Press Announcement

24 February 2004

Kerry Group plc Annual Results 2003

Kerry, the global ingredients, flavours and consumer foods group reports preliminary results for the year ended 31 December 2003.

Financial Highlights

- Like-for-like sales growth of 4.6%
- Operating profit* on a like-for-like basis increased by 7.6%
- Operating margin* up from 8.1% to 8.4%
- Profit after tax* increased by 10.3%
- Earnings per share* increased by 10.1% to 112.1 cent
- Earnings* increased by 15% on a like-for-like basis
- Dividend per share up 10% to 12.65 cent
- Free cash flow €204m

****adjusted for goodwill and exceptionals***

Kerry Group Chief Executive, Hugh Friel said:
"In a year marked by significant currency shifts, Kerry achieved an excellent operational and financial performance. Like-for-like sales grew by 4.6% and the Group operating margin increased by 30 basis points to 8.4%. All Kerry businesses are well positioned to lead new product developments to meet consumer nutrition and lifestyle requirements. Market development continues through a strong pipeline of acquisition opportunities and, at current currency exchange rates, we are confident of meeting market earnings expectations in 2004".

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Kerry Group plc

Preliminary Statement

Results for the year ended 31 December 2003

Kerry achieved an excellent operational and financial performance across all its businesses in 2003. Against a background of exceptionally rapid currency movement in the Group's major markets, this strong business performance was realised through Kerry's capability to create and produce lifestyle and nutritional foods, flavours and ingredients to meet consumer demands for healthy, convenient, tasteful food and beverages. Awareness of dietary, nutritional and health issues was pervasive across all major consumer markets in 2003 – providing a strong stimulus for innovation and new product development.

While continuing to invest for future growth through capital development projects, research and development and ongoing strategic acquisition programmes, the Group again delivered in excess of €200m free cash flow.

Results

The Group's principal foreign currency exposures relate to sterling and the US dollar. Kerry minimises the impact of balance sheet translation exposure primarily through matching net foreign currency investments with foreign currency borrowings. While the Group may hedge foreign exchange transaction exposure, it does not hedge profit translation exposure. Accordingly the 20% depreciation of the US dollar exchange rate versus the euro and the 10% depreciation of sterling versus the euro over the past year has significantly impacted the translation of Group profits and sales in the Americas and the UK markets. Notwithstanding such currency movement total Group turnover reported at €3.7 billion was broadly similar to the prior year level. On a like-for-like basis, adjusting for acquisitions, divestitures and the impact of foreign exchange translation, total sales grew by 4.6% year-on-year.

Operating profit before goodwill in 2003 was reported at €308.5m. On a like-for-like basis, this reflects an increase of 7.6% on the prior year level. The Group focused considerable attention in 2003 on manufacturing synergies, supply chain efficiencies and improvements in the product mix – replacing lower margin lines with innovative products. As a result, the Group operating margin increased by 30 basis points to 8.4%.

Adjusted profit after tax increased by 10.3% to €208m. Adjusted earnings per share increased by 10.1% to 112.1 cent. On a like-for-like basis this result reflects earnings growth of 15% year-on-year. Earnings per share after allowing for goodwill and exceptionals increased from 56.1 cent in 2002 to 86.7 cent in 2003.

Net expenditure on capital projects at €92.8m was similar to the previous year's level. Expenditure on the Group's 2003 acquisition programme amounted to €208m and expenditure on research and development programmes increased by 12.6% to €88.4m.

Operations Reviews

Ireland and Rest of Europe

Sales originating from Irish based operations reported at €1.33 billion reflect a 3% reduction on the prior year level due to business disposals and impact of currency. On a like-for-like basis, sales grew by 3% and operating profit increased by 11% to €69m. The operating margin of Irish based operations increased by 60 basis points year-on-year.

Reported turnover from European operations (excluding Ireland) at €1.27 billion was also slightly reduced due primarily to the lower sterling to euro exchange rate. This performance reflects underlying sales growth of 4.9% year-on-year. Operating profits increased to €112m, reflecting like-for-like growth of 7.7% and the operating margin grew by 30 basis points to 8.8%.

In European ingredients markets growth and market development was strongly influenced by trends in consumer markets – in particular greater awareness of health and food safety in addition to the increased demand for convenience. In 2003 food processor and foodservice markets benefited from the increased demand for more appetising, varied, natural and convenient foods. In the savoury ingredients sector Kerry recorded good growth through seasonings and protein blends and through snack flavourings in particular in Eastern Europe and Germany. Conditions in European food coatings markets again proved highly competitive due to cereal raw material cost increases. However, due to its continuing focus on manufacturing efficiencies throughout its pan-European facilities and through product price increases, Kerry made satisfactory progress in the sector – particularly in seafood applications. The UK based EBI business, acquired in 2002, continued to record strong profitable growth in added-value coatings applications in foodservice markets throughout Europe and the Far East. In the fast growing European convenience food sector, the Aromont and Voyager businesses, acquired in late 2001, again made excellent progress particularly through culinary systems and sauces for the prepared meals sector.

In 2003 fruit participated as a key health ingredient in consumer products, providing a good platform for growth in usage of fruit preparations in European chilled and frozen dairy products, confectionery, bakery and biscuit markets. Kerry's sweet ingredients business also made good progress in those sectors through inclusions, particulates and coatings, while York Dragee also grew its retail offering of functional and health confectionery products.

Demand for high-protein functional foods and low-carbohydrate lines also provided good growth opportunities for Kerry's speciality dairy ingredients business. Further progress was achieved through functional dairy applications for nutritional beverages, sports beverages and infant formula.

Kerry's consumer foods business units in the UK and Ireland again grew satisfactorily in 2003, further enhancing Kerry Foods reputation as the leading added-value supplier of chilled foods in both markets. Through a continuing focus on innovation, convenience and consumer choice, the division's portfolio of brands all grew respective market positions. Denny remains market leader in sausage, rasher and pre-packed cooked meats – leading innovation and development of all category sub segments in the Irish market. Kerry Foods cheese and cheese snack brands all achieved an excellent performance in 2003. Charleville, Coleraine, and EasiSingles all grew market share with Charleville becoming the leading natural cheese brand in Ireland. Cheese snacking again recorded double-digit market growth in Ireland and the UK in 2003. Cheestrings remains the fastest-growing brand in the cheese snacks market and Attack-a-Snak, launched into the children's lunchbox market sector in late 2002, has already established a strong market position. The €14m capital investment programme at the Charleville plant, which will significantly increase production capacity across the Cheestrings range, is well advanced with Stage 1 on target for commissioning by mid-year 2004.

In the European foodservice sector, Kerry Foods consolidated its position as a leading supplier of sliced cheese to quick-serve restaurants.

Freshways, the leading brand in the Irish pre-packed sandwich market, acquired late in 2002, performed well. Construction of a new €14m manufacturing facility in Dublin was completed prior to year-end. Convenient pre-packed on-the-go salads were also added to the Freshways range. In a further development of Kerry's foodservice operations in Ireland, 'Kerryfresh', a dedicated chilled foodservice business designed to meet the needs of both retailers and food-to-go outlets on a nationwide basis, was also launched in late 2003.
Saint Brendan's Cream Liqueur again grew volume and market share in 2003 but margins were lower due to relative sterling/dollar exchange rates. The cream liqueur direct to retail business in the UK performed well and prior to year-end the business successfully launched Shannon's Irish Coffee – a market first in terms of a microwaveable Irish Coffee product.

Kerry's dairy and low-fat spreads all made good progress in each market segment. Omega 3 and 6 variants were added to the Low Low brand in 2003 and in the UK the division launched the markets first low-fat probiotic spread.

Richmond and Wall's maintained strong number 1 and 2 positions in the UK sausage market. Porkinsons and Bowyers 95% Fat Free also grew market shares. Wall's innovation in the frozen segment of the market brought new customers to the market segment through the launch of shaped meat products. Prior to year-end the Mr Brain's branded pork meats business, formerly part of the Hibernia Foods Group, was also added.

The UK chilled convenience foods market grew by 7% year-on-year. Kerry Foods outperformed market growth rates in chilled ready meals, cooked meats and savoury pastry. Rye Valley Foods also grew market share in the UK frozen ready meals category. The acquisition of the former Hibernia Foods Group facility in Hartlepool (UK) prior to year-end further consolidates its leading market position in this sector. The business also acquired the former Hibernia chilled patisserie facility in Birmingham, broadening the divisions' range of chilled products to the UK retail sector.

Trading conditions in the Irish and UK poultry sectors proved challenging in 2003 due to the time lag in securing product price increases. A strong Christmas trade provided some uplift but overall performance in the sector was below the previous year's level.

Kerry Foods Direct to Store continued to develop its market leadership position in the UK convenience and forecourt sectors. In its first full year following the integration of the Northern Foods van sales business, the division enjoyed strong growth particularly in the sandwich category and other related 'eat now' product areas.

Globalisation of the flavour industry continued apace in 2003 due to growth in demand for convenience foods, growth in natural flavour usage, flavour technology advances, trends towards more exotic flavours and growth in functional beverage markets. In Europe Mastertaste Italy significantly outperformed market growth rates, benefiting from leading beverage developments and new product launches in the beverage category. Driven by the increased demand for natural flavours, Mastertaste UK also grew satisfactorily particularly through advanced savoury applications with multinational customers. Exploiting the newly acquired citrus technology arising from the Florida based SunPure acquisition, the division also successfully extended its sweet and beverage flavour applications through its pan-European customer base. Mastertaste also made good progress in Eastern European markets.

Americas

As reported at the end of the first half of 2003, the significant shift in the exchange rate of the US dollar versus euro impacted translation of sales and profits in American markets. This adverse translation effect meant that sales for the full year as reported at €939m are slightly reduced on the 2002 level. However, on a like-for-like basis sales in 2003 increased by 6% and operating profits reported at €113m reflect an increase of 5.5% on a like-for-like basis relative to 2002. The operating margin was reduced by 70 basis points to 12.1% due to the cumulative operational impact of the heavy acquisition programme over the past three years, establishment costs associated with the Mastertaste flavour division and decentralisation costs arising from the restructuring of the food ingredients strategic business units in the USA.

The key driver of development in the North American food industry in 2003 was the challenge to meet consumer nutrition and 'wellness' expectations through food and beverage applications. All Kerry businesses were well positioned to lead new product developments through the division's application specific ingredients technologies. The Group's Nutriant division, launched in 2002, is dedicated to development and commercialisation of ingredients and systems to meet specific nutritional requirements. In particular, its soy protein and nutritional platform has established a strong market position in pasta, cereal, baked goods and nutrition bar categories. Delivering superior taste compared to other soy alternatives, Nutriant soy ingredients were central to the successful launch of new low-carbohydrate foods late in 2003. Production capacity at the division's organically certified soy isolates plant, the only organically certified plant of its kind, was significantly increased to meet market requirements.

In speciality ingredients, sectoral growth areas included dry sauces for private label markets and nutritional lipids for functional bar applications. In the coatings sector, product price increases failed to match higher cereal raw material prices and energy costs, resulting in lower margins. Management is addressing improved business efficiencies and improvements in the product mix, including introduction of highly flavoured systems and low-carbohydrate coatings which have brought new opportunities in higher value-added products.

Kerry's sweet ingredients business also benefited from the increased focus on nutritional products – supplying high protein crisp rice, high protein coatings and caramels, no added sugar, and sugar free coatings.

Having consolidated the Group's various interests in foodservice across North American markets, the new Kerry Foodservice division made good progress through its customised and branded food and beverage solutions. The Kerry Innovation Center in Dallas was established, incorporating a team of product development and culinary specialists dedicated to the provision of unique menu offerings to add value to foodservice chain customers' business. In 2003, sales of flavoured syrups to the fast growing speciality coffee sector proved very successful. Golden Dipt Coatings also had a good year in foodservice markets. Kerry Seasonings continued to make good progress through meat seasoning and liquid sauce sales to U.S. based meat and poultry processors. Rector Foods, Kerry's meat seasonings business in Canada, also performed well. In the U.S. and Canada good progress was achieved in snack seasonings through the launch of new premium seasoning blends.

Weaker economic conditions in Mexico and Central America meant that business development in the region was slower in 2003. A new processing plant for production of ready-to-use sauce systems was commissioned and good progress was achieved in regional foodservice markets.

Kerry made encouraging progress in South American markets in 2003, despite the relatively slow pace of economic recovery in the region. The business was well placed to benefit through import substitution in cheese and dairy, functional dairy ingredients and speciality lipid applications. In Brazil, Kerry consolidated its position as the number one supplier into the artisinal ice-cream sector. Progress continued in the meat seasoning sector and through the development of sweet ingredients for the growing cereal bar market in the region.

Mastertaste North America performed in line with market trends in its savoury and beverage business units. In sweet flavour applications, Mastertaste outperformed market growth rates through provision of cost effective innovative solutions. In 2003 Mastertaste established a new flavour research laboratory and pilot plant facilities in Mexico City to service Mexican and Central American markets.

In North American markets the following acquisitions were completed in 2003.

(a) Ingredients Businesses

Guernsey Bel, a leading innovator and provider of value-added ingredients and inclusions technology for the premium ice-cream, breakfast cereal, bakery, nutritional bar, frozen dessert and confectionery industries – operating from two modern manufacturing facilities located in Chicago and in Hayward, California.

Pacific Seasonings, a leading manufacturer of seasonings and spices for the meat, prepared foods and snack food industries – operating from manufacturing facilities in Seattle (organic certified) and Detroit.

Da Vinci Gourmet, based in Seattle, Washington – a leading manufacturer of branded flavoured syrups, confectionery sauces and tea concentrates, serving speciality coffee chains, speciality food and grocery stores and foodservice outlets in more than forty countries.

(b) Flavour Businesses

SunPure, a leading producer of natural citrus flavours and ingredients – located at the centre of the North American citrus industry in Lakeland, Florida. The business, which is also a significant producer of apple essence and beverage flavours and bases, is focused on meeting the requirements of leading flavour houses, branded beverage companies and private label beverage producers.

Crystals International, a leading specialist manufacturer of natural fruit and vegetable flavours for beverage, confectionery, dairy, nutraceutical and pharmaceutical applications. Based in Plant City, Florida, the business is recognised as a leading global provider of speciality all-natural fruit flavours.

Asia Pacific

Kerry businesses reported an excellent performance across Asia Pacific markets in 2003. Sales increased by 9.9% to €157m reflecting like-for-like sales growth of 12.3%. Operating profits increased by 13.9% to €14.5m and by 11.9% on a like-for-like basis year-on-year.

In Australia, 2003 was Kerry's most successful year to-date in terms of business development and new product introductions. Gains were achieved in the meat and poultry sectors, the quick-service restaurant sectors and in particular in the foodservice beverage sector. The Pinnacle bakery division also made solid progress.
In New Zealand strong growth was again achieved through coatings and marinades for the added-value poultry sector, through snack seasoning applications utilising Kerry global technology and through new product offerings to quick-service restaurants.

In Asia speciality ingredients grew across the region. Kerry's investment in Thailand in late 2002 has established a strong platform in the meat seasonings sector and in coatings for seafood and meat applications. Sales were particularly strong in South East Asia across all technologies but particularly in speciality lipids, nutritional powders, cheese powders and food coating systems. Trends in the beverage and snack industries in Asia are most encouraging and Kerry is increasingly selected as the supplier of choice in this dynamic marketplace. In North Asia, Kerry made good progress in the nutritional sector which grew in excess of 10% year-on-year.
Building on the Group's recent acquisition of Da Vinci Gourmet and Pacific Seasonings, prior to year-end Kerry established a new foodservice business unit in Asian markets to capitalise on its enhanced product offering to gourmet coffee houses and speciality chains across the region. Da Vinci Gourmet is already the established leading branded flavoured syrups provider to Japan's speciality coffee market.

Finance

The Group maintained its record of strong free cash flow generation in 2003. After a working capital reduction of €8m, net cash expenditure on capital projects of €93m, interest payments of €41m, tax of €40m and dividends of €22m, free cash flow available to the Group was €204m. The total consideration, including debt, arising from Group acquisitions in 2003 amounted to €208m. Net debt at year-end amounted to €705m compared to the prior year-end level of €764m. Debt to EBITDA stood at a comfortable 1.9 times.

The impact of the recent significant shift in dollar and sterling exchange rates versus the euro was most pronounced at operating profit level. At net earnings level the impact is reduced due to translation of dollar and sterling interest, goodwill and tax charges. Interest charges were €37m compared to the 2002 level of €50m, with EBITDA to interest covered 10.5 times (2002 : 7.8 times).

In 2003, the placement of US$650m Senior Notes with U.S. institutional investors was successfully completed, lengthening the Group's debt maturity profile. The average maturity of net debt at year-end stood at 7.8 years.

The total number of shares in issue at year-end was 185,874,145 (2002: 185,613,945).

Since 2001, the Group has pursued a sustained business expansion and technical development programme through over twenty acquisitions in North American markets – significantly enhancing Kerry's capabilities in all core ingredients and flavour strategic markets. In 2004, this manufacturing base will be restructured on a once-off basis to maximise operational efficiencies. Net of tax, the exceptional charge arising from this restructuring programme is expected to be offset through the sale of redundant or non-core assets.

Dividend

The Board has declared a final dividend of 8.6 cent per share, an increase of 9.6% on 2002. Together with the interim dividend of 4.05 cent per share, this raises the total dividend payment for the year to 12.65 cent per share, an increase of 10% on the 2002 dividend. The final dividend will be paid on 28 May 2004 to shareholders registered on the record date 30 April 2004.

Board and Management Changes

As previously announced, on 1 August 2003 Mr. Denis Brosnan retired as Chairman and Director of the Group and was succeeded as Chairman by Mr. Denis Buckley, Vice-Chairman of Kerry Group plc since March 1996.

Mr. Michael Griffin has today retired as an Executive Director of the Board and will step down from his position as CEO of Kerry Foods, the Group's consumer foods division, at the end of February. Mr. Griffin joined the Kerry organisation in 1973 and was appointed General Manager of Kerry Foods (UK) in 1986. He joined the Board as an Executive Director in 1990 and was appointed CEO of Kerry Foods in 1993.

Mr. Flor Healy, currently General Manager of Kerry Foods Ireland, has been appointed to succeed Mr. Griffin as CEO of Kerry Foods and as an Executive Director of Kerry Group plc. Mr. Healy joined Kerry's Graduate Recruitment Programme in 1984 and served in a number of key positions across the Group's foods businesses prior to his appointment in 1997 as General Manager of Kerry Foods in Ireland.

The Board has today also co-opted Mr. Michael J. Sullivan as a non-executive Director to the Board of the company. Mr. Sullivan served as United States Ambassador to Ireland from January 1999 to June 2001 and as a Governor of the State of Wyoming between 1987 and 1995. A member of the Bar, State of Wyoming, Mr. Sullivan is also a non-executive Director of Allied Irish Banks plc, Sletten Construction Inc., and Cimarex Energy Inc.

Annual Report and Annual General Meeting

The Group's Annual Report will be published at the end of April and the Annual General Meeting will be held in Tralee on 25 May 2004.

Future Prospects

Group businesses are well positioned to continue to grow and develop in line with increasing consumer demand for convenient, nutritional, lifestyle foods and beverages. The trading outlook for the current year is good and, at current currency exchange rates, the Group is confident of meeting market earnings expectations in 2004.

Kerry Group plc
Consolidated Profit and Loss Account
for the year ended 31 December 2003

	Notes	2003 €'000	2002 €'000
Turnover			
Continuing operations	1	**3,693,410**	3,754,808
Operating profit - continuing operations			
Before goodwill amortisation and exceptional items	1	**308,519**	305,410
Goodwill amortisation		**48,103**	41,401
Exceptional restructuring costs		**-**	56,602
Operating profit	1	**260,416**	207,407
Profit on sale of businesses		**-**	1,744
Profit on sale of fixed assets		**942**	279
Interest payable and similar charges		**37,356**	50,238
Profit before taxation		**224,002**	159,192
Taxation		**63,025**	55,289
Profit after taxation and attributable to ordinary shareholders		**160,977**	103,903
Dividends - paid		**7,625**	6,806
- proposed		**15,985**	14,571
		23,610	21,377
Retained profit for the year		**137,367**	82,526
Earnings per ordinary share (cent)			
- basic before goodwill amortisation and exceptional items	4	**112.1**	101.8
- basic after goodwill amortisation and exceptional items	4	**86.7**	56.1
- fully diluted after goodwill amortisation and exceptional items	4	**86.4**	55.7

The financial statements were approved by the Board of Directors on 23 February 2004 and signed on its behalf by:

Denis Buckley, Chairman

Hugh Friel, Chief Executive

Kerry Group plc
Consolidated Balance Sheet
as at 31 December 2003

	2003 €'000	2002 €'000
Fixed assets		
Tangible assets	**844,701**	870,406
Intangible assets	**837,301**	765,384
	1,682,002	1,635,790
Current assets		
Stocks	**383,899**	363,545
Debtors	**482,955**	500,606
Cash at bank and in hand	**56,862**	46,584
	923,716	910,735
Creditors: Amounts falling due within one year	**(709,872)**	(821,823)
Net current assets	**213,844**	88,912
Total assets less current liabilities	**1,895,846**	1,724,702
Creditors: Amounts falling due after more than one year	**(899,024)**	(824,134)
Provisions for liabilities and charges	**(48,333)**	(64,571)
	948,489	835,997
Capital and reserves		
Called-up equity share capital	**23,234**	23,202
Capital conversion reserve fund	**340**	340
Share premium account	**365,229**	362,974
Profit and loss account	**531,149**	418,012
	919,952	804,528
Deferred income	**28,537**	31,469
	948,489	835,997

The financial statements were approved by the Board of Directors on 23 February 2004 and signed on its behalf by:

Denis Buckley, Chairman

Hugh Friel, Chief Executive

Kerry Group plc

Consolidated Cash Flow Statement

for the year ended 31 December 2003

	2003 €'000	2002 €'000
Operating profit before goodwill amortisation and exceptional items	**308,519**	305,410
Depreciation (net)	**83,827**	84,952
Change in working capital	**9,138**	48,786
Exchange translation adjustment	**(1,176)**	(2,691)
Net cash inflow from operating activities	**400,308**	436,457
Returns on investments and servicing of finance		
Interest received	**943**	1,751
Interest paid	**(41,717)**	(51,583)
Taxation	**(40,476)**	(43,612)
Capital expenditure		
Purchase of fixed assets	**(101,632)**	(96,183)
Proceeds on the sale of fixed assets	**7,683**	3,584
Development grants received	**1,194**	398
Acquisitions and disposals		
Purchase of subsidiary undertakings	**(207,376)**	(237,539)
Proceeds on the sale of businesses	**1,264**	33,199
Deferred creditors paid	**(5,532)**	(8,883)
Exceptional restructuring costs	**(16,575)**	(33,717)
Consideration adjustment on previous acquisitions	**(248)**	(393)
Equity dividends paid	**(22,196)**	(19,293)
Cash outflow before the use of liquid resources and financing	**(24,360)**	(15,814)
Financing		
Issue of share capital	**2,287**	5,178
(Decrease) / increase in debt due within one year	**(123,860)**	81,677
Increase / (decrease) in debt due after one year	**156,211**	(44,251)
Increase in cash in the year	**10,278**	26,790

Reconciliation of Net Cash Flow to Movement in Net Debt

for the year ended 31 December 2003

Increase in cash in the year	**10,278**	26,790
Cash flow from debt financing	**(32,351)**	(37,426)
Change in net debt resulting from cash flows	**(22,073)**	(10,636)
Exchange translation adjustment	**80,677**	65,756
Movement in net debt in the year	**58,604**	55,120
Net debt at beginning of year	**(763,804)**	(818,924)
Net debt at end of year	**(705,200)**	(763,804)

Kerry Group plc

Statement of Total Recognised Gains and Losses

for the year ended 31 December 2003

	2003 €'000	2002 €'000
Profit attributable to the Group	**160,977**	103,903
Exchange translation adjustment on foreign currency net investments	**(24,230)**	(40,722)
Total recognised gains and losses relating to the year	**136,747**	63,181

Kerry Group plc

Reconciliation of movements in share capital and reserves

for the year ended 31 December 2003

	Share Capital and Premium €'000	Capital Conversion Reserve Fund €'000	Profit & Loss Account €'000	Total €'000
At beginning of year	386,176	340	418,012	804,528
Retained profit	-	-	**137,367**	**137,367**
Shares issued during year	**2,328**	-	-	**2,328**
Share issue costs	**(41)**	-	-	**(41)**
Exchange translation adjustment	-	-	**(24,230)**	**(24,230)**
At end of year	**388,463**	**340**	**531,149**	**919,952**

The Profit & Loss Account figures comprise the following:

	Intangible Assets Written Off €'000	Retained Profits €'000	Profit & Loss Account €'000
At beginning of year	(479,699)	897,711	418,012
Retained profit	**(48,103)**	**185,470**	**137,367**
Exchange translation adjustment	-	**(24,230)**	**(24,230)**
At end of year	**(527,802)**	**1,058,951**	**531,149**

The exchange translation adjustment arises on the retranslation of the Group's opening net investment in its overseas subsidiaries.

Kerry Group plc
Notes to the Financial Statements
for the year ended 31 December 2003

1. Analysis of results by region

	2003			2002		
		Operating	Net		Operating	Net
	Turnover	Profit	Assets	Turnover	Profit	Assets
	€'000	€'000	€'000	€'000	€'000	€'000
By geographical market of origin:						
Ireland	**1,331,879**	**69,078**	**495,891**	1,373,681	62,637	463,743
Rest of Europe	**1,265,001**	**111,516**	**625,558**	1,293,154	109,586	635,040
Americas	**939,104**	**113,441**	**474,066**	944,767	120,473	437,909
Asia Pacific	**157,426**	**14,484**	**58,174**	143,206	12,714	63,109
	3,693,410	**308,519**	**1,653,689**	3,754,808	305,410	1,599,801
Goodwill amortisation	**-**	**(48,103)**	**-**	-	(41,401)	-
Exceptional restructuring costs	**-**	**-**	**-**	-	(56,602)	-
Group borrowings (net)	**-**	**-**	**(705,200)**	-	-	(763,804)
	3,693,410	**260,416**	**948,489**	3,754,808	207,407	835,997

	2003	2002
	Turnover	Turnover
	€'000	€'000
By destination:		
Ireland	**725,879**	766,027
Rest of Europe	**1,764,163**	1,788,914
Americas	**984,808**	1,002,942
Asia Pacific	**218,560**	196,925
	3,693,410	3,754,808

Turnover, operating profit and net assets as presented above are stated net of intra Group transactions and balances.

Kerry Group plc
Notes to the Financial Statements
for the year ended 31 December 2003

2. Accounting Policies

These accounts have been prepared using the same accounting policies as detailed in the 2002 annual financial statements.

3. Basis of preparation and reporting currency

The financial information set out in this document does not constitute full statutory accounts for the years ended 31 December 2003 or 2002 but is derived from same. The 2003 and 2002 accounts have been audited and received unqualified audit reports. The 2003 financial statements were approved by the Board of Directors on 23 February 2004.

The financial statements are prepared under the historical cost convention and are presented in Euro.

4. Earnings per share

	EPS	**2003**	EPS	2002
	cent	**€'000**	cent	€'000
Adjusted earnings*	**112.1**	**208,183**	101.8	188,707
Goodwill amortisation	**25.9**	**48,103**	22.3	41,401
Exceptional items (net)	**(0.5)**	**(897)**	23.4	43,403
Profit after taxation, goodwill amortisation and exceptional items	**86.7**	**160,977**	56.1	103,903
Share option dilution	**0.3**	**-**	0.4	-
	86.4	**160,977**	55.7	103,903

The basic weighted average number of ordinary shares in issue for the year was **185,707,545** (2002: 185,363,778). The diluted weighted average number of ordinary shares in issue for the year was **186,418,117** (2002: 186,389,840). The dilution arises in respect of executive share options outstanding.

In addition to the basic and diluted earnings per share, an earnings per share before goodwill amortisation and net exceptional items calculation is also provided, as it more accurately reflects the Group's underlying trading performance.

* Adjusted earnings is calculated as profit after taxation, before goodwill amortisation and net exceptional items. Adjusted earnings per share is the adjusted earnings divided by the weighted average number of ordinary shares.