasgow, G52 4LR, Scotland.
- 8 Unit 1, Derby Road Business Park, Clay Cross, Derbyshire S45 9AG, England.
- 9 Springthyme House, Unit 6A, Meadway, Padiham, Lancashire BB12 7NG, England.
- 10 Woestijnstraat 37, 2880 Bornem, Belgium.
- 11 Veluwezoom 62, 1327 AH Almere, The Netherlands.
- 12 Marikova, 36 Brno, Czech Republic.
- 13 Les Monestiers, 84400 Gargas, France.
- 14 Quartier Salignan, 84400 Apt en Provence, France.
- 15 26 Rue Jacques Prevert, 59650 Villeneuve d'Ascq, France.
- 16 Hauptstrasse 22-26, D-63924 Kleinheubach, Germany.
- 17 Toftegardsvej 3, DK-5620, Glamsbjerg, Denmark.
- 18 Via Cappitani Di Mozzo 12/16, 24030 Mozzo (BG), Italy.
- 19 25-558 Kielce, Ul. Zagnanska 97a, Kielce, Poland.
- 20 2045 Torokbalint, FSD Park 2, Hungary.
- 21 Sectorul 3, 42 Duesti-Pantelimon Road, 033094 Bucharest, Romania.
- 22 Office 901-B, Building 1, 16/2 Tverskaya Street, Moscow, 125009, Russia.
- 23 31 Imam Ali Street, Ismailia Square, Heliopolis, Cairo, Egypt.
- 24 Unit 24 Sancroy Commercial Park, Die Agora Road, Croydon, Gauteng, South Africa.
- 25 Sancova 50, 811 04 Bratislava, Slovakia.
- 26 4 Korolenkivska str., Kiev, Ukraine.
- 27 2711 Centerville Road, Wilmington, Delaware 19808, USA.
- 28 2908 Poston Avenue, Nashville, Tennessee 37203, USA.
- 29 285 Liberty Street NE, Salem, Oregon 97301, USA.
- 30 50 West Broad Street, Columbus, Ohio, 43215, USA.
- 31 7 St. Paul Street, Suite 1660, Baltimore, Maryland 21202, USA.
- 32 Suite 800, 1 First Canadian Place, Toronto, Ontario, M5X 1A2, Canada.
- 33 Suite 3600, 55 King Street West, Toronto-Dominion Bank Tower, Toronto Dominion Center, Toronto, M5K 1N6, Canada.
- 34 615 Jack Ross Ave., P.O. Box 968, Woodstock, Ontario, N4S 8A4, Canada.
- 35 1 Place du Commerce, Suite 403, Verdun, Quebec, H3E 1A2, Canada.
- 36 66 Wellington Street, Toronto-Dominion Bank Tower, Toronto, Ontario, M5K 1N6, Canada.
- 37 Carr. Panamericana, Salamanca Km 11.2, 36660 Irapuato, Guanajuato, Mexico.
- 38 Rua Cristiano Alves da Silva, 15 - Parque Jussara - Tres Coracoes - MG - Brazil.
- 39 Av. Djalma Batista, no. 1661, Millenium Shopping Mall, Business Tower, Cidade De Manaus, Estado de Amazonas, Brazil.
- 40 200 metros al este del Banco Nacional en la Uruca Contiguo a la Bomba Shell, San José, Costa Rica.
- 41 Isidora Goyenechea 2800, Piso 43, Las Condes, Santiago, Chile.
- 42 No 618, Moo 4, Bangpoo Industrial Estate, Praksa Sub District, Muang District, Samutprakarn Province, Thailand.
- 43 GF/SFB#1, Mactan Economic Zone 1, Lapulapu City, Cebu, Philippines.
- 44 P. Suico St., Tabok, Mandaue City, Cebu, Philippines.
- 45 3 Anson Road, #27-01 Springleaf Tower, Singapore 079909, Singapore.
- 46 Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia.
- 47 Kamiyacho Sankei Building, 2F, 1-7-2, Azabudai 1-chome, Minato-ku, Tokyo 106-0041, Japan.
- 48 Renhne Industry Zone, Jiulong Village, Hangzhou, China.

33. Principal subsidiaries (continued)

Registered Office (continued)

- 49 Room 248, Ximmao Building, 2 Tai Zhong Road South, Waigaoqiao Free Trade Zone, Shanghai, China.
- 50 JL Industri Utama Blok SS No. 6, Jababeka II Mekarmukti, Cikarang Utara, Bekasi 17520, Indonesia.
- 51 17th Floor, Nirmal Building, Nariman Point, Mumbai 400 021, India.
- 52 No 8 Holker Street, Newington, NSW 2127, Australia.
- 53 11-13 Bell Avenue, Otahuhu, Auckland, New Zealand.