A LEADING MANUFACTURER, MARKETER AND DISTRIBUTOR OF BRANDED LONG ALCOHOLIC DRINKS BASED IN IRELAND AND THE UK

c&c group plc

Annual Report and Accounts 2011

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REVENUE
€789.7M

OPERATING PROFIT
€100.5M

FREE CASH FLOW
€106.8M

BASIC EARNINGS PER SHARE
93.4C

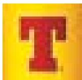
ADJUSTED DILUTED EARNINGS PER SHARE
25.4C

- Recovery trend continues in Magners GB with year on year volume growth of 3.6% reflecting an outperformance relative to the growing cider category.
- Robust performance for Bulmers in ROI against a challenging backdrop with earnings, in a deflationary environment, remaining relatively flat despite a 2.4% year on year volume decline.
- Export volume growth of 34% year on year - market data suggest that cider as a worldwide category is enjoying growth of circa 8%, implying double-digit growth for territories outside the UK and Ireland.
- One of the world's top three cider producers and well positioned to fully participate in category growth.
- Operating margin broadly unchanged despite the increased weighting of the lower margin acquired businesses.
- Strong well invested brands – driving maintainable profit growth.
- Acquired businesses integrated with minimal customer disruption, a strong first year contribution from Tennent's and on track for delivery of synergy targets.
- Strong cashflow generation and low levels of net debt leaves the Group well placed to support continued business investment and exploit any strategic or development opportunities which may arise.

REPUBLIC OF IRELAND

CIDER

TENNENT'S



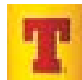
ABI DISTRIBUTION RIGHTS

On-trade and non-transnational off-trade

NORTHERN IRELAND

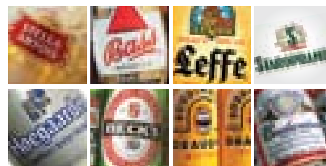
CIDER

TENNENT'S



ABI DISTRIBUTION RIGHTS

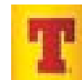
Non-transnational on and off-trade



SCOTLAND

CIDER

TENNENT'S



ABI DISTRIBUTION RIGHTS

Non-exclusive on-trade

C&C BRANDS

Bulmers - a premium, traditional blend of Irish cider with an authentic clean and refreshing taste.

Magners - a premium, traditional blend of Irish cider with a crisp, refreshing flavour and a natural authentic character.

Tennent's Lager is brewed to the highest standards to create a lager with a crisp taste and refreshingly clean finish. Tennent's has been made with pride in the heart of Glasgow since 1885, but is famous far beyond its home city; Tennent's Lager is Scotland's best-selling lager.

Gaymers Original Cider - a clean, crisp, easy drinking medium cider.

Blackthorn Cider is a West Country legend and is now one of Britain's best known and widely drunk ciders.

Olde English is made using a unique blend of dessert and cider apples, Olde English is enjoyed for its distinctive taste.

Addlestones - a premium cloudy cider, smooth and easy drinking thanks to its unique double fermentation process.

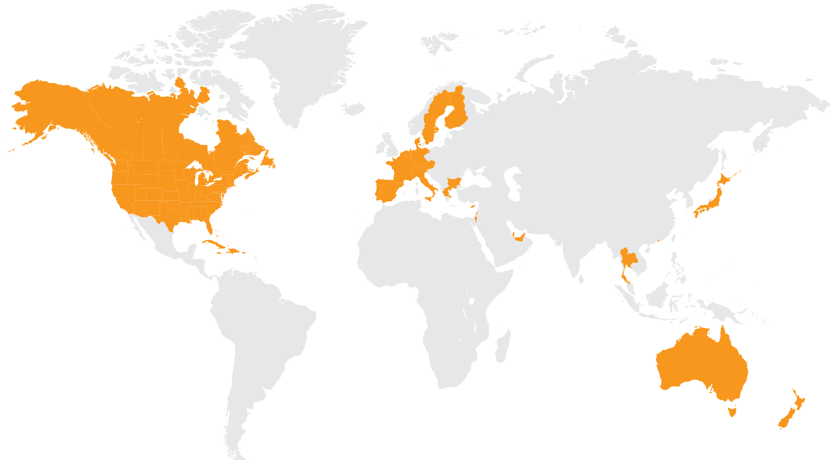
Other cider brands include Special Vat, K, Natch and Diamond White.

ENGLAND & WALES

CIDER

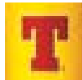
TENNENT'S

EXPORT



CIDER

TENNENT'S



LOCATIONS

Austria
Belgium
Bulgaria
Cyprus
Czech Republic
Denmark
Finland
France
Germany
Greece
Italy
Luxembourg
Malta
Portugal
Spain
Sweden
Switzerland
The Netherlands

USA
Canada
Caribbean

Abu Dhabi
Australia
Bahrain
Hong Kong
Israel
Japan
New Zealand
Qatar
Singapore
Thailand
UAE

GROUP STRATEGY

Our long term strategy is to build a substantial international cider-led, Long Alcohol Drinks business through a combination of organic growth and selective acquisitions.

The medium-term strategic goals for the Group are to:

- consolidate the recovery in our core markets and begin to rebuild growth by investing in, and innovating with, our premium brands
- transform the export business through investment in both brands and infrastructure, and the development of strategic alliances where appropriate

enhancing future earnings growth in the business.

BUILDING FOR THE FUTURE

The success of any business has to be measured not simply by its delivering immediate and positive financial and operational results but also by developing strategic and longer term value.

In a year of challenging conditions the Group has made considerable progress. Each of our core markets has endured uncertainty and volatility but the Board and the senior management team have pursued positive strategies to deliver sustainable value.

YEAR'S REVIEW

This year has seen further progress in the strategic development of the Group. We disposed of our Spirits & Liqueurs business. This was an attractive business with good brands, but was suboptimal in scale and the disposal has put the Group in a strong focused position. We have the financial and operational capability to pursue a variety of opportunities that will undoubtedly arise and to invest behind our increasingly successful brand development.

We have seen a strong operational business performance. At the start of the year the Board agreed a number of key objectives that would be benchmarks for our performance. Despite the exceptionally difficult economic climate in Ireland, these have been generally achieved.

- In Ireland Bulmers has largely held its market share in a tough Long Alcoholic Drinks market.
- In Great Britain Magners has returned to sales growth and has outpaced the growing cider sector.
- With our core markets still affected by unpredictability, there is strength in exploring new markets. The recent growth in North America and Australia is most encouraging.

RESTRUCTURING

The year has also been characterised by the restructuring of the Group to capitalise on our acquisitions last year. The Tennent's and Gaymers brands that were acquired are now being integrated successfully into the Group, making us a stronger and more flexible organisation. The projected benefits are being delivered.

The success of this integration and the achievement of key objectives in the marketplace have produced good financial results for the Group. This has put us on the front foot to drive our evolution through the strengths of our business and brands. It is a springboard for the future.

PEOPLE

This is my first year as Chairman of the Group, and I would like to thank the outgoing Chairman, Tony O'Brien, for facilitating such a smooth transition. We wish him well for the future. He has overseen the business through many changes and, most recently, helped to steer the Group in particularly difficult times.

THE POSITIVE STEPS TAKEN TO ENSURE THE STRATEGIC POSITION AND OPERATIONAL PERFORMANCE OF C&C ARE BEGINNING TO DELIVER RESULTS. IT IS A TIME FOR INITIATIVE IN THE WIDEST SENSE AND AT EVERY LEVEL IN THE ORGANISATION.

We are aware of the need to plan for Board and management succession, as this is a vital process. Changed environments dictate a need for evolution in every organisation in order to ensure its future, and C&C is no different.

There have been many changes in personnel as part of preparing the business for the future, specifically through the integration of the acquired businesses and the disposal of the Spirits & Liqueurs business. This maintains our momentum and our focus and, despite the sizeable shift that the changes have entailed, the end-result is in everybody's long term interest.

Our staff has experienced another year of turbulent economic conditions and I would like to thank them for their perseverance and for adapting to the financial and market circumstances of our trade.

GOVERNANCE

The Board and senior management team are committed to maintaining the highest standards of governance and ethical behaviour throughout the business. A statement of our main Governance principles and practice is provided on pages 38 to 45.

The Board is now focused on the Group's future strategic direction and met in December 2010 to consider a new three year plan. The Board is also working to ensure its own effectiveness. We have undertaken an evaluation of the performance of the Board and its committees and a continuing review of the performance of the individual Directors.

This year, in anticipation of the new requirements of the UK Corporate Governance Code, all Directors will be standing for re-election at the Annual General Meeting.

MARKET ENVIRONMENT

In these difficult times it is worth acknowledging the specific market forces that have contributed to our success. The Government in Ireland has been under intense pressure relating to the Corporate Tax rate specifically but it continues to maintain a corporate environment that remains attractive to commerce and inward investment. This is true of the past and will be essential for the future, with many associated implications for business, employment and the wider social fabric of Ireland.

FINANCIALS

Operating profit, before exceptional items, for the year amounted to €105 million, including discontinued activities. In the current climate, this is a satisfying result. The business produced a strong free cash flow, reaching €106.8 million. In addition the disposal of the Group's Spirits & Liqueurs business yielded a gross consideration of €300 million in cash. The Group's Net Debt to EBITDA ratio puts it in a strong position to take advantage of future opportunities.

DIVIDENDS

It is proposed to pay a final dividend of 3.3 cent per share, subject to shareholder approval. If approved, this will bring the Group's full year dividend to 6.6 cent per share. A scrip dividend alternative will also be available.

CONCLUSION

The positive steps taken to ensure the strategic position and operational performance of C&C are beginning to deliver results. It is a time for initiative in the widest sense and at every level in the organisation. Whether it is in terms of brand, corporate or people development, we have to be and are beginning to be on the front foot. It is a challenge relished by everyone in the Group and promises significant opportunity.

Sir Brian Stewart
Chairman

FOCUSED PLAYER IN LONG ALCOHOLIC DRINKS

This has been a year of unparalleled change for the Group. The integration of Tennent's and Gaymers and the subsequent disposal of our Spirits & Liqueurs business have strengthened our business in our core domestic markets. We are now a focused player in Long Alcoholic Drinks, with both the quality of brands and the scale required to compete effectively.

During the year employees throughout the business have risen to the challenges of integrating the acquired businesses on time and with minimal customer disruption. Against a demanding consumer backdrop we have delivered on our key financial targets and the operational objectives outlined at the beginning of the financial year have all been delivered. Our Export cider business has expanded strongly as the category grows in a number of international markets. We enter the new financial year almost debt free. The Group is well positioned to pursue further growth opportunities but always in the context of the long-term maximisation of shareholder returns.

OUR KEY OBJECTIVES

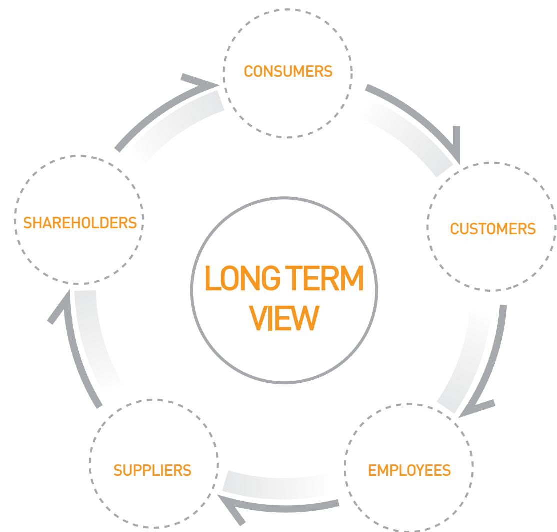
You may recollect that at the start of the financial year we outlined to shareholders five key objectives for the year:

1. **Integrate and deliver synergies from acquired businesses**
2. **Continue to build on momentum of Magners in GB**
3. **Protect Bulmers earnings position in Ireland**
4. **Capital structure and free cash flow to deliver forward strategic objectives**
5. **Lay foundation for international development of cider**

We have made great progress against these objectives and this is in no small way through the efforts of our employees. I would like to join with the Chairman and the rest of the Board in paying tribute to the loyalty and commitment of all our employees for their contribution over the year.

1. INTEGRATION OF ACQUIRED BUSINESSES

The scale of change brought about by the acquisition of Tennent's and Gaymers was considerable. They were the first acquisitions by the Group outside Ireland since the flotation of the Company and we moved from having one production facility to three, the existing plant in Clonmel being augmented by the brewery in Glasgow and the cider mill at Shepton. Production volumes tripled and the number of employees increased significantly. Four sales organisations had to be integrated and the back office accounting services and systems support functions redirected from services provided by AB InBev and Constellation Brands to our own in house team. We also had an initial objective to achieve €5 million in synergy cost savings.



TENNENT'S AND GAYMERS WERE THE FIRST ACQUISITIONS FOR THE GROUP OUTSIDE IRELAND SINCE FLOTATION AND IN TERMS OF SCALE AND TIMING PRESENTED SIGNIFICANT OPERATIONAL CHALLENGES. THE INTEGRATION HAS, HOWEVER, BEEN COMPLETED ON TIME AND WE NOW HAVE A STRONG PLATFORM FOR FUTURE GROWTH.

Following the acquisitions our systems infrastructure required upgrading and we invested in a new IT platform. To support the transition we assembled a dedicated team of over 70 people, with a mixture of internal and external capability. We saw it as critical that we used internal resource as much as possible, to ensure forward capability.

The integration process was phased with an early move to merge the sales force in Ireland, which was then followed by the merger in April of the Tennent's Northern Ireland business with our existing cider business in Northern Ireland. The Scottish business was by then fully integrated into the Group and in September we switched over to the new IT system. We also unified our call centre operation and created an accounting services function at the Wellpark Brewery in Glasgow. These new centres support all the UK businesses, with Irish operations continuing to be supported from Clonmel. The Gaymers business was merged into Magners GB by August, with a combined sales and marketing team focused on the combined cider portfolio and located in a new central London office. Logistics were merged over the same period and we are now fully operational in our National Distribution Centre near Bristol. The last piece of integration will be the transition from the Constellation IT platform scheduled for late May.

We are pleased with progress made on anticipated synergies. The Tennent's business has provided a robust platform for growing our cider position in Scotland and Northern Ireland. On the supply side the acquisitions have provided procurement scale, providing a degree of protection from input price inflation.

In financial terms, the synergies presented by the integration are in excess of our original estimates. They are on track to achieve €18 million, 50% of which was realised in FY2010/11, with the remaining 50% to be realised in FY2011/12. The synergies are evenly split between cost savings and revenue.

2. BUILDING MOMENTUM IN GB

The cider market in Great Britain is the world's largest and after forty years of growth remains dynamic. New entrants are continually emerging, presenting a competitive challenge but also demonstrating the underlying attractiveness of the category. Consumers are drawn to the sweet natural taste of cider in a wide range of variants. We set ourselves the target of growing at least in line with the market during the financial year. Against the backdrop of internal business change, this was a demanding objective.

Volumes of the Magners brand overall grew 3.6% year on year against overall market growth of 3%. We are pleased with the progress of Magners Pear, now accounting for 14% of total sales volume.

The driving force for this achievement was the shift in our marketing efforts from the start of 2010. In line with the detailed strategy devised and approved by the Board, we have invested heavily to grow the brand, through media spend and through increasing our sales resource.

3. PROTECT BULMERS POSITION IN IRELAND

Challenging conditions existed in all of the Group's markets, and this was especially so in Ireland. Macro economic factors, notably price deflation, exacerbated an already difficult trading environment.

The shift from on-trade to off-trade continued. Our objective for FY11 was to hold earnings at 2010 levels and, despite a loss in our share of off-trade and an overall decline of 3% of cider volumes against a flat LAD market, we have achieved our objective. Brand health is at a two year high and we have seen a slight on-trade performance recovery.

WE BEGAN A SIGNIFICANT SPONSORSHIP OF GLASGOW RANGERS AND CELTIC, THE TWO TOP SCOTTISH FOOTBALL TEAMS. AS A RESULT TENNENT'S IS BUILDING AWARENESS WITH CORE DRINKERS AND APPEALING TO A NEW YOUNGER AUDIENCE.

We pursued a number of initiatives to deliver this goal. We continued our brand investment to deliver value and we launched Bulmers Berry. Pricing was adjusted to reflect general deflationary pressures (4% to 5%) and this resulted in a lower price being offered to the on-trade for draught cider. During the year we launched a beer portfolio which includes Becks, Stella Artois and Tennent's, which delivered incremental profit. Finally, we rigorously examined our cost base and took further steps to reduce manufacturing and support costs. Combined, these actions have enabled us to hit our earnings target.

4. CAPITAL STRUCTURE

The strategic repositioning of the Group through the acquisition of Tennent's and Gaymers left us with high levels of debt. The subsequent disposal of our Spirits & Liqueurs business and the underlying strength of our cash flow has taken debt down to €6.3 million.

Our business is well invested and cash flows remain robust. The Board has recognised the underlying balance sheet strength with a proposed 10% increase in the final dividend. In challenging economic conditions, we remain well placed to support both continued business investment and exploit any strategic opportunities that emerge.

5. INTERNATIONAL DEVELOPMENT

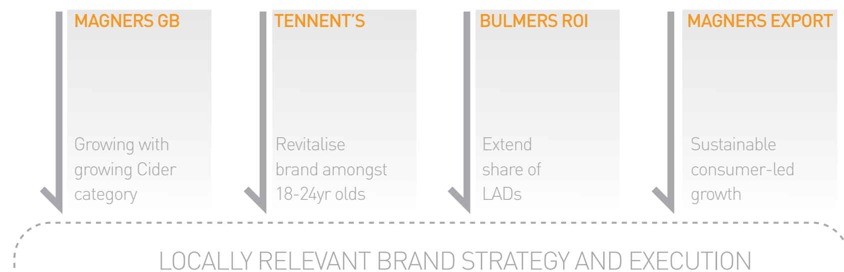
The Magners brand is sold in over 30 principal countries worldwide. We experienced a strong performance in FY2010/11, with year-on-year volume growth of 34% in our export markets outside Ireland and the UK. The importance of international sales to the Magners brand is growing and currently they account for 13% of total Magners volume. Two of the key markets that we are targeting are North America and Australia, where sales volumes have increased by 36% and by 74% respectively this year.

Cider as a category continues to expand globally. Magners and its Irish provenance have credibility with consumers internationally and our ambition in the medium term is to achieve double-digit brand growth. As one of the world's top three cider producers we are well positioned to participate fully in category development. Our brand assets, technical knowledge and portfolio coverage provide an excellent platform for delivering on this ambition.

SPIRITS AND LIQUEURS

During the financial year, we disposed of the Spirits & Liqueurs business to William Grant & Sons Holdings Ltd, for a gross consideration of €300 million. The sale of this division, which was approved by shareholders on 17 June 2010, has provided us with the opportunity to focus on our core business.

MAGNERS GOLDEN DRAUGHT WAS LAUNCHED IN SCOTLAND IN JUNE 2010. IT HAS ACHIEVED A 12% SHARE OF THE DRAUGHT CIDER MARKET.



NEW LAUNCHES

Innovation is vital to invigorate consumer interest and to drive revenue growth. In FY2010/11 we launched two new products.

In Ireland we launched Bulmers Berry, which was designed to stretch the brand footprint to younger and female consumers. Together with Bulmers Pear, it has helped broaden the Bulmers brand's consumer appeal and become more relevant to a younger audience.

Magners Golden Draught was launched in Scotland in June 2010. It has achieved a 12% share of the draught cider market, helped by Tennent's reach in over 11,000 on-trade premises and a dedicated marketing campaign. Its success will see a further roll-out across England and Wales in the coming year.

Innovation is vital to invigorate consumer interest and to drive revenue growth and we have put in place a comprehensive infrastructure to support a long -term innovation pipeline.

MARKETING

We continue with our view that consumers are drawn to strong authentic brands with genuine heritage and quality. Accordingly, we pursue relevant brand strategies tailored for local consumers and we invest for the long term in our key brand assets. 'There's method in the Magners' was our biggest marketing investment of the year involving a large television, digital and poster campaign. The campaign introduces a message that is specific to Magners. Light-hearted advertisements take viewers to Clonmel, the home of Magners, and present a storyline illustrating the authentic Irish craft and provenance of the brand. The campaign has proved successful in raising brand awareness, providing a clear differentiation between Magners and other cider brands.

The marketing focus in Ireland was on the launch of Bulmers Berry, described above.

In Scotland, Tennent's returned to TV advertising for the first time in five years, with the 'Hugh Tennent' campaign. Tennent's is a brand that has needed investment. The campaign, which reminds consumers of the brand's heritage, has resulted in increased distribution in the on-trade. We have also continued our sponsorship of Scotland's largest music festival 'T in the Park' and we began a significant sponsorship of Glasgow Rangers and Celtic, the two top Scottish football teams. As a result Tennent's is building awareness with core drinkers and appealing to a new younger audience.

An innovative scheme was set up at our Wellpark brewery in Scotland. The Tennent's Training Academy provides vocational training to employees in the retail trade. Supported by funding from the Scottish Government, its courses cover all aspects of hospitality training from health and safety through to catering. This is a significant investment by the Group in our customer base and community and has been widely welcomed.

CHAIRMAN

I am delighted to welcome Sir Brian Stewart to the Group. This is his first year with C&C, following his appointment as Chairman at the Annual General Meeting on 5 August 2010. He brings with him a wealth of experience as former chairman of Standard Life plc and chief executive and chairman of Scottish & Newcastle plc. He joins us at a time of considerable change and his experience will undoubtedly be of great value to the Group.

On behalf of the Board, I would like to thank Tony O'Brien, the former Chairman, for his contribution to the Group over many years and wish him well in his retirement.

OUTLOOK

We are pleased with the progress made over the past financial year against a challenging economic and indeed operational backdrop. I believe the Group has demonstrated management depth and strength in absorbing the transformational acquisitions while remaining focused on day-to-day operations.

The world cider markets are in healthy growth. C&C is a scale player in markets that represent over half of world cider and it has a portfolio of strong well invested brands. This is an enviable position. Our scale and the quality of our brand assets together with our low debt level, strong cash flow generation and balance sheet strength, give us a strong base to support the future development of C&C.

John Dunsmore
Chief Executive Officer

STRONG WELL INVESTED BRANDS

The financial year to 28 February 2011 includes the first full year trading contribution from the acquired Tennent's and Gaymers businesses. On a constant currency basis for the continuing business, the Group reported an increase of 60.3% in Revenue, 46.1% in Net revenue, and growth of 41.2% and 30.1% in EBIT and adjusted diluted EPS respectively. Despite the increased weighting of the lower margin acquired businesses, operating margins were broadly unchanged at 19% implying a material increase in operating margins of the original cider business of Bulmers and Magners.

Including the €4.5 million operating profit contribution from the discontinued Spirits & Liqueurs division, the Group is reporting operating profit of €105 million for the full year, which is in line with stated guidance and represents an increase of 17% over the previous financial year.

Conversion of EBITDA into free cash flow remains strong at 84.6%, delivering free cash flow of €107 million. Added to the proceeds received from the disposal of the Spirits & Liqueurs business, this generated a €359 million reduction in net debt from €365 million at 28 February 2010 to €6 million at 28 February 2011.

ORIGINAL CIDER BUSINESS

Economic conditions in ROI and GB remain unpredictable and challenging. From a consumer perspective the environment is negative. However, from a sector-specific viewpoint the position of C&C is perhaps more balanced than the macro economic or consumer challenges in ROI and GB otherwise suggest. Two out of our three principal territories (GB and Export) continue to offer opportunity for growth in both cider volume and value.

ROI: The performance of the Bulmers business unit over the last twelve months was robust against a challenging backdrop. The objective of holding earnings in a deflationary environment was achieved with segmental profits inclusive of beer level year on year. The Bulmers brand performed, according to Nielsen, in line with a declining on trade Long Alcoholic Drinks (LAD) market but lagged the LAD growth in the off trade channel. Bulmers volumes were down 2.4% in the year with pricing and mix impact taking the net revenue decline to 7.1% in total. Earnings were protected by a 2.6 percentage point improvement in operating margins as the impact of cost reductions in Ireland flowed through.

GB: The cider category in GB is in good health, fuelled by innovation within the category and a dynamic off trade channel. The long term growth trend continued with volume and value growth of 3% and 5% respectively for the 12 months to 19 February 2011. Market data sources (CGA and Nielsen) recorded Magners volume as rising by 5% in the year, whereas our own shipments were up 3.6% but lagged behind in value with a net revenue decline of 3.5%. The volume to value differential reflects a volume share gain for Magners in the off trade but a share loss in the on trade; the decision to absorb the duty price increase in June 2010; and increased off trade promotional activity in the second half of the financial year.

THE TENNENT'S BUSINESS ACCOUNTED FOR €27.5M OF THE €34.1M WITH THE TENNENT'S BRAND AGAIN IMPROVING OPERATING PROFIT CONTRIBUTION MARGINS FROM 17.4% AT THE HALF YEAR TO 20.3%.

Export: Market data (Euro monitor) suggest that cider as a worldwide category is enjoying growth of around 8%, implying double-digit growth excluding the UK. Magners volume sold outside of the UK grew by 34% in the year. North America and Australia continue to demonstrate very robust growth with other cider markets such as France and Finland showing signs of promise. With revenue per litre in line with those of the Bulmers brand in Ireland, Export is already providing some protection for the deflationary challenges in Ireland. Current volatility in foreign currency markets does, however, give some grounds for caution around growth in Export profit contribution in the short term.

Total worldwide Magners volumes, which includes GB, Export and Northern Ireland, grew by 4% this year while net revenues declined by 1.3% on a constant currency basis.

ACQUIRED BUSINESSES

The acquired businesses of Tennent's and Gaymers combined to contribute €34.1 million of operating profit before allocation of Group overheads in the first full financial year of C&C ownership. This equates to more than double the full year earnings contribution from the disposed Spirits & Liqueurs business. The three transactions delivered net cash to C&C of €32.0 million and this corporate activity has strengthened both the earnings base and capital structure of C&C. The contribution should continue to improve as the remaining synergies are delivered during the 2011/12 financial year.

The Tennent's business contributed €27.5 million of the €34.1 million with an improvement in the Tennent's brand operating profit contribution margin from 17.4% at the half year to 20.3%. This margin improvement was achieved having absorbed a step change increase in marketing levels for the Tennent's brand to over 11% of its net revenue. The brand is gaining share in the Scottish on trade whilst dropping some low value off trade activity.

Despite the improvement, the brand still indexes below the category averages in retail pricing, suggesting that there is scope for further operating margin gain over the next few years. The relevance of the Tennent's business to the performance of Magners in the Scottish on trade is showing signs of emerging in the most recent CGA market stats. Magners Moving Annual Total (MAT) volume grew 13% within a Scottish on trade cider category that grew by 2%. Magners share of on trade cider in Scotland increased by 2.1 percentage points to 21.6% in the year.

Before allocation of group overheads, the Gaymers business contributed €6.6 million of EBIT in FY2010/11.

This represents an operating profit contribution margin of 7.5% and an improvement on the comparable 5.8% reported at the half year. The position of the Gaymers business and brands within the C&C portfolio remains unchanged. Their primary role is to support and protect the continued development of the Magners brand.

Exceptional costs in the year were €13.3 million. Of this, €8.4 million was attributed to the integration of the acquired businesses.

In addition, €6.6 million was invested in the new GB systems platform, enabling a successful and smooth exit from the transitional service agreements with AB InBev and Constellation Group.

DIVISIONAL REVIEW
CIDER - REPUBLIC OF IRELAND (ROI)

Constant currency[(i)]	FY 2010/11 €m	FY 2009/10 €m	Change %
Revenue	136.4	153.0	(10.8%)
Net revenue	100.0	107.6	(7.1%)
- Price /mix impact			*(4.4%)*
- Volume impact			*(2.7%)*
Operating profit	43.7	44.2	(1.1%)
Operating margin (Net revenue)	*43.7%*	*41.1%*	*2.6ppts*
Volume – Bulmers (khl)	517.8	530.4	(2.4%)
Volume – Other (khl)	30.8	33.6	(8.3%)

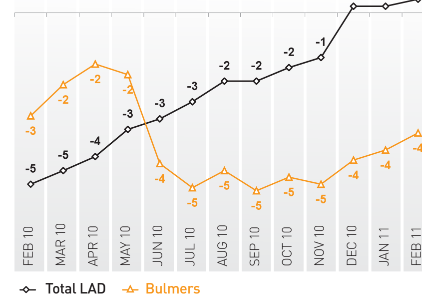
Long Alcoholic Drinks (LAD) volumes in ROI remain level year on year. However, a change in consumer behaviour is clear from the 9% growth in LAD off trade volumes and the 5% decline in on trade volumes that, according to Nielsen, constitute the flat LAD market. Consumption at home has evidently increased during the past 12 months. Price is a factor in this accelerated channel switch. The level of promotional activity has increased and the average retail selling price for LADs in the off trade dropped by 10% in the year to February 2011. In comparison, the average retail selling price for the Bulmers brand fell by 6%, increasing the price premium of the brand to the LAD category from 26% to 30% in the off trade. The relative increase in the price premium of the Bulmers brand contributed to a loss of share in the off trade with Bulmers volumes dropping by 1%. In the on trade, the Bulmers pint bottle continued to perform well and kept the brand volumes in line with the overall LAD decline of 5%.

The revenue decline of 10.8% is distorted by the duty reduction in December 2009. Net revenue excludes duty and provides greater clarity on the impact of underlying pressures on revenues in ROI. Net revenues were down by 7.1% in the year with volumes accounting for 2.7% and price mix a further 4.4%. At this point in time, the on to off trade channel dynamic is not a significant factor in the revenue decline for C&C. Bulmers price reductions in the on trade for packaged in June 2009 and draught in May 2010, together with increased price support in the off trade, are the main reasons for the 4.4% price /mix impact on net revenue. However, as the off trade builds scale and the levels of promotional activity increase it is likely that the on to off trade channel dynamic will become more of a deflationary feature.

Despite the revenue loss, an improvement of 2.6 percentage points in operating margins delivered cider earnings broadly in line with the prior year. Earnings for ROI were level year on year inclusive of the contribution from beer. Cost reduction from both inputs and overheads on the supply side of the business provided some relief from the price deflation. Marketing investment in Bulmers was reduced to fund an obvious need for some price support in the off trade. The reduced levels of marketing spend have not been to the detriment of the brand health.

Whilst the robust margin performance of the Bulmers business in FY2010/11 is acknowledged, it is likely that price deflation will be a feature of the LAD market for the next few years in ROI. The scope for further cost reduction is limited. Consequently innovation in cider and diversification in beer will become increasingly important to an earnings protection strategy for the next few years.

ROI: On + Off Trade Rolling MAT Volume Sales Trend



Source: ACNielsen

(i) On a constant currency basis, constant currency calculation is set out on page 20

BULMERS
Original

DIVISIONAL REVIEW
CIDER - GREAT BRITAIN (GB)

Constant Currency[i]	Magners FY2010/11 €m	Magners FY2009/10 €m	Change %	Gaymers Brands FY2010/11 €m	GB Cider FY2010/11 €m
Revenue	131.9	132.0	(0.1%)	152.7	284.6
Net revenue	107.2	111.1	(3.5%)	88.0	195.2
- Price /mix impact			*(7.1%)*		
- Volume impact			*3.6%*		
Operating profit	21.6	€16.5	30.9%	5.4	27.0
Operating margin (Net revenue)	20.2%	14.9%	5.3ppts	6.1%	13.8%
Volume – (khl)	745	719	3.6%	1,623	2,368

The cider category sustained its long term growth trend with retail volumes increasing by 3% in the twelve months to 19 February 2011 and value increasing by 5% over the same period. The off trade channel continues to be the source of dynamism in the category with growth of 4% compared to a flat performance in the on trade. It is anticipated that the arrival of Stella Artois Cidre in the market will accelerate category growth in 2011 via the off trade.

The AC Nielsen/CGA statistics show Magners retail volume growth of 5%, with a decline of 5% in the on trade and growth of 18% in the off trade. This represents a nine percentage point improvement for the total brand during the twelve month period. The recovery trend is attributed to both accelerated volume for Magners in the off trade and a reduced level of decline in the on trade.

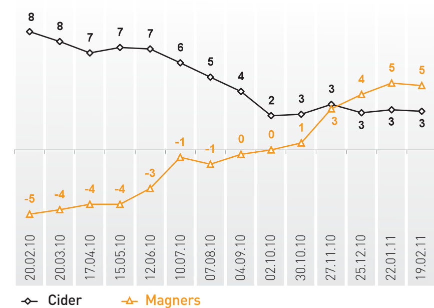
There is discrepancy between the 3.6% growth in Magners volume shipped in FY2010/11 and the 5% increase in retail volumes recorded by Nielsen/CGA. However, the momentum in the brand and the recovery trend is clear. Based on volumes shipped, Magners was in positive market share territory for the year.

The differential in trade channel performance does have a significant impact on revenue. The 3.6% volume growth is more than offset by a price mix reduction in unit revenues of 7.1%. The channel switch effect accounts for 1.7 percentage points of the 7.1%. The absorption of duty accounts for a further 1.9 percentage points while increased promotional activity accounts for 3.5 percentage points. The effects of channel switch and promotional activity were more significant for trading in the second half of FY2010/11. Whilst the revenue line has yet to return to positive territory, the 3.5% net revenue decline this year compares favourably to a 15.2% decline in the previous year.

Improvements in operating margins of 5.3 percentage points more than offset the revenue decline, increasing the operating profit contribution by 31%. The re-allocation of marketing investment to support promotional activity improves margins by 2.1 percentage points. Marketing investment levels remain above 15% and represent a competitive 'share of voice' to support the 'There's method in the Magners' campaign. The rest of the operating margin improvement in the year is attributable to the flow through of overhead and input cost reductions on the supply side of the business.

Presenting the Gaymers numbers side by side with the Magners numbers illustrates the considerable differential in the underlying economics and highlights why the primary focus of the Gaymers business is to support the development of the Magners brand. The performance of the Gaymers portfolio is covered in the review of acquired businesses on page 18.

GB: On + Off Trade Rolling MAT Volume Sales Trend



Source: ACNielsen + CGA

(i) On a constant currency basis, constant currency calculation is set out on page 20

MAGNERS
IRISH CIDER
Original

DIVISIONAL REVIEW
CIDER - EXPORT

Constant currency[i]	FY 2010/11 €m	FY 2009/10 €m	Change %
Net revenue	21.5	16.2	32.7%
- Price /mix impact			*(1.1%)*
- Volume impact			*33.8%*
Operating profit	2.7	1.5	80.0%
Operating margin (Net revenue)	12.6%	9.3%	3.3ppts
Volume – (khl)	119.6	89.4	33.8%

Export cider includes sales for Magners in all markets outside of the Republic of Ireland and the UK.

The accelerated growth evident in the first half of FY2010/11 continued in the second half and full year volumes were up 34% in comparison with FY2009/10. North America and Australia remain the key expansion markets for Export, now accounting for 58% of total export volumes and 70% of the volume growth in the year. Iberia returned to positive territory in FY2010/11 with a volume increase of 6%. Finland and France are relatively small cider territories for C&C but both enjoyed strong growth in the year.

Category data for the export markets are less comprehensive than those available in either GB or ROI. The cider category in the USA is estimated to be around 450k hl and growing at 16-17% per annum. Magners has around 10% volume share in the USA with momentum in the brand largely attributable to widening distribution.

Growth for Magners in the USA last year was 38%. In Australia, the total cider market is considered to be around 300k hl and growing at 13-15%. Magners growth in Australia was 74% last year and it is likely to overtake Iberia as C&C's second biggest Export market by volume in FY2011/12.

The negative price/mix impact of 1.1% is a feature of the product mix in Export markets rather than price. Relative to other territories, net revenue per litre is lower in the USA.

Operating margins of 12.6% reflect a level of marketing investment in the brand that is appropriate at this stage of the development cycle.

(i) On a constant currency basis, constant currency calculation is set out on page 20

GAYMERS

DIVISIONAL REVIEW – ACQUIRED BUSINESSES [i]

FY2010/11	Tennent's Brand €m	Third party brands €m	Total Tennent's Business €m	Gaymers €m	Total acquired businesses €m
Revenue	227.2	82.3	309.5	152.7	462.2
Net revenue	103.5	75.0	178.5	88.0	266.5
Operating profit [1]	21.0	6.5	27.5	6.6	34.1
Operating margin [1]	20.3%	8.7%	15.4%	7.5%	12.8%
Volumes – khl	1,560	389	1,949	1,623	

[1] Operating profit and operating margin have been calculated on a contribution basis and as such there is no allocation of central overheads netted against these numbers. The segmental operating profits as reported in note 2 to these financial statements are net of an allocation of central overheads.

The Tennent's business which includes both Scotland and Northern Ireland made a solid contribution in FY2010/11. Investment levels in the brand increased to over 11% of net revenue through sponsorship of both Glasgow Celtic and Rangers football clubs, the 'T in The Park' music festival and the return of Tennent's advertising to television. Early returns from the investment are evident in the performance of the brand in the on trade. In Scotland, retail volumes expanded through distribution and were up 1% year on year. This was in line with the beer market and 2 percentage points ahead of the lager category. In the off trade, retail volumes were down 7% in the year to March with unit pricing improving by 5%. In Northern Ireland, on trade distribution gains helped lift the Tennent's brand back to market leadership by volume of lager sold. In the off trade channel, the focus remains on rebuilding value and a price position that is commensurate with the strength of the brand. Operating margins on Tennent's of 20.3% are trending up from 17.4% at the half year.

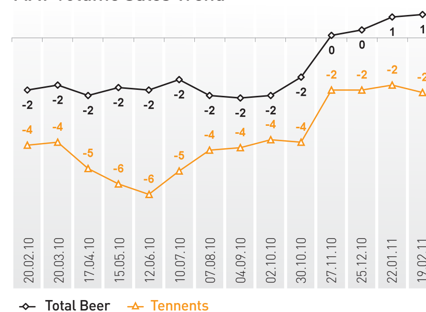
Operating margins for third party brands of 8.7% are understandably lower than the Tennent's brand margin. As part of the Tennent's portfolio offering, however, the third party brands have enjoyed the benefit of outlet gains and the volume performance was robust during the year.

In ROI, there are encouraging signs for the new beer portfolio. The focus in FY2010/11 was building distribution for Tennent's and the rest of the portfolio. Most of the profits generated were re-invested in the brands. It is anticipated that in FY2011/12 the beer portfolio will begin to contribute more meaningfully to earnings in ROI.

The contribution from the Tennent's acquisition is pleasing and there are early indications that the route to market strength in Scotland will prove to be positive for the development of Magners. Market share for Magners in the on trade in Scotland increased to 21.6% on annual growth of 13%. This compares very favourably to the overall GB position, where Magners on trade market share is 13.4%. The Scottish on trade cider category also grew ahead of the GB Market.

The contribution from the Gaymers business is slightly below that expected at the time of acquisition. The growth and relative weighting of the Gaymers brand within the portfolio improved margins slightly from the half year. However, the scale of high volume, low margin activity and the linked sensitivity to pricing weighs heavily on the overall economics of the business at this point in time. The separation of the Gaymers business from Constellation was a challenge to commercial focus during the year but the successful integration with the Magners business should provide the right platform for exploiting the extended portfolio to the benefit of Magners.

Scotland: On + Off Trade Rolling MAT Volume Sales Trend



Source: ACNielsen + CGA

(i) the acquired businesses relate to the Tennent's and Gaymers businesses which were acquired from AB InBev and Constellation Brands respectively during the year ended 28 February 2010

FOREIGN EXCHANGE AND COMPARATIVE REPORTING

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:£0.85 (FY10: €1:£0.89) and the effective rate for the translation of foreign currency revenue/net revenue transactions was €1:£0.86 (FY10: €1:£0.82) resulting in an effective rate of €1:£0.88 (FY2010: €1:£0.82) at operating profit level.

The Group policy is to hedge an appropriate portion of its foreign currency transaction exposure for a period of up to 2 years ahead. The principal foreign currency forward contracts in place at 28 February 2011 are:

		2012
Sterling amount	(m)	20.0
Average forward rate	(Euro:Stg)	0.84

Comparisons for revenue, net revenue and operating profit for each of the Group's operating segments are shown at constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's sterling denominated subsidiaries by restating the prior year at FY2011 effective rates. Applying the realised FY2011 foreign currency rates to the reported FY2010 revenue, net revenue and operating profit rebases the comparatives as follows:

	Year ended 28 Feb 2010 (i) €m	FX Transaction €m	FX Translation €m	Year ended 28 Feb 2010 Constant currency comparative €m
Revenue				
Cider – ROI	153.0	-	-	153.0
Cider – GB	149.0	(7.1)	0.2	142.1
Cider – NI	18.5	-	0.7	19.2
Cider – Export	15.7	0.5	-	16.2
Tennent's GB	70.7	-	3.5	74.2
Tennent's Ireland	10.3	-	0.4	10.7
Third Party Brands	73.6	-	3.5	77.1
Total	**490.8**	**(6.6)**	**8.3**	**492.5**
Net revenue				
Cider – ROI	107.6	-	-	107.6
Cider – GB	122.8	(6.2)	0.1	116.7
Cider – NI	15.1	-	0.6	15.7
Cider – Export	15.7	0.5	-	16.2
Tennent's GB	31.1	-	1.5	32.6
Tennent's Ireland	6.3	-	0.3	6.6
Third Party Brands	64.1	-	3.0	67.1
Total	**362.7**	**(5.7)**	**5.5**	**362.5**
Operating Profit – before exceptional items				
Cider – ROI	44.3	(0.1)	-	44.2
Cider – GB	19.7	(4.0)	-	15.7
Cider – NI	2.9	-	0.1	3.0
Cider – Export	1.5	-	-	1.5
Tennent's GB	2.2	-	0.1	2.3
Tennent's Ireland	1.5	-	0.1	1.6
Third Party Brands	2.7	-	0.2	2.9
Total	**74.8**	**(4.1)**	**0.5**	**71.2**

(i) Continuing operations, i.e. excludes the Revenue, Net revenue and Operating Profit of the Group's discontinued Spirits & Liqueurs business.

STRONG PLATFORM FOR FUTURE DEVELOPMENT

C&C is pleased to report a strong financial and operating performance for the financial year ended 28 February 2011 delivering earnings growth in line with our stated guidance. The Group is reporting a 60.3% increase in revenue to €789.7 million on a constant currency basis (60.9% on a reported basis), a net revenue increase of 46.1% to €529.6 million (46.0% on a reported basis), operating profit, before exceptional items, of €100.5 million and basic earnings per share of 93.4 cent for the financial year ended 28 February 2011.

ACCOUNTING POLICIES

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 European Union, which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC), applicable Irish law and the Listing Rules of the Irish and London Stock Exchanges. Details of the basis of preparation and the significant accounting policies are outlined on pages 63 to 71.

RESULTS FOR THE YEAR

The financial year to 28 February 2011 incorporates the first full year trading contribution from the acquired Tennent's and Gaymers businesses. Operating profit for continuing operations before exceptional items of €100.5 million reflects a constant currency increase of 41.2% on the prior year. This performance translates to an operating margin of 19.0% which, despite the increased weighting of the lower margin acquired businesses, represents a reduction of only 0.6 percentage points in constant currency terms on the operating margin earned in the previous financial year implying a material increase in the operating margin of the original cider business i.e. Bulmers and Magners brands. These results are discussed in more detail and analysed by business sector in the Operations Review on pages 10 to 20.

Management reviews the Group's cash generating performance by measuring the conversion of EBITDA to Free Cash Flow as this metric highlights the underlying cash generating performance of the ongoing business. Free Cash Flow is a non-GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which forms part of the cash impact of investing activities.

The Group ended the year with a strong EBITDA to Free Cash Flow conversion ratio of 84.6% (2010: 103.4%) reflecting:-

- a one-off positive working capital benefit arising from the timing of cashflows transferred to the Group from AB InBev under the transitional services agreement,
- the Group's on-going focus on working capital management, and
- the well invested nature of the Group's production facilities.

The net debt position benefited from both this and the net cash inflow from investing activities (excluding capital investment) of €263.2 million which reduced the Group's net debt position from €364.9 million to €6.3 million. The cash inflow from investing activities includes the net proceeds received on disposal of the Group's Spirits and Liqueurs division and is net of the deferred consideration and other costs paid in relation to the prior year acquisitions.

EXCEPTIONAL ITEMS

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

(a) Integration of acquired businesses: the €8.4 million of costs associated with the integration of the acquired Tennent's and Gaymers businesses recognised in the income statement primarily relate to external consultant fees and remuneration costs of employees directly involved in the integration process and in the implementation of a new IT systems platform in the acquired Tennent's business, which in accordance with IAS 16 Property, Plant and Equipment, and in the opinion of management, were not appropriate for capitalisation within Property, plant and equipment in the balance sheet.

(b) 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 the recognition of an exceptional charge before taxation of €4.9 million.

(c) Retirement benefit obligation income: a defined benefit pension scheme curtailment gain of €2.0 million was recognised during the current financial year and arose as a result of: the Group's disposal of its Spirits & Liqueurs business to William Grant & Sons Holdings Limited and the subsequent reclassification of those employees from active to deferred members; restructuring initiatives in Northern Ireland following the integration of the acquired business; and a cost reduction programme in the Group's cider manufacturing facility in Clonmel, Co Tipperary.

(d) Inventory recovery: juice stocks which were previously impaired were recovered and used by the Group's acquired Gaymers cider business during the current financial year resulting in a write back of juice stocks to operating profit at their recoverable value of €0.2 million. As the original impairment charge was accounted for as an exceptional cost the write-back has also been accounted for in this manner.

FINANCE COSTS, INCOME TAX AND SHAREHOLDER RETURNS

The average interest rate on the Group's debt was 2.5% (2010: 2.0%) reflecting the ongoing low level of variable interest rates, the average annual one month euribor rate was 0.64% marginally lower than the equivalent rate of 0.66% for the 12 month period ended 28 February 2010. The marginal increase in average interest rate is reflective of the increased weighting of debt subject to fixed as opposed to variable rates, a consequence of the disposal of the Group's Spirits & Liqueurs business and the subsequent repayment of debt. The average interest rate attributable to interest rate swap contracts increased from 3.6% for the financial year ended 28 February 2010 to 4.0% for the current financial year.

The income tax charge in the year relating to continuing activities and excluding exceptional items amounted to €11.1 million giving an effective tax rate of 12.2%, an increase on the prior year due to the acquisition of the Tennent's and Gaymers businesses and the associated increased proportion of Group profits subject to the higher UK Corporation tax rate. However, the bulk of the Group's taxable profits continue to arise in the Republic of Ireland, which accounts for the low effective tax rate.

Subject to shareholder approval, the proposed final dividend of 3.3 cent per share will be paid on 13 July 2011 to ordinary shareholders registered at the close of business on 27 May 2011. The Group's full year dividend will therefore amount to 6.6 cent per share, a 10% increase on the previous year. The proposed full year dividend per share will represent a payout of 26% (2010: 26%) of the full year reported adjusted diluted earnings per share. A scrip dividend alternative will be available.

Total dividends paid to ordinary shareholders in the current financial year amounted to €20.2 million of which €12.1 million was paid in cash while €8.1 million or 40% (2010: 22.6%) was settled by the issue of new shares.

CASH GENERATION

The Group generated Free Cash Flow of €106.8 million representing 84.6% of EBITDA compared with 103.4% for the year ended 28 February 2010. The reduction in Free Cash Flow from the exceptionally high EBITDA conversion rate for the year ended 28 February 2010 is driven by a number of factors including:-

- increased capital expenditure due to the installation of a new IT system (JD Edwards) in the acquired Tennent's business. The well invested nature of the Group's manufacturing and brewing facilities means that ongoing capital investment will continue at low levels for the foreseeable future;
- increased taxation payments reflecting higher UK tax liabilities as a result of the full year ownership of the Tennent's and Gaymers businesses, and the year on year impact of an exceptional tax refund received during the financial year ended 28 February 2010 in relation to the receipt of R&D tax credits relating to the financial years ended 28 February 2005 to 29 February 2008;
- reduced cash inflow from working capital management as the prior year working capital benefited from the timing of the acquisitions as outlined below.

The Group continued to maintain its focus on cash and working capital management during the financial year and had anticipated that it would be debt neutral at the year end, but higher than originally anticipated cash outflows in relation to integration and restructuring costs resulted in the Group retaining a net debt position, albeit at the low level of €6.3 million / 0.07 times EBITDA (calculated in accordance with the Committed Revolving Loan Facility Agreements), at the year end.

The free cash inflow in the financial year ended 28 February 2010 principally reflected low capital investment, a reduction in financing costs driven by a fall in variable interest rates and a positive working capital contribution primarily from the timing of the acquisition of the Tennent's and Gaymers cider businesses which yielded a working capital inflow of €30.0 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.

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

KEY LIQUIDITY INDICATORS

The Group continues to have a very strong balance sheet, fully invested production facilities and good cash generation capabilities. The receipt of a gross cash consideration of €300.0 million following the disposal of its Spirits & Liqueurs business enabled the Group to significantly reduce its net debt position by the year end and leaves the Group well placed to support continued business investment and take advantage of any acquisition or development opportunities which may arise. The Group's primary euro facility reduced to €185.0 million, of which €100 million is drawn, during the financial year and is due for renewal in May 2012.

Table 1 – Cash flow summary

	2011 €m	2010 €m
Inflows		
Operating profit [i]	105.0	89.5
Amortisation/depreciation	21.3	16.8
EBITDA [ii]	126.3	106.3
Outflows		
Working capital	31.5	38.0
Net capital expenditure	(21.1)	(5.4)
Net finance costs	(7.1)	(7.0)
Tax paid	(8.4)	(4.7)
Exceptional items paid	(13.5)	(13.0)
Other	(0.9)	(4.3)
Free cash flow[iii]	106.8	109.9
Proceeds on disposal of subsidiaries	294.9	2.1
Proceeds from exercise of share options and issue of new shares under Joint Share Ownership Plan	4.8	1.5
Deferred consideration / costs of acquisitions	(31.7)	(237.7)
Dividends paid in cash	(12.1)	(14.7)
Reduction/ (increase) in net debt	362.7	(138.9)
Net debt at beginning of year	(364.9)	(226.2)
Translation adjustment	(2.6)	0.6
Non cash movement	(1.5)	(0.4)
Net debt[iv] at end of year	(6.3)	(364.9)

Table 2 – Key liquidity indicators

		2011	2010
Financial Summary			
EBITDA [ii]	€m	126.3	106.3
Net interest paid	€m	7.1	7.0
Net debt	€m	6.3	364.9
Adjusted Diluted EPS	Cent	25.4	22.7
Dividend per share	Cent	6.6	6.0
Dividend cover		26%	26%
Price performance			
Share price at 28 February		€3.54	€2.71
52 week high		€3.60	€3.20
52 week low		€2.75	€0.90
Market capitalisation at year end (excluding treasury shares)	€m	1,149.1	861.9
Financing			
EBITDA/net interest		17.8	17.9
Net debt/EBITDA		0.07	2.8
Net debt as percentage of market capitalisation		0.5%	42.3%

(i) before exceptional costs and inclusive of discontinued activities
(ii) EBITDA: Earnings before exceptional items, interest, tax, depreciation and amortisation
(iii) Free Cash Flow is a non-GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. Free Cash Flow highlights the underlying cash generating performance of the ongoing business.
(iv) Net Debt is net of prepaid issue costs of €0.3 million (2010: €1.8 million) and excludes the fair value of swap instruments amounting to a liability of €2 million (2010: €4.9 million)

The Group is subject to two financial covenants under the terms of its debt agreements, interest cover and Net Debt:EBITDA. Interest cover, being a measure of the ability of a company to meet interest payments on outstanding debt, remains very strong at 17.8 times, being in excess of fives times the 3.5 times minimum cover provided in the Group's banking covenants. Net debt/EBITDA ratio, being a measure of the ability of a company to pay off its incurred debt, reduced to 0.07 times (maximum level specified in the aforementioned banking covenants is 3.5 times) following debt reduction and reflects the Group's extremely low levels of net debt. An analysis of cash, debt and derivative financial instruments including maturity profiles is set out in notes 20, 21 and 24.

This significantly reduced net debt to market capitalisation ratio is primarily driven by the repayment of debt and to a lesser extent the increase in the market capitalisation of the Group.

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 *Employee Benefits*, are included on the face of the Group balance sheet as retirement benefit obligations.

The last actuarial valuation of 1 January 2009 highlighted the Republic of Ireland schemes' failure to meet the Minimum Funding Standard and, although the Pensions Board deferred the deadline for the submission of funding recovery plans and applications for benefit reductions until further clarification is received from the Government in relation to their plans for pension reform, the Group is continuing to work with the Pension Scheme Trustees to implement pension reform with the objective of managing the Group's funding risk, making the schemes sustainable and placing the schemes in a position to satisfy the funding standard.

At 28 February 2011, the retirement benefit obligations on the IAS 19 basis amounted to €15.3 million gross and €13.3 million net of deferred tax (2010: €21.2 million gross and €18.4 million net of deferred tax). The movement in the deficit is as follows:-

	€m
Deficit at 1 March 2010	21.2
Translation adjustment	0.1
Employer contributions paid	(6.6)
Actuarial gains	(0.2)
Charge to the Income Statement	0.8
Deficit at 28 February 2011	15.3

The reduction in the value of the Group's retirement benefit obligation is largely as a result of the recognition of the annual employer contribution. The charge to the income statement benefits from the recognition of a curtailment gain of €2.0 million which primarily arose as a result of the restructuring of the Group's operations and the disposal of its Spirits & Liqueurs business which led to the reclassification of these employees from active to deferred members.

All other significant assumptions applied in the measurement of the Group's pension obligations at 28 February 2011 are consistent with those as applied at 28 February 2010.

FINANCIAL RISK MANAGEMENT

The primary financial market risks that the Group is exposed to include interest rate and foreign currency exchange rate movement 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 adopted to manage these financial risks are set out in detail in note 24 to the financial statements. The Group is also exposed to commodity price fluctuations, and manages this risk, where economically viable, by entering into fixed price short term supply contracts with suppliers. The Group does not directly enter into commodity hedge contracts.

In addition, the Group enters into insurance arrangements to cover certain insurable risks where external insurance is considered by management to be an economic means of mitigating these risks.

Debt and interest rate management

The Group's debt is primarily denominated in euro, subject to floating interest rates, and repayable by way of a bullet repayment on maturity. A sterling denominated loan facility was negotiated in November 2009, subject to variable interest rates and is repayable by instalment, the last of which is due on 30 June 2011. This facility will be repaid from existing cash resources. It is the intention of the Group to review its debt structure and to contract a new facility in advance of the maturing of its euro debt facility which is due to expire in May 2012. The Group finished the year in a very strong financial position. Reporting a net debt of €6.3 million the Group is substantially debt free. The sale of the Spirits & Liqueurs business

for €300.0 million plus working capital adjustments was the main driver in the reduction of net debt and effectively de-risks the refinancing of the Group's primary euro debt facility.

In line with its treasury policy, the Group hedges an appropriate portion of its interest rate risk and, as set out in note 24, at 28 February 2011 the Group has €50.0 million of its variable rate debt converted to fixed rates through the use of interest rate swap agreements at the following interest rates (excluding margin):

	Amount fixed €m	Fixed interest rate
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.

Currency risk management

The Group publishes its consolidated financial statements in euro but conducts business in other currencies. By entering into foreign currency transactions and by the consolidation of the results of its non-euro reporting foreign operations the Group is exposed to both transaction and translation foreign currency rate risk. The Group hedges a portion of its exposure to the sterling value of its foreign operations by designating its sterling borrowings as a net investment hedge. Currency transaction exposures primarily arise on the sterling denominated sales of its euro subsidiary undertakings and the Group's policy is to hedge an appropriate portion of this exposure for a period of up to 2 years ahead.

The effective rate for the translation of results from foreign currency operations was €1:£0.85 (year ended 28 February 2010: €1:£0.89) and the effective rate for the translation of the net operating profit impact or foreign currency transactions was €1:£0.88 (year ended 28 February 2010: €1:£0.82)

The principal foreign currency forward contracts in place at 28 February 2011 are:

		2012
Sterling amount	(m)	20.0
Average forward rate	(Euro:Stg)	0.84

Where hedge accounting is applied, hedges are documented and tested for effectiveness on an ongoing basis. All interest rate swaps and currency hedges are based on forecasted exposures and meet the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* to qualify as cash flow hedges. The fair value of all outstanding hedges at 28 February 2011 as calculated by reference to current market value amounted to a net liability of €1.7 million (2010: €6.8 million net liability) and this has been included on the balance sheet under "derivative financial assets and liabilities".

SUSTAINABILITY PROGRAMME

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 COMPANY, THE COMMUNITY AND THE ENVIRONMENT – IT IS MORE COST EFFECTIVE, DELIVERS ADDED VALUE AND STIMULATES INNOVATION AND CREATIVITY.

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.

C&C'S SUSTAINABILITY PROGRAMME FOCUSES ON A NUMBER OF KEY AREAS, SPECIFICALLY THE MANAGEMENT AND REDUCTION OF:

- ENERGY
- PACKAGING
- WASTE
- WATER
- CARBON CONSUMPTION

ENERGY

Continuous, ongoing energy reduction and improvement has been our goal. In June 2010, the Group's Clonmel plant gained accreditation to the Irish Energy Standard IS EN 16001:2009. This ensures a systematic management approach to improving energy performance continuously. This was achieved on the back of our three year agreement with the Sustainable Energy Authority of Ireland, which commenced in 2008. The objective is to reduce energy consumption across the business and, over the last three years, the energy initiatives implemented have resulted in a reduction of 23% in energy, usage. Targets are in place to make significant further reductions in the year ahead.

The Group's Wellpark brewery is actively participating in the brewing sector's Industrial Energy Efficiency Accelerator. This pilot programme is being completed with The Carbon Trust – a UK Government agency. This will ensure that Wellpark is well placed to recognise and implement early opportunities for best practice. The brewery continues to meet its regulatory targets, operating within the European Union Emissions Trading Scheme.

PACKAGING

The light-weighting of packaging continued at Clonmel during the year ended 28 February 2011. These are important initiatives that deliver benefits across many areas of the business, from source materials to transportation. The results deliver both cost and environmental benefits.

Initiatives included:

- a 6% reduction in weight of paper labels.
- a 10% reduction in crown metal usage.
- a 14% reduction in the weight of the Litre bottle.
- a 7% reduction in bottle multipack weight.
- can line shrinkwrap was down-gauged, resulting in a 20% reduction in usage.
- the weight of the Bulmers returnable pint bottle was reduced from 510g to 438g – a 14% reduction.
- by adding an extra layer to incoming pallets, 16% more pint bottles can be added to each pallet. This has allowed us to reduce the number of truck journeys, leading to a commensurate reduction in transport costs.

We continue to find ways to reduce weight and waste.

The major packaging resource for Tennent's Lager is the aluminium can. In the last six years a can light-weighting programme has been undertaken in partnership with suppliers. Four reductions in can wall thickness have been achieved in this period, significantly reducing the carbon footprint of the product.

Our Shepton cider mill has also delivered reductions: PET bottle weight has been reduced, cans have been down-gauged and trials to reduce the volume of shrink wrap are ongoing.

WASTE

As a commercial business, we are aware of the levels of waste that we produce, and how we can reduce them. Our ultimate goal is to recycle or recover for reuse 100% of our waste products.

In calendar 2010, we achieved a figure of 99.2% recovery and recycling at our Clonmel site. This meant that only 0.8% of waste generated on site was sent to landfill, which is an impressive statistic. There is a closed loop recycling of glass and aluminium, while 100% of all cardboard and plastic are recycled.

At our Wellpark site we continue to build on the 'principle of 5S', the lean manufacturing principle, with a number of workshops being held this year for employees to build awareness. In addition we have invested in recycling equipment within our packaging operation to ensure we recycle cans, plastic film, paper and cardboard waste. In calendar 2010 can wastage was reduced by 10%.

At our Shepton site, waste disposal has fallen year-on-year as efforts to recycle and re-use materials become more successful.

WATER

An aquifer protection programme has been implemented in Clonmel over recent years, resulting in successful registration to the IS 432 :2005 Spring Water standard. As a result of improved management of our natural resources we have achieved an 11% reduction in water usage since 2008. Water consumption at Clonmel in calendar 2010 was 3.07 hectolitres of water per hectolitre of cider produced. This is significantly below the recognised global brewing benchmark of 4 hl/hl.

At our Wellpark brewery, water consumption measures 3.6hl/hl, which is also significantly below the recognised global brewing benchmark of 4 hl/hl. In 2010, our focus and investment has been on brewery condensate recovery, which will help to minimise both water and energy consumption.

At Shepton, the water efficiency ratio on site continues to be in-line with industry standards. Water re-use projects, such as reclaiming pasteuriser, bottle rinse water, fruit processing and minimisation projects on plant and process cleaning systems, have helped to reduce our use of mains water by 22%, with minimal capital outlay. They have also resulted in a substantial reduction in effluent discharge.

CARBON

Our Carbon Reduction Team continues to focus on achievable carbon reductions, specifically at our production facilities.

C&C Group has continued to measure its corporate and product carbon footprint, using the Greenhouse Gas Protocol (GHG Protocol). This is the most widely used international accounting tool to enable governments and business leaders to understand, quantify and manage greenhouse gas emissions. Our carbon footprint figures in calendar 2010 included the Wellpark brewery and in 2011 will be extended to encompass the Shepton cider mill.

At Clonmel the result of our Sustainability Programme over the last two years has been a 10% year on year reduction in carbon emissions intensity. This reduction comes from four core areas: gas and electricity reduction, process efficiency, improved transport efficiency and packaging optimisation.

The Carbon Disclosure Project (CDP) is an independent not-for-profit organisation which holds the largest database of primary corporate climate change information in the world. 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. A corporate and product carbon footprint analysis was updated and submitted by us in calendar 2010. It included our Clonmel and Wellpark operations. In 2011, C&C Group will again participate in the CDP and we will also include our operations at Shepton.

The CRC Energy Efficiency Scheme, previously known as the Carbon Reduction Commitment (CRC), is an energy saving and carbon emissions reduction scheme for the UK. It is aimed at improving energy efficiency and therefore cutting CO_2 emissions in large public and private sector organisations. The scheme features a range of reputational, behavioural and financial drivers which seek to encourage organisations to develop energy management strategies, thereby promoting a better understanding of energy usage. This is a rigorous and detailed process, and, during 2010, C&C Group registered for the scheme for all operations in the UK.

Finally it should be noted that our orchards and those of our suppliers absorb the equivalent of 40% of our carbon output.

GREEN PRODUCTION AND PROCUREMENT

We have continued the Green Apple Awards, a biennial competition open to all contracted growers who supply apples to the cider mill at Shepton. In the contracted orchards, growers are encouraged to practise Integrated Pest Management (IPM). This involves the use of carefully timed sprays to minimise usage and the impact on beneficial insects. Biodiversity is encouraged. We work closely with the Farming and Wildlife Group at Somerset County Council.

C&C Group was awarded 1st place in the Green Private Sector Procurement category of the 2010 Irish National Procurement Awards. This was in recognition of the very significant carbon reduction achieved when we reduced the glass weight in our cider bottles at Clonmel.

OUR ORCHARDS AND THOSE OF OUR SUPPLIERS ABSORB THE EQUIVALENT OF 40% OF OUR CARBON OUTPUT.

COMMUNITY ENGAGEMENT

Bulmers employs more than 200 people in the greater Clonmel region in Co. Tipperary and in Dublin. With generations of families having worked in the original or present Clonmel plant, Bulmers remains close to the heart of the town. Bulmers continues to support local community initiatives and festivals in Clonmel through its sponsorship programme, thereby developing strong relations with local businesses, media and the community.

Tennent's investment in Scottish good causes was enhanced in the summer of 2010 with support for the Caledonian Challenge. This charity walk from Fort William to Tyndrum, involving almost 1,000 participants, raised over £1 million for Scottish charities.

Tennent's has introduced a dedicated Training Academy, with the support of the Scottish government. The academy is located at Wellpark Brewery, and has been fully kitted out to train the next generation of pub owners, bar staff and managers. It provides opportunities to people who wish to become involved in the licensed trade, through training and education.

Tennent's is now sourcing 75% of its malt requirements from Scottish farmers. Not only does this support the Scottish farming industry, it also reduces the transport carbon footprint. The aim is to source 100% of malt from Scotland by 2012.

Our Shepton cider mill is a large employer in the west of England. We actively support local and regional community initiatives, through sponsorship, donations, hospitality and events. This continues to build strong relationships with local people, local businesses, key stakeholders and media in the West Country.

C&C is proposing to establish a scholarship fund at University College Dublin, which, in honour of the Company's former chairman, will be known as the Tony O'Brien Scholarship Fund. The scholarships will support suitably qualified students from the CBS Secondary School in his home town of Kilkenny City who are undertaking degree courses in commerce or economics at UCD.

RESPONSIBLE DRINKING

Portman Group

C&C Group is a member of the Portman Group, the industry body set up to promote responsible drinking. The Portman Code of Practice seeks to ensure that alcohol is promoted in a socially responsible manner and only to those over 18. The Code applies to the naming, packaging and promotional material and activity of all pre-packaged alcoholic drinks which are marketed for sale and consumption in the UK. We include in this all advertising, the brand name, product descriptor, packaging, print media, internet and other new media, sponsorships, promotions (on- and off-trade), labelling and point of sale materials.

Public Health Responsibility Deal

In March 2011, C&C Group joined with 170 companies to sign up to the UK Coalition Governments "Public Health Responsibility Deal" with the aim of working in partnership with Government and other organisations to improve public health through their influence over food, alcohol, physical activity and health in the workplace. This long term programme sees companies commit and report on a series of pledges aimed at tackling alcohol misuse.

UK Minimum Juice Content and Minimum Pricing
The definition of cider for UK excise duty purposes was amended with effect from 1 September 2010, and included the requirement for minimum levels of apple or pear juice. The level was set at a minimum of 35% of juice at a specific gravity of at least 1.033 in both the fermentation and final packed product. Products whose juice content was below the threshold, typically the 'value' brands, became subject to a higher level of duty.

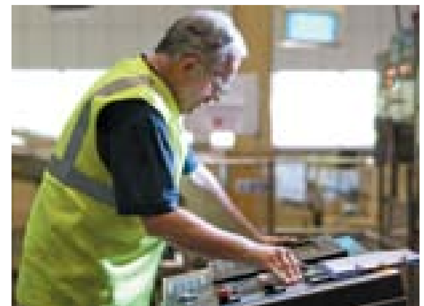
The Scottish Government has made proposals to introduce minimum pricing for alcohol. We support these measures so long as they are fair, proportionate and part of an overall programme to reduce the abuse of alcohol.

Responsible leisure initiatives
Tennent's has continued its ongoing commitment to responsible drinking messages throughout calendar 2010. 'T in the Park', where Tennent's is the founding partner, leads the way working with government and others to get responsibility messages across. The festival was once again a platform to deliver Responsible Drinking and Environmental messaging, both at the festival and across the event communications campaign. This included placing information about alcohol units on 400,000 event cups. We also applied a nationally recognized scheme that asks for proof of age if the consumer appears under 21.

Tennent's donated 50% of contracted advertising space on the large screens by the two main stages and on the outside back cover in the Official Event Programme to Drinkaware Trust and Department of Health campaigns. Tennent's once again operated 'Be Chilled' at 'T in the Park' – a facility for consumers camping at the festival to pre-order and collect chilled Tennent's Lager to encourage trading down; 4-packs were the most popular pack size over the weekend. The initiative was promoted in advance of the weekend, with all communications carrying responsible drinking messages including emphasis on eating (Healthy T) and alternating drinks with water. T in the Park provides free drinking water across the festival site via stand-pipes.

Tennent's commenced a multi-million pound sponsorship of Celtic and Rangers in July 2010, using the mass appeal of the Old Firm to support the clubs' charitable causes, UEFA campaigns and Responsible Drinking initiatives. In September 2010, Tennent's donated advertising space in the club magazines and match programmes to Drinkaware's "Why Let Good Times Go Bad?" campaign. Tennent's also supported UEFA's Respect campaign with a donation of branded Rangers shirts for the European Champions League group match against Valencia in Spain.

TENNENT'S ONCE AGAIN OPERATED 'BE CHILLED' AT 'T IN THE PARK' – A FACILITY FOR CONSUMERS CAMPING AT THE FESTIVAL TO PRE-ORDER AND COLLECT CHILLED TENNENT'S LAGER TO ENCOURAGE TRADING DOWN.



EMPLOYEES

Our employees are fundamental to the success of our business and we will continue to invest in attracting, developing, engaging, and rewarding employees with the skills we require.

This year our employee priorities have focused on ensuring that we create the right structure, environment and support to enable each individual to make a valuable contribution.

In 2010 a significant amount of restructuring activity was undertaken; this included the integration of the Magners and Gaymers businesses in Great Britain, the delivery of a new IT platform, the exit from the transitional service arrangements provided to us by AB InBev, a cost reduction programme in the Republic of Ireland and the creation of a customer contact centre and account services team in Wellpark Brewery. In addition, the decentralised business unit philosophy was finalised across the business and, in tandem with this, the Supply division was functionalised. The delivery of this level of change with minimal business disruption was an outstanding achievement and a reflection of the combined effort made by all of our employees.

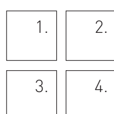
In 2010 for the first time we launched a business wide employee survey and achieved an employee response rate in excess of 80%. Each business area undertook employee feedback sessions and teams across the business identified actions to improve effectiveness. A further survey will be held this year.

The acquisitions made in 2009 and 2010 resulted in differences across our enlarged employment base with respect to both the elements and levels of reward and benefits. In 2010 we undertook a review of this area and identified a number of areas to harmonise in order to apply some consistent principles.

We remain committed to investing in developing our employees. In 2010 we undertook a blend of in-role learning, secondments, placements, coaching and development programmes across the business.

OUR EMPLOYEES ARE FUNDAMENTAL TO THE SUCCESS OF OUR BUSINESS AND WE WILL CONTINUE TO INVEST IN ATTRACTING, DEVELOPING, ENGAGING, AND REWARDING EMPLOYEES WITH THE SKILLS WE REQUIRE.

BOARD OF DIRECTORS



1. SIR BRIAN STEWART *

Group Chairman

Brian Stewart (66) was appointed as a non-executive Director of the Group in March 2010 and elected as Chairman of the Group in August 2010. 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.

2. JOHN DUNSMORE

Chief Executive Officer

John Dunsmore (52) 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 (50) 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

Strategy Director

Kenny Neison (41) 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.

BOARD COMMITTEES

Audit Committee**	Nomination Committee	Remuneration Committee***	Senior Independent Director
John Hogan (Chairman)	Sir Brian Stewart (Chairman)	Philip Lynch (Chairman)	Richard Holroyd
Liam FitzGerald	John Burgess	Liam FitzGerald	
Richard Holroyd	Philip Lynch	Richard Holroyd	
	Breege O'Donoghue		

5.	6.
7.	8.
9.	10.

5. JOHN BURGESS *

John Burgess (60) 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 (46) 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. He is also a non-executive director of Warner Chilcott plc.

7. JOHN HOGAN *

John Hogan (70) 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, Prudential International Assurance plc, and other private companies.

8. RICHARD HOLROYD *

Richard Holroyd (64) 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 (65) was appointed as a non-executive Director of the Group in April 2004. He is the chief executive of One51 plc; a non-executive director of FBD Holdings plc; and OpenHydro Group Limited.

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 trustee of IBEC; and was previously a director of An Post and Aer Rianta.

For information on independence of the Directors, please see Directors' Statement of Corporate Governance

* Non-Executive Director
** The Audit Committee has determined that John Hogan is the Audit Committee financial expert.
*** Sir Brian Stewart stepped down from the Remuneration Committee on his appointment as Chairman.

The Directors present the annual report and audited consolidated financial statements of the Group for the year ended 28 February 2011.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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

During the year the Group disposed of its Spirits & Liqueurs business for a gross consideration of €300 million plus working capital adjustments. This disposal was approved by the Group's shareholders at an Extraordinary General Meeting on 17 June, 2010 and completed on 1 July, 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 20.

RESULTS

Revenue on a continuing basis at €789.7m was 60.9% higher than 2010 (2010: €490.8m). Profit before exceptional items and finance costs amounted to €100.5m (2010: €74.8m), an increase of 34.4% on the previous year. The Group earned a profit for the year of €300.4m after accounting for exceptional items and including profit from discontinued activities, giving rise to a basic earnings per share of 93.4c compared with a basic earnings per share in 2010 of 23.2c. Diluted earnings per share from continuing operations amounted to 21.5c compared with a diluted earnings per share of 17.8c in the previous year.

The financial statements for the year ended 28 February 2011 are set out on pages 55 to 109.

DIVIDENDS

An interim dividend of 3.3c per share was paid in December 2010. Subject to approval at the Annual General Meeting, it is proposed to pay a final ordinary dividend of 3.3c per share to shareholders who are registered at close of business on 27 May 2011.

BOARD OF DIRECTORS

Sir Brian Stewart was appointed to the Board as a non-executive Director and Chairman Designate on 9 March 2010. He was elected as Chairman by shareholders at the Company's Annual General Meeting on 5 August 2010. Mr Tony O'Brien retired as Chairman and a Director after the Annual General Meeting on 5 August 2010.

In line with the provisions of the UK Corporate Governance Code published in June 2010, C&C Group is adopting a policy of annual re-election for all Board Directors. Consequently, all Directors will offer themselves for re-election at the Company's Annual General Meeting to be held on 29 June 2011.

DIRECTORS, SECRETARY AND THEIR INTERESTS

The names of the current Directors appear on pages 32 and 33, together with a short biographical note on each Director. The Directors who served during the year are listed in the table below. 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 2011 is contained within the Report of the Remuneration Committee on pages 46 to 51.

Director	Status	Independent / Non-Independent	Appointment
Sir Brian Stewart	Current	Chairman	2010
John Dunsmore	Current	Non-Independent | Chief Executive Officer	2008
Stephen Glancey	Current	Non-Independent | Chief Operating Officer & Group Finance Director	2008
Kenny Neison	Current	Non-Independent | Strategy Director	2009
John Burgess	Current	Independent	2004
Liam FitzGerald	Current	Independent	2004
John Hogan	Current	Independent	2004
Richard Holroyd	Current	Independent	2004
Philip Lynch	Current	Independent	2004
Breege O'Donoghue	Current	Independent	2004
Tony O'Brien	Retired	Former Chairman	2004

RESEARCH AND DEVELOPMENT

Certain Group undertakings are engaged in ongoing research and development aimed at improving processes and expanding product ranges.

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 and the pricing of products are influenced by economic conditions in the Group's principal markets. Prolonged economic weakness in these markets, inflation and government austerity measures may affect consumer spending and confidence, which could have an adverse impact on Group sales volumes, revenue and profits. The Group seeks to mitigate these risks through careful forecasting and regular monitoring of market conditions and their impact on the Group's profitability and by maximising operating efficiency.
- The decline in the number of, and revenue from, on-trade premises in Ireland and the United Kingdom, and the increase in the size of the off-trade relative to the on-trade, may adversely impact revenue and profits. Financial difficulties within the customer base, particularly in the on-trade where the Group has exposure through trade loans and advances of discounts, may adversely impact revenue and profits. The Group monitors the level of its exposure carefully.
- An increase in the buying and negotiating strength of the Group's customers through gains in market share or consolidation could force the Group to lower its prices, with an adverse effect on the Group's revenue and profits. The Group seeks to offset this risk by developing new markets and customers for its products and through product innovation.
- 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, 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 has a programme of brand investment to maintain and enhance the market position of its products.
- Consumer preferences may change and demand for existing products may decline or be replaced by other products affecting sales volumes, revenue and profitability. The Group seeks to respond to changes in consumer preferences through a programme of product innovation and the renovation of established brands, to retain existing customers and to recruit new ones.
- 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 could have an adverse effect on the value of the reported revenue and profits of the Group. Increases in interest rates may also impact profitability. The Group seeks to mitigate these risks through currency and interest rate hedging and structured financial contracts to hedge a portion of the Group's foreign currency transaction exposure and to fix a portion of the Group's variable rate interest exposure.
- Volatility and continued inflationary effects linked to input costs could have an adverse impact on profitability or continuity of supply of raw materials and ingredients to the Group. The weather and other factors may affect the availability of raw materials. The Group seeks to mitigate some of these risks through trade relationships with suppliers and by entering into fixed price supply agreements. The Group does not seek to hedge its exposure to commodity prices by entering into derivative financial instruments.
- 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 adversely affect sales volumes, revenue and profits. The Group seeks to mitigate the financial impact of such an event through business interruption and other insurances and the operational impact of such an event by the availability of multiple production facilities, and through fire safety standards and disaster recovery protocols.
- The Group may be adversely affected by changes in government regulations including changes in excise duty or taxation on cider and beer in the UK, Ireland and other territories, or restrictions on alcohol pricing or advertising. Within the context of supporting responsible drinking initiatives, the Group supports the work of its trade associations to present the industry's case to government.
- The Group's operations are subject to extensive regulation. 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. For the purposes of competition law certain of the market segments in the principal jurisdictions in which the Group is active could be considered concentrated, restricting the ability of the Group to take advantage of acquisition and other opportunities. Additionally, failures to comply with all legislation could lead to prosecutions and damage to the Group's brands and reputation. The Group has in place a permanent compliance monitoring function addressing these issues and provides training to its employees.
- The Group is vulnerable to contamination of its products or base raw materials, whether accidental, natural or malicious. Contamination could result in a 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 has established protocols and procedures for incident management and product recall and mitigates the financial impact by appropriate insurance cover.
- The Group's continued success is dependent on the ongoing services of its executive Directors and senior employees and on its continued ability to attract highly qualified personnel. The loss of, or the inability to recruit, senior personnel could have an adverse effect on the Group's ability to run its business and, accordingly, its revenues and profits. The Group seeks to adequately reward, motivate and retain its senior personnel through appropriate remuneration policies. The Remuneration Committee's terms of reference require it to make recommendations on remuneration to the Board.
- Whilst relations with employees are generally good, work stoppages or other industrial action may have a material adverse effect on the Group's ability to manufacture its products and, accordingly, on the Group's revenue and profits. The Group seeks to ensure good employee relations through engagement and dialogue.
- The solvency of the Group's defined benefit pension schemes may be affected by a fall in the value of their investments. The liability structure of the pension obligations will be subject to market and interest rate volatility and other economic and demographic factors. Each of these factors may require the Group to increase its contribution levels. The Group is consulting with members and trustees of the schemes to achieve a reform of these obligations.

The Group considers that currently the most significant risks to its results and operations over the short term are (a) the decline in the size of the on-trade and the switch in consumer purchasing to the off-trade and (b) the entry of new competitors and new competing products in the Group's principal markets.

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 21 to 25 and note 24 to the financial statements on pages 96 to 103.

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.

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 38 to 45.

DIRECTORS' REMUNERATION

The Report of the Remuneration Committee on Directors' Remuneration is set out on pages 46 to 51. In line with international best practice, the Board will present this report to shareholders at the Annual General Meeting for the purposes of a non-binding advisory vote. The Board believes that the resolution provides shareholders with the opportunity to express their views on Directors' remuneration.

SUBSTANTIAL HOLDINGS

As at 17 May 2011, the following shareholders have notified the Company as to their interest in 3% or more of the share capital of the Company.

Institution	%
Invesco Limited	7.29
Southeastern Asset Management, Inc.	5.36
Independent Franchise Partners, LLP	5.18
Oppenheimer Funds, Inc.	4.68
Franklin Resources, Inc.	4.15
Deutsche Bank AG	3.21

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 2011 was €3.54 (2010: €2.71). The price of the Company's ordinary shares ranged between €2.75 and €3.60 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 5 August 2010, 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. Resolutions will be proposed at the Annual General Meeting to be held on 29 June 2011 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 29 September, 2012, 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.

At the Annual General Meeting held on 5 August 2010 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 29 June 2011 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 2012 and the date 18 months after the passing of the resolution. 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 8,071,400 Ordinary Shares are outstanding, representing 2.39% of the issued ordinary share capital. If the authority to purchase Ordinary Shares was used in full, the options would represent 2.66% of the issued ordinary share capital. At 18 May 2011 the Company has an issued share capital of 337,216,628 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 46 to 51 the Company issued 16,000,000 ordinary shares which are held jointly by an Employee Benefit Trust and the individual executives (save for certain holdings which have been sold or transferred to the Employee Benefit Trust), and the shares currently so held 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 25 to the financial statements on pages 104 to 105. 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 38 to 45 as a description of the powers of the Board of Directors. There are no restrictions on the transfer of any class of shares, subject to restrictions that may be imposed by the Board under the Articles in limited circumstances, and no limitations on the holding of any class of shares. There are no known arrangements between shareholders restricting transfers of shares or relating to voting rights. Details of Employee Share Schemes, and the rights attaching to shares held in these schemes, can be found in note 5 to the Financial Statements on pages 75 to 77 and the Report of the Remuneration Committee on Directors' Remuneration on pages 46 to 51. Details of the rights attaching to shares issued under the Joint Share Ownership Plan are set out in the of the Report of the Remuneration Committee on Directors' Remuneration on pages 46 to 51. 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 20 on pages 89 and 90. 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 46 to 51. All of the above details are deemed to be incorporated into this part of the Directors' Report.

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

Sir Brian Stewart **John Dunsmore**
Directors

18 May 2011

CORPORATE GOVERNANCE

The Directors are committed to maintaining the highest standards of corporate governance. As required by the Listing Rules of the Irish Stock Exchange (ISE), this Corporate Governance statement describes how the Group applied the principles of the Combined Code on Corporate Governance (June 2008) (the 'Code') published in June 2008 by the Financial Reporting Council ('FRC') throughout the financial year ended 28 February 2011. Except where otherwise stated, the Directors believe that the Group has complied with the provisions of the Code throughout the period under review.

The Directors note that on 29 September 2010, the ISE amended the Listing Rules of the ISE to require Irish listed companies to comply or explain against the provisions of the new UK Corporate Governance Code published in June 2010. The UK Corporate Governance Code applies to accounting periods beginning on or after 30 September 2010. In addition, the ISE introduced the Irish Corporate Governance Annex to apply to accounting periods beginning on or after 18 December 2010. A copy of the Combined Code on Corporate Governance (June 2008) and the UK Corporate Governance Code (June 2010) can be obtained from the Financial Reporting Council's website: www.frc.org.uk . A copy of the Irish Corporate Governance Annex can be obtained from the ISE's website: www.ise.ie.

The Board welcomes these corporate governance developments and believes the Company is already substantially compliant with the provisions of the new UK Corporate Governance Code. In particular, the Group has adopted the recommendation that all Directors seek annual re-election for the Annual General Meeting on 29 June 2011. The Group will seek to fully apply the UK Corporate Governance Code and the Irish Corporate Governance Annex for the financial year beginning on 1 March 2011.

BOARD OF DIRECTORS

Role

The Board is responsible for the oversight, leadership and control of the Group and its long-term success. 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 the Chairman and the 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. No such professional advice was sought by any Director during the year.

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

Membership

At 28 February 2011, the Board comprised of ten Directors, three executive and seven non-executive Directors (including the Chairman). 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 pages 32 and 33.

In line with best-practice governance standards, it is Board policy that at least half the Board, excluding the Chairman, shall consist of independent non-executive Directors. During the year, the Group reviewed the composition of the Board and determined that John Burgess, Liam FitzGerald, John Hogan, Richard Holroyd, Philip Lynch and Breege O'Donoghue were independent. Consequently, as at 28 February, 2011, excluding the Chairman, 66% of the C&C Group Board comprised independent, non-executive Directors.

Each of these Directors bring independent judgement to bear on issues of strategy, performance, resources, key appointments and standards. 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 and judgement. In the case of John Burgess, the Board considered his length of service but was satisfied that his independence was not compromised. As part of this assessment, the Board considered that while John Burgess has served on the Board since 1999, he has not served for more than 9 years concurrently with the same executive Directors. In the case of Sir Brian Stewart, the Board was satisfied that he was independent on his appointment as referred to below.

Chairman
Sir Brian Stewart has been Chairman of the Group since August 2010. 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 and that the Board is apprised of the views of the Group's shareholders. While the Board has determined that Sir Brian Stewart was independent on appointment to the Board, it recognises that previous working relationships with the Group's senior executives is a consideration in determining independence as set out by the Combined Code and some shareholder voting agencies. Consequently, while the Board was satisfied as to Sir Brian's independence, he stepped down from his position as a member of the Remuneration Committee on his appointment as Chairman.

During the period under review there has been no change in the other significant commitments of the Chairman.

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.

Audit Committee Financial Expert
The Audit Committee has determined that John Hogan, who also chairs the Committee, is the Audit Committee financial expert. He is a qualified chartered accountant and was the managing partner of Ernst & Young in Ireland between 1994 and 2000. He was also a member of the Ernst and Young global board.

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.

Appointment, Retirement and Re-election
The non-executive Directors are engaged under the terms of a letter of appointment. A copy of the standard letter of appointment is available on request from the Company Secretary.

The Company's Articles of Association, require that at least one-third of the Directors subject to rotation shall retire by rotation at the Annual General Meeting in every year. Directors appointed by the Board must also submit themselves for election at the first annual general meeting following their appointment. However, in accordance with the recommendations of the UK Corporate Governance Code, the Directors have resolved that they will all retire and submit themselves for re-election by the shareholders at the Annual General Meeting this year.

Induction and Development
All new Directors are provided with extensive briefing materials on the Group's operations, management, governance structure and their duties as a Director. 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.

During the period under review the Board received briefings from the Company's solicitors on changes to the Combined Code. The Board also visited the Group's production facilities in Clonmel during the period.

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 period 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 45. 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 the 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 recognises the importance of a formal and rigorous evaluation of the performance of the Board and its Committees.

The Chairman conducts an annual review of corporate governance and the operation and performance of the Board and its Committees. In the period under review there has been a change of Chairman and the new Chairman, Sir Brian Stewart, has commenced a detailed review of the operation of the Board, the performance of individual Directors and, within the remit of the Nomination Committee, succession planning, identifying in this process the experience and qualities required by the Group for the future implementation of its strategy.

The Chairman 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.

The Board reviews and appraises its own performance annually. In the year under review this has been done by a process of self-evaluation. Board members were asked to give confidential assessments to the Group General Counsel, the results being reported back to the Board with recommendations for improvement.

The Board also recognises the need for periodic external evaluation and the UK Corporate Governance Code's new recommendation that such reviews be externally facilitated at least every three years. The Group will establish a formal policy and process for external evaluation during the course of the 2011/12 financial year.

Remuneration

Details of remuneration paid to Directors (executive and non-executive) are set out in the Report of the Remuneration Committee on pages 46 to 51. Non-executive Directors are remunerated by way of a Director's fee. Additional fees are also payable to the Chairman of the Audit Committee, Chairman of the Remuneration Committee and to the Senior Independent Director. It is Board policy that non-executive Director remuneration does not comprise any performance related element. Executive Directors' remuneration is inclusive of any Director's fee. In line with best practice, the report of the Remuneration Committee on Directors' Remuneration will be presented to shareholders for the purposes of a non-binding advisory vote at the Annual General Meeting on 29 June 2011.

Share ownership and dealing

Details of Directors' shareholdings are set out on page 50.

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 (or in the case of the Chairman himself, from the Chief Executive) before dealing. Directors and senior management are prohibited from dealing in the Company's 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 32. Attendance at meetings held is set out in the table on page 45.

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 independent, non-executive Directors. It meets a minimum of four times a year. During the period under review it met six times. Attendance at meetings held is set out in the table on page 45.

The Group Finance Director attends Committee meetings as appropriate, while the internal auditor and the external auditor attend as required and have direct access to the Committee Chairman. The Head of Finance is the secretary of the Committee.

The Committee's responsibilities include:

- monitoring the integrity and fairness of the financial statements of the Group, including the annual report, interim 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 2010 and August 2010;
- the Committee reviewed the Financial Report for six months ended 31 August 2010 prior to its release in October 2010;
- the Committee reviewed the Interim Management Statements issued in May 2010 and January 2011;
- 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 and reviewed the findings of the internal auditor;
- the Committee considered whether or not to recommend the re-appointment of the external auditor;
- the Committee commissioned a report on the accounting treatment for the joint share ownership plan; and
- the Committee also reviewed its Terms of Reference during the year.

During the period under review, a new internal auditor was appointed, bringing the function in-house. The internal auditor reports to the Committee and the Committee has approved his terms of reference. He is engaged on a programme of work, which includes, inter alia, examining the fundamental controls of the Group, especially in the acquired businesses.

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 note 3 to the financial statements on page 74. The Committee has adopted a policy that except in exceptional circumstances with the prior approval of the Audit Committee non-audit fees paid to the Group's Auditor should be capped at a maximum of 100% of audit fees in any one year. During the year the Committee concurred with the auditor providing non-audit advisory services principally in relation to tax and other advice relating to the disposal of the Spirits & Liqueurs division on the basis that they were best placed to undertake such work in the best interests of shareholders.

Nomination Committee

The Nomination Committee is chaired by the Group Chairman and its constitution requires it to consist of a majority of independent, 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 45.

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 period under review, Sir Brian Stewart was appointed to the Board as Chairman designate. He was elected as Chairman at the Company's Annual General Meeting on 5 August 2010. As set out in the Group's 2010 Annual Report, when the Group's former Chairman, Tony O'Brien, indicated his desire to retire, 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 compromised his independence and fully supported his nomination.

The Nomination Committee recognises the need for ongoing Board refreshment and renewal. The Committee is currently reviewing the composition of the Board.

Remuneration Committee

The Remuneration Committee comprises solely of independent, non-executive Directors. It meets at least twice a year and has met three times in the period under review. Attendance at meetings held is set out in the table on page 45.

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 Scheme, 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.

The Committee receives advice from leading independent consultancy firms on compensation and benefits when necessary. Such consultants have no other connection with the Group. The Chairman and Chief Executive are fully consulted about all remuneration proposals other than in respect of each of themselves.

In the period under review, the Committee determined the remuneration package for a senior appointee and approved the redundancy terms of two members of 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. In addition it reviewed the operation of share-based rewards and the harmonisation of benefits across the Group.

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 first half and full year financial results and when other significant announcements are made. Interim Management Statements were issued in May 2010 and January 2011. The Group also hosted a seminar and site visit for analysts and institutional investors in Glasgow in November 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 5 August 2010, and this year's AGM will be held on 29 June 2011. 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 17 June 2010 to seek shareholder approval for the disposal of the Spirits & Liqueurs business as required under Irish Stock Exchange regulations.

The notice period for an AGM and an EGM to consider any special resolution (a resolution which requires a 75% majority vote, not a simple majority) is 21 days. The Company may call any other general meeting on 14 days' notice subject to obtaining shareholder authority to do so. The Directors consider that it is in the interests of the Company to retain this flexibility, and intend to seek annually such authority. 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.

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

The Company's Memorandum of Association sets out the objects and powers of the Company. The Articles of Association detail the rights attaching to each share class; the method by which the Company's shares can be purchased or reissued; the provisions which apply to the holding of and voting at general meetings; and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers. Further details in relation to the purchase of the Company's own shares are included in the Directors' Report.

In 2010, shareholders approved a resolution to update the Articles of Association and make them consistent with the Shareholder Rights (Directive 2007/36/EC) Regulations 2009.

CORPORATE RESPONSIBILITY

As part of its overall remit of ensuring that effective risk management policies and systems are in place, the Board examines the significance of environmental, social and governance (ESG) matters to the Group's business and it has ensured that the Group has in place effective systems for managing and mitigating ESG risks. It also examines the impact that such risks may have on the Group's short and long-term value, as well as the opportunities that ESG issues present to enhance value. The Board receives the necessary information to make this assessment in regular reports from the executive management.

Corporate responsibility is embedded throughout the Group. Group policies and activities are summarised on pages 26 to 31, 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 affecting the achievement of the Group's strategic objectives. 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.

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 periodic 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.

This system of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The terms of reference of the Audit Committee require it to conduct an annual assessment of internal control. The risks facing the Group are reviewed regularly by the Audit Committee with the executive management. Specific annual reviews of the risks and fundamental controls of each business unit are undertaken an ongoing basis, the results and recommendations of which are reported to and analysed by the Audit Committee with a programme for action agreed by the business units.

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

During the period under review the internal audit function was brought inhouse with the appointment of a new internal auditor and supporting staff.

During the period under review the Board also appointed a General Counsel to the Group, who reports to the Board and attends Board meetings and to whom all Directors have access. The General Counsel has responsibility for the Group's legal affairs, compliance and governance.

GOING CONCERN

The principal risks and uncertainties facing the Group are set out in this report on page 35. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out are set out in the Finance Review on pages 21 to 25. A description of the business of the Group is set out in the Chief Executive's Review and the Operations Review on pages 6 to 20.

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:

	Scheduled Board Meetings		Audit Committee Meetings		Nomination Committee Meetings		Remuneration Committee Meetings	
	A	B	A	B	A	B	A	B
Sir Brian Stewart*	7	6			1	1	2	1
John Burgess	7	6			2	2		
John Dunsmore	6	6						
Liam FitzGerald	7	6	6	6			3	2
Stephen Glancey	6	6						
John Hogan	7	7	6	6				
Richard Holroyd	7	7	6	6			3	3
Philip Lynch	7	7			2	2	3	3
Kenny Neison	6	6						
Breege O'Donoghue	7	7			2	2		
Tony O'Brien**	3	3			1	1		

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

In addition, Directors attended a further five ad hoc Board meetings.

* Sir Brian Stewart was appointed to the Board and as a member of the Remuneration Committee in March 2010. He was elected as Chairman on 5 August 2010. He stepped down from the Remuneration Committee on his appointment as Chairman.

** Tony O'Brien retired from the Board and as Chairman on 5 August, 2010.

INTRODUCTION

The following pages set out the Board's remuneration policy as it applies to the executive Directors. In the interests of good governance, (whilst this is not a legal requirement) the Directors are proposing at the 2011 Annual General Meeting an advisory non-binding vote to receive and consider this report of the Remuneration Committee on Directors' Remuneration.

COMPOSITION AND TERMS OF REFERENCE OF COMMITTEE

The Remuneration Committee of the Board, whose membership is set out on page 32, 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 neither is present when his own remuneration is discussed. The Remuneration Committee obtains external advice from benefit consultants and other independent firms on compensation when necessary. The consultants have no other connection with the Group. During the year ended 28 February 2011 the Committee obtained advice from Aon Hewitt.

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 (including contributions to, or in lieu of, pension, company car and health benefits), performance-related annual bonus 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.

During the forthcoming year the Committee, in consultation with its external remuneration advisors, will be reviewing aspects of the remuneration policy, including the operation of the Group's employee share schemes, in the light of current best practice and guidance and experience gained from previous awards. As part of this review, the Committee intends to recommence awards under the Long Term Incentive Plan and the Approved Profit Sharing Scheme within existing limits and also to introduce a deferred bonus share scheme, which will not be open to executive Directors.

EXECUTIVE DIRECTORS' REMUNERATION

A summary of the remuneration policy for the executive Directors is as follows:

Fixed Remuneration	Performance-linked remuneration	
Base salary – with fixed 3% annual increases, waived by the executive Directors for the past two years. **Benefits** – a 7.5% cash allowance for car and health benefits. **Pension** – allowance of 25% of basic salary as cash or pension contribution.	**Annual incentives** **Cash bonus** – up to a maximum of 80% of basic salary, subject to the achievement of a Group operating profit target. No bonus payments were awarded FY11.	**Long term incentives** **Annual share option grants** - 150% of basic salary with a pre-vesting earnings per share performance target; no retesting permitted. **Joint Share Ownership Plan** – awards, subject to the achievement of performance conditions, granted in December 2008 to facilitate recruitment. Plan approved by shareholders at an EGM in December 2008.

SERVICE CONTRACTS

Each of the executive Directors is employed on a service contract. None of these service contracts has a notice period in excess of one year.

Details of the service contracts of the executive Directors are as follows:

	Contract date	Notice period	Unexpired term of contract
John Dunsmore	9 November 2008	12 months	n/a
Stephen Glancey	9 November 2008	12 months	n/a
Kenny Neison	9 November 2008	12 months	n/a

The service contracts do not contain any pre-determined compensation payments in the event of termination of office or employment.

Basic Salary and Benefits

The salary levels of executive Directors and senior management are reviewed annually in January. No increases were granted in January 2011.

The employment contracts of the executive Directors entitle each of them to a 3% increase in basic salary on the first and second anniversaries of their appointment. The executive Directors waived their entitlement to this increase in November 2009 and again in November 2010.

Benefits to senior managers include a company car or car allowance and health benefits. The executive Directors receive a cash allowance of 7.5% of basic salary in lieu of these benefits.

Pensions

No current 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 and Stephen Glancey receive a cash payment of 25% of basic salary, in order to provide their own pension benefits, and the Group makes a fixed sterling payment equivalent to 25% of basic salary into Kenny Neison's personal pension plan.

Performance Related Annual Bonus

The Group operates a performance-related cash bonus scheme for executive Directors, senior management and other employees. The maximum annual bonus payable is 80% of basic salary for the executive Directors, 70% for senior management and lesser amounts for other employees. The performance metric for bonuses for the executive Directors is Group operating profit. The bonus is split into a basic bonus when a target threshold is achieved and a tiered bonus for performance above the threshold. For the year ended 28 February 2011 the target threshold for the executive Directors was not achieved and no bonuses were paid to them. The target thresholds for divisional management and staff were met in some cases and not in others.

The Remuneration Committee has approved a bonus scheme for the year ending 29 February 2012.

The bonus scheme and the payment of bonuses are subject to annual approval by the Remuneration Committee. The Committee reserves the right to vary, amend, replace or discontinue the bonus scheme at any time depending on business needs and/or financial viability or as appropriate by reference to any changes in corporate structure during the financial year.

Share Options

The service contracts of the executive Directors entitle them to an annual grant of share options of 150% of basic salary under the Executive Share Option Scheme.

Details of the interests of the Directors in share options granted under the Executive Share Option Scheme are set out on page 51 and note 5 on pages 75 to 77.

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 12.8 million ordinary shares, out of the 16.0 million shares allocated to the Plan. Interests in the remaining 3.2 million shares were granted in June and December 2009 to existing and new members of senior management.

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 share 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 (the "Entry Price") with the balancing amount (the "Hurdle Value") being funded by the employee benefit trust.

The Notice of the EGM specified that the Entry Price would remain at €0.115 per share and the Hurdle Value would remain at €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) 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 2008 and June 2009, the Entry Price was €0.115 per share and the Hurdle Value was €1.035 per share and for the Interests acquired in December 2009, the Entry Price was €0.247 per share and the Hurdle Value was €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).

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

Rights attaching to Interests
The voting rights attaching to the shares subject to the Interests will be exercised by the trustees of the employee benefit trust as they consider appropriate and in the best interests of the beneficiaries of the employee benefit trust, save that each participant may direct the votes on his vested Interests or if greater 10% of the Shares relevant to his Interest.

Dividends on the Shares subject to the Interests accrue solely to the trustees of the employee benefit trust but have been waived by them.

Vesting 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 for these latter Interests to vest, for the Interests granted in December 2008 and June 2009 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 to vest, 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. At the date of this report this vesting condition had not been met.

Accordingly as at 28 February 2011, two thirds of the Interests awarded to the executive Directors in December 2008 had vested and the remaining one third are due to vest in December 2011. Of the Interests awarded to senior management in June 2009 one third has vested and the remaining two thirds are due to vest in June 2011 and June 2012. Of the Interests awarded to senior management in December 2009 (save where a participant had left the Group before the vesting date) one sixth has vested, one sixth will vest if the share-price vesting condition is met and the remaining two thirds are due to vest in December 2011 and December 2012 or, if later, upon the share-price vesting condition being met.

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 and further amounts
When an award is granted to an executive, its value is assessed for tax purposes with the resulting value being deemed to fall due for payment on the date of grant. Under the terms of the plan, the executive must pay the Entry Price at the date of grant and, if the tax value of the award (i.e. the initial unrestricted market value) exceeds the Entry Price, the executive must pay a further amount, equating to the amount of such excess, before a sale of the awarded Interests. The deferral of the payment of the further amount is considered to be an interest-free loan by the Company to the executive repayable before sale of the Interests and a taxable benefit-in-kind arises, charged at the Revenue stipulated rates. When the further amount is paid, the Company compensates the executive for the obligation to pay this further amount by paying him an equivalent amount, which is, however, subject to income tax in the hands of the participant.

EXECUTIVE SHARE OPTION SCHEME

The C&C 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.

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 change in the Irish Consumer Price Index over the three year period, on a compound basis from date of grant, in order for options to vest. The options lapse if the performance target is not met after the relevant three year period; there is no re-testing provision in the event of a change of control of the Company, however, in certain circumstances the performance target may be measured over a shorter time period, and if the target is met, the options may be exercised within a reduced time period.

The fair value cost of the share options is amortised over the vesting period to the extent that the Directors believe that the options will vest. The fair value of each award is disclosed in note 5 to the Financial Statements (Share Based Payments) on pages 75 to 77.

LONG TERM INCENTIVE PLAN

The C&C 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.

The performance condition adopted by the Remuneration Committee for awards to date has been that, for awards to vest fully, C&C's total shareholder return must be in the top quartile of a comparator group over a three-year period; no part 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, either 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 change in 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 neither of these latter conditions is met at the end of the relevant period, the award lapses.

The Directors in office at 28 February 2011 have no outstanding awards granted under the Long Term Incentive Plan.

OTHER SCHEMES

Prior to flotation, the Group entered into an agreement with trade unions representing the majority of its then 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, 9.4 million ordinary shares with an aggregate value of €21.3 million 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.

The executive Directors are eligible to participate in the UK Revenue-approved share incentive plans that the Company operates on the same terms as all other eligible employees.

Details of other share-based schemes, in which Directors are not eligible to participate, are also given in note 5 to the Financial Statements (Share Based Payments) on pages 75 to 77.

DILUTION LIMITS

Full details of the share awards and the maximum dilution are given in note 5 to the Financial Statements (Share Based Payments) on pages 75 to 77. All share plans with the exception of the Joint Share Ownership Plan, which was specifically approved by shareholders in December 2008, contain the share dilution limits recommended in institutional guidance.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Directors are appointed by way of letters of appointment, which are all effective for a period of three years (but now subject to annual re-election by the members in General Meeting). The appointment of each of the non-executive Directors can be terminated on one month's notice.

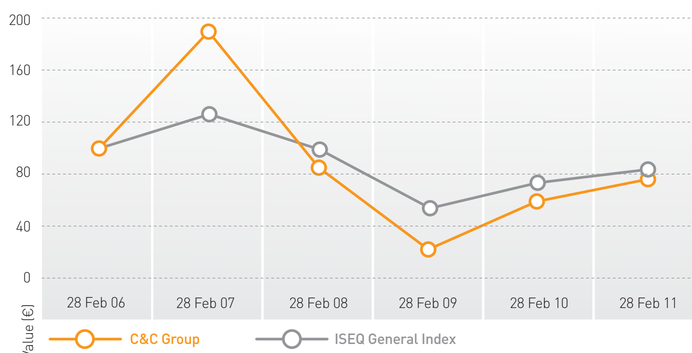
The remuneration of the non-executive Directors is determined by the Board of Directors as a whole. The Chairman is not involved in determining his own remuneration.

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.

Non-executive Directors receive no additional remuneration from the Company apart from a Director's fee and fees directly relating to their membership of Board sub-committees. Non-executive Directors are not eligible to participate in the Group's share option scheme. None of the remuneration of the non-executive Directors is performance related. Non-executive Directors' fees are not pensionable and non-executive Directors are not eligible to join any Group pension plan.

5 YEAR TOTAL SHAREHOLDER RETURN

For information only, by reference to the rules applicable to UK companies listed on the London Stock Exchange, this graph shows the value as at 28 February 2011 of a €100 investment in C&C Group plc shares on 28 February 2006 compared with the ISEQ General Index.



This graph shows the value, at 28 February 2011, of €100 invested in C&C Group on 28 February 2006 compared with the value of €100 invested in the ISEQ General Index. The other points plotted are the values at intervening financial year-ends. Source: Datastream

DIRECTORS' REMUNERATION AND INTERESTS IN SHARE CAPITAL

Details of the overall Directors' remuneration charged to the Group income statement are shown in note 29 to the Financial Statements on page 107. Individual Directors' remuneration and pension benefits for the year ended 28 February 2011 are given on this page. The interests of the Directors and Secretary in the share capital of the Company and in share options are shown on this page and page 51. Loans to Directors are shown on page 51.

DIRECTORS' REMUNERATION – 2011

	Basic salary/fees €000	Other remuneration fees [iv] €000	Further amount[iii] €000	Benefits in kind[iii] €000	Pension contribution (or equivalent) €000	Total 2011 €000	Total 2010 €000
Executive Directors							
John Dunsmore[i]	700	53	55	6	175	**989**	934
Stephen Glancey	500	38	55	6	125	**724**	669
Kenny Neison[ii]	300	22	-	4	79	**405**	124
Sub-total	**1,500**	**113**	**110**	**16**	**379**	**2,118**	1,727
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[v]	78	-	-	31	-	**109**	211
Breege O'Donoghue	65	-	-	-	-	**65**	65
Sir Brian Stewart[vi]	178	-	-	-	-	**178**	-
Sub-total	**646**	**55**	**-**	**31**	**-**	**732**	656
Equity settled share based employee benefits						**1,386**	969
Total	**2,146**	**168**	**110**	**47**	**379**	**4,236**	3,352
Average number of executive Directors						**3**	3
Average number of non-executive Directors						**7.5**	7

(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) Kenny Neison's income for the previous financial year relates to the period from the date of his appointment as executive Director on 10 November 2009 to 28 February 2010.
(iii) See below 'Loans to Directors'.
(iv) Other fees paid to John Hogan, Richard Holroyd and Philip Lynch in 2011 and 2010 represent fees paid as Chairman of the Audit Committee, Senior Independent Director and Chairman of the Remuneration Committee respectively.
(v) Tony O'Brien's income relates to the period from 1 March 2010 to 5 August 2010, when he retired from the Board. The benefit in kind in respect of Tony O'Brien relates to the provision of health benefits and the provision and transfer of ownership on retirement from the Board of a company car.
(vi) Sir Brian Stewart's income relates to the period from the date of his appointment as a Director with effect from 9 March 2010 to 28 February 2011.

No sums were paid to third parties for any Director's services.

Directors and their interests

The interests of the Directors and Secretary in office at 28 February 2011 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 ORDINARY SHARES OF €0.01 EACH IN C&C GROUP PLC[i]

	28 February 2011	1 March 2010 (or date of appointment if later)
Directors		
John Burgess	**102,299**	100,698
John Dunsmore	**5,120,000[ii]**	5,120,000[ii]
Liam FitzGerald	**35,000**	35,000
Stephen Glancey	**5,120,000[ii]**	5,120,000[ii]
John Hogan	**10,147**	9,989
Richard Holroyd	**22,349**	22,000
Philip Lynch	**807,913**	793,786
Kenny Neison	**2,561,530[ii]**	2,561,530[ii][iii]
Breege O'Donoghue	**58,790**	57,870
Sir Brian Stewart	**60,000**	-
Total	**13,898,028**	13,820,873
Company Secretary		
Sinead Gillen	**-**	-

Notes
(i) All the above holdings are beneficial interests except as stated in (ii) below.
(ii) Each shareholding of the executive Directors includes Interests in shares acquired and held under the Company's Joint Share Ownership Plan which at 28 February 2011 was 3,413,334 shares in respect of each of John Dunsmore and Stephen Glancey and 2,560,000 shares in respect of Kenny Neison (2010: 5,120,000 shares in respect of each of John Dunsmore and Stephen Glancey; 2,560,000 shares in respect of Kenny Neison) (see C&C Joint Share Ownership Plan on pages 47 and 48 and note 5 on pages 75 to 77 for further details). The Company has been notified that the balance of the holding in which each of J. Dunsmore and S. Glancey is interested is beneficially owned by his respective wife.
(iii) Kenny Neison's shareholding includes a shareholding of 1,530 ordinary shares omitted in error in the 2010 Annual Report.

The Directors and Secretary have no beneficial interests in any of the Group's subsidiary undertakings.
There was no movement in the Directors' or the Secretary's interests in C&C Group plc ordinary shares between 28 February 2011 and 18 May 2011.

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

Year ended 28 February		2010	2011	Total	Weighted Average Price
No of Options	Exercise Price	€1.94	€3.205		
Executive Directors					
John Dunsmore		541,300	327,700	**869,000**	€2.42
Stephen Glancey		386,600	234,100	**620,700**	€2.42
Kenny Neison		232,000	140,500	**372,500**	€2.42
Total		1,159,900	702,300	**1,862,200**	
Company Secretary	Exercise Price		€3.32		
Sinead Gillen		-	42,200	**42,200**	€3.32

Subject to meeting the performance condition, options granted at €1.94 in May 2009 are exercisable in the period 13 May 2012 to 12 May 2016. Subject to meeting the performance condition, options granted at €3.205 in May 2010 are exercisable in the period 26 May 2013 to 25 May 2017 and options granted at €3.32 in July 2010 are exercisable in the period 20 July 2013 to 19 July 2017.

There was no movement in the interests of any of the Directors or the Secretary in options over C&C Group plc ordinary shares between 28 February 2011 and 18 May 2011.

LOANS TO DIRECTORS

When an award is granted to an executive under the Joint Share Ownership Plan, its value is assessed for tax purposes with the resulting value being deemed to fall due for payment on the date of grant. Under the terms of the plan, the executive must pay the Entry Price at the date of grant and, if the tax value of the award (i.e. the initial unrestricted market value) exceeds the Entry Price, the executive must pay a further amount, equating to the amount of such excess, before a sale of the awarded interests. The deferral of the payment of the further amount is considered to be an interest-free loan by the Company to the executive repayable before sale of the Interests. The resulting loans by the Company to the executive Directors are required to be disclosed under the Companies Act 1990. 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 certain of these Interests is higher than the Entry Price, giving rise to a disclosable loan under the Companies Act 1990 and a taxable benefit in kind.

The taxable benefits-in-kind, charged at the Revenue stipulated rates (Ireland 12.5%; UK 4.75% to 5 April 2010 and thereafter 4%), in respect of the loans are disclosed under benefits in kind in Directors' Remuneration.

The balances of the loans outstanding as at 28 February 2011 and 28 February 2010 are as follows:

	28 February 2011 €'000	28 February 2010 (as restated) €'000
John Dunsmore	**111**	166
Stephen Glancey	**111**	166
Kenny Neison	**83**	83
Total	**305**	415

The values of loans outstanding at 28 February 2010 have been restated following clarification from the HM Revenue & Customs that, where the tax value of certain Interests awarded to an executive exceeds the Entry Price but the tax value of other Interests awarded to him falls short of the Entry Price, the shortfall cannot be set off against the excess. As discussed on pages 47 to 48, 50% of the Interests awarded to Directors are subject to time vesting conditions only, while the remaining 50% are subject to both time vesting and market based performance conditions. The differing conditions give rise to distinct tax values which, in the case of Interests subject to time vesting conditions only, is in excess of the Entry Price paid and, for Interests subject to both time vesting and market based performance conditions, is less than the Entry Price paid. The disclosable loan therefore comprises the whole of the excess amount without set off of the shortfall.

When the further amount is paid, the Company compensates the executive for the obligation to pay this further amount. During the financial year ended 28 February 2011, John Dunsmore and Stephen Glancey each sold 1,706,666 vested Interests and paid a further amount of €55,467, for which the Company compensated them (subject to deduction of tax). The compensation is disclosed under Further Amount in Directors' Remuneration.

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.

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 safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in 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 pages 32 and 33 confirms that, to the best of his or her 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 2011 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 2011; 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

Sir B Stewart	**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 2011 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 52.

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 are required by law to report to you our opinion as to whether the description of the main features of the internal control and risk management systems in relation to the process for preparing the consolidated Group financial statements, set out in the annual Corporate Governance Statement, is consistent with the consolidated financial statements.

In addition, we review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2008 FRC Combined Code specified for our review by the Listing Rules of the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its 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 2011 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, 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 2011;
- 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 and the description in the annual Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the consolidated Group financial statements, 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 2011 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.

Chartered Accountants
Registered Auditor
Dublin

18 May 2011

GROUP INCOME STATEMENT
For the year ended 28 February 2011

	Notes	Year ended 28 February 2011 Before exceptional items €m	Exceptional items (note 6) €m	Total €m	Year ended 28 February 2010 (restated) Before exceptional items €m	Exceptional items (note 6) €m	Total €m
Revenue	2	**789.7**	**-**	**789.7**	490.8	-	490.8
Excise duties		**(260.1)**	**-**	**(260.1)**	(128.1)	-	(128.1)
Net revenue		**529.6**	**-**	**529.6**	362.7	-	362.7
Operating costs	3	**(429.1)**	**(12.0)**	**(441.1)**	(287.9)	(3.5)	(291.4)
Operating profit	2	**100.5**	**(12.0)**	**88.5**	74.8	(3.5)	71.3
Finance income	7	**1.2**	**-**	**1.2**	2.0	-	2.0
Finance expense	7	**(10.6)**	**-**	**(10.6)**	(9.2)	-	(9.2)
Profit before tax		**91.1**	**(12.0)**	**79.1**	67.6	(3.5)	64.1
Income tax expense	8	**(11.1)**	**2.9**	**(8.2)**	(7.3)	0.9	(6.4)
Profit from continuing operations		**80.0**	**(9.1)**	**70.9**	60.3	(2.6)	57.7
Discontinued operations							
Profit from discontinued operations	9	**4.0**	**225.5**	**229.5**	13.1	2.7	15.8
Profit for the year attributable to equity shareholders		**84.0**	**216.4**	**300.4**	73.4	0.1	73.5
Basic earnings per share (cent)	11			**93.4c**			23.2c
Diluted earnings per share (cent)	11			**91.0c**			22.7c
Continuing operations							
Basic earnings per share (cent)	11			**22.0c**			18.2c
Diluted earnings per share (cent)	11			**21.5c**			17.8c

On behalf of the Board

Sir B Stewart
Chairman

J Dunsmore
Chief Executive Officer

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 28 February 2011

	Notes	2011 €m	2010 €m
Other comprehensive income and expense:			
Exchange difference arising on the net investment in foreign operations and related net investment hedge	7	**13.2**	5.8
Net movement in cash flow hedging reserve	7	**4.4**	(4.1)
Deferred tax on cash flow hedges	22	**(0.5)**	0.6
Actuarial gains on retirement benefit obligations	23	**0.2**	16.7
Deferred tax on actuarial gains on retirement benefit obligations	22	**-**	(2.1)
Net income recognised directly within other comprehensive income		**17.3**	16.9
Profit for the year attributable to equity shareholders		**300.4**	73.5
Comprehensive income for the year attributable to equity shareholders		**317.7**	90.4

On behalf of the Board

Sir B Stewart
Chairman

J Dunsmore
Chief Executive Officer

GROUP BALANCE SHEET
As at 28 February 2011

	Notes	2011 €m	2010 €m
ASSETS			
Non-current assets			
Property, plant & equipment	13	**187.2**	187.2
Goodwill & intangible assets	14	**466.3**	507.7
Deferred tax assets	22	**8.7**	12.3
Trade & other receivables	17	**20.0**	19.8
		682.2	727.0
Current assets			
Inventories	16	**40.7**	54.7
Trade & other receivables	17	**105.5**	125.8
Derivative financial assets	24	**0.4**	-
Cash & cash equivalents		**128.7**	113.5
		275.3	294.0
TOTAL ASSETS		**957.5**	1,021.0
EQUITY			
Equity share capital	25	**3.4**	3.3
Share premium	25	**86.3**	77.1
Other reserves	25	**52.9**	33.1
Treasury shares	25	**(17.4)**	(21.3)
Retained income	25	**518.5**	237.2
Total equity		**643.7**	329.4
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	20	**99.8**	461.7
Derivative financial liabilities	24	**0.7**	2.2
Retirement benefit obligations	23	**15.3**	21.2
Provisions	19	**11.5**	4.2
Deferred tax liabilities	22	**5.9**	4.6
		133.2	493.9
Current liabilities			
Interest bearing loans & borrowings	20	**35.2**	16.7
Derivative financial liabilities	24	**1.4**	4.6
Trade & other payables	18	**139.1**	164.0
Provisions	19	**4.2**	8.4
Current tax liabilities		**0.7**	4.0
		180.6	197.7
Total liabilities		**313.8**	691.6
TOTAL EQUITY & LIABILITIES		**957.5**	1,021.0

On behalf of the Board

Sir B Stewart Chairman

J Dunsmore Chief Executive Officer

GROUP CASH FLOW STATEMENT
For the year ended 28 February 2011

	2011 €m	2010 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year attributable to equity shareholders	**300.4**	73.5
Finance income	**(1.2)**	(2.0)
Finance expense	**10.6**	9.2
Income tax expense	**8.8**	8.0
Depreciation of property, plant & equipment	**21.2**	16.8
Amortisation of intangible assets	**0.1**	-
Profit on disposal of subsidiary undertakings	**(224.7)**	-
Profit on disposal of property, plant & equipment	**-**	(0.1)
Exceptional profit from discontinued operations	**(0.9)**	(2.7)
Charge for share-based employee benefits	**4.0**	2.5
Pension contributions paid less amount charged to income statement	**(4.9)**	(6.7)
	113.4	98.5
Decrease in inventories	**8.8**	8.3
Decrease/(increase) in trade & other receivables	**9.0**	(11.3)
Increase in trade & other payables	**15.4**	40.0
Decrease in provisions	**(3.2)**	(13.0)
	143.4	122.5
Interest received	**1.2**	1.4
Interest and similar costs paid	**(8.3)**	(8.4)
Settlement gain on derivative financial instruments	**-**	4.5
Income taxes paid	**(8.4)**	(4.7)
Net cash inflow from operating activities	**127.9**	115.3
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(21.1)**	(5.6)
Sale of property, plant & equipment	**-**	0.2
Acquisition of businesses	**(31.7)**	(237.7)
Proceeds on disposal of subsidiary undertakings	**294.9**	2.1
Net cash inflow/(outflow) from investing activities	**242.1**	(241.0)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**1.2**	0.8
Proceeds from issue of new shares/exercise of Interests under Joint Share Ownership Plan	**3.6**	0.7
New bank loans drawn down	**-**	171.0
Repayment of debt	**(348.2)**	-
Issue costs paid	**-**	(1.4)
Dividends paid	**(12.1)**	(14.7)
Net cash (outflow)/inflow from financing activities	**(355.5)**	156.4
Net increase in cash & cash equivalents	**14.5**	30.7
Cash & cash equivalents at beginning of year	**113.5**	83.0
Translation adjustment	**0.7**	(0.2)
Cash & cash equivalents at end of year	**128.7**	113.5

A reconciliation of cash & cash equivalents to net debt is presented in note 21 to the financial statements.

On behalf of the Board

Sir B Stewart
Chairman

J Dunsmore
Chief Executive Officer

GROUP STATEMENT OF CHANGES IN EQUITY
For the year ended 28 February 2011

	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 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
Profit for the year attributed to equity shareholders	-	-	-	-	-	-	-	-	-	300.4	300.4
Other comprehensive income	-	-	-	-	3.9	-	13.2	-	-	0.2	17.3
Total	3.3	77.1	0.5	24.9	(1.8)	4.8	15.9	5.9	(21.3)	537.8	647.1
Dividend on ordinary shares	-	8.1	-	-	-	-	-	-	-	(20.2)	(12.1)
Exercised share options	0.1	1.1	-	-	-	-	-	-	-	-	1.2
Reclassification of share-based payments reserve	-	-	-	-	-	(0.9)	-	-	-	0.9	-
Joint Share Ownership Plan	-	-	-	-	-	(0.4)	-	-	3.9	-	3.5
Equity settled share-based payments	-	-	-	-	-	4.0	-	-	-	-	4.0
At 28 February 2011	**3.4**	**86.3**	**0.5**	**24.9**	**(1.8)**	**7.5**	**15.9**	**5.9**	**(17.4)**	**518.5**	**643.7**

COMPANY BALANCE SHEET
As at 28 February 2011

	Notes	2011 €m	2010 €m (restated)
ASSETS			
Non-current assets			
Financial assets	15	**966.2**	962.2
Trade & other receivables	17	**24.9**	377.2
Deferred tax asset	22	**0.6**	8.5
TOTAL ASSETS		**991.7**	1,347.9
EQUITY			
Equity share capital	25	**3.4**	3.3
Share premium	25	**788.2**	779.0
Other reserves	25	**4.4**	(1.3)
Retained income	25	**58.3**	83.2
Total equity		**854.3**	864.2
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	20	**99.8**	461.7
Derivative financial liabilities	24	**0.7**	2.2
		100.5	463.9
Current liabilities			
Interest bearing loans & borrowings	20	**35.2**	16.7
Derivative financial liabilities	24	**1.3**	2.7
Trade & other payables	18	**0.4**	0.4
		36.9	19.8
Total liabilities		**137.4**	483.7
TOTAL EQUITY AND LIABILITIES		**991.7**	1,347.9

On behalf of the Board

Sir B Stewart
Chairman

J Dunsmore
Chief Executive Officer

COMPANY CASH FLOW STATEMENT
For the year ended 28 February 2011

	2011 €m	2010 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the year	**(5.6)**	8.2
Income tax expense	**7.6**	-
Finance income	**(18.1)**	(16.7)
Finance expense	**9.3**	9.1
Loss on retranslation of foreign currency bank borrowings	**2.8**	-
	(4.0)	0.6
Interest received	**-**	16.7
Interest paid and similar costs	**(8.1)**	(8.4)
Net cash (outflow)/inflow from operating activities	**(12.1)**	8.9
CASH FLOWS FROM INVESTING ACTIVITIES		
Funding of cash requirements of subsidiary undertakings	**-**	(171.0)
Net cash outflow from investing activities	**-**	(171.0)
CASH FLOWS FROM FINANCING ACTIVITIES		
Movement in loans with subsidiary undertakings	**371.2**	(0.2)
Proceeds from exercise of share options	**1.2**	0.8
Proceeds from issue of new shares under Joint Share Ownership Plan	**-**	6.6
New bank loans drawn down	**-**	171.0
Bank loans repaid	**(348.2)**	-
Issue costs paid	**-**	(1.4)
Dividends paid	**(12.1)**	(14.7)
Net cash inflow from financing activities	**12.1**	162.1
Net movement in cash & cash equivalents	**-**	-
Cash & cash equivalents at beginning and end of year	**-**	-

On behalf of the Board

Sir B Stewart
Chairman

J Dunsmore
Chief Executive Officer

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 28 February 2011

	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 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	-	-	-	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
Loss for the year attributable to equity shareholders	-	-	-	-	-	(5.6)	(5.6)
Other comprehensive income	-	-	-	2.6	-	-	2.6
Total	3.3	779.0	0.5	(1.8)	2.6	77.6	861.2
Dividend on ordinary shares	-	8.1	-	-	-	(20.2)	(12.1)
Exercised share options	0.1	1.1	-	-	-	-	1.2
Reclassification of share-based payments reserve	-	-	-	-	(0.9)	0.9	-
Equity settled share-based payments	-	-	-	-	4.0	-	4.0
At 28 February 2011	**3.4**	**788.2**	**0.5**	**(1.8)**	**5.7**	**58.3**	**854.3**

On behalf of the Board

Sir B Stewart
Chairman

J Dunsmore
Chief Executive Officer

STATEMENT OF ACCOUNTING POLICIES

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 2011 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 18 May 2011.

The accounting policies applied in the preparation of the financial statements for the year ended 28 February 2011 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, 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 2011. The Group has adopted the following new and amended IFRS and IFRIC Interpretations in respect of the financial year ended 28 February 2011, none of which impacted the financial statements or performance of the Group in the period.

- Revised IFRS 3 (2009): *Business Combinations.* Revised IFRS 3 did not have an impact on the Group in the current year as the Group did not have any acquisitions in the current year. Acquisitions completed in the previous financial year did not come under the scope of this revised standard. IFRS 3 (2009) requires inter alia, that transaction costs incurred by the acquirer in connection with a business combination be expensed immediately to the income statement and not subsumed in goodwill.
- Amended IAS 27 *Consolidated and Separate Financial Statements*; amended to reflect changes to the accounting for non-controlling (previously minority) interest. The amendments deal primarily with the accounting for changes in ownership interests in subsidiaries after control is obtained, the accounting for the loss of control of subsidiaries, and the allocation of profit or loss to controlling and non-controlling interests in a subsidiary. Amended IAS 27 did not have any impact on the Group's financial statements in the current financial year.
- IFRS 2 *Amendment - Share-based Payment; Group Cash-settled Share-based Payment Transactions* effective 1 January 2010. This amendment had no impact on the Group's financial statements. The amendment clarifies how an individual subsidiary should account for certain share-based payment arrangements in its own financial statements.
- Amendments to IAS 39 Financial Instruments: Recognition & Measurement - Eligible Hedged items. The amendment clarifies how existing principles underlying hedge accounting should be applied.
- IAS 32 Amendment - Classification of Rights Issues. The amendment addresses the accounting for rights issues (defined to include rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer.
- Improvements to IFRSs (issued by ISAB in April 2009).

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

- IFRIC 14 – relating to IAS 19; the limit on a defined benefit asset, minimum funding requirements and their interaction. These amendments remove unintended consequences arising from the treatment of prepayments where there is a minimum funding requirement. The amendments result in prepayments of minimum funding requirements being recognised as an asset rather than an expense.
- IAS 24 Revised: *Related party disclosures.* IAS 24 has been revised in response to concerns that the previous requirements and definitions of a related party were too complex and difficult to apply in practice.
- Annual improvements to IFRSs including updates to IFRS 7 *Financial Instruments: Disclosures;* IAS 1 *Presentation of Financial statements;* IAS 34 *Interim Financial Reporting* and IFRIC 13 *Customer Loyalty Programmes* applying to accounting periods commencing on or after 1 January 2011.
- IFRIC 19 – Extinguishing Financial Liabilities with Equity instruments.

BASIS OF PREPARATION

The Group and the 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, 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. To enhance the transparency and understanding of the underlying net revenue performance of the Group and to mirror reporting practice within the drinks industry, the Directors considered it appropriate to change the layout of the income statement to separately highlight the value of Revenue net of excise duties (Net revenue) and consequently amended the classification of excise duty costs. Excise duties represent a significant proportion of Revenue, are set by external regulators over which the Group has no control and are generally passed on to the consumer. On this basis the Directors consider that the disclosure of Net revenue provides a more meaningful analysis of underlying performance. In previous financial years, the Group classified excise duty costs within operating costs. This classification amendment has no impact on the profit for the financial year or the previous financial year or on the financial position (net assets) of the Group as reported (see note 1).

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 (note 12)
- 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 14),
- accounting for retirement benefit obligations (note 23),
- measurement of financial instruments (note 24),
- valuation of share-based payments (note 5), and,
- provision for liabilities (note 19).

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. Not withstanding 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. As the Group's manufacturing and warehousing facilities are Revenue approved and registered excise facilities, the excise duty liability generally crystallises on transfer of product from duty in suspense to duty paid status which normally coincides with the point of sale.

NET REVENUE
Net revenue is defined by the Group as Revenue less Excise duty.

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. 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 use judgement 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.

FINANCE INCOME AND EXPENSES
Finance income comprises interest income on funds invested, gains on hedging instruments that are recognised in the income statement and interest earned on customer advances. Interest income is recognised as it accrues in the income statement, 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 the income statement, losses on hedging instruments that are recognised in the income statement, gains or losses relating to the effective portion of interest rate swaps hedging variable rate borrowings, ineffective portion of changes in the fair value of cash flow hedges, impairment losses recognised on financial assets and unwinding the discount on provisions. All borrowing costs are recognised in the income statement 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.

SEGMENTAL 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 seven 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 both the presentation and 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 the consolidated financial statements, in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement 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 where that represents a reasonable approximation of actual rates. 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 consolidated financial statements 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 operation that is designated as a hedge of those investments is recognised directly in other comprehensive income to the extent that they are determined to be effective. The ineffective portion is recognised immediately in the income statement 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 Group has adopted IFRS 3 (2009) *Business Combinations* in the current financial year. However, the acquisitions of the Tennent's and Gaymer businesses in the previous financial year do not come under the scope of this revised standard and therefore they continue to be accounted for under the original IFRS 3 (2004) *Business Combinations* accounting standard.

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. Directly attributable acquisition costs under IFRS 3 (2009) are expensed rather than included as part of the purchase price as permitted under IFRS 3 (2004). 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. Under IFRS 3 (2009) subsequent changes in the fair value will be recognised in the income statement. 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.

Under IFRS 3 (2004) the identifiable assets and liabilities acquired in a business combination, such as the acquisitions by the Group in the prior financial year, 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

The Group has adopted IFRS 3 (2009) *Business Combinations* in the current financial year. However, the valuation of goodwill arising on the prior year acquisition of the Tennent's and Gaymer businesses does not come under the scope of this revised standard and therefore it has been valued using IFRS 3 (2004) *Business Combinations*.

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 acquisition 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 than 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.

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 balance sheet and the net amount, less any proceeds, is taken to the income statement and any amounts included within the revaluation reserve transferred to the retained income reserve.

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 debited directly to equity under the heading of revaluation surplus to the extent of any credit balance existing in the revaluation reserve account in respect of that asset with the remaining balance 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 in property, plant & equipment 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.

Financed leased assets are included in property, plant & equipment and 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 (the 'ESOS'), a share-based Long Term Incentive Plan (the 'LTIP') a Joint Share Ownership Plan (the "JSOP"), a Restricted Share Awards Plan and a Recruitment & Retention Plan, all of which are equity settled.

Equity settled share-based payment transactions
Group share schemes allow certain 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 and the Recruitment and Retention Plan are subject to non-market vesting conditions only. 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 5. 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 at each reporting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. It 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 and those options forfeit in consequence. 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 post vesting or lapse.

The dilutive effect of outstanding options is reflected as additional share dilution in the determination of diluted earnings per share.

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 insufficient 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 also recognised in other comprehensive income.

FINANCIAL INSTRUMENTS

Trade & other receivables

Trade receivables are initially recognised at fair value (which usually equals the original invoice value) and are subsequently measured at amortised cost. 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 subsequently carried at amortised cost 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 early 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) 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 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 and credit 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 cashflow hedge accounting in which case recognition of any resultant gain or loss is recognised through other comprehensive income.

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.

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 hedge accounting. For situations where the hedging instrument no longer qualifies for hedge accounting, 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.

Net investment hedging

Any gain or loss on the effective portion of a hedge of a net investment in a foreign operation using a foreign currency denominated monetary liability 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 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.

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 until such time as the Interests vest and the participants acquire the shares from the Trust or the Interests lapse and the shares are cancelled or disposed of by the Trust.

Own shares acquired under share buyback programme

The cost of ordinary shares purchased by the Company on the open 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.

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 fair value at that date 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. PRIOR YEAR RECLASSIFICATION

To enhance the transparency and understanding of the underlying net revenue performance of the Group and to mirror reporting practice within the drinks industry, the Directors considered it appropriate to highlight separately the value of Revenue net of excise duties (Net revenue) and consequently amended the classification of excise duty in the income statement. Excise duties represent a significant proportion of Revenue, are set by external regulators over which the Group has no control and are generally passed on to the consumer. On this basis, the Directors consider that the disclosure of Net revenue provides a more meaningful analysis of underlying performance. In the previous financial years, the Group classified excise duty costs within operating costs.

This classification amendment has no impact on the profit for the financial year or the previous financial year or on the financial position (net assets) of the Group as reported. The impact of the classification change on operating costs for continuing operations in both years is shown below:

	2011		2010	
	Operating costs €m	Operating profit €m	Operating costs €m	Operating profit €m
Previous classification	**701.2**	**88.5**	419.5	71.3
Impact of change	**(260.1)**	**-**	(128.1)	-
Current classification	**441.1**	**88.5**	291.4	71.3

2. SEGMENTAL REPORTING

The Group's business activity is the manufacturing, marketing and distribution of Alcoholic Drinks and seven operating segments have been identified; Cider Republic of Ireland ('ROI'), Cider Great Britain ('GB'), Cider Northern Ireland ('NI'), Cider Export (previously Cider Rest of World ('ROW')), Tennent's Great Britain ('GB'), Tennent's Ireland and Third Party Brands (previously Distribution). The basis of segmentation differs from that presented in the prior year in that Cider Northern Ireland and Tennent's Ireland are now considered separate reportable segments. This basis corresponds with the Group's organisation structure, the current year nature of reporting lines to the Chief Operating Decision-Maker (as defined in IFRS 8 *Operating Segments*) and the Group's current year internal reporting for the purposes of managing the business, assessing performance and allocating resources. 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, Net revenue and Operating profit before exceptional items and therefore these are the most relevant indicators in 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 the principal brands.

(iii) Cider NI
This segment includes the results from sale of the Group's cider products in Northern Ireland, with Magners the principal brand.

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

(v) Tennent's GB
This segment includes the results from sale of the Group's 'owned' beer brand - Tennent's in Great Britain. This operating segment, together with Tennent's Ireland below, were reported as Tennent's Beer in the financial statements for the year ended 28 February 2010.

(vi) Tennent's Ireland
This segment includes the results from sale of the Group's 'owned' beer brand - Tennent's in the Republic of Ireland and Northern Ireland.

(vii) Third Party Brands (previously Distribution)
This segment relates to wholesaling to the licensed trade in Northern Ireland and the distribution of agency products, including 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 Spirits & Liqueurs business is set out in note 9.

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.

2. SEGMENTAL REPORTING - CONTINUED

Inter-segment 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.

(a) Operating segment disclosures

	2011			2010		
	Revenue €m	Net revenue €m	Operating profit €m	Revenue €m	Net revenue €m	Operating profit €m
Cider – ROI	**136.4**	**100.0**	**43.7**	153.0	107.6	44.3
Cider – GB	**284.6**	**195.2**	**27.0**	149.0	122.8	19.7
Cider – NI	**15.7**	**12.6**	**3.1**	18.5	15.1	2.9
Cider – Export	**21.5**	**21.5**	**2.7**	15.7	15.7	1.5
Tennent's GB	**198.8**	**85.7**	**13.4**	70.7	31.1	2.2
Tennent's Ireland	**28.4**	**17.8**	**5.1**	10.3	6.3	1.5
Third party brands	**104.3**	**96.8**	**5.5**	73.6	64.1	2.7
Continuing operations	**789.7**	**529.6**	**100.5**	490.8	362.7	74.8
Discontinued operations	**20.9**	**20.9**	**4.5**	78.0	78.0	14.7
Total before unallocated items	**810.6**	**550.5**	**105.0**	568.8	440.7	89.5
Unallocated items:						
Exceptional items (note 6)	**-**	**-**	**(11.1)***	-	-	(0.8)**
Total	**810.6**	**550.5**	**93.9**	568.8	440.7	88.7

* The unallocated exceptional items exclude the profit on disposal of discontinued activities of €224.7m (note 9). Of the exceptional items in the current year, €0.9m relates to Cider ROI, €6.8m to Cider GB, €0.4m to Cider NI, €0.2m to Cider Export, €3.7m to Tennent's GB, and exceptional income of €0.9m relating to discontinued operations.

** Of the exceptional items in the prior year, €0.1m relates to Cider ROI, €0.4m to Cider GB, €0.4m to Cider Export, €0.2m to Third party brands, €2.4m to Tennent's GB, and exceptional income of €2.7m relating to discontinued operations.

(b) Other operating segment information

	2011		2010	
	Capital expenditure €m	Depreciation €m	Capital expenditure €m	Depreciation €m
Cider – ROI	**1.7**	**4.6**	1.0	5.2
Cider – GB	**5.2**	**8.9**	3.0	7.4
Cider – NI	**0.1**	**0.3**	0.3	0.6
Cider – Export	**-**	**0.4**	0.3	0.3
Tennent's GB	**10.9**	**5.6**	0.3	2.1
Tennent's Ireland	**1.3**	**1.2**	0.7	0.5
Third party brands	**-**	**0.1**	-	0.1
Total – continuing operations	**19.2**	**21.1**	5.6	16.2
Discontinued operations	**-**	**0.1**	0.1	0.6
Total	**19.2**	**21.2**	5.7	16.8

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

	Revenue		Net revenue		Non-current assets	
	2011 €m	2010 €m	2011 €m	2010 €m	2011 €m	2010 €m
Republic of Ireland	**151.4**	156.7	**109.8**	109.9	**73.3**	85.2
UK	**616.8**	318.4	**398.3**	237.1	**133.9**	121.8
Rest of Europe	**6.5**	5.7	**6.5**	5.7	**-**	-
North America	**8.5**	5.6	**8.5**	5.6	**-**	-
Rest of world	**6.5**	4.4	**6.5**	4.4	**-**	-
Total	**789.7**	490.8	**529.6**	362.7	**207.2**	207.0

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.

3. OPERATING COSTS

	2011 Before exceptional items €m	2011 Exceptional items (note 6) €m	2011 Total €m	2010 (restated) Before exceptional items €m	2010 (restated) Exceptional items (note 6) €m	2010 (restated) Total €m
Raw material cost of goods sold	229.8	-	229.8	171.4	-	171.4
Inventory write-down (note 16)	1.1	(0.2)	0.9	0.9	-	0.9
Employee remuneration (note 4)	62.4	2.9	65.3	50.2	0.7	50.9
Direct brand marketing	59.0	-	59.0	61.6	-	61.6
Other operating, selling and administration costs	65.6	8.4	74.0	45.9	0.1	46.0
Depreciation	21.2	-	21.2	16.8	-	16.8
Amortisation	0.1	-	0.1	-	-	-
Research and development costs	0.9	-	0.9	1.3	-	1.3
Auditor remuneration (a):						
- audit services	0.4	-	0.4	0.4	-	0.4
- non audit services	0.6	-	0.6	0.5	-	0.5
Operating lease rentals:						
- land & buildings	3.0	-	3.0	-	-	-
- plant & machinery	0.8	-	0.8	1.3	-	1.3
- other	0.6	-	0.6	0.9	-	0.9
Total	445.5	11.1	456.6	351.2	0.8	352.0
Relating to discontinued operations	(16.4)	0.9	(15.5)	(63.3)	2.7	(60.6)
Relating to continuing operations	429.1	12.0	441.1	287.9	3.5	291.4

(a) **Auditor remuneration** The remuneration of the Group's statutory auditor, being the Irish firm of the principal auditor of the Group, KPMG, Chartered Accountants is as follows:

	2011 €m	2010 €m
Audit of the Group financial statements	0.3	0.3
Other assurance services	0.1	0.1
Tax advisory services	0.3	0.3
Other non audit services	0.2	0.2
Total	0.9	0.9

The audit fee for the audit of the financial statements of the Company was less than €0.1m in the current and prior financial year.

4. 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:-

	2011 Number	2010 Number
Production	442	248
Sales & marketing	312	219
Distribution	107	99
Administration	145	116
Total	1,006	682

The actual number of persons employed by the Group as at 28 February 2011 was 972 (28 February 2010: 1,077).

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

	2011 €m	2010 €m
Wages, salaries and other short term employee benefits	45.1	37.9
Severance costs (note 6)	4.9	3.8
Social welfare costs	5.4	3.9
Retirement benefit obligations – defined benefit schemes (note 23)	0.8	0.2
Retirement benefit obligations – defined contribution schemes	5.1	2.6
Equity settled share-based payments (note 5)	4.0	2.5
Charged to the income statement	65.3	50.9
Actuarial gain on retirement benefit obligations recognised in other comprehensive income (note 23)	(0.2)	(16.7)
Total employee benefits	65.1	34.2

5. SHARE-BASED PAYMENTS

In May 2004, the Group established an equity settled Executive Share Option Scheme (ESOS) 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 under this scheme in May 2004, in June of each year from 2005 through to 2008, in May 2009 and in May, June and July 2010.

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 or the Committee is otherwise satisfied that the improvement in the underlying financial performance of the Company over the Performance Period warrants the degree of vesting as calculated under the TSR condition. If at the end of the relevant period both these conditions are not met the options lapse.

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 Company of an amount equal to 10% of the initial issue price of the shares on the acquisition of the Interest. The executives are also required to pay a further amount if the tax value of their interest exceeds the price paid. When the further amount is paid, the Company compensates the executive for the obligation to pay this further amount by paying him an equivalent amount, which is, however, subject to income tax in the hands of the participant.

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 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 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 may, at the request of the participant and on payment of the further amount, transfer shares to the participant of equal value to the participant's Interest or the Shares may be sold by the trustees, who will account to the participant for the difference between the sale proceeds (less expenses) and the Hurdle Value (balancing 90% of the acquisition 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.

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 of meeting a €4.00 share price target and the third anniversary of the award date subject to continued employment. The Board approved the award of 429,148 options under this plan in February 2010.

In June 2010, the Group established a Recruitment and Retention Plan under the terms of which options to purchase shares in C&C Group plc are granted at nil cost to certain key executive employees.

The performance conditions and/or other terms and conditions for awards granted under this plan are specifically approved by the Board of Directors at the time of each individual award, following a recommendation by the Remuneration Committee. The Board approved the award of 81,000 options under this plan in June 2010. This award is subject to time vesting conditions only and will normally vest and become exercisable in three equal tranches, one-third on the first anniversary of acquisition, one-third on the second anniversary and the final one-third on the third anniversary.

Obligations arising under the Restricted Share Award Scheme and the Recruitment and Retention Plan will be honoured by the purchase of existing shares on the open market. On settlement any difference between the amount included in the Share-based payment reserve account and the cash paid to purchase the shares is recognised in retained income via the statement of changes in equity.

5. SHARE-BASED PAYMENTS - CONTINUED

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 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. Tax penalties apply should the employees sell the shares before the vesting period expires. The vesting period for shares awarded to Republic of Ireland resident employees expired in June 2010 and all remaining shares were transferred out of the Trust and into the Participants' individual names while the vesting period for shares awarded to UK resident employees will expire in June 2012.

The fair values assigned to the ESOS options granted were computed in accordance with a trinomial valuation methodology, the fair value of options awarded under the LTIP were computed in accordance with a stochastic model, the fair value of options awarded under the Recruitment and Retention Plan were computed in accordance with a binomial 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:-

	Executive options granted July 2010	Recruitment & retention plan June 2010	Executive options granted June 2010	Executive options granted May 2010	Restricted shares granted February 2010	JSOP granted December 2009	JSOP granted June 2009	Executive options granted May 2009
Exercise price	€3.32	€0.00	€3.21	€3.21	€0.00	€2.47	€1.15	€1.94
Risk free interest rate	1.47%	1.4%-1.8%	1.36%	1.58%	2.29%	0.7% – 1.7%	0.9% - 2.0%	3.8%
Expected volatility	50.8%	50.8%	50.8%	50.8%	50.8%	44.7% - 52.9%	43.3% - 48.4%	43.5%
Expected life	7 years	1-3 years	7 years	7 years	3-5 years	1 - 3 years	1 - 3 years	7 years
Dividend yield	2.0%	1.6%	2.04%	1.99%	2.22%	2.2%	2.6%	3.09%

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 February 11	Grant price €	Market value at date of grant €	Fair value at date of grant €	Expense in Income Statement 2011 €m	2010 €m
13 May 2004	3 years	4,914,900	62,400	2.26	2.26	0.49	**-**	-
20 June 2005	3 years	1,708,200	82,100	3.56	3.56	0.72	**-**	-
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	**-**	-
15 June 2006 (LTIP)	3 years	127,600	-	-	6.52	4.48	**-**	-
13 June 2007	3 years	318,500	-	11.53	11.53	2.76	**-**	-
13 June 2007 (LTIP)	3 years	82,100	-	-	11.53	5.26	**-**	-
13 June 2008	3 years	1,013,700	217,200	5.11	5.11	0.98	**-**	-
13 June 2008 (LTIP)	3 years	59,600	-	-	5.11	3.38	**-**	-
18 December 2008 (JSOP)	1-3 years	12,800,000	9,386,668	1.15	1.315	0.16 - 0.21	**0.9**	1.1
13 May 2009	3 years	4,336,300	3,768,400	1.94	1.94	0.72	**1.2**	0.8
03 June 2009 (JSOP)	1-3 years	1,000,000	1,000,000	1.15	2.32	1.01–1.09	**0.4**	0.5
17 December 2009 (JSOP)	1-3 years	2,200,000	1,550,000	2.47	2.76	0.11–0.16	**0.1**	0.1
26 February 2010 (Restricted share plan)	1-3 years	429,148	232,455	-	2.70	2.26	**0.3**	-
26 May 2010	3 years	803,900	803,900	3.21	3.21	1.21	**0.3**	-
2 June 2010	3 years	127,200	127,200	3.21	3.21	1.14	**-**	-
29 June 2010 (Recruitment & retention plan)	1-3 years	81,000	81,000	-	3.20	2.94	**-**	-
21 July 2010	3 years	2,944,400	2,926,600	3.32	3.32	1.16	**0.8**	-
		33,837,813	**20,342,023**				**4.0**	2.5
APSS Scheme		**189,061**	**-**	11.39	11.39	11.39	**-**	-
		34,026,874	**20,342,023**				**4.0**	2.5

5. 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 2010 will vest and all qualifying conditions will be achieved. Options granted during 2007 did not achieve the related performance condition and consequently all outstanding options lapsed. 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 28 February 2009 fell by 21% and fell a further 9% for the year ended 28 February 2010, the Directors consider the likelihood of achieving the non-market vesting conditions for the 2008 ESOS and LTIP share option awards as remote and therefore it is currently assumed that no options granted during 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 includes an accelerated charge of €0.9m (2010: €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:

	2011		2010	
	Number of options/ equity Interests	Weighted average exercise price €m	Number of options/ equity Interests	Weighted average exercise price €m
Outstanding at beginning of year	**21,736,448**	**1.60**	15,263,000	1.72
Granted	**3,956,500**	**3.23**	7,965,448	1.99
Exercised	**(4,003,232)**	**1.18**	(432,800)	2.26
Forfeited/lapsed	**(1,347,693)**	**3.18**	(1,059,200)	5.22
Outstanding at end of year	**20,342,023**	**1.79**	21,736,448	1.60

The number of share options/equity Interests exercisable at 28 February 2011 was 6,545,377 (2010: 4,726,167).

The unvested options/equity Interests outstanding at 28 February 2011 have a weighted average vesting period outstanding of 1.4 years. The weighted average contractual life of vested and unvested share options/equity Interests is 5.2 years.

The weighted average share price at date of exercise of all options/equity Interests exercised during the period was €3.28 (2010: €2.59), the average share price for the year was €3.26 (2010: €2.31) and the share price as at 28 February 2011 was €3.54 (28 February 2010: €2.71).

6. EXCEPTIONAL ITEMS

	2011			2010		
	Continuing operations €m	Discontinued operations €m	Total €m	Continuing operations €m	Discontinued operations €m	Total €m
Restructuring costs	4.9	-	**4.9**	3.8	-	3.8
Retirement benefit obligations	(1.1)	(0.9)	**(2.0)**	(2.2)	(0.9)	(3.1)
Recovery of previously impaired inventory	(0.2)	-	**(0.2)**	-	-	-
Costs associated with integrating acquired businesses	8.4	-	**8.4**	1.9	-	1.9
Profit from discontinued operations	-	(224.7)	**(224.7)**	-	(1.8)	(1.8)
Total before tax	**12.0**	**(225.6)**	**(213.6)**	3.5	(2.7)	0.8
Income tax expense	(2.9)	0.1	**(2.8)**	(0.9)	-	(0.9)
Total after tax	**9.1**	**(225.5)**	**(216.4)**	2.6	(2.7)	(0.1)

(a) Restructuring costs
Restructuring costs, comprising severance and other initiatives arising from cost cutting initiatives implemented during the financial year, resulted in an exceptional charge before taxation of €4.9m (2010: €3.8m).

(b) Retirement benefit obligations
The exceptional gain of €2.0m in the current financial year relates to defined benefit pension scheme curtailment gains arising as a result of: the Group's disposal of its Spirits & Liqueurs business to William Grant & Sons Holdings Limited and the reclassification of these employees from active to deferred members (€0.9m); restructuring initiatives in Northern Ireland following the integration of the acquired business (€0.1m); and a cost reduction programme in the Group's cider manufacturing facility in Clonmel, Co. Tipperary (€1.0m). A curtailment gain arises where the value of the pension benefit of a deferred member is less than that of an active member. This occurs when the long term salary increase assumption is greater than the long term inflation expectation.

6. EXCEPTIONAL ITEMS - CONTINUED

The exceptional gain in the prior year relates to a defined benefit pension scheme curtailment gain of €3.4m which arose due to the reduction in headcount numbers following the Group's restructuring programme announced in February 2009, as reduced by the cost of providing pension augmentations (€0.3m) to a smaller number of employees.

(c) Recovery of previously impaired inventory
During the financial year ended 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 the Group recorded an impairment charge in relation to excess apple juice stocks. During the current financial year, some of the previously impaired juice stocks were recovered and used by the Group's acquired Gaymers cider business. As a result this stock was written back to operating profit at its recoverable value.

(d) Costs associated with integrating the acquired businesses
During the financial year ended 28 February 2010, the Group completed the acquisition of the Tennent's beer business and the Gaymer cider business and commenced the process of integrating these businesses with the Group's existing business. The costs associated with integrating these businesses have been classified as exceptional on the basis of materiality. These costs primarily relate to external consultant fees and remuneration costs of employees directly involved in the integration process together with the costs associated with the implementation of the new IT systems platform which, in accordance with IAS 16 *Property, Plant and Equipment*, and in the opinion of management, were not appropriate for capitalisation within Property, plant and equipment in the balance sheet.

(e) Profit from discontinued operations, net of tax
On 1 July 2010, the Group completed the disposal of its Spirits & Liqueurs division to William Grant & Sons Holdings Limited for a gross cash consideration of €300.0m realising a profit of €224.7m (note 9).

During the prior 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.

7. FINANCE INCOME AND EXPENSE

	2011 €m	2010 €m
Recognised in income statement		
Finance income:		
Interest income on bank deposits	**(1.2)**	(1.3)
Loss on mark to market of derivative financial instruments arising on surplus sterling cash flow hedges	**-**	0.2
Fair value change on non-hedge accounted derivative financial instruments	**-**	(0.7)
Ineffective portion of change in fair value of cash flow hedges	**-**	(0.2)
Total finance income	**(1.2)**	(2.0)
Finance expense:		
Interest expense on interest bearing borrowings	**6.6**	4.9
Expense arising on interest rate swaps designated as cash flow hedges against interest exposure	**3.1**	4.4
Unwinding of discount on provisions	**1.0**	-
Ineffective portion of change in fair value of cash flow hedges	**(0.1)**	(0.1)
Total finance expense	**10.6**	9.2
Net finance expense	**9.4**	7.2
Recognised directly in other comprehensive income		
Effective portion of change in fair value of cash flow hedges	**(2.9)**	(3.7)
Fair value of foreign exchange cash flow hedges transferred to income statement	**4.3**	(4.7)
Fair value of interest rate swap cash flow hedges transferred to income statement	**3.0**	4.3
Deferred tax on cash flow hedges recognised directly in other comprehensive income	**(0.5)**	0.6
Foreign currency translation differences arising on foreign currency borrowings designated as net investment hedges	**(3.3)**	(0.8)
Foreign currency translation differences arising on the net investment in foreign operations	**16.5**	6.6
Net income recognised directly in other comprehensive income	**17.1**	2.3

8. INCOME TAX

	2011 €m	2010 €m
(a) Analysis of charge in year recognised in the income statement		
Current tax:		
Irish corporation tax	**4.1**	4.7
Foreign corporation tax	**2.3**	1.6
Adjustment in respect of previous years	**(1.8)**	(0.2)
	4.6	6.1
Deferred tax:		
Irish	**3.1**	1.2
Foreign	**1.1**	0.7
	4.2	1.9
Total income tax expense recognised in income statement	**8.8**	8.0
Relating to discontinued operations		
- discontinued operations before exceptional items	**0.5**	1.6
- discontinued operations exceptional items	**0.1**	-
Relating to continuing operations		
- continuing operations before exceptional items	**11.1**	7.3
- continuing operations exceptional items	**(2.9)**	(0.9)
Total	**8.8**	8.0

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.

	2011 €m	2010 €m
Profit before tax from continuing operations	**79.1**	64.1
Profit from discontinued operations	**5.4**	17.4
Profit on disposal of discontinued operations	**224.7**	-
	309.2	81.5
Tax at standard rate of corporation tax in the Republic of Ireland of 12.5%	**38.7**	10.2
Actual tax charge is affected by the following:		
Expenses not deductible for tax purposes	**1.1**	1.0
Adjustments in respect of prior years	**(1.8)**	(0.2)
Deferred tax provided for at a different rate from the standard corporation tax rate*	**-**	(2.1)
Differences in effective tax rates on overseas earnings	**0.5**	0.8
Manufacturing relief	**(0.8)**	(1.3)
Non taxable income/profits	**(28.1)**	-
Other differences	**(0.8)**	(0.4)
Total income tax	**8.8**	8.0

	2011 €m	2010 €m
(b) Deferred tax recognised directly in other comprehensive income		
Deferred tax arising on movement in defined benefit pension obligations	**-**	(2.1)
Deferred tax arising on movement in derivatives designated as cash flow hedges	**0.5**	0.6
	0.5	(1.5)

* 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 was recognised at the standard corporation tax rate during the year ended 28 February 2010.

(c) Factors that may affect future charges

Future income tax charges may be impacted by changes to the corporation tax rates in force in the countries in which the Group operates and by any adoption or implementation of the current draft EU Directive and proposal in relation to the Common Consolidated Corporate Tax Base "CCCTB" which seeks to alter the existing system of allocating a group's taxable profits between different territories.

9. DISCONTINUED OPERATIONS

On 30 June 2010, the Group completed the disposal of its Spirits & Liqueurs business to William Grant & Sons Holdings Limited for a gross cash consideration of €300.0m.

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

Results of discontinued operations

	2011			2010		
	Before exceptional items €m	Exceptional items (note 6) €m	Total €m	Before exceptional items €m	Exceptional items (note 6) €m	Total €m
Revenue	**20.9**	**-**	**20.9**	78.0	-	78.0
Excise duty	**-**	**-**	**-**	-	-	-
Net revenue	**20.9**	**-**	**20.9**	78.0	-	78.0
Expenses, net	**(16.4)**	**0.9**	**(15.5)**	(63.3)	2.7	(60.6)
Operating profit	**4.5**	**0.9**	**5.4**	14.7	2.7	17.4
Income tax expense	**(0.5)**	**(0.1)**	**(0.6)**	(1.6)	-	(1.6)
Trading profit from discontinued operations	**4.0**	**0.8**	**4.8**	13.1	2.7	15.8
Gain on sale of discontinued operations	**-**	**224.7**	**224.7**	-	-	-
Profit from discontinued operations	**4.0**	**225.5**	**229.5**	13.1	2.7	15.8

The exceptional income arising relates to:-

- curtailment gains on the Group's defined benefit pension schemes; a current year gain of €0.9m following the disposal of the Spirits & Liqueurs business and a prior year gain of €0.9m following the September 2008 disposal of the Group's Republic of Ireland Wine and Spirits distribution business.
- the prior year 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

	2011 €m	2010 €m
Net cash inflow/(outflow) from operating activities	**0.1**	(3.1)
Net cash inflow from investing activities	**294.9**	2.0
Net cash inflow/(outflow) from discontinued operations	**295.0**	(1.1)

Effect of disposal on the financial position of the Group

	2011 €m	2010 €m
Property, plant & equipment	**2.5**	2.6
Goodwill	**49.6**	49.6
Inventories	**6.6**	5.5
Trade & other receivables	**17.1**	11.3
Derivative financial instruments	**(3.0)**	(1.4)
Trade & other payables	**(4.5)**	(13.4)
Net assets and liabilities disposed of	**68.3**	54.2
Consideration receivable	**302.0**	-
Costs of disposal payable	**(6.0)**	-
Net proceeds receivable	**296.0**	-
Profit on disposal of net assets and liabilities	**227.7**	-
Fair value of derivative financial instruments transferred from cashflow hedge reserve to income statement	**(3.0)**	-
Gain on sale of discontinued operations	**224.7**	-

Consideration receivable includes a working capital settlement (estimated at €2.0m) to reflect the level of working capital disposed of and that considered 'normalised' as set out in the Sale Purchase Agreement, while costs of disposal payable includes an accrual for costs not yet paid.

10. DIVIDENDS

	2011 €m	2010 €m
Dividends paid		
Final: paid 3.0c per ordinary share in September 2010 (2010: 3.0c paid in September 2009)	9.5	9.5
Interim: paid 3.3c per ordinary share in December 2010 (2010: 3.0c paid in December 2009)	10.7	9.5
Total equity dividends	**20.2**	19.0
Settled as follows:		
Paid in cash	12.1	14.7
Scrip dividend	8.1	4.3
	20.2	19.0

The Directors have proposed a final dividend of 3.3c per share (2010: 3.0c), which is subject to shareholder approval at the Annual General Meeting, giving a proposed total dividend for the year of 6.6c per share (2010: 6.0c).

Dividends of 6.3c were recognised as a deduction from the retained income reserve in the year ended 28 February 2011 (2010: 6.0c).

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

11. EARNINGS PER ORDINARY SHARE

Denominator computations	Number '000	Number '000
Number of shares at beginning of year	334,068	328,583
Shares issued in lieu of dividend	2,538	1,852
Shares issued in respect of options exercised	590	433
Shares issued and held in trust in respect of the Joint Share Ownership Plan	-	3,200
Number of shares at end of year	**337,196**	334,068
Weighted average number of ordinary shares (basic)*	321,579	316,763
Adjustment for the effect of conversion of options	8,492	7,000
Weighted average number of ordinary shares, including options (diluted)	330,071	323,763

* excludes 12.6m treasury shares (2010: 16.0m)

Profit attributable to ordinary shareholders	2011 €m	2010 €m
Earnings as reported	300.4	73.5
Adjustment for exceptional items, net of tax (note 6)	(216.4)	(0.1)
Earnings as adjusted for exceptional items, net of tax	84.0	73.4
Basic earnings per share	Cent	Cent
Basic earnings per share	93.4	23.2
Adjusted basic earnings per share	26.1	23.2
Diluted earnings per share		
Diluted earnings per share	91.0	22.7
Adjusted diluted earnings per share	25.4	22.7
Continuing operations	€m	€m
Earnings from continuing operations as reported	70.9	57.7
Adjustment for exceptional items, net of tax (note 6)	9.1	2.6
Earnings from continuing operations as adjusted for exceptional items, net of tax	80.0	60.3

11. EARNINGS PER ORDINARY SHARE - CONTINUED

Basic earnings per share	Cent	Cent
Basic earnings per share	**22.0**	18.2
Adjusted basic earnings per share	**24.9**	19.0
Diluted earnings per share		
Diluted earnings per share	**21.5**	17.8
Adjusted diluted earnings per share	**24.2**	18.6
Discontinued operations	€m	€m
Earnings from discontinued operations as reported	**229.5**	15.8
Adjustment for exceptional items, net of tax (note 6)	**(225.5)**	(2.7)
Earnings from discontinued operations as adjusted for exceptional items, net of tax	**4.0**	13.1
Basic earnings per share	Cent	Cent
Basic earnings per share	**71.4**	5.0
Adjusted basic earnings per share	**1.2**	4.1
Diluted earnings per share		
Diluted earnings per share	**69.5**	4.9
Adjusted diluted earnings per share	**1.2**	4.0

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 on the basis that these shares do not rank for dividend (at 28 February 2011: 12.6m shares; at 28 February 2010: 16.0m shares).

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 324,487 at 28 February 2011 and 551,100 at 28 February 2010) 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 certain Interests awarded under the Joint Share Ownership Plan (totalling 750,000 at 28 February 2011 and 1,100,000 at 28 February 2010) is also contingent upon satisfaction of specified performance conditions and these have also been excluded from the computation of diluted earnings per share.

12. BUSINESS COMBINATIONS

There were no business acquisitions during the current financial year.

Details of acquisitions completed during the previous financial year and accounted for using IFRS 3 (2004) Business Combinations, together with the completion dates, are as follows:

- the assets and goodwill of the Tennent's 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.

Given the timing of the closure of the prior year business combinations, the assignment of fair values to identifiable net assets acquired was performed on a provisional basis, and as permitted under IFRS 3 (2004) *Business Combinations,* these provisional valuations were amended during the current financial year. The adjustments to the original fair values are set out below and relate to the costs of acquisition, the fair values of trade receivables & accruals and the recognition of an onerous lease obligation. The Directors do not believe that these fair value adjustments have a material impact on the financial performance or position of the Group and therefore the adjustments have been reflected in the current financial year only.

12. BUSINESS COMBINATIONS - CONTINUED

	Initial fair value assigned €m	Adjustment to initial fair value €m	Revised fair value €m
Tennent's			
Property, plant & equipment	65.5	-	**65.5**
Brands & other intangible assets	70.8	-	**70.8**
Inventories	6.0	-	**6.0**
Trade & other receivables – current	49.4	0.7	**50.1**
Trade & other receivables – non current	23.6	-	**23.6**
Trade & other payables	(25.0)	4.0	**(21.0)**
Deferred tax assets	0.5	-	**0.5**
Net identifiable assets and liabilities acquired	190.8	4.7	**195.5**
Goodwill arising on acquisition	25.7	(4.3)	**21.4**
Total consideration	216.5	0.4	**216.9**

	Initial fair value assigned €m	Adjustment to initial fair value €m	Revised fair value €m
Gaymers			
Property, plant & equipment	35.8	-	**35.8**
Brands & other intangible assets	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)	(6.3)	**(11.6)**
Deferred tax liabilities	(4.5)	-	**(4.5)**
Net identifiable assets and liabilities acquired	48.4	(6.3)	**42.1**
Goodwill arising on acquisition	3.7	6.7	**10.4**
Total consideration	52.1	0.4	**52.5**

	Initial fair value assigned €m	Adjustment to initial fair value €m	Revised fair value €m
Total			
Property, plant & equipment	101.3	-	**101.3**
Brands & other intangible assets	81.7	-	**81.7**
Inventories	18.5	-	**18.5**
Trade & other receivables – current	50.8	0.7	**51.5**
Trade & other receivables – non current	23.6	-	**23.6**
Trade & other payables	(27.4)	4.0	**(23.4)**
Provisions	(5.3)	(6.3)	**(11.6)**
Deferred tax liabilities (net)	(4.0)	-	**(4.0)**
Net identifiable assets and liabilities acquired	239.2	(1.6)	**237.6**
Goodwill arising on acquisition	29.4	2.4	**31.8**
Total consideration	268.6	0.8	**269.4**

In addition to the further acquisition costs of €0.8m paid during the current financial year, the Group settled the deferred consideration of €30.8m to AB InBev which was payable on the first anniversary of completion of the acquisition of the Irish, Northern Irish and Scottish businesses of AB InBev (28 September 2010). This payable balance was included within accruals in the prior year (note 18).

13. PROPERTY, PLANT & EQUIPMENT

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Group				
Cost or valuation				
At 1 March 2009	23.9	119.0	46.0	188.9
Translation adjustment	0.6	0.4	0.4	1.4
Acquisition of businesses (note 12)	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
Translation adjustment	2.8	2.1	1.0	**5.9**
Additions	-	4.0	15.2	**19.2**
Disposals	-	-	(1.5)	**(1.5)**
Disposal of Spirits and Liqueurs	-	(7.7)	(0.7)	**(8.4)**
At 28 February 2011	**75.1**	**156.1**	**79.8**	**311.0**
Depreciation				
At 1 March 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
Translation adjustment	0.1	-	0.1	**0.2**
Charge for the year	1.1	11.4	8.7	**21.2**
Disposals	-	-	(0.3)	**(0.3)**
Disposal of Spirits and Liqueurs	-	(5.2)	(0.7)	**(5.9)**
At 28 February 2011	**6.4**	**73.4**	**44.0**	**123.8**
Net book value				
At 28 February 2011	**68.7**	**82.7**	**35.8**	**187.2**
At 28 February 2010	67.1	90.5	29.6	187.2

No depreciation is charged on freehold land, which had a book value of €12.7m at 28 February 2011 (28 February 2010: €12.7m).

Depreciated replacement cost – 28 February 2010
An internal valuation was undertaken of all 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.

Depreciated replacement cost – 28 February 2011
An internal valuation was undertaken of all property, plant & machinery assets at 28 February 2011 that were valued under the existing use basis and the depreciated replacement method in the preceding financial years. As part of this valuation the Directors considered land values, projected asset utilisations, changes in useful lives and obsolescence. The valuations resulted in no revaluation of this property, plant & machinery.

The Company has no property, plant & equipment.

Assets held under finance leases
Neither the Company nor the Group have any assets held under finance leases at 28 February 2011 (28 February 2010: nil).

14. GOODWILL & INTANGIBLE ASSETS

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 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
Fair value adjustment	2.4	-	-	**2.4**
Disposal	(49.6)	-	-	**(49.6)**
Translation adjustment	1.3	4.5	0.1	**5.9**
At 28 February 2011	**378.1**	**86.6**	**1.7**	**466.4**
Amortisation	-	-	(0.1)	(0.1)
Net book value at 28 February 2011	**378.1**	**86.6**	**1.6**	**466.3**

Goodwill

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

	Cider - ROI €m	Cider - GB €m	Cider -NI €m	Cider -Export €m	Spirits & Liqueurs €m	Tennent's - GB €m	Tennent's - Ireland €m	Total €m
Cost								
At 1 March 2009	116.5	187.1	19.6	21.9	49.6	-	-	394.7
Arising on acquisition	-	3.7	-	-	-	22.9	2.8	29.4
Translation adjustment	-	-	-	-	-	(0.1)	-	(0.1)
At 28 February 2010 *	116.5	190.8	19.6	21.9	49.6	22.8	2.8	424.0
Disposal	-	-			(49.6)	-		**(49.6)**
Fair value adjustment	-	6.7	-	-	-	(4.3)	-	**2.4**
Translation adjustment	-	0.5	-	-	-	0.8	-	**1.3**
At 28 February 2011	**116.5**	**198.0**	**19.6**	**21.9**	**-**	**19.3**	**2.8**	**378.1**

* Goodwill at 1 March 2009 and 28 February 2010 has been attributed to the current operating segments as outlined in note 2.

Goodwill at 1 March 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 the acquisition of the Tennent's and Gaymer Cider businesses during the previous financial year was 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. This goodwill was attributed to the operating segments; Cider - GB and Tennent's Beer (comprising Tennent's GB and Tennent's Ireland). No goodwill was attributed to the Third party brands operating segment as the Group considered that the goodwill generated on acquisition of the Tennent's 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 should not be larger than an operating segment determined in accordance IFRS 8 *Operating Segments* and the inclusion of Cider NI and Tennent's Ireland as separate operating segments in the current financial year has resulted in the reporting of an element of goodwill previously classified within Cider Export (previously Cider ROW) and Tennent's Beer as Cider – NI (€19.6m) and Tennent's Ireland (€2.8m) respectively.

As permitted under IFRS 3 (2004) *Business Combinations*, the provisional valuations assigned to the assets and liabilities acquired were amended resulting in an increase to the value of goodwill of a net €2.4m. The amendments to the originally assigned fair values giving rise to this adjustment are set out in note 12 and relate to the costs of acquisition and the fair value of trade receivables, accruals and provisions.

All goodwill is regarded as having an indefinite life and is not subject to amortisation under IFRS but is subject to an annual impairment assessment.

14. GOODWILL & INTANGIBLE ASSETS - CONTINUED

Brands

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

	Cider - GB €m	Tennent's GB €m	Tennent's Ireland €m	Total €m
At 1 March 2009	-	-	-	-
Arising on acquisition	10.9	61.0	8.3	80.2
Translation adjustment	(0.1)	1.8	0.2	1.9
At 28 February 2010	10.8	62.8	8.5	82.1
Translation adjustment	0.6	3.4	0.5	**4.5**
At 28 February 2011	**11.4**	**66.2**	**9.0**	**86.6**

During the year ended 28 February 2010, the Group acquired the Tennent's beer brands and a number of cider brands, including Gaymers, Blackthorn and Olde English, further details of which are outlined in note 12. The acquired brands were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 *Business Combinations* by independent professional valuers.

In line with IAS 36 *Impairment of Assets*, and as discussed above, €8.3m of the fair value of the Tennent's beer brand attributed to Tennent's Ireland is now reported within that operating segment.

Capitalised 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. In addition, there are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of these brands. 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 previous 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 2011 is €0.1m (2010: 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 operating profit growth rates, the perpetuity growth rate and the discount rate applied to the estimated future cash flows.

The forecasted cash flows for each business segment are based on detailed financial budgets, formally approved by the Board, for year one, management's 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% (2010: 1%) per annum for all segments. A nominal growth rate of 2.5% (2010: 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 were discounted to present value using a range of discount rates between 8%-12% (2010: 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 2011 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 revenue and operating profit growth assumptions, discount rates applied to the resulting cashflows and the expected long term growth rates. No reasonable adjustments to the assumptions underlying the impairment testing models applied would result in any foreseeable risk of an impairment arising.

15. FINANCIAL ASSETS

Company

	2011 €m	2010 €m (restated)
Equity investment in subsidiary undertakings at cost		
At beginning of year	**962.2**	788.7
Investment in subsidiary undertakings	**-**	171.0
Capital contribution in respect of share options granted to employees of subsidiary undertakings	**4.0**	2.5
At end of year	**966.2**	962.2

The total expense of €4.0m (2010: €2.5m) attributable to share options granted to employees of subsidiary undertakings has been included as a capital contribution in financial assets.

The prior year now incorporates a reclassification of €171.0m from Amounts due from Group Undertakings which had been included within Trade & other receivables, to Financial Assets to more accurately reflect the substance of the transaction.

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 31.

16. INVENTORIES

	2011 €m	2010 €m
Group		
Raw materials & consumables	**26.7**	36.7
Finished goods & goods for resale	**14.0**	18.0
Total inventories at lower of cost and net realisable value	**40.7**	54.7

Inventory write-downs recognised as an expense within operating costs amounted to €1.1m (2010: €0.9m). Previously impaired inventory recovered during the financial year and recognised as exceptional income (note 6) amounted to €0.2m (2010: €nil).

17. TRADE & OTHER RECEIVABLES

	Group		Company - restated	
	2011 €m	2010 €m	2011 €m	2010 €m
Amounts falling due within one year:				
Trade receivables	**91.0**	81.7	**-**	-
Advances to customers	**4.4**	3.8	**-**	-
Prepayments and other receivables*	**10.1**	40.3	**-**	-
	105.5	125.8	**-**	-
Amounts falling due after one year:				
Advances to customers	**20.0**	19.8	**-**	-
Amounts due from Group undertakings	**-**	-	**24.9**	377.2
	20.0	19.8	**24.9**	377.2
Total	**125.5**	145.6	**24.9**	377.2

* The Group had a Transitional Services Agreement with AB InBev for the provision of accounting services including cash collection and payment of liabilities which expired on 28 September 2010. Included in the prior year prepayments balance is an amount of €29.9m (settled during current financial year) 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 book value of trade & other receivables approximates their fair value on the basis that all amounts are falling due within one year.

17. TRADE & OTHER RECEIVABLES - CONTINUED

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 2011 and 28 February 2010 were as follows:-

	Gross 2011 €m	Impairment 2011 €m	Gross 2010 €m	Impairment 2010 €m
Group				
Neither past due nor impaired	**109.1**	**-**	101.0	-
Past due				
Past due 0-30 days	**2.2**	**-**	3.1	-
Past due 31-120 days	**2.3**	**(0.5)**	1.9	(0.7)
Past due 121-365 days	**1.6**	**(1.3)**	0.8	(0.8)
More than one year	**3.1**	**(1.1)**	0.1	(0.1)
Total	**118.3**	**(2.9)**	106.9	(1.6)

A provision for impairment in relation to trade & other receivables and advances to customers is created where the Group is not able to collect all amounts due in accordance with the original terms of the agreement with the customer and when the outstanding liability is unsecured. The exposure highlighted above for amounts past due more than one year and not impaired predominantly relates to advances to customers which are adequately secured.

Trade receivables are on average receivable within 42 days (2010: 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:-

	2011 €m	2010 €m
Group		
At beginning of year	**1.6**	1.5
Recovered during the year	**(0.1)**	-
Provided during the year	**1.9**	0.8
De-recognised on disposal	**(0.1)**	-
Written off during the year	**(0.4)**	(0.7)
At end of year	**2.9**	1.6

18. TRADE & OTHER PAYABLES

	Group		Company	
	2011 €m	2010 €m	2011 €m	2010 €m
Trade payables	**30.3**	47.8	**-**	-
Payroll taxes & social security	**1.3**	1.3	**-**	-
VAT	**4.2**	11.0	**-**	-
Excise duty	**16.2**	12.3	**-**	-
Accruals*	**87.1**	91.6	**0.4**	0.4
Total	**139.1**	164.0	**0.4**	0.4

* The prior year 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 of AB InBev which was settled on its due date, 28 September 2010.

The Group's exposure to currency and liquidity risk related to trade & other payables is disclosed in note 24.

Company
The Company has guaranteed the liabilities of its subsidiary companies incorporated in the Republic of Ireland. As at 28 February 2011, 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 28.

19. PROVISIONS

	Restructuring 2011 €m	Onerous lease 2011 €m	Other 2011 €m	Total 2011 €m	Total 2010 €m
At beginning of year	2.2	8.2	2.2	12.6	22.1
Arising on acquisition	-	6.3	-	6.3	5.3
Translation adjustment	0.1	0.5	-	0.6	-
Charged during the year	5.1	-	-	5.1	4.7
Released during the year	(0.2)	-	(0.4)	(0.6)	(1.8)
Utilised during the year	(5.1)	(1.9)	(1.3)	(8.3)	(17.7)
At end of year	2.1	13.1	0.5	15.7	12.6
Current				4.2	8.4
Non-current				11.5	4.2
				15.7	12.6

Restructuring
The restructuring provision relates to severance costs arising from the Group's ongoing reorganisation programme and is expected to be utilised in the next financial year.

Onerous lease
The opening onerous lease provision relates to both an onerous lease agreement to which the Group remains committed following the consolidation of the Group's Dublin offices into a single location in 2009, and an onerous lease acquired as part of the acquisition of the Gaymer cider business. During the year, it became apparent that a further lease arrangement acquired as part of the acquisition of the Gaymer cider business was onerous and an adjustment to the fair value of assets and liabilities acquired was necessitated via the creation of an additional onerous lease provision. The value of goodwill arising on the acquisition of this business was adjusted accordingly. The onerous leases expire in 2013, 2017 and 2026.

Other
Other provisions primarily relate to 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.

20. INTEREST BEARING LOANS & BORROWINGS

Group and Company

	2011 €m	2010 €m
Non-current liabilities		
Unsecured bank loans repayable by instalments	-	32.3
Unsecured bank loans repayable by one repayment on maturity	99.8	429.4
	99.8	461.7
Current liabilities		
Unsecured bank loans repayable by instalments	35.2	16.7
	35.2	16.7
Total borrowings	135.0	478.4

Unamortised issue costs of €0.3m (2010: €1.8m) have been netted against outstanding bank loans and are being amortised to the income statement on an effective interest rate basis.

20. INTEREST BEARING LOANS & BORROWINGS - CONTINUED

Terms and debt repayment schedule

	Currency	Nominal rates of interest	Year of maturity	2011 Carrying value €m	2010 Carrying value €m
Unsecured bank loans	Euro	Euribor + 0.35%	2012	100.0	430.0
Unsecured bank loans	GBP	Libor + 2.75%	2010	-	17.1
Unsecured bank loans	GBP	Libor + 2.75%	2011	35.3	33.1
				135.3	480.2

Borrowing facilities

The Group manages its borrowing ability by entering into committed loan facility agreements.

The Group has in place a euro five year committed revolving loan facility, repayable on 8 May 2012, which is subject to variable Euribor interest rates plus a margin, the level of which is dependent on the net debt:EBITDA ratio and which for the period ended 28 February 2011 was 35bps. The Group may select an interest period of one, two, three or six months.

Under the facility agreement, net proceeds arising from the disposal of part of the Group's business, in excess of an agreed de minimis, must be applied to repay outstanding loans. Accordingly, a portion of the net disposal proceeds (€245.0m) arising from the Group's disposal of its Spirits & Liqueurs business was used to part repay the facility and the available committed facility was cancelled by the same amount. In addition, voluntary repayments of €55.0m and €30.0m were completed in January and February 2011 respectively from surplus cash resources.

The total euro facility available to the Group at 28 February 2011 was €185.0m of which €100.0m was drawn (28 February 2010: €430.0m facility - fully drawn).

The Group also has in place a sterling committed revolving loan facility, repayable by instalment with a final repayment date of 30 June 2011. The facility is subject to variable Libor interest rates plus a margin of 275bps. Under the facility agreement, the Group may select an interest period of three or six months. At 28 February 2011, the available facility of £30.0m (2010: £60.0m of which £45.0m drawn) was fully drawn, £15.0m was repaid in the year. The drawn facility will be repaid from existing cash resources on maturity.

All bank loans are guaranteed by a number of the Group's subsidiary undertakings (note 31). 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.

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 each 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, amounted to €85.0m at 28 February 2011 (2010: £15.0m).

Further information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in note 24.

21. ANALYSIS OF NET DEBT

	1 March 2010 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2011 €m
Group					
Interest bearing loans & borrowings	478.4	3.3	(348.2)	1.5	**135.0**
Cash & cash equivalents	(113.5)	(0.7)	(14.5)	-	**(128.7)**
	364.9	2.6	(362.7)	1.5	**6.3**
Interest rate swaps (note 24)	4.9	-	3.0	(5.9)	**2.0**
	369.8	**2.6**	**(359.7)**	**(4.4)**	**8.3**

21. ANALYSIS OF NET DEBT - CONTINUED

	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 24)	6.3	-	4.3	(5.7)	4.9
	232.5	(0.6)	143.2	(5.3)	369.8

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

	1 March 2010 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2011 €m
Company					
Interest bearing loans & borrowings	478.4	3.3	(348.2)	1.5	**135.0**
Interest rate swaps (note 24)	4.9	-	3.0	(5.9)	**2.0**
	483.3	**3.3**	**(345.2)**	**(4.4)**	**137.0**

	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 24)	6.3	-	4.3	(5.7)	4.9
	315.5	(0.8)	173.9	(5.3)	483.3

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

22. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2011			2010		
	Assets €m	Liabilities €m	Net assets/ liabilities €m	Assets €m	Liabilities €m	Net assets/ liabilities €m
Group						
Property, plant & equipment	**5.9**	**-**	**5.9**	7.6	-	7.6
Provision for ROI trade related items	**0.6**	**-**	**0.6**	1.2		1.2
Provision for UK trade related items	**-**	**(5.9)**	**(5.9)**	-	(4.6)	(4.6)
Retirement benefit obligations	**2.0**	**-**	**2.0**	2.8	-	2.8
Derivative financial instruments	**0.2**	**-**	**0.2**	0.7	-	0.7
	8.7	**(5.9)**	**2.8**	12.3	(4.6)	7.7

	2011			2010		
	Assets €m	Liabilities €m	Net assets/ liabilities €m	Assets €m	Liabilities €m	Net assets/ liabilities €m
Company						
Derivative financial instruments	**0.2**	**-**	**0.2**	0.5	-	0.5
Interest free loans fair value adjustment	**0.4**	**-**	**0.4**	8.0	-	8.0
	0.6	**-**	**0.6**	8.5	-	8.5

22. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES - CONTINUED

Analysis of movement in net deferred tax assets/liabilities

	1 March 2010 €m	Recognised in income statement €m	Translation adjustment €m	Recognised in other comprehensive income €m	28 February 2011 €m
Group					
Property, plant & equipment	7.6	(1.7)	-	-	**5.9**
Provision for ROI trade related items	1.2	(0.6)	-	-	**0.6**
Provision for UK trade related items	(4.6)	(1.1)	(0.2)		**(5.9)**
Retirement benefit obligations	2.8	(0.8)	-	-	**2.0**
Derivative financial instruments	0.7	-	-	(0.5)	**0.2**
	7.7	**(4.2)**	**(0.2)**	**(0.5)**	**2.8**

	1 March 2009 €m	Recognised in income statement €m	Recognised on acquisition €m	Translation adjustment €m	Recognised in other comprehensive income €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 2010 €m	Recognised in income statement €m	Recognised in other comprehensive income €m	28 February 2011 €m
Company				
Derivative financial instruments	0.5	-	(0.3)	**0.2**
Interest free loans fair value adjustment	8.0	(7.6)	-	**0.4**
	8.5	**(7.6)**	**(0.3)**	**0.6**

	1 March 2009 €m	Recognised in income statement €m	Recognised in other comprehensive income €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

There are no unrecognised deferred tax assets or liabilities.

23. 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.

23. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

Actuarial valuations – funding requirements

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 and the actuary, Mercer Human Consulting, submitted Actuarial Funding Certificates to the Pensions Board confirming that the Schemes did not satisfy the Minimum Funding Standard at that date. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

As a result of the schemes' failure to meet the Minimum Funding Standard, the Group is obliged and committed to presenting a Funding Proposal to the Pensions Board outlining the actions the Trustee and Group have agreed to take with the objective of putting the Scheme in a position to satisfy the funding standard over an agreed term. The Group is currently undertaking a consultation process with members and Trustees to achieve defined benefit pension reform.

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 future 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, and 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 PNL00 62% (males) and PNL00 70% (females) and in the case of Pensioners are PNL00 62% (males) and PNL00 70% (females). 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		2011 No of years	2010 No of years
Current retirees – no allowance for future improvements	Male	**19.5**	18.5
	Female	**21.8**	21.5
Current retirees – with allowance for future improvements	Male	**22.6**	21.6
	Female	**24.3**	24.7
Future retirements – with allowance for future improvements	Male	**24.3**	22.8
	Female	**26.3**	25.7

Scheme liabilities:

The average age of active members is 42 and 47 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 15 to 28 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 2011 and 28 February 2010 are as follows:

	2011		2010	
	ROI	UK	ROI	UK
Salary increases	**0.0% - 3.0%**	**4.2%**	0.0% - 3.0%	4.45%
Increases to pensions in payment	**3.0%**	**2.5%**	3.0%	2.50%
Discount rate	**5.3% - 5.5%**	**5.5%**	5.4%	5.75%
Inflation rate	**2.0%**	**3.5%**	2.0%	3.50%

23. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

Scheme assets:

The long-term rates of return expected at 28 February 2011 and 28 February 2010, determined in conjunction with the Group's actuaries and based on market expectations at the beginning of the financial 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:

	2011		2010	
	ROI	UK	ROI	UK
Equity	**7.00%**	**7.43%**	7.60%	7.75%
Bonds	**4.50%**	**4.43%**	4.40%	4.75%
Property	**6.00%**	**-**	6.10%	-
Cash	**2.50%**	**0.50%**	2.50%	0.50%

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 3.1% 'equity risk premium' over the 30 year government bond yield.

a. Impact on Group income statement

	2011			2010		
	ROI €m	UK €m	Total €m	ROI €m	UK €m	Total €m
Analysis of defined benefit pension expense:						
Current service cost	**1.0**	**0.2**	**1.2**	1.5	0.2	1.7
Past service cost	**-**	**-**	**-**	0.2	0.1	0.3
Curtailment gains	**(1.9)**	**(0.1)**	**(2.0)**	(3.4)	-	(3.4)
Interest on scheme liabilities	**8.2**	**0.2**	**8.4**	8.3	0.2	8.5
Expected return on scheme assets	**(6.6)**	**(0.2)**	**(6.8)**	(6.8)	(0.1)	(6.9)
Total expense/(income) recognised as operating costs	**0.7**	**0.1**	**0.8**	(0.2)	0.4	0.2

Analysis of amount recognised in other comprehensive income

	2011			2010			2009			2008			2007		
	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	**(0.9)**	**0.2**	**(0.7)**	15.3	0.6	15.9	(44.0)	(0.8)	(44.8)	(26.9)	(1.1)	(28.0)	3.8	-	3.8
Experience gains and losses on scheme liabilities	**1.1**	**-**	**1.1**	3.2	0.4	3.6	0.1	(0.2)	(0.1)	4.4	(0.4)	4.0	(2.7)	-	(2.7)
Effect of changes in assumptions on value of liabilities	**(0.1)**	**(0.1)**	**(0.2)**	(2.0)	(0.8)	(2.8)	3.2	0.1	3.3	22.6	3.4	26.0	3.6	(3.2)	0.4
Total pension gain/(cost) recognised in other comprehensive income	**0.1**	**0.1**	**0.2**	16.5	0.2	16.7	(40.7)	(0.9)	(41.6)	0.1	1.9	2.0	4.7	(3.2)	1.5
Scheme assets	**136.9**	**4.3**	**141.2**	131.5	3.1	134.6	107.3	2.2	109.5	123.8	3.3	127.1	182.7	22.4	205.1
Scheme liabilities	**(151.9)**	**(4.6)**	**(156.5)**	(151.9)	(3.9)	(155.8)	(151.8)	(3.2)	(155.0)	(150.6)	(3.7)	(154.3)	(216.6)	(40.0)	(256.6)
Deficit in the scheme	**(15.0)**	**(0.3)**	**(15.3)**	(20.4)	(0.8)	(21.2)	(44.5)	(1.0)	(45.5)	(26.8)	(0.4)	(27.2)	(33.9)	(17.6)	(51.5)

23. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

b. Impact on Group balance sheet

The net pension liability at 28 February 2011 is analysed as follows:

Analysis of net pension deficit

	2011			2010		
	ROI €m	UK €m	Total €m	ROI €m	UK €m	Total €m
Bid value of assets at end of year:						
Equity(i)	**51.7**	**2.1**	**53.8**	43.9	1.6	45.5
Bonds	**61.7**	**2.1**	**63.8**	56.3	1.5	57.8
Property	**5.1**	**-**	**5.1**	4.6	-	4.6
Cash	**18.4**	**0.1**	**18.5**	26.7	-	26.7
	136.9	**4.3**	**141.2**	131.5	3.1	134.6
Actuarial value of scheme liabilities	**(151.9)**	**(4.6)**	**(156.5)**	(151.9)	(3.9)	(155.8)
Deficit in the scheme	**(15.0)**	**(0.3)**	**(15.3)**	(20.4)	(0.8)	(21.2)
Related deferred tax asset	**1.9**	**0.1**	**2.0**	2.6	0.2	2.8
Net pension liabilities	**(13.1)**	**(0.2)**	**(13.3)**	(17.8)	(0.6)	(18.4)

(i) The defined benefit pension schemes have a passive self investment in C&C Group plc of €16,000 (2010: €nil).

Reconciliation of scheme assets (bid values)

	2011			2010		
	ROI €m	UK €m	Total €m	ROI €m	UK €m	Total €m
Assets at beginning of year	**131.5**	**3.1**	**134.6**	107.3	2.2	109.5
Movement in year						
Translation adjustment	**-**	**0.2**	**0.2**	-	-	-
Expected return on assets	**6.6**	**0.2**	**6.8**	6.8	0.1	6.9
Actual return less expected return on scheme assets	**(0.9)**	**0.2**	**(0.7)**	15.3	0.6	15.9
Employer contributions	**6.0**	**0.6**	**6.6**	7.4	0.4	7.8
Member contributions	**0.2**	**0.1**	**0.3**	0.4	-	0.4
Premiums paid	**-**	**-**	**-**	(0.2)	-	(0.2)
Benefit payments	**(6.5)**	**(0.1)**	**(6.6)**	(5.5)	(0.2)	(5.7)
Assets at end of year	**136.9**	**4.3**	**141.2**	131.5	3.1	134.6

The expected employer contributions to defined benefit schemes for year ending 29 February 2012 is €6.2m.

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

	2011		2010	
	ROI	NI	ROI	NI
Equities	**38%**	**50%**	30%	51%
Bonds	**45%**	**48%**	44%	47%
Property	**4%**	**-**	3%	-
Cash	**13%**	**2%**	23%	2%
	100%	**100%**	100%	100%

23. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

Reconciliation of actuarial value of liabilities

	2011 ROI €m	2011 UK €m	2011 Total €m	2010 ROI €m	2010 UK €m	2010 Total €m
Liabilities at beginning of year	**151.9**	**3.9**	**155.8**	151.8	3.2	155.0
Movement in year						
Translation adjustment	**-**	**0.3**	**0.3**	-	-	-
Current service cost	**1.0**	**0.2**	**1.2**	1.5	0.2	1.7
Past service cost	**-**	**-**	**-**	0.2	0.1	0.3
Curtailment gains	**(1.9)**	**(0.1)**	**(2.0)**	(3.4)	-	(3.4)
Interest cost on scheme liabilities	**8.2**	**0.2**	**8.4**	8.3	0.2	8.5
Member contributions	**0.2**	**0.1**	**0.3**	0.4	-	0.4
Actuarial (gain)/loss immediately recognised in equity	**(1.0)**	**0.1**	**(0.9)**	(1.2)	0.4	(0.8)
Premiums paid	**-**	**-**	**-**	(0.2)	-	(0.2)
Benefit payments	**(6.5)**	**(0.1)**	**(6.6)**	(5.5)	(0.2)	(5.7)
Liabilities at end of year	**151.9**	**4.6**	**156.5**	151.9	3.9	155.8

24. 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, commodity price 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. There has been no significant change during the financial year to either the financial risks faced by the Group or the Board's approach to the management of these risks. 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 at a reasonable cost.

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.

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.

As discussed above, the Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance from fluctuations in financial markets when economically viable. The Group achieves the management of these risks 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. Set out below are the major methods and assumptions used in estimating the fair values of the Group's financial assets and liabilities. There is no material difference between the fair value of financial assets and liabilities falling due within one year and their carrying amount as due to the short term maturity of these financial assets and liabilities their carrying amount is deemed to approximate fair value.

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.

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 fair value.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

Derivatives (interest rate swaps and forward currency contracts)

The fair values of forward currency contracts and interest rate swaps are based on market price calculations using financial models.

The Group has adopted the following fair value measurement hierarchy for financial derivatives that are measured in the balance sheet at fair value:

- 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 these assets and liabilities that differ from the carrying values level 2 techniques only have been used.

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.

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

Group	Cash flow hedges €m	Trade & other receivables €m	Liabilities €m	Carrying value €m	Fair value €m
28 February 2011					
Financial assets:					
Cash & cash equivalents	**-**	**128.7**	**-**	**128.7**	**128.7**
Derivative financial assets	**0.4**	**-**	**-**	**0.4**	**0.4**
Trade receivables	**-**	**91.0**	**-**	**91.0**	**91.0**
Advances to customers	**-**	**24.4**	**-**	**24.4**	**24.4**
Financial liabilities:					
Interest bearing loans & borrowings	**-**	**-**	**(135.0)**	**(135.0)**	**(129.0)**
Derivative financial liabilities	**(2.1)**	**-**	**-**	**(2.1)**	**(2.1)**
Trade payables & accruals	**-**	**-**	**(139.1)**	**(139.1)**	**(139.1)**
Provisions	**-**	**-**	**(15.7)**	**(15.7)**	**(15.7)**
	(1.7)	**244.1**	**(289.8)**	**(47.4)**	**(41.4)**

Group	Cash flow hedges €m	Trade & other receivables €m	Liabilities €m	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)

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

Company	Cash flow hedges €m	Trade & other receivables €m	Liabilities €m	Carrying value €m	Fair value €m
28 February 2011					
Financial assets:					
Amounts due from Group undertakings	-	24.9	-	24.9	24.9
Financial liabilities:					
Interest bearing loans & borrowings	-	-	(135.0)	(135.0)	(129.0)
Derivative financial liabilities	(2.0)	-	-	(2.0)	(2.0)
Accruals	-	-	(0.4)	(0.4)	(0.4)
	(2.0)	24.9	(135.4)	(112.5)	(106.5)

Company	Cash flow hedges €m	Trade & other receivables €m	Liabilities €m	Carrying value €m	Fair value €m
28 February 2010					
Financial assets:					
Amounts due from Group undertakings	-	377.2	-	377.2	377.2
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)	377.2	(478.8)	(106.5)	(80.3)

The carrying values of all derivative financial assets and liabilities held by the Group at 28 February 2011 and 28 February 2010 were based on fair values arrived at using Level 2 techniques exclusively.

(c) Accounting for derivative financial instruments and hedging activities

Group	Group 2011 €m	Group 2010 €m	Company 2011 €m	Company 2010 €m
Financial assets: current				
Forward exchange contracts	0.4	-	-	-
	0.4	-	-	-
Financial liabilities: current				
Interest rate swaps	(1.3)	(2.7)	(1.3)	(2.7)
Forward exchange contracts	(0.1)	(1.9)	-	-
	(1.4)	(4.6)	(1.3)	(2.7)
Financial liabilities: non-current				
Interest rate swaps	(0.7)	(2.2)	(0.7)	(2.2)
	(0.7)	(2.2)	(0.7)	(2.2)

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 other comprehensive income and then reflected in a cash flow hedging reserve within equity to the extent that they are actually effective. When the related forecasted transaction occurs, the deferred gains or losses are reclassified from other comprehensive income to the income statement. Ineffective portions of the gain or loss on the hedging instrument are recognised immediately in the income statement.

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

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. 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 were recognised in the income statement from the date of de-designation, and the balance remaining in the cashflow hedge reserve is recognised in the income statement when the forecast transaction occurred. All fair value movements on contracts for which hedge accounting has not been applied were accounted for within the income statement. No contracts were de-designated in the current financial year.

At 28 February 2011, the effective portion of gains and losses arising on derivative contracts have been deferred in other comprehensive income 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 and advances to customers 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 & cash equivalents in the balance sheet. Risk of counterparty default arising on short term cash deposits is controlled within a framework of dealing with banks who are members of the Group's banking syndicate, and by limiting the credit exposure to any one of these banks or institutions. Management does not anticipate any counterparty to fail to meet its obligations.

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 28.

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	
	2011 €m	2010 €m	2011 €m	2010 €m
Trade receivables	**91.0**	81.7	**-**	-
Advances to customers	**24.4**	23.6	**-**	-
Amounts due from Group undertakings	**-**	-	**24.9**	377.2
Cash & cash equivalents	**128.7**	113.5	**-**	-
Forward exchange contracts	**0.4**	-	**-**	-
	244.5	218.8	**24.9**	377.2

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

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 17. 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 does not use off-balance sheet special purpose entities as a source of liquidity or financing. The Group's main liquidity risk relates to maturing debt. The strong cash generative nature of the business and the disposal, during the financial year, of the Group's Spirits and Liqueurs business for a gross consideration of €300.0m significantly reduced this risk. The Group ended the year in a strong cash position reporting a net debt:EBITDA ratio of 0.07 times (calculated in accordance with the facility agreements) which will allow the Group to repay the sterling facility which matures in June 2011 from existing cash resources.

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 €85.0m. Compliance with the Group's bi-annual debt covenants (net debt:EBITDA and interest cover) is monitored continuously.

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

Group **2011**	Carrying amount €m	Contractual cash flows €m	6 mths or less €m	6-12 months €m	1-2 years €m	>2 years €m
Interest bearing loans & borrowings	**(135.0)**	**(137.8)**	**(36.6)**	**(0.9)**	**(100.3)**	**-**
Interest rate swaps – net cash outflows	**(2.0)**	**(2.4)**	**(0.8)**	**(0.8)**	**(0.8)**	**-**
FX forward contracts – gross cash outflows	**(0.1)**	**(23.6)**	**(11.8)**	**(11.8)**	**-**	**-**
FX forward contracts – gross cash inflows	**-**	**23.8**	**12.2**	**11.6**	**-**	**-**
Trade payables & accruals	**(139.1)**	**(139.1)**	**(139.1)**	**-**	**-**	**-**
Provisions	**(15.7)**	**(24.4)**	**(3.2)**	**(0.6)**	**(1.7)**	**(18.9)**
Total contracted outflows	**(291.9)**	**(303.5)**	**(179.3)**	**(2.5)**	**(102.8)**	**(18.9)**
2010						
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)

Company **2011**	Carrying amount €m	Contractual cash flows €m	6 mths or less €m	6-12 months €m	1-2 years €m	>2 years €m
Interest bearing loans & borrowings	**(135.0)**	**(137.8)**	**(36.6)**	**(0.9)**	**(100.3)**	**-**
Interest rate swaps – net cash outflows	**(2.0)**	**(2.4)**	**(0.8)**	**(0.8)**	**(0.8)**	**-**
Trade payables & accruals	**(0.4)**	**(0.4)**	**(0.4)**	**-**	**-**	**-**
Total contracted outflows	**(137.4)**	**(140.6)**	**(37.8)**	**(1.7)**	**(101.1)**	**-**
2010						
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)

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

(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 derivative contracts 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 the income statement.

Currency risk

The Company's presentation currency and that of its share capital is euro. The euro is also used for planning and budgetary purposes. The Group's primary currency exposures relate to sales transactions by Group companies in currencies other than their functional currencies (transaction risk), and fluctuations in the euro value of the Group's net investment in sterling denominated subsidiary undertakings (translation risk). The Group seeks to minimise its foreign currency transaction exposure when economically viable by maximising the value of its foreign currency input costs and creating a natural hedge.

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 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.

In addition, the Group has a number of long term sterling 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 and are therefore part of the Group's net investment in its foreign operations.

The Group seeks to partially manage foreign currency translation risk through borrowings denominated in sterling. As outlined in note 20, the Group negotiated a sterling debt facility during the prior financial year, which is designated as a net investment hedge of its sterling subsidiaries. The Group does not hedge the remaining translation exposure on the translation of the profits of foreign currency 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 other comprehensive income.

The currency profile of the Group's financial instruments subject to transactional exposure as at 28 February 2011 is as follows:-

	Sterling €m	USD/CAD €m	Not at risk €m	Total €m
Cash & cash equivalents	8.4	3.6	116.7	**128.7**
Trade receivables	7.8	2.4	80.8	**91.0**
Advances to customers	-	-	24.4	**24.4**
Derivative financial assets and liabilities	0.3	-	(2.0)	**(1.7)**
Interest bearing loans & borrowings	(35.2)	-	(99.8)	**(135.0)**
Trade payables & accruals	(4.9)	(0.1)	(134.1)	**(139.1)**
Provisions	-	-	(15.7)	**(15.7)**
Total	**(23.6)**	**5.9**	**(29.7)**	**(47.4)**

The currency profile of the Company's financial instruments as at 28 February 2011 is as follows:-

	Sterling €m	USD/CAD €m	Not at risk €m	Total €m
Amounts due from subsidiary undertakings	-	-	24.9	**24.9**
Derivative financial assets and liabilities	-	-	(2.0)	**(2.0)**
Interest bearing loans & borrowings	(35.2)	-	(99.8)	**(135.0)**
Trade payables & accruals	-		(0.4)	**(0.4)**
Total	**(35.2)**	**-**	**(77.3)**	**(112.5)**

Foreign currency contracts in place at 28 February 2011 to sell fixed amounts of sterling for contracted euro amounts can be summarised as follows:-

	Sterling £m	Average forward rate
Year ended 29 February 2012	20.0	0.84

24. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

A 10% strengthening in the euro against sterling, Canadian dollar and the US dollar, based on outstanding financial assets and liabilities at 28 February 2011, would have a €1.6m negative impact on the income statement and an immaterial impact on the cashflow hedging reserve. A 10% weakening in the euro against sterling, Canadian dollar and the US dollar would have a €1.9m positive effect on the income statement and an immaterial impact on the cash flow hedging reserve. This analysis assumes that all other variables, in particular interest rates, remain constant.

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	
	2011 €m	2010 €m	2011 €m	2010 €m
Variable rate instruments				
Interest bearing loans & borrowings	**(135.3)**	(480.2)	**(135.3)**	(480.2)
Cash & cash equivalents	**128.7**	113.5	**-**	-
Derivative financial instruments - notional amounts	**(50.0)**	(100.0)	**(50.0)**	(100.0)
	(56.6)	(466.7)	**(185.3)**	(580.2)

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 enter 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 2011 have the effect of converting up to €50.0m (2010: €100.0m) 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 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 €0.9m (2010: €3.8m).

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 2011**	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	**(2.0)**	**(2.4)**	**(0.8)**	**(0.8)**	**(0.8)**	**-**
Forward exchange contracts						
- assets	**0.4**	**0.4**	**0.4**	**-**	**-**	**-**
- liabilities	**(0.1)**	**(0.1)**	**-**	**(0.1)**	**-**	**-**
	(1.7)	**(2.1)**	**(0.4)**	**(0.9)**	**(0.8)**	**-**
28 February 2010						
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)

24. 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 the income statement:-

Group **28 February 2011**	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	**(2.0)**	**(2.4)**	**(0.8)**	**(0.8)**	**(0.8)**	**-**
Forward exchange contracts						
- assets	**0.4**	**0.3**	**0.3**	**-**	**-**	**-**
- liabilities	**(0.1)**	**(0.1)**	**-**	**(0.1)**	**-**	**-**
	(1.7)	**(2.2)**	**(0.5)**	**(0.9)**	**(0.8)**	**-**
28 February 2010						
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)

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 2011**	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	**(2.0)**	**(2.4)**	**(0.8)**	**(0.8)**	**(0.8)**	**-**
	(2.0)	**(2.4)**	**(0.8)**	**(0.8)**	**(0.8)**	**-**
28 February 2010						
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)

The cash flows associated with derivatives that are cash flow hedges are expected to impact the income statement in the same periods.

25. SHARE CAPITAL AND RESERVES

Share capital

	Authorised number	Allotted and called up number	Authorised €m	Allotted and called up €m
At 28 February 2011				
Ordinary shares of €0.01 each	**800,000,000**	**337,196,128***	**8.0**	**3.4**
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

* inclusive of 12.6m treasury shares which are not fully paid up. The balance of 324,609,460 ordinary shares are fully paid
** 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

All shares in issue carry equal voting and dividend rights. The beneficial owners of the 12.6m 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 2011
In September 2010, 1,276,318 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.19 per share, instead of part or all the cash element of their year ended 28 February 2010 final dividend entitlement. In December 2010, 1,261,761 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.17 per share, instead of part or all the cash element of their year ended 28 February 2011 interim dividend entitlement. Also during the financial year, 589,900 ordinary shares were issued on the exercise of share options for a net consideration of €1.2m.

During the financial year 3,413,332 vested Interests awarded under the Joint Share Ownership Plan in December 2008 were sold and are no longer accounted for as Treasury shares. In addition, 650,000 unvested Interests held by participants who had left the Group were acquired by Kleinwort Benson (Guernsey) Trustees Limited and continue to be held in trust by them while a further 50,000 vested Interests held by a participant who had left the Group had not been sold at 28 February 2011. As these shares were neither cancelled nor disposed of by the Trust at 28 February 2011 they continue to be included in the treasury share reserve.

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 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. 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 Plan are met over the life of the scheme.

Share premium - Company
The share premium, as stated in the Company balance sheet, represents the premium recognised on shares issued and amounts to €788.2m as at 28 February 2011 (2010: €779.0m). The current year movement relates to the exercise of share options and the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend.

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.

25. SHARE CAPITAL AND RESERVES - CONTINUED

Cash flow hedging reserve

The hedging reserve includes 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 24 together with any deferred gains or losses on hedging contracts where hedge accounting was discontinued but the forecast transaction was still anticipated to occur.

Share-based payment reserve

The reserve relates to amounts expensed in the income statement in connection with share option grants falling within the scope of IFRS 2 *Share-based Payment* plus amounts received from participants on award of Interests under the Group's Joint Share Ownership Plan less reclassifications to retained income following exercise/forfeit post vesting or lapse of such share options and Interests, as set out in note 5.

Currency translation reserve

The translation reserve comprises all foreign exchange differences from 1 March 2004, arising from the translation of the Group's net investment in its 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 the translation of foreign currency borrowings 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 until such time as the Interests vest and the participant acquires the shares from the Trust or the Interests lapse and the shares are cancelled or disposed of by the Trust.

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 value of the debt and equity shareholding 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. In respect of the financial year ended 28 February 2011 the Company paid an interim dividend on ordinary shares of 3.3c per share (2010: 3.0c per share) and the Directors propose, subject to shareholder approval, that a final dividend of 3.3c per share be paid, bringing the total dividend for the year to 6.6c per share (2010: 6.0c per share).

The level of debt in the capital structure is measured by the ratio of Net debt:EBITDA before exceptional items. In the period following the disposal of the Group's Spirits & Liqueurs business, this ratio reduced from 2.8 at 28 February 2010 to 0.07 at 28 February 2011. The Group's sterling debt facility matures in June 2011 and will be repaid from existing cash resources while its primary euro 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 of existing borrowings.

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 loss of €5.6m (2010: €8.2m profit) was recognised in the individual Company income statement of C&C Group plc.

26. CAPITAL COMMITMENTS

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

	2011 €m	2010 €m
Contracted	**7.0**	5.7
Not contracted	**11.7**	2.7
	18.7	8.4

The contracted capital commitments at 28 February 2011 and 28 February 2010 primarily relate to costs associated with the implementation of a JD Edwards IT system in the acquired businesses. The implementation of the new system into the Tennent's business was completed in August 2010 while the transfer of the Gaymer's business onto the new platform is scheduled to complete in May 2011.

27. COMMITMENTS UNDER OPERATING LEASES

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

	2011				2010			
	Land & buildings €m	Plant & machinery €m	Other €m	Total €m	Land & buildings €m	Plant & machinery €m	Other €m	Total €m
Payable in less than one year	**4.0**	**0.8**	**0.6**	**5.4**	3.9	1.4	0.4	5.7
Payable between 1 and 5 years	**14.7**	**2.0**	**0.1**	**16.8**	15.7	3.1	0.9	19.7
Payable greater than 5 years	**18.9**	**-**	**-**	**18.9**	21.3	-	-	21.3
	37.6	**2.8**	**0.7**	**41.1**	40.9	4.5	1.3	46.7

28. 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 it will be required to make a payment under the guarantee.

As outlined in note 20, the Company has two syndicated bank loan facilities in place, a euro loan facility entered into in May 2007 and a sterling facility entered into in November 2009. The Company, together with a number of its subsidiaries as detailed in note 31, gave a letter of guarantee to secure its obligations in respect of these loans. The actual loans outstanding at 28 February 2011 amounted to €135.3m (2010: €480.2m).

During the financial year, Tennent Caledonian Breweries UK Limited, entered into a guarantee with Clydesdale Bank plc whereby it guaranteed £250,000 plus interest and charges of the drawn debt of one of its customers. The guarantee expires on the earliest of; 10 years from the date on which the guarantee becomes effective, the secure liabilities are repaid, or by mutual agreement with Clydesdale Bank plc.

Enterprise Ireland funding of €0.4m (€0.2m in current financial year) was received under the terms of the Irish Government's Employment Subsidy Scheme and a further €0.6m (€0.3m in current financial year) was received towards the costs of implementing developmental projects. Scottish Enterprise Board funding of €0.2m was received under the terms of its Regional Selective Assistance Scotland Scheme. These funds are fully repayable should the Company at any time during the term of the Agreements be in breach of the terms and conditions of the Agreements. The Agreements terminate 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 any claim relating to tax, was 4 years and expired in June 2009. The tax warranty expires in February 2012.

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 £1.9m with respect to the Northern Ireland business in relation to warranties undertaken. The time limit for all claims with respect to these warranties expired on 13 June 2010 and 26 August 2010 respectively, except for any claim relating to tax in Northern Ireland where the time limit is 7 years from the transaction date.

Under the terms of the Sale Purchase Agreement with respect to the current year disposal of the Group's Spirits & Liqueurs business to William Grant Holdings & Sons Limited, the Group has a maximum aggregate exposure of €300.0m in relation to warranties. All claims with respect to these warranties must be presented in writing to the Group within eighteen months after the date of the sale agreement (December 2011), except for any claim relating to tax where the time limit is 5 years.

Pursuant to the provisions of Section 17 of the Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of its subsidiary companies incorporated in the Republic of Ireland for the financial year to 28 February 2011 and as a result such subsidiaries are exempt from the filing provisions of Section 7, Companies (Amendment) Act, 1986 (note 31).

29. RELATED PARTY TRANSACTIONS

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 entered into by the Group with these subsidiary undertakings and the identification and compensation of key management personnel.

(a) Group

Transactions

Transactions between the Group and its related parties are made on terms equivalent to those that prevail in arm's length transactions.

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 31. 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*.

Key management personnel

For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the Group has defined the term 'key management personnel', as its executive and non-executive Directors. Executive Directors participate in the Group's share option programmes (note 5). No other non-cash benefits are provided. Non-executive Directors do not receive share-based payments or post employment benefits.

Details of the remuneration of key management is as follows:-

	2011 Number	2010 Number
Number of individuals	**11**	12
	€m	€m
Salaries and other short term employee benefits	**2.4**	2.2
Post employment benefits	**0.4**	0.4
Cash settled long term incentive plan	**-**	0.1
Equity settled share-based payments	**1.4**	1.0
Total	**4.2**	3.7

Tony O'Brien, who resigned from the Board on 5 August 2010, has been included in the headcount numbers. Sir Brian Stewart, who succeeded Tony O'Brien as Chairman of the Group, was formally elected as a non-executive Director on 5 August 2010 following his appointment to the Board on 9 March 2010.

Executive Directors, Brendan Dwan and John Holberry, who resigned from the Board on 1 May 2009 and 31 August 2009 respectively, are included in the prior year headcount and disclosure of remuneration charged to the income statement.

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. He receives and retains an annual fee of £45,000 in relation to this role.

The relevant disclosure of Directors remuneration as required under the Companies Act, 1963 is as outlined above.

(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:

	2011 €m	2010 €m
Expenses paid on behalf of and recharged by subsidiary undertakings to the Company	**(12.1)**	(10.0)
Equity settled share-based payments for employees of subsidiary undertakings	**4.0**	2.5
Repayment of cash funding by subsidiary undertakings/other movements in trade & other receivables balance	**371.2**	(0.2)
Funding of cash requirements of subsidiary undertakings	**-**	(171.0)

30. POST BALANCE SHEET EVENTS

The Group has conditionally agreed to dispose of its wholesaling business in Northern Ireland (Quinns of Cookstown) for an undisclosed consideration, subject to employee consultation. This business was not held for sale as at 28 February 2011 and has not been accounted for as such.

31. SUBSIDIARY UNDERTAKINGS

Trading subsidiaries		Nature of business	Class of shares held (100%)
Incorporated and registered in Republic of Ireland			
^	Bulmers Limited	Cider	Ordinary
#*^	C&C Group International Holdings Limited	Holding company	Ordinary
*^	C&C Group Irish Holdings Limited	Holding company	Ordinary
*^	C&C (Holdings) Limited	Holding company	Ordinary
*	C&C Management Services 2007 Limited	Provision of management services	Ordinary
*^	Cantrell & Cochrane Limited	Holding company	Ordinary
*	Findlater (Wine Merchants) Limited	Holding company	Ordinary
*^	Tennent's Beer Limited (formerly Annerville Beer Limited)	Beer Distribution	Ordinary
*^	Wm. Magner Limited	Cider distribution	Ordinary
Incorporated and registered in the UK			
^~	C&C Holdings (NI) Limited	Holding company	Ordinary
	C&C Management Services (UK) Limited	Provision of management services	Ordinary
^	Magners GB Limited (formerly Gaymer Cider Company Limited)	Cider	Ordinary
~	Quinns of Cookstown (1964) Limited	Cider, beer & soft drinks distribution	Ordinary
^	Tennent Caledonian Breweries UK Limited	Beer	Ordinary
~	Tennent's NI Limited (formerly C&C Northern Ireland Limited)	Cider & beer distribution	Ordinary
Incorporated and registered in Luxembourg			
^	C&C IP Sàrl	Licensing activity	Ordinary
^	C&C Luxembourg Sàrl	Holding and Group financing company	Ordinary
Other			
	Wm. Magner GmbH (incorporated and registered in Germany)	Cider distribution	Ordinary
	Wm. Magner, Inc (incorporated and registered in the USA)	Cider distribution	Ordinary

Non-trading subsidiaries		Nature of business	Class of shares held (100%)
Incorporated and registered in Republic of Ireland			
*	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 Profit Sharing Trustee Limited	Non-trading	Ordinary
*	Ciscan Net Limited (previously TJ Carolan & Son Limited)	Non-trading	Ordinary
*	Cravenby Limited	Non-trading	Ordinary
*	Edward and John Burke (1968) Limited	Non-trading	Ordinary
*	Fruit of the Vine 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
*	Sceptis Limited (formerly Tullamore Dew Company Limited)	Non-trading	Ordinary
*	Showerings (Ireland) Limited	Non-trading	Ordinary
*	Thwaites Limited	Non-trading	Ordinary
*	Vandamin Limited	Non-trading	Ordinary
Incorporated and registered in the UK			
~	C&C Logistics (NI) Limited	Non-trading	Ordinary
~	C&C Profit Sharing Trustee (NI) Limited	Non-trading	Ordinary
	Gaymer Cider Company Limited	Non-trading	Ordinary
~	Reihill McKeown Limited	Non-trading	Ordinary

31. SUBSIDIARY UNDERTAKINGS - CONTINUED

Trading subsidiaries	Nature of business	Class of shares held (100%)
Incorporated and registered in the Netherlands		
Cantrell & Cochrane B.V.	Non-trading	Ordinary

* Companies covered by Section 17 guarantees (note 28)
^ Original guarantors in respect of the Group's Committed Revolving Loan Agreements
# Immediate subsidiary of C&C Group plc

All the above companies have their registered office at Annerville, Clonmel, Co Tipperary with the exception of:-

- C&C Group plc which has its registered office at Block 71, The Plaza, Parkwest Business Park, Dublin 12,
- C&C Luxembourg Sàrl and C&C IP Sarl which have their registered offices at L-1232 Luxembourg, 18 avenue Marie-Thérèse,
- C&C Management Services (UK) Limited, Magners GB Limited and Gaymer Cider Company Limited which have their registered offices at The Communications Building, 48 Leicester Square, London, WC2H 7LT,
- Cantrell & Cochrane B.V. which has its registered office at Locatellikade 1, 1076AZ Amsterdam, The Netherlands,
- Tennent Caledonian Breweries UK Limited which has its registered office at Wellpark Brewery, 161 Duke Street, Glasgow, G31 1JD,
- Wm Magner GmbH which has its registered office at Hans-Steiberger-StraBe 2b, 85540 Harr,
- Wm Magner, Inc. which has its registered office at is 1013 Centre Road, Wilmington, Delaware 19805, County of New Castle, and,
- those marked "~" which have their registered offices at Hawthorn House, 6 Wildflower Way, Belfast, Antrim BT12 6TA.

32. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Directors on 18 May 2011.

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 Group plc 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 Group plc ordinary shares. Shareholder with queries concerning their ADR holdings should contact:

Deutsche Bank Trust Company Americas
C/o American Stock Transfer & Trust Company, Peck Slip Station, P.O. Box 2050, New York, NY 10272-2050.
Tel: Toll free +1 866 249 2593
International +1 718 921 8137
Email: DB@amstock.com

CREST
C&C Group plc is a member of the CREST share settlement system therefore 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. Shareholders should consult their stockbroker if they wish to hold their shares in electronic form.

REGISTRARS
Shareholders with queries concerning their holdings, dividend information or administrative matters should contact the Group's registrars:

Capita Registrars (Ireland) Limited
Unit 5, Manor Street Business Park, Manor Street, Dublin 7
Tel: +353 1 810 2400
Fax: +353 1 810 2422
Email: enquiries@capitaregistrars.ie

DIVIDEND PAYMENTS
An interim dividend of 3.3c per was paid in respect of ordinary shares on 13 December 2010.

A final dividend of 3.3c, if approved by shareholders at the 2011 Annual General Meeting, will be paid in respect of ordinary shares on 13 July 2011. 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 exemption 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 exemption 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
Shareholders 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 United Kingdom (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 Capita Registrars.

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

PRINCIPAL BANKERS
AIB Bank
Bank of Ireland
Lloyds TSB
Ulster Bank

SOLICITORS
McCann FitzGerald
Riverside One, Sir John Rogerson's Quay, Dublin 2

STOCKBROKERS
Davy
49 Dawson Street, Dublin 2

Goldman Sachs International
Peterborough Court, 133 Fleet Street, London, EC4A 2BB

AUDITOR
KPMG
Chartered Accountants
1 Stokes Place, St. Stephen's Green, Dublin 2

FINANCIAL CALENDAR	Date
Annual General Meeting	29 June 2011
Ex-dividend date	25 May 2011
Record date for dividend	27 May 2011
Latest date for receipt of elections and mandates	27 June 2011
Payment date for final dividend	13 July 2011
Interim results announcement	October 2011
Interim dividend payment	December 2011
Financial year-end	29 February 2012

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. All shareholders will continue to receive printed proxy forms, dividend documentation, shareholder circulars, and, if the Company deems it appropriate, other documentation by post.

WEBSITE
Further information on C&C Group plc is available at www.candcgroupplc.com.

NOTES

www.sourcedesign.ie

Block 71, The Plaza,
Parkwest Business Park, Dublin 12
www.candcgroupplc.com