PRESS ANNOUNCEMENT
Tuesday 24 February 2009

Preliminary Statement of Results for the year ended 31 December 2008

Kerry, the global ingredients & flavours and consumer foods group, reports preliminary results for year ended 31 December 2008.

Highlights

- Solid business development and organic growth in all territories
- 6.3% like-for-like (LFL) sales revenue growth to €4.8 billion
- 8% (LFL) increase in trading profit to €409m
- 10 basis points increase in trading profit margin to 8.5%
- Adjusted EPS* up 7% to 153.9 cent
- Final dividend per share up 12.2% to 15.6 cent
- Free cash flow of €227m
- R&D investment increased to €147.5m

**before intangible amortisation and non-trading items*

Commenting on the results Kerry Group Chief Executive Stan McCarthy said; "I am pleased to present a good set of results for 2008. Despite tremendous cost pressures and trends towards more value conscious food and beverage consumption – particularly in the second half of the year, we achieved good organic revenue growth and margin improvement. Kerry is well positioned from a technology and consumer understanding standpoint to lead industry product development needs in this time of change. In addition the Group is well resourced financially to benefit from the business expansion opportunities which will inevitably emerge. We are confident of delivering earnings growth in 2009 to a range of 160 to 165 cent per share".

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CHAIRMAN'S STATEMENT

For the year ended 31 December 2008

Kerry's strategic development initiatives and innovation capabilities assisted achievement of a strong Group-wide business operational and financial performance in 2008. Despite significant additional cost and currency pressures, Kerry businesses recorded good organic revenue growth and margin improvement. Solid business development and expansion was achieved in Year 1 roll-out of Kerry's 'go-to-market' programme. This customer-focused integrated development strategy, capitalising on the Group's broad based ingredients and flavours technologies and end-use-market application's expertise, produced excellent results in many key customer accounts.

As economic activity in major consumer markets progressively weakened during 2008, food and beverage consumption trends shifted in response to the needs of budget conscious consumers. Growth through retail channels exceeded foodservice growth where sales declined in some market segments, in particular in full-serve restaurants. Against this challenging background, combining Kerry's ingredients & flavours technologies and applications expertise assisted food and beverage companies in rapidly responding to consumer requirements. Despite the added difficulties posed by the significant depreciation of the sterling/euro exchange rate, Kerry's consumer foods businesses in the UK and Irish markets also performed well in the changing consumer environment. The Group's performance in 2008 also benefited from the strategic investments undertaken over recent years and the on-going programmes targeted at maximising efficiencies and synergies across all Kerry businesses.

RESULTS

Group sales revenue in 2008 at €4.8 billion reflects an increase of 6.3% on a like-for-like (LFL) basis when account is taken of currency translation, acquisitions and business disposals. Despite the adverse impact of a further 7% increase in raw material and energy related input costs, trading profit increased to €409m, reflecting an 8% increase on a like-for-like basis. The Group's on-going focus on operational efficiencies and cost recovery programmes contributed to the 10 basis points improvement in the Group trading profit margin to 8.5%. Ingredients & Flavours businesses delivered a 10 basis points increase in trading margin to 9.5% and margins in consumer foods advanced by 10 basis points to 6.7%. This performance also reflects the benefits of Kerry's capital investment programmes in recent years. The net cost of the Group's capital expenditure programme in 2008 amounted to €145m (2007: €89m).

Profit before tax and non-trading items increased by 2.3% to €317m. Profit after tax before intangible asset amortisation and non-trading items increased by 4.4% to €269m. Adjusted earnings per share increased by 7% to 153.9 cent. Basic earnings per share decreased to 101.3 cent per share.

At the Annual General Meeting to be held in Tralee on 12 May, the Board will recommend a final dividend of 15.6 cent – an increase of 12.2% on the prior year final dividend. This will bring the total dividend for the year to 22.5 cent per share, an increase of 12.5% on the total 2007 dividend.

BUSINESS REVIEWS

INGREDIENTS & FLAVOURS

	2008	Like-for-like (LFL) Growth
Revenue	€3,388m	7.5%
Trading profit	€320m	8.9%

Kerry's world leading ingredients & flavours technologies performed well across food and beverage end-use-markets in all territories in 2008. Good progress was achieved in re-alignment of the Group's ingredients, flavours and bio-science businesses. The programme, to fully leverage Kerry's total technology base and end-use-market application expertise in an industry-leading integrated approach to meeting customer product development requirements, was successfully initiated in the Americas Region and will be implemented in the EMEA and Asia-Pacific Regions in 2009. Total ingredients & flavours sales revenue in 2008 increased by 7.5% (LFL) to €3,388m and trading profits increased by 8.9% (LFL) to €320m reflecting a 10 basis points improvement in trading profit margin to 9.5%.

In American markets Kerry's ingredients & flavours applications again achieved strong growth. Sales revenue reported at €1,343m reflects 6.7% (LFL) growth. Incorporating flavours with our total ingredients offering through the 'go-to-market' strategy delivered encouraging results and a strong customer response. This progress was recognised in 2008 through awards such as 'innovation leaders' or 'supplier of the year' by six key accounts. Demand for natural ingredients and flavours and 'clean-label' continued to grow, as did applications to meet the requirements of quick-serve-restaurants and value offerings for retail brands.

The growing demand for complete meal solutions provided good growth opportunities for Kerry's savoury and dairy systems and flavours. Culinary market growth, in particular, soups, stocks and broths presented strong development targets for Kerry's clean-label ingredient & flavour options, low sodium technologies, yeast extracts and aseptic processing capability. The division's dairy ingredient & flavour solutions and frozen sauce technology grew in both retail and foodservice channels through complete meal, chilled side dish and frozen sandwich applications. Despite a difficult North American meat market environment Kerry technologies achieved satisfactory sectoral growth as processors increasingly focused on value-added menu solutions. Sales to seafood and appetiser markets declined in line with the slow down in the full-service-restaurant trade. Kerry's ability to develop new flavours to meet consumer trends in the savoury snack sector led to further growth in particular through regional accounts.

The sweet and cereal industry segments proved more challenging in 2008, as the ice cream, cereal and nutrition bar end-use-markets slowed relative to the prior year. However Kerry achieved above average sectoral growth through innovative concepts and value menu offerings as a result of the Group's unique integrated technology and systems approach to development. Following a major capital investment programme at the Group's Affton facility in St Louis (MO), a new sweet technology campus and multi-process facility was commissioned in 2008, consolidating technologies and expertise acquired through a number of acquisitions in the sweet technology sector in recent years.

Kerry's beverage ingredients & flavours experienced good growth in 2008 driven by ready-to-drink tea, energy drink and new customised beverage foodservice applications. Despite the slowdown in sales through coffee-chain outlets, Kerry continued to achieve satisfactory growth through blended beverages, smoothies and nutritional beverage concepts. To meet the growing demand for nutritional beverages an aseptic facility was acquired and upgraded in Savannah (GA). X-Café LLC, located in Portland (ME), was also acquired in 2008. A producer of premium coffee flavours and extracts, X-Café provides a strong platform for further expansion in the beverage sector.

An industry leading business development, innovation and customer service project costing US$50m was initiated at the start of 2008. Construction of the new Kerry Customer Center, located in Beloit (WI), was considerably advanced by year-end and will be fully operational by mid-2009 – providing state-of-the-art customer application suites, research and development facilities, culinary suites, sensory services and a broad range of pilot plant processing facilities to spearhead customer product development and commercialisation into the future.

Business development across South and Central American food and beverage markets continued to benefit from growth in value-added products and exports in 2008. Vittaflavour LTDA, a Brazilian based flavour company was acquired to complement our ingredients & flavours development capability in the South American beverage sector.

Functional and fermented ingredients recorded good progress in American markets in 2008. Emulsifiers recorded double digit growth in core bakery, confectionery and dairy markets in the region. Enzymes delivered strong growth in the USA and LATAM nutrition, meat and dairy markets. Proteins achieved strong volume growth in cell nutrition and nutritional applications.

While the challenging economic situation adversely impacted prescribing and consumption trends in the pharmaceutical sector, Sheffield™ pharmaceutical lactose, pharma regulatory compliant emulsifiers and FDA registered pharmaceutical flavours achieved good organic growth in American markets. The Sheffield™ pharmaceutical excipient product range was also significantly expanded through the launch of high-value tabletting systems.

The sale of the Group's Manheimer Fragrances business in the USA was concluded prior to year-end.

In European markets, despite significant input cost pressures, Kerry's Ingredients & Flavours businesses performed well with sales revenue of €1,245m reflecting 4% (LFL) growth. A strong focus on business efficiencies and cost recovery meant trading profit margins were maintained despite the significant raw material and energy related cost inflation.

Kerry's savoury and culinary systems achieved a good performance particularly in the UK meat sector. A state-of-the-art culinary facility was commissioned in Hartlepool (UK). Demands for cleaner label and natural savoury products provided a significant increase in demand for yeast extracts. This led to further expansion in production capacity at the Group's Menstrie fermented ingredients production facility in Scotland. Meat seasonings and culinary systems in France performed well but coating systems had a challenging year in recovering costs. Applications into the poultry and seafood sectors in Germany had a strong performance and Kerry also continued to make good progress in Italy in 2008. Business development in Eastern European markets slowed in line with the downturn in economic development. The growth in demand for natural flavours continued to provide good growth for Kerry's snack seasonings throughout all European and Middle Eastern markets.

Demand conditions throughout international dairy markets weakened considerably during 2008. As the year progressed this led to a significant reduction in returns to European dairy processors and milk suppliers. Nutrition, confectionery and snack applications however continued to provide market development opportunities for Kerry's dairy ingredient systems and flavours. Proteins achieved double digit growth across nutrition and cell nutrition applications. New products in the Hyprol proteins range were successfully launched in selected nutrition market segments. The range of products focussed on clinical nutrition development was expanded and considerable success was also achieved through specific products addressing allergen reduction in infants. Enzymes also achieved satisfactory growth in dairy and confectionery markets.

The challenging conditions in European dairy markets also adversely impacted Kerry's French fruit preparations business. Development of a premium range of fruit preparations for the UK foodservice channel provided good growth and a strong performance was also achieved in Central European markets. Demand for new health/wellbeing offerings continued to provide good opportunities for Kerry's sweet ingredient systems, particularly through coated cereals and cluster systems in the breakfast cereal sector. A new range of low-sugar and health fruit cereal clusters was successfully launched. Fruit nuggets exhibited continued growth in 2008, capitalising on increased demand for fruit inclusions in premium confectionery retail products. Strong volume growth was achieved across the Ravifruit branded products range but trading margins were reduced due to exceptional key fruit raw material cost increases.

Syrups and smoothie applications continued to achieve strong growth in the European foodservice sector. Bakery systems also achieved solid growth but volumes in dessert sauce markets were reduced due to the poor summer weather conditions. In the beverage sector the Da Vinci syrups range continued to achieve double digit growth. Enzymes also recorded good growth in Central and Eastern European brewing markets. Enzyme sales in the European bakery sector also grew strongly due to increased demand as a result of challenges posed by higher cereal raw material costs.

Sheffield™ Pharma Ingredients continued to achieve satisfactory growth in Europe by broadening its range of products to meet regulatory requirements and new drug launches by both branded and generic pharmaceutical companies.

Asia-Pacific markets continued to provide an excellent growth platform for Kerry's ingredients & flavours systems. Despite more challenging economic conditions and increases in key input costs, Kerry achieved a strong business performance across all its core technologies and regional end-use-markets. Sales revenue increased to €478m reflecting growth of 19.3% (LFL) year-on-year.

In Asia market development and growth was strong in nutrition, snacking and quick-serve-restaurant applications. Lipid systems enjoyed excellent growth particularly through beverage applications in the Malaysian and Vietnamese markets. Nutritional beverages continued to provide good growth opportunities for Kerry's ingredients & flavours in China. With heightened awareness of food safety issues, market development was focused on provision of quality products providing a strong platform for Kerry's full range of technologies including nutritional ingredients and flavours, dairy proteins, enzymes and emulsifiers. Kerry's Business and Technical Centre in Shanghai has been expanded to service customer requirements for the Group's full range of technologies and applications expertise. Biolactase™, Kerry's lactose enzyme range, achieved good growth in dairy applications. Dairy systems and flavours also performed well in the bakery market in Indonesia and dairy/culinary technologies also achieved good growth in Indonesia's growing savoury snack market. PT Armita, a savoury flavourings business located in Jakarta, Indonesia was acquired to assist market development in the snack and noodle sectors.

Emulsifier applications continued to grow in the bakery sector and encouraging growth continues in regional dairy and confectionery markets. The investment programme at the Esterol facility in Malaysia was completed in 2008, extending production capacity significantly and broadening product capabilities to a full range of emulsifiers.

In the quick-serve-restaurant sector new sauce mixes were successfully launched in the Chinese market and soft-serve-blends were introduced in Malaysia. Da Vinci branded products recorded double digit growth in North East Asian markets with wider distribution in Korea, China and Hong Kong. Growth in

South East Asia was also strong – in particular in Thailand and Indonesia. Health and well being trends continued to increase demand for Kerry's fruit based ingredients & flavours throughout Asia-Pacific markets. Kerry's offering was significantly expanded in 2008 to include yoghurt beverage bases, new fruit smoothie ranges and iced tea flavours using Kerry's proprietary Crystals technology.

In Australia double digit topline growth was achieved with sustained market development in all key end-use-market sectors and channels. Quick-serve-restaurants in particular achieved good growth in the latter half of 2008. Performance was also significantly boosted through operational efficiency programmes at the Group's three manufacturing facilities and the commissioning of new facilities at the Altona, Victoria site to support growth in the foodservice beverage sector. Progress was also achieved in the development of cereal inclusions technologies targeted at the growing health and nutritional snack bar sectors.

Kerry Pinnacle continued to grow at encouraging levels against a background of significant change in the Australian bakery market. Supermarket and shop chains continue to grow market share through convenient ease-of-use product solutions. The Melbourne based Sugar and Spice facility acquired in 2007 provided a significant boost to the Kerry Pinnacle range in the lifestyle bakery segment and a range of products were successfully launched under a Sugar & Spice retail brand.

In New Zealand further gains were achieved in the meat processing sector through introduction of innovative added value products. Market development in the snack sector and quick-serve-restaurant trade continued to achieve good results.

Strong double digit growth was recorded in the Asia-Pacific pharmaceutical sector due to the increased manufacturing presence of major global branded and generic producers, as well as through development of new applications for regional generic pharmaceutical companies.

CONSUMER FOODS

	2008	Like-for-like (LFL) Growth
Revenue	€1,774m	5.4%
Trading profit	€120m	5.1%

With the weakening economic landscape during 2008 and the significant depreciation of the sterling/euro exchange rate, trading conditions in the UK and Irish consumer foods markets became increasingly challenging as the year progressed. By and large consumer trends in the first six months continued in line with previous years as food categories gained growth within their more premium offers. As the credit crunch began to impact consumer spending since mid-year, a significant contrast in consumption patterns quickly emerged as shoppers became ever more price and value conscious. This led to a marked increase in promotional activity and double digit growth of value retail brand ranges. Kerry Foods positioning in chilled foods growth categories and the division's ability to respond quickly to consumer trends contributed to a satisfactory business performance against such a challenging background. Sales revenue increased by 5.4% (LFL) to €1,774m and divisional trading profit at €120m reflects growth of 5.1% on a like-for-like basis, giving a 10 basis points improvement in trading profit margin to 6.7%.

Kerry Foods achieved a robust all-round performance in the UK market. Following significant raw material cost inflation, the overall sausage market remained relatively flat in volume terms but grew satisfactorily in value terms. However Kerry's branded portfolio outperformed the market, recording good volume and value growth. Richmond achieved strong growth in all formats, with significant volume and value market growth further consolidating its No.1 brand positioning. In September, the Kerry portfolio was significantly changed with the launch of the Wall's Classic range replacing both Wall's Standard and the Wall's Favourites ranges. This resulted in improved customer listings, positioning the narrower and more clearly focused brand range for future growth. A Hot and Spicy flavour variant was also added to the Wall's Micro's product range. Porkinsons achieved the highest brand growth year-on-year becoming the No.1 premium sausage brand in the category. The launch of Porkinsons Oxford Recipe (Lemon and Nutmeg) variant also successfully extended the brand into the flavoured sausage segment.

In common with many frozen categories, frozen sausage saw a recovery in sales in 2008. Driven by the Richmond brand, Kerry's frozen sausage offering grew volume sales by 25%, far outperforming market growth rates. Mr Brains' branded frozen meat products continued to achieve good sales growth with volume sales increased by over 7% year-on-year. Mattessons had an excellent performance in its two core branded segments – meat snacks and smoked sausage. Fridge Raiders drove growth in the overall meat snacks category and successfully launched two new flavours, Sweet Chilli and Southern Fried. Mattessons Smoked Pork Sausage also achieved strong double digit brand value growth.

In the UK homebaking sector, Green's remains category leader in the mixes market but challenging market conditions in 2008 and a decline in dessert mixes adversely impacted profitability in the sector. This led to a relaunch of the Green's range with a repositioned 'all natural' new product range. Homepride Flour saw satisfactory volume and brand value growth in 2008.

The overall chilled ready meals category saw little growth year-on-year. While the total number of households buying into the category continued to grow, the average spend per customer dipped slightly. Italian and Indian product ranges continued to show good growth, as did the emerging children's meals offering which showed 18% growth year-on-year. Kerry Foods successfully introduced the 'Annabel Karmel' licensed range in October. The 'Food Doctor' branded meals offering continued to grow and the 'Bombay Brasserie' brand range grew by 12% year-on-year in the premium Indian sector. 'Innocent' branded Vegetable Pots were successfully developed and launched by the Kerry Foods Burton product development group. Launched under four variants, each pot contains a tasty, filling meal which includes three portions of vegetables.

The frozen ready meals category stabilised in 2008 and showed encouraging growth in volume and value in the second half of the year. However overall profitability in the sector was again impacted by input cost inflation.

While rising raw material prices also impacted margins in the savoury pastry market, the sector showed solid growth year-on-year. Sales from Kerry's Poole facility outperformed market growth rates in the hot pie, pastry and pork pie segments. Launches in 2008 included new snacking and hot pie offerings and 'hot pie on the go' concepts. By year-end, development of a range of pastry products under the Wall's brand was completed ahead of a planned launch in the convenience sector in February 2009.

Kerry Foods Direct to Store remains the No.1 chilled van sales service in the UK market and further consolidated its leading position through the acquisition of the Bernard Matthews van sales service in 2008.

In the cheese and spreads categories of the UK and Irish markets, the Kerry Foods offering continued to outperform market growth rates. In the children's snacking sector Cheestrings was the best performing brand in 2008 with growth of 10% year-on-year. Retailer branded cheese experienced strong growth in Ireland but Kerry's leading brands continued to grow market share. Charleville Cheese, which introduced a novel packaging design format achieved 10% brand growth, further reinforcing its No.1 position in the market. Low Low Cheese also extended its brand positioning growing by 29% year-on-year. EasiSingles also recorded strong double digit growth as did Coleraine – Northern Ireland's No.1 cheese brand. Ficello continues to grow in the French market and Cheestrings achieved an encouraging performance in Holland. Kerry's cheese and UHT products continued to perform well in the quick-serve-restaurant sector.

The spreads sector saw significant input cost pressures but the overall market achieved some volume growth and double digit value growth. Low Low maintained its brand positioning and Kerrymaid grew by 13% year-on-year in the butter spreads sector in Ireland. Golden Cow delivered over 20% growth – strengthening its position as the No.1 butter and spreads brand in Northern Ireland. Kerry Foods achieved good cost recovery and volume growth in the UK private label spreads category.

Category growth in the added-value chilled meat products sector in Ireland slowed in 2008 in line with weakening consumer confidence in response to the challenging economic situation. However, the Denny brand in particular demonstrated a resilient and robust performance – despite the difficult trading environment and an industry dioxin scare prior to Christmas. In the pre-packed sliced cooked meats sector Denny outperformed market growth rates across its key ranges – the highlight being the performance of the Denny Carved range which achieved strong double digit growth. The pre-pack sliced white meat sector saw a significant volume decline in the second half of 2008 but Ballyfree achieved a slight increase in its overall market share. Growth also slowed in the ROI rasher sector where Denny maintained the No.1 brand position. In the sausage sector in Ireland, Denny again grew market share in the premium segment but had a reduced share of the standard segment due to increased promotional activity across private label and discounter ranges. In the premium segment, the Denny Delicious range launched in July experienced a strong consumer response and repeat purchase levels.

While sales were lower in the sandwich and food-to-go category in Ireland in the second half of the year, Kerry continued to achieve satisfactory market development in the sector. Freshways further consolidated its position as the leading sandwich brand in the Irish market. The food-to-go portfolio was broadened to include Granola Yoghurt Pots and Freshways Deli Rolls – offering convenient deli-style premium breads on-the-go. Poor summer weather conditions led to a decline in the Irish bottled water market – in particular the impulse sector. Sales of the Kerry Spring range were impacted in line with the overall market but the brand continues to command leading positions in the flavoured still and sparkling water segments.

The Dawn branded range of chilled juices received a significant boost in 2008 with a quality upgrade to 'NFC' (not from concentrate) juice, supported by a new packaging design and strong marketing programme. This resulted in good volume growth and an increased brand market share.

In the Irish retail milk market, customer branded private label offerings again increased in 2008. Kerry's Dawn and Golden Vale brands maintained market share in the branded sector.

In March 2008, the Group reached agreement with Reox Holdings plc to acquire Breeo Foods, subject to regulatory approval. In August, the Competition Authority of Ireland announced its decision not to sanction the proposed transaction and in September Kerry filed a Notice of Appeal in the High Court against the decision of the Competition Authority on the matter. The appeal is currently being heard by the court.

FINANCE

Earnings before finance costs, tax, depreciation and amortisation (EBITDA) before non-trading items increased marginally to €503m. In 2008 the Group delivered free cash flow of €227m including a positive contribution of €18m from working capital, having spent €145m on net capital expenditure, €34m on net pension plan payments, €73m on finance costs and €42m on tax.

Expenditure on Group acquisitions amounted to €62m (2007:€79m). Net debt at year-end amounted to €1,164m compared to €1,279m at the end of 2007. Net debt to EBITDA declined to 2.3 times (2007:2.6 times). Finance costs were €78m compared to the 2007 level of €79m, with EBITDA to net interest covered 6.5 times (2007:6.1 times).

Net costs associated with realignment of the Group's ingredients, bio-science and flavours facilities in line with the Group's 'go-to-market' strategy in 2008 amounted to €27.3m. The consolidation programme is substantially completed in the Americas Region and will be advanced in the EMEA and Asia-Pacific Regions in 2009. Streamlining of operations and efficiency measures in Kerry Foods in 2008 cost €7.8m. The Group incurred 'incomplete acquisition' costs of €23.2m in relation to the proposed acquisition of Breeo Foods. Following implementation of new regulations in the UK relating to industrial buildings tax capital allowances, the Group incurred a once-off non-cash tax charge of €18.7m in 2008. The total net cash cost in the year under review of non-trading items amounted to €3m.

Arising from the significant expansion of organisational activities and Kerry's 'go-to-market' business strategy, the Group has commenced a major programme to establish common global systems across the organisation to support business development requirements. Phase 1 of this 'Kerryconnect' project will support key areas of the business including customer service, business performance management and global R&D and regulatory systems.

DIVIDEND

The Board recommends a final dividend of 15.6 cent per share, an increase of 12.2% on 2007. Together with the interim dividend of 6.9 cent per share, this raises the total dividend for the year to 22.5 cent per share, reflecting an increase of 12.5% on the total 2007 dividend. The final dividend will be paid on 22 May 2009 to shareholders registered on the record date 24 April 2009.

ANNUAL REPORT AND ANNUAL GENERAL MEETING

The Group's Annual Report will be published in April and the Annual General Meeting will be held in Tralee on 12 May 2009.

BOARD AND MANAGEMENT CHANGES

Mr Denis Cregan stood down as Deputy Chief Executive of the Group and as an Executive Director of the Company following the Annual General Meeting in May 2008. He will remain with the Company on a contractual basis through 2009. Mr Gerry Behan, President & CEO – Kerry Ingredients & Flavours, Americas Region, joined the Board as an Executive Director in May 2008. Mr Patrick A. Barrett, Mr Eugene McSweeney and Mr Michael O' Connor, all Non-executive Directors, retired from the Board at year-end.

POST BALANCE SHEET EVENTS

Since year-end the Group has reached agreement to acquire the following businesses for a total consideration of €98m.

Dera Holding NV – a savoury flavourings business, with manufacturing facilities located in Belgium, the UK and the Czech Republic, serving meat, processed foods, bakery and confectionery end-use-markets in Europe and the Middle East.

Prima S.A. – a Costa Rican based savoury ingredients and flavours business providing a platform for growth in the Central American food processing and meat industries.

G. Adams Pastry – Spalding (UK) based cooked pastry products business, strengthening Kerry Foods' manufacturing capability in the UK pastry market.

The Group has extended the maturity dates of its near-term bank facilities (those arising within the next two years). It has also increased the level of committed facilities available to finance the Group's business development programme.

FUTURE PROSPECTS

While contracting economic activity in virtually all major consumer markets will lead to more price conscious consumption trends, Kerry's ingredients & flavours integrated approach to assisting customer product development requirements across all food and beverage end-use-markets and Kerry Foods' capability to respond to consumer convenience and value requirements through our leading brands and customer branded offerings, will continue to provide a sustainable platform for profitable growth. Our business model will continue to be aligned to best serve customer requirements through Kerry's 'go-to-market' strategy and Group operations will continue to focus on maximising operational efficiencies and lean manufacturing projects. Through this approach the Group will continue to achieve good organic revenue growth with sustained margin improvement. Our strong cash flow and financial resources means the Group is well positioned to capitalise on complementary acquisition opportunities in our ingredients & flavours and consumer foods businesses.

With the strategic initiatives underway across the Group's selected markets, we are confident of delivering earnings growth in 2009 to a range of 160 cent to 165 cent per share.

Kerry Group plc

Consolidated Income Statement
for the year ended 31 December 2008

	Notes	Before Non-Trading Items 2008 €'000	Non-Trading Items 2008 €'000	Total 2008 €'000	2007 €'000
Revenue	1	**4,790,770**	**-**	**4,790,770**	4,787,766
Trading profit	1	**409,234**	**-**	**409,234**	401,126
Intangible asset amortisation		**(14,891)**	**-**	**(14,891)**	(12,669)
Non-trading items	2	**-**	**(76,311)**	**(76,311)**	(11,113)
Operating profit		**394,343**	**(76,311)**	**318,032**	377,344
Finance costs		**(77,677)**	**-**	**(77,677)**	(79,055)
Profit before taxation		**316,666**	**(76,311)**	**240,355**	298,289
Income taxes		**(62,695)**	**(685)**	**(63,380)**	(52,171)
Profit after taxation and attributable to equity shareholders		**253,971**	**(76,996)**	**176,975**	246,118
Earnings per A ordinary share (cent)					
- basic	3			**101.3**	137.4
- diluted	3			**101.1**	137.0

Kerry Group plc

Consolidated Balance Sheet
as at 31 December 2008

	2008	2007
	€'000	€'000
Non-current assets		
Property, plant and equipment	**985,970**	990,747
Intangible assets	**1,569,502**	1,646,186
Financial asset investments	**18,486**	18,905
Deferred tax assets	**22,962**	3,361
	2,596,920	2,659,199
Current assets		
Inventories	**512,788**	526,364
Trade and other receivables	**557,022**	591,166
Cash and cash equivalents	**195,818**	185,669
Other financial assets	**14,688**	3,746
Assets classified as held for sale	**-**	3,392
	1,280,316	1,310,337
Total assets	**3,877,236**	3,969,536
Current liabilities		
Trade and other payables	**909,834**	859,933
Borrowings and overdrafts	**36,211**	10,309
Current financial liabilities	**742**	-
Tax liabilities	**39,290**	53,238
Provisions for liabilities and charges	**9,865**	-
Deferred income	**2,163**	2,727
	998,105	926,207
Non-current liabilities		
Borrowings	**1,293,258**	1,419,325
Non-current financial liabilities	**31,509**	35,472
Retirement benefits obligation	**155,046**	111,999
Other non-current liabilities	**54,877**	92,042
Deferred tax liabilities	**147,793**	137,527
Provisions for liabilities and charges	**37,043**	-
Deferred income	**15,910**	17,677
	1,735,436	1,814,042
Total liabilities	**2,733,541**	2,740,249
Net assets	**1,143,695**	1,229,287
Capital and reserves		
Share capital	**21,845**	21,836
Share premium account	**392,184**	391,316
Other reserves	**(215,565)**	(83,961)
Retained earnings - cancelled shares	**(280,292)**	(280,292)
- retained earnings	**1,225,523**	1,180,388
Shareholders' equity	**1,143,695**	1,229,287

Kerry Group plc

Consolidated Statement of Recognised Income and Expense

for the year ended 31 December 2008

	2008	2007
	€'000	€'000
Fair value movements on available-for-sale investments	**(419)**	(4,470)
Fair value movements on cash flow hedges	**20,966**	(20,934)
Exchange difference on translation of foreign operations	**(140,038)**	(54,335)
Actuarial (losses)/gains on defined benefit post-retirement schemes	**(118,113)**	20,476
Deferred tax on items taken directly to reserves	**22,616**	(876)
Net expense recognised directly in equity	**(214,988)**	(60,139)
Transfers		
Cash flow hedges to profit or loss from equity	**(10,622)**	(8,534)
Sale of available-for-sale investments	**-**	(15,396)
Profit for the year after taxation	**176,975**	246,118
Total recognised income and expense for the year attributable to equity shareholders	**(48,635)**	162,049

Consolidated Reconciliation of Changes in Shareholders' Equity

for the year ended 31 December 2008

	2008	2007
	€'000	€'000
At beginning of year	1,229,287	1,323,167
Total recognised income and expense for the year	**(48,635)**	162,049
Dividends paid	**(36,343)**	(33,800)
Purchase of shares	**-**	(231,850)
Long term incentive plan (credit)/expense	**(1,491)**	1,650
Shares issued during year	**877**	8,071
At end of year	**1,143,695**	1,229,287

Kerry Group plc

Consolidated Cash Flow Statement

for the year ended 31 December 2008

	2008 €'000	2007 €'000
Operating activities		
Trading profit	**409,234**	401,126
Adjustments for:		
Depreciation (net)	**94,024**	99,003
Change in working capital	**18,762**	(6,033)
Payments into pension plans (net)	**(34,483)**	(29,335)
Exchange translation adjustment	**(5,106)**	(2,506)
Cash generated from operations	**482,431**	462,255
Income taxes paid	**(41,986)**	(37,250)
Interest received	**3,670**	3,675
Finance costs paid	**(77,032)**	(82,849)
Net cash from operating activities	**367,083**	345,831
Investing activities		
Purchase of non-current assets	**(159,591)**	(140,390)
Proceeds from the sale of non-current assets	**13,516**	48,443
Capital grants received	**845**	3,379
Purchase of subsidiary undertakings	**(62,120)**	(78,958)
Proceeds from disposal of businesses (net of related tax)	**44,857**	526
Payment of deferred consideration on acquisition of subsidiaries	**(1,672)**	(3,592)
Expenditure on restructuring and other costs	**(87,249)**	(39,519)
Consideration adjustment on previous acquisitions	**(185)**	(64)
Net cash used in investing activities	**(251,599)**	(210,175)
Financing activities		
Dividends paid	**(36,343)**	(33,800)
Purchase of shares	**-**	(231,850)
Issue of share capital	**877**	8,071
Net movement on bank borrowings	**(59,558)**	123,516
Increase in bank overdrafts	**3,225**	5,943
Net cash used in financing activities	**(91,799)**	(128,120)
Net increase in cash and cash equivalents	**23,685**	7,536
Cash and cash equivalents at beginning of year	185,669	188,844
Exchange translation adjustment on cash and cash equivalents	**(13,536)**	(10,711)
Cash and cash equivalents at end of year	**195,818**	185,669

Reconciliation of Net Cash Flow to Movement in Net Debt

	2008 €'000	2007 €'000
Net increase in cash and cash equivalents	**23,685**	7,536
Cash outflow/(inflow) from debt financing	**56,333**	(129,459)
Changes in net debt resulting from cash flows	**80,018**	(121,923)
Fair value movement on interest rate swaps	**5,162**	(29,016)
Exchange translation adjustment on net debt	**30,296**	66,316
Movement in net debt in the year	**115,476**	(84,623)
Net debt at beginning of year	(1,278,979)	(1,194,356)
Net debt at end of year	**(1,163,503)**	(1,278,979)

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Notes to the Financial Statements
for the year ended 31 December 2008

1. Analysis of results

By business segment:	Ingredients & Flavours 2008 €'000	Consumer Foods 2008 €'000	Group Eliminations and Unallocated 2008 €'000	Total 2008 €'000	Ingredients & Flavours 2007 €'000	Consumer Foods 2007 €'000	Group Eliminations and Unallocated 2007 €'000	Total 2007 €'000
Revenue	**3,387,453**	**1,774,153**	**(370,836)**	**4,790,770**	3,309,629	1,819,295	(341,158)	4,787,766
Trading profit	**320,191**	**119,665**	**(30,622)**	**409,234**	310,416	119,314	(28,604)	401,126
Intangible asset amortisation	**(11,800)**	**(1,604)**	**(1,487)**	**(14,891)**	(10,079)	(1,512)	(1,078)	(12,669)
Non-trading items	**(44,322)**	**(31,989)**	**-**	**(76,311)**	(27,661)	(6,672)	23,220	(11,113)
Operating profit	**264,069**	**86,072**	**(32,109)**	**318,032**	272,676	111,130	(6,462)	377,344
Finance costs				**(77,677)**				(79,055)
Profit before taxation				**240,355**				298,289
Income taxes				**(63,380)**				(52,171)
Profit after taxation and attributable to equity shareholders				**176,975**				246,118
Segment assets and liabilities								
Segment assets	**2,485,209**	**850,531**	**541,496**	**3,877,236**	2,488,411	967,243	513,882	3,969,536
Segment liabilities	**675,103**	**297,866**	**1,760,572**	**2,733,541**	566,701	393,208	1,780,340	2,740,249
Net assets	**1,810,106**	**552,665**	**(1,219,076)**	**1,143,695**	1,921,710	574,035	(1,266,458)	1,229,287
Other segmental information								
Property, plant and equipment additions	**141,196**	**23,882**	**-**	**165,078**	100,648	21,298	-	121,946
Intangible asset additions	**1,156**	**811**	**3,961**	**5,928**	2,692	811	1,555	5,058
Depreciation (net)	**63,954**	**29,436**	**634**	**94,024**	66,006	32,412	585	99,003

By geographic segment:	Europe 2008 €'000	Americas 2008 €'000	Asia Pacific 2008 €'000	Total 2008 €'000	Europe 2007 €'000	Americas 2007 €'000	Asia Pacific 2007 €'000	Total 2007 €'000
Revenue by location of customers	**2,969,508**	**1,343,431**	**477,831**	**4,790,770**	3,053,603	1,309,609	424,554	4,787,766
Segment assets by location	**2,443,800**	**1,180,515**	**252,921**	**3,877,236**	2,712,630	1,031,350	225,556	3,969,536
Property, plant and equipment additions	**63,480**	**89,841**	**11,757**	**165,078**	57,188	50,868	13,890	121,946
Intangible asset additions	**5,111**	**817**	**-**	**5,928**	3,269	1,789	-	5,058

Kerry Group plc

Notes to the Financial Statements (continued)
for the year ended 31 December 2008

2. Non-trading items

	Gross (Cost) / Income €'000	Tax €'000	Net (Cost) / Income €'000
Americas plant closure and rationalisation	**(56,780)**	**22,685**	**(34,095)**
Europe plant closure and rationalisation	**(13,773)**	**1,610**	**(12,163)**
Relocation of R&D and administration facilities in America	**(7,362)**	**3,018**	**(4,344)**
Value chain efficiency programme	**(9,372)**	**1,588**	**(7,784)**
Profit on disposal of businesses	**29,165**	**(9,035)**	**20,130**
Profit on disposal of non-current assets	**4,964**	**(1,845)**	**3,119**
	(53,158)	**18,021**	**(35,137)**
Incomplete acquisition	**(23,153)**	**-**	**(23,153)**
Tax charge due to change in legislation	**-**	**(18,706)**	**(18,706)**
2008 Total non-trading items	**(76,311)**	**(685)**	**(76,996)**
2007 Total non-trading items	(11,113)	12,341	1,228

Material restructuring costs
In 2008, material restructuring costs relate to:

(i) The investment programme aimed at capturing costs and operational synergies associated with the Group's 'go-to-market' strategy:

(a) Site closure and rationalisation of manufacturing facilities in Americas (12 sites) and Europe (6 sites)
(b) Relocation of research and development and administration facilities in America (8 sites).

(ii) The value chain efficiency programme in Consumer Foods which resulted in plant closures and significant streamlining of operations (5 sites).

Redundancies and contract compensation of **€45,960,000** and impairment of assets of **€4,828,000** are included in the above.

Profit on disposal of businesses
The profit on disposal of businesses relates primarily to the sale of the fragrance business in the USA and a non-core animal feed business in Ireland. This profit is net of all costs directly attributable to the disposals including any related redundancies and pension costs. The net book value of assets disposed was **€23,477,000**, net consideration received amounted to **€44,857,000**. No cash or cash equivalents were disposed of as part of the disposals.

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

Incomplete acquisition
The incomplete acquisition costs relate to the deposit paid and related expenses in relation to the Group's agreement on 13 March 2008 to acquire Breeo Foods subject to regulatory approval. On 29 August 2008, the Competition Authority did not sanction the proposed acquisition. A Notice of Appeal has been filed in the High Court against the decision of the Competition Authority.

Tax
In 2008, the charge on non-trading items includes a non cash deferred tax charge of **€18,706,000** resulting from UK legislative changes in respect of the withdrawal of Industrial Buildings Allowances.

2007 Non-trading items
The 2007 costs related to the restructuring of manufacturing plants in Europe, Americas and Asia Pacific and the integration of recent acquisitions (€44,501,000); the loss on sale of businesses related primarily to a frozen vegetable business in the UK (€2,197,000) and the profit on sale of investments, properties and equipment (€35,585,000).

A net tax credit of €12,341,000 arose on the 2007 non-trading items as the tax credit attaching to the restructuring and acquisition integration programme exceeded the tax charge resulting from the sale of non-current assets.

Cash impact
The non-trading items resulted in a net cash outflow (after related tax) of **€3,070,000** (2007: inflow of €21,791,000).

3. Earnings per A ordinary share

	Notes	**EPS cent**	**2008 €'000**	EPS cent	2007 €'000
Basic earnings per share					
Profit after taxation and attributable to equity shareholders		**101.3**	**176,975**	137.4	246,118
Intangible asset amortisation		**8.5**	**14,891**	7.1	12,669
Non-trading items (net of related tax)	2	**44.1**	**76,996**	(0.7)	(1,228)
Adjusted earnings*		**153.9**	**268,862**	143.8	257,559
Diluted earnings per share					
Profit after taxation and attributable to equity shareholders		**101.1**	**176,975**	137.0	246,118
Adjusted earnings*		**153.6**	**268,862**	143.4	257,559

* 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 2008 000's	Number of Shares 2007 000's
Basic weighted average number of shares	**174,714**	179,073
Impact of executive share options outstanding	**301**	545
Diluted weighted average number of shares	**175,015**	179,618
Actual number of shares in issue	**174,762**	174,690

4. General information and accounting policies

The financial information set out in this document does not constitute full statutory financial statements for the years ended 31 December 2008 or 2007 but is derived from same. The Group 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 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 2008 and 2007 financial statements have been audited and received unqualified audit reports. The 2008 financial statements were approved by the Board of Directors on 23 February 2009.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial asset investments and financial liabilities (including derivative financial instruments), which are held at fair value. The Group's accounting policies will be included in the Annual Report & Accounts to be published in April 2009.