



NEWS RELEASE

Tuesday 25 February 2014

Preliminary Statement of Results for the year ended 31 December 2013

Kerry, the global ingredients & flavours and consumer foods group, reports preliminary results for the year ended 31 December 2013.

Highlights

- Adjusted EPS* up 10.2% to 257.9 cent
- Group revenue of €5.8 billion reflecting 4.6% underlying sales growth
- Continuing business volumes + 3% and pricing + 1.6%
- Trading profit increased by 9.4% to €611m
- Group trading margin up 90 basis points to 10.5%
 - Ingredients & Flavours + 90 basis points to 12.9%
 - Consumer Foods + 30 basis points to 8%
- Major milestones achieved in 1 Kerry Business Transformation Programme
- Final dividend per share of 28 cent (Total 2013 dividend up 11.7% to 40 cent)
- Record free cash flow of €412m (2012 : €344m)
- Industry-leading RD&A investment

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

Commenting on the results Kerry Group Chief Executive Stan McCarthy said; *"The Group achieved good underlying growth ahead of our markets in 2013 and a 10.2% increase in adjusted earnings per share. Our performance reflects continued business margin improvement and strong cash generation. We are well focused on our targeted nutrition, taste and developing market platforms for growth. Based on current exchange rates, the Group expects to achieve 6% to 10% growth in adjusted earnings per share in 2014"*.

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CHAIRMAN'S STATEMENT

for the year ended 31 December 2013

In 2013 Kerry Group achieved a solid financial performance whilst successfully advancing our 1 Kerry Business Transformation Programme and building a strong platform for the future growth of the organisation. Against a background of weaker economic conditions in many developed and developing markets, the Group achieved good underlying growth ahead of our markets, continued margin improvement and strong cash generation. Our 2013 performance and results reflect the strength of Kerry's taste and nutrition platforms and customer-focused business model - supported by the Group's major investment in Kerry Global Technology & Innovation Centres and Regional Development & Application Centres in recent years. Our developing market strategies continued to deliver strong growth and market development despite reduced economic growth in some regions.

Raw material cost increases were successfully managed in collaboration with customers. The Group's 1 Kerry Business Transformation Programme was significantly advanced during 2013 which considerably assisted business performance and delivered excellent results in globally aligning our business manufacturing and technology portfolio whilst optimising functional and management resources. Recent Group acquisitions were also successfully integrated in line with the 1 Kerry Programme enabling realisation of the technology and business synergy benefits.

Consumer foods markets in the UK and Ireland remained highly competitive due to negative underlying market growth rates, increased market polarisation and a continued high level of promotional activity. While Kerry Foods is best positioned in its market categories with strong brand shares, the division continues to focus its business model on its core offerings and to reconfigure its business portfolio for sustained profitable growth in line with Group metrics.

RESULTS

Group revenue at €5.8 billion reflects underlying sales growth (USG) of 4.6%. Continuing business volumes increased by 3% and pricing increased by 1.6% - broadly offsetting input cost inflation of approximately 4%.

Sales and trading performance in ingredients & flavours maintained continued growth momentum in 2013. Continuing business volumes increased by 4.1% and net pricing increased by 1.8%. Continuing business volumes increased marginally in Kerry Foods and net pricing increased by 1.2%.

Group trading profit increased by 9.4% to €611m reflecting 10.6% like-for-like (LFL) growth. The Group's focus on added value business development, coupled with the elimination of non-core business activities and significant business operational improvements due to the 1 Kerry Business Transformation Programme, contributed to a 90 basis points improvement in the Group trading profit margin to 10.5%. This reflects a 90 basis points improvement in trading margin in ingredients & flavours to 12.9% and a 30 basis points improvement in Kerry Foods' margin to 8%.

Adjusted profit before tax, brand related intangible asset amortisation and non-trading items increased by 9% to €532m. The income statement charge arising from integration of acquisitions, restructuring/reorganisation costs, impairments and loss on disposal of non-current assets/businesses amounted to €352m (net of tax) resulting in a net cash outflow of €41.6m after tax.

Adjusted profit after tax before brand related intangible asset amortisation and non-trading items increased by 10.3% to €453m. Adjusted earnings per share increased by 10.2% to 257.9 cent (2012: 234 cent). The Board recommends a final dividend of 28 cent per share, an increase of 12% on the 2012 final dividend. Together with the interim dividend of 12 cent per share, this brings the total dividend for the year to 40 cent, an increase of 11.7% on 2012.

Expenditure on research and development at €186m was similar to the prior year level. Net capital expenditure amounted to €177m (2012 : €156m). The Group achieved a record free cash flow of €412m (2012 : €344m).

BUSINESS REVIEWS

INGREDIENTS & FLAVOURS

	2013	Growth
Revenue	€4,327m	5.9%*
Trading profit	€558m	10%
Trading margin	12.9%	+90bps

*(USG)

Kerry provides the largest, most innovative portfolio of taste & nutrition systems and functional ingredients & actives for the global food, beverage and pharmaceutical industries.

Sales revenue grew by 2.4% on a reported basis to €4.3 billion, reflecting underlying sales growth of 5.9%. Continuing business volumes increased by 4.1% and pricing increased by 1.8%. Solid growth was achieved in all regional developing markets.

Kerry's ingredients & flavours business performed well throughout all geographic markets in 2013, benefiting from its leading taste, nutritional and functional ingredients & actives technology platforms. Demand for nutritional enhancement, health & wellness offerings without compromising on taste, wider flavour profiles, convenient on-the-go and snacking options, coupled with increased momentum towards clean-label solutions continued to drive innovation - providing good growth opportunities for Kerry's technology portfolio. Reported revenue grew by 2.2% in Savoury & Dairy systems, 7.4% in Beverage systems, 5.2% in Pharma / Functional ingredients while Cereal & Sweet reported revenues declined by 2.4%.

Trading profit grew by 10% to €558m and the division's trading margin increased by 90 basis points to 12.9%. In 2013 ingredients & flavours accounted for 73% of Group revenue and 81% of Group trading profit.

Development and investment in the Group's Global Technology & Innovation Centres and Regional Development & Application Centres continued to drive successful product innovation through key global and regional accounts.

Americas Region

Kerry achieved a strong performance throughout North and South American markets in 2013 despite sectoral issues in some food industry categories. Solid market development was achieved through key food processor and foodservice accounts. Performance was boosted by successful integration of businesses acquired in 2011 / 2012 and through acquisitions completed during the year under review. Revenue in the Americas region increased by 4.2% on a reported basis to €1,882m, reflecting underlying sales growth of 6.2%. Continuing business volumes grew by 4.4% and pricing increased by 1.8%.

Beverage systems & flavours maintained strong growth across all segments of the market including new nutritional beverage launches leveraging Kerry's ingredients, flavours and packaging / processing capabilities. Tea and coffee applications recorded strong growth in particular in the foodservice channel through major chains and through Kerry's branded products. Beverage flavours, benefiting from integration of the Cargill's flavours business, saw continued growth in particular through flavour modulation delivering enhanced taste and nutritional benefits. Craft and speciality beverages also provided good growth opportunities. *Big Train* acquired prior to year-end 2012 was successfully integrated providing a significant boost to the Group's branded beverage portfolio in all geographic regions. Development in LATAM markets benefited from Kerry's locally established production facilities and Innovation Centre contributing excellent growth in the soft drinks segment and in the fast growing foodservice beverage sector.

Savoury, Dairy & Culinary systems & flavours saw slower growth due to weaker market conditions in some industry segments. Kerry technologies continued to benefit from growing consumer demand in the chilled, frozen and shelf stable yoghurt sectors. Multiple line extensions in prepared meals, sides and breakfast menus provided good growth for Kerry's sauce technologies which benefited from integration of the *Millennium Foods* business acquired in August 2012. Seasonings achieved good growth through key global and regional accounts in the snacks sector and also through major launches in the fast growing QSR breakfast segment. Strong growth was achieved through coatings systems in the meat sector. Demand for clean-label and gluten-free products also provided strong innovation and product development opportunities. Successful integration of *Griffith do Brasil* assisted growth in added-value segments of LATAM markets.

Prior to year-end, the Group acquired US based *Wynnstarr Flavors* – an industry leader in savoury flavours with a strong heritage in chef-style culinary flavours development and well established customer relationships – in particular with foodservice solutions providers in North American

markets. Operating from modern flavour development facilities in Congers, NY and in Louisville, KY, Wynnstarr creates, develops and produces natural savoury flavour solutions utilising proprietary manufacturing processes.

Cereal & Sweet technologies performed well against a background of reduced sales in some industry sectors – in particular the RTE breakfast cereals market. Kerry maintained growth through wider applications in the nutritional and energy bar segments and through ‘on-the-go’ breakfast menu options. Demand for high-protein lines also provided market development opportunities in both the bar and cereals sectors. Kerry’s innovation capabilities in sweet technology achieved good growth in the ice cream, frozen desserts, yoghurt and bakery end-use-markets. Shelf life extension technologies continued to record solid growth in confectionery and bakery markets.

Pharma ingredients grew solidly through excipient and coatings applications benefiting from the Group’s expanded production facilities in the US and India. Regional developing markets are providing double digit growth opportunities for cell nutrition products in pharmaceutical and biotechnology applications.

EMEA Region

With challenging market conditions across Europe impacting growth in many food and beverage industry segments, Kerry continued to realign its regional business operating footprint through the Group’s 1 Kerry Business Transformation Programme which benefited financial performance in 2013. A major focus on expanding business growth platforms in EMEA developing markets, including the Middle East, North Africa and Turkey, Russia & Eastern Europe and the Sub-Saharan Africa regions achieved excellent results to-date through increased innovation and development in line with global and regional zone growth programmes.

Revenues in the EMEA region at €1,601m were broadly unchanged on a reported basis reflecting underlying sales growth of 4%. Continuing business volumes grew by 2% and pricing increased by 2%.

The work programme to establish a Kerry Global Technology & Innovation Centre in Ireland to serve the Group’s global and regional customers in the EMEA region is well advanced and on schedule to be operational in early 2015. As announced the Group is investing €100m in the new Centre which will provide strategic customers with access to Kerry’s complete breadth and depth of technologies and will be a focal point for all scientific research, innovation, technology and product development. In October 2013, Kerry opened a new Regional Development & Application Centre in Dubai to serve the Group’s customer base in the Middle East, North Africa and Turkey.

Beverage systems & flavours recorded solid growth particularly in the foodservice channel – consolidating Kerry’s position as the leading provider of hot and cold coffee solutions, and beverage and sweet syrups in Western European markets. In the branded segment *Big Train* lines including cappuccino mixes, protein mixes, smoothies and flavoured syrups were added to the Da Vinci range. Market development also benefited from the successful integration of Cargill’s flavours

business. Citrus technologies recorded good growth in Northern European markets. Good progress was achieved in Sub-Saharan Africa through innovative brewing and beverage flavour solutions to leading brewers.

Savoury, Dairy & Culinary systems performed satisfactorily notwithstanding a slowdown in product development due to competitive industry issues. Health and wellness trends continued to increase demand for Kerry's sodium reduction and umami technologies. Growing demand for convenience lines resulted in strong growth through culinary and dairy systems in developing markets. Meat systems performed well despite the challenging industry conditions including the impact of the Equine DNA issues on consumer confidence in Northern Europe. However the warm summer weather provided good growth opportunities in barbeque segments. Further advances in clean label functional meat systems also led to good growth in store-cupboard ingredients applications.

Cereal & Sweet systems and flavours performed satisfactorily. Good growth was achieved in the bakery and cereal bar categories through Kerry's unique low-water activity fillings and textured sauces. In the ice cream sector good growth was recorded through development of new inclusion lines for premium and super premium applications. South Africa based *Orley Foods* acquired in March performed well, providing a significant boost to Kerry in meeting customer requirements for sweet ingredient solutions in regional developing markets. Kerry continued to achieve satisfactory growth in niche sectors of the RTE cereals market.

In line with the Group's **Nutrition** strategy, significant progress was achieved in 2013 in broadening Kerry's portfolio of General Wellness & Enabling Technologies, Nutritional Ingredients & Actives and Nutrition Delivery Systems. Performance of the business was strong particularly in developing markets. Significant growth was achieved in premium infant nutrition applications. Kerry hydrolysed proteins also grew through innovative nutritional products launched in China.

Primary Dairy market prices increased significantly in 2013 due to increased demand in importing countries and a relatively tight global supply position.

Asia-Pacific Region

While economic growth was below recent levels in Asia, Kerry continued to record strong market development throughout the Asia-Pacific region. Consumer demand in some Asian countries was slightly reduced due to relatively weaker currencies, but demand for the Group's nutritional systems, taste solutions and functional ingredients & actives continues to increase at encouraging levels. Reported sales revenue in the region grew by 5.4% to €765m reflecting underlying sales growth of 9.8%. Continuing business volumes grew by 8.2% and pricing increased by 1.6%.

Savoury & Dairy systems saw slower growth in line with consumer demand trends. However growth was maintained in the rapidly expanding foodservice sector in the region. Dairy systems performed well in the bakery and snacking end-use-markets. Lipid systems grew satisfactorily through nutritional applications in China. Sectoral issues in the Australian meat industry impacted

innovation levels but volume growth was maintained through seasonings and coatings' applications.

Sweet technology expansion was further progressed in the region with strong development throughout the regional bakery sector. Kerry Pinnacle maintained strong growth in the Australian lifestyle bakery segment with significant launches in major retail chains. In December Kerry announced the establishment of a new custom-built manufacturing facility to meet growing demand for prepared bakery products in Melbourne, Australia.

Beverage systems maintained solid growth. Benefiting from the Cargills' flavours acquisition, beverage flavours grew strongly in particular through tea and coffee applications in South East Asia and through sweet beverage applications in South West Asia. Kerry's branded beverage offerings including Da Vinci, Café D'Amore and Big Train performed well in the foodservice sector.

Functional ingredients continued to perform well in particular through enzymes in the bakery and beverage sectors and through protein hydrolysates in the Asian nutritional sector.

In 2014 Kerry will establish a Global Technology & Innovation Centre and regional headquarters for Asia in Singapore. The Centre will be supported by Kerry Regional Development & Application Centres in China, India and Thailand. In addition the Group is also establishing five Regional Customer Centres in Indonesia, Japan, Korea, the Philippines and Vietnam.

CONSUMER FOODS

	2013	Growth
Revenue	€1,601m	1.3%*
Trading profit	€129m	(2.9%)
Trading margin	8%	+30bps

*(USG)

Kerry Foods is a leading manufacturer and marketer of added-value branded and customer branded chilled foods principally to the UK and Irish consumer foods markets.

Consumer confidence remained weak in the UK and Ireland in 2013 as inflation continued to outstrip growth in average incomes. Sales through Discounter retail channels, Convenience multiples / Symbol groups and private label offerings continued to grow. 'On-line' is playing an increasing role in supporting retail sales, adding to competitive marketplace pressures and structural changes in customer service. In addition weak underlying market growth continues to fuel competition for market share with promotional activity focused on price maintained at a high level in most food categories.

Kerry Foods' strong market positioning assisted performance – in particular in the UK branded sector. The division commenced a major review of its business portfolio and to reconfigure its business structures for sustainable profitable growth. The ongoing restructuring programme to

refocus its business model on its core offerings impacted sales in 2013 – in particular in the direct-to-store services to the independent and convenience retail sectors in the UK and Ireland. Reported revenues decreased by 6.5% to €1,601m, despite underlying sales growth of 1.3%. Continuing business volumes increased slightly relative to the prior year and net pricing increased by 1.2%. Trading profit decreased by 2.9% to €129m. The business restructuring programme to-date contributed to the division's 30 basis points improvement in trading margin to 8%.

As previously stated, against the background of major structural changes in the marketplace, Kerry Foods is focused on strengthening its consumer foods business portfolio to achieve a high quality business in line with Group metrics. Capitalising on snacking, health and convenience trends, this investment programme will focus on a Kerry Foods' portfolio capable of driving sustained profitable growth. Businesses which are underperforming relative to the division's strategic objectives or non-core to this market growth strategy are held for sale.

UK Brands maintained a solid performance despite competitive market pressures. Richmond remains the number 1 sausage brand in the UK, having grown by 5.7% in 2013. Strong growth was achieved in the frozen segment. Richmond has leveraged its brand strength by launching into tea time protein solutions through 'Richmond Mini Meat Balls'. Wall's Pastry grew its overall market share and in its core sub-sector of sausage rolls the brand grew to become the number 1 sausage roll brand in the UK. A highlight of the year was the growth of the Mattessons brand in the meat snacking sector. Fridge Raiders achieved double digit growth and in September a new innovative meat snack line 'Double Dippers' was successfully launched.

Cheestrings UK volumes were lower in 2013 due to reduced promotional activity. Cheestrings Flavours were added to the range in May – bringing new shoppers to the children's cheese snack category. In October, Cheestrings Spaghetti won the "Taste 13" innovations award at ANUGA – the worlds' largest Food Fair. To meet demand for healthy 'on-the-go' dairy snacks, in September LowLow introduced 'LowLow Snack Packs' – a combination of LowLow cheese, crackers and chutney in a convenient snack format.

Performance in Kerry Foods' **UK Customer Brands** categories was impacted by a number of sectoral issues in 2013. Category growth rates in chilled ready meal and frozen ready meal categories were reduced due to the Equine DNA issues which unfolded during the first quarter and by the hotter than usual summer weather conditions. The chilled ready meals category showed 2% value growth year-on-year, with ready-to-cook recording similar value growth. Sales in the frozen meals category progressively recovered during the year but by year-end the category still reflected an 11% decline compared to the year earlier level. In the dairy sector cheese slices performed well but customer branded dairy spreads lost market share to heavily promoted branded offerings.

Brands Ireland had a mixed performance in a highly competitive marketplace where value offers grew market share. The Galtee and Shaws pork product ranges performed well while the Denny brand share was impacted by heavily discounted private label offerings. Denny extended the 100% Natural Ingredients offerings to a wider product range in the sliced meats sector gaining new listings and incremental volume in key accounts.

In the Irish dairy products sector, Dairygold maintained its brand leadership in the spreads sector achieving 2% value growth. 'Dairygold Baking Block' launched in late 2012 in response to strong growth in homebaking trends achieved solid market penetration.

Cheestrings continued to expand its market positioning in France, Germany and the Netherlands and prior to year-end was successfully launched in Poland and Austria.

FINANCIAL REVIEW

Reconciliation of adjusted earnings to profit after taxation*			
	% Change	2013 €m	2012** €m
Revenue	(0.2%)	5,836.7	5,848.3
Trading profit	9.4%	611.4	559.0
<i>Trading margin</i>		10.5%	9.6%
Computer software amortisation		(11.5)	(8.7)
Finance costs (net)		(67.6)	(62.1)
Adjusted earnings before taxation*	9.0%	532.3	488.2
Income taxes (excluding non-trading items)		(79.1)	(77.3)
Adjusted earnings after taxation*	10.3%	453.2	410.9
Brand related intangible asset amortisation		(16.6)	(14.7)
Non-trading items (net of related tax)		(352.2)	(135.5)
Profit after taxation	(67.6%)	84.4	260.7
		EPS Cent	EPS Cent
Adjusted EPS*	10.2%	257.9	234.0
Brand related intangible asset amortisation		(9.4)	(8.4)
Non-trading items (net of related tax)		(200.5)	(77.2)
Basic EPS	(67.7%)	48.0	148.4

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

**Comparatives have been restated to reflect the adoption of IAS 19 (2011) 'Employee Benefits'

(LFL) Like-for-like growth excludes the impact of acquisitions, disposals and foreign exchange translation

Analysis of Results

Like-for-like (LFL) revenue grew 1.5% after allowing for the impact of business acquisitions net of disposals of 1.4% and the negative reporting currency impact of 3.1%. On a reported basis Group revenue decreased by 0.2% to €5.8 billion. Continuing volumes grew by 3.0% while product pricing increased by 1.6% amounting to 4.6% underlying sales growth (USG). Rationalisation volumes, due to restructuring of production across the Group's manufacturing sites and the exit of non-core businesses, amounted to 3.1% for the year.

LFL revenue growth was 3.4% in ingredients & flavours after allowing for the impact of business acquisitions net of disposals of 2.3% and a negative reporting currency impact of 3.3%. On a reported basis ingredients & flavours revenue increased by 2.4% to €4.3 billion. Continuing

volumes grew by 4.1% while pricing increased by 1.8% reflecting 5.9% underlying sales growth. Rationalisation volumes amounted to 2.5% for the year.

In consumer foods LFL revenue decreased by 3.2% after allowing for the impact of business disposals of 0.7% and the negative reporting currency impact of 2.6%. On a reported basis consumer foods revenue decreased by 6.5% to €1.6 billion. Continuing volumes grew by 0.1% while pricing increased by 1.2% reflecting 1.3% underlying sales growth. Rationalisation volumes amounted to 4.5% for the year.

On a reported basis Group trading profit increased by 9.4% to €611m (2012: €559m). This equates to LFL growth of 10.6% allowing for the negative impact of reporting currency of 3.5% and the contribution from business acquisitions net of disposals of 2.3%.

Group trading profit margin increased 90 basis points to 10.5% (2012: 9.6%). Ongoing added value business development which is improving product mix, coupled with the benefits accruing through the 1 Kerry Business Transformation Programme and the positive impact from exiting non-core business activities contributed to the improvement in the Group trading profit margin.

Finance Costs (net)

Finance costs (net) for the year increased by €5.5m to €67.6m (2012: €62.1m) primarily due to higher interest rates. The Group's average interest rate for the year was 4.0% an increase of 50 basis points from the prior year (2012: 3.5%).

Non-trading Items

Non-trading items of €352.2m net of tax (2012: €135.5m) were recorded in 2013 with a net cash outflow of €41.6m (2012: €42.8m).

The Group recorded €189m (2012: €99.8m) of costs net of tax relating to the acquisition and restructuring programme. Acquisition integration costs of €82.9m (2012: €58.9m) relate to the integration of recently acquired businesses in order to fully realise the technology and synergy benefits of these acquisitions. Footprint and supply chain costs of €69.7m (2012: €40.9m) are also included in this charge and these relate to the implementation of the Group's 1 Kerry Business Transformation Programme to provide more efficient and focused manufacturing operations. The final element of the programme relates to Technology & Innovation Centre Integration costs of €36.4m (2012: nil) arising from the establishment of the Group's Global Technology & Innovation Centres.

During 2013, the Group also disposed of a number of non-core businesses along with some property, plant and equipment. A loss of €54.3m (net of tax) was recorded on these disposals while the net cash inflow was €23.0m. The Group also recorded a non-cash impairment of assets in the period of €108.9m net of tax (2012 : nil). This impairment charge relates primarily to non-core convenience channel assets in Kerry Foods which are being marketed for sale following a fundamental review of 'go-to-market' strategies.

Taxation

The tax charge for the year, before non-trading items, was €79.1m (2012: €77.3m) representing an effective tax rate of 15.3% (2012: 16.3%). The decrease in the effective tax rate, which excludes the impact of non-trading items, was primarily driven by the geographical mix of profits.

Exchange Rates

Group results are impacted by fluctuations in exchange rates versus the euro, in particular movements in US dollar and sterling exchange rates. The average and closing rates for US dollar and sterling used to translate reported results are detailed below:

	Average Rates		Closing Rates	
	2013	2012	2013	2012
USD	1.32	1.28	1.38	1.32
STG	0.84	0.81	0.83	0.82

Free cash flow is seen as an important indicator of the strength and quality of the business and of the availability to the Group of funds for reinvestment or for return to the shareholder. In 2013 the Group achieved a free cash flow of €412.1m (2012: €344.5m) analysed below with a free cash flow to EBITDA conversion rate of 57.2%.

Free Cash Flow	2013 €m	2012* €m
Trading profit	611.4	559.0
Depreciation (net)	108.9	114.3
Movement in average working capital	(9.4)	(41.2)
Capital expenditure (excluding R&D centres)	(156.0)	(154.3)
Business operating cash flow	554.9	477.8
Capital expenditure on R&D Centres	(20.7)	(1.7)
Pension contributions paid less pension expense	(35.6)	(29.5)
Finance costs paid (net)	(50.3)	(48.6)
Income taxes paid	(36.2)	(53.5)
Free cash flow	412.1	344.5

*Comparatives have been restated to reflect the adoption of IAS 19 (2011) 'Employee Benefits' and also the change to movement in average working capital

A summary balance sheet as at 31 December is presented below:

Balance Sheet	2013 €m	2012* €m
Intangible assets	2,392.7	2,459.9
Property, plant & equipment	1,090.5	1,205.6
Other non-current assets	77.3	114.9
Current assets	1,649.1	1,569.3
Total assets	5,209.6	5,349.7
Current liabilities	1,366.6	1,441.6
Non-current liabilities	1,875.5	1,893.7
Total liabilities	3,242.1	3,335.3
Net assets	1,967.5	2,014.4
Shareholders' equity	1,967.5	2,014.4

*Comparatives have been restated to reflect the adoption of IAS 19 (2011) 'Employee Benefits'

Intangible Assets & Acquisitions

Intangible assets decreased by €67.2m to €2,392.7m (2012: €2,459.9m). Intangible assets of €110m were recorded in the year relating to acquisitions completed by the Group. This was offset by weaker year end exchange rates used to translate intangible assets held in currencies other than the euro and an impairment charge of €61.0m (2012: €nil).

Retirement Benefits

At the balance sheet date, the net deficit for defined benefit schemes (after deferred tax) was €207.3m (2012: €248.3m). The decrease year-on-year results from an increase in the schemes' assets, primarily due to higher investment returns and increased contributions. The schemes' liabilities also increased during the year due to the decrease in discount rates in the UK and Europe and an increase in the inflation assumption in the UK. The net deficit expressed as a percentage of market capitalisation at 31 December was 2.3% (2012: 3.5%). The charge to the income statement during the year, for both defined benefit and defined contribution schemes was €52.4m (2012: €50.8m).

Financial Position

Net debt at the end of the year was €1,083.1m (2012: €1,210.8m).

At 31 December the key financial ratios were as follows:

Covenant		2013 TIMES	2012** TIMES
Net debt: EBITDA*	Maximum 3.5	1.5	1.8
EBITDA: Net interest*	Minimum 4.75	13.3	13.9

* Calculated in accordance with lenders facility agreements

**Comparatives have been restated to reflect the adoption of IAS 19 (2011) 'Employee Benefits'

Share Price and Market Capitalisation

The Company's shares traded in the range €37.70 to €50.50 during the year. The share price at 31 December was €50.50 (2012: €40.06) giving a market capitalisation of €8.9 billion (2012: €7.0 billion). Total Shareholder Return for 2013 was 27%.

DIVIDEND

The Board recommends a final dividend of 28 cent per share (an increase of 12% on the 2012 final dividend) payable on 9 May 2014 to shareholders registered on the record date 11 April 2014. When combined with the interim dividend of 12 cent per share, this brings the total dividend for the year to 40 cent, an increase of 11.7% on 2012.

ANNUAL REPORT AND ANNUAL GENERAL MEETING

The Group's Annual Report will be published in early April and the Annual General Meeting will be held in Tralee on 1 May 2014.

BOARD CHANGES

On 24 February, Dr Hugh Brady was appointed as a non-executive Director of the Company. Dr Brady is President Emeritus of University College Dublin where he served as President from 2004 until the end of 2013. A medical graduate, he had a successful career as a physician and biomedical research scientist in the US where he served on the faculty of Harvard Medical School for almost a decade prior to returning to his alma mater as Professor of Medicine and Therapeutics. In addition, Dr Brady has held many national and international leadership roles which include Chairman of the Irish Health Research Board and Chairman of the Universitas 21 Network of global research universities.

FUTURE PROSPECTS

We have made excellent progress through our business transformation programmes and in alignment of our global business resources to optimise business performance and capitalise on the Group's significant global growth opportunities. Our market-leading ingredients & flavours technologies are well focused on our targeted nutrition, taste and developing market platforms for growth. Group capital resources will be strategically invested in organic development of these growth platforms and complementary acquisition opportunities will continue to be explored where possible.

Focused on current market growth sectors and convenience trends, a sustainable growth framework will be prioritised in Kerry Foods which will establish a high quality business model in line with Kerry's long term growth objectives.

Based on current exchange rates, the Group expects to achieve 6% to 10% growth in adjusted earnings per share to a range of 273 to 284 cent per share in 2014.

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

Kerry Group plc

Consolidated Income Statement

for the year ended 31 December 2013

	Notes	Before Non-Trading Items 2013 €'m	Non-Trading Items 2013 €'m	Total 2013 €'m	Before Non-Trading Items 2012 (Restated)* €'m	Non-Trading Items 2012 €'m	Total 2012 (Restated)* €'m
Continuing operations							
Revenue	2	5,836.7	-	5,836.7	5,848.3	-	5,848.3
Trading profit	2	611.4	-	611.4	559.0	-	559.0
Intangible asset amortisation		(28.1)	-	(28.1)	(23.4)	-	(23.4)
Acquisition integration and restructuring costs	3	-	(225.0)	(225.0)	-	(120.2)	(120.2)
Impairment of assets held for sale	3	-	(113.1)	(113.1)	-	-	-
Loss on disposal of businesses and non-current assets	3	-	(55.7)	(55.7)	-	(37.8)	(37.8)
Operating profit		583.3	(393.8)	189.5	535.6	(158.0)	377.6
Finance income		1.2	-	1.2	1.1	-	1.1
Finance costs		(68.8)	-	(68.8)	(63.2)	-	(63.2)
Profit before taxation		515.7	(393.8)	121.9	473.5	(158.0)	315.5
Income taxes		(79.1)	41.6	(37.5)	(77.3)	22.5	(54.8)
Profit after taxation and attributable to owners of the parent		436.6	(352.2)	84.4	396.2	(135.5)	260.7
Earnings per A ordinary share							
				Cent			Cent
- basic	4			48.0			148.4
- diluted	4			48.0			148.3

* IAS 19 (2011) 'Employee Benefits' has been adopted as required by IFRS in 2013. The comparatives for the year ended 31 December 2012 have been restated (refer to note 1 and note 6).

Kerry Group plc**Consolidated Statement of Recognised Income and Expense**

for the year ended 31 December 2013

	2013	2012
	€'m	(Restated)* €'m
Profit after taxation and attributable to owners of the parent	84.4	260.7
Other comprehensive (expense)/income:		
Items that are or may be reclassified subsequently to profit or loss:		
Fair value movements on cash flow hedges	(0.3)	(0.8)
Cash flow hedges - reclassified to profit or loss from equity	(6.5)	4.9
Deferred tax effect of fair value movements on cash flow hedges	(1.3)	(0.9)
Exchange difference on translation of foreign operations	(82.4)	(0.3)
Deferred tax effect of exchange difference on translation of foreign operations	0.7	0.8
Items that will not be reclassified to profit or loss:		
Re-measurement on retirement benefits obligation	30.9	(44.6)
Deferred tax effect of re-measurement on retirement benefits obligation	(12.3)	8.3
Net expense recognised directly in other comprehensive income	(71.2)	(32.6)
Total comprehensive income	13.2	228.1

* IAS 19 (2011) 'Employee Benefits' and IAS 1 (amendment) 'Presentation of Financial Statements' have been adopted as required by IFRS in 2013. The comparatives for the year ended 31 December 2012 have been restated (refer to note 1 and note 6).

Kerry Group plc

Consolidated Balance Sheet

as at 31 December 2013

	31 December 2013	31 December 2012 (Restated)*	1 January 2012 (Restated)*
	€'m	€'m	€'m
Non-current assets			
Property, plant and equipment	1,090.5	1,205.6	1,208.7
Intangible assets	2,392.7	2,459.9	2,294.6
Financial asset investments	21.4	18.8	19.3
Non-current financial instruments	39.4	86.1	84.0
Deferred tax assets	16.5	10.0	10.2
	3,560.5	3,780.4	3,616.8
Current assets			
Inventories	656.0	637.3	658.5
Trade and other receivables	696.1	706.1	709.8
Cash at bank and in hand	245.8	215.4	237.9
Other current financial instruments	10.2	10.0	1.4
Assets classified as held for sale	41.0	0.5	5.6
	1,649.1	1,569.3	1,613.2
Total assets	5,209.6	5,349.7	5,230.0
Current liabilities			
Trade and other payables	1,168.3	1,149.8	1,136.9
Borrowings and overdrafts	43.5	212.7	39.0
Other current financial instruments	9.3	1.8	16.5
Tax liabilities	40.3	32.7	25.2
Provisions	102.9	42.3	26.1
Deferred income	2.3	2.3	2.3
	1,366.6	1,441.6	1,246.0
Non-current liabilities			
Borrowings	1,282.1	1,287.4	1,559.9
Other non-current financial instruments	41.6	11.9	10.7
Retirement benefits obligation	252.1	311.6	280.6
Other non-current liabilities	53.0	60.1	63.1
Deferred tax liabilities	168.4	163.9	173.0
Provisions	59.8	37.7	33.1
Deferred income	18.5	21.1	21.4
	1,875.5	1,893.7	2,141.8
Total liabilities	3,242.1	3,335.3	3,387.8
Net assets	1,967.5	2,014.4	1,842.2
Issued capital and reserves attributable to owners of the parent			
Share capital	22.0	21.9	21.9
Share premium	398.7	398.7	398.7
Other reserves	(172.5)	(88.1)	(94.3)
Retained earnings	1,719.3	1,681.9	1,515.9
Shareholders' equity	1,967.5	2,014.4	1,842.2

* IAS 19 (2011) 'Employee Benefits' has been adopted as required by IFRS in 2013. The comparatives as at 31 December 2012 and as at 1 January 2012 have been restated (refer to note 1 and note 6).

Kerry Group plc

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

	Notes	Share Capital €'m	Share Premium €'m	Other Reserves €'m	Retained Earnings €'m	Total €'m
At 1 January 2012		21.9	398.7	(94.3)	1,519.0	1,845.3
IAS 19 (2011) Restatement		-	-	-	(3.1)	(3.1)
At 1 January 2012 (Restated)*		21.9	398.7	(94.3)	1,515.9	1,842.2
Total comprehensive income (Restated)*		-	-	3.8	224.3	228.1
Dividends paid	5	-	-	-	(58.3)	(58.3)
Share-based payment expense		-	-	2.4	-	2.4
Shares issued during year		-	-	-	-	-
At 31 December 2012 (Restated)*		21.9	398.7	(88.1)	1,681.9	2,014.4
Total comprehensive (expense)/income		-	-	(89.2)	102.4	13.2
Dividends paid	5	-	-	-	(65.0)	(65.0)
Share-based payment expense		-	-	4.8	-	4.8
Shares issued during year		0.1	-	-	-	0.1
At 31 December 2013		22.0	398.7	(172.5)	1,719.3	1,967.5

Other Reserves comprise the following:

	Capital Redemption Reserve €'m	Capital Conversion Reserve Fund €'m	Share-Based Payment Reserve €'m	Translation Reserve €'m	Hedging Reserve €'m	Total €'m
At 1 January 2012	1.7	0.3	5.4	(89.2)	(12.5)	(94.3)
Total comprehensive (expense)/income	-	-	-	(0.3)	4.1	3.8
Share-based payment expense	-	-	2.4	-	-	2.4
At 31 December 2012	1.7	0.3	7.8	(89.5)	(8.4)	(88.1)
Total comprehensive expense	-	-	-	(82.4)	(6.8)	(89.2)
Share-based payment expense	-	-	4.8	-	-	4.8
At 31 December 2013	1.7	0.3	12.6	(171.9)	(15.2)	(172.5)

* IAS 19 (2011) 'Employee Benefits' has been adopted as required by IFRS in 2013. The comparatives for the year ended and as at 31 December 2012 and as at 1 January 2012 have been restated (refer to note 1 and note 6).

Kerry Group plc

Consolidated Cash Flow Statement

for the year ended 31 December 2013

	Notes	2013 €'m	2012 (Restated)* €'m
Operating activities			
Trading profit		611.4	559.0
<i>Adjustments for:</i>			
Depreciation (net)		108.9	114.3
Change in working capital		(34.0)	(6.2)
Pension contributions paid less pension expense		(35.6)	(29.5)
Expenditure on acquisition integration and restructuring costs		(104.8)	(70.6)
Exchange translation adjustment		(0.2)	(1.8)
Cash generated from operations		545.7	565.2
Income taxes paid		(36.2)	(53.5)
Finance income received		1.2	1.1
Finance costs paid		(51.5)	(49.7)
Net cash from operating activities		459.2	463.1
Investing activities			
Purchase of non-current assets		(190.2)	(167.5)
Proceeds from the sale of property, plant and equipment		12.8	8.3
Capital grants received		0.7	3.2
Purchase of subsidiary undertakings (net of cash acquired)	7	(111.5)	(174.7)
Proceeds/(payments) due to disposal of businesses (net of related tax)		9.8	(2.1)
Payments relating to previous acquisitions		(5.1)	(5.0)
Net cash used in investing activities		(283.5)	(337.8)
Financing activities			
Dividends paid	5	(65.0)	(58.3)
Issue of share capital		0.1	-
Net movement on bank borrowings		(71.9)	(88.6)
Net cash movement due to financing activities		(136.8)	(146.9)
Net increase/(decrease) in cash and cash equivalents		38.9	(21.6)
Cash and cash equivalents at beginning of year		215.4	237.0
Exchange translation adjustment on cash and cash equivalents		(8.5)	-
Cash and cash equivalents at end of year		245.8	215.4
Reconciliation of Net Cash Flow to Movement in Net Debt			
Net increase/(decrease) in cash and cash equivalents		38.9	(21.6)
Cash outflow from debt financing		71.9	88.6
Changes in net debt resulting from cash flows		110.8	67.0
Fair value movement on interest rate swaps (net of adjustment to borrowings)		(3.9)	(1.4)
Exchange translation adjustment on net debt		20.8	11.3
Movement in net debt in the year		127.7	76.9
Net debt at beginning of year		(1,210.8)	(1,287.7)
Net debt at end of year		(1,083.1)	(1,210.8)

* IAS 19 (2011) 'Employee Benefits' has been adopted as required by IFRS in 2013. The comparatives for the year ended 31 December 2012 have been restated (refer to note 1 and note 6).

Notes to the Financial Statements
for the year ended 31 December 2013

1. Accounting policies

The financial information set out in this document does not constitute full statutory financial statements for the years ended 31 December 2013 or 2012 but is derived from same. The consolidated financial statements of Kerry Group plc have been prepared in accordance with International Financial Reporting Standards ('IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and those parts of the Companies Acts, 1963 to 2013 applicable to companies reporting under IFRS. The Group's financial statements have also been prepared in accordance with IFRSs adopted by the European Union ('EU') which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'). The Group financial statements comply with Article 4 of the EU IAS Regulation. IFRS adopted by the EU differs in certain respects from IFRS issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative financial instruments), share-based payments, retirement benefits obligation and financial asset investments, which are held at fair value. Assets classified as held for sale are stated at the lower of carrying value and fair value less costs to sell.

The Group's accounting policies, which will be included in the 2013 Annual Report & Accounts to be published in April 2014, are consistent with those described in the 2012 Annual Report & Accounts with the exception of Retirement Benefits Obligation for which the impact is disclosed below and in note 6. Certain comparative information has been restated in line with IAS 19 (2011) and IAS 1 (amendment). Additionally, some comparative information has been re-presented to align with the current year presentation.

New standards and interpretations

Certain new and revised accounting standards and new International Financial Reporting Interpretations Committee (IFRIC) interpretations have been issued and the Group's assessment of the impact of these new standards and interpretations is set out below.

Standard effective for Kerry Group in 2013 and has an impact on the results and financial position of the Group:		Effective Date
- IAS 19 (2011)	Employee Benefits	1 January 2013
	Amended IAS 19 - Employee Benefits (endorsed by the EU in June 2012) changes a number of disclosure requirements for post-employment arrangements and restricts the options currently available on how to account for defined benefit pension plans. This standard is effective for annual periods beginning on or after 1 January 2013 with retrospective application applied. Under the amended IAS 19, re-measurements are required to be recognised immediately when they occur thereby eliminating the option of the "corridor approach"; the expected return on assets and interest cost are replaced by a net interest cost which is required to be calculated using the liability discount rate rather than using an assumed long term expected rate of return for calculating the expected return on assets element; and all past service costs are required to be recognised immediately. The quantification of the impact is disclosed in note 6.	

Standard effective for Kerry Group in 2013 and only impacts on the presentation of the Consolidated Statement of Recognised Income and Expense:		Effective Date
- IAS 1 (amendment)	Presentation of Financial Statements	1 July 2012
	The amendment to IAS 1 has revised the layout of the Consolidated Statement of Recognised Income and Expense but has no impact on the results or financial position of the Group.	

Standards and Interpretations effective for Kerry Group in 2013 but not material to the results and financial position of the Group:		Effective Date
- IFRS 1 (amendments)	First-time adoption of International Financial Reporting Standards	1 January 2013
- IFRS 7 (amendment)	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
- IFRS 13	Fair Value Measurement	1 January 2013
- IAS 1 (amendment)	Presentation of Financial Statements	1 January 2013
- IAS 16 (amendment)	Property, Plant & Equipment	1 January 2013
- IAS 32 (amendment)	Financial Instruments: Presentation	1 January 2013
- IAS 34 (amendment)	Interim Financial Reporting	1 January 2013
- IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

Standards and Interpretations which are not yet effective for Kerry Group and are not expected to have a material effect on the results or the financial position of the Group:		Effective Date
- IFRS 7 (amendment)	Financial Instruments: Disclosures	1 January 2015
- IFRS 10	Consolidated Financial Statements	1 January 2014
- IFRS 11	Joint Arrangements	1 January 2014
- IFRS 12	Disclosure of Interests in Other Entities	1 January 2014
- IFRS 14	Regulatory Deferral Accounts	1 January 2016
- IAS 19 (amendment)	Employee Benefits	1 July 2014
- IAS 27 (amendment)	Consolidated and Separate Financial Statements	1 January 2014
- IAS 28 (amendment)	Investments in Associates and Joint Ventures	1 January 2014
- IAS 32 (amendment)	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
- IAS 36 (amendment)	Impairment of Assets	1 January 2014
- IAS 39 (amendment)	Financial Instruments: Recognition and Measurement	1 January 2014
- IAS 39 (amendment)	Financial Instruments: Recognition and Measurement	1 January 2015
- IFRIC 21	Leases	1 January 2014

The following revised standard is not yet effective and the impact on Kerry Group is currently under review:		Effective Date
- IFRS 9	Financial Instruments	1 January 2018
	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. IFRS 9 (2013) contains a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.	

Kerry Group plc

Notes to the Financial Statements

for the year ended 31 December 2013

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

	Ingredients & Flavours 2013	Consumer Foods 2013	Group Eliminations and Unallocated 2013	Total 2013	Ingredients & Flavours 2012 (Restated)*	Consumer Foods 2012 (Restated)*	Group Eliminations and Unallocated 2012	Total 2012 (Restated)*
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
External revenue	4,248.6	1,588.1	-	5,836.7	4,147.3	1,701.0	-	5,848.3
Inter-segment revenue	78.7	13.3	(92.0)	-	77.9	11.3	(89.2)	-
Revenue	4,327.3	1,601.4	(92.0)	5,836.7	4,225.2	1,712.3	(89.2)	5,848.3
Trading profit	558.5	128.8	(75.9)	611.4	507.7	132.6	(81.3)	559.0
Intangible asset amortisation				(28.1)				(23.4)
Non-trading items				(393.8)				(158.0)
Operating profit				189.5				377.6
Finance income				1.2				1.1
Finance costs				(68.8)				(63.2)
Profit before taxation				121.9				315.5
Income taxes				(37.5)				(54.8)
Profit after taxation and attributable to owners of the parent				84.4				260.7
Segment assets and liabilities								
Segment assets	3,310.4	891.3	1,007.9	5,209.6	3,330.4	1,088.3	931.0	5,349.7
Segment liabilities	(907.5)	(434.3)	(1,900.3)	(3,242.1)	(850.2)	(460.5)	(2,024.6)	(3,335.3)
Net assets	2,402.9	457.0	(892.4)	1,967.5	2,480.2	627.8	(1,093.6)	2,014.4
Other segmental information								
Property, plant and equipment additions	141.8	12.2	1.5	155.5	114.7	26.0	5.1	145.8
Depreciation (net)	82.1	23.5	3.3	108.9	84.7	26.8	2.8	114.3
Intangible asset additions	0.2	0.5	23.9	24.6	0.5	-	22.3	22.8
Intangible asset amortisation	11.0	7.2	9.9	28.1	14.1	1.3	8.0	23.4
Non-trading items								
Acquisition integration and restructuring costs	199.4	25.6	-	225.0	77.1	43.1	-	120.2
Impairment of assets held for sale	10.8	102.3	-	113.1	-	-	-	-
Loss on disposal of businesses and non-current assets	10.9	44.8	-	55.7	38.4	(0.6)	-	37.8

Information about geographical areas

	EMEA 2013	Americas 2013	Asia Pacific 2013	Total 2013	EMEA 2012	Americas 2012	Asia Pacific 2012	Total 2012
	€'m	€'m	€'m	€'m	€'m	€'m	€'m	€'m
Revenue by location of external customers	3,189.5	1,882.1	765.1	5,836.7	3,315.7	1,806.8	725.8	5,848.3
Segment assets by location	3,275.8	1,450.4	483.4	5,209.6	3,330.0	1,547.1	472.6	5,349.7
Property, plant and equipment additions	86.5	46.6	22.4	155.5	64.7	67.1	14.0	145.8
Intangible asset additions	24.4	0.2	-	24.6	22.3	0.2	0.3	22.8

* Comparatives have been restated to reflect the adoption of IAS 19 (2011) 'Employee Benefits' (refer to note 1 and note 6).

Kerry Group plc is domiciled in the Republic of Ireland and the revenues from external customers in the Republic of Ireland were **€576.5m** (2012: €559.8m). The non-current assets located in the Republic of Ireland are **€808.4m** (2012: €884.6m).

Revenues from external customers include **€1,694.2m** (2012: €1,813.8m) in the United Kingdom and **€1,462.1m** (2012: €1,408.0m) in the US. The non-current assets in the UK are **€669.9m** (2012: €745.3m) and in the US are **€827.8m** (2012: €872.0m).

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Notes to the Financial Statements

for the year ended 31 December 2013

3. Non-trading items

(a) Acquisition integration and restructuring costs

	Gross Cost €'m	Tax €'m	Net Cost €'m
Acquisition integration costs	102.2	(19.3)	82.9
Footprint and supply chain restructuring programme	85.9	(16.2)	69.7
Global Technology and Innovation Centres	36.9	(0.5)	36.4
2013 Acquisition integration and restructuring costs	225.0	(36.0)	189.0
2012 Acquisition integration and restructuring costs	120.2	(20.4)	99.8

Of which:

	Acquisition integration costs €'m	Footprint and supply chain restructuring programme €'m	Global Technology and Innovation Centres €'m	Total Gross Cost €'m	Tax €'m	Net Cost €'m
Redundancies and contract compensation	39.1	53.5	22.9	115.5	(18.5)	97.0
Impairment of assets and other non-cash costs	8.1	24.4	0.3	32.8	(5.2)	27.6
Relocation and dual running costs	45.4	4.1	7.9	57.4	(9.2)	48.2
Acquisition transaction and other service costs	9.1	1.8	-	10.9	(1.8)	9.1
Other	0.5	2.1	5.8	8.4	(1.3)	7.1
Acquisition integration and restructuring costs	102.2	85.9	36.9	225.0	(36.0)	189.0

Acquisition integration costs represent additional investment by the Group in current and past acquired businesses (including Cargill Flavour Systems), in order to realise their full value and achieve expected synergies. The costs reflect the closure of factories, relocation of resources and the streamlining of operations in order to integrate the businesses into the existing Kerry operating model.

The footprint and supply chain restructuring programme consists of costs associated with the Group's implementation of the 1 Kerry business excellence programme across all manufacturing operations and functional areas to leverage Kerry's global expertise and capabilities, whilst optimising manufacturing, scale and efficiency benefits.

Global Technology and Innovation Centres represents costs associated with the establishment in Ireland of the Group's Global Technology and Innovation Centre for the EMEA region.

The 2013 costs reflect the impact of closing or streamlining 24 sites within the Group.

The 2012 acquisition integration and restructuring costs of €120.2m included transaction expenses incurred in completing recent acquisitions as well as initial costs in integrating the acquisitions into the Group's operations and structure and costs associated with the progression of the 1 Kerry business excellence programme. The 2012 costs reflect the impact of closing or streamlining 13 sites within the Group.

Tax

A tax credit of **€36.0m** (2012: €20.4m) arose due to tax deductions available on the acquisition integration and restructuring costs.

Cash impact

The acquisition integration and restructuring costs resulted in net cash outflow (after related tax) of **€68.8m** (2012: €50.2m).

(b) Impairment of assets held for sale

Following a fundamental review of "go-to-market" strategies and reflecting significant changes in consumer consumption trends in the Irish and UK consumer foods markets, a decision has been made to classify a number of businesses as held for sale. These businesses are primarily held by Consumer Foods in Ireland and the UK.

The assets of these businesses have been impaired to their fair value less costs to sell resulting in a non-cash impairment of **€113.1m** (2012: €nil) to goodwill, brand-related intangibles, fixed assets and inventory.

The fair value of these assets less cost to sell were based on a combination of offers received for some of the businesses, third party valuations and management estimates of the fair value of these non-core businesses.

These impairments have been recorded in the Consolidated Income Statement as part of non-trading items.

A tax credit of **€4.2m** (2012: €nil) arose due to tax deductions available on the impairment of assets held for sale.

(c) Loss on disposal of businesses and non-current assets

The loss of **€55.7m** relates primarily to the disposal of non-core businesses including a liquid milk business, the Freshways sandwich business in Ireland, a distribution business in France, and to the sale of property, plant and equipment in the US, UK and Ireland. The 2012 loss of €37.8m related primarily to the disposal of the Candied Fruit business in France, Cargill Aroma Chemicals US business and other non-core businesses in the UK and Ireland and the loss on disposal of property, plant and equipment in the US and the UK. A net tax credit of **€1.4m** (2012: €2.1m) arose due to tax deductions available on the losses.

Kerry Group plc

Notes to the Financial Statements

for the year ended 31 December 2013

4. Earnings per A ordinary share

	Notes	EPS cent	2013 €'m	EPS (Restated)* cent	2012 (Restated)* €'m
Basic earnings per share					
Profit after taxation and attributable to owners of the parent		48.0	84.4	148.4	260.7
Brand related intangible asset amortisation		9.4	16.6	8.4	14.7
Non-trading items (net of related tax)	3	200.5	352.2	77.2	135.5
Adjusted earnings		257.9	453.2	234.0	410.9
Diluted earnings per share					
Profit after taxation and attributable to owners of the parent		48.0	84.4	148.3	260.7
Adjusted earnings		257.6	453.2	233.7	410.9

* Comparatives have been restated to reflect the adoption of IAS 19 (2011) 'Employee Benefits' (refer to note 1 and note 6).

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 brand related intangible asset amortisation and non-trading items (net of related tax). These items are excluded in order to assist in the understanding of underlying earnings.

Number of Shares	2013 m's	2012 m's
Basic weighted average number of shares	175.7	175.6
Impact of share options outstanding	0.2	0.2
Diluted weighted average number of shares	175.9	175.8
Actual number of shares in issue as at 31 December	175.7	175.6

5. Dividends

	2013 €'m	2012 €'m
Amounts recognised as distributions to equity shareholders in the year		
Final 2012 dividend of 25.00 cent per A ordinary share paid 10 May 2013 (Final 2011 dividend of 22.40 cent per A ordinary share paid 11 May 2012)	43.9	39.3
Interim 2013 dividend of 12.00 cent per A ordinary share paid 15 November 2013 (Interim 2012 dividend of 10.80 cent per A ordinary share paid 16 November 2012)	21.1	19.0
	65.0	58.3

Since the year end the Board has proposed a final 2013 dividend of 28.00 cent per A ordinary share. The payment date for the final dividend will be 9 May 2014 to shareholders registered on the record date as at 11 April 2014. These consolidated financial statements do not reflect this dividend.

Notes to the Financial Statements

for the year ended 31 December 2013

6. Change in accounting policy and reclassification

The Group adopted the amended IAS 19 'Employee Benefits' from 1 January 2013 with retrospective application, as required by the standard. The impact on the Group's 2012 results and financial position was as follows:

- an additional pension cost to the Consolidated Income Statement for the year ended 31 December 2012 of €8.6m. This is due to an increase in the net interest cost and the reduction in past service cost as the charge is no longer required. This also resulted in a reduction in the income tax charge to the Consolidated Income Statement and a corresponding decrease in deferred tax items taken directly to reserves in the Consolidated Statement of Recognised Income and Expense for the year ended 31 December 2012 of €2.3m.

- an increase in the net deficit with a corresponding impact on retained earnings of €2.8m as at 31 December 2012 and €3.1m as at 1 January 2012. This is due to unrecognised past service costs which are required to be recognised under the amended standard.

From 1 January 2013, with 2012 restated, the Group reports the net interest cost associated with defined benefit post-retirement schemes within finance costs in the Consolidated Income Statement, previously disclosed within staff costs. Under the amended IAS 19, the impact for the year ended 31 December 2012 results in a decrease in staff costs of €4.3m and a corresponding increase in finance costs of €12.9m.

	2012 €'m
Effect on the Consolidated Income Statement	
Decrease in pension cost included in staff costs	4.3
Increase in pension cost included in finance costs	(12.9)
Decrease in profit before taxation	(8.6)
Decrease in income taxes	2.3
Decrease in profit after taxation and attributable to owners of the parent	(6.3)
Decrease in earnings per A ordinary share	Cent
- Basic	(3.6)
- Diluted	(3.6)

	2012 €'m
Effect on the Consolidated Statement of Recognised Income and Expense	
Decrease in profit after taxation and attributable to owners of the parent	(6.3)
Increase in re-measurement on retirement benefits obligation	8.9
Decrease in deferred tax on items taken directly to reserves	(2.3)
Increase in total comprehensive income	0.3

	Retirement benefits obligation €'m	Shareholders' equity €'m
Effect on the Consolidated Balance Sheet		
Balance as reported as at 1 January 2012	(277.5)	1,845.3
Effect of IAS 19 (2011)	(3.1)	(3.1)
Restated balance as at 1 January 2012	(280.6)	1,842.2
Balance as reported as at 31 December 2012	(308.8)	2,017.2
Effect of IAS 19 (2011)	(2.8)	(2.8)
Restated balance as at 31 December 2012	(311.6)	2,014.4

There was no impact on the deferred tax asset relating to retirement benefits obligation.

	2012 €'m
Effect on the Consolidated Cash Flow Statement	
Increase in trading profit	4.3
Increase in pension contributions paid less pension expense	(4.3)
Change in net cash from operating activities	-

Notes to the Financial Statements

for the year ended 31 December 2013

7. Business combinations

During 2013, the Group completed five bolt on acquisitions, all of which are 100% owned by the Group.

	Acquiree's Carrying Amount Before Combination 2013 €'m	Fair Value Adjustments 2013 €'m	Total 2013 €'m
Recognised amounts of identifiable assets acquired and liabilities assumed:			
<i>Non-current assets</i>			
Property, plant and equipment	16.1	(4.5)	11.6
Brand related intangibles	5.7	35.1	40.8
<i>Current assets</i>			
Inventories	5.2	-	5.2
Trade and other receivables	6.5	-	6.5
<i>Current liabilities</i>			
Trade and other payables	(6.4)	(2.0)	(8.4)
<i>Non-current liabilities</i>			
Other non-current liabilities	(3.1)	(0.3)	(3.4)
Total identifiable assets	24.0	28.3	52.3
Goodwill			69.2
Total consideration			121.5
Satisfied by:			
Cash			111.5
Deferred payment			10.0
			121.5

The acquisition method of accounting has been used to consolidate the businesses acquired in the Group's financial statements. Given that the valuation of the fair value of assets and liabilities recently acquired is still in progress, the above values are determined provisionally. For the acquisitions completed in 2012, there have been no material revisions of the provisional fair value adjustments since the initial values were established.

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. **€41.6m** of goodwill recognised is expected to be deductible for income tax purposes.

Transaction expenses related to these acquisitions of **€2.0m** were charged against acquisition integration and restructuring costs in the Group's Consolidated Income Statement during the year. The cash figure above is net of **€0.6m** cash taken over at the date of acquisition.

The fair value of the financial assets includes trade and other receivables with a fair value and a gross contractual value of **€6.5m**.

In March 2013, the Group acquired Orley Foods, a leading supplier of sweet ingredient solutions to food manufacturers and foodservice providers in South Africa.

In December 2013, the Group acquired the business and certain assets of Wynnstarr, a specialist manufacturer of meat flavours for a range of customers primarily located in the US.

Additionally, the Group acquired small businesses in the US and Hungary during 2013.

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.

8. Events after the balance sheet date

Since the year end, the Group has proposed a final dividend of 28.00 cent per A ordinary share (note 5).

There have been no other significant events, outside the ordinary course of business, affecting the Group since 31 December 2013.

9. General information

The 2013 and 2012 Group's financial statements have been audited and received unqualified audit reports. The 2013 consolidated financial statements were approved by the Board of Directors on 24 February 2014.