c&c group plc

Year ended 28 February 2010

ANNUAL REPORT

POSITIONING C&C FOR LONG-TERM GROWTH
BUSINESS TRANSFORMATION OVER 18 MONTHS

NOV 08
APPOINTMENT OF NEW MANAGEMENT TEAM

FEB/MAR 09
NEW STRATEGY ARTICULATED, ASSET WRITE-DOWN, NEW BUSINESS UNITS ESTABLISHED

RE-ORGANISATION AND COST REDUCTION PROGRAMME IMPLEMENTED

MAR 09
LAUNCH OF BULMERS AND MAGNERS PEAR

JUN 09
WHOLESALE PRICE REDUCTION OF ON-TRADE PINT BOTTLE, IRELAND

AUG 09
ACQUISITION OF IRISH, NORTHERN IRISH AND SCOTTISH ASSETS OF AB INBEV (TENNENT'S)

NOV 09
VARIATION TO MAGNERS DRAUGHT CONTRACT WITH MOLSON-COORS

ACQUISITION OF THE GAYMER CIDER COMPANY; FULL OFT CLEARANCE OF TENNENT'S TRANSACTION

MAR 10
LAUNCH OF NEW MAGNERS MARKETING CAMPAIGN AND MAGNERS GOLDEN DRAUGHT

APR 10
FULL OFT CLEARANCE OF GAYMERS TRANSACTION; COMMENCEMENT OF FULL INTEGRATION

ANNOUNCEMENT OF DISPOSAL OF SPIRITS & LIQUEURS

REVENUE	€568.8M	REPORTED CONSTANT CURRENCY ORGANIC	+10.6% +16.4% -8.6%
OPERATING PROFIT	€89.5M	REPORTED CONSTANT CURRENCY ORGANIC	-10.9% +20.9% +12.4%
FREE CASH FLOW	€109.9M	REPORTED	+44.4%
BASIC EARNINGS PER SHARE	23.2C		
ADJUSTED DILUTED EARNINGS PER SHARE	22.7C	REPORTED	-10.6%

ACQUISITION OF IRISH, NORTHERN IRISH AND SCOTTISH ASSETS OF AB INBEV (TENNENT'S) FOR €216.5M

ACQUISITION OF THE GAYMERS CIDER COMPANY ASSETS FOR €52.1M

VARIATION TO MAGNERS DRAUGHT DISTRIBUTION AGREEMENT WITH MOLSON-COORS IN UK

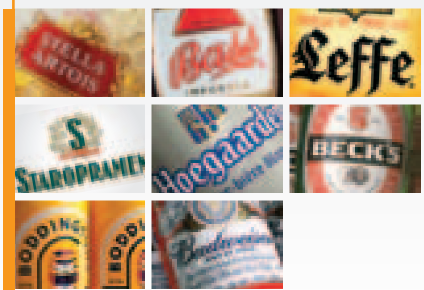
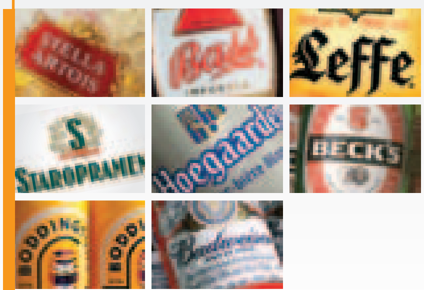
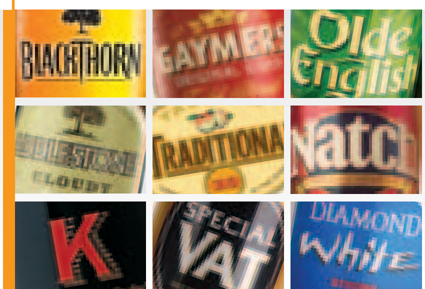
NEW BRAND POSITION ESTABLISHED FOR MAGNERS IN THE UK AND LAUNCH OF NEW MARKETING CAMPAIGN

LAUNCH OF BULMERS PEAR IN IRELAND AND MAGNERS PEAR IN UK

REVIEW OF CIDER PRICING STRATEGY ACROSS ALL MARKETS

AGREEMENT TO DISPOSE OF SPIRITS & LIQUEURS BUSINESS FOR €300M


BULMERS
IRISH CIDER
1935
MAGNERS
IRISH CIDER
Original
BLACKTHORN
T
GAYMERS
ORIGINAL CIDER
Cold filtered
MAGNERS
PEAR
BULMERS
PEAR
ESTABLISHED 1829
Tullamore Dew

	SCOTLAND	NORTHERN IRELAND
C&C		
TENNENT'S		
ABI DISTRIBUTION RIGHTS	 NON-EXCLUSIVE ON-TRADE DISTRIBUTION RIGHTS	 NON-TRANSNATIONAL ON AND OFF-TRADE DISTRIBUTION RIGHTS
GAYMER CIDER CO.		
OTHER ASSETS	• WELLPARK BREWERY • ADVANCES TO CUSTOMERS • TENNENT'S WHOLESALE • 3 YEAR CONTRACT BREWING AGREEMENT	• ADVANCE TO CUSTOMERS

C&C

Republic of Ireland

England (& ROW)

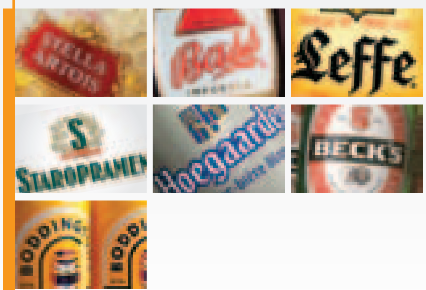
TENNENT'S

Republic of Ireland

England (& ROW)

ABI DISTRIBUTION RIGHTS

Republic of Ireland



ON-TRADE AND NON-TRANSNATIONAL OFF-TRADE DISTRIBUTION RIGHTS

GAYMER CIDER CO.

England (& ROW)

OTHER ASSETS

Republic of Ireland

- CIDER MANUFACTURING FACILITY AT CLONMEL

England (& ROW)

- CIDER MANUFACTURING FACILITY AT SHEPTON MALLET (GAYMERS)
- DISTRIBUTION FACILITY

BUILDING BRAND AND PORTFOLIO

THE YEAR UNDER REVIEW WAS CHARACTERISED BY EXCEPTIONAL TURBULENCE, VOLATILITY AND UNCERTAINTY, PARTICULARLY IN OUR CORE MARKETS. THIS BLEAK BACKDROP WAS EXACERBATED BY ANOTHER POOR SUMMER AND A LACK OF CONSUMER CONFIDENCE. THE COMPETITIVE SCENE WAS EXCEPTIONALLY PRICE AGGRESSIVE WHERE VOLUME WAS PURSUED AT THE EXPENSE OF MARGIN. IN THESE MOST DIFFICULT OF CIRCUMSTANCES MANAGEMENT DELIVERED A RESILIENT PERFORMANCE, AND THE GROUP IS NOW ON A MORE SOLID PLATFORM.

ORGANISATION

To their credit and in a relatively short timeframe the new Management team confronted the many challenges which they encountered with considerable success. They brought stability to the business, restored confidence and credibility. They adopted a focused approach to cost reduction, streamlined the organisation and importantly redefined our strategic direction. Their in-depth knowledge of the British market together with its complex routes to market corrects a previous deficit.

ACQUISITIONS AND STRATEGY

The acquisition of the high profile Tennent's beer brand from AB-InBev and the Gaymers Cider business from Constellation were key strategic initiatives and will provide us with a more comprehensive Long Alcoholic Drinks ("LAD") portfolio in the UK and Ireland. In turn, the leveraging of these brands should benefit our premium Magners cider business. These acquisitions, coupled with the recently announced disposal of our Spirits & Liqueurs Division, confirm your Board's intention to focus strategically on cider and long alcohol drinks. In the long-term the goal is to build a significant international LAD business through a mix of organic growth, targeted acquisitions and alliances.

INNOVATION

Our marketing team were pro-active in the area of innovation with the launch of Pear Cider in the Irish and British markets. More recently Bulmer's Berry Cider was launched in Ireland, while Magner's Golden Draught is being rolled out in Scotland. These fresh initiatives, will, we believe, stimulate our cider brands.

FINANCIALS

Operating profit, before exceptional items, for the year amounted to €89.5 million which was slightly ahead of market guidance and was a satisfactory outcome in very testing conditions. Our policy of investing significant resources behind our brands was maintained, aided by lower media buying rates.

The cash generative nature of the business was again evident with free cash flow for the year of €110 million. Additionally, the recently announced agreement to dispose of the Group's Spirits & Liqueurs business for €300 million will have a very positive impact on the Groups' Net Debt to EBITDA ratio and will leave us in an advantageous position in the event of suitable opportunities emerging.

DIVIDEND

It is proposed to pay final dividend of three cent per share, subject to shareholder approval. If approved, this will bring the Group's full year dividend to six cent per share. A scrip dividend alternative will also be available.

GOVERNANCE

A statement of our main Governance practices is provided on pages 32 to 38. The Board, together with the Senior Management Team are committed to achieving the highest standards of Governance and ethical behaviour and believe that appropriate systems of internal control are in place.

Commencing this year, the Board decided to present the Directors' Remuneration Report to Shareholders for the purposes of an advisory vote. There is no legal obligation on the Company to do this and the outcome of the vote is non-binding. The Board though acknowledges shareholders entitlement to a 'Say on Pay'.

BOARD AND MANAGEMENT

Noreen O'Kelly, our Company Secretary for over eight years, decided to pursue a career change outside of the Group and departed the organisation at the end of May, 2010. Noreen oversaw the Group's transition from a private Company to a PLC. She established and policed our Governance standards, and was a reservoir of knowledge for both the Board and Management on a wide range of corporate issues. I want to thank her and wish her well. She will be replaced by Sinead Gillen.

Sir Brian Stewart was co-opted to the Board last March as a non-Executive Director and Chairman Designate. He will succeed me as Chairman immediately after this AGM. Sir Brian was previously Chairman of Standard Life, PLC; Chairman of S&N PLC; and also was CEO of S&N PLC. He is currently Chairman of the Miller Group. He brings with him a wealth of experience in the global drinks industry as well as being an international business figure of stature.

Kenny Neison was co-opted to the Board in November 2009 as an Executive Director with specific responsibility for Strategy and Investor Relations. He is a Chartered Accountant and was previously Finance Director of S&N Western Europe and Finance Director of S&N (U.K.). His appointment brings both balance and relevant expertise to the Board.

As provided for in the Company's Articles of Association, Sir Brian Stewart and Kenny Neison are proposed for election at the AGM on 5 August 2010. Also in accordance with the Company's Articles of Association and recommended best practice in the Combined Code on Corporate Governance, each year at the AGM at least one third of the Directors retire from the Board and submit themselves for re-election at the forthcoming AGM. This year Liam FitzGerald and John Burgess will retire from the Board and seek re-election at the AGM.

I can confirm that I have conducted a thorough assessment of the performances of all Directors and each of them continues to demonstrate a high level of effectiveness and commitment to the role. I therefore strongly recommend the re-election of the above Directors.

I will be stepping down from the Board as a Director and Chairman immediately after the AGM. I believe the Group is in very capable hands, that key performance measures are trending positively and that the pursuit of a focused LAD strategy will prove to be rewarding. I wish to thank my Board colleagues for their dedication and support since our IPO, over six years ago.

CONCLUSION

It is anticipated that the external environment will remain downbeat for this financial year and consumer sentiment is likely to remain subdued. This inevitably will restrict top-line growth. However, Management's concentration on further cost reductions, synergy extraction from recent acquisitions, together with astute marketing initiatives, should ensure a positive outcome.

Tony O'Brien
Chairman

THE ACQUISITION OF THE HIGH PROFILE TENNENT'S BEER BRAND FROM AB-INBEV AND THE GAYMERS CIDER BUSINESS FROM CONSTELLATION WERE KEY STRATEGIC INITIATIVES

TIMING OUR EVOLUTION

FY10 HAS BEEN ANOTHER CHALLENGING YEAR FOR BOTH THE GROUP AND THE INDUSTRY. TRADING CONDITIONS REMAINED POOR, AS THE LONG ALCOHOL DRINKS ('LAD') INDUSTRY IN BOTH IRELAND AND THE UNITED KINGDOM SUFFERED FROM THE CONTINUING EFFECTS OF THE GLOBAL RECESSION.

ALTHOUGH CIDER VOLUMES, EXCLUDING ACQUISITION VOLUMES, DECLINED BY 2.4% - THIS REFLECTED A STABILISATION OF OUR PERFORMANCE RELATIVE TO THE PRIOR YEAR WHEN YEAR-ON-YEAR VOLUMES DECLINED BY 14%.

During the financial year ended 28 February 2010, the Group made continued progress towards addressing the performance of the Bulmers and Magners brands and has successfully implemented a series of steps to position the business to deliver consistent, long term growth including; restructuring and streamlining the business to result in a leaner more efficient organisation, acquisition of both the Tennent's beer and Gaymer cider businesses, and, the creation of a new proposition for the Magners brand.

Following the acquisitions, we restructured the cider and beer businesses appointing a Managing Director to each of our core geographical regions, (England & Wales, Northern Ireland, Republic of Ireland, Scotland and Rest of World). The benefit of this regional structure is two fold:

- it allows each business unit to build and maintain a local business focus with strong brands, good market position and exceptional people; and,
- it enables each business unit to operate independently, allowing it to be more agile and entrepreneurial with a clear line of sight between head office and the consumer.

By focusing on the local market and its customers, we believe that these units will have a competitive advantage over their global counterparts. They will work closely with customers and respond more quickly to market needs and opportunities.

We believe that the Group now has the skills, resources, people and product portfolio to become a more dynamic player in the core markets. Not only have we strengthened our brand proposition and created a more viable business model, we have also established important strategic alliances for the future. Good progress has been made on integrating the acquired businesses with the existing business although it is recognised that there are still significant challenges to be addressed over the summer months to complete this process.

OBJECTIVES SET IN 2009: SHORT-TERM

NEW BUSINESS STRUCTURE	To allow quick, profit focused decision making
STRENGTHEN BRAND PROPOSITION	To meet local consumer and customer needs
IMPROVE COST POSITION	Reduce cost base and over-capacity

ACQUISITIONS

Tennent's

As C&C continued to build its Magners brand in the UK, an opportunity to purchase Tennent's from AB InBev presented us with a 'perfect fit'. Tennent's is an iconic brand that dates back to 1885 holding a major share of the LAD market in both Northern Ireland and Scotland. The business has strong cash generating capabilities and is supported by an experienced workforce, the benefits of which will enhance the position of the Magners brand in these territories. Tennent's strong relationships with both the on and off-trade offers the Group new and established routes to market. Accessing this pipeline provides an excellent platform from which to build sales of the Magners cider brand.

Tennent's has a long history of sponsorship, including the annual T in the Park music festival, but it is their relationship with Premiership and international Scottish football that is most significant, reaching 80% of the country's football fans. Tennent's recently ended their 36 year sponsorship of the Scottish national team, and will commence a three-year sponsorship of Glasgow Celtic and Glasgow Rangers this summer.

Scotland forms one of the new autonomous business units and will now receive the investment and support to drive the business forward and be more innovative in their marketing to promote both the Tennent's and Magners brands.

As part of this transaction, we also acquired a 20 year distribution agreement for several of ABI's premium brands, including Budweiser, Beck's and Stella Artois (distribution rights vary depending on territory) boosting our beer portfolio in Ireland and the UK, and increasing our leverage with customers in the Scottish market.

WE BELIEVE THAT THE GROUP NOW HAS THE SKILLS, RESOURCES, PEOPLE AND PRODUCT PORTFOLIO TO BECOME A MORE DYNAMIC PLAYER IN OUR CORE MARKETS.

Gaymers
The acquisition of the Gaymer cider business, from Constellation Brands, came much later in the year and has not had a significant impact on the Group's financial performance in FY10. We believe the acquisition provides the Group with excellent opportunities to improve our market performance in Great Britain ('GB').

Gaymers is the second largest cider producer in the UK. Its attraction to C&C is based on two key factors: the breadth of its portfolio (brands cover several cider categories including mainstream, specialist/artisan, regional and own label), including the UK's number two pear cider; and its strong relationship with the off-trade.

We now have a complete range of brands across the cider spectrum, as well as strengthened routes to market. Combined with the synergies and knowledge that will be transferred between the businesses, the acquisition of Gaymers will help us to grow further and enhance our production and distribution in Ireland and the UK.

Gaymers is currently integrating into our existing GB cider business and both businesses will be managed as a single business unit.

Ultimately, these two acquisitions strengthen our brand proposition, give us greater market reach and improved production and packaging flexibility with the addition of two production facilities in GB. They have also given us greater scope and opportunities, specifically in GB, the world's largest cider market. The Group's increased scope and strength in the GB market enabled it to better align its distribution arrangements and renegotiate its draught distribution contract with Molson Coors.

NEW PRODUCTS

To offer consumers a more dynamic product offering it is essential for C&C to be more innovative, as a result of this renewed focus on innovation, in March 2009, we launched a pear cider on the Irish and UK markets under the Bulmers and Magners brand names respectively. In Ireland, we set targets of reaching 80% distribution to the on-trade and 95% of the off-trade within 10 months. We achieved these targets in just 10 weeks and Bulmers Pear now accounts for 6% of total Irish volume. Pear appeals to a younger audience than Original Cider, and is favoured by female drinkers.

With Pear, we have proved our innovation capabilities. These are essential for our evolution and driving the business forward. Since the year end, we have extended our cider offerings with the launch of Bulmers Berry in the Republic of Ireland and Magners Golden Draught in Scotland. Our Mid-Strength cider is still relatively new to the market and has proved popular at venues like golf clubs, while Bulmers and Magners Light remains a strong niche product in their core markets.

MARKETING

During FY10, while we developed new brand propositions the focus of our marketing investment was placed behind the launch of Pear in both Ireland and the UK. These innovative marketing campaigns helped create a more dynamic brand image and attracted new and lapsed drinkers to try our Original cider brand.

Following the launch of Magners Pear cider, we revitalised the Magners Original marketing campaign with a new campaign 'Method in the Magners' launched in FY11 which shifts from a generic marketing approach to one tailored specifically at the targeted consumer audience that focuses on the brand's authentic heritage and craft but is unique to each market.

GAYMERS IS THE SECOND LARGEST CIDER PRODUCER IN THE UK.

Sponsorship
Sponsorship continues to play an essential role in the marketing mix. The Magners League rugby sponsorship is highly successful in Ireland, but we have shifted away from the popular comedy festival sponsorship, focusing instead on acquiring pouring rights at events and festivals. This is the result of having a broader portfolio to offer venues. We had pouring rights at the 2009 Leopardstown Summer Festival, and this will be extended to the O2 and the RDS in Dublin. In the UK, we will be the first drinks company to have pouring rights at Glastonbury, Britain's biggest music festival.

Pricing Initiatives
In response to the economic conditions, the Group implemented a price reduction of c. 10% on the Bulmers Original pint bottle to its customers in the on-trade in the Republic of Ireland, which led to a significant price reduction to consumers. Since the year end, we announced a 2.4% reduction in the wholesale price of draught Bulmers, also in the Republic of Ireland.

After considerable research, we are satisfied that the brand price positioning is now at an appropriate level for a premium cider brand.

SPIRITS & LIQUEURS

Since the year end, the Group announced an agreement to dispose of its Spirits & Liqueurs division to William Grant & Sons Holdings Ltd for a cash consideration of €300 million, subject only to shareholder approval which will be sought at an EGM on 17 June 2010.

The business is a complementary portfolio of premium niche brands - *Tullamore Dew, Carolans, Frangelico* and *Irish Mist* - which are exported to over 80 international markets. While these international brands have strong market positions in niche categories, it was our belief that the business was sub-scale.

OBJECTIVES SET IN 2009: MEDIUM-TERM

NEW ROUTES TO MARKET	Partnership approach in existing and new markets
BUILD STRATEGIC ALLIANCES	Maximise the use of our assets to enhance profits
INNOVATION	Make product and business innovation a core competency

Given that our long-term aim is to build a substantial international cider-led, LAD business through a combination of organic growth and selective acquisitions; the limited synergies between this division and our cider and beer businesses; and the significant ongoing investment that would be required to develop this business, we took the view that investment in the Group's LAD businesses provides greater scope for the creation of shareholder value.

OUTGOING CHAIRMAN

After serving 21 years as Chief Executive and a further eight years as Non-executive Chairman, Tony O'Brien has decided to retire from the business. He has overseen considerable changes in the business and his contribution has steered us through both the good times and the difficult ones. On behalf of the Management team I would like to extend our gratitude for his sterling efforts and wish him well in his retirement.
I would also like to welcome Sir Brian Stewart, our Chairman designate, who, subject to shareholder approval, will be appointed chairman at the AGM on 5 August 2010.

OUTLOOK

Over the past 12 months, we have taken a series of steps to position the business to deliver consistent, long-term growth. We have significantly strengthened our position in the long alcohol drinks sector through the acquisition of the Tennent's and Gaymers businesses. Our strong underlying free cash flow generation and balance sheet strength will support the continuing development of a cider-led drinks portfolio while the acquisitions give us greater scale in our core markets and provide opportunities for both revenue and cost synergy benefits.
While we remain cautious on the macro economic outlook for both Ireland and Great Britain, in the medium term, we have confidence in our brand strengths and trading strategies.

John Dunsmore
Chief Executive Officer

STABILISING BUSINESS

WE REPORTED A 16.4%[i] INCREASE IN REVENUE TO €568.8M, OPERATING PROFIT, BEFORE EXCEPTIONAL ITEMS, OF €89.5M AND BASIC EARNINGS PER SHARE OF 23.2 CENT FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2010. THIS PERFORMANCE TRANSLATES TO AN OPERATING MARGIN OF 15.7%, AN INCREASE OF 0.6 PERCENTAGE POINTS ON FY09 IN CONSTANT CURRENCY TERMS.

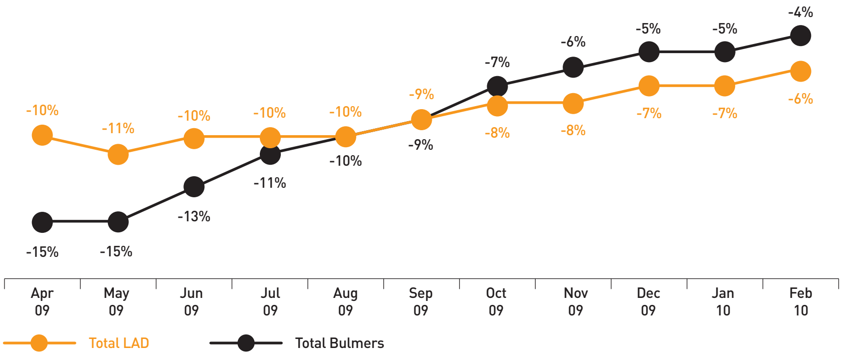
Operating profit before exceptional items and excluding the benefit of acquired businesses is €83.2 million, an increase of 12.4%[i] on the prior year. This represents an operating margin of 18.6%. In constant currency terms an increase of 3.5 percentage points on FY09.

Our cider volumes increased 5.9% on the prior year. Excluding the impact of Gaymers, cider volumes declined 2.4% on the prior year. This is broadly consistent with our objective to stabilise volumes given the 14% decline in volumes recorded in the prior financial year.

As indicated in Tables 1 and 2 the current financial year saw Bulmers sales volumes in the Republic of Ireland strengthen from a position of underperformance versus the market at the beginning of the year to one of outperformance at the year end. While in GB, the underperformance of our Magners brand sales volumes versus the market improved by 15 percentage points to a 12 percentage point underperformance reflecting a significant improvement year on year. Our performance in both GB and ROI are discussed in detail on pages 12 and 13.

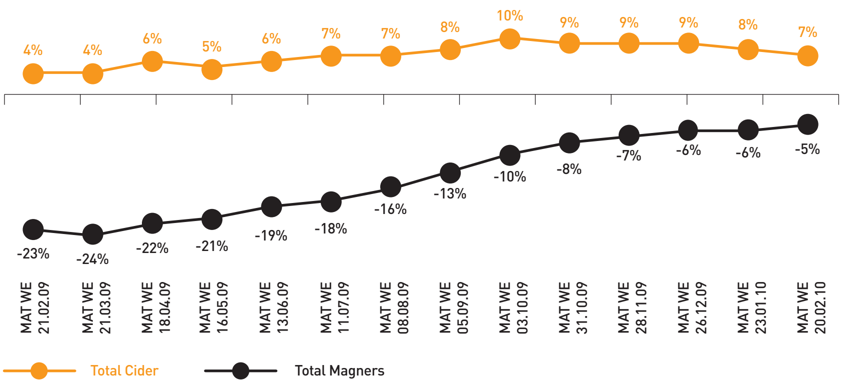
Spirits & Liqueurs volume declined by 4.1% in FY10 with volumes recovering in the second half of the year following a 15% decline in the first half.

TABLE 1
ROI ON + OFF TRADE ROLLING MAT VOLUME SALES TREND



Source: ACNielson Data to Feb 2010

TABLE 2
GB ON + OFF TRADE ROLLING MAT VOLUME SALES TREND



Source: ACNielson & CGA Data to Feb 20/2/2010

THE GROUP IS ON TRACK TO DELIVER ON ITS COST AND REVENUE SYNERGY TARGET OF £5M IN FY11.

We recorded Free Cash Flow of €109.9 million for the year, representing 103.4% of EBITDA[iii], reflecting reduced capital expenditure, reduced financing costs and better working capital management including the positive timing impact of the acquisitions.

ACQUISITIONS

In September 2009 we completed the acquisition of the businesses of AB InBev in Ireland, Northern Ireland and Scotland ("Tennent's") for a total consideration of €216.5 million, of which payment of €30.8 million is deferred until September 2010. The principal assets of the business included the rights to Tennent's brands worldwide (with the exception of Tennent's Super and Tennent's Pilsner), the Wellpark Brewery in Glasgow and investments in on-trade customers of the acquired businesses.

In January 2010, we completed the acquisition of the UK cider assets of Constellation Brands, The Gaymers Cider Business ("Gaymers") for a total consideration of €52.1 million. The principal assets of this business are a broad UK cider portfolio including the brands Blackthorn, Olde English and Gaymers; a cider production facility at Shepton Mallet, Somerset, England; and a leased distribution warehouse in Bristol, England. We received unconditional approval from the UK Office of Fair Trading ("OFT") for this acquisition on 8 April 2010.

The combined cost of Tennent's and Gaymers including acquisition related costs is €268.6 million.

SYNERGIES & INTEGRATION

The operational integration of Tennent's is well advanced. Good progress has also been made on the integration of Gaymers since we received final clearance from the UK OFT in April 2010. There are still significant challenges to address over the summer months, particularly in relation to the development of a new IT systems platform for the enlarged GB business. It is anticipated that migration onto the new systems will complete on or about the end of September 2010. The total expenditure associated with systems development is estimated at approximately €7 million.

Good progress was made on extracting synergistic benefits from the enlarged business. Distribution arrangements have been restructured in both Scotland and Northern Ireland, integration of the Northern Ireland trading businesses is complete and a new senior management team has been appointed for GB cider sales and marketing. The Group is on track to deliver on its cost and revenue synergy target of £5 million in FY11.

DURING THE YEAR, WE TOOK A NUMBER OF STEPS TO ENSURE THE GROUP IS POSITIONED TO COMPETE EFFECTIVELY IN TOUGH MARKET CONDITIONS

DIVISIONAL REVIEW CIDER - IRELAND

Cider | ROI Constant currency	2009/10 €m	2008/09 €m	Change
Revenue	153.0	166.6	(8.2%)
- Price impact	(5.4%)		
- Volume impact	(2.8%)		
Operating profit	44.3	45.3	(2.2%)
Operating margin	29.0%	27.2%	1.8pts
Volumes			(2.8%)

Revenue of €153.0 million declined 8.2% on the same period last year. Operating profit declined by 2.2% on a constant currency basis to €44.3 million while operating margin improved by 1.8 percentage points. Revenue decline attributed to price in the year was 5.4%. The two key features of this decline were the relative growth of off trade volumes and the 10% wholesale price reduction for pint bottles in the on trade announced and implemented in June 2009.

Volumes declined 2.8% against the backdrop of a weak ROI Long Alcoholic Drinks (LAD) market and a challenging economic environment, with the LAD[v] market declining 6% in the year ended February 2010. This comprised a 7% decline in the on-trade and a 4% decline in the off-trade.

Volume performance also reflects the continuing shift from on-trade to off-trade with volumes declining by 7% year on year in the on-trade but growing by 3% in the off trade.

During the year, we took a number of steps to ensure the Group is positioned to compete effectively in tough market conditions comprising: a re-organisation of the sales force; the launch of Bulmers Pear; a 10% reduction in the wholesale price for pint bottles; a new advertising campaign; and the implementation of the cost reduction programme announced in FY09. Collectively, these initiatives contributed to a C&C volume performance ahead of the LAD market trend and an improvement in operating margins.

The Group continues to invest in the momentum of Bulmers and subsequent to the year-end announced a 2.4% reduction in the wholesale price of draught Bulmers and added to the growing Bulmers range with the launch of Berry.

MAGNERS OVERALL PERFORMANCE SHOWS SIGNIFICANT PROGRESS TOWARDS THE OBJECTIVE OF STABILISING VOLUMES

DIVISIONAL REVIEW CIDER - GREAT BRITAIN

Cider | GB Constant currency	2009/10 €m	2008/09 €m	Change
Revenue	149.0	163.9	(9.1%)
- Price impact	(10.3%)		
- Volume impact	(4.9%)		
- Gaymers impact	6.1%		
Operating profit	19.7	13.3	48.1%
- Gaymers impact	(0.7)	-	-
- Organic operating profit	20.4	13.3	53.4%
- Operating Margin	13.2%	8.1%	5.1pts
- Organic Operating Margin	14.7%	8.1%	6.6pts
Total GB cider volumes			11.7%
- Organic volumes			(4.9%)

Revenue of €149.0 million declined by 9.1% versus last year on a constant currency basis. Operating profit increased 48.1% to €19.7 million while operating margin improved by 5.1 percentage points to 13.2%, both in constant currency terms. Excluding the impact of the Gaymers acquisition, operating profit increased 53.4% to €20.4 million while operating margin improved by 6.6 percentage points to 14.7%, both in constant currency terms. The improvement in operating margin reflects: a reduced level of brand investment while developing the new Magners proposition; savings in depreciation costs post the revaluation of the cider manufacturing plant; and, the impact of the reorganisation and cost reduction programme in Clonmel; partially offset by an increase in sales infrastructure investment.

Revenue decline attributed to price in the year was 10.3%. The two key features of this decline were the relative growth of off-trade volumes and the impact of a period of promotional activity in the Grocery channel in the first half of the year. Total volumes increased 11.7% on the prior year, which includes the benefit of Gaymers. Magners volumes declined 4.9% year on year in a growing cider category fuelled by growth in the off trade channel. The GB cider market increased 7%[v] in the 12 months to February 2010.

Magners overall performance shows significant progress towards the objective of stabilising volumes relative to the 17% volume decline experienced in the year to February 2009. Magners off-trade volumes have grown 12% year on year compared with category volume growth in the off-trade of 13%[v]. On-trade volumes declined 14% year on year compared to flat volume growth in the on trade category[v]. The brand continues to underperform in the on-trade but the launch of Pear and growth in draught volumes contributed to a significant improvement in performance.

During the year, C&C modified the terms of its agreement with Molson Coors on the distribution of draught Magners in GB. Under the terms of the revised agreement, Molson Coors UK will continue to distribute draught Magners to the Independent Free Trade in England & Wales, while draught Magners to the on-trade in Scotland and on trade multiples in England & Wales will be distributed by the Group. We will also distribute all other LAD brands to the on-trade throughout GB. This revised agreement took effect from 1 March 2010 and, consequently, had no impact on performance in the current year.

Subsequent to the year-end, we launched the 'Method in the Magners' marketing campaign and also a new draught product, Magners Golden Draught, in the Scottish market.

The operating loss in Gaymers for the 6 week period of ownership from 15 January to 28 February 2010 reflects the phasing of profit in a high volume, low margin seasonal business.

IN NORTHERN IRELAND, VOLUMES INCREASED 9.9%, COMPRISING 20% GROWTH IN THE OFF-TRADE AND UNCHANGED VOLUMES IN THE ON-TRADE.

OPERATING PROFIT GROWTH REFLECTS A REDUCTION IN DIRECT BRANDING MARKETING INVESTMENT

DIVISIONAL REVIEW CIDER - REST OF WORLD

Cider | ROW Constant currency	2009/10 €m	2008/09 €m	Change
Revenue	34.2	33.7	1.5%
- Price impact	(8.1%)		
- Volume impact	9.6%		
Operating profit	4.4	(0.7)	-
- Operating margin	12.9%	(2.1%)	-
Total ROW cider volumes			9.6%
- Northern Ireland volumes			9.9%

The cider - rest of world operating segment includes the aggregation of sales of Magners in Northern Ireland and other territories outside Ireland and GB. Northern Ireland accounts for approximately 50% of volumes while the principal territories in the Rest of the World are North America and Iberia.

In Northern Ireland, volumes increased 9.9%, comprising 20% growth in the off trade and unchanged volumes in the on trade. Excluding Northern Ireland, Magners volumes grew 9.3% in the year with 9% growth in North America more than offsetting a similar level of percentage decline in Iberia.

The 8.1% revenue decline attributed to price reflects the channel mix in Northern Ireland with all of the growth coming from the off trade. Market mix in the other territories was also dilutive to pricing as a consequence of the relatively lower price and margin structure in North America.

Operating profit growth is almost entirely attributable to a reduction in marketing spend, which partly reflects unsuccessful investment in Germany and Spain in the previous year but also recognises the need for the Group to develop a more focussed and balanced approach to the development of new markets.

REVENUE AMOUNTED TO €122.4M WHILE OPERATING PROFIT WAS €6.3M REPRESENTING AN OPERATING MARGIN OF 5.1%.

DIVISIONAL REVIEW ACQUIRED BUSINESSES

	Tennent's brand €m	ABI / Factored brands €m	Tennent's €m	Gaymers €m	Total €m
Revenue	81.0	31.5	112.5	9.9	122.4
Operating profit	3.7	3.3	7.0	(0.7)	6.3
- Operating margin	4.6%	10.5%	6.2%	(7.1%)	5.1%

The acquisition of the AB Inbev Irish, Northern Irish and Scottish businesses was completed on 28 September 2009 and its results have been consolidated for the 5 month period from this date to 28 February 2010. Revenue amounted to €112.5m while operating profit was €7.0m representing an operating margin of 6.2%. Revenue for Gaymers was €9.9m for the six weeks of ownership in the year under review. The business incurred an operating loss in the period of €0.7m reflecting the phasing of profits in a high volume, low margin seasonal business. Contributions from both businesses were in line with managements' expectations.

The results for the AB Inbev businesses are reported within both the Tennent's and the Distribution operating segments. The operating segment 'Tennent's Beer' includes the results of the Tennent's brand while the Distribution segment includes wholesaling to the licensed trade in Northern Ireland, the distribution of agency products and now also incorporates the results from the distribution of certain AB Inbev brands in Ireland, Northern Ireland and Scotland. Results for the Gaymers cider business are reported within the Cider GB operating segment.

The results of the distribution segment are detailed below:

Distribution Constant currency	2009/10 €m	2008/09 €m	Change
Revenue	73.6	38.5	91.2%
- Organic growth	9.4%		
- Acquisition impact	81.8%		
Operating profit	2.7	0.3	-
- Organic	(0.6)		
- Acquired	3.3		
Operating margin	3.7%	0.8%	+2.9pts

SINCE THE YEAR END, WE ANNOUNCED AN AGREEMENT TO DISPOSE OF THE SPIRITS & LIQUEURS DIVISION TO WILLIAM GRANT & SONS HOLDINGS LTD FOR A CASH CONSIDERATION OF €300M

DIVISIONAL REVIEW SPIRITS & LIQUEURS

Spirits & Liqueurs Constant currency	2009/10 €m	2008/09 €m	Change
Revenue	78.0	85.8	(9.1%)
- Price impact	(5.0%)		
- Volume impact	(4.1%)		
Operating profit	14.7	15.8	(7.0%)
- Operating margin	18.8%	18.4%	+0.4pts
Volumes			(4.1%)

Revenue of €78.0 million declined 9.1% year on year on a constant currency basis. Operating profit declined by 7% to €14.7 million while operating margin increased by 0.4 percentage points year on year, both in constant currency.

Shipments declined 4.1% year on year. This performance represents a strong volume performance in the second half of the year following a 15% decline in volumes in the first half. The overall volume decline is attributable to de-stocking across all of our major markets during calendar year 2009 and challenging consumer environments in some of the Eastern European markets where Tullamore Dew is well represented.

On 30 April 2010, the Group announced an agreement to dispose of the Spirits & Liqueurs division to William Grant & Sons Holdings Ltd for a cash consideration of €300 million.

NEXT YEAR WILL SEE THE COMPREHENSIVE INTEGRATION OF THESE NEW BUSINESSES INTO THE C&C BUSINESS MODEL, AND WE WILL FOCUS PRIMARILY ON BUILDING BUSINESS IN GREAT BRITAIN

BALANCE SHEET AND DIVIDENDS

The acquisition of Tennent's was financed from an existing bank facility and cash reserves, while the acquisition of Gaymers was financed from a new bank facility. As a result, net debt[iii] at 28 February 2010 increased by 61.3% to €364.9m. At February 2010 net debt to EBITDA[iv] was 2.8 times compared with 1.9 times at 28 February 2009. The recently announced agreement to dispose of the Group's Spirits & Liqueurs business for a consideration of €300 million will have a significant positive impact on the Group's net debt to EBITDA ratio in FY11.

Subject to shareholder approval, the Group proposes to pay a final dividend of 3 cent per share on 1 September 2010 to ordinary shareholders registered at the close of business on 4 June 2010, resulting in a proposed full year dividend of 6 cent per share, a 33.3% decline on the previous year. A scrip dividend alternative will be available.

STRATEGY AND OUTLOOK

The results for this year reflect the poor trading conditions that the drinks industry continues to face in Ireland, Great Britain and much of the world. For C&C however, there are positive aspects to consider: in Great Britain cider sales stabilised; while in Ireland cider volumes exhibited the smallest decline of any LAD category, allowing us to out-perform the market; internationally, cider continued its strong growth. With the addition of Tennent's and Gaymers, and with new product innovations, we have a portfolio of brands which provides us with customer leverage and a broad and strong foundation upon which to build.

C&C is being turned around. Last year we implemented vital changes to our structure and costs. This year we have stabilised the business and acquired two companies that give us greater opportunities and solidity in our core markets. Next year will see the comprehensive integration of these new companies into the C&C business model, and we will focus primarily on building the business in GB, as well as making small expansion steps internationally and holding earnings in Ireland.

(i) on a constant currency basis
(ii) including discontinued but excluding exceptional items
(iii) excludes the fair value of SWAP instruments amounting to a liability of €4.9m (FY09: €6.3m)
(iv) Net debt:EBITDA is before exceptional items and includes EBITDA generated by the acquired businesses for the previous 12 months, the pre-acquisition element of which was determined on a carve out basis
(v) Source: AC Nielsen / CGA

Comparisons for revenue and operating profit for each division in the Operations Review are shown at constant exchange rates for transactions in relation to the Spirits & Liqueurs and Cider divisions and for translation in relation to the Group's sterling denominated subsidiaries by restating the prior year at FY10 effective rates.

Applying the realised FY10 FX rates to the reported FY09 revenue and operating profit rebases the comparatives as follows:

	Year ended 28 Feb 2009 €m	Hedging gains* €m	Adjusted total €m	Constant currency adjustment €m	Year ended 28 Feb 2009 Constant currency comparative €m
Revenue					
Cider – ROI	166.6	-	166.6	-	**166.6**
Cider – GB	185.2	-	185.2	(21.3)	**163.9**
Cider - ROW	35.0	-	35.0	(1.3)	**33.7**
Spirits & Liqueurs	85.9	-	85.9	(0.1)	**85.8**
Distribution	41.7	-	41.7	(3.2)	**38.5**
Total	**514.4**	**-**	**514.4**	**(25.9)**	**488.5**
Operating Profit – before exceptional items					
Cider – ROI	44.8	-	44.8	0.5	**45.3**
Cider – GB	40.7	(10.2)	30.5	(17.2)	**13.3**
Cider - ROW	(0.7)	-	(0.7)	-	**(0.7)**
Spirits & Liqueurs	15.3	-	15.3	0.5	**15.8**
Distribution	0.3	-	0.3	-	**0.3**
Total	**100.4**	**(10.2)**	**90.2**	**(16.2)**	**74.0**

* the hedging gains relate to a profit of €10.2m realised and accounted for in FY09.

RESULTS FOR THE YEAR

C&C is reporting a 16.4% increase in revenue to €568.8 million on a constant currency basis (10.6% on a reported basis), operating profit, before exceptional items, of €89.5 million and basic earnings per share of 23.2 cent for the financial year ended 28 February 2010. This performance translates to an operating margin of 15.7%, an increase of 0.6 percentage points on the margin earned in the financial year ended 28 February 2009 in constant currency terms (3.8 percentage point decline on a reported basis).

Operating profit before exceptional items and excluding the benefit of acquired businesses is €83.2 million, a constant currency increase of 12.4% on the prior year. This represents an operating margin of 18.6%, an increase of 3.5 percentage points on the operating margin earned in the financial year ended 28 February 2009 in constant currency terms. The acquired businesses contributed €6.3 million to operating profit in the year.

Market conditions in both the Irish and UK markets remained challenging reflecting reduced levels of consumer spending, continued shift from On-trade to Off-trade, and a substantial strengthening of the Euro against sterling. Despite this, the Group made continued progress towards addressing the performance of the Bulmers and Magners brands, through initiatives such as the launch of Bulmers Pear in Ireland and a 10% reduction in the wholesale price of on-trade pint bottles. In GB, C&C launched Magners Pear and completed a re-negotiation of its draught distribution contract with Molson Coors to better align distribution arrangements with the Group's increased scope and strength in the GB market following the acquisition of the Tennent's and Gaymers businesses. These results are discussed in more detail and analysed by business sector in the Operations Review on pages 10 to 18.

The Group recorded Free Cash Flow, as detailed in Table 1, of €109.9 million in the year representing 103.4% of EBITDA. Despite strong cash generation in the year, the Group's net debt increased by 61% as a result of financing the acquired businesses with debt.

Although the Group has limited translation exposure and a policy of hedging a proportion of its US Dollar and Sterling exposures the impact on the Group's reported profit from the sharp decline in the two currencies during 2010 was significant. The average effective foreign exchange rates for FY10 were USD:Euro 1.42:1 (2009: 1.41:1) and Stg£:Euro 0.82:1 (2009: 0.68:1). The impact of the strengthening of the euro on the Group's revenue and operating profit is set out in the constant currency table on page 18.

EXCEPTIONAL ITEMS

The Group incurred the following costs which due to their nature and materiality were accounted for as exceptional items.

(a) Restructuring costs: comprising severance and other initiatives arising from cost cutting initiatives implemented during the financial year and the integration of the acquired businesses amounting to €3.8 million. As part of the cost cutting programme, employment terms and conditions were modified, headcount was reduced and a pay freeze was implemented with wage reductions in certain areas. The programme delivered the expected €5 million savings in FY10.

(b) Retirement benefit obligation income: a pension curtailment gain of €3.4 million, reduced by past service costs of €0.3 million, arising from the Group's restructuring programme and its disposal of the wines & spirits business was recognised in the financial year and accounted for as an exceptional item in continuing activities (€2.2 million) and discontinued activities (€0.9 million).

(c) Integration costs: the Group commenced the process of integrating the acquired businesses with the existing business incurring costs of €1.9 million which have been classified as exceptional on the basis of materiality.

(d) Dilapidations provision: the Group settled all amounts outstanding in relation to dilapidation costs on the properties disposed of as part of the disposal of the Soft Drinks business in 2008 and released the excess provision to the income statement.

FINANCE COSTS, INCOME TAX AND SHAREHOLDER RETURNS

The average interest rate on the Group's debt was 2% reflecting the reduction in variable interest rates experienced throughout the year, the average annual one month euribor rate fell from 3.9% to 0.66%. This compares favourably with the average interest rate of 4% for the year ended 28 February 2009.

The income tax charge in the year relating to continuing activities and excluding exceptional items amounted to €8.9 million giving an effective tax rate of 10.8%, a marginal improvement on the corresponding rate in 2009 of 11.3%. The bulk of the Group's taxable profits arise in the Republic of Ireland, which accounts for the low effective tax rate.

Subject to shareholder approval, the proposed final dividend of 3 cent per share will be paid on 1 September 2010 to ordinary shareholders registered at the close of business on 4 June 2010. The Group's full year dividend will therefore amount to 6 cent per share, a 33% decline on the previous year. The proposed full year dividend per share will represent a payout of 26% (2009: 35%) of the reported adjusted diluted earnings per share for the full year. A scrip dividend alternative will be available.

CASH GENERATION

The Group generated Free Cash Flow of €109.9 million representing 103.4% of EBITDA[i] compared with 63.5% for the year ended 28 February 2009. The increase in Free Cash Flow is driven by a number of factors including:-

- reduced capital expenditure following a prior period of significant capital investment;
- a reduction in financing costs driven by a fall in variable interest rates;
- reduced net taxation payments as a result of an overpayment of preliminary tax in the prior year and the receipt of R&D tax credits relating to the financial years ended 28 February 2005 to 29 February 2008; and,
- a positive working capital contribution which reflects both organic improvements from tightened controls and the positive impact from the timing of the acquisition of the Tennents and Gaymers cider businesses

which yielded a working capital inflow of €30 million in Tennent's, partly offset by a working capital outflow in the Gaymers cider business of €4.2 million as no Trade Receivables were transferred on acquisition.

The free cash inflow in FY09 principally reflected low capital investment, working capital inflows arising as a result of reduced levels of activity in the period and including the benefit of reduced apple juice stocks as partially offset by a reduction in EBITDA and a special defined benefit pension scheme contribution of €20 million.

Total dividends paid to ordinary shareholders in the year amounted to €19 million of which €14.7 million was paid in cash while €4.3 million (22.6%) was settled by the issue of new shares.

A summary cash flow statement is set out in Table 1.

KEY LIQUIDITY INDICATORS

The Group continues to have a strong balance sheet, fully invested production facilities, good cash generation capabilities and a committed debt facility of €430 million, currently fully drawn, which is subject to variable interest rates and is not due for renewal until May 2012. In addition, the Group negotiated a new committed revolving debt facility of £60 million which is denominated in sterling and is repayable in instalments commencing on 30 June 2010 with a final repayment date of 30 June 2011. This facility is subject to Libor interest rates plus a margin of 275bps.

Since the year end, the Group announced an agreement to dispose of its Spirits & Liqueurs business for a consideration of €300 million which will have a significant positive impact on the Group's Net debt to EBITDA ratio in FY11 and leaves the Group well placed to take advantage of any acquisition or development opportunities which may arise. Under the terms of the euro debt facility agreement the net proceeds, in excess of an agreed deminimus, must be applied to repay outstanding loans and the available committed facility cancelled by that amount. At 28 February 2010, assuming completion of the disposal at that date, the Group would have had a pro forma Net debt:EBITDA ratio of 0.6 times.

Table 1 – Cash flow summary

	2010 €m	2009 €m
Inflows		
Operating profit [i]	**89.5**	100.5
Depreciation	**16.8**	19.4
EBITDA [ii]	**106.3**	119.9
Outflows		
Working capital	**38.0**	20.5
Net capital expenditure	**(5.4)**	(18.5)
Net finance costs	**(7.0)**	(11.5)
Tax paid	**(4.7)**	(10.7)
Exceptional items paid	**(13.0)**	(0.8)
Other	**(4.3)**	(22.8)
Free cash flow	**109.9**	76.1
Proceeds on disposal of subsidiaries	**2.1**	12.9
Proceeds from exercise of share options and issue of new shares under Joint Share Ownership Plan	**1.5**	1.8
Cost of acquisitions	**(237.7)**	-
Dividends paid in cash	**(14.7)**	(60.2)
(Increase)/reduction in net debt	**(138.9)**	30.6
Net debt at beginning of year	**(226.2)**	(256.2)
Translation adjustment	**0.6**	(0.3)
Non cash movement	**(0.4)**	(0.3)
Net debt at end of year	**(364.9)**	(226.2)

Table 2 – Key liquidity indicators

		2010	2009
Amounts			
Market capitalisation at year end	€m	**861.9**	296.9
Share price at 28 February		**€2.71**	€0.94
EBITDA [ii]	€m	**106.3**	119.9
Net interest paid		**7.0**	11.5
Net debt	€m	**364.9**	226.2
Ratios			
EBITDA/net interest [iii]		**17.9**	10.4
Net debt/EBITDA		**2.8**	1.9
Net debt as percentage of market capitalisation		**42.3%**	76.2%

(i) before exceptional costs and inclusive of discontinued activities
(ii) EBITDA: Earnings before exceptional items, interest, tax, depreciation and amortisation.
(iii) EBITDA is before exceptional items interest, tax, depreciation and amortisation and includes EBITDA generated by the acquired business for the previous 12 months, the pre-acquisition element of which was determined on a carve out basis.

Despite a decline in EBITDA and an increase in net debt the Group remains in a very strong position in relation to both its interest cover and Net debt/EBITDA ratios. An analysis of cash, debt and derivative financial instruments including maturing profiles is set out in notes 19, 20 and 23.

Interest cover remains very strong with an FY10 net interest cover of 17.9 times, being in excess of fives times the 3.5 times minimum cover provided in the Group's banking covenants; and the Net debt/ EBITDA ratio of 2.8 times being lower than the 3.5 maximum level specified in the aforementioned banking covenants.

This significantly reduced net debt to market capitalisation ratio is primarily driven by an increase in the market capitalisation of the Group which is only partially offset by the increase in net debt levels. The increase in Net debt of €138.7 million to €364.9 million at the year end is largely as a result of the use of debt to fund the acquisition of the Tennent's and Gaymers cider businesses.

RETIREMENT BENEFIT OBLIGATIONS

In compliance with IFRS, the net assets and actuarial liabilities of the various defined benefit pension schemes operated by the Group companies, computed in accordance with IAS 19, are included on the face of the Group balance sheet under retirement benefit obligations.

At 28 February 2010, the retirement benefit obligations on the IAS 19 basis amounted to €21.2 million gross and €18.4 million net of deferred tax (2009: €45.5 million gross and €39.7 million net of deferred tax). The movement in the deficit is as follows:-

	€m
Deficit at 1 March 2009	45.5
Employer contributions paid	(7.8)
Actuarial gains	(16.7)
Charge to the Income Statement	0.2
Deficit at 28 February 2010	**21.2**

The actuarial gains incurred arose predominantly as a result of asset returns earned being significantly greater than those expected. There was also a small actuarial gain on the scheme liabilities. The lower than anticipated salary and inflation increases experienced over the year as well as the reduction in the future salary inflation assumption for the Republic of Ireland Staff Scheme, from 3.7% to 3.0%, contributed to the gain on scheme liabilities. This gain was partially reduced by the strengthening of the mortality assumption (i.e. an increase in life expectancy) and the reduction in discount rates. The discount rate used to value the liabilities for the Northern Ireland scheme decreased from 6.5% to 5.75%, while the discount rate used for the Republic of Ireland schemes reduced from 5.5% to 5.4%.

All other significant assumptions applied in the measurement of the Group's pension obligations at 28 February 2010 are consistent with those as applied at 28 February 2009 and as set out in the Group's last Annual Report.

FINANCIAL RISK MANAGEMENT

The financial risks that the Group is exposed to include interest rate movements and foreign currency exchange risks. The board of Directors set the treasury policies and objectives of the Group, the implementation of which is monitored by the Audit Committee. Details of both the policies and control procedures to manage the financial risks involved are set out in detail in note 23 to the financial statements.

Interest rate and debt management

The Group's debt is denominated in Euro and Sterling and is based on floating interest rates. It is Group policy to hedge an appropriate portion of this risk and, as set out in note 23, at 28 February 2010 the Group has €100 million of its debt converted to fixed rates through the use of interest rate swap agreements.

Future interest rate exposure is partially hedged at the following interest rates (excluding margin):

	Amount fixed €m	Fixed interest rate
Expiring on 28 February 2011	50.0	3.45%
Expiring on 31 August 2012	50.0	4.57%

Cash deposits are all invested on a short term basis with banks who are members of our banking syndicate.

The Group finished the year in a strong financial position with its primary euro debt facility not maturing until May 2012 and the sale of the spirits & liqueurs business for €300 million further enhancing this position.

Currency risk management

The Group has both a transaction and translation exposure to movements in foreign currency rates. The effective rate for the translation of results from foreign currency subsidiaries was €1:£0.89 (FY09: €1:£0.82) and the effective rate for the translation of foreign currency transactions was €1:£0.82 (FY09: €1:£0.68). It is Group policy not to hedge its translation exposure. Currency transaction exposures arise mainly on Sterling and US Dollar sales and the Group policy is to hedge an appropriate portion of this exposure for a period of up to 2 years ahead.

The principal foreign currency forward contracts in place at 28 February 2010 are:

		2011
Stg £: Amount	(m)	30.0
Average fwd Rate	(Euro:Stg)	0.91
US $: Amount	(m)	24.0
Average fwd Rate	(Euro:US$)	1.45

All interest rate swaps and currency hedges are based on forecasted exposures and meet the requirements of IAS 39 to qualify as cash flow hedges. The fair value of all outstanding hedges at 28 February 2010 as calculated by reference to current market value amounted to a net liability of €6.8 million (2009: €3.3 million net asset) and this has been included on the balance sheet under "derivative financial liabilities".

SUSTAINABILITY PROGRAMME

SUSTAINABILITY HAS A MAJOR INFLUENCE ON THE CORPORATE RESPONSIBILITY AGENDA FOR MANY COMMERCIAL BUSINESSES. C&C REGARDS SUSTAINABILITY AS AN OBLIGATION TO ITS STAKEHOLDERS – SHAREHOLDERS, EMPLOYEES, SUPPLIERS, CUSTOMERS AND THE GENERAL PUBLIC. CONDUCTING BUSINESS IN A SUSTAINABLE WAY IS GOOD FOR THE ENVIRONMENT AND GOOD FOR THE COMPANY – IT IS MORE COST EFFECTIVE, DELIVERS ADDED VALUE AND STIMULATES MORE INNOVATION AND CREATIVITY THAN THE ALTERNATIVE.

Our goal is not only to achieve sustainability, but also to maintain and improve it in every area of our business. This makes good commercial sense, regardless of what is happening in the economic environment.

Over the last 12 months, C&C has made significant strides in its Sustainability Programme. The focus was and continues to be on improving our management of, and reducing, *energy, packaging, water* and *carbon consumption*.

ENERGY

In 2008, our Clonmel operation signed a three year agreement with Sustainable Energy Ireland to reduce energy consumption across the business. Energy initiatives implemented to date have resulted in a reduction of 18% in energy usage. Targets are in place to make significant further reductions in the year ahead as well as improving energy performance continuously. As a result, registration to the Energy Standard, IS16001, was achieved.

Our newly acquired Wellpark brewery also achieved significant improvements on a number of key performance energy indicators; water consumption in the year reflected a 6.5% improvement on the prior year, while electricity consumption, achieved by concentrated continuous improvement techniques, reduced by 9%. The brewery continues to better its regulatory targets, operating within the European Emissions Trading Scheme.

PACKAGING

Following last year's success in reducing the weight and quantity of glass used in the pint bottle, we have continued to optimise our packaging initiatives. This has resulted in further weight reductions in glass, cans and cardboard. The weight of the Magners 568ml bottle is a major success story. We reduced the weight by 26% and the product's carbon footprint has fallen by 8%. It is now the lightest pint bottle in GB. The new bottle has enabled a 10% saving in transport to the GB market, which is equivalent to taking 600 trucks off the road and saving 250,000 road kilometres every year. This helps the environment and our Sustainability Programme goals, while also being a good business outcome resulting in lower sourcing costs for glass, a reduction in shipping costs, and savings in the cost of recycling.

The major packaging resource for Tennent's Lager is the Aluminium Can. In the last 5 years a can light-weighting programme was undertaken in partnership with suppliers. Four reductions in can wall thickness were achieved in this period, significantly reducing the carbon footprint of the product, delivering cost as well as environmental benefits.

WATER

An aquifer protection programme was implemented in Clonmel over recent years, resulting in successful registration to the IS432 Spring Water standard. An 8% reduction in water usage was achieved at our Clonmel plant as a result of improved management of our natural resources.

Water consumption at our Wellpark brewery at 3.46hl/hl produced is significantly below the recognised global brewing benchmark of 5 hl/hl.

THE FOCUS WAS AND CONTINUES TO BE ON IMPROVING OUR MANAGEMENT OF, AND REDUCING, ENERGY, PACKAGING, WATER AND CARBON CONSUMPTION

In our newly acquired Gaymers business, the water efficiency ratio on site; although in-line with industry standards, has been reduced from 3.0 cubic metres of water for every cubic metre of finished product to 2.45 cubic metres representing an 18% improvement in overall water utilisation. The above was achieved by water re-use projects, such as reclaiming pasteuriser, bottle rinse water and minimisation projects on CIP systems which incurred minimal capital outlay.

CARBON

C&C Group continued to measure its corporate and product carbon footprint, using the updated PAS2050 methodology. (The PAS2050 assesses the life cycle for greenhouse gas emissions of goods and services.) The combined effect of our Sustainability Programme resulted in a 9% reduction in the Clonmel plant's carbon footprint during the 2009 calendar year. This reduction comes from four core areas: gas and electricity reduction, process efficiency, improved transport efficiency and packaging optimisation. 2010 will see the process repeated for Tennent's, and this carbon footprint study is already underway.

During the year, we made a submission to the Carbon Disclosure Project (CDP), an independent not-for-profit organisation which holds the largest database of primary corporate climate change information in the world. It gathers and publishes information from the top 500 companies listed on the Stock Exchange globally. The CDP was launched in Ireland during 2009 and C&C Group was one of the first companies to be invited to make a submission to the project. This was done following a corporate and product carbon footprint analysis. In 2010, C&C will again participate in the CDP to include data relating to the newly acquired Tennent's business.

A Carbon Reduction Team, comprising seven people, continues to focus on what carbon reductions can be achieved, specifically at our Clonmel plant. It should also be noted that our orchards absorb 40% of our carbon output.

THE T IN THE PARK FESTIVAL, SPONSORED BY TENNENT'S, IS THE LARGEST CARBON NEUTRAL FESTIVAL IN THE WORLD

Gaymers achieved a reduction of 10,000 tonnes of CO_2 emissions per annum over the last three years by investing in a two stage project of boiler renewal and the installation of a new energy efficient juice evaporator. The new fuel efficient boilers not only achieved a saving on their own of 4,000 tonnes of CO_2 but also reduced sulphur emissions by 114 tonnes along with 14 tonnes of nitrous oxide. The evaporation plant can now produce the same amount of apple concentrates as was previously required, but with a 45% less steam consumption converting into a carbon saving of 6,000 tonnes per annum.

Gaymers also promotes good environmental practise in the contracted orchards supplying cider apples to the mill. Growers are encouraged to practise Integrated Pest Management (IPM) in their orchards. This involves the use of carefully timed sprays to minimise usage and the impact on beneficial insects. Biodiversity is encouraged to make use of non-cropping areas in the orchard to create havens for and protecting wildlife. Pests are controlled by the beneficials that populate these areas.

Stewley Orchard, near Taunton, Somerset, owned by Gaymers, is an environmental showpiece demonstrating how commercial cider apple growing is combined with IPM. The orchard has won Environmental awards and works closely with the Farming and Wildlife Group at Somerset County Council.

The T in the Park festival, sponsored by Tennent's, is the largest Carbon Neutral festival in the world. Some of the initiatives undertaken to reduce the carbon footprint of the festival include a Stg£0.10 refundable deposit on cups aimed at reducing the amount of litter and waste onsite and a battery exchange and recycling facility.

EUROPEAN SUPPLY CHAIN EXCELLENCE AWARDS

The European Supply Chain Excellence Awards were launched in 1997. This initiative recognises and rewards organisations across Europe that demonstrate excellence in their supply chain operations. C&C were selected to be one of a small number of finalists in the Environment category at this prestigious Awards ceremony, held in London in November 2009. The environmental category was not restricted to food and drink companies, also nominated were Kellogg Company of GB, Kimberly-Clark Europe, Cisco, Corus (in partnership with TDG), ProLogis ARC, The Pall-Ex Group of Companies and Wallenius Wilhelmsen Logistics. The judges singled out C&C and highly commended our performance, commenting that:

" C&C HAS DONE AN ENORMOUS AMOUNT TO CHANGE THE WAY IT OPERATES, DISPLAYING CONTINUOUS IMPROVEMENT IN ENVIRONMENTAL PERFORMANCE THROUGH CONCENTRATING EFFORTS ON AREAS OF GREATEST IMPACT. THEY HAVE DONE MORE THAN ANYONE ELSE IN THEIR INDUSTRY."

NEW PRODUCT DEVELOPMENT

Reflecting our commitment to our customers, this year represented one of the busiest and most successful years for New Product Development in our history. Products developed during the year included Bulmers/Magners Pear Cider, launched in Spring 2009, and Bulmers Berry, launched in early 2010. Berry will be marketed more widely in the year ahead. Enterprise Ireland is supporting our NPD programme over a three year period, acknowledging that C&C is an important indigenous exporting company in the Irish economy.

Gaymers has also had considerable success with over the last 2 years. Despite being relatively late to market, Gaymers pear cider recorded the fastest ever distribution build in this sector, gaining 60% distribution in only 12 weeks. Gaymers pear is now the No.2 pear cider brand, No.1 draught pear in the on-trade and has more consumers than Kopparberg in GB. Their range has also been expanded with the addition of Gaymers Berry Fruits. Only recently launched, Gaymers Berry Fruits has already achieved listings in Asda, Morrisons and Matthew Clark.

RESPONSIBLE DRINKING

Tennent's, as founding members of the Scottish Government Alcohol Industry Partnership is a key contributor to the Alcohol Sponsorship Guidelines for Scotland (launched by Shona Robison MSP, Minister For Public Health - Feb 2009). The business donated its sponsorship rights of the Scotland U21 team to the Scottish Government "Cashback for Communities" scheme for the years 2008 through to 2010 while the T in the Park festival, which is sponsored by Tennent's, leads the way in partnering both the government and others to get responsibility messages across in terms of drink and drugs with the following initiatives:-

1. **www.drinkaware.co.uk**: The festival incorporates drink awareness messages on all event marketing materials and consumer facing communications, not just those produced by Tennent's. In July 2009, Tennent's included alcohol unit information on 400,000 event cups.
2. **CH21 Logo**: The application of a nationally recognized scheme that asks for proof of age if consumer appears under 21.
3. **Advertising space**: Tennent's annually donates 50% of contracted on site advertising space to Drinkaware Trust and The Portman Group including the large screens alongside the Main stage and the Radio 1 / NME stage (4X30 sec executions /day).
4. **Pre-order facility (Be - Chilled)**: 2008 saw the introduction of a facility for consumers camping at the festival to pre-order and collect chilled Tennent's Lager (4pk,12pk & 24pk) which encouraged trading down, 4pks were the most popular pack size over the weekend. The initiative was pre-promoted in advance of the weekend, with all communications carrying responsible drinking messages including emphasis on eating (Healthy T) and alternating drinks with water.
5. **Free water**: In association with Scottish Water T in the Park provides free drinking water across the festival site via stand-pipes.

PEOPLE

After two difficult years, our employees continue to be at the heart of our organisation, and we remain committed to their continual training and development.

Wellpark Brewery ran an environment and safety awareness day in 2009 for all production staff recognising that good environmental performance can support good business results. This is best achieved and sustained through the education and engagement of our staff. Key initiatives where introduced to reduce process losses, maximise brewing raw material efficiencies and improve the recycling of packaging and office waste. A 2% improvement in overall process efficiency was achieved, reducing the use of our natural water and raw material resources.

Historically, we have excellent relationships with the farmers producing our apples in Clonmel's hinterland and in Northern Ireland, and with our local communities. These are all vital to the success of our Group and we remain as committed to them as ever.

BOARD OF DIRECTORS

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1. TONY O'BRIEN*
GROUP CHAIRMAN

Tony O'Brien (73) became Group Chairman in January 2002, having been Chief Executive of the Group for the previous 21 years. He is a former non-executive Director of CRH plc and is a former chairman of Anglo Irish Bank Corporation plc. He is also a past president of the Irish Business and Employers Confederation. He is currently Chairman of the Review Body on Higher Remuneration in the Public Sector.

2. JOHN DUNSMORE
CHIEF EXECUTIVE OFFICER

John Dunsmore (51) was appointed Chief Executive Officer in November 2008. He is a former Group Chief Executive of Scottish & Newcastle Plc. He is also a non-executive Director of Fuller Smith & Turner Plc.

3. STEPHEN GLANCEY
CHIEF OPERATING OFFICER AND GROUP FINANCE DIRECTOR

Stephen Glancey (49) was appointed Chief Operating Officer in November 2008 and Group Finance Director in May 2009. A chartered accountant, he is a former Group Operations Director of Scottish & Newcastle Plc.

4. KENNY NEISON
GROUP STRATEGY DIRECTOR

Kenny Neison (40) joined the Group in November 2008 and was appointed to the Board as Group Strategy Director and Head of Investor Relations in November 2009. He previously held a number of senior financial positions in Scottish & Newcastle plc, including UK Finance Director and Finance Director for Western Europe.

5. JOHN BURGESS*

John Burgess (59) became a non-executive Director of the Group in January 1999 following the leveraged buy-out of the Group by funds advised by BC Partners, and was re-appointed a non-executive Director on flotation in April 2004. He joined BC Partners in 1986 as one of the founding partners and was a partner there until his retirement in 2006.

6. LIAM FITZGERALD*

Liam FitzGerald (45) was appointed as a non-executive Director of the Group in April 2004. He has been a Director of United Drug plc since 1996 and has served as its Chief Executive since 2000.

7. JOHN HOGAN*

John Hogan (69) was appointed as a non-executive Director of the Group in April 2004. He was the managing partner of Ernst & Young in Ireland between 1994 and 2000 and was a member of its global board. He is currently a non-executive director of Abbey plc, Butterfield Umbrella Funds plc, Prudential International Assurance plc, and other private companies.

8. RICHARD HOLROYD*

Richard Holroyd (63) was appointed as a non-executive Director of the Group in April 2004. He is currently a non-executive Director of Otto Weibel AG and was a member of the UK Competition Commission from September 2001 to April 2010. He was previously the managing director of Colmans of Norwich and head of the global marketing futures department of Shell International.

9. PHILIP LYNCH*

Philip Lynch (64) was appointed as a non-executive Director of the Group in April 2004. He is the Chief Executive of One51 plc and The Irish Agricultural Wholesale Society Limited; a non-executive director of FBD Holdings plc; and Chairman of the National Paediatric Hospital Development Board.

10. BREEGE O'DONOGHUE*

Breege O'Donoghue (66) was appointed as a non-executive Director of the Group in April 2004. She is an executive director of Penneys/Primark. She is Chair of the Labour Relations Commission; a member of the Outside Appointments Board of the Code of Standards and Behaviour for the Civil Service; a member of the foundation of the National University of Ireland, Maynooth; a Trustee of IBEC; and was previously a Director of An Post and Aer Rianta.

11. SIR BRIAN STEWART*

Brian Stewart (65) was appointed as a non-executive Director of the Group in March 2010 and, subject to his election at the Annual General Meeting in August 2010, will be appointed Chairman of the Group. He is a former Chairman of Standard Life plc and both a former chairman and chief executive of Scottish & Newcastle plc. He is currently Chairman of Miller Group, the housing, property and construction group.

* non-executive

BOARD COMMITTEES

Audit Committee
John Hogan (Chairman)
Liam FitzGerald
Richard Holroyd

Nomination Committee
Tony O'Brien (Chairman)
John Burgess
Philip Lynch
Breege O'Donoghue
Sir Brian Stewart

Remuneration Committee
Philip Lynch (Chairman)
Liam FitzGerald
Richard Holroyd
Sir Brian Stewart

DIRECTORS' REPORT

The Directors present the annual report and audited consolidated financial statements of the Group for the year ended 28 February 2010.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Group's principal trading activity is the production, marketing and selling of cider, beer, spirits and liqueurs.

During the year the Group acquired the Tennent's beer business from AB InBev and the Gaymer Cider business from Constellation Europe. On 30 April 2010, the Group announced the disposal, subject to shareholder approval, of its Spirits & Liqueurs business. This disposal is expected to complete on 30 June 2010.

The information to be included with respect to the review of the business and future developments as required by section 13 of the Companies (Amendment) Act 1986 is contained in the Operations Review on pages 10 to 18.

RESULTS

Revenue on a continuing basis at €568.8m was 10.6 % higher than 2009 (2009:€514.4m). Profit before exceptional items and finance costs amounted to €89.5m (2009:€100.4m), a decrease of 10.9% on the previous year. The Group earned a profit for the year of €73.5m after accounting for exceptional items and including profit from discontinued activities, giving rise to a basic earnings per share of 23.2c compared with a basic loss per share in 2009 of 19.4c. Diluted earnings per share from continuing operations amounted to 21.9c compared with a diluted loss per share of 19.7c in the previous year.

The financial statements for the year ended 28 February 2010 are set out on pages 47 to 103.

DIVIDENDS

An interim dividend of 3.0c per share was paid in December 2009. Subject to approval at the Annual General Meeting, it is proposed to pay a final ordinary dividend of 3.0c per share to shareholders who are registered at close of business on 4 June 2010.

BOARD OF DIRECTORS

There were a number of changes to the membership of the Board during the year.

Brendan Dwan left the Board on 1 May 2009 and John Holberry left the Board on 31 August 2009.

Kenny Neison was appointed to the Board on 10 November 2009. Sir Brian Stewart was appointed to the Board as Chairman Designate on 9 March 2010. As this will be the first Annual General Meeting since their appointment, they retire in accordance with the Articles of Association and being eligible offer themselves for election.

Tony O'Brien will retire as Chairman and a director after the Annual General Meeting on 5 August 2010.

To comply with the provision of the Combined Code on Corporate Governance that Non-Executive Directors may serve more than nine years, subject to annual re-election, John Burgess retires, and being eligible, offers himself for re-election. Liam FitzGerald retires by rotation in accordance with the Articles of Association, and being eligible, offers himself for re-election.

DIRECTORS, SECRETARY AND THEIR INTERESTS

Information in relation to the beneficial and non-beneficial interests in the share capital of Group companies held by the Directors and Secretary who held office at 28 February 2010 is contained within the Report of the Remuneration Committee on pages 39 to 43.

RESEARCH AND DEVELOPMENT

Certain Group undertakings are engaged in ongoing research and development aimed at improving processes and expanding product ranges. Further information in relation to product development is contained in the Corporate Responsibility Statement on page 25.

PRINCIPAL RISKS AND UNCERTAINTIES

Under Irish company law (Statutory Instrument 116.2005 European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005), the Group and Company are required to give a description of the principal risks and uncertainties which they face.

The principal risks and uncertainties faced by the Group's businesses are set out below:

- Demand for the Group's products is strongly influenced by economic conditions in its principal markets of Ireland, the United Kingdom, and to a lesser extent the US and Eastern Europe. A prolonged recession in these markets could have an adverse impact on Group sales and profitability.

- The success of Group will partly depend on successfully integrating the operations and technologies of the newly acquired Tennent's and Gaymers businesses into that of the existing businesses; and achieving revenue and cost synergies in the combined businesses. This integration process is complex and may take longer than anticipated, and some of the anticipated synergies may not materialise. Additionally the Group is partially reliant on third parties for the successful integration of IT systems.
- The markets in which the Group operates are highly competitive and changing and include significant global participants. The entry of new competitors into the Group's markets, a change in the level of marketing undertaken by competitors or in their pricing policies, the consolidation of the Group's competitors and/or the introduction of new competing products or brands could have a material adverse effect on the Group's market share, sales volumes, revenue and profits.
- The Group sells its products to on-trade and off-trade multiples, and also wholesalers for resale to on-trade outlets. Any consolidation of the Group's customers could increase the buying and negotiating strength of these customers, which could force the Group to lower its prices, with a material adverse effect on the Group's revenue and profits. The decline in the number of, and revenue from, on-trade premises in Ireland and the United Kingdom, and the general increase in the relative size of the off-trade versus the on-trade, may impact profitability.
- Consumer preferences may change and demand for existing products may decline or be replaced by other products, and unless the Group addresses these changes through introducing new products, sales volumes and profitability may decline.
- The Group's cider divisions are impacted by seasonal fluctuations in demand with demand highest during the summer months. An unseasonably bad summer, particularly in Ireland and the UK, could have an adverse impact on the Group's sales volumes, revenue and profits.
- The Group's operations involve the sale and purchase of goods denominated in currencies other than the euro, principally pounds sterling and the US dollar. As a result, fluctuations between the value of the euro and these currencies may have an adverse effect on the revenue and profits of the Group. Increases in interest rates may also impact profitability.
- The Group may not be able to fulfil the demand for its products due to circumstances such as the loss of a production or storage facility or disruptions to its supply chains. This would affect sales volumes and profitability.
- The Group may be adversely affected by government regulations including changes in excise duty on cider in the UK and Ireland and restrictions on alcohol advertising.
- The Group is subject to stringent environmental, health and safety and food safety laws and regulations which could result in increased compliance or remediation costs which would adversely affect profitability. Additionally failures to comply with all legislation could lead to prosecutions and damage to the Group's brands and reputation.
- The Group is vulnerable to contamination of its products or base raw materials, whether accidental, natural or malicious. Contamination could result in recall of the Group's products, the Group being unable to sell its products, damage to brand image, negative consumer perception or civil or criminal liability, which could have a material adverse effect on the Group's reputation, sales volumes, revenue and profits.

The Group considers the impact of the general weak economic conditions on its markets in Great Britain and Ireland, particularly in the on-trade, as being the most significant risk to its results and operations over the short term. The complex challenges presented by the integration of the two new acquisitions add to the scale of these risks.

FINANCIAL RISK MANAGEMENT

As required by Irish company law, (Statutory Instrument 765.2004) the financial risk management objectives and policies of the Company and the Group, including hedging activities and the exposure of the Company and the Group to financial risk, are set out in the Finance Review on pages 19 to 21 and note 23 to the financial statements on pages 90 to 97.

ACCOUNTING RECORDS

The Directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The books of account of the Company are maintained at Group offices in Clonmel, Co. Tipperary.

POST BALANCE SHEET EVENTS

On 30 April 2010, the Group announced that it had agreed to sell the Spirits & Liqueurs business to William Grant & Sons Holdings Ltd. for a cash consideration of €300m. The disposal is subject to C&C shareholder approval and an extraordinary general meeting will be held on 17 June 2010 for this purpose. The proceeds will be applied towards debt reduction and general corporate purposes.

POLITICAL DONATIONS

No political donations were made by the Group during the year which require disclosure in accordance with the Electoral Acts, 1997 to 2002.

CORPORATE GOVERNANCE

Under Irish company law (Statutory Instrument 450.2009 European Communities (Directive 2006/46/EC) Regulations 2009), the Company is required to present a corporate governance statement. This statement is contained in the Directors' Statement on Corporate Governance on pages 32 to 38.

DIRECTORS' REMUNERATION

The Report of the Remuneration Committee on Directors' Remuneration is set out on pages 39 to 43. The Board has decided to present this report to shareholders at the annual general meeting for the purposes of a non-binding advisory vote. This is in line with international best practice and the Board believes that this will give shareholders an opportunity to express their views on Directors' remuneration.

SUBSTANTIAL HOLDINGS

As at 28 May 2010, the following shareholders have notified the Company as to their interest in 3% or more of the share capital of the Company.

Name	%
Capital Research & Management Company	6.4
Invesco Plc.	5.9
Oppenheimer Funds Inc.	3.9

As far as the Company is aware, other than as stated above, no other person or company has an interest in 3% or more of the share capital of the Company.

SHARE PRICE

The share price at 28 February 2010 was €2.71 (2009: €0.94). The price of the Company's ordinary shares ranged between €0.90 and €3.20 during the year.

AUDITOR

In accordance with Section 160(2) of the Companies Act, 1963, the auditor, KPMG, Chartered Accountants, will continue in office.

ISSUE OF SHARES AND PURCHASE OF OWN SHARES

At the Annual General Meeting held on 28 August 2009, the Directors received a general authority to allot shares. Authority was also granted to Directors to allot shares for cash otherwise than in accordance with statutory pre-emption rights. Special resolutions will be proposed at the Annual General Meeting to be held on 5 August 2010 to allot shares to a nominal amount which is equal to approximately one-third of the issued ordinary share capital of the Company. In addition, a resolution will also be proposed to allow the Directors allot shares for cash otherwise than in accordance with statutory pre-emption rights up to an aggregate nominal value which is equal to approximately 5% of the nominal value of the issued share capital of the Company, and in the event of a rights issue. If granted, these authorities will expire at the conclusion of next year's annual general meeting or 4 November 2011, whichever is the earlier. The Directors have currently no intention to issue shares pursuant to these authorities except for issues of ordinary shares under the Company's share option plans and the Company's scrip dividend scheme.
An ordinary resolution will also be proposed at the Annual General Meeting to renew the authority of Directors to offer shareholders the choice of receiving scrip dividends as an alternative to receiving dividends in cash. This authority, if granted, will be for a period of five years.

At the Annual General Meeting held on 28 August 2009 authority was granted to purchase up to 10% of the Company's Ordinary Shares. No shares were purchased by the Company in the year under review.

Special resolutions will be proposed at the Annual General Meeting to be held on 5 August 2010 to renew the authority of the Company, or any of its subsidiaries, to purchase up to 10% of the Company's Ordinary Shares in issue at the date of the Annual General Meeting and in relation to the maximum and minimum prices at which Treasury Shares (effectively shares purchased and not cancelled) may be re-issued off-market by the Company. If granted, the authorities will expire on the earlier of the date of the Annual General Meeting in 2011 or 4 February 2012. The minimum price which may be paid for shares purchased by the Company shall not be less than the nominal value of the shares and the maximum price will be 105% of the average market price of such shares over the preceding five days. The Directors will only exercise the power to purchase shares if they consider it to be in the best interests of the Company and its shareholders.

Options to subscribe for a total of 5,307,300 Ordinary Shares are outstanding, representing 1.59% of the issued ordinary share capital. If the authority to purchase Ordinary Shares was used in full, the options would represent 1.77% of the issued ordinary share capital. The Company currently has an issued share capital of 334,068,149 ordinary shares of €0.01 each and an authorised share capital of 800,000,000 ordinary shares of €0.01 each.

Under the terms of the C&C Joint Share Ownership Plan (further information is contained in the Report of the Remuneration Committee on Directors' Remuneration on pages 39 to 43) the Company has issued 16m ordinary shares which are held jointly by an Employee Benefit Trust and the individual executives, and are accounted for as Treasury Shares. These shares are however included in the calculation of Total Voting Rights for the purposes of Regulation 20 of the Transparency (Directive 2004/109/EC) Regulations 2007.

TAKEOVER BIDS DIRECTIVE (STATUTORY INSTRUMENT 255.2006 EUROPEAN COMMUNITIES (TAKEOVER BIDS (DIRECTIVE 2004/25/EC)) REGULATIONS 2006)

Details of the Company's capital structure can be found in note 24 to the financial statements on pages 98 to 99. Details of the rights attaching to shares, and the deadlines for exercising voting rights, are set out in the Report on Corporate Governance on pages 32 to 38. Details of Employee Share Schemes, and the rights attaching to shares held in these schemes, can be found in note 4 to the Financial Statements on pages 67 to 69 and the Report of the Remuneration Committee on Directors' Remuneration on pages 39 to 43. Details of the rights attaching to shares issued under the Joint Share Ownership Plan are set out in the of the Report of Remuneration Committee on Directors' Remuneration on pages 39 to 43. Details of the powers of directors to issue and buy back shares are set out in the previous paragraph. Details of agreements to which the Company is party to, and which contain change of control provisions, are contained in note 19. The change of control provisions relating to the Executive Share Option Scheme and the Joint Share Ownership Plan are set out in the Report of the Remuneration Committee on Directors remuneration on pages 39 to 43.

ANNUAL GENERAL MEETING

Your attention is drawn to the letter to shareholders and the notice of meeting accompanying this report which set out details of the matters which will be considered at the Annual General Meeting.

On behalf of the Board

Tony O'Brien
John Dunsmore
Directors

25 May 2010

CORPORATE GOVERNANCE

The Directors are committed to maintaining the highest standards of corporate governance. This statement sets out how the principles outlined in the Combined Code on Corporate Governance (June 2008) (the "Code") have been applied by the Group.

BOARD OF DIRECTORS

Role

The Board is responsible for the overall leadership and control of the Group. There is a formal schedule of matters reserved to the Board for decision. This includes approval of Group strategic plans, annual budgets, financial statements, significant capital expenditure items, major acquisitions and disposals, changes to capital structure, Board appointments, and the review of the Group's corporate governance arrangements and system of internal control.

The roles of Chairman and Chief Executive are separate with a clear division of responsibility between them, which is set out in writing and approved by the Board. The Board delegates responsibility for the management of the Group through the Chief Executive to executive management. The Board also delegates some of its responsibilities to Board Committees, details of which are set out below.

Individual Directors may seek independent professional advice at the Company's expense, where they judge it necessary to discharge their responsibilities as Directors.

The Group has a policy in place which indemnifies the Directors in respect of legal action taken against them.

Membership

At 28 February 2010, the Board comprised of ten Directors, three executive and seven non-executive Directors (including the Chairman). Since the year end, a further non-executive Director has been appointed, so that the Board now comprises eleven Directors, of which eight are non-executive Directors. The Board considers that, between them, the Directors bring a range of skills, knowledge and experience necessary to lead the Group. Their biographical details are set out on page 27.

It is Board policy that at least half the Board, excluding the Chairman, shall consist of independent non-executive Directors.

All of the Directors bring independent judgement to bear on issues of strategy, performance, resources, key appointments and standards. The Board has determined that each of the non-executive Directors is independent. In reaching that conclusion, the Board considered the principles relating to independence contained in the Combined Code and the guidance provided by a number of shareholder voting agencies. Those principles and guidance address a number of factors that might appear to affect the independence of Directors, including former service as an executive, extended service to the Board and cross-directorships. However, they also make clear that a Director may be considered independent notwithstanding the presence of one or more of these factors. This reflects the Board's view that independence is determined by a Director's character. In the case of John Burgess, the Board considered his length of service; and in the case of Sir Brian Stewart, the Board considered his previous chairmanship of Scottish & Newcastle plc; and in both cases the Board was satisfied that the independence of these directors was not compromised.

Chairman

Tony O'Brien has been Chairman of the Group since January 2002, and was re-appointed on flotation in 2004. He will resign as Chairman, and as a director, after the annual general meeting on 5 August 2010 and will be replaced as Chairman by Sir Brian Stewart, subject to his election at the meeting. The Chairman is responsible for the efficient and effective working of the Board. He is responsible for ensuring that the Board considers the key strategic issues facing the Group and that the Directors receive accurate, timely, relevant and clear information. He also ensures that there is effective communication with shareholders.

Senior Independent Director

Richard Holroyd was appointed Senior Independent Director in July 2007. He is available to shareholders who have concerns, for which contact through the normal channels of Chairman, Chief Executive or Finance Director, has failed to resolve or for which such contact is inappropriate. He is also available to meet major shareholders on request.

Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board. All Directors have access to the Company Secretary who is responsible to the Board for ensuring that Board procedures are complied with. The Company Secretary is Sinead Gillen, who replaced Noreen O'Kelly on 1 April 2010.

Terms of appointment

The non-executive Directors are engaged under the terms of a letter of appointment. Other than Tony O'Brien, whose term is not fixed, each appointment is for an initial period of three years with each non-executive Director normally expected to serve two terms of three years. A copy of the standard letter of appointment is available on request from the Company Secretary.

Retirement and re-election
At least one-third of Directors must retire at each annual general meeting and all Directors must submit themselves for re-election at least every three years. Directors appointed by the Board must submit themselves for election at the first annual general meeting following their appointment.

Induction and development
All new Directors are provided with extensive briefing materials on the Group's operations, management and governance structure. These include visits to Group businesses and briefings with senior management as appropriate. Ongoing briefings and meetings with management are also held on a regular basis.

Meetings
It is Board policy to meet not less than six times a year. The Board will also meet at other times as it considers appropriate. The Board usually makes at least one visit a year to one of the operating subsidiaries. In addition the Board normally spends one day a year reviewing the Group's strategy. During the year under review there were seven scheduled meetings of the Board. Details of Directors' attendance at these scheduled meetings are set out in the table on page 38. Further meetings took place throughout the year. In addition, at least one meeting a year provides an opportunity for non-executive Directors and the Chairman to meet without the executive Directors present, and a further one meeting a year provides an opportunity for the Senior Independent Director and the other non-executive Directors to meet without the Chairman being present.

The Chairman sets the agenda for each meeting in consultation with the Chief Executive and Company Secretary. The agenda and Board papers, which provide the Directors with relevant information to enable them fully consider the agenda items in advance, are circulated prior to each meeting. Directors are encouraged to participate in debate and constructive challenge.

Performance evaluation
The Board periodically reviews and appraises its own performance.

The Chairman conducts an annual review of corporate governance and the operation and performance of the Board and its Committees. He also conducts one to one discussions each year with each Director to assess his/her individual performance. Performance is assessed against a number of criteria, including his/her contribution to board and committee meetings; time commitments; contribution to strategic developments; and relationships with other Directors and management.

The Senior Independent Director and the other non-executive Directors review the Chairman's performance each year.

Remuneration
Details of remuneration paid to Directors (executive and non-executive) are set out in the Report of the Remuneration Committee on pages 39 to 43. This report will be presented to shareholders for the purposes of a non-binding advisory vote at the Annual general meeting on 5 August 2010.

Share ownership and dealing
Details of Directors' shareholdings are set out on page 43.

The Group has a policy on dealing in shares that applies to all Directors and senior management. This policy adopts the terms of the Model Code as set out in the Listing Rules published by the UK Listing Authority and the Irish Stock Exchange. Under this policy, Directors are required to obtain clearance from the Chairman before dealing. Directors and senior management are prohibited from dealing in C&C shares during designated close periods and at any other time when the individual is in possession of Inside Information (as defined by the Market Abuse (Directive 2003/6/EC) Regulations).

COMMITTEES
The Board has established three permanent committees to assist in the execution of its responsibilities. These are the Audit Committee, the Nomination Committee and the Remuneration Committee. Ad-hoc committees are formed from time to time to deal with specific matters.

Each of the permanent Board Committees has terms of reference under which authority is delegated to them by the Board. These terms of reference are available on request from the Company Secretary. Minutes of all Committee meetings are circulated to the entire Board.

The current membership of each committee is set out on page 27. Attendance at meetings held is set out in the table on page 38.

The Chairman of each committee attends the Annual General Meeting and is available to answer questions from shareholders.

Audit Committee
The Audit Committee comprises only non-executive Directors. It meets a minimum of four times a year. During the year under review it met eleven times. Attendance at meetings held is set out in the table on page 38.

The Committee has determined that John Hogan, who also chairs the Committee, is the Audit Committee financial expert.

The Finance Director attends Committee meetings as appropriate, while the external auditor attends as required and has direct access to the Committee Chairman.

The Committee's responsibilities include:
- monitoring the integrity and fairness of the financial statements of the Group, including the annual report, half yearly report, interim management statements, preliminary results and other trading statements;
- reviewing the effectiveness of the Group's internal controls and risk management systems;
- reviewing the effectiveness of the Group's internal audit function;
- making recommendations to the Board in relation to the appointment and removal of the Group's external auditor;
- evaluating the performance of the external auditor including their independence and objectivity;
- reviewing the annual internal and external audit plans;
- ensuring compliance with the Group's policy on the provision of non-audit services by the external auditor.

The Committee discharged its obligations during the year as follows:
- the Committee reviewed the trading statements issued by the Company in July 2009 and August 2009;
- the Committee reviewed the Financial Report for six months ended 31 August 2009 prior to its release in October 2009;
- the Committee reviewed the Interim Management Statements issued in May 2009 and January 2010;
- the Committee reviewed the external audit plan presented by the external auditor in advance of the audit;
- the Committee reviewed the preliminary results announcement and the annual report and financial statements. It reviewed the post-audit report from the external auditor identifying any accounting or judgemental issues requiring its attention;
- the Committee approved the annual internal audit plan and received internal audit reports;
- the Committee considered whether or not to recommend the re-appointment of the external auditor; and
- the Committee also reviewed its Terms of Reference during the year.

The Group has a policy in place governing the conduct of non-audit work by the external auditor. Under this policy the auditor is prohibited from performing services where the auditor:
- may be required to audit his/her own work;
- would participate in activities that would normally be undertaken by management;
- is remunerated through a "success fee" structure;
- acts in an advocacy role for the Group.

Other than the above, the Group does not impose an automatic ban on the external auditor undertaking non-audit work. The engagement of the external auditor in non-audit work must be pre-approved by the Committee or entered into pursuant to pre-approved policies and procedures established by the Committee.

Details of the amounts paid to the external auditor during the year for audit and other services are set out in the notes to the financial statements on page 66.

Nomination Committee
The Nomination Committee is chaired by the Group Chairman and its constitution requires it to consist of a majority of non-executive Directors. It meets a minimum of twice a year and has met twice in the period under review. Attendance at meetings held is set out in the table on page 38.

The Committee's responsibilities include:
- reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board and making recommendations regarding any changes in order to ensure that the composition of the Board and its Committees is appropriate to the Group's needs;
- overseeing succession planning for the Board and senior management;
- establishing processes for the identification of suitable candidates for appointment to the Board;
- making recommendations to the Board on membership of Board Committees.

The Committee is empowered to use the services of independent consultants to facilitate the search for suitable candidates for appointment as non-executive Directors.

During the year under review, the Chairman, Tony O'Brien, indicated his desire to retire. As a result the Committee commenced a search for a new Chairman and a sub-committee was formed to lead this process. An external recruitment consultant was engaged to identify and approach suitable candidates. A shortlist of external candidates was met by the sub-committee and assessed on agreed criteria. After these deliberations, the sub-committee recommended the appointment of Sir Brian Stewart as chairman designate, due to his extensive knowledge of the European drinks industry; and his experience in leading and chairing FTSE 100 companies.

The Nomination Committee unanimously endorsed this recommendation to the Board. The Nomination Committee and the Board considered his former chairmanship of Scottish & Newcastle plc, the former employer of the three executive directors, but did not believe that this impacted his independence and fully supported his nomination.

Remuneration Committee

The Remuneration Committee comprises solely of non-executive Directors. It meets at least twice a year and has met four times in the period under review. Attendance at meetings held is set out in the table on page 38.

The Committee's responsibilities include:

- making recommendations to the Board on the Group's policy for executive remuneration;
- determining the remuneration of the executive Directors and senior management;
- monitoring the level and structure of remuneration for senior management and trends across the Group;
- reviewing the design of all share incentive plans;
- approving any grant of options or awards under the Executive Share Option Plan, the Long Term Incentive Plan, the Joint Share Ownership Plan and other share plans;
- overseeing the preparation of the Report of the Remuneration Committee on Directors' Remuneration (see pages 39 to 43).

The Committee receives advice from leading independent firms on compensation and benefits consultants when necessary. The Chairman and Chief Executive are fully consulted about all remuneration proposals.

In the period under review, the Committee determined the remuneration packages for all new senior management appointments; the termination arrangements of the retiring executive Director; and the salaries and bonuses of serving executive Directors and senior management. It reviewed the remuneration of management across the Group and approved the award of share options and other share awards to executive Directors and management. It also approved the issue of the remaining 3.2m shares which were available under the C&C Joint Share Ownership Plan, approved by shareholders in December 2008.

COMMUNICATIONS WITH SHAREHOLDERS

The Group attaches considerable importance to shareholder communications and has an established investor relations programme.

There is regular dialogue with institutional investors with presentations given to investors at the time of the release of Group results and when other significant announcements are made. Trading Statements were issued in July 2009 and August 2009. Interim Management Statements were issued in May 2009 and January 2010. The Board is briefed regularly on the views and concerns of institutional shareholders.

The Group's website www.candcgroupplc.com provides the full text of the annual report and financial statements, the interim report and other releases. News releases are also made available immediately after release to the Stock Exchange. Presentations given to investors and at conferences are also available on the website.

General Meetings

The Company operates under the Irish Companies Acts 1963 to 2009. These Acts provide for two types of shareholder meetings: the annual general meeting ('AGM') with all other meetings being called extraordinary general meetings ('EGM').

The Company must hold a general meeting in each year as its AGM in addition to any other general meetings held in that year. Not more than 15 months may elapse between the date of one AGM and the next. An AGM was held on 28 August 2009, and this year's AGM will be held on 5 August 2010. The Directors may at any time call an EGM. EGMs may also be convened on the requisition of members holding not less than five per cent of the voting share capital of the Company. An EGM was held on 25 September 2009 to seek shareholder approval for the acquisition of the Tennent's business, as required under Stock Exchange regulations. An EGM will be held on 17 June 2010 to seek shareholder approval for the disposal of the Spirits & Liqueurs business as required under Stock Exchange regulations.

In the case of an AGM or a meeting called for the passing of a special resolution, at least twenty-one days' notice of a meeting is required to be given to shareholders. In any other case at least fourteen days' notice is required. In accordance with Combined Code recommendations, the annual report (if required) and the notice of annual general meeting are sent to shareholders at least 20 working days before the AGM.

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy and entitled to vote shall be a quorum.

Only those shareholders registered on the Company's register of members at the prescribed record date, being a date not more than 48 hours before the general meeting to which it relates, are entitled to attend and vote at a general meeting.

The Acts require that resolutions of the general meeting be passed by the majority of votes cast (ordinary resolution) unless the Acts or the Company's Articles of Association provide for 75% majority of votes cast (special resolution). The Company's articles of association provide that the chairman has a casting vote in the event of a tie.

Any shareholder who is entitled to attend, speak and vote at a general meeting is entitled to appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a member of the Company.

At meetings, unless a poll is demanded, all resolutions are determined on a show of hands, with every shareholder who is present in person or by proxy having one vote. On a poll every shareholder who is present in person or by proxy shall have one vote for each share of which he/she is the holder. A shareholder need not cast all votes in the same way. At the meeting, after each resolution has been dealt with, details are given of the level of proxy votes lodged for and against that resolution and also the level of votes withheld on that resolution.

The Company's AGM gives shareholders the opportunity to question the directors. The Company must answer any question a member asks relating to the business being dealt with at the meeting unless: answering the question would interfere unduly with the preparation for the general meeting or the confidentiality and business interests of the Company; the answer has already been given on a website in the form of an answer to a question; or it appears to the Chairman of the meeting that it is undesirable in the interests of good order of the meeting that the question be answered.

The business of the Company is managed by the Directors who may exercise all the powers of the Company unless they are required to be exercised by the Company in general meeting. Matters reserved to shareholders in general meeting include the election of directors; the payment of dividends; the appointment of the external auditor; amendments to the articles of association; measures to increase or reduce the share capital; and the authority to issue shares.

Memorandum and Articles of Association

At the AGM to be held on 5 August 2010, two special resolutions will be proposed, to reflect the implementation of the Shareholders Rights (Directive 2007/36/EC) Regulations 2009 (the "Regulations").

The Regulations have increased the standard notice period for general meetings of the Company to 21 days, the period that is in any event and will continue to be applicable to an annual general meeting or to a meeting to consider any special resolution (a resolution which requires a 75% majority vote, not a simple majority). The Company is currently able to call any other general meetings on 14 days' notice. The Regulations envisage that on an annual basis a company may pass a resolution such as this, to preserve its ability to utilise, where appropriate, this shorter notice period. The Directors consider that it is in the interests of the Company to retain this flexibility, and Resolution 14 seeks such approval. The approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. As a matter of policy, the 14 day notice period will only be utilised where the Directors believe that it is merited by the business of the meeting and the circumstances surrounding the business.

Resolution 15 will be proposed as a special resolution to amend the Company's Articles of Association in order to reflect certain provisions of the Companies Acts (as amended by the Regulations) relating to proxies, general meetings and electronic communications. In summary, the principal proposed changes to the Articles of Association which would take effect upon Resolution 15 being adopted would: (a) permit the appointment of proxies electronically and regulate generally electronic communications to and from the Company; (b) permit shareholders to appoint more than one proxy in the circumstances prescribed by the Regulations; and (c) allow for the fixing of a voting record date and time which shall determine the eligibility of shareholders to participate and vote at the shareholders' meeting.

A copy of the Articles of Association of the Company showing the amendments that would be made if Resolutions 14 and 15 were adopted is available at www.candcgroupplc.com and may also be inspected at the registered office of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is embedded throughout the Group. Group policies and activities are summarised on pages 22 to 25, and are available on the Group's website www.candcgroupplc.com.

INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control, for reviewing its effectiveness and for confirming that there is a process for identifying, evaluating and managing the significant risks for the achievement of the Group's strategic objectives. This system of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss. The process which has been in place for the entire period accords with the Turnbull Guidance (revised guidance published in October 2005) and involves the Board considering the following:

- the nature and extent of the key risks facing the Group;
- the likelihood of these risks occurring;
- the impact on the Group should these risks occur;
- the actions being taken to manage these risks to the desired level.

There is also a co-ordinated risk and control self-assessment in each business unit, the results of which are reported to the audit committee.

The risks facing the Group are reviewed regularly by management and the Audit Committee of the Board whose terms of reference require it to conduct an annual assessment of internal control.

In accordance with the process outlined above, the Board confirms that it has conducted a review of the internal control systems in operation.

The key elements of the internal control system in operation are as follows:

- clearly defined organisation structures and lines of authority;
- corporate policies for financial reporting, treasury and financial risk management, information technology and security, project appraisal and corporate governance;
- annual budgets for all operating units, identifying key risks and opportunities;
- monitoring of performance against budgets on a weekly basis and reporting thereon to the Directors on a monthly basis;
- an internal audit function which reviews key business processes and controls; and
- an audit committee which approves plans and deals with significant control issues raised by internal or external audit.

COMPLIANCE

The Group has complied with the Code during the period under review, save in the following respects:-

Brendan Dwan, who left the Board in May 2009, was an employee of the Group for many years, and had a service contract which pre-dated the Company's admission to listing in May 2004, and did not specify a notice period. It was therefore terminable on reasonable notice, which due to his length of service extended beyond one year.

The notice periods of all executive Directors, appointed since 2004, do not exceed one year.

GOING CONCERN

The risks and uncertainties facing the Group are set out in this report on pages 28 to 29 The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out are set out in the Finance Report on pages 19 to 21. A description of the business of the Group is set out in the Chief Executive's Report and Operating Review on pages 6 to 18.

The Group has significant revenues, a large number of customers and suppliers across different geographies, and considerable financial resources. For these reasons, the Directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. Consequently they continue to adopt the going concern basis in preparing the financial statements.

ATTENDANCE AT MEETINGS

Attendance at scheduled board meetings and board committee meetings during the period was as follows:

	Board Meetings		Audit Committee Meetings		Nomination Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B	A	B
Tony O'Brien	7	7	-	-	2	2	-	-
John Burgess	7	6	-	-	2	2	-	-
John Dunsmore	7	7	-	-	-	-	-	-
Brendan Dwan	1	1	-	-	-	-	-	-
Liam FitzGerald	7	6	11	10	-	-	4	3
Stephen Glancey	7	7	-	-	-	-	-	-
John Hogan	7	7	11	10	-	-	-	-
John Holberry	4	2	-	-	-	-	-	-
Richard Holroyd	7	7	11	10	-	-	4	4
Philip Lynch	7	7	-	-	2	2	4	4
Kenny Neison	2	2	-	-	-	-	-	-
Breege O'Donoghue	7	7	-	-	2	2	-	-

The 'A' columns represent the number of meetings held for which each individual Director was entitled to attend, while the 'B' columns represent the number of meetings attended by each Director.

COMPOSITION AND TERMS OF REFERENCE

The Remuneration Committee of the Board, whose membership is set out on page 27, consists solely of non-executive Directors. Philip Lynch is Chairman of the Committee. The Chairman and Chief Executive are fully consulted on remuneration proposals but are not present when their own remuneration is discussed. The Remuneration Committee obtains external advice from benefit consultants and other independent firms on compensation when necessary.

The Committee's terms of reference include making recommendations to the Board in respect of Group policy on executive and senior management remuneration; and the consideration and determination of the remuneration of the executive Directors and senior management. It also oversees all employee share schemes.

REMUNERATION POLICY

The main aim of the Group's remuneration policy is to reward the Group's executive Directors and senior management competitively, having regard to the need to ensure that they are properly remunerated and motivated to perform in the best interests of shareholders. Performance related rewards, based on measured and stretching targets, are therefore an important component of remuneration packages.

The main elements of the remuneration package for senior management are basic salary and benefits, performance related annual bonus, pension benefits and longer term share incentives.

In order to secure the services of John Dunsmore, Stephen Glancey and Kenny Neison in November 2008, a remuneration package was agreed, which, in addition to the above, included a high level of share-based incentives. These were granted under the C&C Joint Share Ownership Plan. Further details of this scheme are given below.

BASIC SALARY AND BENEFITS

The salaries for senior management are reviewed annually in January. Given the Group-wide pay freeze, no increases were granted in January 2010. The employment contracts of John Dunsmore, Stephen Glancey and Kenny Neison entitle these Directors to a 3% increase in basic salary on the first and second anniversaries of their appointment. These three Directors waived their entitlement to this increase in November 2009, and have notified the Company of their intention to do so again in November 2010.

Benefits to senior managers include a company car or car allowance and health benefits. John Dunsmore, Stephen Glancey and Kenny Neison receive a cash allowance of 7.5% of basic salary in lieu of these benefits.

PENSIONS

No executive director or member of senior management accrues any benefits under a defined benefit pension scheme. Payments in respect of pensions are calculated on basic salary only and no incentive or benefit elements are included.

John Dunsmore, Stephen Glancey and John Holberry received a cash payment of 25% of basic salary, in order to provide their own pension benefits, and the Group makes a payment of 25% of salary into Kenny Neison's personal pension plan.

PERFORMANCE RELATED ANNUAL BONUS

The Group operates a performance related cash bonus scheme for executive Directors and senior management. The primary bonus metric is operating profit. The maximum annual bonus payable is up to 80% of basic salary for John Dunsmore, Stephen Glancey and Kenny Neison; and 70% for senior management. However John Dunsmore, Stephen Glancey and Kenny Neison waived their bonus entitlements for the year ended 28 February 2010 in order to fund an all-employee bonus scheme.

EXECUTIVE SHARE OPTION SCHEME

An Executive Share Option Scheme was established in May 2004. It is policy to grant options under this scheme to key executives across the Group to encourage identification with shareholders' interests. Options are granted solely at the discretion of the Remuneration Committee. Under the scheme rules, options cannot be granted to non-executive Directors. In respect of grants since admission, the maximum grant that can normally be made to any individual in any one year is an award of 150% of basic salary in that year. The service contracts of John Dunsmore, Stephen Glancey and Kenny Neison entitle them to an annual grant of share options of 150% of basic salary.

Options will not normally be exercisable until three years after the date of grant and are subject to meeting a specific performance target. This performance target requires the Group's earnings per share (before exceptional items, and including any other adjustments authorised by the Remuneration Committee) to increase by 5% in excess of the Irish Consumer Price Index over three years, on a compound basis from date of grant, in order for options to vest. If the performance target is not met after the relevant three year period, the options lapse. In the event of a change of control of the Company, this performance target may be measured over a shorter time period, and if the target is met, the options may be exercised within a certain time period.

Details of the interests of the Directors in share options granted under the Executive Share Option Scheme are set out on page 43.

The cost of the vesting of these awards is amortised over the vesting period to the extent that the Directors believe that the awards will vest.

LONG TERM INCENTIVE PLANS

A share-based Long Term Incentive Plan for executive Directors and senior management was established at the time of the Group's admission to listing in May 2004.

Under the plan, awards of up to 100% of basic salary may be granted. Awards are in the form of nil-cost options over shares, based on the closing share price on the day before the grant date. For the shares to vest fully, C&C's total shareholder return must be in the top quartile of a comparator group over a three-year period. None of the award vests for below median performance. 30% of the award vests for median performance with straight-line pro-rating between the median and upper quartile. In addition to the total shareholder return condition, earnings per share growth (before exceptional items and including any other adjustments authorised by the Remuneration Committee) must increase by 5% in excess of the Irish Consumer Price Index on a compound basis over the same three-year period or the Remuneration Committee must otherwise be satisfied that the Group's underlying financial performance over the performance period warrants that level of vesting. If both these conditions are not met at the end of the relevant period, the options lapse.

The Directors in office at 28 February 2010 have no outstanding share options granted under the Long Term Incentive Plan.

C&C JOINT SHARE OWNERSHIP PLAN

The C&C Joint Share Ownership Plan was approved by shareholders at an Extraordinary General Meeting ('EGM') on 18 December 2008. The Remuneration Committee supervises the operation of the Plan. The main terms of the plan are as follows:

Participants

Awards were granted to John Dunsmore, Stephen Glancey and Kenny Neison in December 2008. In total they acquired interests in 12.8m ordinary shares, out of the 16m shares allocated to the Plan. As set out in the Notice of the EGM, it was planned to allocate the remaining 3.2m shares to new and existing members of senior management and these awards were granted in June and December 2009.

Nature of interests

Interests take the form of a restricted interest in ordinary shares in the Company ("Interest"). An Interest permits a participant to benefit from the increase (if any) in the value of a number of ordinary shares in the Company ("Shares") over which the Interest is acquired. In order to acquire an Interest, a participant must enter into a joint ownership agreement with the trustees of an employee benefit trust under which the participant and the trustee jointly acquire the Shares. Under the terms of the plan participants must contribute funding equal to 10% of the issue price on the acquisition of the Interest with the balancing hurdle value or threshold amount funded by the employee benefit trust. For the Interests acquired in December 2008 and June 2009, this threshold amount or Hurdle Value was €1.035 per share, being 90% of the issue price of the Shares of €1.15 (the Share's closing price on 7 November 2008).

The Notice of the EGM specified that the Hurdle Value would remain at €1.035 per share and the Entry Price would remain at €0.115 per share for any Interest acquired within the period of six months from date of the adoption of the Plan on 18 December 2008, after which they would be reviewed by the Remuneration Committee.

Therefore, for the Interests acquired in December 2009, the Hurdle Value increased to €2.223, being 90% of the issue price of the Shares of €2.47 (the Share's closing price on 18 November 2009, the closing share price prior to consideration of the awards by the Remuneration Committee).

A participant was required to provide upfront funding to the employee benefit trust equal to 10% of the issue price on the acquisition of their Interests, amounting to €0.115 per share (the "Entry Price") for the Interests acquired in December 2008 and June 2009. The Entry Price for the Interests acquired in December 2009 was €0.247 per share.

When an Interest vests, the trustees may, at the request of the participant and on payment of the balance of the hurdle amount, transfer shares to the participant of equal value to the participant's Interest or the Shares may be sold and the trustee will account to the participant for the balance i.e. the difference between the sale proceeds (less expenses) and the Hurdle Value.

Rights attaching to Interests

The voting rights on the shares subject to the Interests will be exercised by the trustee of the employee benefit trust as it considers appropriate and in the best interests of the employees and the Group. Dividends on the Shares subject to the Interests will be waived by the trustee of the employee benefit trust or be for the account of the trustee. The beneficial owners of the 16.0m shares issued under the Joint Share Ownership Plan have waived their right to receive a dividend.

Vesting conditions

The vesting of Interests granted in December 2008 and June 2009 are subject to the following conditions. All of the Interests are subject to a time vesting condition with one-third of the Interest in the Shares vesting on the first anniversary of acquisition, one-third on the second anniversary and the final one-third on the third anniversary. In addition, half of the Interests in the Shares are subject to a pre-vesting share price target. In order to benefit from those Interests the Company's share price must be greater than €2.50 for at least 20 days out of 40 consecutive dealing days during the five-year period commencing on the date of acquisition of the Interest. This share price performance condition was met during 2009.

For the Interests granted in December 2009, the share price performance condition was set at €4.00 for at least 20 days out of 40 consecutive dealing days during the five-year period commencing on the date of acquisition of the Interest.

In the event of a takeover of the Company the time vesting conditions for half of the Interests may be accelerated in accordance with certain conditions.

Loans

When awards are granted to executives, the value of the awards is assessed for tax purposes with the resulting value falling due for payment to the employee benefit trust on date of grant. Under the terms of the plan, the executive must pay the Entry Price at date of grant and if the Entry Price is lower (or higher) the Company will pay the differential on behalf of the executive, this payment is considered a loan by the Company to the executive. Executives are required to pay the Company the full tax value of these awards before the Interests vest. If the tax value is higher than the Entry Price a taxable benefit-in-kind arises if the interest rate charged on the resulting loan is less than Revenue approved rates (Ireland 12.5%; UK 4.75%).

NON-EXECUTIVE DIRECTORS' REMUNERATION

The remuneration of the non-executive Directors is determined by the Board of Directors as a whole. The Chairman is not involved in determining his own remuneration.

The fees paid to non-executive Directors are set at a level which aims to attract individuals with the necessary experience and ability to make a significant contribution to the Group.

PROMOTING ALL-EMPLOYEE SHARE OWNERSHIP

Prior to flotation, the Group entered into an agreement with trade unions representing the majority of its employees, which provided for an initial grant of free shares to eligible employees; the establishment of an approved save as you earn scheme; and the establishment of an approved profit sharing scheme, all after the completion of an initial public offering. On admission, 9.4m ordinary shares with an aggregate value of €21.3m were issued to fulfil the Group's obligations under the free share arrangements.

A discretionary share scheme was put in place during the year ended 28 February 2007. The Board approved a share allocation of between 3% and 4% of basic salary remuneration to employees subject to a minimum allocation of €1,000 per employee. The Group purchased 189,061 shares and placed these shares in Irish/ UK revenue approved employee trusts, where they are held for the benefit of each employee and where each employee has full voting rights and dividend entitlements. However employees face tax penalties should they dispose of the shares before the expiry of the vesting period.

SERVICE CONTRACTS

The service contracts of all executive directors have notice periods of one year or less.

DIRECTORS' REMUNERATION AND INTEREST IN SHARE CAPITAL

Details of the overall Directors' remuneration charged to the Group Income Statement is shown in note 28 on page 101. Individual Directors' remuneration and pension benefits for the year ended 28 February 2010 are given on page 42. The interests of the Directors and Secretary in share options and in the share capital of the Company are shown on page 43. Loans to Directors are shown on page 43.

DIRECTORS' REMUNERATION – 2010

	Basic Salary €000	Other Remuneration €000	Benefits in Kind €000	Pension €000	Annual Bonus	Compensation for loss of office	Total 2010 €000	Total 2009 €000
Executive Directors								
John Dunsmore[i]	700	53	6	175	-	-	**934**	290
Brendan Dwan[ii]	33	-	2	11	183	-	**229**	1,640
Stephen Glancey	500	38	6	125	-	-	**669**	207
John Holberry[iii]	161	8	-	40	112	883	**1,204**	432
Brendan McGuinness	-	-	-	-	-	-	**-**	1,316
James Muldowney	-	-	-	-	-	-	**-**	831
Kenny Neison[iv]	93	6	1	24	-	-	**124**	-
Maurice Pratt	-	-	-	-	-	-	**-**	2,541
	1,487	**105**	**15**	**375**	**295**	**883**	**3,160**	7,257
Average number of executive Directors							**3**	3

	Basic Fees €000	Other Fees[v] €000	Benefits in Kind €000	Total 2010 €000	Total 2009 €000
Non-Executive Directors					
John Burgess	65	-	-	**65**	65
Liam FitzGerald	65	-	-	**65**	65
John Hogan	65	25	-	**90**	90
Richard Holroyd	65	10	-	**75**	75
Philip Lynch	65	20	-	**85**	85
Tony O'Brien	180	-	31	**211**	209
Breege O'Donoghue	65	-	-	**65**	65
Total	**570**	**55**	**31**	**656**	654
Average number of Non-Executive Directors				**7**	7
Amounts charged in respect of equity settled share based employee benefits				**969**	218
Total Directors' Remuneration				**4,785**	8,129

(i) The Board has released John Dunsmore to serve on the Board of Fuller Smith & Turner Plc as a non-executive director and chairman of the Remuneration Committee. He receives and retains an annual fee of £45,000 in relation to this role.
(ii) These payments were accrued in the financial statements for the year ended 28 February 2009.
(iii) John Holberry left the Board on 31 August 2009. His termination arrangements included payment of his bonus for the six month period, and cash in lieu of 90,000 nil-cost shares, which he was granted on joining the Company. As the Company was in a close period in August 2009, the Company could not deal in shares, and thus the liability was settled in cash. These payments were accrued in the financial statements for the year ended 28 February 2009.
(iv) From date of appointment of 10 November 2009.
(v) Other fees paid to John Hogan, Richard Holroyd and Philip Lynch in 2010 and 2009 represent fees paid as Chairman of the Audit Committee, Senior Independent Director and Chairman of the Remuneration Committee respectively.

DIRECTORS AND THEIR INTERESTS

The interests of the Directors and Secretary in office at 28 February 2010 in the share capital of Group companies at the beginning of the year (or date of appointment if later) and the end of the year were:

INTERESTS IN C&C GROUP PLC
ORDINARY SHARES OF €0.01 EACH

	28-Feb 2010	28-Feb 2009
Directors		
John Burgess	**100,698**	98,727
John Dunsmore	**5,120,000**[i]	5,120,000[i]
Liam FitzGerald	**35,000**	13,100
Stephen Glancey	**5,120,000**[i]	5,120,000[i]
John Hogan	**9,989**	9,901
Richard Holroyd	**22,000**	22,000
Philip Lynch	**793,786**	782,898
Kenny Neison	**2,560,000**[i]	2,560,000[i]
Tony O'Brien	**1,700,000**	1,700,000
Breege O'Donoghue	**57,870**	56,738
Total	**15,519,343**	15,483,364
Company Secretary		
Noreen O'Kelly	**135,500**	135,500

(i) Acquired under Joint Share Ownership Plan (see Report of the Remuneration Committee on Directors' Remuneration on pages 40 to 41 for further details)

The Directors and Secretary have no beneficial interests in any of the Group's subsidiary undertakings.

There was no movement in the Directors' interests in C&C Group plc ordinary shares between 28 February 2010 and 25 May 2010.

INTERESTS IN SHARE OPTIONS – EXECUTIVE SHARE OPTION SCHEME
SHARE OPTIONS OVER ORDINARY SHARES OF €0.01 EACH IN C&C GROUP PLC

	Granted during the Year	Outstanding 28-Feb-10	Option Price
Directors			
John Dunsmore	541,300	**541,300**	€1.94
Stephen Glancey	386,600	**386,600**	€1.94
Kenny Neison	232,000	**232,000**	€1.94
Total	1,159,900	**1,159,900**	

Subject to meeting the performance condition, options granted at €1.94 in May 2009 are exercisable in the period 13/5/2012 to 12/5/2016.

The market price of the Company's shares at 28 February 2010 was €2.71 and ranged during the year from €0.90 to €3.20.

LOANS TO DIRECTORS

When awards are granted under the Joint Share Ownership Plan, the value of awards is assessed for tax purposes and if the tax value is higher than the Entry Price, the difference is paid by the Company on behalf of the participant and is treated as a loan for tax purposes. The three executive Directors acquired interests under the Joint Share Ownership Plan in December 2008. A valuation for tax purposes was commissioned during 2009, which indicates that the tax value of these interests is higher than the entry price. The resulting loans by the Company to the executive Directors are required to be disclosed under the Companies Act 1990. These loans are non-interest bearing and will be repaid before vesting of the awards. A taxable benefit-in-kind arises on these loans and these are disclosed in Directors' Remuneration. The balances outstanding as at 28 February 2010 are as follows:

	28-Feb-10 €'000
John Dunsmore	**128**
Stephen Glancey	**128**
Kenny Neison	**64**
Total	**320**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. Under that law the directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and have elected to prepare the Company financial statements in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Acts 1963 to 2009.

The Group and Company financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group and Company. The Companies Acts 1963 to 2009 provide in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- State that the financial statements comply with IFRSs as adopted by the EU and in the case of the Company as applied in accordance with the Companies Acts 1963 to 2009; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

Under applicable law and the requirements of the Listing Rules issued by the Irish Stock Exchange, the directors are also responsible for preparing a Directors' Report and reports relating to directors' remuneration and corporate governance that comply with that law and those Rules. In particular, in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (the Transparency Regulations), the directors are required to include in their report a fair review of the business and a description of the principal risks and uncertainties facing the Group and the Company and a responsibility statement relating to these and other matters, included below.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2009 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT, IN ACCORDANCE WITH THE TRANSPARENCY REGULATIONS

Each of the directors, whose names and functions are listed on page 27 confirm that, to the best of each person's knowledge and belief:

- the Group financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the Group at 28 February 2010 and its profit for the year then ended;
- the Company financial statements, prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Acts 1963 to 2009, give a true and fair view of the assets, liabilities and financial position of the Company at 28 February 2010; and
- the Directors' report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

T O'Brien	**J Dunsmore**
Chairman	Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF C&C GROUP PLC

We have audited the Group and Company financial statements (''the financial statements'') of C&C Group plc for the year ended 28 February 2010 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Cash Flow Statements, the Group and Company Statements of Changes in Equity, the Statement of Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 44.

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

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with IFRSs as adopted by the EU, and have been properly prepared in accordance with the Companies Acts, 1963 to 2009 and, in the case of the Group financial statements, Article 4 of the IAS Regulation. We also report to you our opinion as to: whether proper books of account have been kept by the Company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Company balance sheet is in agreement with the books of account.

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

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2008 FRC Combined Code specified for our review by the Listing Rules of the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement and the Finance Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

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

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

OPINION

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Group's affairs as at 28 February 2010 and of its profit for the year then ended;
- the Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Acts 1963 to 2009, of the state of the Company's affairs as at 28 February 2010;
- the Group financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2009 and Article 4 of the IAS Regulation; and
- the Company financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2009.

OTHER MATTERS

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

In our opinion the information given in the Directors' report is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 28 February 2010 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

KPMG

Chartered Accountants
Registered Auditor
Dublin

25 May 2010

GROUP INCOME STATEMENT

For the year ended 28 February 2010

	Notes	Year ended 28 February 2010 Before exceptional items €m	Exceptional Items (note 5) €m	Total €m	Year ended 28 February 2009 Before exceptional items €m	Exceptional items (note 5) €m	Total €m
Revenue	1	**568.8**	**-**	**568.8**	514.4	-	514.4
Operating costs	2	**(479.3)**	**(3.5)**	**(482.8)**	(414.0)	(159.6)	(573.6)
Operating profit/(loss)	1	**89.5**	**(3.5)**	**86.0**	100.4	(159.6)	(59.2)
Finance income	6	**2.0**	**-**	**2.0**	2.3	3.8	6.1
Finance expense	6	**(9.2)**	**-**	**(9.2)**	(12.7)	-	(12.7)
Profit/(loss) before tax		**82.3**	**(3.5)**	**78.8**	90.0	(155.8)	(65.8)
Income tax (expense)/credit	7	**(8.9)**	**0.9**	**(8.0)**	(10.2)	14.2	4.0
Profit/(loss) from continuing operations		**73.4**	**(2.6)**	**70.8**	79.8	(141.6)	(61.8)
Discontinued operations							
Profit from discontinued operations	8	**-**	**2.7**	**2.7**	0.1	0.8	0.9
Profit/(loss) for the year attributable to equity shareholders		**73.4**	**0.1**	**73.5**	79.9	(140.8)	(60.9)
Basic earnings/(loss) per share (cent)	10			**23.2c**			(19.4)c
Diluted earnings/(loss) per share (cent)	10			**22.7c**			(19.4)c
Continuing operations							
Basic earnings/(loss) per share (cent)	10			**22.4c**			(19.7)c
Diluted earnings/(loss) per share (cent)	10			**21.9c**			(19.7)c

On behalf of the Board

T O'Brien
Chairman

J Dunsmore
Chief Executive Officer

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2010

	Notes	2010 €m	2009 €m
Other comprehensive income and expense:			
Exchange difference arising on the net investment in foreign operations	6	**5.8**	(1.6)
Gain on revaluation of land	13	**-**	5.9
Net movement in cash flow hedging reserve	6	**(4.1)**	(21.3)
Deferred tax on cash flow hedges	21	**0.6**	2.2
Actuarial gains /(losses) on defined benefit pension obligations	22	**16.7**	(41.6)
Deferred tax on actuarial gains /(losses) on defined benefit pension obligations	21	**(2.1)**	5.7
Total other comprehensive income/(expense)		**16.9**	(50.7)
Profit/(loss) for the year attributable to equity shareholders		**73.5**	(60.9)
Comprehensive income and expense for the year attributable to equity shareholders		**90.4**	(111.6)

On behalf of the Board

T O'Brien
Chairman

J Dunsmore
Chief Executive Officer

GROUP BALANCE SHEET
As at 28 February 2010

	Notes	2010 €m	2009 €m
ASSETS			
Non-current assets			
Property, plant & equipment	13	**187.2**	95.7
Goodwill & intangible assets	12	**507.7**	394.7
Deferred tax assets	21	**12.3**	15.0
Trade & other receivables	16	**19.8**	-
		727.0	505.4
Current assets			
Inventories	15	**54.7**	44.5
Trade & other receivables	16	**125.8**	57.9
Derivative financial assets	23	**-**	11.6
Cash & cash equivalents		**113.5**	83.0
		294.0	197.0
TOTAL ASSETS		**1,021.0**	702.4
EQUITY			
Equity share capital	24	**3.3**	3.3
Share premium	24	**77.1**	65.4
Other reserves	24	**33.1**	28.4
Treasury shares	24	**(21.3)**	(14.7)
Retained income	24	**237.2**	167.3
Total equity		**329.4**	249.7
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	19	**461.7**	309.2
Derivative financial liabilities	23	**2.2**	3.3
Retirement benefit obligations	22	**21.2**	45.5
Provisions	18	**4.2**	1.3
Deferred tax liabilities	21	**4.6**	-
		493.9	359.3
Current liabilities			
Interest bearing loans & borrowings	19	**16.7**	-
Derivative financial liabilities	23	**4.6**	5.0
Trade & other payables	17	**164.0**	64.6
Provisions	18	**8.4**	20.8
Current tax liabilities		**4.0**	3.0
		197.7	93.4
Total liabilities		**691.6**	452.7
TOTAL EQUITY & LIABILITIES		**1,021.0**	702.4

On behalf of the Board

T O'Brien Chairman

J Dunsmore Chief Executive Officer

GROUP CASH FLOW STATEMENT

For the year ended 28 February 2010

	2010 €m	2009 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the year attributable to equity shareholders	73.5	(60.9)
Finance income	(2.0)	(6.1)
Finance expense	9.2	12.7
Income tax	8.0	(4.0)
Depreciation of property, plant & equipment	16.8	19.4
Revaluation of property, plant & machinery	-	136.5
Profit on disposal of property, plant & equipment	(0.1)	-
Exceptional profit from discontinued operations, after tax	(2.7)	(0.8)
Charge for share-based employee benefits	2.5	0.4
Pension contributions paid less amount charged to income statement	(6.7)	(23.2)
	98.5	74.0
Decrease in inventories	8.3	24.8
(Increase) in trade & other receivables	(11.3)	(2.3)
(Decrease)/increase in provisions	(13.0)	9.4
Increase in trade & other payables	40.0	4.6
	122.5	110.5
Interest received	1.4	1.3
Interest and similar costs paid	(8.4)	(12.8)
Settlement gain on derivative financial instruments	4.5	6.3
Income taxes paid	(4.7)	(10.7)
Net cash inflow from operating activities	115.3	94.6
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(5.6)	(18.5)
Sale of property, plant & equipment	0.2	-
Acquisition of businesses (note 11)	(237.7)	-
Proceeds on disposal of subsidiaries	2.1	12.9
Net cash outflow from investing activities	(241.0)	(5.6)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	0.8	0.3
Proceeds from issue of new shares under Joint Share Ownership Plan	0.7	1.5
New bank loans drawn down	171.0	20.0
Issue costs paid	(1.4)	-
Dividends paid	(14.7)	(60.2)
Net cash inflow/(outflow) from financing activities	156.4	(38.4)
Net increase in cash & cash equivalents	30.7	50.6
Cash & cash equivalents at beginning of year	83.0	32.7
Translation adjustment	(0.2)	(0.3)
Cash & cash equivalents at end of year	113.5	83.0

A reconciliation of cash & cash equivalents to net debt is presented in note 20 to the financial statements.

On behalf of the Board

T O'Brien — Chairman

J Dunsmore — Chief Executive Officer

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2010

	Equity Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Capital Reserve €m	Cash flow Hedging Reserve €m	Share-based Payments Reserve €m	Currency Translation Reserve €m	Revaluation Reserve €m	Treasury Shares €m	Retained Income €m	Total €m
At 1 March 2008	3.1	44.9	0.5	24.9	16.9	2.7	(1.5)	-	-	327.7	419.2
Loss for the year attributed to equity shareholders	-	-	-	-	-	-	-	-	-	(60.9)	(60.9)
Other comprehensive income	-	-	-	-	(19.1)	-	(1.6)	5.9	-	(35.9)	(50.7)
Total	3.1	44.9	0.5	24.9	(2.2)	2.7	(3.1)	5.9	-	230.9	307.6
Dividend on ordinary shares	0.1	5.5	-	-	-	-	-	-	-	(65.8)	(60.2)
Exercised share options	-	0.4	-	-	-	-	-	-	-	-	0.4
Reclassification of share-based payments reserve	-	-	-	-	-	(2.2)	-	-	-	2.2	-
Joint Share Ownership Plan	0.1	14.6	-	-	-	1.5	-	-	(14.7)	-	1.5
Equity settled share-based payments	-	-	-	-	-	0.4	-	-	-	-	0.4
At 28 February 2009	3.3	65.4	0.5	24.9	(2.2)	2.4	(3.1)	5.9	(14.7)	167.3	249.7
Profit for the year attributed to equity shareholders	-	-	-	-	-	-	-	-	-	73.5	**73.5**
Other comprehensive income	-	-	-	-	(3.5)	-	5.8	-	-	14.6	**16.9**
Total	3.3	65.4	0.5	24.9	(5.7)	2.4	2.7	5.9	(14.7)	255.4	**340.1**
Dividend on ordinary shares	-	4.3	-	-	-	-	-	-	-	(19.0)	**(14.7)**
Exercised share options	-	0.8	-	-	-	-	-	-	-	-	**0.8**
Reclassification of share-based payments reserve	-	-	-	-	-	(0.8)	-	-	-	0.8	**-**
Joint Share Ownership Plan	-	6.6	-	-	-	0.7	-	-	(6.6)	-	**0.7**
Equity settled share-based payments	-	-	-	-	-	2.5	-	-	-	-	**2.5**
At 28 February 2010	**3.3**	**77.1**	**0.5**	**24.9**	**(5.7)**	**4.8**	**2.7**	**5.9**	**(21.3)**	**237.2**	**329.4**

COMPANY BALANCE SHEET

As at 28 February 2010

	Notes	2010 €m	2009 €m
ASSETS			
Non-current assets			
Financial assets	14	**791.2**	788.7
Trade & other receivables	16	**548.2**	377.9
Deferred tax asset	21	**8.5**	8.7
TOTAL ASSETS		**1,347.9**	1,175.3
EQUITY			
Equity share capital	24	**3.3**	3.3
Share premium	24	**779.0**	767.3
Other reserves	24	**(1.3)**	(4.2)
Retained income	24	**83.2**	93.2
Total equity		**864.2**	859.6
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	19	**461.7**	309.2
Derivative financial liabilities	23	**2.2**	3.3
		463.9	312.5
Current liabilities			
Interest bearing loans & borrowings	19	**16.7**	-
Derivative financial liabilities	23	**2.7**	3.0
Trade & other payables	17	**0.4**	0.2
		19.8	3.2
Total liabilities		**483.7**	315.7
TOTAL EQUITY AND LIABILITIES		**1,347.9**	1,175.3

On behalf of the Board

T O'Brien
Chairman

J Dunsmore
Chief Executive Officer

COMPANY CASH FLOW STATEMENT

For the year ended 28 February 2010

	2010 €m	2009 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	8.2	11.6
Finance income	(16.7)	(25.6)
Finance expense	9.1	12.7
	0.6	(1.3)
Interest received	16.7	25.6
Interest paid and similar costs	(8.4)	(12.7)
Net cash inflow from operating activities	8.9	11.6
CASH FLOWS FROM INVESTING ACTIVITIES		
Funding of cash requirements of subsidiary undertakings	(171.0)	(20.0)
Net cash outflow from investing activities	(171.0)	(20.0)
CASH FLOWS FROM FINANCING ACTIVITIES		
Movement in loans with subsidiary undertakings	(0.2)	33.6
Proceeds from exercise of share options	0.8	0.3
Proceeds from issue of new shares under Joint Share Ownership Plan	6.6	14.7
New bank loans drawn down	171.0	20.0
Issue costs paid	(1.4)	-
Dividends paid	(14.7)	(60.2)
Net cash inflow from financing activities	162.1	8.4
Net movement in cash & cash equivalents	-	-
Cash & cash equivalents at beginning and end of year	-	-

On behalf of the Board

T O'Brien	**J Dunsmore**
Chairman	Chief Executive Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2010

	Equity Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Cash flow Hedging Reserve €m	Share-based Payment Reserve €m	Retained Income €m	Total €m
Company							
At 1 March 2008	3.1	746.8	0.5	(0.5)	2.7	145.2	897.8
Profit for the year attributable to equity shareholders	-	-	-	-	-	11.6	11.6
Other comprehensive income and expense	-	-	-	(5.1)	-	-	(5.1)
Total	3.1	746.8	0.5	(5.6)	2.7	156.8	904.3
Dividend on ordinary shares	0.1	5.5	-	-	-	(65.8)	(60.2)
Joint Share Ownership Plan	0.1	14.6	-	-	-	-	14.7
Exercised share options	-	0.4	-	-	-	-	0.4
Reclassification of share-based payments reserve	-	-	-	-	(2.2)	2.2	-
Equity settled share-based payments	-	-	-	-	0.4	-	0.4
At 28 February 2009	3.3	767.3	0.5	(5.6)	0.9	93.2	859.6
Profit for the year attributable to equity shareholders	-	-	-	-	-	8.2	**8.2**
Other comprehensive income and expense	-	-	-	1.2	-	-	**1.2**
Total	3.3	767.3	0.5	(4.4)	0.9	101.4	**869.0**
Dividend on ordinary shares	-	4.3	-	-	-	(19.0)	**(14.7)**
Joint Share Ownership Plan	-	6.6	-	-	-	-	**6.6**
Exercised share options	-	0.8	-	-	-	-	**0.8**
Reclassification of share-based payments reserve	-	-	-	-	(0.8)	0.8	**-**
Equity settled share-based payments	-	-	-	-	2.5	-	**2.5**
At 28 February 2010	**3.3**	**779.0**	**0.5**	**(4.4)**	**2.6**	**83.2**	**864.2**

On behalf of the Board

T O'Brien
Chairman

J Dunsmore
Chief Executive Officer

SIGNIFICANT ACCOUNTING POLICIES

C&C Group plc (the 'Company') is a company incorporated and tax resident in Ireland. The Group's financial statements for the year ended 28 February 2010 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as "the Group").

The Company and Group financial statements, together the "financial statements", were authorised for issue by the Directors on 25 May 2010.

The accounting policies applied in the preparation of the financial statements for the year ended 28 February 2010 are set out below. These have been applied consistently for all periods presented in these financial statements and by all Group entities.

STATEMENT OF COMPLIANCE

As required by European Union (EU) law, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, which comprise standards and interpretations approved by the International Accounting Standards Board (IASB). The individual financial statements of the Company have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Acts 1963 to 2009 which permits a Company that publishes its Company and Group financial statements together to take advantage of the exemption in section 148(8) of the Companies Act, 1963 from presenting its Company Income Statement which forms part of the approved Company financial statements.

IFRSs as adopted by the EU applied by the Company and Group in the preparation of these financial statements are those that were effective for accounting periods ending on or before 28 February 2010. The Group has adopted the following new and amended IFRS and IFRIC Interpretations in respect of the financial year ended 28 February 2010.

- IFRS 2 *Share-based Payments; Amendment to IFRS 2 for Vesting Conditions and Calculations* effective 1 January 2009. This amendment has had no impact on the Group's Financial Statements.
- IFRS 7 *Financial Instruments: Disclosures* effective 1 January 2009, requires enhanced disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. The changes required by the amended standard are purely disclosure related.
- IFRS 8 *Operating Segments* effective 1 January 2009. In line with IFRS 8 the Group undertook a review of its reportable segments and now presents operating segments based on the information provided internally to the Chief Operating Decision-Maker ("CODM"). The impact of this change is limited to matters of presentation and the updated segments, together with the required disclosures, are shown in note 1. The comparative numbers have been restated to reflect the new basis of segmentation.
- IAS 1 (Amended) *Presentation of Financial Statements* effective 1 January 2009. The revised standard introduces presentational changes to the Group's primary statements including the introduction of the Statement of Comprehensive Income and the Statement of Changes in Equity (previously provided by the Group in the notes to the Consolidated Financial Statements). The Statement of Comprehensive Income presents all items of recognised income and expense, either in one single statement, or two linked statements. The Group has elected to present two statements, the Group Income Statement and the Group Statement of Comprehensive Income.
- IFRIC 9 *Re-measurement of Embedded Derivatives (Amended)* and IAS 39 *Financial Instruments: Recognition and Measurement (Amended)*, effective 1 July 2009.
- IFRIC 16 Hedges of a *Net Investment in a Foreign Operation (Amended)*, effective 1 July 2009. This interpretation provides guidance on accounting for the hedge of a net investment in a foreign operation in an entity's consolidated financial statements.

The Group has also adopted the following new and amended IFRS and IFRIC Interpretations, which have not impacted the financial statements or performance of the Group:

- IAS 23 *Borrowing Costs (Revised)*. This amendment requires an entity to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, as part of the cost of that asset.
- IAS 32 *Financial Instruments: Presentation* and IAS 1 *Puttable Financial Instruments and Obligations Arising on Liquidation* (Amended).
- IFRIC 13 *Customer loyalty Programmes*. This interpretation gives guidance on accounting for customer loyalty award credits.
- Improvements to IFRSs (May 2008) amendments effective for financial year ended 28 February 2010.

The Group has not applied the following standards and interpretations that have been issued but are not yet effective:

- IFRS 3R *Business Combinations (Revised)* effective for the Group from 1 March 2010. The revised IFRS 3R introduces a number of changes to the accounting for business combinations that are likely to impact the treatment applied to business combinations occurring after this date including the amount of goodwill recognised on future acquisitions, the reported results in the period when the acquisition occurs and future reported results.
- IAS 27 *Consolidated and Separate Financial Statements (Amended)* effective for the Group from 1 March 2010, which is not expected to have a significant impact.
- Improvements to IFRSs (April 2009) amendments applying in respect of financial periods commencing on or after 1 January 2010.

BASIS OF PREPARATION

The Group and individual financial statements of the Company are prepared on the historical cost basis except for the measurement at fair value of share options at date of grant, derivative financial instruments, intangible assets, retirement benefit obligations and the revaluation of certain items of Property, plant & equipment. The accounting policies have been applied consistently by Group entities and for all periods presented. The financial statements are presented in euro millions to one decimal place.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Group and Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, which are documented in the relevant accounting policies and notes as indicated below, relate primarily to:

- the accounting for acquisitions during the year (note 11)
- the determination of carrying value of land and buildings (note 13),
- the determination of depreciated replacement cost in respect of the Group's plant & machinery (note 13),
- assessing goodwill and intangible assets for impairment (note 12),
- accounting for defined benefit pension schemes (note 22),
- measurement of financial instruments (note 23), and,
- valuation of share-based payments (note 4).

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and all subsidiaries. The financial year ends of all entities in the Group are coterminous.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control over the operating and financial decisions is obtained and cease to be consolidated from the date on which control is transferred out of the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

On 30 April 2004, the Group, previously headed by C&C Group International Holdings Limited, underwent a re-organisation by virtue of which C&C Group International Holdings Limited's shareholders in their entirety exchanged their shares for shares in C&C Group plc, a newly formed company, which then became the ultimate parent company of the Group. Notwithstanding the change in the legal parent of the Group, this transaction has been accounted for as a reverse acquisition and the consolidated financial statements are prepared on the basis of the new legal parent having been acquired by the existing Group.

All inter-company balances and transactions, including recognised gains arising from inter-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as recognised gains except to the extent that they provide evidence of impairment.

Company Financial Statements

Investments in subsidiaries are carried at cost less provision for impairment. Dividend income is recognised when the right to receive payment is established.

REVENUE RECOGNITION
Revenue comprises the fair value of goods supplied to external customers exclusive of inter-company sales and value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives. Provision is made for returns where appropriate. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, that it can be reliably measured, and that the significant risks and rewards of ownership of the goods have passed to the buyer. This is deemed to occur on delivery.

EXCISE DUTY
Excise duty is levied at the point of production in the case of the Group's manufactured products and at the point of importation in the case of imported products in the key jurisdictions in which the Group operates. The Group accounts for excise duties as a cost of the business and separately discloses this cost in operating costs.

EXCEPTIONAL ITEMS
The Group has adopted an accounting policy and income statement format that seeks to highlight significant items of income and expense within Group results for the year. The Directors believe that this presentation provides a more helpful analysis as it highlights material one-off items. Such items may include significant restructuring costs, profits or losses on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of assets and unforeseen gains/losses arising on derivative financial instruments. The Directors, in assessing the particular items which by virtue of their scale and nature are disclosed in the income statement and related notes as exceptional items, use judgement.

FINANCE INCOME AND EXPENSES
Finance income comprises interest income on funds invested, gains on hedging instruments that are recognised in profit or loss and interest earned on customer advances. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, amortisation of borrowing issue costs, changes in the fair value of financial assets or liabilities which are accounted for at fair value through profit or loss, losses on hedging instruments that are recognised in profit or loss, gains or losses relating to the effective portion of interest rate swaps hedging variable rate borrowings, impairment losses recognised on financial assets and unwinding of the discount on provisions. All borrowing costs are recognised in profit or loss using the effective interest method.

RESEARCH AND DEVELOPMENT
Expenditure on research that is not related to specific product development is recognised in the income statement as incurred.

Expenditure on the development of new or substantially improved products or processes is capitalised if the product or process is technically feasible and commercially viable.

GOVERNMENT GRANTS
Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and all attaching conditions have been complied with.

Capital grants received and receivable by the Group are credited to government grants and are amortised to the income statement on a straight line basis over the expected useful lives of the assets to which they relate.

Revenue grants are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

DISCONTINUED OPERATIONS
A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations and has been disposed of or is held for sale. When an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the earliest period presented.

SEGMENT REPORTING
Operating segments are reported in a manner consistent with the internal organisational and management structure of the Group and the internal financial information provided to the Chief Operating Decision-Maker (considered to be the executive management team) who is responsible for the allocation of resources and the monitoring and assessment of performance of each of the operating segments. The Group has determined that it has six reportable operating segments.

The analysis by segment includes both items directly attributable to a segment and those, including central overheads that are allocated on a reasonable basis to those segments in internal financial reporting packages.

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in euro, which is the presentation currency of the Group and the functional currency of the Company.

Transactions in foreign currencies are translated into the functional currency of each entity at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets carried at historic cost are not subsequently retranslated. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into functional currencies at the foreign exchange rate ruling at that date. Foreign exchange movements arising on translation are recognised in the income statement with the exception of all monetary items designated as a hedge of a net investment in a foreign operation which are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in profit for the year.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to euro at the average exchange rate for the financial period. Foreign exchange movements arising on translation of the net investment in a foreign operation, including those arising on long term intra group loans for which settlement is neither planned nor likely to happen in the foreseeable future and as a consequence are deemed quasi equity in nature, are recognised directly in other comprehensive income in the foreign currency translation reserve through the statement of comprehensive income. The portion of exchange gains or losses on foreign currency borrowings or derivatives used to provide a hedge against a net investment in a foreign operating that is designated as a hedge of those investments is recognised directly in the statement of comprehensive income (reserves) to the extent that they are determined to be effective. The ineffective portion is recognised immediately in profit for the year.

Any movements that have arisen since 1 March 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are recycled through the income statement on disposal of the related business. Translation differences that arose before the date of transition to IFRS as adopted by the EU in respect of all non-euro denominated operations are not presented separately.

BUSINESS COMBINATIONS

The purchase method of accounting is employed in accounting for the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the aggregate of the fair value at the date of exchange of assets acquired and liabilities incurred or assumed in exchange for control together with any directly attributable expenses. Where a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the amount of the estimated adjustment is included in the cost at the acquisition date to the extent that it can be reliably measured. This amount is treated as contingent consideration and classified in provisions. To the extent that settlement of all or any part of a business combination is deferred, the fair value of the deferred component is determined through discounting the amounts payable to their present value at the date of exchange. The discount component is unwound as an interest charge in the income statement over the life of the obligation. The identifiable assets and liabilities acquired in a business combination are measured at their provisional fair values at the date of acquisition and adjustments to the provisional values are made within twelve months of the acquisition date and reflected as a restatement of the acquisition balance sheet if they are material; otherwise they are recorded in the year in which they occur.

GOODWILL

Goodwill is the excess of the consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities in a business combination and relates to the future economic benefits arising from assets, which are not capable of being individually identified and separately recognised.

Goodwill arising on acquisitions prior to the date of transition to IFRS as adopted by the EU has been retained, with the previous Irish GAAP amount being its deemed cost, subject to being tested for impairment. Goodwill written off to reserves under Irish GAAP prior to 1998 has not been reinstated and will not be included in determining any subsequent profit or loss on disposal.

Goodwill on acquisitions is initially measured at cost being the excess of the cost of the business combination over the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the date of acquisition any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. The cash generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes and these units are not larger that the operating segments determined in accordance with IFRS 8 Operating Segments.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the proportion of the cash-generating unit retained.

INTANGIBLE ASSETS (OTHER THAN GOODWILL) ARISING ON BUSINESS COMBINATIONS

An intangible asset, which is a non-monetary asset without a physical substance, is capitalised separately from goodwill as part of a business combination at cost (fair value at date of acquisition) to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its fair value can be reliably measured. Acquired brands and other intangible assets are deemed to be identifiable and recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying value of intangible assets considered to have an indefinite useful economic life are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

The amortisation charge on intangible assets considered to have finite lives is calculated to write-off the book value of the asset over its useful life on a straight line basis on the assumption of zero residual value.

PROPERTY, PLANT & EQUIPMENT

Property (comprising land and buildings) is recognised at estimated fair value with the changes in the value of the property reflected in revaluation gains in other comprehensive income, except impairment losses, which are recognised in the income statement. The fair value is based on estimated market value at the valuation date, being the estimated amount for which a property could be exchanged in an arms length transaction. Such valuations are determined based on benchmarking against comparable transactions for similar properties in similar locations as those of the Group or on the use of valuation techniques including the use of market yields on comparable properties. Information on the basis on which such valuations were undertaken in the year is set out in note 13.

Plant & machinery is carried at its revalued amount. In view of the specialised nature of the Group's plant & machinery and the lack of comparable market-based evidence of similar plant sold as a 'going concern' i.e. as part of a continuing business, upon which to base a market approach of fair value, the Group uses a depreciated replacement cost approach to determine a fair value for such assets.

Depreciated replacement cost is assessed, firstly, by the identification of the gross replacement cost for each class of plant & machinery. A depreciation factor derived from both the physical and functional obsolescence of each class of asset, taking into account estimated residual values at the end of the life of each class of asset, is then applied to the gross replacement cost to determine the net replacement cost. An economic obsolescence factor, which is derived based on current and anticipated capacity or utilisation of each class of plant & machinery as a function of total available production capacity, is applied to determine the depreciated replacement cost. The Group has adopted a policy of valuing its plant & machinery in this manner annually.

Motor vehicles & other equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group.

Property, plant & equipment, other than freehold land which is not depreciated, were depreciated during the current and prior year on the following basis:

Buildings	2% straight line
Motor vehicles	15% straight line
Other equipment incl returnable bottles, cases and kegs	5-25% straight line
Plant & machinery	15-30% reducing balance
Storage tanks	10% reducing balance

The residual value and useful lives of property, plant & equipment are reviewed and adjusted if appropriate at each balance sheet date.

On disposal of property, plant & equipment the cost or valuation and related accumulated depreciation and impairments are removed from the financial statements and the net amount, less any proceeds, is taken to the income statement.

The carrying amounts of the Group's property, plant & equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying amount of an asset or its cash generation unit exceeds its recoverable amount (being the greater of fair value less costs to sell and value in use). Impairment losses are recognised in the income statement.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition and is based on the first-in first-out principle.

In the case of finished goods and work in progress, cost includes direct production costs and the appropriate share of production overheads plus excise duties, where appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to complete the sale.

Provision is made for slow-moving or obsolete stock where appropriate.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value at an appropriate rate if the effect of the time value of money is deemed material.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

LEASES

Where the Group has entered into lease arrangements on land and buildings the lease payments are allocated between land and buildings and each component is assessed separately to determine whether it is a finance or operating lease.

Finance leases, which transfer to the Group substantially all the risks and rewards of ownership of the leased asset, are recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement as part of finance costs.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined contribution and defined benefit pension schemes.

Obligations to the defined contribution pension schemes are recognised as an expense in the income statement as the related employee service is received. Under these schemes, the Group has no obligation, either legal or constructive, to pay further contributions in the event that the fund does not hold sufficient assets to meet its benefit commitments.

The liabilities and costs associated with the Group's defined benefit pension schemes, all of which are funded and administered under trusts which are separate from the Group, are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the balance sheet date. The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields at the balance sheet date on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. When the benefits of a defined benefit scheme are improved, the portion of the increased benefit relating to the past service of employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the enhanced benefits vest immediately, the related expense is recognised immediately in the income statement. The net surplus or deficit arising on the Group's defined benefit pension schemes is shown within either non-current assets or non-current liabilities on the face of the Group Balance Sheet. The deferred tax liabilities and assets arising on pension scheme surpluses and deficits are disclosed separately within deferred tax assets or liabilities, as appropriate.

The expected increase in the present value of scheme liabilities arising from employee service in the current or prior periods is recognised in arriving at operating profit or loss together with the expected returns on the scheme assets and the increase during the period in the present value of the scheme liabilities arising from the passage of time. Differences between the expected and the actual return on plan assets, experience gains and losses on scheme liabilities, together with the effect of changes in the current or prior assumptions underlying the liabilities are recognised in other comprehensive income.

The defined benefit pension asset or liability in the Group Balance Sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high-quality corporate bonds) less the fair value of plan assets (measured at bid value) out of which the obligations are to be settled directly.

Company
The Company has no direct employees and is not the sponsoring employer for any of the Group's defined benefit pension schemes. There is no stated policy within the Group in relation to the obligations of Group companies to contribute to scheme deficits. Group companies make contributions to the schemes as requested by the sponsoring employers.

SHARE-BASED PAYMENTS
The Group operates an Executive Share Option Scheme, a share-based Long Term Incentive Plan (the 'LTIP') a Joint Share Ownership Plan and a Restricted Share Awards Plan, all of which are equity settled.

Equity settled share-based payment transactions
Group share schemes allow employees to acquire shares in the Company. The fair value of share entitlements granted is recognised as an employee expense in the income statement with a corresponding increase in equity. Share options granted under the Executive Share Option Scheme are subject to non-market vesting conditions. Share entitlements granted by the Company under the LTIP are subject to both market and non-market vesting conditions. A percentage of shares granted under the Joint Share Ownership Plan and the Restricted Share Awards Plan are subject to both market and non-market vesting conditions while the remainder are subject to non-market vesting conditions only, the details of which are set out in note 4. Market conditions are incorporated into the calculation of fair value at grant date. Non-market vesting conditions are not taken into account when estimating the fair value of entitlements as at the grant date. The expense for the share entitlements shown in the income statement is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight line basis over the vesting period. The cumulative charge to the income statement is reversed only where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the Group before the end of the vesting period. No reversal is recorded for failure to vest as a result of market conditions not being met. The proceeds received by the Company on the vesting of share entitlements are credited to share capital and share premium when the share entitlements are exercised. Amounts included in the share-based payments reserve are transferred to retained income when vested options are exercised, forfeited or lapse.

The Group has no exposure in respect of cash-settled share-based payment transactions and share-based payment transactions with cash alternatives as defined by IFRS 2 Share-Based Payment.

INCOME TAX
Current tax
Current tax expense represents the expected tax amount to be paid in respect of taxable income for the current year. Current tax for the current and prior years, to the extent that it is unpaid, is recognised as a liability in the balance sheet.

Deferred tax
Deferred tax is provided on the basis of the balance sheet liability method on all temporary differences at the balance sheet date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is recognised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are recognised for all temporary differences except where they arise from:-

- the initial recognition of goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit or loss nor the taxable profit or loss at the time of the transaction, or,
- temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference is subject to the Group's control and it is probable that a reversal will not be recognised in the foreseeable future.

Deferred tax assets in respect of deductible temporary differences are recognised only to the extent that it is probable that taxable profits or taxable temporary differences will be available against which to offset these items. The carrying amounts of deferred tax assets are subject to review at each balance sheet date and are reduced to the extent that future taxable profits are considered to be inadequate to allow all or part of the deferred tax asset to be utilised.

Deferred tax and current tax are recognised as a component of the tax expense in the income statement except to the extent that they relate to items recognised directly in other comprehensive income (for example, certain derivative financial instruments and actuarial gains and losses on defined benefit pension schemes), in which case the related tax is recognised in other comprehensive income.

FINANCIAL INSTRUMENTS

Trade & other receivables

Trade receivables are recognised and carried at original invoice value less an allowance for incurred losses. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. Movements in provisions are recognised in the income statement. Bad debts are written-off against the provision on identification.

Advances to customers

Advances to customers, which can be categorised as either an advance of discount or a repayment/annuity loan, are initially recognised at fair value and carried at original fair value less an impairment allowance. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the agreement with the customer.

Cash & cash equivalents

Cash & cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash & cash equivalents for the purpose of the statement of cash flows.

Trade & other payables

Trade & other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, unless the maturity date is less than 6 months.

Interest-bearing loans & borrowings

Interest-bearing loans & borrowings are recognised initially at fair value less attributable transaction costs and are subsequently measured at amortised cost with any difference between the amount originally recognised and redemption value being recognised in the income statement over the period of the borrowings on an effective interest rate basis. Where the refinancing of a loan results in a significant change in the present value of the expected cash flows, the original loan is de-recognised and the replacement loan is recognised at fair value.

Derivative financial instruments

The Group uses derivative financial instruments (principally interest rate swaps, forward foreign exchange contracts and net investment hedges) to hedge its exposure to interest rate and foreign exchange risks arising from operational and financing activities. The Group does not enter into speculative transactions.

Derivative financial instruments are measured at fair value at each reporting date. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into the account current interest and currency exchange rates where relevant and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles and equates to the market price at the balance sheet date.

Gains or losses on re-measurement to fair value are recognised immediately in the income statement except where derivatives are designated and qualify for hedge accounting in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

Derivative financial instruments entered into by the Group are for the purposes of: hedge accounting classified as cash flow hedges which hedge exposure to fluctuations in future cash flows derived from a particular risk associated with a recognised asset, liability, a firm commitment or a highly probable forecast transaction, or hedging a net investment in a foreign operation.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised as a separate component of other comprehensive income with the ineffective portion being reported in the income statement. The associated gains or losses that had previously been recognised in other comprehensive income are transferred to the income statement contemporaneously with the materialisation of the hedged transaction, except when a firm commitment or forecast transaction results in the recognition of a non-financial asset or a non-financial liability, in which case the cumulative gain or loss is removed from other comprehensive income and included in the initial measurement of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for special hedge accounting. At that point in time, if the hedged transaction is still probable, any cumulative gain or loss on the hedging instrument recognised as a separate component of other comprehensive income is kept in other comprehensive income until the forecast transaction occurs with future changes in fair value recognised in the income statement. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in other comprehensive income is transferred to the income statement in the period.

Any gain or loss on the effective portion of a hedge of a net investment in a foreign operation is recognised in other comprehensive income while the gain or loss on the ineffective portion is recognised immediately in the income statement, Cumulative gains and losses remain in other comprehensive income until disposal or partial disposal of the net investment in the foreign operation at which point the related differences are transferred to the income statement as part of the overall gain or loss on disposal.

SHARE CAPITAL

Ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the gross proceeds.

Own shares acquired under share buyback programme

The cost of ordinary shares purchased by the Company on market is recorded as a deduction from equity on the face of the Group and Company Balance Sheet when these shares are cancelled. An amount equal to the nominal value of shares cancelled is included within the capital redemption reserve fund and the excess of cost over nominal value is deducted from retained earnings.

Treasury shares

Where the Company issues equity share capital under its Joint Share Ownership Plan, which is held in trust by the Group's Employee Benefit Trust, these shares are classified as treasury shares on consolidation.

Dividends

Final dividends on ordinary shares are recognised as a liability in the financial statements only after they have been approved at an annual general meeting of the Company. Interim dividends on ordinary shares are recognised when they are paid.

COMPANY FINANCIAL ASSETS

The change in legal parent of the Group on 30 April 2004, as disclosed in detail in that year's annual report, was accounted for as a reverse acquisition. This transaction gave rise to a financial asset in the Company's accounts, which relates to the value of its investment in subsidiaries. Financial assets are reviewed for impairment if there are any indications that the carrying value may not be recoverable.

Share options granted to employees of subsidiary companies are accounted for as an increase in the carrying value of the investment in subsidiaries and the share-based payment reserve.

1. SEGMENTAL REPORTING

The Group's business activity is the manufacturing, marketing and distribution of Alcoholic Drinks and six operating segments have been identified; Cider Republic of Ireland ("ROI"), Cider Great Britain ("GB"), Cider Rest of World ("ROW") (incorporating cider sales in Northern Ireland), Spirits & Liqueurs, Tennent's Beer and Distribution. This basis corresponds with the Group's organisation structure, the nature of reporting lines to the Chief Operating Decision-Maker (as defined in IFRS 8 *Operating Segments*) and the Group's internal reporting for the purposes of managing the business, assessing performance and allocating resources. It is consistent with the requirements of IFRS 8 *Operating Segments* which came into effect for accounting periods commencing on or after 1 January 2009.

While the application of IFRS 8 resulted in no change to the basis of measurement of revenue and operating profit, it has resulted in a change to the basis of segmentation, whereas previously the Group reported its cider results as a single segment, it now reports these results in three operating segments, Cider ROI, Cider GB and Cider ROW. All comparative amounts have been restated to reflect the new basis of segmentation.

The Chief Operating Decision-Maker, identified as the executive committee comprising John Dunsmore, Stephen Glancey and Kenny Neison, assesses and monitors the operating results of segments separately via internal management reports in order to effectively manage the business. Segment performance is predominantly evaluated based on Revenue and Operating Profit before exceptional items and therefore these are the most relevant indicators to evaluating the result of the Group's operating segments. Given that net finance costs and income tax are managed on a centralised basis, these items are not allocated between operating segments for the purposes of the information presented to the Chief Operating Decision-Maker and are accordingly omitted from the detailed segmental analysis below.

The identified business segments are as follows:-

(i) Cider ROI
This segment includes the results from sale of the Group's cider products in the Republic of Ireland, principally Bulmers.

(ii) Cider GB
This segment includes the results from sale of the Group's cider products in Great Britain, with Magners, Blackthorn and Gaymers being the principal brands.

(iii) Cider ROW
This segment includes the results from sale of the Group's cider products in all territories outside of the Republic of Ireland and Great Britain, principally Magners.

(iv) Spirits & liqueurs
This segment consists of the sale of four brands, Tullamore Dew, Carolans Irish Cream, Frangelico Liqueur and Irish Mist Liqueur, all of which are owned by the Group and are marketed internationally.

(v) Tennents Beer
This segment includes the results of the Group's 'owned' beer brands, principally Tennent's.

(vi) Distribution
This segment relates to wholesaling to the licensed trade in Northern Ireland and the distribution of agency products, including Coors in Northern Ireland and certain AB Inbev brands in the Republic of Ireland, Northern Ireland and Scotland.

Information regarding the results of each reportable segment is disclosed below for the Group's continuing business while the relevant information in relation to the Group's discontinued Wines & spirits distribution business is set out in note 8. The analysis by segment includes both items directly attributable to a segment and those, including central overheads, which are allocated on a reasonable basis in presenting information to the Chief Operating Decision-Maker. Unallocated items comprise mainly current tax, deferred tax, derivative financial assets/liabilities, retirement benefit obligations, Group net borrowings and certain exceptional expense items.

Intersegment revenue is not material and thus not subject to separate disclosure.

Segment capital expenditure is the total amount incurred during the period to acquire segment assets, excluding those assets acquired in business combinations, that are expected to be used for more than one accounting period.

1. SEGMENTAL REPORTING (CONTINUED)

(a) Operating segment disclosures

	2010 Revenue €m	2010 Operating profit €m	2010 Assets €m	2010 Liabilities €m	2009 Revenue €m	2009 Operating profit €m	2009 Assets €m	2009 Liabilities €m
Cider – ROI	153.0	44.3	169.6	(33.8)	166.6	44.8	181.4	(30.1)
Cider – GB	149.0	19.7	335.6	(46.2)	185.2	40.7	271.1	(31.4)
Cider – ROW	34.2	4.4	125.5	(10.5)	35.0	(0.7)	55.6	(8.1)
Spirits & liqueurs	78.0	14.7	71.1	(13.4)	85.9	15.3	73.9	(12.2)
Tennents Beer	81.0	3.7	187.1	(69.5)	-	-	-	-
Distribution	73.6	2.7	6.3	(3.2)	41.7	0.3	10.8	(4.9)
Total before unallocated items	568.8	89.5	895.2	(176.6)	514.4	100.4	592.8	(86.7)
Unallocated items:								
Exceptional items (note 5)	-	(3.5)*	-	-	-	(159.6)**	-	-
Current tax liabilities	-	-		(4.0)	-	-		(3.0)
Deferred tax assets/(liabilities)	-	-	12.3	(4.6)	-	-	15.0	-
Derivative financial assets/(liabilities)	-	-	-	(6.8)	-	-	11.6	(8.3)
Retirement benefit obligations	-	-	-	(21.2)	-	-	-	(45.5)
Group net borrowings			113.5	(478.4)	-	-	83.0	(309.2)
	568.8	86.0	1,021.0	(691.6)	514.4	(59.2)	702.4	(452.7)

* Of the exceptional items in the current year, €0.1m relates to Cider ROI, €0.4m to Cider GB, €0.4m to Cider ROW, €0.2m to distribution and €2.4m to Tennents Beer.

** Of the exceptional items in the prior year, €2.7m related to the Spirits & liqueurs segment and €156.9m related to the writedown of Plant & equipment at the Group's Irish cider production facility.

(b) Other operating segment information

	2010 Capital expenditure €m	2010 Depreciation €m	2009 Capital expenditure €m	2009 Depreciation €m	2009 Revaluation €m
Cider – ROI	1.0	5.2	5.7	7.7	52.4
Cider – GB	3.0	7.4	11.2	9.7	68.4
Cider – ROW	0.6	0.9	1.1	1.1	7.4
Spirits & liqueurs	0.1	0.6	0.9	0.8	2.0
Tennents Beer	1.0	2.6	-	-	-
Distribution	-	0.1	-	0.1	0.4
	5.7	16.8	18.9	19.4	130.6

(c) Geographical analysis of revenue and non-current assets

	Revenue 2010 €m	Revenue 2009 €m	Non-current assets 2010 €m	Non-current assets 2009 €m
Republic of Ireland	158.0	167.8	85.2	95.0
UK	321.2	249.4	121.8	0.7
Rest of Europe	47.0	53.2	-	-
North America	34.6	35.9	-	-
Rest of world	8.0	8.1	-	-
Total	568.8	514.4	207.0	95.7

The geographical analysis of revenue is based on the location of the third party customers. The geographical analysis of non-current assets is based on the geographical location of the assets. Non-current assets comprise property, plant & equipment and advances to customers repayable beyond one year. Intangible assets, goodwill and deferred tax assets are not allocated.

2. OPERATING COSTS

	2010 Before exceptional items €m	2010 Exceptional Items €m	2010 Total €m	2009 Before exceptional items €m	2009 Exceptional items €m	2009 Total €m
Raw material cost of goods sold	171.4	-	171.4	168.4	-	168.4
Inventory write-down	0.9	-	0.9	1.3	11.1	12.4
Excise duties	128.1	-	128.1	98.8	-	98.8
Employee remuneration (note 3)	50.2	0.7	50.9	48.1	8.9	57.0
Direct brand marketing	61.6	-	61.6	74.0	-	74.0
Other operating, selling and administration costs	45.9	0.1	46.0	42.8	3.1	45.9
Depreciation	16.8	-	16.8	19.4	-	19.4
Revaluation of property, plant & machinery	-	-	-	-	136.5	136.5
Research and development costs	1.3	-	1.3	0.6	-	0.6
Auditor remuneration:						
- audit services	0.4	-	0.4	0.2	-	0.2
- non audit services	0.5	-	0.5	0.2	-	0.2
Operating lease rentals:						
- plant and machinery	1.3	-	1.3	1.9	-	1.9
- other	0.9	-	0.9	-	-	-
Total	479.3	0.8	480.1	455.7	159.6	615.3
Allocated to discontinued operations	-	2.7	2.7	(41.7)	-	(41.7)
Total relating to continuing operations	479.3	3.5	482.8	414.0	159.6	573.6

3. EMPLOYEE NUMBERS & REMUNERATION COSTS

The average number of persons employed by the Group (including executive Directors) during the year, analysed by category, was as follows:-

	2010 Number	2009 Number
Production	248	210
Sales & marketing	219	250
Distribution	99	138
Administration	116	102
Total	682	700

The actual number of persons employed by the Group as at 28 February 2010 was 1,077 (28 February 2009: 673).

The aggregate remuneration costs of these employees can be analysed as follows:-

	2010 €m	2009 €m
Wages, salaries and other short term employee benefits	37.9	39.3
Severance costs (note 5)	3.8	10.4
Social welfare costs	3.9	3.7
Retirement benefit obligations – defined benefit schemes (note 22)	0.2	2.2
Retirement benefit obligations – defined contribution schemes	2.6	1.0
Equity settled share-based payments (note 4)	2.5	0.4
Charged to the income statement	50.9	57.0
Actuarial (gain)/loss on retirement benefit obligations (note 22)	(16.7)	41.6
Total employee benefits	34.2	98.6

4. SHARE-BASED PAYMENTS

In May 2004, the Group established an equity settled Executive Share Option Scheme under which options to purchase shares in C&C Group plc are granted to certain executive Directors and members of management. Under the terms of the scheme, the options are exercisable at the market price prevailing at the date of the grant of the option. The maximum grant that can normally be made to any individual in any one year is an award of 150% of basic salary in that year. Options were granted in May 2004, in June of each year from 2005 through to 2008, and in May 2009 under this scheme.

Under this scheme, options will not normally be exercisable until three years after the date of grant and are subject to meeting a specific performance target. This performance target requires the Group's earnings per share (before exceptional items) to increase by 5% in excess of the Irish Consumer Price Index over three years on a compound basis, in order for options to vest. If after the relevant three-year period (i.e. 3 years from date of grant) the performance target is not met the options lapse.

In January 2006, the Group established a Long Term Incentive Plan (LTIP) under the terms of which options to purchase shares in C&C Group plc are granted at nil cost to certain key executive employees. Options under this scheme were granted in January 2006 and in June of each year from 2006 through to 2008.

Under this plan, awards of up to 100% of basic salary may be granted. For the shares to vest fully, total shareholder return (TSR) must be in the top quartile of a comparator group over a three-year period. None of the award vests for below median performance. 30% of the award vests for median performance with straight-line pro-rating between the median and upper quartile. In addition to the total shareholder return condition, earnings per share growth (before exceptional items) must increase by 5% in excess of the Irish Consumer Price Index on a compound basis over the same three-year period. If at the end of the relevant period both these conditions are not met the options lapse.

In 2001, the Group entered into an agreement with trade unions representing the majority of its employees, which provided for the establishment of an approved save as you earn scheme and of an approved profit sharing scheme. A discretionary scheme was put in place for the year ended 28 February 2007. Under this scheme, due to exceptional earnings per share growth in that year, the Remuneration Committee and the Board approved and granted to employees shares to the value of between 3% and 4% of basic salary remuneration to employees subject to a minimum allocation of €1,000 per employee. The cost, which was reflected in the income statement in the year ended 28 February 2007, was €2.5m. The Group purchased 189,061 shares and placed these shares in Irish/UK Revenue approved employee trusts where they are held in trust on behalf of each employee and where each employee has full voting rights and dividend entitlements. However, tax penalties apply should the employees sell the shares before the vesting period expires. There is no allocation of shares under this scheme proposed for the current financial year. Participating employees to whom these shares are awarded are entitled to all dividends declared and have full voting rights while the shares are held in the trusts.

In December 2008, shareholders at an Extraordinary General Meeting approved the establishment of a Joint Share Ownership Plan (JSOP) where certain employees of the Company and its subsidiaries are eligible to participate in the Plan at the discretion of the Remuneration Committee. Under this plan, interests in the form of a restricted interest in ordinary shares in the Company are awarded to certain key executives on payment upfront to the Employee Benefit Trust of funding equal to 10% of the issue price on the acquisition of the Interest.

The vesting of Interests granted is subject to the following conditions. All of the Interests are subject to a time vesting condition with one-third of the Interest in the shares vesting on the first anniversary of acquisition, one-third on the second anniversary and the final one-third on the third anniversary. In addition, half of the Interests in the shares will be subject to a pre-vesting share price target. In order to benefit from those Interests the Company's share price must be greater than €2.50 for 13,800,000 of the Interests awarded and €4.00 for 2,200,000 of the Interests awarded for at least 20 days out of 40 consecutive dealing days during the five-year period commencing on the date of acquisition of the Interest.

When an Interest vests, the trustees will transfer shares to the participant of equal value to the participant's interest on receipt of payment of the residual 90% from the participant or if requested by the participant, the shares will be sold on the participants behalf and the trustee will account to the participant for the balance i.e. the difference between the net sale proceeds and the Hurdle value (balance (90%) of the issue price on the acquisition of the Interest).

In February 2010, the Group established a Restricted Share Award Scheme under the terms of which options to purchase shares in C&C Group plc are granted at nil cost to certain key executive employees.

4. SHARE-BASED PAYMENTS (CONTINUED)

The vesting conditions for these awards are similar to those for the JSOP award in that half of the awards will vest one-third on each anniversary of date of grant subject to continued employment only and half will vest on the later of the achievement of the performance condition and the third anniversary of the award date subject to meeting a €4.00 share price target and continued employment.

The fair values assigned to the options granted were computed in accordance with a trinomial valuation methodology, the fair value of the LTIP options granted were computed in accordance with a stochastic model and the fair value of the interests awarded under the Joint Share Ownership Plan and the Restricted Share Award Plan were computed using a Monte Carlo simulation. As per IFRS 2 *Share-based Payment*, market based vesting conditions, such as the LTIP TSR condition and the share price target conditions in the Joint Share Ownership Plan and the Restricted Share Award Plan, have been taken into account in establishing the fair value of equity instruments granted. Other non-market or performance related conditions were not taken into account in establishing the fair value of equity instruments granted, instead these non-market vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

The main assumptions used in the valuations were as follows:-

	Restricted Shares granted Feb 2010	JSOP granted December 2009	JSOP granted June 2009	Executive Options granted May 2009	JSOP granted December 2008	LTIP options granted Jun 2008	Executive Options granted Jun 2008
Exercise price	€0.00	€2.47	€1.15	€1.94	€1.15	€0.00	€5.11
Risk free interest rate	1.5%	0.7% – 1.7%	0.9% - 2.0%	3.8%	2.12% - 2.54%	n/a	4.33%
Expected volatility	46.3%	44.7% - 52.9%	43.3% - 48.4%	43.5%	41.6% - 47.8%	45.70%	27.30%
Expected life	1 - 3 years	1 - 3 years	1 - 3 years	7 years	1.7 - 3.0 years	3.5 years	7 years
Dividend yield	2.2%	2.2%	2.6%	3.09%	6.00%	5.19%	5.19%

Details of the shares and share options granted under these schemes together with the share option expense are as follows:

Grant date	Vesting period	Number of options/equity interests granted	Outstanding at 28 Feb 10	Grant price €	Market value at grant date €	Fair value at grant date €	Expense in Income Statement 2010 €m	2009 €m
13 May 2004	3 years	4,914,900	224,700	2.26	2.26	0.49	-	-
20 June 2005	3 years	1,708,200	130,700	3.56	3.56	0.72	-	0.1
12 Jan 2006 (LTIP)	3 years	44,365	-	-	5.53	4.63	-	-
15 June 2006	3 years	846,900	104,100	6.52	6.52	1.24	-	0.1
15 June 2006 (LTIP)	3 years	127,600	-	-	6.52	4.48	-	-
13 June 2007	3 years	318,500	134,800	11.53	11.53	2.76	-	-
13 June 2007 (LTIP)	3 years	82,100	30,700	-	11.53	5.26	-	-
13 June 2008	3 years	1,013,700	385,600	5.11	5.11	0.98	-	-
13 June 2008 (LTIP)	3 years	59,600	-	-	5.11	3.38	-	-
18 December 08 (JSOP)	3 years	12,800,000	12,800,000	1.15	1.315	0.16 - 0.21	1.1	0.2
13 May 2009	3 years	4,336,300	4,296,700	1.94	1.94	0.72	0.8	-
03 June 2009 (JSOP)	3 years	1,000,000	1,000,000	1.15	2.32	1.01–1.09	0.5	-
17 December 2009 (JSOP)	3 years	2,200,000	2,200,000	2.47	2.76	0.11–0.16	0.1	-
26 February 2010 Restricted Shares	3 years	429,148	429,148	-	2.70	2.23-2.65	-	-
		29,881,313	**21,736,448**				**2.5**	0.4
APSS Scheme		189,061	-	11.39	11.39	11.39	-	-
		30,070,374	**21,736,448**				**2.5**	0.4

4. SHARE-BASED PAYMENTS (CONTINUED)

The amount charged to the income statement in respect of the above award grants assumes that all outstanding options granted during 2009 will vest and all qualifying conditions will be achieved. All outstanding options granted during 2006 vested in June 2009. Given that, in order for options to vest, the non-market performance target requires the Group's earnings per share (before exceptional items) to increase by 5% in excess of the Irish Consumer Price Index over three years on a compound basis, and that adjusted basic EPS for the year ended 29 February 2008 fell by 41% and fell a further 21% for the year ended 28 February 2009, the Directors consider the likelihood of achieving the non-market vesting conditions for the 2007 and 2008 options and LTIPs as remote and therefore it is currently assumed that no options granted during 2007 and 2008 will vest, with the exception of the JSOP awards issued in December 2008 as these are not subject to earnings per share growth targets.

The amount charged to the income statement during the prior year includes an accelerated charge of €0.1m in relation to employees leaving the Group as part of a restructuring programme for share option grants where the underlying conditions were deemed to have been met at the date of departure. These employees were deemed 'good leavers' under the terms of the scheme, with all share options granted deemed to have vested and the exercise period reduced from 4 years to 6 months.

A summary of activity under the Group's share option schemes and Joint Share Ownership Plan together with the weighted average exercise price of the share options is as follows:

	2010		2009	
	Number of options/ equity interests	**Weighted average exercise price €m**	Number of options	Weighted average exercise price €m
Outstanding at beginning of year	**15,263,000**	**1.72**	4,571,365	3.61
Granted	**7,965,448**	**1.99**	13,873,300	1.43
Exercised	**(432,800)**	**2.26**	(156,500)	2.94
Forfeited / lapsed	**(1,059,200)**	**5.22**	(3,025,165)	3.14
Outstanding at end of year	**21,736,448**	**1.60**	15,263,000	1.72

The number of share options exercisable at 28 February 2010 was 4,726,167 (2009: 1,026,800).

The unvested options outstanding at 28 February 2010 have a weighted average vesting period outstanding of 2.2 years. The weighted average contractual life of vested and unvested share options is 6.1 years.

The weighted average share price at date of exercise of all options exercised during the period was €2.59 (2009: €4.07), the average share price for the year was €2.31 (2009: €2.64) and the share price as at 28 February 2010 was €2.71 (28 February 2009: €0.94).

5. EXCEPTIONAL ITEMS

	2010 €m	2009 €m
Restructuring costs	**3.8**	13.5
Retirement benefit obligations	**(3.1)**	(1.5)
Inventory write-down	**-**	11.1
Gain on mark to market of derivative financial instruments	**-**	(3.8)
Revaluation of property, plant & machinery	**-**	136.5
Integration costs	**1.9**	-
Profit from discontinued operations, net of tax	**(1.8)**	(0.8)
Total	**0.8**	155.0
Allocated to discontinued operations (note 8)	**2.7**	0.8
Total relating to continuing operations	**3.5**	155.8

(a) Restructuring costs
Restructuring costs, comprising severance and other initiatives arising from cost cutting initiatives implemented during the financial year and the integration of the acquired businesses, resulted in an exceptional charge before taxation of €3.8m (2009: €13.5m).

During the prior year, the Group announced a reorganisation and cost reduction programme with the objective of reducing operating costs by realigning the cost structure to the sales volume base and streamlining the Group's organisational structure thereby improving cost competitiveness, involving a head count reduction in the region of 154 people. Restructuring costs, comprising severance and other initiatives, including the costs associated with consolidating the Group's Dublin operations into a single location, resulted in an exceptional charge before taxation of €13.5m in that year.

(b) Retirement benefit obligations
The exceptional gain relates to a pension curtailment gain of €3.4m, arising from the Group's restructuring programme, which was announced in February 2009, and is reduced by a past service cost of €0.3m. There was insufficient information available at the year ended 28 February 2009 for the actuary to accurately value the impact of the restructuring programme on the Group's retirement benefit obligations and hence no accounting entries were posted to the Group's financial statements as at 28 February 2009.

During the prior year, an exceptional net pension credit of €1.5m comprising a curtailment gain of €2.2m and past service costs of €0.7m arose as a result of a reduction in employee numbers following the Group's head-office restructuring programme in that year.

(c) Inventory write-down
At 28 February 2009, the Group's stock holding of apple juice at circa 36 months of forecasted future sales was deemed excessive in light of anticipated future needs, forward purchase commitments and useful life of the stock on hand. Accordingly, during the prior year the Group recorded an impairment charge in relation to excess apple juice stocks.

(d) Gain on mark to market of derivative financial instruments
During the prior year, excess sterling hedge contracts with a notional value of Stg£24m were de-designated and the increase in fair value arising from the date of de-designation to the year-end date was accounted for within finance income. These gains were classified within exceptional items on the basis of materiality and the unforeseen circumstances giving rise thereto.

(e) Revaluation of property, plant & machinery
During the prior year, the Group, as a result of current demand and forecasted levels of growth, reviewed the carrying value of its property and production facilities. Lisney and Sanderson Weatherall, valuers, were instructed to complete an external valuation as at 28 February 2009. Using the valuation methodologies outlined in note 13, this resulted in a net revaluation loss of €130.6m, of which a loss of €136.5m was accounted for in the income statement and a surplus of €5.9m arising on the revaluation of land in other comprehensive income. The current year valuations, carried out by management, did not result in either a revaluation gain or loss.

(f) Integration costs
During the year, the Group completed the acquisition of the Tennents beer business including the rights to the Tennent's brand worldwide (subject to a licence back of Tennent's Super and Tennent's Pilsner), the Wellpark Brewery in Glasgow and certain distribution rights in relation to AB Inbev products in Ireland, Northern Ireland and Scotland and the UK cider assets of Constellation Brands Inc and commenced the process of integrating these businesses with the Group's existing business. The costs incurred to date of integrating the businesses have been classified as exceptional on the basis of materiality.

5. EXCEPTIONAL ITEMS (CONTINUED)

(g) Profit on disposal of subsidiary

During the current year, the Group settled all amounts outstanding in relation to dilapidation costs on the properties disposed of as part of the disposal of the Soft Drinks business in 2008 and released the excess provision to the income statement. The provision was originally classified as exceptional when it was charged through the income statement.

During the prior year, the Group disposed of its wine & spirit distribution businesses in the Republic of Ireland for a consideration of €11.4m realising a profit after tax of €0.2m, and in Northern Ireland for a consideration of €3.7m resulting in a profit after tax of €0.6m.

The taxation implication of the exceptional items is a credit of €0.9m (2009: a credit of €14.2m to continuing operations in relation to the revaluation of the property and production facilities, the write-off of excess apple juice stocks, the costs associated with the Group restructuring and the gain on the dedesignation of excess sterling hedges).

6. FINANCE INCOME AND EXPENSE

	2010 €m	2009 €m
Recognised in income statement		
Finance income:		
Interest income on bank deposits	**(1.3)**	(1.3)
Loss/(gain) on mark to market of derivative financial instruments arising on surplus sterling hedges (note 23)	**0.2**	(3.8)
Fair value changes on non-hedge accounted derivative financial instruments	**(0.7)**	-
Ineffective portion of change in fair value of cash flow hedges	**(0.2)**	(1.0)
Total finance income	**(2.0)**	(6.1)
Finance expenses:		
Interest expense on interest bearing borrowings	**4.9**	13.5
Expense/(income) arising on interest rate swaps designated as cash flow hedges against interest exposure	**4.4**	(0.7)
Ineffective portion of change in fair value of cash flow hedges	**(0.1)**	(0.1)
Total finance expense	**9.2**	12.7
Net finance expense	**7.2**	6.6
Recognised directly in other comprehensive income		
Effective portion of changes in fair value of cash flow hedge	**(3.7)**	5.6
Fair value of cash flow hedges transferred to income statement	**(0.4)**	(26.9)
Deferred tax on cash flow hedges recognised directly in other comprehensive income	**0.6**	2.2
Foreign currency translation differences arising on the net investment in foreign operations	**5.8**	(1.6)
Net income/(expense) recognised directly in other comprehensive income	**2.3**	(20.7)

7. INCOME TAX

	2010 €m	2009 €m
(a) Analysis of charge in year recognised in the income statement		
Current tax:		
Irish corporation tax	**4.7**	5.9
Foreign corporation tax	**1.6**	2.3
Adjustment in respect of previous years	**(0.2)**	(1.4)
	6.1	6.8
Deferred tax:		
Irish	**1.2**	(10.6)
Foreign	**0.7**	-
	1.9	(10.6)
Total income tax expense/(credit) recognised in income statement	**8.0**	(3.8)
Allocated to discontinued operations	**-**	(0.2)
Total relating to continuing operations	**8.0**	(4.0)

7. INCOME TAX (CONTINUED)

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the Republic of Ireland, as explained below.

	2010 €m	2009 €m
Profit /(loss) before tax from continuing operations	78.8	(65.8)
Profit from discontinued operations	2.7	0.1
Profit on disposal of discontinued operations	-	1.0
	81.5	(64.7)
Tax at standard rate of corporation tax in the Republic of Ireland of 12.5%	10.2	(8.1)
Actual tax charge is affected by the following:		
Expenses not deductible for tax purposes	1.0	2.7
Adjustments in respect of prior years	(0.2)	(1.4)
Deferred tax provided for at a different rate from the standard corporation tax rate*	(2.1)	2.9
Differences in effective tax rates on overseas earnings	0.8	1.5
Manufacturing relief	(1.3)	(1.4)
Other differences	(0.4)	-
Total income tax	8.0	(3.8)

(b) Deferred tax recognised directly in equity

	2010 €m	2009 €m
Deferred tax arising on movement in defined benefit pension obligations	2.1	(5.7)
Deferred tax arising on movement in derivatives designated as cash flow hedges	(0.6)	(2.2)
	1.5	(7.9)

* In 2009 deferred tax in relation to the Group's exceptional write-down of property, plant & machinery had been recognised at the tax rates then applying. Taking into account the expiration of manufacturing relief on 31 December 2010, this deferred tax has now been recognised at the standard corporation tax rate.

(c) Factors that may affect future charges

Manufacturing relief in the Republic of Ireland is due to expire on 31 December 2010.

8. DISCONTINUED OPERATIONS

During the prior year, the Group completed the disposal of its wine & spirit distribution business in the Republic of Ireland to a subsidiary of DCC plc in September 2008 and on 26 February 2009 agreed the disposal of its wine & spirit distribution business in Northern Ireland to Golf Holdings Limited.

In line with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, depreciation was not charged on property, plant & equipment held in these businesses from the date the assets were classified as 'held for sale' and the businesses are presented as discontinued operations for all periods presented and are shown separately from continuing operations.

Results of discontinued operations

	2010 €m	2009 €m
Revenue	-	41.8
Expenses, net	2.7	(41.7)
Results from discontinued operations before tax	2.7	0.1
Income tax expense	-	-
Results from discontinued operations	2.7	0.1
Gain on sale of discontinued operations	-	1.0
Income tax expense	-	(0.2)
Profit from discontinued operations (net of income tax)	2.7	0.9

8. DISCONTINUED OPERATIONS (CONTINUED)

The profit attributed to discontinued activities in the current financial year relates to:-

(a) a pension curtailment gain of €0.9m. There was insufficient information available at 28 February 2009 for the actuary to accurately value the impact of the disposal in that year on the Group's retirement benefit obligations and hence no accounting entries were posted to the Group's financial statements in that financial year,

(b) the release of an excess provision to the income statement of €1.8m associated with the settlement by the Group of all amounts outstanding in relation to dilapidation costs on the properties disposed of as part of the disposal of the Soft Drinks business in 2008.

Cash flows from discontinued operations

	2010 €m	2009 €m
Net cash outflow from operating activities	(3.2)	0.4
Net cash inflow from investing activities	2.1	12.9
Net cash inflow from discontinued operations	(1.1)	13.3

Effect of disposal on the financial position of the Group

	2010 €m	Wines & spirits 2009 €m
Property, plant & equipment	-	0.1
Inventories	-	8.5
Trade & other receivables	-	10.4
Trade & other payables	-	(5.4)
Net assets and liabilities disposed of	-	13.6
Consideration receivable	-	15.1
Costs of disposal payable	-	(0.5)
Net proceeds receivable	-	14.6
Profit arising on disposal before tax	-	1.0
Tax payable	-	(0.2)
Profit arising on disposal after tax	-	0.8

9. DIVIDENDS

	2010 €m	2009 €m
Dividends paid		
Final: paid 3.0c per ordinary share in September 2009 (2009: 15.0c paid in July 2008)	9.5	47.0
Interim: paid 3.0c per ordinary share in December 2009 (2009: 6.0c paid in December 2008)	9.5	18.8
Total equity dividends	19.0	65.8
Settled as follows:		
Paid in cash	14.7	60.2
Scrip dividend	4.3	5.6
	19.0	65.8

The Directors have proposed a final dividend of 3.0c per share (2009: 3.0c), which is subject to shareholder approval at the AGM, giving a proposed total dividend for the year of 6.0c per share (2009: 9.0c).

Dividends of 6.0c were charged to the income statement in the year ended 28 February 2010 (2009: 21.0c).

Dividends declared after the balance sheet date are not recognised as a liability at the balance sheet date.

10. EARNINGS PER ORDINARY SHARE

	2010 €m	2009 €m
Earnings/(loss) as reported	73.5	(60.9)
Adjustment for exceptional items, net of tax (note 5)	(0.1)	140.8
Earnings as adjusted for exceptional items, net of tax	73.4	79.9
	Number '000	Number '000
Number of shares at beginning of year	328,583	312,993
Shares issued in lieu of dividend	1,852	2,634
Shares issued in respect of options exercised	433	156
Shares issued and held in trust in respect of joint share ownership plan	3,200	12,800
Number of shares at end of year	334,068	328,583
Weighted average number of ordinary shares (basic)	316,763	313,925
Adjustment for the effect of conversion of options	7,000	94
Weighted average number of ordinary shares, including options (diluted)	323,763	314,019
Basic earnings per share	Cent	Cent
Basic earnings/(loss) per share	23.2	(19.4)
Adjusted basic earnings per share	23.2	25.5
Diluted earnings per share		
Diluted earnings/(loss) per share	22.7	(19.4)
Adjusted diluted earnings per share	22.7	25.4
Continuing operations	€m	€m
Earnings/(loss) from continuing operations as reported	70.8	(61.8)
Adjustment for exceptional items, net of tax (note 5)	2.6	141.6
Earnings from continuing operations as adjusted for exceptional items, net of tax	73.4	79.8
Basic earnings per share	Cent	Cent
Basic earnings/(loss) per share	22.4	(19.7)
Adjusted basic earnings per share	23.2	25.4
Diluted earnings per share		
Diluted earnings/(loss) per share	21.9	(19.7)
Adjusted diluted earnings per share	22.7	25.4
Discontinued operations	€m	€m
Earnings from discontinued operations as reported	2.7	0.9
Adjustment for exceptional items, net of tax (note 5)	(2.7)	(0.8)
Earnings from discontinued operations as adjusted for exceptional items, net of tax	-	0.1
Basic earnings per share	Cent	Cent
Basic earnings per share	0.9	0.3
Adjusted basic earnings per share	-	-
Diluted earnings per share		
Diluted earnings per share	0.8	0.3
Adjusted diluted earnings per share	-	-

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased/issued by the Company and held as treasury shares (at 28 February 2010: 16m shares; at 28 February 2009: 12.8m shares).

10. EARNINGS PER ORDINARY SHARE (CONTINUED)

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period of the year that the options were outstanding.

Employee share options, which are performance-based, are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. In accordance with IAS 33 *Earnings per Share*, these contingently issuable shares (totalling 551,100 at 28 February 2010 and 1,004,800 at 28 February 2009) are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied as at the end of the reporting period. Vesting of shares awarded under the Joint Share Ownership Plan (totalling 1,100,000 at 28 February 2010 and 6,400,000 at 28 February 2009) is also contingent upon satisfaction of specified performance conditions and these have also been excluded from the computation of diluted earnings per share.

11. BUSINESS COMBINATIONS

The acquisitions completed during the year ended 28 February 2010, together with the completion dates, were as follows:

- the assets and goodwill of the Tennents beer business including the rights to the Tennent's brand worldwide (with the exception of Tennent's Super and Tennent's Pilsner), the Wellpark Brewery in Glasgow and certain distribution rights in relation to AB Inbev products in Ireland, Northern Ireland and Scotland. This acquisition was completed on 28 September 2009.
- the assets and goodwill of the Gaymer Cider business, an established manufacturer and supplier of cider in the UK, including the rights to the Gaymers, Blackthorn, Olde English and other brands. This acquisition was completed on 15 January 2010.

Both acquisitions were structured as purchases of trade and net assets rather than shares and the book values of the assets and liabilities acquired, determined in accordance with IFRS before completion of the business combinations, together with the fair value adjustments made to those carrying values, were as follows:-

TENNENTS	Book value €m	Fair values adjustments €m	Total €m
Property, plant & equipment	47.4	18.1	**65.5**
Brands & other intangible assets	-	70.8	**70.8**
Inventories	6.1	(0.1)	**6.0**
Trade & other receivables – current	49.9	(0.5)	**49.4**
Trade & other receivables – non current	24.3	(0.7)	**23.6**
Trade & other payables	(25.0)	-	**(25.0)**
Deferred tax assets	-	0.5	**0.5**
Net identifiable assets and liabilities acquired	102.7	88.1	**190.8**
Goodwill arising on acquisition		25.7	**25.7**
		113.8	**216.5**
Satisfied by:			
Cash (incl acquisition costs)			**185.4**
Outstanding acquisition costs			**0.3**
Deferred consideration			**30.8**
Total consideration			**216.5**

11. BUSINESS COMBINATIONS (CONTINUED)

GAYMERS	Book Value €m	Fair Values Adjustments €m	Total €m
Property, plant & equipment	31.5	4.3	**35.8**
Brands	-	10.9	**10.9**
Inventories	12.5	-	**12.5**
Trade & other receivables – current	1.4	-	**1.4**
Trade & other payables	(2.4)	-	**(2.4)**
Provisions	-	(5.3)	**(5.3)**
Deferred tax liability	-	(4.5)	**(4.5)**
Net identifiable assets and liabilities acquired	43.0	5.4	**48.4**
Goodwill arising on acquisition		3.7	**3.7**
		9.1	**52.1**
Satisfied by:			
Cash			**52.3**
Outstanding acquisition costs			**1.5**
Outstanding working capital settlement *			**(1.7)**
Total consideration			**52.1**

* the outstanding working capital settlement relates to a refund of the purchase price of €1.7m to reflect 'normalised' working capital as set out in the Asset Purchase Agreement, which was received after the year end.

TOTAL	Book Value €m	Fair Values adjustments €m	Total €m
Property, plant & equipment	78.9	22.4	**101.3**
Brands & other intangible assets	-	81.7	**81.7**
Inventories	18.6	(0.1)	**18.5**
Trade & other receivables – current	51.3	(0.5)	**50.8**
Trade & other receivables – non current	24.3	(0.7)	**23.6**
Trade & other payables	(27.4)	-	**(27.4)**
Provisions	-	(5.3)	**(5.3)**
Deferred tax liability	-	(4.0)	**(4.0)**
Net identifiable assets and liabilities acquired	145.7	93.5	**239.2**
Goodwill arising on acquisition		29.4	**29.4**
		122.9	**268.6**
Satisfied by:			
Cash			**237.7**
Outstanding acquisition costs			**1.8**
Outstanding working capital settlement			**(1.7)**
Deferred consideration			**30.8**
Total consideration			**268.6**

No contingent liabilities were recognised on the business combinations completed during the financial year.

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of the business combinations above given the timing of closure of these transactions. Any amendments to these fair values within the twelve month timeframe from the date of acquisition will be dealt with in the 2011 Annual Report as stipulated by IFRS 3 *Business Combinations*.

11. BUSINESS COMBINATIONS (CONTINUED)

The post acquisition impact of acquisitions completed during the year on Group profit for the financial year was as follows:-

	2010 €m	2009 €m
Revenue	122.4	-
Operating Costs	(116.1)	-
Operating Profit	6.3	-
Income tax expense	(0.7)	-
Results from acquired businesses	**5.6**	-

The proforma revenue and profit of the Group for the financial year determined in accordance with IFRS as though the acquisition date for the business combinations effected during the year had been the beginning of that year, the revenue and profit of which are determined on a carve out basis, would be as follows:-

	2010 Proforma €m	2009 Proforma €m
Revenue	843.0	-
Profit for the year attributable to equity shareholders	92.8	-

12. GOODWILL & INTANGIBLE ASSETS

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2008	394.7	-	-	394.7
Movement in year	-	-	-	-
At 28 February 2009	394.7	-	-	394.7
Arising on acquisition	29.4	80.2	1.5	111.1
Translation adjustment	(0.1)	1.9	0.1	1.9
At 28 February 2010	424.0	82.1	1.6	507.7
Amortisation	-	-	-	-
Net Book Value at 28 February 2010	**424.0**	**82.1**	**1.6**	**507.7**

Goodwill

Goodwill has been attributed to operating segments (as identified under IFRS 8 *Operating Segments*) as follows:-

	Cider - ROI €m	Cider - GB €m	Cider - ROW €m	Spirits & liqueurs €m	Tennents Beer €m	Total €m
Cost						
At 1 March 2008	116.5	187.1	41.5	49.6	-	394.7
Movement	-	-	-	-	-	-
At 28 February 2009	116.5	187.1	41.5	49.6	-	394.7
Arising on acquisition (note 11)		3.7			25.7	29.4
Translation adjustment	-	-	-	-	(0.1)	(0.1)
At 28 February 2010	**116.5**	**190.8**	**41.5**	**49.6**	**25.6**	**424.0**

12. GOODWILL & INTANGIBLE ASSETS (CONTINUED)

Goodwill at 28 February 2009 consisted entirely of goodwill capitalised under Irish GAAP which at the transition date to IFRS was treated as deemed cost.

Goodwill that arose on acquisitions during the current financial year is capitalised at cost and represents the synergies arising from cost savings and the opportunity to utilise the extended distribution network of the Group to leverage the marketing of the Group's acquired products. All goodwill is regarded as having an indefinite life.

The goodwill arising on acquisition has been attributed to the Cider - GB and Tennents Beer operating segments. No goodwill has been attributed to the distribution segment as the Group considered that the goodwill generated on acquisition of the Tennents business from AB Inbev is considered to be derived from purchased brands.

The requirement of IAS 36 *Impairment of Assets* that the operating segments to which goodwill is allocated not be larger that an operating segment determined in accordance IFRS 8 *Operating Segments* has resulted in the allocation of goodwill previously classified as Cider into three segments, namely Cider – ROI, Cider - GB and Cider – ROW, and goodwill at 28 February 2009 has been restated accordingly.

Goodwill is not subject to amortisation under IFRS but is subject to an annual impairment assessment.

Brands

Brands have been attributed to operating segments (as identified under IFRS 8 *Operating Segments*) as follows:-

	Cider - GB €m	Tennents Beer €m	Total €m
Arising on acquisition (note 11)	10.9	69.3	**80.2**
Translation adjustment	(0.1)	2.0	**1.9**
At 28 February 2010	**10.8**	**71.3**	**82.1**

During the year ended 28 February 2010, the group acquired the Tennents beer brands and a number of cider brands, including Gaymers, Blackthorn and Olde English, as part of the acquisition of those businesses, further details of which are outlined in note 11. The acquired brands were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 *Business Combinations* independent professional valuers.

The acquired brands are regarded as having indefinite useful economic lives and therefore have not been amortised. The brands are protected by trademarks, which are renewable indefinitely in all major markets where they are sold and it is the Group's policy to support them with the appropriate level of brand advertising. Accordingly the Directors believe that it is appropriate that the brands be treated as having indefinite lives for accounting purposes.

Other intangible assets

Other intangible assets acquired by the Group during the current financial year comprise 20 year distribution rights for third party beer products. These were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 *Business Combinations* by independent professional valuers. Other intangible assets have finite lives and are subject to amortisation on a straight line basis over the length of the distribution arrangements. The amortisation charge for the year ended 28 February 2010 is less than €0.1m.

Impairment testing

To ensure that goodwill and brands considered to have an indefinite useful economic life are not carried at above their recoverable amount, impairment reviews are performed comparing the carrying value of the assets with their recoverable amount using value-in-use computations. Impairment testing is performed annually or more frequently if there is an indication that the carrying amount may not be recoverable.

For goodwill the recoverable amount is calculated in respect of each business segment which may comprise of more than one cash generating unit. The business segments represents the lowest levels within the Group at which the associated goodwill and indefinite life brands are monitored for management purposes and are not larger than the reported segments determined in accordance with IFRS 8 *Operating Segments*.

Value-in-use is the recoverable amount calculated on the basis of estimated future cash flows discounted to present value and terminal values calculated on the assumption that cash flows continue in perpetuity. The key assumptions used in the value-in-use computations are the revenue and profit growth rate, the perpetuity growth rate and the discount rate applied to the estimated future cash flows.

12. GOODWILL & INTANGIBLE ASSETS (CONTINUED)

The forecasted cash flows for each business segment are based on detailed financial budgets, formally approved by the Board, for year one, management projected cash flows for the following four years and a terminal value on the assumption that cash flows for the first five years will increase at a nominal growth rate in perpetuity. Management forecasts are based on an assessment of anticipated market conditions for each segment equating to an average EBIT growth rate of 1% (2009: 1%) per annum for all segments. A nominal growth rate of 2.5% (2009: 2.5%) in perpetuity was assumed based on an assessment of the likely long term growth prospects for the sectors in which the Group operates. The resulting cash flows, in both the current and previous financial year, were discounted to present value using a discount rate of 12% (2009: 12%)

No impairment losses were recognised by the Group in the current or previous financial year.

Sensitivity analysis

The impairment testing carried out at 28 February 2010 identified significant headroom in the recoverable amount of the brands and goodwill compared to their carrying values in all business segments. The key sensitivities for the impairment testing are the growth in revenue and the EBIT margin. No reasonable adjustments to the assumptions underlying the impairment testing models applied would result in any foreseeable risk of an impairment arising.

13. PROPERTY, PLANT & EQUIPMENT

	Land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Group				
Cost or valuation				
At 1 March 2008	49.2	222.4	29.9	301.5
Currency retranslation	(0.1)	-	(0.2)	(0.3)
Additions	2.8	8.4	7.7	18.9
Disposal of Wines & spirits	-	-	(0.6)	(0.6)
Reclassification	-	(9.2)	9.2	-
Revaluation loss	(28.0)	(102.6)	-	(130.6)
At 28 February 2009	23.9	119.0	46.0	188.9
Currency retranslation	0.6	0.4	0.4	1.4
Acquisition of businesses (note 11)	47.8	37.1	16.4	101.3
Additions	-	1.2	4.5	5.7
Disposals	-	-	(1.5)	(1.5)
At 28 February 2010	**72.3**	**157.7**	**65.8**	**295.8**
Depreciation				
At 1 March 2008	2.6	49.7	22.1	74.4
Currency retranslation	-	-	(0.1)	(0.1)
Charge for the year	2.1	13.5	3.8	19.4
Disposal of Wines & spirits	-	-	(0.5)	(0.5)
Reclassification	-	(6.7)	6.7	-
At 28 February 2009	4.7	56.5	32.0	93.2
Charge for the year	0.5	10.7	5.6	16.8
Disposals	-	-	(1.4)	(1.4)
At 28 February 2010	**5.2**	**67.2**	**36.2**	**108.6**
Net book value				
At 28 February 2010	**67.1**	**90.5**	**29.6**	**187.2**
At 28 February 2009	19.2	62.5	14.0	95.7

13. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

No depreciation is charged on land, which had a book value of €12.7m at 28 February 2010 (28 February 2009: €8.5m).

Depreciated replacement cost – 28 February 2009

During the financial year ended 28 February 2009, the Directors undertook a review to determine the appropriateness of the accounting policy applied in relation to the Group's Cider production facility and related assets in light of the significant excess capacity levels at the production facility.

The Group's accounting policy had been to measure all items of property, plant & equipment at historic cost or deemed cost less accumulated depreciation and impairment losses except for land, which is not depreciated. They concluded that it was no longer appropriate to measure the carrying value of these assets at historic or deemed cost. Accordingly, the Group changed its accounting policy to recognise property at open market value and plant & machinery assets at a revalued amount. Valuations were undertaken at 28 February 2009 in accordance with the requirement of the RICS Valuation Standards, sixth edition and the International Valuation Standards.

In light of the specialised nature of the plant & machinery assets and the lack of available evidence of open market value, the Group adopted a depreciated replacement cost approach. This methodology takes a gross current replacement cost for each class of plant & machinery and applies a depreciation factor to reflect both physical and functional obsolescence. An economic obsolescence factor is then applied to the net current replacement cost. This factor takes into account the anticipated capacity utilisation of plant relative to total available production capacity. The significant additional assumptions applied in valuing the plant & machinery includes useful lives and asset utilisations.

Following the valuation exercise, the carrying value of land was increased and the resulting gain of €5.9m was credited directly to a revaluation surplus reserve within equity. The carrying value of buildings, plant & machinery was reduced and the resulting loss of €136.5m was recognised in the income statement.

Depreciated replacement cost – 28 February 2010

An internal valuation was undertaken of all property, plant & machinery assets at 28 February 2010 that were valued under the depreciated replacement method in the prior year. As part of this valuation the Directors considered projected asset utilisations, changes in useful lives and obsolescence. The valuations resulted in no revaluation of this property, plant & machinery.

The freehold property acquired by the Group during the year ended 28 February 2010 was valued by external valuer, Timothy Smith, BSc MRICS - Gerard Eve LLP on an existing use basis and the acquired plant & machinery assets were valued by external valuer, D.R. Elston, FRICS - Elston Sutton & Co using the depreciated replacement cost method of valuation. These valuations were undertaken in accordance with the requirements of RICS Valuation Standards, sixth edition and the International Valuation Standards. Fixtures & fittings were not valued by external valuers.

14. FINANCIAL ASSETS

Company	2010 €m	2009 €m
Equity investment in subsidiary undertakings at cost		
At beginning of year	**788.7**	788.3
Capital contribution in respect of share options granted to employees of subsidiary undertakings (note 4)	**2.5**	0.4
At end of year	**791.2**	788.7

The total expense of €2.5m (2009: €0.4m) attributable to employee share options granted to employees of subsidiary undertakings has been included as a capital contribution in financial assets.

In the opinion of the Directors, the shares in the subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet. Details of subsidiary undertakings are set out in note 30.

15. INVENTORIES

	2010 €m	2009 €m
Group		
Raw materials & consumables	**36.7**	32.1
Finished goods & goods for resale	**18.0**	12.4
Total inventories at lower of cost and net realisable value	**54.7**	44.5

15. INVENTORIES (CONTINUED)

Inventory write-down recognised as an expense within operating costs amounted to €0.9m (2009: €12.4m). The prior year write-down predominantly represents an apple juice stock impairment charge of €11.1m that arose as a result of the write-down of the Group's surplus apple juice stocks.

16. TRADE & OTHER RECEIVABLES

	Group		Company	
	2010 €m	2009 €m	**2010 €m**	2009 €m
Amounts falling due within one year:				
Trade receivables	**81.7**	46.7	**-**	-
Advances to customers	**3.8**	-	**-**	-
Prepayments and other receivables *	**40.3**	11.2	**-**	-
	125.8	57.9	**-**	-
Amounts falling due after one year:				
Advances to customers	**19.8**	-	**-**	-
Amounts due from Group undertakings	**-**	-	**548.2**	377.9
	19.8	-	**548.2**	377.9
Total	**145.6**	57.9	**548.2**	377.9

* The Group has a Transitional Services Agreement with AB Inbev for the provision of accounting services including cash collection and payment of liabilities. Included in the prepayments balance is an amount of €29.9m being a net receivable from AB Inbev in relation to cash collected on behalf of the Group but not transferred as at 28 February 2010.

The aged analysis of trade receivables and advances to customers analysed between amounts that were neither past due nor impaired and amounts past due at 28 February 2010 and 28 February 2009 were as follows:-

	Gross 2010 €m	**Impairment 2010 €m**	Gross 2009 €m	Impairment 2009 €m
Group				
Neither past due nor impaired	**101.0**	**-**	38.3	-
Past due				
Past due 0-30 days	**3.1**	**-**	5.7	(0.3)
Past due 31-120 days	**1.9**	**(0.7)**	2.8	(0.3)
Past due 121-365 days	**0.8**	**(0.8)**	1.0	(0.5)
More than one year	**0.1**	**(0.1)**	0.4	(0.4)
Total	**106.9**	**(1.6)**	48.2	(1.5)

Trade receivables are on average receivable within 45 days of the balance sheet date, are unsecured and are not interest-bearing. All advances to customers acquired on acquisition of the Tennent's business were recorded at fair value and no additional provisions for impairment were created since the date of acquisition. The movement in the allowance for impairment in respect of trade receivables during the year was as follows:-

	2010 €m	2009 €m
Group		
At beginning of year	**1.5**	1.6
Recovered during the year	**-**	(0.1)
Provided during the year	**0.8**	0.6
De-recognised on disposal	**-**	(0.3)
Written off during the year	**(0.7)**	(0.3)
At end of year	**1.6**	1.5

17. TRADE & OTHER PAYABLES

	Group 2010 €m	Group 2009 €m	Company 2010 €m	Company 2009 €m
Trade payables	**47.8**	16.1	**-**	-
Payroll taxes & social security	**1.3**	0.8	**-**	-
VAT	**11.0**	0.5	**-**	-
Excise duty	**12.3**	7.6	**-**	-
Accruals*	**91.6**	39.6	**0.4**	0.2
Total	**164.0**	64.6	**0.4**	0.2

* The accruals balance includes deferred consideration of €30.8m payable to AB Inbev on the first anniversary of completion of the acquisition of the Irish, Northern Irish and Scottish businesses & AB Inbev (28 September 2010).

The Group's exposure to currency and liquidity risk related to trade & other payables is disclosed in note 23.

Company
The Company has guaranteed the liabilities of all its subsidiary companies incorporated in the Republic of Ireland. As at 28 February 2010, the Directors consider these to be in the nature of insurance contracts and do not consider it probable that the Company will have to make a payment under these guarantees and as such accounts for them as a contingent liability as detailed in note 27.

18. PROVISIONS

	Restructuring provision 2010 €m	Onerous lease 2010 €m	Other provisions 2010 €m	Total 2010 €m	Total 2009 €m
At beginning of year	**12.6**	**3.1**	**6.4**	**22.1**	12.7
Provided during the year	**3.8**	**-**	**0.9**	**4.7**	14.7
Released during the year	**-**	**-**	**(1.8)**	**(1.8)**	-
Arising on acquisition	**-**	**5.3**	**-**	**5.3**	-
Utilised during the year	**(14.2)**	**(0.2)**	**(3.3)**	**(17.7)**	(5.3)
At end of year	**2.2**	**8.2**	**2.2**	**12.6**	22.1
Current				**8.4**	20.8
Non-current				**4.2**	1.3
				12.6	22.1

Restructuring provision
The year-end restructuring provision relates primarily to severance costs arising from the integration of the acquired businesses with the Group's existing business.

Onerous lease
The onerous lease provision relates to an onerous lease to which the Group remains committed following the consolidation of the Group's Dublin offices into a single location, and a further onerous lease acquired as part of the acquisition of the Gaymer cider business.

Other provisions
Other provisions primarily relate to: a provision for dilapidation costs on the properties disposed of as part of the disposal of the Soft drinks business (this was settled during the year and the excess provision of €1.8m released to the income statement and accounted for within discontinued activities, see note 5 for further details); and, a provision for the Group's exposure to employee and third party insurance claims. Under the terms of employer and public liability insurance policies, the Group bears a portion of the cost of each claim up to the specified excess. The provision is calculated based on the expected portion of settlement costs to be borne by the Group in respect of specific claims arising before the balance sheet date.

19. INTEREST BEARING LOANS & BORROWINGS

Group and Company

	2010 €m	2009 €m
Non-current liabilities		
Unsecured bank loans repayable by instalments	32.3	-
Unsecured bank loans repayable by bullet repayment on maturity	429.4	309.2
	461.7	309.2
Current liabilities		
Unsecured bank loans repayable by instalments	16.7	-
	16.7	-
Total borrowings	478.4	309.2

Unamortised issue costs of €1.8m (2009: €0.8m) have been netted against outstanding bank loans and are being amortised to the income statement on an effective interest rate basis.

Terms and debt repayment schedule

	Currency	Nominal rates of interest	Year of maturity	2010 Carrying value €m	2009 Carrying value €m
Unsecured bank loans	Euro	Euribor + 0.35%	2012	430.0	310.0
Unsecured bank loans	GBP	Libor + 2.75%	2010	17.1	-
Unsecured bank loans	GBP	Libor + 2.75%	2011	33.1	-
				480.2	310.0

Borrowing facilities

The Group manages its borrowing ability by entering into committed borrowing agreements. During the financial year, the Group negotiated a new £60m debt facility and drew down £45m under the terms of the agreement to fund the acquisition of the Gaymer cider business. This facility, which is sterling denominated, is a committed revolving loan agreement repayable in instalments commencing on 30 June 2010 and with a final repayment date of 30 June 2011. The facility is subject to variable Libor interest rates plus a margin of 275bps.

The Group also has a euro denominated committed revolving loan agreement, which is repayable on the fifth anniversary of the date of the agreement (8 May 2012), and is subject to variable Euribor interest rates plus a margin, the level of which is dependent of the net debt: EBITDA ratio, which for year ended 28 February 2010 was 35bps (year ended 28 February 2009: 35bps).

All bank loan agreements are guaranteed by a number of the Group's subsidiary undertakings as outlined in note 27. The loan facility agreements allow the early repayment of debt without incurring additional charges or penalties. All bank loans are repayable in full on change of control of the Group.

Under the loan agreements the net proceeds arising from the disposal of part of the group's business, in excess of an agreed deminimus, must be applied to repay outstanding loans and the available committed facility cancelled by that amount unless, in the case of non-core businesses (as defined in the facility agreement) only, such proceeds are reinvested within 12 months from the date of disposal. As a result, in the prior year €170m of the Group's unutilised loan facility was cancelled. The net disposal proceeds arising on the potential disposal of the Spirits & Liqueurs business (see note 29) must be repaid and the available committed facility cancelled by that amount.

The Group's debt facilities incorporate two financial covenants:

- Interest cover: The ratio of EBITDA to net interest for a period of 12 months ending on a half year date will not be less than 3.5:1
- Net debt/EBITDA: The ratio of net debt on each half year date to EBITDA for a period of 12 months ending on a half year date will not exceed 3.5:1

The undrawn committed facilities available to the Group, which are subject to a commitment fee of 50% of the margin payable, as at 28 February 2010 amounted to £15m (2009: €120m).

Further information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in note 23.

20. ANALYSIS OF NET DEBT

	1 March 2009 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2010 €m
Group					
Interest bearing loans & borrowings	309.2	(0.8)	169.6	0.4	**478.4**
Cash & cash equivalents	(83.0)	0.2	(30.7)	-	**(113.5)**
	226.2	(0.6)	138.9	0.4	**364.9**
Interest rate swaps (note 23)	6.3	-	4.3	(5.7)	**4.9**
	232.5	**(0.6)**	**143.2**	**(5.3)**	**369.8**

	1 March 2008 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2009 €m
Group					
Interest bearing loans & borrowings	288.9	-	20.0	0.3	309.2
Cash & cash equivalents	(32.7)	0.3	(50.6)	-	(83.0)
	256.2	0.3	(30.6)	0.3	226.2
Interest rate swaps (note 23)	0.6	-	(0.8)	6.5	6.3
	256.8	0.3	(31.4)	6.8	232.5

The non-cash changes relate to the amortisation of issue costs and movements in the fair value of interest rate swaps.

	1 March 2009 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2010 €m
Company					
Interest bearing loans & borrowings	309.2	(0.8)	169.6	0.4	**478.4**
Interest rate swaps (note 23)	6.3	-	4.3	(5.7)	**4.9**
	315.5	**(0.8)**	**173.9**	**(5.3)**	**483.3**

	1 March 2008 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2009 €m
Company					
Interest bearing loans & borrowings	288.9	-	20.0	0.3	309.2
Interest rate swaps (note 23)	0.6	-	(0.8)	6.5	6.3
	289.5	-	19.2	6.8	315.5

The non-cash changes relate to the amortisation of issue costs and movements in the fair value of interest rate swaps.

21. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2010			2009		
	Assets €m	Liabilities €m	Net assets/ liabilities €m	Assets €m	Liabilities €m	Net assets/ liabilities €m
Group						
Property, plant & equipment	**7.6**	**-**	**7.6**	7.3	-	7.3
Provision for ROI trade related items	**1.2**		**1.2**	1.8	-	1.8
Provision for UK trade related items	**-**	**(4.6)**	**(4.6)**	-	-	-
Retirement benefit obligations	**2.8**	**-**	**2.8**	5.8	-	5.8
Derivative financial instruments	**0.7**	**-**	**0.7**	0.1	-	0.1
	12.3	**(4.6)**	**7.7**	15.0	-	15.0

21. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

	2010			2009		
	Assets €m	**Liabilities €m**	**Net assets/ Liabilities €m**	Assets €m	Liabilities €m	Net assets/ liabilities €m
Company						
Derivative financial instruments	**0.5**	**-**	**0.5**	0.7	-	0.7
Interest free loans fair value adjustment	**8.0**	**-**	**8.0**	8.0	-	8.0
	8.5	**-**	**8.5**	8.7	-	8.7

Analysis of movement in net deferred tax asset/liability

	1 March 2009 €m	**Recognised in income statement €m**	**Recognised on acquisition €m**	**Foreign currency movement €m**	**Recognised in equity €m**	**28 February 2010 €m**
Group						
Property, plant & equipment	7.3	0.3	-	-	-	**7.6**
Provision for ROI trade related items	1.8	(0.6)	-	-	-	**1.2**
Provision for UK trade related items	-	(0.7)	(4.0)	0.1	-	**(4.6)**
Retirement benefit obligations	5.8	(0.9)	-	-	(2.1)	**2.8**
Derivative financial instruments	0.1	-	-	-	0.6	**0.7**
	15.0	**(1.9)**	**(4.0)**	**0.1**	**(1.5)**	**7.7**

	1 March 2008 €m	Recognised in income statement €m	Recognised on Acquisition €m	Foreign currency movement €m	Recognised in equity €m	28 February 2009 €m
Group						
Property, plant & equipment	(4.3)	11.6	-	-	-	7.3
Provision for ROI trade related items	-	1.8	-	-	-	1.8
Defined benefit pension schemes	2.9	(2.8)	-	-	5.7	5.8
Derivative financial instruments	(2.1)	-	-	-	2.2	0.1
	(3.5)	10.6	-	-	7.9	15.0

	1 March 2009 €m	**Fair value adjustment €m**	**Recognised in income statement €m**	**Recognised in equity €m**	**28 February 2010 €m**
Company					
Derivative financial instruments	0.7	-	-	(0.2)	0.5
Interest free loans fair value adjustment	8.0	-	-	-	8.0
	8.7	**-**	**-**	**(0.2)**	**8.5**

	1 March 2008 €m	Fair value adjustment €m	Recognised in income statement €m	Recognised in equity €m	28 February 2009 €m
Company					
Derivative financial instruments	0.1	-	-	0.6	0.7
Interest free loans fair value adjustment	8.0	-	-	-	8.0
	8.1	-	-	0.6	8.7

There are no unrecognised deferred tax assets or liabilities.

22. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined benefit pension schemes for employees in the Republic of Ireland and in Northern Ireland, all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group provides permanent health insurance cover for the benefit of its employees and separately charges this to the income statement.

The pension scheme assets are held in separate trustee administered funds to meet long-term pension liabilities to past and present employees. The trustees of the funds are required to act in the best interest of the funds' beneficiaries. The appointment of trustees to the funds is determined by the schemes' trust documentation. The Group has a policy in relation to its principal staff pension fund that members of the fund should nominate half of all fund trustees.

All schemes are now closed to new members and the Executive Scheme is closed to future accrual.

On disposal of the Soft drinks business to Britvic plc in August 2007, it was agreed that:-

- an amount equal to the actuarial value of the aggregate benefits payable under the defined benefit pension scheme to and in respect of the Republic of Ireland transferring employees be transferred out of the C&C defined benefit pension schemes, and that,
- the Northern Ireland defined benefit pension scheme would transfer to Britvic plc with Britvic plc agreeing to transfer an amount equal to the actuarial value of the aggregate benefits payable to the remaining C&C employees under the Northern Ireland defined benefit pension scheme to a new pension scheme which will be salary-related contracted-out scheme for the purposes of the UK Pension Schemes Act 1993, and a registered pension scheme for the purposes of Part 4 of the UK Finance Act 2004.

The process of separating the pension schemes is now completed. The accounting treatment at the time of sale reflected the de-recognition of the assets and liabilities attributed to employees transferring to Britvic plc valued at best estimates by the Group's actuaries, Mercer Human Resource Consulting.

Actuarial valuations – funding requirements

As stated, independent actuarial valuations of the defined benefit schemes are carried out on a triennial basis using the projected unit credit method. The funding requirements in relation to the Group's defined benefit schemes are assessed at each valuation date and are implemented in accordance with the advice of the actuaries. The most recently completed actuarial valuations of the main schemes were carried out on 1 January 2009. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

Independent actuaries, Mercer Human Resource Consulting, have employed the projected unit credit method to determine the present value of the defined benefit obligations arising, the related current service cost and the funding requirements.

Assumptions

The financial assumptions that have the most significant impact on the results of the actuarial valuations are those relating to the discount rate used to convert future pension liabilities to current values and the rate of increase in salaries. These and other assumptions used are set out below.

Mortality rates also have a significant impact on the actuarial valuations, as the number of deaths within the scheme have been too small to analyse and produce any meaningful scheme-specific estimates of future levels of mortality, the rates used have been based on the most up-to-date mortality tables, which in the case of Non Pensioners are 85% PA92(C=2030) medium cohort and in the case of Pensioners are 85% PA92(C=2015) medium cohort. These tables conform to best practice. The growing trend for people to live longer and the expectation that this will continue has been reflected in the mortality assumptions used for this valuation as indicated below. This assumption will continue to be monitored in the light of general trends in mortality experience. Based on these tables, the assumed life expectations on retirement are:

Future life expectations at age 65		**2010 No of years**	2009 No of years
Current retirees – no allowance for future improvements	Male	**18.5**	18.5
	Female	**21.5**	21.5
Current retirees – with allowance for future improvements	Male	**21.6**	20.7
	Female	**24.7**	23.8
Future retirements – with allowance for future improvements	Male	**22.8**	21.8
	Female	**25.7**	24.8

22. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Scheme liabilities:

The average age of active members is 43 and 44 years for the ROI staff and the UK defined benefit pension schemes respectively (the executive defined benefit pension scheme has no active members), while the average duration of liabilities ranges from 13 to 25 years.

The principal long-term financial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on pension schemes as at 28 February 2010 and 28 February 2009 are as follows:

	2010		2009	
	ROI	UK	ROI	UK
Salary increases	0.00% - 3.00%	4.45%	3.70%	4.20%
Increases to pensions in payment	3.00%	2.50%	3.00%	2.50%
Discount rate	5.40%	5.75%	5.50%	6.50%
Inflation rate	2.00%	3.50%	2.25%	3.50%

Scheme assets:

The long-term rates of return expected at 28 February 2010 and 28 February 2009, determined in conjunction with the Group's actuaries and based on market expectations at the beginning of the year for investment returns over the entire life of the related obligation, analysed by the class of investments in which the schemes' assets are invested, are as follows:

	2010		2009
	ROI	UK	ROI
Equity	7.60%	7.75%	9.40%
Bonds	4.40%	4.75%	3.20%
Property	6.10%	-	6.20%
Cash	2.50%	0.50%	2.50%

The assumption used is the average of the above assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class. The investment return on bonds has been based on market yield of the bond fund's benchmark index at the balance sheet date. The assumed investment return on equities allows for a 3.50% 'equity risk premium' over the 30 year government bond yield.

a. Impact on Group Income Statement

	2010			2009		
	ROI €m	UK €m	Total €m	ROI €m	UK €m	Total €m
Analysis of defined benefit pension expense:						
Current service cost	1.5	0.2	1.7	3.5	0.1	3.6
Past service cost	0.2	0.1	0.3	0.7	-	0.7
Curtailment gains	(3.4)	-	(3.4)	(2.2)	-	(2.2)
Interest on scheme liabilities	8.3	0.2	8.5	8.2	0.2	8.4
Expected return on scheme assets	(6.8)	(0.1)	(6.9)	(8.1)	(0.2)	(8.3)
Total (income)/expense recognised in operating costs	(0.2)	0.4	0.2	2.1	0.1	2.2

22. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Analysis of amount recognised in Other Comprehensive Income

	2010			2009			2008			2007			2006		
	ROI €m	**UK €m**	**Total €m**	ROI €m	UK €m	Total €m	ROI €m	UK €m	Total €m	ROI €m	UK €m	Total €m	ROI €m	UK €m	Total €m
Actual return less expected return on scheme assets	**15.3**	**0.6**	**15.9**	(44.0)	(0.8)	(44.8)	(26.9)	(1.1)	(28.0)	3.8	-	3.8	21.3	2.6	23.9
Experience gains and losses on scheme liabilities	**3.2**	**0.4**	**3.6**	0.1	(0.2)	(0.1)	4.4	(0.4)	4.0	(2.7)	-	(2.7)	7.0	(1.0)	6.0
Effect of changes in assumptions on value of liabilities	**(2.0)**	**(0.8)**	**(2.8)**	3.2	0.1	3.3	22.6	3.4	26.0	3.6	(3.2)	0.4	(30.3)	(5.7)	(36.0)
Total pension gain /(cost) recognised in equity	**16.5**	**0.2**	**16.7**	(40.7)	(0.9)	(41.6)	0.1	1.9	2.0	4.7	(3.2)	1.5	(2.0)	(4.1)	(6.1)
Scheme assets	**131.5**	**3.1**	**134.6**	107.3	2.2	109.5	123.8	3.3	127.1	182.7	22.4	205.1	178.7	20.1	198.8
Scheme liabilities	**(151.9)**	**(3.9)**	**(155.8)**	(151.8)	(3.2)	(155.0)	(150.6)	(3.7)	(154.3)	(216.6)	(40)	(256.6)	(223.1)	(34.6)	(257.7)
Deficit in the scheme	**(20.4)**	**(0.8)**	**(21.2)**	(44.5)	(1.0)	(45.5)	(26.8)	(0.4)	(27.2)	(33.9)	(17.6)	(51.5)	(44.4)	(14.5)	(58.9)

The cumulative actuarial loss recognised to date in other comprehensive income is €39.3m (2009: €56.0m).

b. Impact on Group balance sheet

The net pension liability at 28 February 2010 is analysed as follows:

Analysis of net pension deficit

	2010			2009		
	ROI €m	**UK €m**	**Total €m**	ROI €m	UK €m	Total €m
Bid value of assets at end of year:						
Equity[i]	**43.9**	**1.6**	**45.5**	63.4	-	63.4
Bonds	**56.3**	**1.5**	**57.8**	19.7	-	19.7
Property	**4.6**	**-**	**4.6**	8.5	-	8.5
Cash	**26.7**	**-**	**26.7**	42.2	-	42.2
	131.5	**3.1**	**134.6**	133.8	-	133.8
Attributed to disposal of Soft drinks business[ii]	**-**	**-**	**-**	(26.5)	2.2	(24.3)
	131.5	**3.1**	**134.6**	107.3	2.2	109.5
Actuarial value of scheme liabilities	**(151.9)**	**(3.9)**	**(155.8)**	(151.8)	(3.2)	(155.0)
Deficit in the scheme	**(20.4)**	**(0.8)**	**(21.2)**	(44.5)	(1.0)	(45.5)
Related deferred tax asset	**2.6**	**0.2**	**2.8**	5.5	0.3	5.8
Net pension liabilities	**(17.8)**	**(0.6)**	**(18.4)**	(39.0)	(0.7)	(39.7)

(i) Including a direct investment in C&C Group plc as at the year end of €nil (2009: €nil).

(ii) As at 28 February 2009 assets of €26.5m were held in trust for the benefit of employees in the Republic of Ireland who transferred to Britvic plc. These assets were transferred to a comparable scheme established by Britvic plc during the current financial year. Assets of €2.2m were held in trust by Britvic plc for employees of the Group in Northern Ireland. These assets were transferred to a new scheme set up by the Group during the current financial year.

22. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Reconciliation of scheme assets (bid values)

	2010 ROI €m	2010 UK €m	2010 Total €m	2009 ROI €m	2009 UK €m	2009 Total €m
Assets at beginning of year	**107.3**	**2.2**	**109.5**	123.8	3.3	127.1
Movement in year						
Translation adjustment	**-**	**-**	**-**	-	(0.5)	(0.5)
Expected return on assets	**6.8**	**0.1**	**6.9**	8.1	0.2	8.3
Actual return less expected return on scheme assets	**15.3**	**0.6**	**15.9**	(44.0)	(0.8)	(44.8)
Employer contributions	**7.4**	**0.4**	**7.8**	25.1	0.3	25.4
Member contributions	**0.4**	**-**	**0.4**	0.7	-	0.7
Premiums paid	**(0.2)**	**-**	**(0.2)**	(0.3)	-	(0.3)
Benefit payments	**(5.5)**	**(0.2)**	**(5.7)**	(6.1)	(0.3)	(6.4)
Assets at end of year	**131.5**	**3.1**	**134.6**	107.3	2.2	109.5

The expected employer contributions to defined benefit schemes for year ending 28 February 2011 is €7.1m.

The scheme assets had the following investment profile at the year end:

	2010 ROI	2010 NI	2009 ROI	2009 NI
Equities	**30.0%**	**51.0%**	47.0%	75.0%
Bonds	**44.0%**	**47.0%**	15.0%	14.0%
Property	**3.0%**	**-**	6.0%	1.0%
Cash	**23.0%**	**2.0%**	32.0%	10.0%
	100.0%	**100.0%**	100.0%	100.0%

Reconciliation of actuarial value of liabilities

	2010 ROI €m	2010 UK €m	2010 Total €m	2009 ROI €m	2009 UK €m	2009 Total €m
Liabilities at beginning of year	**151.8**	**3.2**	**155.0**	150.6	3.7	154.3
Movement in year						
Translation adjustment	**-**	**-**	**-**	-	(0.6)	(0.6)
Current service cost	**1.5**	**0.2**	**1.7**	3.5	0.1	3.6
Past service cost	**0.2**	**0.1**	**0.3**	0.7	-	0.7
Curtailment gains	**(3.4)**	**-**	**(3.4)**	(2.2)	-	(2.2)
Interest cost on scheme liabilities	**8.3**	**0.2**	**8.5**	8.2	0.2	8.4
Member contributions	**0.4**	**-**	**0.4**	0.7	-	0.7
Actuarial (gain)/loss immediately recognised in equity	**(1.2)**	**0.4**	**(0.8)**	(3.3)	0.1	(3.2)
Premiums paid	**(0.2)**	**-**	**(0.2)**	(0.3)	-	(0.3)
Benefit payments	**(5.5)**	**(0.2)**	**(5.7)**	(6.1)	(0.3)	(6.4)
Liabilities at end of year	**151.9**	**3.9**	**155.8**	151.8	3.2	155.0

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Overview of risk exposures and risk management strategy

The Group's multinational operations expose it to various financial risks in the ordinary course of business that include credit risk, liquidity risk, currency risk and interest rate risk. The most significant exposures relate to changes in foreign exchange rates and interest rates as well as the creditworthiness of its counterparties. The Group has a risk management programme in place that seeks to limit the impact of these risks on the financial performance of the Group and it is the policy of the Group to manage these risks in a non-speculative manner.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This is executed through various committees to which the Board has delegated appropriate levels of authority as discussed further in the Corporate Governance section of this report on pages 32 to 38.

The Board, through its Committees, has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively. The Board has embedded these structures and procedures throughout the Group and considers these to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management.

The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance from fluctuations in financial markets. The Group manages its risk exposures in part through the use of derivative financial instruments, where appropriate. All derivative contracts entered into are in liquid markets with credit rated parties. Treasury activities are performed within strict terms of reference that have been approved by the Board.

This note presents information about the Group's exposure to each of the financial risks to which the Group is exposed; the Group's objectives, policies and processes for measuring and managing these risks; and the Groups' management of liquid resources.

(b) Financial assets and liabilities

Fair Value

The Group's accounting policies require the determination of fair value, for both financial and non-financial assets and liabilities. Effective from 1 March 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value; this requires disclosure, which is set out below, of fair value measurement by level of the following fair value measurement hierarchy:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

In determining fair values of assets and liabilities that differ from the carrying values, Level 2 techniques only have been used.

The carrying and fair values of financial assets and liabilities by category were as follows:

Group	Cash flow hedges €m	Fair value through income statement €m	Loans & receivables €m	Liabilities at amortised cost €m	Total carrying value €m	Fair value €m
28 February 2010						
Financial assets:						
Cash & cash equivalents	-	-	113.5	-	113.5	113.5
Trade receivables	-	-	81.7	-	81.7	81.7
Advances to customers	-	-	23.6	-	23.6	23.6
Financial liabilities:						
Interest bearing loans & borrowings	-	-	-	(478.4)	(478.4)	(452.2)
Derivative financial liabilities	(6.8)	-	-	-	(6.8)	(6.8)
Trade payables & accruals				(139.4)	(139.4)	(139.4)
Provisions	-	-	-	(12.6)	(12.6)	(12.6)
	(6.8)	-	218.8	(630.4)	(418.4)	(392.2)

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Group	Cash flow hedges €m	Fair value through income statement €m	Loans & receivables €m	Liabilities at amortised cost €m	Total carrying value €m	Fair Value €m
28 February 2009						
Financial assets:						
Cash & cash equivalents	-	-	83.0	-	83.0	83.0
Derivative financial assets	5.6	6.0	-	-	11.6	11.6
Trade receivables	-	-	46.7	-	46.7	46.7
Financial liabilities:						
Interest bearing loans & borrowings	-	-	-	(309.2)	(309.2)	(262.2)
Derivative financial liabilities	(8.3)	-	-	-	(8.3)	(8.3)
Trade payables & accruals	-	-	-	(55.7)	(55.7)	(55.7)
Provisions	-	-	-	(22.1)	(22.1)	(22.1)
	(2.7)	6.0	129.7	(387.0)	(254.0)	(207.0)

Company	**Cash flow hedges €m**	**Loans & receivables €m**	**Liabilities at amortised cost €m**	**Total carrying value €m**	**Fair value €m**
28 February 2010					
Financial assets:					
Amounts due from Group undertakings	**-**	**548.2**	**-**	**548.2**	**548.2**
Financial liabilities:					
Interest bearing loans & borrowings	**-**	**-**	**(478.4)**	**(478.4)**	**(452.2)**
Derivative financial liabilities	**(4.9)**	**-**	**-**	**(4.9)**	**(4.9)**
Accruals	**-**	**-**	**(0.4)**	**(0.4)**	**(0.4)**
	(4.9)	**548.2**	**(478.8)**	**64.5**	**90.7**

Company	Cash flow hedges €m	Loans & receivables €m	Liabilities at amortised cost €m	Total carrying value €m	Fair value €m
28 February 2009					
Financial assets:					
Amounts due from Group undertakings	-	377.9	-	377.9	377.9
Financial liabilities:					
Interest bearing loans & borrowings	-	-	(309.2)	(309.2)	(262.2)
Derivative financial liabilities	(6.3)	-	-	(6.3)	(6.3)
Accruals	-	-	(0.2)	(0.2)	(0.2)
	(6.3)	377.9	(309.4)	62.2	109.2

The carrying values of all derivative financial assets and liabilities held by the Group at 28 February 2010 and 28 February 2009 were based on fair values arrived at using Level 2 techniques exclusively.

Estimation of fair values

Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities. There is no material difference between the fair value of these assets and liabilities and their carrying amount.

Short term bank deposits and cash & cash equivalents

The nominal amount of all short-term bank deposits and cash & cash equivalents is deemed to reflect fair value at the Balance Sheet date.

Advances to Customers

The nominal amount of all advances to customers, after provision for impairment, is considered to reflect fair value. The commercial rationale for such advances is to develop good customer relations rather than to make financial investments.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Trade & other receivables/payables
The nominal amount of all trade & other receivables/payables after provision for impairment is deemed to reflect fair value at the Balance Sheet date with the exception of Provisions and Amounts due from Group undertakings which are discounted to current value.

Derivatives (interest rate swaps and forward currency contracts)
The fair values of forward currency contracts and interest rate swaps are based on market prices and calculations supplied by the financial institutions, which are the counterparties to the contracts.

Interest bearing loans & borrowings
The fair value of all interest bearing loans & borrowings has been calculated by discounting all future cash flows to their present value using a market rate reflecting the Group's cost of borrowing at the balance sheet date. All loans bear interest at floating rates.

(c) Accounting for derivatives and hedging activities

	Group		Company	
Group	**2010 €m**	2009 €m	**2010 €m**	2009 €m
Financial assets: current				
Forward exchange contracts	**-**	11.6	**-**	-
	-	11.6	**-**	-
Financial liabilities: current				
Interest rate swaps	**(2.7)**	(3.0)	**(2.7)**	(3.0)
Forward exchange contracts	**(1.9)**	(2.0)	**-**	-
	(4.6)	(5.0)	**(2.7)**	(3.0)
Financial liabilities: non-current				
Interest rate swaps	**(2.2)**	(3.3)	**(2.2)**	(3.3)
	(2.2)	(3.3)	**(2.2)**	(3.3)

Derivatives are initially recorded at fair value on the date the contract is entered into and subsequently re-measured to fair value at reporting dates. The gain or loss arising on re-measurement is recognised in the income statement except where the instrument is a designated hedging instrument under the cash flow hedging model.

In order to qualify for hedge accounting, the Group is required to document the relationship between the item being hedged and the hedging instrument and demonstrate, at inception, that the hedge relationship will be highly effective on an ongoing basis. The hedge relationship must also be tested for effectiveness retrospectively and prospectively on subsequent reporting dates.

Gains and losses on cash flow hedges that are determined to be highly effective are recognised in a cash flow hedging reserve within equity to the extent that they are actually effective. When the forecasted transaction occurs, the gains or losses deferred in equity are released to the income statement. Ineffective portions of the gain or loss on the hedging instrument are recognised in the income statement.

All interest rate swaps entered into by the Group and Company are designated as cash flow hedges in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*. The Group has tested these hedging relationships and determined them to be highly effective, both prospectively and retrospectively. The actual level of ineffectiveness arising in such relationships is not material.

The Group ordinarily seeks to apply the hedge accounting model to all forward currency contracts. These contracts are generally entered into to sell forward a portion of the Group's highly probable Sterling, US and CAN dollar revenues in respect of which it has no natural hedge. A shortfall identified during the financial year ended 28 February 2009 in expected Sterling revenues compared to the forecast transactions originally hedged resulted in the Group having surplus contracts to sell Sterling. The Group ceased the application of hedge accounting in respect of the surplus contracts once the hedged forecast transactions could no longer be regarded as highly probable. Forward currency contracts entered into to purchase sterling to offset these contracts were not designated. All gains and losses arising on the de-designated contracts are recognised in the income statement from that point onwards, a gain of €3.8m was recognised in finance income in the income statement in this regard in the year ended 28 February 2009. In addition, gains and losses deferred in the cash flow hedge reserve are immediately recycled to the income statement to the extent that the original forecast transactions are no longer expected to occur. All fair value movements on contracts for which hedge accounting has not been applied are accounted for within the income statement. The impact of this resulted in a gain of €0.7m being recognised within finance income in the year ended 28 February 2010.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

At 28 February 2010, the effective portion of gains and losses arising on derivative contracts have been deferred in equity only to the extent that they relate to highly probable forecast transactions and where all the hedge accounting criteria in IAS 39 have been met.

(d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, its cash advances to customers and deposits and derivative contracts with banks. In the context of the Group's operations, credit risk is mainly influenced by the individual characteristics of individual counterparties and is not deemed significant.

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, customer track records and historic default rates. Generally, individual 'risk limits' are set by customer and risk is only accepted above such limits in defined circumstances. A strict credit assessment is made of all new applicants who request credit-trading terms. The utilisation and revision, where appropriate, of credit limits is regularly monitored. Impairment provision accounts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amount is considered irrecoverable and is written off directly against the trade receivable.

Advances to customers are generally secured by, amongst others, rights over property or intangible assets, such as the right to take possession of the premises of the customer. Interest rates calculated on repayment / annuity advances are generally based on the risk-free rate plus a margin, which takes into account the risk profile of the customer and value of security given. In some circumstances the interest rate charged may be reduced to reflect the margins earned by the Group from trading activity with that customer. The Group establishes an allowance for impairment of advances that represents its estimate of incurred losses.

From time to time, the Group holds significant cash balances, which are invested on a short-term basis and disclosed under cash and cash equivalents in the Balance Sheet. It is Group policy to restrict the investment of these funds to banks with high credit ratings.

The Company also bears credit risk in relation to amounts owed by Group undertakings and from guarantees provided in respect of the liabilities of wholly owned subsidiaries as disclosed in note 27.

The carrying amount of financial assets, net of impairment provisions represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:-

	Group		Company	
	2010	2009	**2010**	2009
	€m	€m	**€m**	€m
Trade receivables	**81.7**	46.7	**548.2**	377.9
Advances to customers	**23.6**	-	**-**	-
Cash & cash equivalents	**113.5**	83.0	**-**	-
Forward exchange contracts	**-**	11.6	**-**	-
	218.8	141.3	**548.2**	377.9

The ageing of trade receivables and advances to customers together with an analysis of movement in the Group impairment provisions against these receivables are disclosed in note 16. The Group does not have any significant concentrations of risk.

(e) Liquidity risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due. Liquid resources are defined as the total of cash & cash equivalents. The Group's main liquidity risk relates to maturing debt.
The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or committed bank facilities to meet all debt obligations as they fall due. To achieve this the Group (a) maintains adequate cash or cash equivalent balances; (b) prepares detailed 3 year cash projections; and (c) keeps refinancing options under review. In addition, the Group maintains an overdraft facility that is unsecured. Undrawn borrowings available to the Group at the Balance Sheet date amounted to £15m.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The following are the contractual maturities of financial liabilities, including interest payments and derivatives and excluding the impact of netting arrangements:-

Group **2010**	**Carrying amount €m**	**Contractual cash flows €m**	**6 mths or less €m**	**6-12 mths €m**	**1-2 yrs €m**	**>2 yrs €m**
Interest bearing loans & borrowings	**478.4**	**(489.2)**	**(2.5)**	**(19.1)**	**(37.0)**	**(430.6)**
Interest rate swaps – net cash outflows	**4.9**	**(6.6)**	**(1.6)**	**(1.9)**	**(2.1)**	**(1.0)**
FX forward contracts – gross cash outflows	**1.9**	**(55.3)**	**(25.8)**	**(29.5)**	**-**	**-**
FX forward contracts – gross cash inflows	**-**	**53.5**	**25.0**	**28.5**	**-**	**-**
Trade payables & accruals	**139.4**	**(139.4)**	**(139.4)**	**-**	**-**	**-**
Provisions	**12.6**	**(23.9)**	**(5.6)**	**(0.6)**	**(1.8)**	**(15.9)**
Total contracted outflows	**637.2**	**(660.9)**	**(149.9)**	**(22.6)**	**(40.9)**	**(447.5)**

2009	Carrying amount €m	Contractual cash flows €m	6 mths or less €m	6-12 mths €m	1-2 yrs €m	>2 yrs €m
Interest bearing loans & borrowings	309.2	(325.0)	(2.4)	(2.3)	(4.6)	(315.7)
Interest rate swaps – net cash outflows	6.3	(9.5)	(1.9)	(2.1)	(2.9)	(2.6)
FX forward contracts – gross cash outflows	(9.6)	(85.5)	(61.6)	(23.9)	-	-
FX forward contracts – gross cash inflows	-	95.1	70.8	24.3	-	-
Trade payables & accruals	55.7	(55.7)	(55.7)	-	-	-
Provisions	22.1	(22.1)	(20.8)	-	(1.3)	-
Total contracted outflows	383.7	(402.7)	(71.6)	(4.0)	(8.8)	(318.3)

Company **2010**	**Carrying amount €m**	**Contractual cash flows €m**	**6 mths or less €m**	**6-12 mths €m**	**1-2 yrs €m**	**>2 yrs €m**
Interest bearing loans & borrowings	**478.4**	**(489.2)**	**(2.5)**	**(19.1)**	**(37.0)**	**(430.6)**
Interest rate swaps – net cash outflows	**4.9**	**(6.6)**	**(1.6)**	**(1.9)**	**(2.1)**	**(1.0)**
Trade payables & accruals	**0.4**	**(0.4)**	**(0.4)**	**-**	**-**	**-**
Total contracted outflows	**483.7**	**(496.2)**	**(4.5)**	**(21.0)**	**(39.1)**	**(431.6)**
2009						
Interest bearing loans & borrowings	309.2	(325.0)	(2.4)	(2.3)	(4.6)	(315.7)
Interest rate swaps – net cash outflows	6.3	(9.5)	(1.9)	(2.1)	(2.9)	(2.6)
Trade payables & accruals	0.2	(0.2)	(0.2)	-	-	-
Total contracted outflows	315.7	(334.7)	(4.5)	(4.4)	(7.5)	(318.3)

(f) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group enters into derivatives to mitigate risks arising in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. The Group carries out all such transactions within the Treasury policy as set down by the Board of Directors. Generally the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk

The Group's primary currency exposures relate to sales transactions in foreign currencies, as it has significant net receivables in Sterling and US dollar relating to its export sales, and fluctuations in the euro value of the Group's net investment in sterling denominated subsidiary undertakings. A limited amount of inputs purchased are denominated in currencies other than euro, relating principally to direct brand marketing activities in export markets and purchases of certain raw materials.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The euro is used for planning and budgetary purposes and as the presentation currency for financial reporting. Currency exposures for the entire Group are managed and controlled centrally. Forward foreign currency contracts are used to reduce exposures to fluctuations in foreign exchange rates. Group policy is to limit the short-term exposures to fluctuations in foreign currencies by hedging a significant portion of the projected non-euro forecast sales revenue up to a maximum of two years ahead. The Group does not enter into derivative financial instruments for speculative purposes. All derivative contracts entered into are in liquid markets with credit-approved parties. Treasury operations are controlled within strict terms of reference that have been approved by the Board.

The Group seeks to partially manage foreign currency translation risk through borrowings denominated in sterling. As outlined in note 19, the Group negotiated a sterling debt facility during the financial year, which is designated as a net investment hedge of its sterling subsidiaries.

The net currency gains and losses on transactional currency exposures are recognised in the income statement and the changes arising from fluctuations in the euro value of the Group's net investment in foreign currency subsidiaries are reported separately within the Group Statement of Comprehensive Income.

The currency profile of the Group's financial instruments as at 28 February 2010 is as follows:-

	Sterling €m	USD/CAD €m	Not at risk €m	Total €m
Cash & cash equivalents	6.3	4.6	102.6	**113.5**
Trade receivables	9.7	5.1	66.9	**81.7**
Advances to customers	-	-	23.6	**23.6**
Derivative financial assets and liabilities	(0.5)	(1.4)	(4.9)	**(6.8)**
Interest bearing bank loans	(49.0)	-	(429.4)	**(478.4)**
Trade payables & accruals	(11.1)	(0.4)	(127.9)	**(139.4)**
Provisions	-	-	(12.6)	**(12.6)**
Total	(44.6)	7.9	(381.7)	**(418.4)**

The currency profile of the Company's financial instruments as at 28 February 2010 is as follows:-

	Sterling €m	USD/CAD €m	Not at risk €m	Total €m
Trade receivables	-	-	548.2	**548.2**
Derivative financial assets and liabilities	-	-	(4.9)	**(4.9)**
Interest bearing bank loans	(49.0)	-	(429.4)	**(478.4)**
Trade payables & accruals	-	-	(0.4)	**(0.4)**
Total	(49.0)	-	113.5	**64.5**

Foreign currency contracts in place at 28 February 2010 to sell fixed amounts of the currencies below for contracted euro amounts can be summarised as follows:-

	Stg£		US$		CAN$	
	Stg£m	Avg fwd rate	US$m	Avg fwd rate	CAN$m	Avg fwd rate
Year ending 28 February 2011	30.0	0.91	24.0	1.45	6.1	1.56

A 10% strengthening in the euro against Sterling and the US Dollar, based on outstanding financial assets and liabilities at 28 February 2010, would have a €1.1m negative impact on the income statement and a €0.7m positive impact on the equity reserve. A 10% weakening in the Euro against Sterling and the US Dollar would have a €2.5m positive effect on the income statement and a €0.8m negative impact on the equity reserve. This analysis assumes that all other variables, in particular interest rates, remain constant.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The interest rate profile of the Group and Company's interest-bearing financial instruments at the reporting date is summarised as follows:

	Group		Company	
	2010 €m	2009 €m	2010 €m	2009 €m
Variable rate instruments				
Interest bearing loans & borrowings	**(480.2)**	(310.0)	**(480.2)**	(310.0)
Cash & cash equivalents	**113.5**	83.0	**-**	-
Derivative liabilities	**(4.9)**	(6.3)	**(4.9)**	(6.3)
	(371.6)	(233.3)	**(485.1)**	(316.3)

The Group and Company's exposure to market risk for changes in interest rates arises principally from its long-term debt obligations. Group treasury, using interest rate swaps to give the desired mix of fixed and floating rate debt, manages interest cost and exposure to market risk centrally. The Group policy is to fix interest rates on a percentage of Group debt. With the objective of managing this mix in a cost-efficient manner, the Group and Company enters into interest rate swaps under which the Group contracts to exchange, at predetermined intervals, the difference between fixed and variable interest amounts calculated by reference to a pre-agreed notional principal. These swaps are designated under IAS 39 as cash flow hedges to hedge the exposure to variability in cash flow arising from the changes in benchmark interest rates.

Interest rate swap contracts in place at 28 February 2010 have the effect of converting up to €100m (2009: €150m) of Group and Company debt from floating rates to fixed rates. The level of cover in place in summarised as follows:-

	Amount fixed €m	Fixed interest rate
Expiring on 28 February 2011	50.0	3.45%
Expiring on 31 August 2012	50.0	4.57%

Based on the level and composition of year-end debt, a change in average interest rates of one percent per annum would change the interest charge by €3.8m (2009: €1.6m).

Financial instruments: Cash flow hedges

The following table indicates the periods in which cash flows associated with derivatives that are cash flow hedges are expected to occur:-

Group **28 February 2010**	Carrying amount €m	Expected cash flows €m	6 months or less €m	6-12 months €m	1-2 years €m	More than 2 years €m
Interest rate swaps						
- liabilities	**(4.9)**	**(6.6)**	**(1.6)**	**(1.9)**	**(2.1)**	**(1.0)**
Forward exchange contracts						
- assets	**-**	**-**	**-**	**-**	**-**	**-**
- liabilities	**(1.9)**	**(1.8)**	**(0.8)**	**(1.0)**	**-**	**-**
	(6.8)	**(8.4)**	**(2.4)**	**(2.9)**	**(2.1)**	**(1.0)**
28 February 2009						
Interest rate swaps						
- liabilities	(6.3)	(9.5)	(1.9)	(2.1)	(2.9)	(2.6)
Forward exchange contracts						
- assets	5.6	5.5	4.2	1.3	-	-
- liabilities	(2.0)	(1.9)	(1.0)	(0.9)	-	-
	(2.7)	(5.9)	1.3	(1.7)	(2.9)	(2.6)

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table indicates the periods in which cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss:-

Group **28 February 2010**	**Carrying amount €m**	**Expected cash flows €m**	**6 months or less €m**	**6-12 months €m**	**1-2 years €m**	**More than 2 years €m**
Interest rate swaps						
- liabilities	**(4.9)**	**(6.6)**	**(1.6)**	**(1.9)**	**(2.1)**	**(1.0)**
Forward exchange contracts						
- liabilities	**(1.9)**	**(1.7)**	**(0.8)**	**(0.9)**	**-**	**-**
	(6.8)	**(8.3)**	**(2.4)**	**(2.8)**	**(2.1)**	**(1.0)**
28 February 2009						
Interest rate swaps						
- liabilities	(6.3)	(9.5)	(1.9)	(2.1)	(2.9)	(2.6)
Forward exchange contracts						
- assets	5.6	4.7	3.7	1.0	-	-
- liabilities	(2.0)	(1.7)	(1.0)	(0.7)	-	-
	(2.7)	(6.5)	0.8	(1.8)	(2.9)	(2.6)

The following table indicates the periods in which cash flows associated with derivatives that are cash flow hedges are expected to occur:-

Company **28 February 2010**	**Carrying amount €m**	**Expected Cash flows €m**	**6 months or less €m**	**6-12 months €m**	**1-2 years €m**	**More than 2 years €m**
Interest rate swaps						
- liabilities	**(4.9)**	**(6.6)**	**(1.6)**	**(1.9)**	**(2.1)**	**(1.0)**
	(4.9)	**(6.6)**	**(1.6)**	**(1.9)**	**(2.1)**	**(1.0)**
	Carrying amount €m	Expected cash flows €m	6 months or less €m	6-12 months €m	1-2 years €m	More than 2 years €m
28 February 2009						
Interest rate swaps						
- liabilities	(6.3)	(9.5)	(1.9)	(2.1)	(2.9)	(2.6)
	(6.3)	(9.5)	(1.9)	(2.1)	(2.9)	(2.6)

The cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss in the same periods.

24. SHARE CAPITAL AND RESERVES

Share capital

	Authorised number	Allotted and called up number	Authorised €m	Allotted and called up* €m
At 28 February 2010				
Ordinary shares of €0.01 each	**800,000,000**	**334,068,149***	**8.0**	**3.3***
At 28 February 2009				
Ordinary shares of €0.01 each	800,000,000	328,583,417**	8.0	3.3**
At 29 February 2008				
Ordinary shares of €0.01 each	800,000,000	312,992,836***	8.0	3.1

* inclusive of 16.0m treasury shares which are not fully paid up. The balance of 318,068,149 ordinary shares are fully paid
** inclusive of 12.8m treasury shares which are not fully paid up. The balance of 315,783,417 ordinary shares are fully paid
*** fully paid up ordinary shares

All shares in issue carry equal voting and dividend rights. The beneficial owners of the 16.0m shares issued under the Joint Share Ownership Plan have waived their right to receive a dividend.

Reserves

Group

Movements in the year ended 28 February 2010
In September 2009, 1,345,209 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €2.19 per share, instead of part or all the cash element of their year ended 28 February 2009 final dividend entitlement. In December 2009, 506,723 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €2.69 per share, instead of part or all the cash element of their year ended 28 February 2010 interim dividend entitlement.

Also, during the financial year, 432,800 ordinary shares were issued on the exercise of share options for a net consideration of €0.8m and a further 3,200,000 shares were issued as part of a Joint Share Ownership Plan for a total consideration of €6.6m, of which €0.7m was funded by the participating Executives and the balance funded by the Group. As with the shares issued under the Joint Share Ownership Plan during the previous year, these shares are held in trust with Kleinwort Benson (Guernsey) Trustees Limited and the entitlements associated with the shares fall to the benefit of the relevant executives if certain conditions in the Joint Share Ownership scheme are met over the life of the scheme.

Movements in the year ended 28 February 2009
In July 2008, 612,317 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €5.12 per share, instead of part or all the cash element of their year ended 29 February 2008 final dividend entitlement. In December 2008, 2,021,764 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €1.23 per share, instead of part or all the cash element of their year ended 28 February 2009 interim dividend entitlement.

Also during the financial year, 156,500 ordinary shares were issued on the exercise of share options for a consideration of €0.4m and a further 12,800,000 shares were issued as part of a Joint Share Ownership Plan for a total consideration of €14.7m, of which €1.5m was funded by the participating Executives and the balance funded by the Group. These shares are held in trust with Kleinwort Benson (Guernsey) Trustees Limited and the entitlements associated with the shares fall to the benefit of the relevant executives if certain conditions in the Joint Share Ownership scheme are met over the life of the scheme.

Details of Directors' shareholdings and employee share ownership plans are set out in the Report of the Remuneration Committee on pages 39 to 43.

Share premium - Company

The share premium, as stated in the Company balance sheet, represents the premium recognised on shares issued and amounts to €779.0m as at 28 February 2010 (2009: €767.3m). The movement in the current year relates to the exercise of share options, the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend, and the issue of shares under the Joint Share Ownership Plan.

24. SHARE CAPITAL AND RESERVES (CONTINUED)

Share premium - Group

The change in legal parent of the Group on 30 April 2004 as disclosed in detail in that year's annual report was accounted for as a reverse acquisition. This transaction gave rise to a reserve of €703.9m, which, for presentation purposes in the Group financial statements, has been netted against the share premium in the consolidated balance sheet.

Capital redemption reserve and capital reserve

These reserves initially arose on the conversion of preference shares into share capital of the Company and other changes and reorganisations of the Group's capital structure. These reserves are not distributable.

Cash flow hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred as set out in note 23 together with any deferred gains or losses on hedging contracts where hedge accounting was discontinued but the forecast transaction is still anticipated to occur.

Share-based payment reserve

The reserve comprises amounts expensed in the income statement in connection with share option grants falling within the scope of IFRS 2 *Share-based Payment* less any exercises or lapses of such share options, as set out in note 4.

Currency translation reserve

The translation reserve comprises all foreign exchange differences from 1 March 2004, arising from the translation of the net assets of the Group's non-euro denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the balance sheet date as adjusted for foreign currency borrowings and other derivatives designated as net investment hedges.

Treasury shares

This reserve arises when the Company issues equity share capital under its Joint Share Ownership Plan, which is held in trust by the Group's Employee Benefit Trust. The consideration paid, 90% by a Group company and 10% by the participants, in respect of these shares is deducted from total shareholders' equity and classified as treasury shares on consolidation.

Capital management

The Board's policy is to maintain a strong capital base so as to safeguard the Group's ability to continue as a going concern for the benefit of shareholders and stakeholders, to maintain investor, creditor and market confidence and to sustain the future development of the business through the optimisation of the debt and equity balance. There are no externally imposed requirements with respect to capital. The Board considers capital to comprise long-term debt and equity.

The Board periodically reviews the capital structure of the Group, considering the cost of capital and the risks associated with each class of capital. The Board approves any material adjustments to the capital structure in terms of the relative proportions of debt and equity. In order to maintain or adjust the capital structure, the Group may issue new shares, dispose of assets, alter dividend policy or return capital to shareholders. During the previous financial year, the Directors undertook a decision to propose a reduction in the full year dividend per share payable to ordinary shareholders for the financial year ended 28 February 2010 from 9.0c per share to 6.0c per share, the final element of which (3.0c per share) is subject to shareholder approval at the AGM to be held on 5 August 2010.

The level of debt in the capital structure is measured by the ratio of Net debt:EBITDA before exceptional items. In the period, this ratio increased from 1.9 at 28 February 2009 to 2.8 at 28 February 2010. The Group's primary debt facility matures in May 2012, it is Group policy to ensure that a structure of long term debt funding is in place at least 6 months in advance of the maturity date.

Company income statement

In accordance with Section 148(8) of the Companies (Amendment) Act, 1963, the income statement of the Company has not been presented separately in these consolidated financial statements. A profit of €8.2m (2009: €11.6m) was recognised in the individual Company income statement of C&C Group plc.

25. CAPITAL COMMITMENTS

At the year-end, the following capital commitments authorised by the Board had not been provided for in the financial statements:-

	2010 €m	2009 €m
Contracted	5.7	0.8
Not contracted	2.7	0.5
	8.4	1.3

The capital commitments at 28 February 2010 predominantly relate to costs associated with the implementation of a JD Edwards IT system in the acquired businesses. It is expected that these commitments will be settled in the coming financial year.

26. COMMITMENTS UNDER OPERATING LEASES

Future minimum rentals payable under non-cancellable operating leases at the year end are as follows:

	2010		2009	
	Land & buildings €m	**Other €m**	Land & buildings €m	Other €m
Payable within one year	**3.9**	**1.8**	0.4	0.9
Payable in 2 to 5 years	**15.7**	**4.0**	1.6	3.0
	19.6	**5.8**	2.0	3.9

On the acquisition of the Tennents and Gaymer cider businesses a number of lease agreement were novated to the Group for the provision of motor vehicles and warehousing.

27. GUARANTEES AND CONTINGENCIES

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of companies within the Group, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

During the year, the Company negotiated a new sterling debt facility of £60m and the Company, together with a number of its subsidiaries as outlined in note 30, gave a letter of guarantee to secure its obligations in respect of this loan. These companies also have a similar guarantee in place in relation to the euro syndicated bank loan facility which was put in place in May 2007. The actual loans outstanding at 28 February 2010 amounted to €480.2m (2009: €310m).

During the current year, Enterprise Ireland funding of €0.2m was received under the terms of the Irish Government's Employment Subsidy Scheme while in the prior year €0.2m was received towards the costs of implementing a development plan. These funds are fully repayable should the company at any time during the term of the Agreement be in breach of the terms and conditions of the Agreement. The Agreement terminates five years from inception.

Under the terms of the Sale Purchase Agreement with respect to the disposal of the Soft drinks business to Britvic plc, the Group had a maximum exposure of €249.2m in relation to warranties undertaken. The time limit for the submission of all claims with respect to these warranties, with the exception of a claim relating to tax where the time limit is 4 years, expired in June 2009.

Under the terms of the Sale Purchase Agreements with respect to the disposal of the wines and spirits distribution businesses in the year to 28 February 2009, the Group had a maximum exposure of €9.6m with respect to the Republic of Ireland business and Stg£1.9m with respect to the Northern Ireland business in relation to warranties undertaken. All claims with respect to these warranties must be presented in writing to the group within 21 months (13 June 2010) and 18 months (26 August 2010) respectively, following completion of the sale, except for a claim relating to tax in Northern Ireland where the time limit is 7 years.

Pursuant to the provisions of Section 17 of the Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of all its subsidiary companies incorporated in the Republic of Ireland for the financial year to 28 February 2010 and as a result such subsidiaries are exempt from the filing provisions of Section 7, Companies (Amendment) Act, 1986 (note 30).

28. RELATED PARTY TRANSACTIONS

(a) Group

Identity of related parties
The principal related party relationships requiring disclosure in the consolidated financial statements of the Group under IAS 24 *Related Party Disclosures* pertain to the existence of subsidiaries, transactions with these entities entered into by the Group and the identification and compensation of key management personnel.

Subsidiary undertakings
The consolidated financial statements include the financial statements of the Company and its subsidiaries. A listing of all subsidiaries is provided in note 30. Sales to and purchases from, together with outstanding payables and receivables, are eliminated in the preparation of the consolidated financial statements in accordance with IAS 27 *Consolidated Financial Statements*.

28. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel

For the purposes of the disclosure requirements of IAS 24, the Group has defined the term 'key management personnel', as its executive and non-executive Directors. In addition to their salaries, the Group also provides non-cash benefits to Directors and executive officers, and contributes to a post-employment defined benefit plan on certain Directors behalf. Executive Directors also participate in the Group's share option programmes (note 4).

Details of key management remuneration are as follows:-

	2010 Number	2009 Number
Number of individuals	12	14
	€m	€m
Salaries and other short term employee benefits	2.2	2.6
Post employment benefits	0.4	0.5
Termination payments	-	4.4
Cash settled long term incentive plan	0.1	0.1
Equity settled share-based payments	1.0	0.2
Charged to the Income statement	3.7	7.8
Actuarial loss recognised on defined benefit pension schemes	-	1.0
Total	3.7	8.8

During the prior year, a provision was made for termination payments in respect of Directors leaving service during the current financial year.

Brendan Dwan and John Holberry, who resigned from the Board on 1 May 2009 and 31 August 2009 respectively, have been included in the head count numbers. All costs relating to Brendan Dwan's employment and John Holberry's termination and bonus were provided in the prior year.

John Dunsmore is a non-executive Director and Chairman of the Remuneration Committee of Fuller Smith & Turner Plc, a company with which the Group has a trading relationship.

Details of transactions with executive and non-executive Directors are set out in the Report of the Remuneration Committee on pages 39 to 43.

(b) Company

The Company has a related party relationship with its subsidiary undertakings. Details of the transactions in the year between the Company and its subsidiary undertakings are as follows:

	€m
Dividends received from subsidiary undertakings	-
Expenses paid by subsidiary undertakings on behalf of the Company	(10.0)
Equity settled share-based payments	2.5
Movement in loans with subsidiary undertakings	(0.2)
Funding of cash requirements of subsidiary undertakings	(171.0)

29. POST BALANCE SHEET EVENT

The Group announced an agreement to dispose of its Spirits & Liqueurs division to William Grant & Sons Holdings Ltd for a cash consideration of €300m on 30 April 2010. This business was not held for sale as at 28 February 2010 and has not been accounted for as such. The disposal is subject only to C&C Group shareholder approval which will be sought at an EGM to be held on 17 June 2010.

30. SUBSIDIARY UNDERTAKINGS

Name	Nature of business	Class of shares held (100%)
Trading subsidiaries		
*^ Bulmers Limited	Cider	Ordinary
*^ C&C (Holdings) Limited	Holding company	Ordinary
#*^C&C Group International Holdings Limited	Holding company	Ordinary
*^ C&C Group Irish Holdings Limited	Holding company	Ordinary
*^ C&C International Limited	Spirits & liqueurs	Ordinary
* C&C Management Services (2007) Limited	Provision of management services	Ordinary
C&C Management Services (UK) Limited	Provision of management services	Ordinary
~ C&C Northern Ireland Limited	Cider & beer distribution	Ordinary
^ Gaymer Cider Company Limited	Cider	Ordinary
~ Quinns of Cookstown (1964) Limited	Cider, beer & soft drinks distribution	Ordinary
*^ Tennents Beer Limited	Beer Distribution	Ordinary
^ Tennent Caledonian Breweries (UK) Limited	Beer	Ordinary
*^ Wm. Magner Limited	Cider	Ordinary
Wm Magner GmbH	Cider	Ordinary
Wm. Magner, Inc	Cider	Ordinary
Other subsidiaries		
* Bestormel Limited	Non-trading	Ordinary
* Bouchel Limited	Non-trading	Ordinary
* C&C Agencies Limited	Non-trading	Ordinary
^ C&C Brands Limited	Non-trading	Ordinary
* C&C (Investments) Limited	Non-trading	Ordinary
* C&C Group Pension Trust (No. 2) Limited	Non-trading	Ordinary
* C&C Group Pension Trust Limited	Non-trading	Ordinary
^ C&C IP Sarl	Non-trading	Ordinary
C&C Logistics (NI) Limited	Non-trading	Ordinary
^ C&C Luxembourg Sarl	Holding company	Ordinary
~^ C&C Holdings (NI) Limited (previously C&C Pension Trust (1988) Limited)	Holding company	Ordinary
~ C&C Profit Sharing Trustee (NI) Limited	Non-trading	Ordinary
* C&C Profit Sharing Trustee Limited	Non-trading	Ordinary
Cantrell & Cochrane B.V.	Non-trading	Ordinary
*^ Cantrell & Cochrane Limited	Holding company	Ordinary
* Cravenby Limited	Non-trading	Ordinary
* Edward and John Burke (1968) Limited	Patent company	Ordinary
* Findlater (Wine Merchants) Limited	Holding company	Ordinary
* Fruit of the Vine Limited	Non-trading	Ordinary
* Grants of Ireland Limited	Holding company	Ordinary
* Irish Mist Liqueur Company Limited	Non-trading	Ordinary
* Lough Corrib Mineral Water Company Limited	Non-trading	Ordinary
* Magners Irish Cider Limited	Non-trading	Ordinary
* M O'Sullivan & Sons Limited	Non-trading	Ordinary
~ Reihill McKeown Limited	Non-trading	Ordinary
* Showerings (Ireland) Limited	Non-trading	Ordinary
* Thwaites Limited	Non-trading	Ordinary
* TJ Carolan & Son Limited	Non-trading	Ordinary
* Tullamore Dew Company Limited	Non-trading	Ordinary
* Vandamin Limited	Non-trading	Ordinary

* Companies covered by Section 17 guarantees (note 27)
^ Original guarantors in respect of bank loans
\# Immediate subsidiary of C&C Group plc

30. SUBSIDIARY UNDERTAKINGS (CONTINUED)

All the above subsidiary companies are registered in the Republic of Ireland and have their registered office at The Grange, Stillorgan Road, Blackrock, Co Dublin with the exception of:-

- C&C Group plc which has its registered office at The Plaza, Parkwest Business Park, Dublin 12,
- C&C Luxembourg Sarl and C&C IP Sarl which have their registered offices at L01232 Luxembourg, Avenue Marie-Therese,
- C&C Management Services (UK) Limited which has its registered office at Abbots House, Abbey Street, Reading, Berkshire,
- Cantrell & Cochrane B.V. which has its registered office at A.J. Ernststraat 595 H, 1082 LD, Amsterdam,
- Gaymer Cider Company Limited which has its registered office at 4 More London Riverside, London, SE1 2AU,
- Tennent Caledonian Breweries (UK) Limited which has its registered office at 191 West George Street, Glasgow, G2 2LD,
- Wm Magner GmbH which has its registered office at Hans-Steiberger-StraBe 2b, 85540 Harr,
- Wm Magner, Inc. which has its registered office at 1114 Avenue of the Americas, New York 10036-7703, and,
- those marked "~" which have their registered offices at 468-472 Castlereagh Road, Belfast.

31. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Directors on 25 May 2010.

SHAREHOLDER AND OTHER INFORMATION

C&C Group plc is an Irish registered company. Its ordinary shares are quoted on the Irish and London Stock Exchanges. C&C also has a Level 1 American Depository Receipts (ADR) programme for which Deutsche Bank acts as depository (symbol CCGGY). Each ADR share represents three C&C ordinary shares.

FINANCIAL CALENDAR	Date
Annual general meeting	05-Aug-10
Payment date for final dividend	01-Sep-10
Interim results announcement	Oct-10
Interim dividend payment	Dec-10
Financial year-end	28-Feb-11

WEBSITE

Further information on C&C Group plc is available at www.candcgroupplc.com

SECRETARY AND REGISTERED OFFICE

Sinead Gillen
C&C Group plc
Block 71, The Plaza, Parkwest Business Park, Dublin 12.
Tel: +353 1 616 1100
Fax: +353 1 654 6272

INVESTOR RELATIONS

FD K Capital Source
10 Merrion Square, Dublin 2

REGISTRARS

Shareholders/investors with queries concerning their holdings, dividend information or administrative matters should contact our registrars:

Capita Registrars
Unit 5, Manor Street Business Park, Manor Street, Dublin 7
Tel: +353 1 810 2400
Fax: +353 1 810 2422
Email: enquiries@capitaregistrars.ie

PRINCIPAL BANKERS

AIB Bank
Bank of Ireland
Ulster Bank

SOLICITORS

McCann FitzGerald
Riverside One, Sir John Rogerson's Quay, Dublin 2

STOCKBROKERS

Davy Stockbrokers
Goldman Sachs

AUDITOR

KPMG
Chartered Accountants
1 Stokes Place, St. Stephen's Green, Dublin 2

DIVIDEND PAYMENTS

An interim dividend of 3c per ordinary share was paid on 10 December 2009.

A final dividend of 3c, if approved, will be paid in respect of ordinary shares on 1 September 2010. A scrip alternative will be offered to shareholders.

Dividend Withholding Tax ('DWT') must be deducted from dividends paid by an Irish resident company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrars. DWT applies to dividends paid by way of cash or by way of shares under a scrip dividend scheme and is deducted at the standard rate of income tax (currently 20%). Non-resident shareholders and certain Irish companies, trusts, pension schemes, investment undertakings, companies resident in any member state of the European Union and charities may be entitled to claim exemption from DWT and have been sent the relevant form. Further copies of the form may be obtained from Capita Registrars. Shareholders should note that DWT will be deducted from dividends in cases where a properly completed form has not been received by the relevant record date. Individuals who are resident in Ireland for tax purposes are not entitled to an exemption.

Shareholders who wish to have their dividend paid direct to a bank account, by electronic funds transfer, should contact Capita Registrars to obtain a mandate form. Tax vouchers will be sent to the shareholder's registered address under this arrangement.

CREST members

Share holders who hold their shares via CREST will automatically receive dividends in Euro unless they elect otherwise.

Non-CREST members

Shareholders who hold their shares in certificate form will automatically receive dividends in Euro with the following exceptions:

- Shareholders with an address in the UK will automatically receive dividends in Sterling
- Shareholders who had previously elected to receive dividends in a particular currency will continue to receive dividends in that currency.

Shareholders who wish to receive dividends in a currency other than that which will be automatically used should contact the Registrar.

CREST

Transfer of the Company's shares takes place through the CREST settlement system. Shareholders have the choice of holding their shares in electronic form or in the form of share certificates.

ELECTRONIC COMMUNICATIONS

Following the introduction of the Transparency Regulations 2007, and in order to promote a more cost effective and environmentally friendly approach, the Company provides the Annual Report electronically to shareholders via the Group's website and only sends a printed copy to those who specifically request one. Shareholders who wish to alter the method by which they receive communications should contact the Company's registrar.

C&C group plc

Block 71, The Plaza,
Parkwest Business Park, Dublin 12
www.candcgroupplc.com