



c&c group plc 

2013 ANNUAL REPORT



WOODCOCK
HARD CIDER

BULMER'S
ESTD 1805

Gaymer's
Pilsner

MADE IN THE D...
A BETTER T...

ESTD 1885
TINNENT'S
ESTD 1885

BULMER'S
IRISH CIDER
Light

JORNBSBY'S
CRISP CIDER
George Hornsby

WYDER'S
HARD CIDER

CALEDONIA
BEST

SACRTHORP

WOODCOCK
HARD CIDER

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c&c group plc



2013 ANNUAL REPORT

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SHAREHOLDER INFORMATION

GROUP STRATEGY

Our long term strategy is to build a sustainable international cider-led, multi-beverage business through a combination of organic growth and selective acquisitions.

The medium-term strategic goals for the Group are:

- to maintain strong brand market combinations in core markets by investing in our premium brands and developing out our multi-beverage platforms
- to transform our international business through investment in brands and infrastructure and through the development of strategic alliances and acquisitions

thus enhancing future earnings growth.

OPERATING AND STRATEGIC HIGHLIGHTS

OPERATING PROFIT

€113.9m

before exceptional items increased 2.4%

OPERATING MARGIN

23.9%

before exceptional items up 0.8ppts
on prior year

NET REVENUE

€476.9m

declined 0.8%

NET DEBT

€123.4m

at the year-end giving a leverage ratio to
EBITDA of 0.9x

ADJUSTED DILUTED EARNINGS PER SHARE (EPS) for continuing operations

27.7 cent

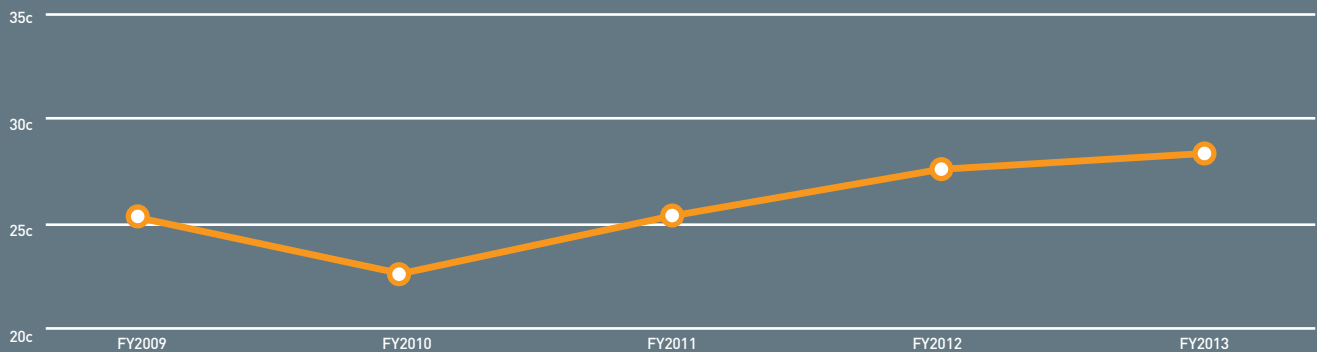
increased 0.4%

PROPOSED FINAL DIVIDEND

4.75 cent per share

increase of 5.6% per share, delivering
7.1% growth in full year dividend to 8.75
cent per share

ADJUSTED DILUTED EARNINGS PER SHARE



- Resilient financial performance despite difficult trading environment in United Kingdom (UK) and Republic of Ireland (ROI)
- Strong Tennent's performance helping to offset challenging core cider markets
- International volume growth of 55.2%, including acquisitions, representing 9.6% of total branded volumes
- Robust cost control and operational efficiency improvements helping to protect margins
- Announced and completed the acquisition of Vermont Hard Cider Company, LLC, the leading US craft cider company, for a gross consideration of US\$305.0 million (€230.9 million). The new business contributed €1.8 million of operating profit since completion on 21 December 2012
- Completion of an accelerated integration of the Magners USA commercial infrastructure into the VHCC business
- Announced the acquisition of the Gleeson Group, a leading supplier and distributor of beverages in Ireland for an enterprise value of €58.0 million. The deal successfully completed on 7 March 2013
- Creation of the Shepton Mallet Cider Mill trading division to support the development of regional, craft and specialist cider brands such as Addlestons, Blackthorn and Olde English
- Significant on-trade loan activity (€16.7 million incremental investment) in core markets in response to growing customer demand

MARKET OPERATION

CIDER BRANDS

IRISH BRANDS

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

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

ENGLISH BRANDS

The Gaymers cider range has been relaunched to include apple, pear and two fruit flavoured ciders.

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

Olde English is a traditional medium dry cider and is enjoyed for its distinctive taste.

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

AMERICAN BRANDS

Woodchuck Hard Cider is a premium hard cider handcrafted in Vermont, USA.

Wyder's Cider was formulated in 1987 by cider master Ian Wyder and is now available throughout the central and western United States.

Hornsby's is an American cider which combines traditional cider-making techniques with American attitude. It comes in two styles, Crisp Apple and Amber Draft.

Other cider brands include Bulmers Berry, Bulmers Pear, Magners Pear, Magners Specials, Special Vat, K, Natch and Diamond White.

BEER BRANDS

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.

Tennent's Original Export is brewed in Glasgow using finest natural ingredients, including 100% Scottish barley. It is a golden lager with a well rounded flavour and a distinct smooth maltiness.

Caledonia Best is a modern, distinctive new pint that is perfectly balanced, sweet and smooth, with a malty, roast flavour and a pleasant hoppy bitterness.

Heverlee is our first premium Belgian Beer, which is endorsed by the Abbey of the order of Prémontré, in the town of Heverlee in Leuven.

Other beer brands include Tennent's Extra, Tennent's Scotch Ale, Tennent's 1885 and Caledonia Smooth.

BRAND MARKETS

ROI



CIDER - UK



TENNETT'S - UK

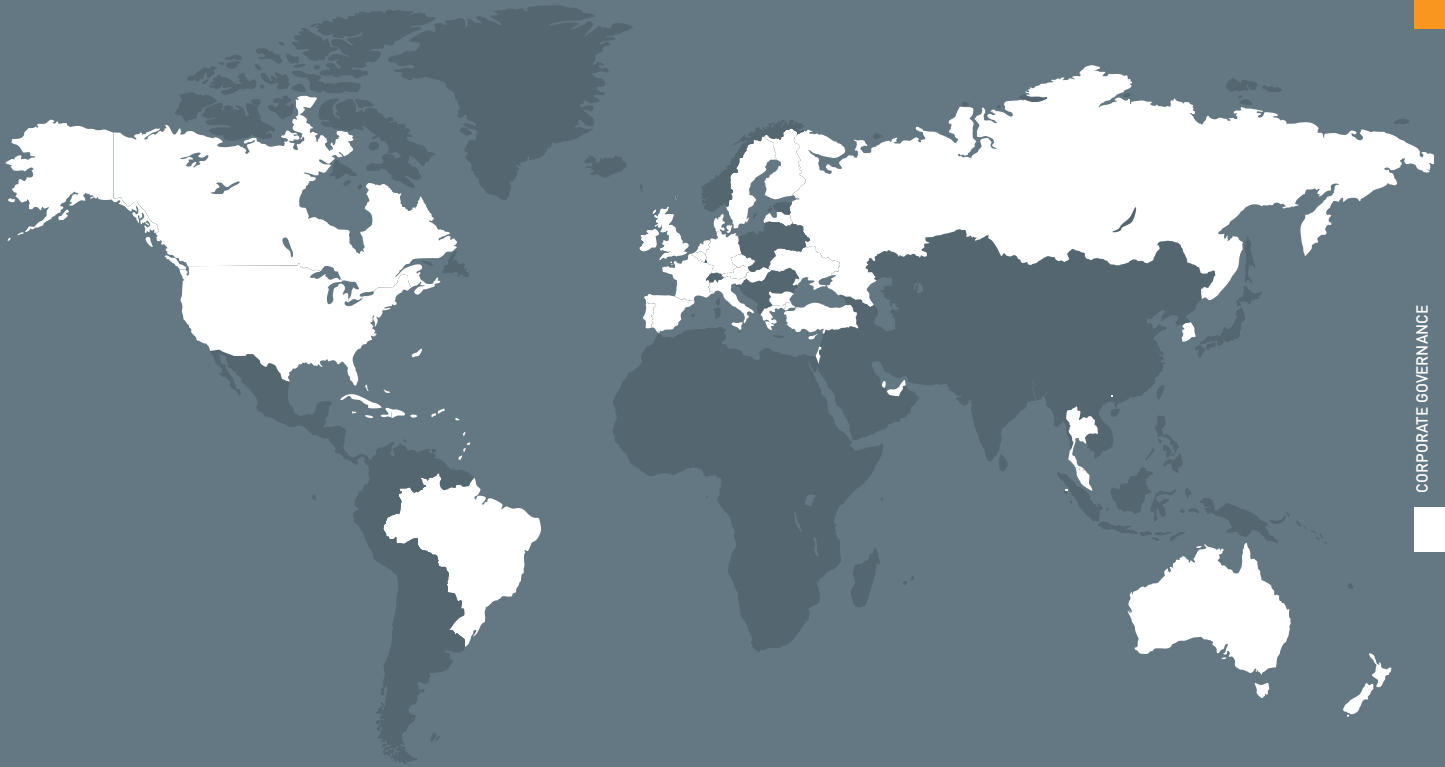


THIRD PARTY BRANDS (UK)

(Distribution in Scotland and Northern Ireland)



*In NI, packaged only



Austria
Belgium
Bulgaria
Cyprus
Czech Republic
Denmark
Finland
France

Germany
Greece
Hungary
Italy
Latvia
Luxembourg
Malta
Netherlands

Portugal
Russia
Spain
Sweden
Switzerland
Turkey
Ukraine

USA
Brazil
Canada
Caribbean

Australia
Bahrain
China
Hong Kong
Israel
Malaysia
New Zealand
Qatar

Singapore
South Korea
Thailand
UAE

INTERNATIONAL



CHAIRMAN'S STATEMENT



C&C HAS MADE SIGNIFICANT PROGRESS IN DEVELOPING ITS STRATEGIC MODEL THIS YEAR

I am pleased to report that C&C has made significant progress in developing its strategic model this year, with our goal of building a sustainable international cider-led long alcoholic drinks business. Over the course of the year we substantially developed our international cider business with the acquisition of Vermont Hard Cider Company. We have also developed our multi-beverage strategy in core markets with the post year-end acquisition of the Gleeson Group in ROI and a recent joint-venture with Wallaces Express in Scotland.

Our financial performance during the year was satisfactory in challenging consumer markets. The resilience of our operating model again came to the fore despite poor summer trading in ROI and UK, increased competition in the UK cider category and ongoing weakness in underlying economies. Internationally we saw a significant increase in our volumes, both in cider and beer, and we continue to invest in our international infrastructure as we lay the foundation for longer term growth. The Group balance sheet remains conservatively geared, despite the significant acquisition spend this year, and we remain well positioned for the future.

PEOPLE

As a result of our recent acquisitions, I am delighted to welcome the staff of Vermont Hard Cider Company and the Gleeson Group to C&C. The newly acquired businesses have already enhanced our Group with their talented management teams contributing to integration and business development. We look forward to working with them in the coming years.

THE STRATEGIC AND FINANCIAL POSITION OF THE GROUP PROVIDES A SOUND BASIS FOR GROWTH

Over the course of the year, the Board continued to progressively refresh its composition, with the orderly succession of appointments to reflect the current scale and internationalisation of the Group. Mr Joris Brams, the Managing Director of the Group's International Business, was appointed to the Board. Joris has made a significant contribution to the development of our international cider and beer business since he joined the Group. In April last year we welcomed Mr Anthony Smurfit and Mr Stewart Gilliland as non-executive directors to the Board. The year also saw the retirement of Mr Phillip Lynch and the announced retirement of Mr John Burgess as non-executive directors. Both Phillip and John had been members of the Board since C&C's flotation in 2004 and the Company thanks them for their significant contribution over many years.

While higher profile appointments are inevitably a focus of attention one of our key successes has been the recruitment and internal development of a depth and breadth of management to take the business forward. It's also crucial that the entrepreneurial drive of the business is not dissipated. The executive directors have recommended to the Board, who are wholly supportive, a rebalancing this year of the overall incentive scheme towards the key middle management to maintain momentum and ensure the longer term success of the business.

The Board would like to express its appreciation for the efforts of all employees during a period of difficult trading conditions in our core markets and in meeting the challenges of integrating Vermont Hard Cider Company into the Group.

GOVERNANCE & CORPORATE RESPONSIBILITY

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 44 to 52. We continued to work under the requirements of the UK Corporate Governance Code and the Irish Corporate Governance

Annex. The Board also works to ensure its own effectiveness, by undertaking a regular evaluation of the performance of the Board and its committees.

We take corporate responsibility seriously and our Corporate Responsibility statement on pages 28 to 35 sets out our work this year. Over the course of the year C&C continued to develop its Corporate Responsibility agenda, with Mr Paul Bartlett being appointed as Head of Corporate Affairs. A fundamental strength of our business lies in our sense of community and community values. You can hardly build a heritage business without that perspective.

DIVIDENDS & DIVIDEND POLICY

Last year we committed to a progressive dividend policy and, recognising the continued financial strength and cash generation of the business, we propose to pay a final dividend of 4.75 cent per share, subject to shareholder approval. If approved, this will be an increase of 5.6% and will bring the Group's full year dividend to 8.75 cent per share. A scrip dividend alternative will also be available.

At the AGM we are also seeking the usual authority for the Company to purchase its own shares. Any authority given to the Company to purchase its own shares will only be exercised if the Board considers it would be in the best interests of the shareholders generally.

BONUS & REWARDS

Our management and staff have performed well under difficult economic conditions, but the business did not achieve sufficient financial performance required for Group-wide bonuses to be earned. We believe in rewards only for outperformance and our track record demonstrates this. Therefore only limited divisional performance bonuses have been earned in this financial year. Nevertheless 43% of employees at local level were rewarded, with an average payment of €2,700. Our purpose is to optimise shareholder value and we have structured our employee incentives this year to ensure that they are aligned with the interests of our shareholders, particularly through long term equity participation. At the Annual General Meeting we will be seeking to renew a number of our employee shares share schemes that were introduced on the flotation of the Company in 2004.

CONCLUSION

It has been an exciting year for C&C and we believe the strategic and financial position of the Group provides a sound basis for growth. The start of FY2014 has seen less than hospitable weather in Ireland and the UK and we expect a number of our markets to continue to be challenging. We are confident however, that our developing business model will prove resilient and provide growth opportunities in both core and international markets.

Sir Brian Stewart
Chairman

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW



SIGNIFICANT STRATEGIC PROGRESS IN OUR CORE MARKETS AND OUR INTERNATIONAL BUSINESS

It has been a busy year for the Group in which we have made significant strategic progress in consolidating and investing in our core markets, and accelerating the development of our international business.

In core markets, we weathered tough economic and trading headwinds to deliver another robust financial performance in line with guidance, again demonstrating the resilience of our business model. We continued to develop our model in these markets, as we have over the last few years, leveraging our strong brand/market combinations to move from a mono-brand to a multi-beverage model. This moves our business model from classic single-brand consumer models to broader customer-focused multiple-brand businesses. The post year-end acquisition of the Gleeson Group in Ireland and a recent equity investment in Wallaces Express in Scotland will both significantly improve our ability to execute this strategy and broaden our offering in these markets.

Internationally we continue to accelerate our growth ambitions and achieved a major milestone this year with the completion of the acquisition of Vermont Hard Cider Company in December 2012. Other achievements during the year include the re-launch of the Hornsby's brand in the US and the further introduction of Tennent's into new international markets. Recent developments should serve to enhance our business model whilst laying the foundations for accelerated international growth.

OUR BUSINESS MODEL SEEKS GROWTH IN OUR CORE MARKETS THROUGH STRONG BRAND/MARKET COMBINATIONS

WINNING IN DEVELOPED MARKETS

Our business model seeks growth in our core markets through strong brand/market combinations, combining brand investment with a focus on local markets. We believe that we have the right strategy to grow the businesses in our core markets by focusing on four central themes:

- Developing multi-beverage platforms in markets where we have strong brand positions; and having the flexibility to differentiate our brand proposition across the channels
- Operating a decentralised business model with local management focused on our customer's needs
- Investment in both our strong authentic local brands through advertising and promotion; and our local customers through trade lending and support
- Focusing on cost leadership in manufacturing and logistics

In a challenging economic environment in ROI and the UK, the Group's results for the year continue to demonstrate the resilience of this model. On a constant currency basis, net revenues before exceptional items declined by 5.5% but Group operating profit, before exceptional items, increased by 0.4%.

ROI operating profit declined by 11.9% following a poor summer trading period but stabilised in the second half of the year as market conditions improved relatively.

Cider UK experienced a challenging year as poor summer weather and new entrants led to increased competition across the category. This resulted in an operating profit decline of 15.6% in the business as both Magners and the Gaymers branded portfolio underperformed the market.

The Tennent's business continues to surpass expectations with operating profits growing by 34.7% supported by high quality market share growth across the Independent Free Trade (IFT) and increased trade lending.

CORE MARKET CONSOLIDATION

In our core markets we took significant steps to accelerate our move into multi-beverage.

The post year-end acquisition of the Gleeson Group in Ireland offers the prospect of returning the ROI business to growth for the first time in many years. The Gleeson Group is the largest distributor of packaged long alcohol drinks (LAD) to the licensed on-trade in Ireland. Its sales network services over 4,000 customers directly in the Irish market. It represents a number of beer, wine and spirits brands on an agency basis and manufactures Tipperary mineral water, Finches soft drinks and a range of own-label brands. We believe the acquisition will enhance our route to market in ROI and provide opportunities to grow our branded beer and wine portfolio in the Irish market, and provides Group-wide opportunities in soft-drinks and water.

In Scotland, after the year-end we made an equity investment in Wallaces Express, a Scottish independent wines and spirits wholesaler. The Wallaces Express business will move our brand offering into a multi-beverage model.

During the course of the year, we entered, for a modest investment, the on-trade wine segment with the acquisition of a number of brands from the Waverley portfolio. Well known brands such as Oliver & Greg's and Moondara, exclusive to the on-trade channel, will continue to be developed across our core markets and help to broaden our own branded portfolio offering.

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW - CONTINUED

RECENT DEVELOPMENTS WILL LAY THE FOUNDATIONS FOR ACCELERATED INTERNATIONAL GROWTH

AUTHENTIC LOCAL BRANDS

Our philosophy is that local brands appeal to local consumers who are looking for authentic, quality brands with a strong heritage. Our marketing efforts and brand strategies, therefore, are tailored to reach consumers in each of our core markets.

The creation of the Shepton Mallet Cider Mill trading division in England post the year-end is a first step towards drawing out the latent potential in some of the brands acquired as part of the Gaymers portfolio, such as Addlestons, Blackthorn and Olde English. As part of this initiative, we committed over £1 million to an investment fund to support local agriculture through new orchard projects.

In Scotland the Caledonia Best brand launched its first TV advert and was unveiled as the official beer of Scottish Rugby in a three year deal. Provenance remains a key feature of both Caledonia Best and our leading Tennent's Lager brands, and we announced that we would source all our barley from Scottish farmers.

Other brand initiatives included the development of Heverlee, a premium Belgian lager, which we launched in the Scottish on-trade market. We also seeded The Five Lamps Dublin Beer Company, an Irish craft beer brewer.

INTERNATIONAL DEVELOPMENT

The unique attributes of cider are central to our thesis that as a category it will continue to grow and internationalise. Cider as a natural, craft and traditional product will continue to benefit from the global trend of 'savory to sweet', and be seen as a refreshing and gluten-free alternative to other long alcoholic drinks such as beer. We see evidence in many international markets to support our belief that cider will establish itself there as a long term sustainable category.

During the year we took a number of major strategic steps in positioning the International business to make the most of this opportunity. Centre stage in this regard was the acquisition in December 2012 of Vermont Hard Cider Company (VHCC) in

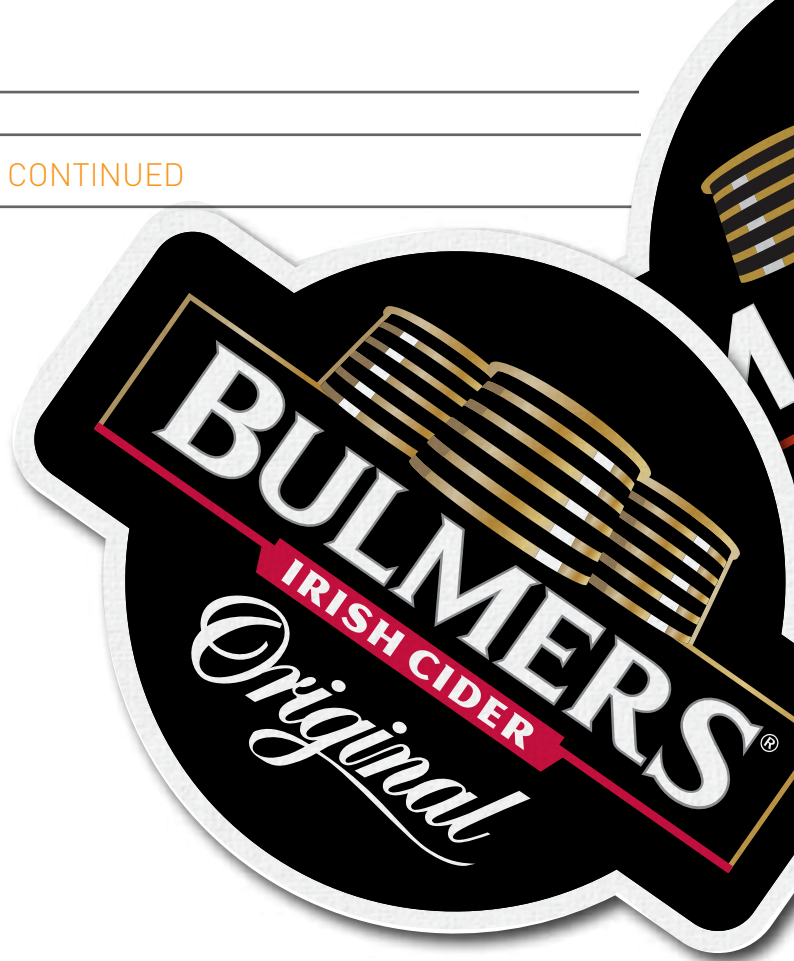
the United States for a gross consideration of US\$305 million (€230.9 million). In absolute terms the cider category in the United States is still small but it has seen strong volume growth over the last year and could in time become one of the largest markets outside of the UK and Ireland. This gives us confidence in the category's development and underlines the significant opportunity that lies ahead.

VHCC is one of the leading premium craft cider producers in the United States. Over the last 13 years it has developed its principal brand Woodchuck as the leading cider brand in the US, and has established a national distribution platform. Since our acquisition we are delighted to find a strong cultural fit – shared commitment to values, heritage and brand attributes. We have retained the key senior management that have successfully grown the business and we are committed to investing over \$30 million in order to double existing capacity. The combined salesforce in North America will also provide increased opportunities for the Magners brand, which remains in reasonable growth in the United States and Canadian markets. Magners volumes grew 10% in the United States in the year.

In other international markets we continued to invest in our infrastructure and grow the Magners brand. During the year we had good success in some European markets such as Spain and France, while seeding opportunities in new territories such as South America and Africa. Recent underperformance in the Australian market has been disappointing, but we believe we have rectified the core issue and recent shipment data are showing a return to market growth rates.

Hornsby's was re-launched in the United States during the year and was repositioned as a more contemporary product in our growing portfolio. We innovated with some flavoured varieties but Hornsby's 'Crisp Apple' remains the driving force for the brand.

Tennent's had a very promising year, with over 32 kHL exported to international markets, notably Italy, Canada and Australia, as the brand's Scottish provenance and heritage resonate with





consumers. Over the year we have innovated with premium variants. We continue to see attractive opportunities and intend to invest behind the brand.

CASH AND BALANCE SHEET

Our balance sheet remains in robust health with a net debt to EBITDA ratio of less than 1x at the year-end. The Group ended the year with a net debt position of €123.4m, despite significant acquisition expenditure during the year. Historically the Group has generated significant cash returns, and while we do not expect this to change significantly, we recognise that there are current opportunities to invest in trade lending and some high quality capital expenditure projects.

PEOPLE

In the twelve months to May 2013 we have increased our headcount by over 750 employees mainly through our acquisition of VHCC and the acquisition of the Gleeson Group which was completed after the end of the year. I look forward to these talented new employees bringing their experience to the Group and participating in our performance reward culture.

The management team of the Group has continued to evolve during the year. Mr Joris Brams, our International MD, was appointed to the Board of C&C in recognition of his contribution to the International business.

The Group's management and staff have worked hard to ensure the ongoing success of the business and the quality of our brands, and I would like to sincerely thank them for their efforts. Our remuneration philosophy focuses on stakeholder participation through equity participation, to align their interests with those of shareholders. This included introducing partnership and share matching plans for all employees alongside the existing Group-wide bonus incentive scheme. Since our financial performance did not meet internal targets Group-wide bonuses were not achieved this year.

CORPORATE RESPONSIBILITY

Key initiatives launched during the year included job creation through trade apprenticeships in Scotland; sustainable agriculture support through the creation of an investment fund of £1 million for apple farmers; and contributing to the new Portman Code on the responsible marketing of alcohol.

We continue to strengthen our links with local communities, suppliers and customers. Where possible we look to source raw materials from local partners, investing in their sustainable projects and helping our customers meet the challenges of duty and regulation. We encourage responsible drinking and our views on minimum pricing are well documented.

OUTLOOK

The significant activity over the last year and since year end will, we believe, lay a strong foundation for the Group. Our recent developments in core markets should help further consolidate our position and provide the financial stability to allow for continued investment in our growing international business. Our balance sheet remains conservatively geared, which provides scope for investing in further growth opportunities.

Stephen Glancey
Group Chief Executive Officer

TALL ORDER FULL STRENGTH



MADE IN TIPPERARY - IRELAND - BULMERS PEAR

Win a trip to THE BIG APPLE 17 pairs of flights to New York and accommodation to be won

TOP

We use spring water from the orchard [sure isn't it on tap]

BULMERS Original IRISH CIDER

100,000 trees [the trees haven't exhausted]

CALEDONIA SMOOTH

NEW BULMERS ORIGINAL SPICED APPLE

Summer's Package deal [four new 20-bottle packs]

We're APPLE-IST Like the Orchard

Lean, green, mowing machine. [we use our natural resources to save on natural resources]

BULMERS BERRY

OPERATIONS REVIEW **REPUBLIC OF IRELAND (ROI)**

FOLLOWING POOR SUMMER TRADING ROI STABILISED IN THE SECOND HALF OF THE YEAR

LAD category⁽ⁱⁱⁱ⁾: Retail sales volume of Long Alcohol Drinks (LAD) in ROI declined by 2% in the 12 month period to the end of February 2013. The trend in overall consumption remains reasonably predictable, within the range of level to minus 2% over the last few years. However, there has been a notable slowing of volume shift from the on-trade to the off-trade. In the 12 months to the end of February 2013, LAD volume in the on-trade declined by 3% whilst the off-trade declined by 1%. The 2ppt differential represents a significant narrowing of the gap in channel performance. In the three months to April, the on-trade outperformed the off-trade when measured by sales trend, despite on-trade wholesale price increases on the market leading brands for the first time in several years.

Over the 12 months to January 2013, the growth in cider total volume sales outperformed the growth in beer total volume sales, with growth of 1% achieved. The channel of trade differential is more marked for cider with a strong performance in off-trade (volume +6%) in part attributable to expansion of the value category.

Total ROI: Following on from first half financials dominated by poor summer weather and its impact on cider consumption, trading stabilised in the second half of the financial year. LAD volume in ROI for the Group was up 1.5% in the second half compared with a decline of 3.2% in the first half. At the same time, rate of price/mix deflation improved from 9.1% in the first half to 6.2% in the second. In a market down 2% in the 12 months to January 2013, the Group picked up some modest volume share growth.

Constant Currency ⁽ⁱ⁾	FY2013 €m	ROI FY2012 €m	Change %
Revenue	133.8	142.5	(6.1%)
Net revenue	92.2	101.4	(9.1%)
- Price /mix impact			(8.0%)
- Volume impact			(1.1%)
Operating profit	38.5	43.7	(11.9%)
Operating margin (Net revenue)	41.8%	43.1%	(1.3ppts)
Volume - (kHL)	615	622	(1.1%)



Net revenue for the full year declined 9.1%. The relative growth of beer within the portfolio has had a small impact on average revenues. However the price mix deflation of 8.0% is split fairly evenly between the effects of channel weighting of cider volume sales and price promotional activity to support the portfolio in the off-trade.

Operating profit⁽ⁱⁱ⁾ declined 11.9% to €38.5 million with margin down 1.3ppts to 41.8%. In the second half, operating profit was stable year-on-year.

Cider ROI: Net revenue was down 10.8% in the year with volume accounting for 3.2% of the decline and price/mix a further 7.6%. Over half of the price mix deflation was attributable to channel weighting with Bulmers enjoying good market share growth in the off-trade. Pricing in the on-trade was level for Bulmers. In the off-trade, promotional activity and the growth of our value cider brands reduced average pricing, albeit by a lower amount than in previous years.

The brand health of Bulmers remains strong. Effective advertising campaigns and sponsorship events during the year helped keep the brand vibrant and front of mind for consumers. In FY2014, a fresh TV campaign has just been launched for Bulmers.

Beer ROI: The Group's beer portfolio continued to perform well in ROI with volume growing 11.1% in a beer market⁽ⁱⁱ⁾ that declined by 2% in the same period. Volume of C&C 'owned' brands, Tennent's Lager and Caledonia Smooth, grew 25.6%. Beer now represents 16.3% of the portfolio volume in ROI.

(i) On a constant currency basis, constant currency calculation is set out on page 26
(ii) Per Nielsen data

Olde English
GAYMER & SON LTD
PREMIUM DRY
MADE IN ENGLAND

ADDLESTONES
CRAFTED FROM THE FINEST
CLOUDY

K

MADE IN THE DARK
FOR A BETTER TASTE
MAGNERS



GAYMER
CRISPS
OF

MAGNERS
IRISH CIDER
Original

WATTS
WEST COUNTRY DRY
CIDER
5.2% vol
568ml e

WHITE
TROND
GOLD



GET IN WITH
GAYMER CIDER COMPANY LTD.
GAYMERS



BLACKTHORN



SPECIAL
VAI
PREMIUM DRY

OPERATIONS REVIEW **CIDER - UNITED KINGDOM (UK)**

A TOUGH YEAR FOR CIDER IN THE UK BUT THE MAGNERS BRAND REMAINS IN GOOD HEALTH

Cider category⁽ⁱⁱⁱ⁾: The GB cider category experienced its first volume decline in almost a decade, falling by 2% as poor weather depressed home consumption in the key summer months. Despite the heavy promotion of the category by retailers and brand owners, off-trade volume declined 4% in the year to March, in line with beer. There were positives, however, in the value growth of cider in the off-trade and in the on-trade category trend. Value grew by 2% in the off-trade, outstripping LAD by over 2ppts and illustrating the continued premiumisation of the category from a retailer/consumer perspective. In the on-trade, cider volume growth remained in positive territory, up 1% year-on-year and 5ppts ahead of LAD. Packaged variants in the fridge enjoyed a good year with flavoured ciders delivering much of the growth at the expense of standard draught.

The health of the category was further validated by a number of new entrants during the course of the year. There was a significant level of investment behind brand launches and range extensions and there is no doubt that competition in the space intensified as a consequence.

Cider UK: There was little improvement in the second half, following a challenging first six months. The rate of volume decline improved from 18.6% at the end of August to 15.0% for the full year but the price/mix effect still left net revenues down 20.2%. Operating profit⁽ⁱ⁾ declined by 15.6% to €30.9m. Operating margin⁽ⁱ⁾ improved by 1.2ppts, reflecting the decision taken earlier in the year to hold back on marketing investment given the dynamics of the trading environment for the category.

Constant Currency ⁽ⁱⁱ⁾	FY2013 €m	Cider UK FY2012 €m	Change %
Revenue	195.8	232.8	(15.9%)
Net revenue	137.8	172.6	(20.2%)
- Price /mix impact			(5.2%)
- Volume impact			(15.0%)
Operating profit	30.9	36.6	(15.6%)
Operating margin (Net revenue)	22.4%	21.2%	1.2ppts
Volume - (kHL)	1,216	1,430	(15.0%)



Magners UK: The Magners brand underperformed the market with volume declining 13.9%. Key summer events, such as the European Football Championships and Olympic Games, failed to deliver any volume uplift. In contrast to last year, Magners saw a significant reduction of share across Grocery promotional deals, impacting volume negatively through the year. While trading began to stabilise toward the end of the financial year as the new retailer trading plan cycle kicked in and comparatives eased, we expect that increased competition will bring another challenging year of trading.

The Magners brand remains in good health, supported by a brand investment level in FY2013 equating to a very competitive double-digit % of net sales revenue. As with Bulmers in Ireland, it is the intention to invest behind a fresh advertising campaign for the brand in FY2014.

Gaymers Branded Portfolio: The Gaymers branded portfolio, including Gaymers Original, Blackthorn and Olde English declined by 16.4% in the period, as standard cider lost ground to premium cider and fruit flavoured variants. The launch of Gaymers fruits enjoyed some success and slowed the overall decline but the brand is a relatively small component part of the 'non Magners' portfolio. Post the end of the the financial year, the Shepton Mallet Cider Mill trading division was created, as a separate business division within the Group, with its own dedicated sales and marketing infrastructure, the new division will focus on the development of regional, craft and specialist cider brands within the UK cider portfolio. It is anticipated that authenticity and craft heritage will become key features of the cider category development over the next few years.

(i) On a constant currency basis, constant currency calculation is set out on page 26
(ii) Per CGA/Nielsen data



OPERATIONS REVIEW **TENNENT'S UK**

ROBUST PERFORMANCE IN A CHALLENGING ENVIRONMENT

UK beer⁽ⁱⁱ⁾: Market data to end of February suggested a decline of 4% in beer volumes in Scotland. Volume held up better in the on-trade with a decline of 2% comparing favourably to an off-trade that was down 6% year-on-year. Value was up 1% for the market in the period. Robust market data are not available for the market in Northern Ireland.

Tennent's UK: Tennent's, including Caledonia Best, delivered a very robust set of financials in a challenging environment. Volume decline of 5.9% was broadly in line with the market but the substitution of low margin volumes with more profitable channels deals contributed to net revenue⁽ⁱ⁾ growth of 6.8% for the year. There were a number of features behind the 12.7% positive price mix impact including reduced promotional activity in the off-trade, some moderate premiumisation of the portfolio and the re-negotiation of low margin legacy contracts. Operating margin⁽ⁱ⁾ continued to expand with improved pricing and robust cost control growing margin by 5.7ppts. Marketing investment behind the brands remained highly competitive and double digit as a percentage of net sales revenue. The Tennent's brand is in good health in all of its territories.

Tennent's Scotland: Tennent's Lager volume sold to the Independent Free Trade (IFT) and Local Multiple segments of the on-trade grew by 3.3% in the year, delivering market share growth. Distribution improved for the brand in these segments, supported by a net £11.5 million incremental investment in trade lending, good brand support and a sensible approach to pricing in a tough environment for retailers and consumers.

Constant Currency ⁽ⁱ⁾	FY2013 €m	Tennent's UK FY2012 €m	Change %
Revenue	229.3	223.5	2.6%
Net revenue	108.9	102.0	6.8%
- Price /mix impact			12.7%
- Volume impact			(5.9%)
Operating profit	30.3	22.5	34.7%
Operating margin (Net revenue)	27.8%	22.1%	5.7ppts
Volume - (kHL)	1,294	1,375	(5.9%)

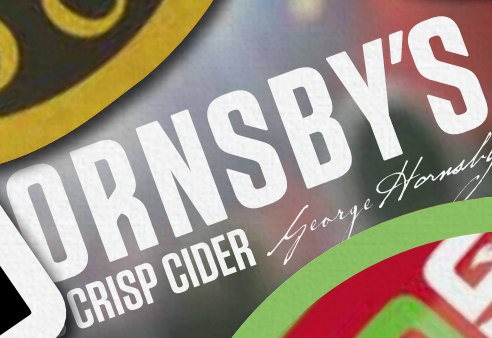


The Group invested to sustain growth in Caledonia Best during the year. Distribution now stands at around 1,400 outlets with a solid presence in the IFT. Above the line support for the brand was introduced via a TV campaign in the second half of the financial year and further support is planned for FY2014. The brand is enjoying some momentum. Share of Ale in the IFT reached 4.5% for the year and data for the last 13 weeks of the year suggest share has grown to 7.6%.

Caledonia Best is now the fastest growing beer brand in the Scottish on-trade; over the last year it has reached No.2 position in the smooth draught ale category according to CGA. The success of Caledonia Best, and the relative outperformance of Magners in Scotland compared with England & Wales, serves to highlight the attractiveness of further diversification into multi-beverage in Scotland.

Tennent's NI: In Northern Ireland Tennent's remains competitive within a weak on-trade market. The C&C portfolio, including third-party brands, was down 8.0% for the period in a market believed to have declined by over 10%. Net investment in trade lending increased by €0.3 million in the year. The low level of churn in pub ownership serves to highlight the difficulties facing the on-trade.

(i) On a constant currency basis, constant currency calculation is set out on page 26
(ii) Per CGA/Nielsen data



OPERATIONS REVIEW INTERNATIONAL

A SIGNIFICANT YEAR FOR DEVELOPMENT

Constant Currency ⁽ⁱ⁾	International		
	FY2013	FY2012	Change
Including VHCC	€m	€m	%
Revenue	48.5	31.9	52.0%
Net revenue	47.8	31.8	50.3%
- Price /mix impact			(4.9%)
- Volume impact			55.2%
Operating profit	9.1	6.8	33.8%
Operating margin (Net revenue)	19.0%	21.4%	(2.4ppts)
Volume - (kHL)	326	210	55.2%
Excluding VHCC	€m	€m	%
Net Revenue	41.4	31.8	30.2%
Operating profit	7.3	6.8	7.4%
Operating margin (Net revenue)	17.6%	21.4%	(3.8ppts)
Volume - (kHL)	283	210	34.8%

International: Strategically, FY2013 should prove to be a significant year for the development of an international business within C&C. The acquisition of the Vermont Hard Cider Company, LLC (VHCC) in December was an exciting move. VHCC owns a leading US cider brand in Woodchuck, a well-invested cidery in Vermont and has a national distribution network. The US cider category is currently enjoying strong growth and VHCC provides a great platform to tap into the longer term potential of this emerging market. In doing so, it reduces the exposure of C&C to the more challenging cider category in the UK. FY2014 should also prove to be a significant year for the export of Tennent's. A number of new markets for the brand were opened during the year, including Italy, and the potential opportunity is reasonable in scale.

Operationally, the international business unit enjoyed good volume growth of 55.2% in the period as Hornsby's, Tennent's and Woodchuck contributed alongside Magners. Excluding the two months worth of contribution from Woodchuck, volume was up 34.8% and revenue⁽ⁱ⁾ increased 30.2%. International volume accounted for 9.6% of total C&C branded volume and 14.5% of cider. A full year contribution from Woodchuck in FY2014 will, for the first time, give the International LAD business unit meaningful scale within C&C.

Excluding VHCC, operating margin reduced 3.8 ppts in the year. We expect this margin to expand as we progress through FY2014 for a number of reasons. First, the sourcing of Hornsby's for the US market is expensive but the arrangements are temporary in nature. Secondly, the FY2013 investment in US sales infrastructure to support the Magners brand was made in anticipation of future growth, temporarily increasing fixed cost ratios in FY2013. Planned capacity expansion in Vermont will provide a permanent lower cost solution, once completed. Operating margin on Tennent's export volume is in line with cider exports and the addition of Woodchuck to the portfolio should further improve margin in FY2014.



Cider: Magners volume in FY2013 was up 3.9% on the prior year. This was some way below the trend line of the previous few years, albeit there were specific issues affecting the performance of the brand in the US and Australia. In the US, the extraction of the Hornsby's brand from the E&J Gallo business and integration into the Magners infrastructure and distribution network proved to be a resource hungry project. For much of the year, this served as a considerable distraction to the focus of the front line sales team. Following the acquisition of VHCC in December, an accelerated integration of commercial resource is now complete and the enlarged business will be better placed to capitalise on the opportunity presented by a stronger sales team with a broader cider portfolio in FY2014.

In Australia, the brand suffered owing to issues with its route to market in FY2013. The cider category remains in good growth and the Magners brand continues to enjoy good consumer appeal but volume dropped 24% in the year. Work continues on resolving the route to market issue and the performance of the brand has improved in recent weeks with a return to more stable volume year-on-year. Excluding Australia, the volume of Magners sold outside of Ireland and the UK grew 10% in FY2013. In North America, growth of Magners was 10%.

Other international markets enjoyed solid growth with some European markets, including France and Spain, benefitting from new distribution arrangements. Volumes were up 13% and 11% in each market respectively.

Tennent's: The launch of premium variants of the Tennent's brand into a number of different markets is proving to be an attractive 'support act' sitting alongside the development of cider. In year one, 20 kHL of Tennent's Lager was shipped into Italy and the growth of the brand in Canada impressed. There are also encouraging signs from some states in the US. International volume of Tennent's is around 32 kHL, some 10% of total international volume. The Scottish heritage and authenticity of the brand is a marketable attribute that resonates in a range of international markets, suggesting that there could be reasonable growth potential for the next few years.

(i) On a constant currency basis, constant currency calculation is set out on page 26



OPERATIONS REVIEW **THIRD PARTY BRANDS UK**

AGENCY BRANDS CONTINUE TO PERFORM WELL

Constant Currency ⁽ⁱ⁾	Third Party Brands UK		
	FY2013 €m	FY2012 €m	Change %
Revenue	116.7	122.4	(4.7%)
Net revenue	90.2	96.8	(6.8%)
- Price /mix impact			(4.0%)
- Volume impact			(2.8%)
Operating profit	5.1	3.8	34.2%
Operating margin (Net revenue)	5.7%	3.9%	1.8ppts
Volume - (kHL)	871	896	(2.8%)

Third Party Brands UK: This segment relates to the distribution of third party products and the production and distribution of private label brands in the UK. Private label accounted for 68% of the total third party volume in FY2013, up from 63% in FY2012.

Net revenue was down 6.8% in the year. Overall volume was down 2.8%, with a decrease in third party brands partly offset by an increase in volume in private label. This was mitigated in part by improvement in average pricing achieved for both private label and third party products.



Agency: Volume declined 15.2% in the period. Route to market changes in commercial arrangements to service one significant national account in the Scottish market resulted in lower margin factored brands no longer being distributed by C&C. Likewise, route to market amendments in Northern Ireland reduced duty in suspense volume by a reasonably significant amount during the year. In both Scotland and Northern Ireland, the agency brands continue to perform well in the core Independent Free Trade segment of the on-trade.

The reduction in lower value activity improved average pricing by 3.8%, contributing to the overall 1.8ppt improvement in third party brand operating margin.

Private Label: A number of new contracts for cider and beer helped push volume up 4.2% in FY2013. The nature of the new contracts was higher in quality, a point well illustrated by a 2.3% improvement in average pricing achieved and a healthier operating margin.

(i) On a constant currency basis, constant currency calculation is set out on page 26

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

RESULTS FOR THE YEAR

C&C is reporting net revenue of €476.9 million, operating profit⁽ⁱ⁾ of €113.9 million and adjusted diluted EPS⁽ⁱⁱ⁾ of 27.7 cent.

This represents a moderate decline of 0.8% in net revenue (decline of 5.5% on a constant currency⁽ⁱⁱⁱ⁾ basis) but an operating profit⁽ⁱ⁾ increase of 2.4% (up 0.4% on a constant currency⁽ⁱⁱⁱ⁾ basis) equating to an operating margin of 23.9%, an increase of 0.8 percentage points on the prior year (up 1.4 percentage points on a constant currency⁽ⁱⁱⁱ⁾ basis).

In challenging domestic markets, the results achieved highlight both the resilience and adaptability of the C&C business model and the importance of growth from international markets.

C&C IS PLEASED TO REPORT NET REVENUE OF €476.9 MILLION

Table 1 – Key financial indicators
Financial Summary

		2013	2012
Net revenue	€m	476.9	480.8
EBITDA ^(iv)	€m	135.6	131.4
Adjusted Diluted EPS ⁽ⁱⁱ⁾	Cent	27.7	27.6
Free cash flow ^(v)	€m	54.8	102.6
Free cash flow conversion ratio		40.4%	78.1%
Net (debt)/cash ^(vi)	€m	(123.4)	68.3
Dividend per share	Cent	8.75	8.17
Dividend cover		31.6%	29.6%
Financing			
Net interest paid	€m	1.9	3.9
Interest Cover		41.1	34.6
Net debt/EBITDA		0.9	-
Net debt as percentage of market capitalisation		7.3%	n/a
Share price performance			
Share price at 28/29 February		€4.895	€3.665
52 week high		€4.94	€3.69
52 week low		€3.17	€2.70
Market capitalisation at year-end	€m	1,686	1,243

(i) Before exceptional items.

(ii) See note 10 on pages 100 - 101.

(iii) On a constant currency basis, constant currency calculation is set out on page 26.

(iv) EBITDA: Earnings before exceptional items, interest, tax, depreciation and amortisation and inclusive of discontinued operations.

(v) 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, see page 25.

(vi) Net debt comprises cash and borrowings, net of issue costs of €2.2m (FY2012:NIL).



The performance of each of the Group's reporting segments is discussed in detail in the Operations Review on pages 13 to 21, in summary the key drivers of this financial performance were:-

- Stable performance from ROI in second half of financial year:** poor weather dominated financials in the first half of the financial year. However, trading stabilised in the second half with LAD volume for the Group up 1.5% compared to a decline of 3.2% in the first 6 months. Price/Mix deflation also improved from 9.1% in the first 6 months to 6.2% in the second 6 months.
- A tough year for cider in the UK:** The GB cider category experienced its first volume decline in almost a decade as poor weather depressed consumption in the key summer months. Net revenue for C&C's Cider UK business unit declined 20.2% with operating profits, on a constant currency basis, down 15.6% to €30.9m. Operating margins, on a constant currency basis, improved by 1.2ppts as marketing plans were adapted to reflect the challenging trading environment.
- Tennent's going from strength to strength:** Despite a decline in volume, the prioritisation and focus on share growth within more profitable channels contributed to a positive mix and net revenue growth of 6.8% for the year. Operating margins grew by 5.7ppt, a consequence of improved pricing and robust cost control. The brand remains in good health across all of its territories.
- Increasing scale of International.** FY2013 was a significant year for the development of an international business within the Group with the acquisition of the Vermont Hard Cider Company, LLC (VHCC) in December. The international business unit enjoyed good volume growth of 55.2% in the period, 34.8% excluding the two months worth of contribution from VHCC since acquisition. The new business provides C&C with a great opportunity to tap into the fast growing US cider category. The contribution from Tennent's, introduced to a number of new markets during the year, is encouraging.

- Currency:** applying this year's effective rates to last year's operating profit improves FY2012 reported profits by a net €2.2 million as a result of a strengthening in the sterling effective translation rate which was partially offset by a weakening in the effective transaction rate.

ACCOUNTING POLICIES

As required by European Union (EU) law, the Group's 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) 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 73 to 83.

FINANCE COSTS, INCOME TAX AND SHAREHOLDER RETURNS

Net finance costs reduced to €4.9 million (2012: €5.1 million) reflecting a reduction in average drawn debt during the period, the benefit of no fixed interest contracts, offset by a reduction in interest income earned. On a time weighted basis the average drawn debt reduced from €92 million during FY2012 to €49 million in FY2013, reflecting the fact that the Group was debt free for almost 9 months of the year prior to the acquisition of VHCC. Net finance costs are also inclusive of an unwind of discount on provisions charge of €1.0 million (2012: €1.0 million).

The income tax charge in the year excluding exceptional items amounted to €16.0 million. This represents an effective tax rate of 14.7%, an increase of 1.7 percentage points on the prior year. The increase is primarily due to the increased proportion of profits arising in the UK. The effective tax rate at 14.7% reflects the fact that, currently, the majority of the Group's profits are earned in either Ireland or the UK, both of whom have competitive tax rates relative to European averages.

GROUP CHIEF FINANCIAL OFFICER'S REVIEW- CONTINUED

Subject to shareholder approval, the proposed final dividend of 4.75 cent per share will be paid on 12 July 2013 to ordinary shareholders registered at the close of business on 24 May 2013. The Group's full year dividend will therefore amount to 8.75 cent per share, a 7.1% increase on the previous year. The proposed full year dividend per share will represent a payout of 31.6% (FY2012: 29.6%) 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 €28.4 million of which €21.2 million was paid in cash, €0.1 million was accrued with respect to LTIP (Part I) dividend entitlements while €7.1 million or 25% (FY2012: 19%) was settled by the issue of new shares.

EXCEPTIONAL ITEMS

The Group posted to operating profits a net expense of €4.6 million before tax in relation to a number of items, which due to their nature and materiality were classified as exceptional items for reporting purposes, a presentation which in the opinion of the Board, provides a more helpful analysis of the underlying performance of the Group.

The items which were classified as exceptional include:-

(a) Restructuring costs: comprising severance and other initiatives arising from cost cutting initiatives and the consolidation of the Group's offices in the UK and US, resulted in an exceptional charge before taxation of €1.2 million (2012: €4.6 million).

(b) Acquisition related costs of €3.3 million: comprising costs directly attributed to the acquisition of VHCC and the Gleeson Group, the latter which was completed post year-end.

(c) IT Systems implementation & integration costs of €1.1 million: primarily relating to the integration of the previously acquired Hornsby's brand with the Group's existing business.

(d) Inventory recovery: juice stocks which were previously impaired were recovered and used by the Group's cider business during the current financial year resulting in a write back of juice stocks to operating profit at their recoverable value of €1.0 million. As the original impairment charge was accounted for as an exceptional cost the write-back has also been accounted for in this manner.

BALANCE SHEET STRENGTH, DEBT MANAGEMENT AND CASHFLOW GENERATION

A key strength of the Group remains the strength of its balance sheet.

Total assets reported by the Group were €1,200.3 million at 28 February 2013 (2012: €960.8 million). The Group's portfolio of market leading brands and related goodwill is valued at €705.8 million (2012: €483.3 million). The current year increase primarily reflects the acquisition of VHCC.

Brand values and goodwill are assessed for impairment on a regular basis with the Directors concluding that no material adjustments to the assumptions underlying the impairment testing models applied would result in any foreseeable risk of an impairment arising.

In addition, the Group generated Free Cash Flow of €54.8 million in the period, reflecting an EBITDA to Free Cash Flow conversion ratio of 40.4%. The Group ended the year in a net debt position of €123.4 million (2012: net cash €68.3 million) as a result of the current year acquisitions and related debt drawdown. The Group had undrawn committed facilities available of €103.4 million as at 28 February 2013.

Debt management

During the year the Group used existing cash resources to repay and cancel the outstanding balance on the 2007 committed facility (€60.0 million). Subsequent to the acquisition of VHCC and the pending acquisition of the Gleeson Group, the Group had drawn debt of €246.6 million at year-end.

In February 2012, the Group entered into a committed €250.0 million multi-currency five year syndicated revolving loan facility with seven banks, repayable on 28 February 2017. The facility agreement provided for a further €100.0 million in the form of an uncommitted accordion facility which was successfully negotiated as committed, but was not utilised, during the financial year. In addition the Group is permitted to have additional indebtedness to a maximum value of €150.0 million. In total therefore, under the terms of the agreement, the Group has a total debt capacity of €500.0 million.

Cash generation

Management reviews the Group's cash generating performance by measuring the conversion of EBITDA to Free Cash Flow as we consider that this metric best highlights the underlying cash generating performance of the ongoing business.

The Group ended the year with an EBITDA to Free Cash Flow conversion ratio of 40.4% (2012: 78.1%). The current year cash flow performance reflects a number of factors. Working capital was negative, primarily as a consequence of adding VHCC to the Group and exiting transitional service arrangements for the Hornsby's brand during the year. FY2012 working capital movements had enjoyed the benefit of some slow recovery of credit due to customers. The sustained challenges of the trading environment appear to have sharpened cash recovery across the board, negatively impacting our working capital movement in FY2013 as a consequence. The Group increased advances to customers in the period, primarily in Scotland. Capital expenditure also increased in the current year. FY2013 capital expenditure includes the purchase of land in Vermont that was purchased by the Group post the acquisition of VHCC.

Net finance costs of the Group reduced due to the reduction in average drawn debt for the period, the benefit of no fixed interest contracts in the current year offset by a reduction in interest income earned. Taxation payments increased in line with an increased proportion of UK taxable profits.

A summary cash flow statement is set out in Table 2 on page 25.

Table 2 – Cash flow summary	2013	2012
	€m	€m
Operating profit ⁽ⁱ⁾	113.9	111.1
Amortisation/depreciation	21.7	20.3
EBITDA ⁽ⁱⁱ⁾	135.6	131.4
Working capital	(21.8)	13.5
Advances to customers	(16.7)	(5.5)
Net capital expenditure	(24.1)	(17.7)
Net finance costs	(1.9)	(3.9)
Tax paid	(8.5)	(4.4)
Exceptional items paid	(4.9)	(8.7)
Other*	(2.9)	(2.1)
Free cash flow ⁽ⁱⁱⁱ⁾	54.8	102.6
Free cash flow conversion ratio	40.4%	78.1%
Proceeds on disposal of operations	-	4.7
Proceeds from exercise of share options	3.5	1.5
Proceeds with respect to Joint Share Ownership Plan	-	0.1
Proceeds from the sale of shares held by Employee Trust	6.6	-
Proceeds from issue of new shares following acquisition of subsidiary	5.3	-
Acquisition of brand & business/deferred consideration paid	(233.5)	(16.6)
Acquisition of equity accounted investees	(2.9)	-
Dividends paid in cash	(21.2)	(18.5)
(Increase)/reduction in net debt	(187.4)	73.8
Net cash/(debt) at beginning of year	68.3	(6.3)
Translation adjustment	(3.7)	1.1
Non cash movement	(0.6)	(0.3)
Net (debt)/cash ^(iv) at end of year	(123.4)	68.3

* other relates to the share options add back, pensions charged to operating profit before exceptional items less contributions paid and profit on disposal of plant & equipment

(i) before exceptional costs and inclusive of discontinued activities.

(ii) EBITDA: Earnings before exceptional items, interest, tax, depreciation and amortisation and inclusive of discontinued operations.

(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 comprises cash and borrowings, net of issue costs of €2.2m (2012 : nil).

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.

In FY2012 the Group worked with the Pension Scheme Trustees to implement pension reform in order to manage the Group's funding risk. The process concluded with the Pensions Board issuing a Section 50 directive to remove the mandatory pension increase rule, which guaranteed 3% per annum increase to certain pensions in payment, and replaced it with guaranteed pension increases of 2% per annum for each of the 3 years 2012, 2013 and 2014 and thereafter future pension increases to be awarded on a discretionary basis.

A Funding Proposal was also approved by the Pensions Board which commits the Group to contributions of 14% of Pensionable Salaries to fund future pension accrual of benefits; a deficit contribution of

€3.4 million; and an additional supplementary deficit contribution of €1.9 million for which C&C reserves the right to reduce or terminate on consultation with the Trustees and on advice from the Scheme Actuary that it is no longer required due to a correction in market conditions. The level of future funding commitment is in line with current funding levels. The Directors believe that the agreed plan will enable the schemes to meet the Minimum Funding Standard by 31 December 2016.

At 28 February 2013, the retirement benefit obligations on the IAS 19 basis amounted to €21.5 million gross and €18.8 million net of deferred tax (FY2012: €15.1 million gross and €13.2 million net of deferred tax). The movement in the deficit is as follows:-

	€m
Deficit at 1 March 2012	15.1
Employer contributions paid	(7.2)
Actuarial loss	12.3
Charge to the Income Statement	1.3
Net deficit at 28 February 2013	21.5

The retirement benefit deficit computed in accordance with IAS 19 was impacted by a number of factors, namely:-

- actuarial loss: €12.3 million recognised as a result of a reduction in the discount rate applied to liabilities: ROI schemes reduced from 4.7% - 4.9% at 29 February 2012 to 3.8% - 4.25% at 28 February 2013. For the UK scheme the discount rate reduced from 4.75% at 29 February 2012 to 4.4% at 28 February 2013,
- Employer contributions: €7.2 million

All other significant assumptions applied in the measurement of the Group's pension obligations at 28 February 2013 are broadly consistent with those as applied at 29 February 2012.

FINANCIAL RISK MANAGEMENT

The most significant financial market risks that the Group is exposed to include foreign currency exchange rate risk, commodity price fluctuations, interest rate risk and creditworthiness risk in relation to its counterparties.

The board of Directors set the treasury policies and objectives of the Group, the implementation of which is monitored by the Audit Committee. There has been no significant change during

the financial year to the Board's approach to the management of these risks. Details of both the policies and control procedures adopted to manage these financial risks are set out in detail in note 23 to the financial statements.

Debt and interest rate risk management

It is Group policy to ensure that a structure of medium/long term debt funding is in place to provide it with the financial capacity to promote the future development of the business and to achieve its strategic objectives. The Group manages its borrowing ability by entering into committed loan facility agreements. Currently the Group has a multi-currency five year syndicated loan facility, entered into in February 2012 with seven banks including Bank of Ireland, Bank of Scotland, Barclays Bank, Danske Bank, HSBC, Rabobank, and Ulster Bank. The principal agreement provided the Group with debt capacity of up to €250.0 million and in addition provided for a further €100.0 million in the form of an uncommitted accordion facility which the Group successfully negotiated, as committed, in December 2012.

The Group's cash deposits are all invested on a short term basis with banks who are members of the Group's banking syndicate.

Table 3 – Constant Currency Comparatives

	Year ended 29 February 2012 €m	FX Transaction €m	FX Translation €m	Year ended 29 February 2012 Constant currency comparative €m
Revenue				
ROI	142.5	-	-	142.5
Cider UK	218.6	-	14.2	232.8
Tennent's UK	209.9	-	13.6	223.5
International	30.7	0.8	0.4	31.9
Third party brands UK	115.0	-	7.4	122.4
Total	716.7	0.8	35.6	753.1
Net revenue				
ROI	101.4	-	-	101.4
Cider UK	162.1	-	10.5	172.6
Tennent's UK	95.8	-	6.2	102.0
International	30.6	0.8	0.4	31.8
Third party brands UK	90.9	-	5.9	96.8
Total	480.8	0.8	23.0	504.6
Operating profit				
ROI	44.4	(0.7)	-	43.7
Cider UK	35.2	0.6	0.8	36.6
Tennent's UK	21.2	-	1.3	22.5
International	6.8	(0.2)	0.2	6.8
Third party brands UK	3.6	-	0.2	3.8
Total	111.2	(0.3)	2.5	113.4

Currency risk management

The Group publishes its consolidated financial statements in euro but transacts 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 and US dollar value of its foreign operations by designating sterling and dollar borrowings as net investment hedges and enters into forward rate hedge agreements to hedge an appropriate portion of the transaction exposure borne by its subsidiary undertakings for a period of up to two years ahead. Currency transaction exposures primarily arise on the sterling and US dollar denominated sales of its euro subsidiaries.

The principal foreign currency forward contracts in place at 28 February 2013 are:

	Sterling	USD
Local Currency		
Amount (m)	20.0	1.0
Average forward rate (Euro:FX)	0.81	1.24

Where hedge accounting is applied, hedges are documented and tested for effectiveness on an ongoing basis. All 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 2013 as calculated by reference to current market value amounted to a net asset of €1.7 million (2012: €0.8 million net liability) and this has been included on the balance sheet under "derivative financial assets and liabilities".

The effective rate for the translation of results from sterling currency operations was €1:£0.81 (year ended 29 February 2012: €1:£0.87) and the effective rate for the translation of sterling currency revenue/net revenue transactions by euro functional currency operations resulted in an effective rate of €1:£0.86 (year ended 29 February 2012: €1:£0.85) at operating profit level.

Comparisons for revenue, net revenue and operating profit for each of the Group's reporting 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 and US dollar denominated subsidiaries by restating the prior year at FY2013 effective rates. Applying the realised FY2013 foreign currency rates to the reported FY2012 revenue, net revenue and operating profit rebases the comparatives as shown in Table 3 on page 26.

Commodity price and other risk management

The Group is exposed to commodity price fluctuations, and manages this risk, where economically viable, by entering into fixed price supply contracts with suppliers. The Group does not directly enter into commodity hedge contracts. The cost of production is also sensitive to variability in the price of energy, primarily gas and electricity. It is Group policy to fix the cost of a certain level of its energy requirement through fixed price contractual arrangements directly with its energy suppliers.

The Group seeks to mitigate risks in relation to the continuity of supply of key raw materials and ingredients by developing trade relationships with key suppliers. The Group has over 60 long-term apple supply contracts with farmers in the west of England and has an agreement with malt farmers in Scotland for the supply of barley.

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.

Kenny Neison
Group Chief Financial Officer

CORPORATE RESPONSIBILITY

HIGHLIGHTS

IN THE YEAR ENDED 28 FEBRUARY 2013 THE GROUP HAS:

- REDUCED TOTAL USAGE OF ELECTRICITY BY 3% AND NATURAL GAS BY 4.5%, PREVENTING OVER 2,740 TONNES OF CARBON EMISSIONS
- REDUCED CO₂ USAGE AT SHEPTON MALLET BY 24% AFTER THE IMPLEMENTATION OF A NEW UTILITY MANAGEMENT SYSTEM AND SPECIALIST TRAINING
- MADE 322 NEW DIRECT SHIPMENTS FROM CLONMEL TO GB CUSTOMERS, SAVING 64,400 MILES AND 87 TONNES OF CO₂ EQUIVALENT
- IMPLEMENTED LOCAL KEGGING ARRANGEMENTS AND MORE EFFICIENT KEG RETURN PROCESSES SAVING OVER 936,000 MILES TRAVELLED AND 1,258 TONNES OF CO₂ EQUIVALENT
- RECOVERED AND RECYCLED OVER 2,100 TONNES OF CO₂ PRODUCED BY THE CIDER FERMENTATION PROCESS IN CLONMEL AND USED IT TO CARBONATE OUR PRODUCTS
- RECYCLED OR RE-USED 100% OF WASTE PRODUCED AT CLONMEL
- REDUCED THE TOTAL NUMBER OF ACCIDENTS IN MANUFACTURING BY 18% AND DAYS LOST DUE TO ACCIDENTS BY 48%
- MADE £1 MILLION AVAILABLE TO APPLE GROWERS IN GREAT BRITAIN FOR PROJECTS RELATED TO SUSTAINABILITY
- NOW TRAINED OVER 7,000 STUDENTS AT THE TENNENT'S TRAINING ACADEMY FOR THE SCOTTISH PUB AND HOSPITALITY INDUSTRY
- LAUNCHED THE TENNENT'S MODERN APPRENTICESHIP PROGRAMME WHICH SAW 25 APPRENTICES RECEIVE HIGH-QUALITY TRAINING
- TAKEN OVER THE CHAIR OF THE NATIONAL ASSOCIATION OF CIDER MAKERS

REDUCING THE IMPACT THAT OUR BUSINESS HAS ON THE ENVIRONMENT

INTRODUCTION

The Group aims to meet the needs of its stakeholders in ways that are economically, environmentally and socially responsible. We operate a Group-wide corporate responsibility and sustainability policy. Sustainability not only reduces our costs but also reduces the impact that our business has on the environment.

ENVIRONMENTAL IMPACT & ENERGY

Our energy reduction teams in each of the Group's manufacturing facilities seek to reduce our impact on the environment. Each team looks at ways of reducing consumption of energy and raw materials, waste going to landfill and emissions, and also looks at ways of increasing transport efficiency and packaging optimisation. Each team reports monthly to the Group Manufacturing Director, who reports through the Group Chief Executive Officer to the Board.

Compared with FY2012, we have reduced our electricity usage by over 3%, and we have reduced our natural gas usage by 4.5%. We are committed to further reducing our electricity and natural gas usage and we remain on track to achieve our energy reduction target of 11% by the end of FY2015, against FY2012 as a base year.

Annual targets are established across all manufacturing sites to monitor and direct energy usage, water consumption and effluent discharge, and awareness training ensures that all personnel are familiar with our environmental policy and our business's environmental impact.



Our cider manufacturing facilities at Clonmel and Shepton Mallet continue to be accredited with the Environmental Management Standard ISO 14001; the facility at Clonmel also continues to be accredited to the Irish Energy Management Standard IS EN 16001:2009, and works closely with the Sustainable Energy Authority of Ireland (SEAI). These standards require us to demonstrate the systematic management of energy leading to a decline in greenhouse gas (GHG) emissions. Our facilities at Wellpark and Shepton Mallet continue to meet their regulatory targets, and operated within the European Union Emissions Trading Scheme up until the end of 2012 when they took advantage of the UK government's small emitters opt out scheme (see further below). As members of the British Beer and Pub Association (BBPA), we participate in energy reduction initiatives, surveys and seminars.

The Group put a new energy management system into Shepton Mallet in June 2012 to measure and manage gas, electricity and water usage. This also resulted in a 24% reduction in CO₂ usage in our manufacturing processes between December 2012 and February 2013.

A proposal for a new 800KW wind turbine on the Clonmel site is now at the planning stage and, if installed, is planned to provide 25% of Clonmel's electricity usage, which will act as a hedge against future energy price rises and further reduce CO₂ emissions.

Our cidery in Vermont switched to efficient lighting and water systems in the early 2000's. In 2010 it invested in Vermont's Cow Power programme, which turns manure into energy, and from which the cidery has received 25% of its power over the last three years. It is also in the process of constructing a 1.5 acre solar power facility which, when operational, is expected to provide an additional 10% to 15% of its power usage.

SUSTAINABLE LOGISTICS

FY2013 has seen a continuation of the focus on driving efficiencies in conjunction with our transport partners. We have sustained an average of 26 pallets per load on movements from Clonmel to our National Distribution Centre (NDC) in Bristol and have increased the average pallets per load from 22 to 22.4 on deliveries from Shepton Mallet and the NDC to customers within GB. In addition, we have engineered a number of key changes to our ways of working, which include:

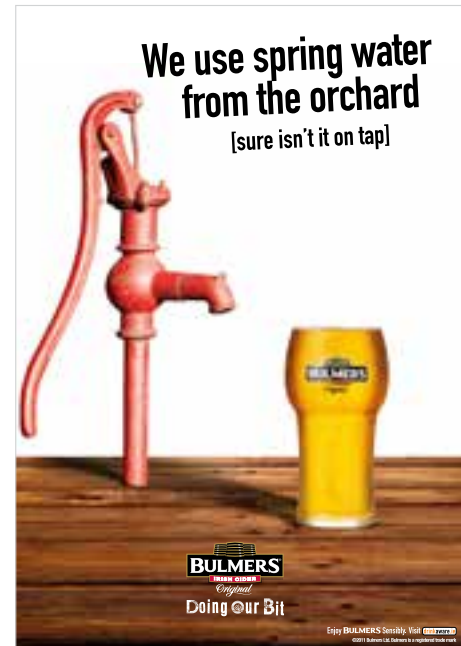
- 322 new direct shipments from Clonmel to GB Customers, saving 64,400 miles and 87 tonnes of CO₂ equivalent over the year
- Two new backhaul agreements with key strategic GB customers enabling them to better utilise their fleet and reduce overall road trips
- Contract kegging agreements in Italy, USA, Australia and Canada, saving over 781,000 miles and 1,050 tonnes of CO₂ equivalent over the year
- New improved process for storing returning kegs from Australia and USA more efficiently (honeycombing) saving over 155,000 miles and 208 tonnes of CO₂ equivalent over the year.

PACKAGING

We continue to look for ways to reduce the weight of our packaging. Measures taken this year to reduce the weight of our packaging include increasing the stretch of the pallet shrink wrapping, meaning fewer wraps per pallet and less material used across all manufacturing sites, which resulted in a 3% reduction in plastic used over the year, and down-gauging shrink wrap which saves 10% on the volume of plastic used. This was established in Clonmel in FY2013 and will be rolled out to Shepton Mallet and Wellpark in FY2014.

Between 60%-70% of the glass used in our bottles is recycled and this is increasing. Another project planned for FY2014 is a new non-returnable keg which will be recycled at its destination

CORPORATE RESPONSIBILITY - CONTINUED



location and which eliminates international transportation of empty kegs back to the UK and ROI. This will significantly reduce the Group's carbon footprint.

CARBON CONSUMPTION

The Group continuously monitors the impact of its operations on the climate and we look to reduce our emissions. We assess and manage climate change related risks and opportunities, including the impact on the availability and security of our sources of raw materials, such as aquifers, orchards and maltings.

The Group has participated in the Carbon Disclosure Project (CDP) Supply Chain Programme for a number of years, and CO₂ emissions for the Group are evaluated annually and posted on the CDP website. Further information on the CDP, including a copy of the CDP Ireland Report 2012, is available at www.cdproject.net. In CDP Ireland Report 2012, the Irish CDP respondents' average disclosure score was 78%, the Group scored 96% and was second in the consumer staples sector. Our incentive scheme provides financial rewards to all employees, based on successful achievement of a range of targets at both site and overall Group levels.

In the ROI and the UK, through our rural development commitment and by supporting orchard growers who manage over 2,000 hectares of orchards for apples used in the production of our cider, in FY2013 we offset 22,090 tonnes of CO₂ equivalent and helped to preserve the biodiversity of these regions.

Our cidery in Vermont participates in the American Forests programmes, and has planted 7,311 trees this year and a total of 42,033 trees in the last four years to offset its carbon emissions.

Each year we ensure compliance to national packaging regulations for our products placed into the marketplace. In the UK the actual sale volume of packaging recycled in the calendar year 2012 saved over 1,450 tonnes of CO₂ equivalent. In ROI

we also recovered and recycled approximately 2,132 tonnes of CO₂ produced by the cider fermentation process and used it to carbonate our products.

In 2012 the UK Government offered small carbon emitters the opportunity to "opt out" from the European Union Emissions Trading Scheme (EU ETS) from the beginning of 2013 to 2020 as part of the UK Government's efforts to cut down on red tape. Small emitters account for 1% of the UK's EU ETS emissions and this opt out scheme could save the industry up to £80 million in administrative costs from now until 2020. Our two manufacturing sites at Shepton Mallet and Wellpark along with around 250 other eligible facilities opted out of the EU ETS for this period and will have an industry sector-specific emission reduction target.

WASTE

We have systems in place to maximise the recycling of the waste that we produce and minimise what we send to landfill. Our ultimate goal is to recycle or recover for reuse 100% of our waste products. In FY2013, our manufacturing sites reduced the overall amount of waste sent to landfill by over 30%.

At Clonmel our recovery and recycling rate was 100%, and we sent no waste to landfill as all non-recycled waste was converted to RDF (refuse derived fuel).

At Shepton Mallet our recovery and recycling rate was 86% and the amount of waste sent to landfill dropped from 57 tonnes in FY2012 to 50 tonnes in FY2013, a 12% reduction. In addition a can wastage reduction project has brought can wastage down to 0.7% of all cans used, and specialist training completed on our cardboard case packers has further reduced packaging waste.

At Wellpark no waste is sent directly to landfill. The amount of waste sent by our third party waste management contractor to landfill dropped from 115 tonnes in FY2012 to 70 tonnes in FY2013, a 39% reduction. We also commenced a project with

WE ENCOURAGE SUSTAINABLE AGRICULTURAL PRACTICES AND THE PRESERVATION OF BIODIVERSITY



Zero Waste Scotland in January 2013 to identify waste reduction opportunities along our supply chain, and it will involve our suppliers and customers as partners in the project.

In Vermont there is a recycling programme for all industrial waste materials. More detailed data will be included for FY2014.

WATER

The Group's manufacturing sites are not located in any region identified as prone to drought, and water scarcity is not considered to be a critical risk for our business. Nevertheless, water preservation and management is an important business consideration for the Group and we continue to monitor the usage of water per hectolitre of finished product from each manufacturing facility and across our supply chain.

This year the Group participated in the 2012 CDP Water Disclosure initiative. The results of the report are available on the CDP website.

In FY2013, our total water usage in UK and ROI was 17.08 million hectolitres, equivalent to 3.69 hectolitres of water used per hectolitre (hl/hl) of product produced, which is significantly better than the recognised global brewing benchmark of 4 hl/hl.

Our continuing aquifer protection programme in Clonmel has resulted in us retaining our successful accreditation to the Irish IS 432:2005 Spring Water standard. Across the Group, we continue with our projects on brewery condensate recovery, reclaiming pasteuriser and bottle rinse water, fruit processing, and minimising plant and process cleaning systems, and in FY2013 we recovered and reused over 270,000m³ of biogas from our anaerobic waste water treatment plant in Clonmel for use as fuel for our boilers.

PROCUREMENT

The implementation of our sustainable and ethical procurement policy is regularly monitored by the Board via the Group Manufacturing Director, and each business unit is required to demonstrate compliance with this policy by providing access to its audit and review records, its procedure manuals and its staff training materials for audit purposes.

Our central teams in procurement and technical services actively audit our suppliers' track record in environmental management, health and safety, sustainability and corporate social responsibility.

We proactively audit and approve our existing supplier base after reviewing responses received back from a supplier approval questionnaire. This questionnaire specifically asks for details in the management of environmental, health and safety, sustainability and corporate social responsibility. Reviewing of supplier responses is a function of our central teams in procurement and technical services.

We seek to support our suppliers through entering into long term supply arrangements with our suppliers of apples and barley, our key raw materials.

GREEN PRODUCTION

In FY2013, we milled 41,000 tonnes of apples in our cider mills. We are also encouraging apple growers to plant early harvesting varieties to increase the availability of apples in the off season.

We encourage sustainable agricultural practices and the preservation of biodiversity. We are actively involved in the National Association of Cider Makers (NACM) which takes the lead in adopting and working to sustainable principles both in the physical and social environment, and carries out annual climate change assessments.

CORPORATE RESPONSIBILITY - CONTINUED



We have continued the Green Apple Awards, a biennial competition open to all contracted growers who supply apples to the cider mill at Shepton Mallet. Growers are encouraged to practise Integrated Pest Management, which involves the use of carefully timed sprays to minimise usage and the impact on beneficial insects. We continue to focus on local sourcing of apples and have fostered close partnerships with the local farming communities.

COMMUNITY ENGAGEMENT

The Group takes its responsibilities as a corporate citizen seriously. This includes respecting and complying with local tax laws and paying the required levels of tax in the different countries where we operate. We claim the allowances and deductions that we are properly entitled to, for instance on the investment and employment that we bring to our communities. We benefit from having always been established in Ireland's low tax environment as our major cider production unit is located in Clonmel and the Group is headquartered in Dublin. The majority of the Group's taxable profits are earned in Ireland and the UK, which both have competitive corporation tax rates compared with the European average. In Ireland and the UK we remit substantial amounts of duty on alcohol production.

Dialogue with customers

Understanding the views of our stakeholders is an important part of our business. We seek feedback from our customers and our divisional managing directors are partially targeted on the basis of their customer satisfaction results.

In the UK, our customers' organisations are surveyed by Advantage Group, an independent provider of business relationship benchmarking, covering all areas of our interactions with customers from supply chain to marketing support, and this year we are pleased to report we came 8th, a significant improvement compared with our performance in the previous

two years. In ROI, similar "Voice of Customer" surveys of our on-trade and off-trade customers are carried out by Behaviour and Attitudes, an independent research agency.

ROI

Our brand campaigns continue to have a community focus. In FY2012 we launched the Bulmers "doing our bit campaign". This continued in FY2013 with the "Doing Our Bit" Christmas promotion 2012 where winners received €2,000 for themselves and €2,000 for a community cause of their choice. We also engaged in many local community activities, including the Annerville Awards and various charitable donations including a donation to Musical Youth Foundation enabling it to launch its 'Guitars for Kids' project for children in the Rutland Street area, Dublin.

Bulmers continued its support of Tall Ships Dublin and the Forbidden Fruit Festival, which brings top music acts to Dublin at an affordable price for consumers. We also participated in the Irish Training and Employment Authority's Redundant Apprenticeship Scheme, enabling five apprentices to complete their apprenticeships.

Northern Ireland

Tennent's Vital is Northern Ireland's biggest music festival, and the annual sponsorship of this event by Tennent's helps bring world-class musicians to Northern Ireland. Again in the summer of 2012, through 'Tennent's UnTapped', two unsigned acts were offered the chance to showcase their music by playing onstage at the event.

Scotland

Over 7,000 students have now been trained at the Tennent's Training Academy for the pub and hospitality industry. To complement the Tennent's Training Academy, in 2012 we launched a modern "apprenticeship plus" programme to give 25 young people additional skills in hospitality businesses



in Scotland. We have offered work experience placements for school and university students, as well as taking on engineering apprentices for the first time in 17 years. After investing in new visitor facilities, we have opened the Wellpark Brewery for public site tours.

Tennent's is a founding partner of T in the Park, one of the top music festivals in Europe, which helps bring some of the world's biggest music stars to Scotland. Since 1996, Tennent's T Break has enabled the most fresh and exciting unsigned talent in Scotland to showcase their music on the T Break Stage at T in the Park. The T Break team also offers one student a six-month music internship.

C&C Group's sponsorship of Celtic and Rangers football clubs also has a strong community element, with the "Could Have Been A Player" programme enabling some of our consumers to live their footballing dream by playing at the clubs' stadiums. We donated sponsorship rights to Celtic and Rangers U19 and Women's teams to promote the clubs' respective Charity Foundations.

We have also strengthened our links to Scottish farmers by sourcing all of our barley from Scottish farms. We continue to support fledgling businesses in brewing and farming in Scotland through our Seed Fund initiative. 5p from every pint of Caledonia Best sold during its first six months was donated to the Seed Fund raising £58,000 for innovative projects selected by us in conjunction with National Farmers Union Scotland and Heriot-Watt University's International Centre for Brewing and Distilling.

England

In Shepton Mallet, we launched a £1 million agricultural investment fund. The major part of the fund has already been disbursed in grants to local growers, who were selected in conjunction with the local Chamber of Commerce and local MP Tessa Munt. Together with our long-established 20 year apple buying contracts, the fund helps ensure a sustainable future for our apple growers.

We also support the local community through numerous local sponsorships, including sponsorship through our Blackthorn cider brand of Bristol City and Bristol Rovers football clubs and Bristol and Shepton Mallet rugby clubs, and by donations to various local groups and charities.

RESPONSIBLE DRINKING

The Portman Group

C&C is a member of The Portman Group, the UK industry body set up to ensure that the marketing and promotion of alcohol is consistent with 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 years of age. Over the last 12 months, as a member of the Portman Group Council, we have worked hard to update the Code. Its 5th edition was launched in the autumn of 2012, and updates the Code to fit in with the changing media landscape, particularly social media, and the promotion of lower strength alcoholic products. We hosted a training day in Glasgow for local drinks businesses and are now implementing the updated Code across all of our marketing and promotional activity. As a result of our extensive experience in music and sports sponsorships we are also taking a leading role on updating the Portman Group's sponsorship code.

CORPORATE RESPONSIBILITY - CONTINUED



Public policy leadership

In September 2012 we took over the chair of the National Association of Cider Makers (NACM), a major step forward as we were only admitted to the association a few years ago. The principal objectives of the NACM are the promotion of the merits, qualities, heritage and authenticity of cider and the cider-making industry, engagement with tax and regulatory bodies and opinion-forming bodies having an interest in cider and/or alcohol generally, and leading by example in sustainability, community engagement and alcohol responsibility. The NACM is the first drinks trade body to work with Business in the Community (BITC) to address sustainability. It also hosts twice yearly Parliamentary receptions for around 300 MPs interested in developments in the cider industry.

We have worked with the pomology and technical experts in the NACM to develop our sustainability agenda.

On the global cider stage, with the NACM, we have supported the creation of the United States Association of Cider Makers (USACM) and we are represented on its board and legislative committee. We are already working on a revised definition for cider in the US allowing higher carbonation, more aligned to European levels. Additionally, in Europe we are key influencers within the European Cider and Fruit Wine Association (AICV). Working with these and other organisations enables us to press for consistency in cider definitions across the world, which is important for our global expansion aspirations.

Public Health Responsibility Deal

In March 2012, the Group joined with the majority of the alcohol industry to pledge a reduction of one billion units of alcohol from the 52 billion units currently anticipated to be consumed in the UK up to 2015, with 30 million units of that reduction coming from the Group's products. This is ongoing and will be achieved by the greater presence of lower alcohol products in our portfolio, the first of which is Caledonia Best ale.

Scottish Government Alcohol Industry Partnership (SGAIP)

Tennent's was a founding and remains an active member of the SGAIP. The SGAIP has undertaken various initiatives over the last six years towards achieving a reduction in alcohol misuse in Scotland. As part of this programme, we have joined the "Best bar none" scheme, through which we hope to improve the night-time economy of many Scottish high streets.

Minimum Unit Pricing

The Scottish Government has passed legislation to introduce minimum pricing for alcohol, and in the rest of the UK consultations on minimum unit pricing are underway. In each market we support these proposals as long as they are fair, proportionate and reasonably implemented, and are part of an overall programme to reduce the abuse of alcohol. The legislation in Scotland is currently the subject of a legal challenge and we await the outcome.

Responsible Drinking Initiatives

The Group has continued its commitment to responsible drinking messages throughout the last 12 months and we are an active member of Drinkaware. Tennent's again donated advertising space in its football sponsorships to Drinkaware's "Why Let Good Times Go Bad?" campaign.

T in the Park leads the way in communicating responsible drinking messages. During the festival, Tennent's once again operated 'Be Chilled' at T in the Park, which comprises a facility for consumers camping at the festival to pre-order and collect chilled Tennent's Lager to encourage trading down. All communications carried responsible drinking messages including emphasis on eating ('Healthy T') and alternating alcoholic drinks with water. T in the Park provides free drinking water across the festival site via standpipes.

TENNENT'S AGAIN DONATED ADVERTISING SPACE IN ITS FOOTBALL SPONSORSHIPS TO DRINKAWARE

ROI

Bulmers adheres to all of the alcohol marketing, communications and sponsorship codes of practice in place in ROI.

Bulmers is committed to promoting the responsible serving, and consumption of alcohol in ROI, and it is a member of the Alcohol Beverage Federation of Ireland (ABFI) and the Mature Enjoyment of Alcohol in Society Limited (MEAS). We adhere to the ABFI and MEAS voluntary codes governing both the placement and promotion of alcohol. All brand communications carry the "Enjoy Bulmers Sensibly. Visit drinkaware.ie" taglines, and Bulmers contributes finance and marketing resources to the production of drinkaware.ie communications and media planning in Ireland. In addition, we continue to work on proposals outlined by the Irish government as part of their alcohol strategy.

Overseas markets

We work with our distributors to ensure that the marketing and sale of our products in our international markets complies with all relevant local laws and regulations in this regard.

In the USA where we have increased our presence through the acquisition of Vermont Hard Cider Company, we are committed to promoting responsible serving and consumption of alcohol.

EMPLOYEES

Developing, engaging and rewarding employees fairly is fundamental to the success of our business and also to the relationships that we have with the local communities in which we work.

We are an equal opportunities employer. We aim to create a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit. We have a formal equal opportunities policy that commits us to promoting equality of opportunity for all our staff and job applicants. For



our operations in Northern Ireland this includes adherence to the MacBride Principles. Our policy states that we do not discriminate on the basis of age, disability, marital status, ethnicity, creed, sex or sexual orientation. The policy also requires our staff to treat customers, suppliers and the wider community in accordance with these principles as well.

Health and wellbeing of employees

In December 2012 we conducted a safety climate survey across our three manufacturing sites in Clonmel, Wellpark and Shepton Mallet using surveys based on the internationally respected Health & Safety Executive's Safety Climate Survey. Over 80% of employees in manufacturing participated and a detailed report of the findings was presented to each manufacturing site's leadership teams.

During FY2013 we have reduced the number of days lost due to accidents by 48% and the number of total accidents by 18%. In the last two years we have reduced our total accident rate (being the aggregate of lost days and total accidents) by over 41%. Our site at Wellpark has now gone for over 1,800 days without a lost time accident.

We have commenced a safety behaviour programme across manufacturing. We have also invested in focused training & development for our employees, including machine specialist skills, business improvement techniques and compliance training.

Business continuity

Business continuity exercises, facilitated by external experts, were held at Wellpark and at Shepton Mallet during September 2012. Suggestions made at those exercises have led to a revised business continuity and action plan. A similar exercise was carried out at Clonmel in March 2013.

BOARD OF DIRECTORS



BOARD COMMITTEES

Audit Committee

John Hogan (Chairman)
Richard Holroyd
Anthony Smurfit

Nomination Committee

Sir Brian Stewart (Chairman)
Breege O'Donoghue
Richard Holroyd

Remuneration Committee

Breege O'Donoghue (Chairman)
Stewart Gilliland
Richard Holroyd

Senior Independent Director

Richard Holroyd

1. SIR BRIAN STEWART*

Chairman

Brian Stewart (68) was appointed as a non-executive Director of the Group and as a member of the Nomination Committee in March 2010. He was appointed as Chairman of the Group in August 2010. He is a former Chairman of Standard Life plc and of Miller Group plc and a former chairman and former chief executive of Scottish & Newcastle plc.

2. STEPHEN GLANCEY

Group Chief Executive Officer

Stephen Glancey (52) was appointed Group Chief Executive Officer in 2012. Prior to that, he was appointed Chief Operating Officer in November 2008 and Group Finance Director in May 2009. He qualified as a chartered accountant and was previously the group operations director of Scottish & Newcastle plc.

3. KENNY NEISON

Group Chief Financial Officer

Kenny Neison (43) was appointed Chief Financial Officer in 2012. He 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 qualified as a chartered accountant and has previously held a number of senior financial positions in Scottish & Newcastle plc, including UK Finance Director and Finance Director for Western Europe.

4. JORIS BRAMS

Managing Director, International division

Joris Brams (44) was appointed as Managing Director of the Group's International division in 2012 and was appointed to the Board in October 2012. He was previously Group Operations Director at Puratos Group, a Belgian company supplying the bakery, patisserie and chocolate sectors in more than 100 countries. He previously served as Group Technical and Development Director at Scottish & Newcastle plc and, prior to that, he held a number of commercial roles at Alken-Maes Breweries. He brings significant experience of international transactions as well as having production, supply-chain management and procurement expertise. He is a non-executive director of Democo NV, a Belgian engineering company.



5. STEWART GILLILAND*

Stewart Gilliland (56) was appointed as a non-executive Director of the Company in April 2012 and is a member of the Remuneration Committee. From 2006 to 2010 he was Chief Executive Officer of Müller Dairy (UK) Ltd. Prior to that, he held positions at Whitbread Beer Company and at Interbrew SA in markets including the UK and Ireland, Europe and Canada. He is currently a non-executive Director of Booker Group plc, Vianet Group PLC, Tulip Limited, Natures Way Foods Limited and Sutton & East Surrey Water Plc. He brings significant experience of the long alcohol drinks sector in international markets.

6. JOHN HOGAN*

John Hogan (72) was appointed as a non-executive Director of the Company in 2004 and is the Chairman of the Audit Committee. 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 Prudential International Assurance plc, and other private companies. John Hogan has over 40 years of financial experience. The Board has determined that John Hogan is the financial expert on the Audit Committee.

7. RICHARD HOLROYD*

Richard Holroyd (66) was appointed as a non-executive Director of the Company in 2004 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He was previously the managing director of Colman's of Norwich and head of the global marketing futures department of Shell International. He has served as non-executive Director of several companies in the UK and continental Europe and was a member of the UK Competition Commission from September 2001 to April 2010. Richard Holroyd has many years' experience in the fast moving consumer goods sector.

8. BREEGE O'DONOGHUE*

Breege O'Donoghue (68) was appointed as a non-executive Director of the Company in 2004. She was appointed the Chairman of the Remuneration Committee in December 2012 and is a member of the Nomination Committee. 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. Breege O'Donoghue has many years experience in the Irish and international retail sector.

9. ANTHONY SMURFIT*

Anthony Smurfit (49) was appointed as a non-executive Director of the Company in April 2012 and is a member of the Audit Committee. Anthony Smurfit has been President and Chief Operations Officer of Smurfit Kappa Group since 2002. He previously held the role of Chief Executive of Smurfit France and then Smurfit Europe and has worked in a number of divisions in SKG both in Europe and the United States. He holds an honorary Doctorate of Business Administration for his contribution to business. He was awarded the Legion d'Honneur to recognise his work in France. He has long-standing experience in global markets, managing an extensive portfolio of international operations serving a world-wide customer base.

10. JOHN BURGESS*

John Burgess (62) was a non-executive Director of the Company during the year ended 28 February 2013 and resigned on 14 May 2013. Consequently he is not offering himself for re-election this year.

For information on independence of the Directors, please see Directors' Statement of Corporate Governance on pages 44 to 52.

* Non-Executive Director

PAUL WALKER Company Secretary and General Counsel

Paul Walker joined the Group in 2010 as General Counsel and was appointed Company Secretary in 2011. Prior to that, he was a partner in Lawrence Graham LLP, a London law firm. He previously worked in investment banking.



DIRECTORS' REPORT

The Directors present the annual report and audited consolidated financial statements of the Group for the year ended 28 February 2013.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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

The Company announced on 23 October 2012 that the Group had conditionally agreed to acquire Vermont Hard Cider Company, LLC for a gross consideration of \$305.0 million (€230.9 million). The acquisition was completed on 21 December 2012. Following this acquisition, the Company allotted a total of 1,422,099 ordinary shares in the Company to two of the vendors for a subscription price of approximately \$7.0 million (€5.3 million).

On 5 November 2012, the Group bought a portfolio of wine brands from Waverley TBS Limited (in administration) for a consideration of €1.0 million (€1.3 million euro equivalent at the date of payment).

The Company announced on 22 November 2012 that the Group had conditionally agreed to acquire M. & J. Gleeson (Investments) Limited and its subsidiaries, a supplier and distributor of beverages in Ireland. The acquisition was conditional upon clearance by the Irish Competition Authority, which was given on 27 February 2013. The acquisition was completed after the year-end on 7 March 2013.

During the year the Group also acquired a majority interest in The Five Lamps Dublin Beer Company Limited, a 25% minority interest in Maclay Group plc and a 50% interest in Thistle Pub Company Limited.

Subsequent to the year-end the Company announced on 22 March 2013 that the Group had acquired 50% of the ordinary share capital of Wallaces Express Limited.

There has been no other material change in the nature of the business of the Group.

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 13 to 21. Information in respect of environmental and employee matters is included in the Report on Corporate Responsibility on pages 28 to 35.

RESULTS

For the year ended 28 February 2013, the Group reported Revenue of €724.1 million (2012: €716.7 million) and Net revenue of €476.9 million (2012: €480.8 million).

Operating profit before exceptional items amounted to €113.9 million (2012: €111.2 million). This was in line with guidance given by the Company during the year that operating profit would be in the range of €112 million to €118 million before the benefit of acquisitions.

Profit for the year attributed to equity shareholders amounted to €88.7 million (2012: €95.7 million). On this basis, basic earnings per share amounted to 27.0c (2012: 29.4c per share) and diluted earnings per share amounted to 26.4c (2012: 28.7c per share).

Earnings excluding exceptional items amounted to €93.0 million (2012: €92.2 million). On this basis, adjusted basic earnings per share amounted to 28.3c (2012: 28.3c per share) and adjusted diluted earnings per share amounted to 27.7c (2012: 27.6c per share).

The financial statements for the year ended 28 February 2013 are set out on pages 65 to 136.

DIVIDENDS

An interim dividend of 4.0 cent per share for the year ended 28 February 2013 was paid in December 2012. Subject to approval at the Annual General Meeting, it is proposed to pay a final ordinary dividend of 4.75 cent per share for the year ended 28 February 2013 to shareholders who are registered at close of business on 24 May 2013.

BOARD OF DIRECTORS

The following changes have occurred in the composition of the Board since 16 May 2012, the date of the last Directors' Report. Mr Joris Brams was appointed as a Director on 23 October 2012. Mr Philip Lynch resigned as a Director on 30 November 2012. Mr John Burgess resigned as a Director on 14 May 2013.

The names, functions and date of appointment of the current Directors, who give the responsibility statement on page 62, are as follows:

Director	Function	Appointment
Sir Brian Stewart	Chairman	2010
Stephen Glancey	Group Chief Executive Officer	2008
Kenny Neison	Group Chief Financial Officer	2009
Joris Brams	Executive Director	2012
Stewart Gilliland	Non-executive	2012
John Hogan	Non-executive	2004
Richard Holroyd	Non-executive	2004
Breege O'Donoghue	Non-executive	2004
Anthony Smurfit	Non-executive	2012

Short biographical notes on each current Director are given on pages 36 and 37.

In line with the provisions of the UK Corporate Governance Code, C&C Group is adopting a policy of annual re-election for all Board Directors. Consequently, all Directors will offer themselves for election or re-election at the Company's Annual General Meeting to be held on 3 July 2013.

INTERESTS OF DIRECTORS AND COMPANY SECRETARY

Information in relation to the beneficial and non-beneficial interests in the share capital of Group companies held by the Directors and Company Secretary who held office at 28 February 2013 is contained within the Report of the Remuneration Committee on Directors' Remuneration on pages 53 to 61.

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 the 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. The Group considers that currently the most significant risks to its results and operations over the short term are (a) strategic failures, (b) economic conditions affecting consumer spending and confidence and (c) failure to attract and retain high-performing employees.

Risks and uncertainties relating to strategic goals

- The Group's strategy is to focus upon earnings growth through organic growth, acquisitions and joint ventures and entry into new markets. These opportunities may not materialise or deliver the benefits or synergies expected and may present new social and compliance risks. The Group seeks to mitigate these risks through due diligence, careful investment and continuing monitoring post-acquisition.

Risks and uncertainties relating to revenue and profits

- The majority of the Group's revenue derives from Ireland and the UK, where economic growth is slow. The Group seeks to mitigate this risk through changes to its business model, geographical diversification into higher growth markets and through acquisitions and joint ventures offering costs synergies.
- Economic conditions in the Group's principal markets may affect consumer spending and confidence. The Group seeks to mitigate these risks through careful forecasting and regular monitoring of market conditions and by maximising operating efficiency.
- Customers, particularly in the on-trade where the Group has exposure through advances to customers, may experience financial difficulties. The Group monitors the level of its exposure carefully.
- Consumer preference may change, new competing brands may be launched and competitors may increase their marketing or change their pricing policies. The Group has a programme of brand investment and innovation to maintain and enhance the market position of its products.
- Seasonal fluctuations in demand, especially an unseasonably bad summer in Ireland or the UK, could materially affect demand for the Group's cider products. Geographical diversification is helping to mitigate this risk.

DIRECTORS' REPORT - CONTINUED

Risks and uncertainties relating to costs and production

- Input costs may be subject to volatility and inflation and the continuity of supply of raw materials may be affected by the weather and other factors. The Group seeks to mitigate some of these risks through long term or fixed price supply agreements. The Group does not seek to hedge its exposure to commodity prices by entering into derivative financial instruments.
- Circumstances such as the loss of a production or storage facility or disruptions to its supply chains or critical IT systems may interrupt the supply of the Group's products. The Group seeks to mitigate the operational impact of such an event by the availability of multiple production facilities, fire safety standards and disaster recovery protocols, and the financial impact of such an event through business interruption and other insurances.

Financial risks and uncertainties

- There is continued concern surrounding the euro currency. 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. Fluctuations in value between the euro and these currencies may affect the Group's revenues and costs. The Group seeks to mitigate currency and interest rate risks, where appropriate, through hedging and structured financial contracts to hedge a portion of its foreign currency transaction exposure and to fix a portion of its variable rate interest exposure. The Group has not entered into structured financial contracts to hedge its translation exposure on its foreign acquisitions.
- The Group's shares have a primary listing on the Irish Stock Exchange and are denominated in euro and the continued economic crisis may affect liquidity. The Group keeps its listings under review.
- The solvency of the Group's defined benefit pension schemes may be affected by a fall in the value of their investments, 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 seeks to mitigate this risk by continuous monitoring, taking professional advice on the optimisation of asset returns within agreed acceptable risk tolerances and implementing liability management initiatives such as the reduction in member contractual benefits approved by the Pensions Board in February 2012.

Fiscal, regulatory and liability-related risks and uncertainties

- The Group may be adversely affected by changes in excise duty or taxation on cider and beer in Ireland, the UK, the US and other territories.
- The Group may be adversely affected by changes in government regulations affecting alcohol pricing, sponsorship 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, including stringent environmental, health and safety and food safety laws and regulations and competition law. Legislative non-compliance or adverse ethical practices could lead to prosecutions and damage to the reputation of the Group and its brands. The Group has in place a permanent legal and compliance monitoring and training function and an extensive programme of corporate responsibility.
- 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, damage to brand image and civil or criminal liability. The Group has established protocols and procedures for incident management and product recall and mitigates the financial impact by appropriate insurance cover.
- Fraud, corruption and theft against the Group whether by employees, business partners or third parties are risks, particularly as the Group develops internationally. The Group maintains appropriate internal controls and procedures to guard against economic crime and imposes appropriate monitoring and controls on subsidiary management.

Employment-related risks and uncertainties

- The Group's continued success is dependent on the skills and experience of its executive Directors and other high-performing personnel, including those in newly acquired businesses, and could be affected by their loss or the inability to recruit or retain them. The Group seeks to mitigate this risk through appropriate remuneration policies and succession planning.
- Whilst relations with employees are generally good, work stoppages or other industrial action could have a material adverse effect on the Group. The Group seeks to ensure good employee relations through engagement and dialogue.

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 Group Chief Financial Officer's Review on pages 26 to 27 and note 23 to the financial statements on pages 120 to 128.

ACCOUNTING RECORDS

The measures taken by the Directors to secure compliance with the requirements of Section 202 of the Companies Act, 1990 with regard to the keeping of proper books of account are to employ accounting personnel with appropriate expertise and to provide adequate resources to the finance function. The books of account of the Company are maintained at Group offices in Annerville, Clonmel, Co. Tipperary.

POLITICAL DONATIONS

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

CORPORATE GOVERNANCE

The corporate governance statement of the Company for the year, including the main features of the internal control and risk management systems of the Group, is contained in the Directors' Statement on Corporate Governance on pages 44 to 52.

DIRECTORS' REMUNERATION

The Report of the Remuneration Committee on Directors' Remuneration is set out on pages 53 to 61. The Board will present this report to shareholders at the Annual General Meeting for the purposes of a non-binding advisory vote.

SUBSTANTIAL HOLDINGS

As the table below shows all notified shareholdings in excess of 3% of the issued ordinary share capital of the Company as at 28 February 2013 and 15 May 2013.

	No. of ordinary shares held at 28 February 2013	% held as at 28 February 2013	No. of ordinary Shares held at 15 May 2013	% held as at 15 May 2013
Standard Life Investments Limited	19,053,987	5.53%	20,862,149	6.06%
Franklin Templeton Institutional, LLC	17,236,551	5.01%	20,702,251	6.01%
Oppenheimer Funds, Inc. and OFI Institutional Asset Management, Inc.	20,391,331	5.92%	20,391,331	5.92%
Invesco Limited	15,543,674	4.51%	15,543,674	4.51%
Prudential plc Group of Companies	13,803,563	4.01%	13,803,563	4.01%
Independent Franchise Partners, LLP	13,422,336	3.90%	13,422,336	3.90%
F&C Asset Management plc	13,185,114	3.83%	13,185,114	3.83%
Fidelity Management and Research	-	-	10,632,053	3.09%

As far as the Company is aware, other than as stated above, no other person or company had at 28 February 2013 or 15 May 2013 an interest in 3% or more of the share capital of the Company.

SHARE PRICE

The price of the Company's ordinary shares as quoted on the Irish Stock Exchange at the close of business on 28 February 2013 was €4.895 (29 February 2012: €3.665). The price of the Company's ordinary shares ranged between €3.17 and €4.94 during the year.

AUDITOR

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

ISSUE OF SHARES AND PURCHASE OF OWN SHARES

At the Annual General Meeting held on 27 June 2012, the Directors received a general authority to allot shares. A limited 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 3 July 2013 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 3 October 2014, 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.

DIRECTORS' REPORT - CONTINUED

At the Annual General Meeting held on 27 June 2012 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 3 July 2013 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 2014 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 5,564,563 Ordinary Shares are outstanding, representing 1.62% of the issued ordinary share capital. If the authority to purchase Ordinary Shares were used in full, the options would represent 1.80% of the issued ordinary share capital.

THE EUROPEAN COMMUNITIES (TAKEOVER BIDS (DIRECTIVE 2004/25/EC))REGULATIONS 2006

Structure of the Company's share capital

At 15 May 2013 the Company has an issued share capital of 344,331,716 ordinary shares of €0.01 each and an authorised share capital of 800,000,000 ordinary shares of €0.01 each.

Shares held by the trustee of the C&C Employee Trust, including shares held jointly by it under the terms of the C&C Joint Share Ownership Plan (further information on which is contained in the Report of the Remuneration Committee on Directors' Remuneration on pages 53 to 61), are accounted for as treasury shares. At 28 February 2013 and at the date of this report the C&C Employee Trust held 8,310,416 ordinary shares of €0.01 each in the capital of the Company. 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.

Details of employee share schemes, and the rights attaching to shares held in these schemes, can be found in note 4 to the Financial Statements on pages 89 to 94 and the Report of the Remuneration Committee on Directors' Remuneration on pages 53 to 61. Details of the rights attaching to shares issued under the Joint Share Ownership Plan are set out in the Report of the Remuneration Committee on Directors' Remuneration on pages 53 to 61.

The Company has no securities in issue conferring special rights with regard to control of the Company.

Details of persons with a significant holding of securities in the Company are set out on page 41.

Rights and obligations attaching to the Ordinary Shares

All Ordinary Shares rank *pari passu*, and the rights attaching to the Ordinary Shares (including as to voting and transfer) are as set out in the Company's articles of association ("Articles"). A copy of the Articles may be obtained on request to the Company Secretary.

Holders of Ordinary Shares are entitled to receive duly declared dividends in cash or, when offered, additional Ordinary Shares. In the event of any surplus arising on the occasion of the liquidation of the Company, shareholders would be entitled to a share in that surplus *pro rata* to their holdings of Ordinary Shares.

Holders of Ordinary Shares are entitled to receive notice of and to attend, speak and vote in person or by proxy, at general meetings having, on a show of hands, one vote, and, on a poll, one vote for each Ordinary Share held. Procedures and deadlines for entitlement to exercise, and exercise of, voting rights are specified in the notice convening the general meeting in question. There are no restrictions on voting rights except in the circumstances where a "Specified Event" (as defined in the Articles) shall have occurred and the Directors have served a Restriction Notice on the shareholder. Upon the service of such Restriction Notice, no holder of the shares specified in the notice shall, for so long as such notice shall remain in force, be entitled to attend or vote at any general meeting, either personally or by proxy.

Holding and transfer of Ordinary Shares

The Ordinary Shares may be held in either certificated or uncertificated form (through CREST). Save as set out below, there is no requirement to obtain the approval of the Company, or of other shareholders, for a transfer of Ordinary Shares. The Directors may decline to register (a) any transfer of a partly-paid share to a person of whom they do not approve, (b) any transfer of a share to more than four joint holders, and (c) any transfer of a certificated share unless accompanied by the share certificate and such other evidence of title as may reasonably be required. The registration of transfers of shares may be suspended at such times and for such periods (not exceeding 30 days in each year) as the Directors may determine.

Transfer instruments for certificated shares are executed by or on behalf of the transferor and, in cases where the share is not fully paid, by or on behalf of the transferee. Transfers of uncertificated shares may be effected by means of a relevant system in the manner provided for in the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (the "CREST Regulations") and the rules of the relevant system. The Directors may refuse to register a transfer of uncertificated shares only in such circumstances as may be permitted or required by the CREST Regulations.

Rules concerning the appointment and replacement of the Directors and amendment of the Company's Articles

Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than two or more than 14. Subject to that limit, the shareholders in general meeting may appoint any person to be a Director either to fill a vacancy or as an additional Director. The Directors also have the power to co-opt additional persons as Directors, but any Director so co-opted is under the Articles required to be submitted to shareholders for re-election at the first annual general meeting following his or her co-option.

The Articles require that at each annual general meeting of the Company one-third of the Directors retire by rotation. However, in accordance with the recommendations of the UK Corporate Governance Code, the Directors have resolved they will all retire and submit themselves for re-election by the shareholders at the Annual General Meeting to be held this year.

The Company's Articles may be amended by special resolution (75% majority of votes cast) passed at general meeting.

Powers of Directors

Under its Articles, the business of the Company shall be managed by the Directors, who exercise all powers of the Company as are not, by the Companies Acts or the Articles, required to be exercised by the Company in general meeting.

The powers of Directors in relation to issuing or buying back by the Company of its shares are set out above under "Issue of Shares and Purchase of Own Shares".

Miscellaneous

Pursuant to the terms of subscription agreements entered into with Bret Williams and Dan Rowell for the subscription of a total of 1,422,099 ordinary shares in the Company following the acquisition by the Company of Vermont Hard Cider Company, LLC, each subscriber undertook not to dispose of the subscribed shares until 7 July 2013. Save as aforesaid, there are no agreements between shareholders that are known to the Company which may result in restrictions on the transfer of securities or voting rights.

Certain of the Group's borrowing facilities include provisions that, in the event of a change of control of the Company, could oblige the Group to repay the facilities. Certain of the Company's customer and supplier contracts and joint venture arrangements also contain provisions that would allow the counterparty to terminate the agreement in the event of a change of control of the Company, but none of these are considered to be significant in terms of their potential impact on the business of the Group as a whole. The Company's Executive Share Option Scheme and Long Term Incentive Plan each contain change of control provisions which allow for the acceleration of the exercise of share options/awards in the event of a change of control of the Company.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid.

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.

Signed

On behalf of the Board

Sir Brian Stewart
Chairman

Stephen Glancey
Group Chief Executive Officer

15 May 2013

DIRECTORS' STATEMENT OF CORPORATE GOVERNANCE

C&C Group plc is incorporated and resident in Ireland and is subject to Irish company law. It has a primary listing on the Irish Stock Exchange ('ISE') and a secondary listing on the London Stock Exchange. C&C Group plc also has a Level 1 American Depository Receipt (ADR) programme.

The Directors are committed to maintaining the highest standards of corporate governance. The Listing Rules of the ISE require every company listed on the Main Securities Market of the ISE to state in its annual report how the principles of the UK Corporate Governance Code published by the Financial Reporting Council (the 'UK Code') have been applied and whether the company has complied with all relevant provisions of the UK Code and the Irish Corporate Governance Annex (the 'Irish Annex'), which implements additional requirements for companies (such as C&C Group) with a primary equity listing on the Main Securities Market of the ISE. Where companies diverge from the provisions of the UK Code or the Irish Annex, the ISE expects them to include explanations that provide a rationale for the divergence. The text of the UK Code and the Irish Annex can be found on the ISE's website: www.ise.ie. This Corporate Governance statement describes how the Group applied the principles of the UK Code (June 2010 edition) and the Irish Annex throughout the financial year ended 28 February 2013.

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 Board is also responsible for instilling the appropriate culture, values and behaviour throughout the Group.

The roles of the Chairman and the Group Chief Executive Officer are separate with a clear division of responsibility between them, which is set out in writing and which has been approved by the Board. The Board delegates responsibility for the management of the Group through the Group Chief Executive Officer to executive management. The Board also delegates some of its responsibilities to Board Committees, details of which are set out below. The responsibilities of the Chairman are covered in detail on page 45.

The Group Chief Executive Officer has full day-to-day operational and profit responsibility for the Group and is accountable to the Board for all authority delegated to executive management. His overall brief is to execute agreed strategy, to co-ordinate and maintain the continued profitability of the Group and to oversee senior management responsible for the day-to-day running of the business.

Non-executive Directors are expected to constructively challenge management proposals and to examine and review management performance in meeting agreed objectives and targets. In addition, they are expected to draw on their experience and knowledge in respect of any challenges facing the Group and in relation to the development of proposals on strategy.

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

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

Board Composition, Membership and Renewal

The Board considers that, between them, the Directors bring a range of skills, knowledge and experience so as to provide leadership, control and oversight of the Group and discharge their responsibility to all shareholders. The biographical details of the continuing directors are set out on pages 36 and 37. The Company's Articles of Association require that the number of Directors shall be not less than two and not more than 14. The Board regards the number of non-executive Directors currently appointed to the Board as sufficient to ensure satisfactory oversight of the Group's management and to enable its Committees to operate without undue reliance on individual non-executive Directors. As set out below the Board has an ongoing programme for Board refreshment and renewal, recognising the need for independence and diversity, including gender diversity, on the Board. The Board is, through the Nomination Committee, committed to achieving a greater level of gender diversity on the Board over time and recognises the importance and benefit of gender diversity throughout the Group.

At 28 February 2013, the Board comprised of ten Directors, of whom three were executive and seven non-executive Directors (including the Chairman). On 14 May 2013 John Burgess resigned as a Director.

Board Independence

In line with the UK Code, it is Board policy that at least half the Board, excluding the Chairman, shall consist of independent non-executive Directors. The Board has reviewed the composition of the Board and has determined that of the Directors as at 28 February 2013, John Burgess, John Hogan, Richard Holroyd, Breege O'Donoghue, Stewart Gilliland and Anthony Smurfit, were independent.

Consequently, as at 28 February 2013, excluding the Chairman, 66% of the C&C Group Board comprised of independent, non-executive Directors. As of the date of this report, excluding the Chairman, 62% of the Board comprised of independent, non-executive Directors.

The independence of Board members is considered annually. In determining the independence of non-executive Directors, the Board considered the principles relating to independence contained in the UK 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 of the Group, 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. The Board considers that each of the non-executive Directors brings independent judgement to bear. In the case of Richard Holroyd, Breege O'Donoghue and John Hogan, the Board has considered their length of service but is satisfied that their independence is not compromised. As part of this assessment, the Board considers that, while each of them has served on the Board of the Company since 2004, none of them has served for more than nine years concurrently with the same executive Directors. The Board has also noted that Anthony Smurfit is a shareholder and director of Smurfit Kappa Group plc, which provides packaging materials to the Group on normal commercial terms, and is satisfied that his independence is not compromised. 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 UK Code and by 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 was 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, Group Chief Executive Officer or Group Chief Financial Officer, 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 & Young global board.

Company Secretary

Paul Walker is the Company Secretary. All Directors have access to the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. The appointment and removal of the Company Secretary is a matter for the Board.

Appointment, Retirement and Re-election

The non-executive Directors are engaged under the terms of letters of appointment, details of which are set out in the Report of the Remuneration Committee on Directors' Remuneration. Copies of the letters of appointment are 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 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

A comprehensive tailored induction programme is arranged for each new Director. The aim of the programme is to provide the Director with a detailed insight into the Group. The programme involves meeting with the Chairman, Group Chief Executive Officer, Group Chief Financial Officer, Company Secretary and key senior executives. It covers areas such as strategy and development, organisation structure, succession planning, financing, corporate responsibility and compliance, investor relations and risk management. The Board receives regular updates from the external legal and other advisers in relation to regulatory and accounting developments. Throughout the year, Directors meet with key executives and meet with local management teams, and a site visit for all Board Directors, to one of the Group's production facilities, is usually scheduled annually.

Newly-appointed members of the Audit Committee will meet with the key members of the external audit, internal audit and finance teams. New members of the Remuneration Committee will meet with the Committee's remuneration consultants in the year of their appointment to the Committee.

DIRECTORS' STATEMENT OF CORPORATE GOVERNANCE- CONTINUED

External non-executive directorships

The Board recognises that there can be benefit if executive Directors accept a non-executive directorship with other companies to broaden their skills, knowledge and experience. Joris Brams is currently a non-executive director at Democo NV, a Belgian construction company. Apart from him, currently none of the executive Directors has such an appointment. The Remuneration Committee determines whether Directors should be permitted to retain any fees paid in respect of such appointments. The Remuneration Committee has determined that Joris Brams is permitted to retain fees from his appointment.

Meetings

It is Board practice to meet not less than nine 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. During the period under review there were eleven scheduled meetings of the Board. Details of Directors' attendance at these scheduled meetings are set out in the table on page 49. Further meetings took place throughout the year. In addition, a meeting of members of the Board was held without the executive Directors present to provide an opportunity for non-executive Directors and the Chairman to assess their performance, and a further meeting of the non-executive Directors led by the Senior Independent Director was held without the Chairman being present to assess the Chairman's performance.

The Chairman sets the agenda for each meeting in consultation with the Group Chief Executive Officer and the Company Secretary. The agenda and Board papers, which provide the Directors with relevant information to enable them to fully consider the agenda items in advance, are circulated prior to each meeting. Directors are encouraged to participate in debate and constructive challenge. While Directors are expected to attend all scheduled meetings, in the event a Director is unable to attend a meeting, his or her view on all agenda items is sought and conveyed to the Chairman in advance of the meeting. In addition, following the meeting, matters discussed and decisions made at the meeting are conveyed to the Director.

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 year under review the Chairman has reviewed 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 or her individual performance. Performance is assessed against a number of criteria, including his or 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 and the Board's performance each year, the results being reported back to the Chairman with recommendations for improvement.

The Board also recognises the need for periodic external evaluation and the UK Code's recommendation that such reviews be externally facilitated at least every three years. The Group intends to progress a formal policy and process for external evaluation including the involvement of an external facilitator.

Remuneration

Details of remuneration paid to Directors (executive and non-executive) are set out in the Report of the Remuneration Committee on Directors' Remuneration on pages 53 to 61.

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. Non-executive Directors' fees and additional fees payable to Committee Chairman and the Senior Independent Director have not been increased since 2008.

It is Board policy that non-executive Director remuneration does not comprise any performance-related element and, therefore, non-executive Directors are not eligible to participate in the Group's bonus schemes, option plans or share award schemes. Non-executive Directors' fees are not pensionable and non-executive Directors are not eligible to join any Group pension plans. Executive Directors' remuneration is inclusive of any Director's fee.

The current limit under the Articles on Directors' ordinary remuneration (i.e. directors' fees, not including executive remuneration) is €750,000. A resolution will be proposed at the 2013 Annual General Meeting to fix the annual ceiling at €1,000,000.

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 3 July 2013. While there is no legal obligation for the Group to put such a resolution to a vote of shareholders at the Annual General Meeting, the Board believes that such a resolution is good practice.

Share ownership and dealing

Details of Directors' shareholdings are set out on page 60.

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 Senior Independent Director) 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 2005).

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. The current membership of each committee is set out on page 36. Attendance at meetings held is set out in the table on page 49. 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 the Company's website www.candcgroupplc.com. Minutes of all Committee meetings are circulated to the entire Board.

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. The members during the year were John Hogan (Chairman), Richard Holroyd and Anthony Smurfit (appointed 17 April 2012).

As set out on page 45, the Audit Committee has determined that John Hogan, who also chairs the Committee, is the Audit Committee financial expert.

It meets a minimum of four times a year. During the period under review it met nine times. Attendance at meetings held is set out in the table on page 49.

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

The Audit Committee's responsibilities include:

- monitoring the integrity, truth and fairness of the financial statements of the Group, including the annual report, interim report, interim management statements, preliminary results and other formal announcements relating to the Group's financial performance;
- reviewing the adequacy and effectiveness of the Group's internal financial controls and risk management systems;
- reviewing the effectiveness of the Group's internal audit function;
- reviewing the adequacy and security of the Group's arrangements for its employees raising concerns, its procedures for detecting fraud and the Group's systems and controls for the prevention of bribery;
- 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 and reviewing the effectiveness and findings of the external audit with the external auditor;
- ensuring compliance with the Group's policy on the provision of non-audit services by the external auditor.

The Audit Committee discharged its obligations during the year as follows:

- the Audit Committee reviewed the preliminary results announcement and the annual report and financial statements for the year ended 29 February 2012
- In particular the Committee addressed the going concern status of the Company and the matters referred to in the Financial Review contained in the 2012 annual report: it reviewed the post-audit report from the external auditor identifying any accounting or judgemental issues requiring its attention and noted that no significant issues had arisen;
- the Audit Committee reviewed the Financial Report for the six months ended 31 August 2012 prior to its release in October 2012;
- the Audit Committee reviewed the Interim Management Statements issued in June 2012 and January 2013;
- the Audit Committee considered whether or not to recommend the re-appointment of the external auditor;

DIRECTORS' STATEMENT OF CORPORATE GOVERNANCE- CONTINUED

- the Audit Committee reviewed the external audit plan presented by the external auditor in advance of the audit for the year ended 28 February 2013; in particular, it considered the accounting treatment of acquisitions and joint ventures and the categorisation of exceptional items and other matters referred to in the Financial Review set out on pages 22 to 27.
- the Audit Committee approved the annual internal audit plan and received and reviewed internal audit reports including the annual assessment of internal control and other work described below;
- the Audit Committee received an internal review of the pension schemes and reviewed the audited statements of the pension schemes;

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 on 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.

The Group's internal auditor reports to the Audit Committee and the Audit Committee has approved his terms of reference. He is engaged on a programme of work, which includes, inter alia, maintaining the Group's risk register, examining the fundamental controls of the Group and assessing anti-bribery and corruption risk and business continuity risk.

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 external auditor is permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence, provided it has the skill, competence and integrity to carry out the work and is considered by the Audit Committee to be the most appropriate to undertake such work in the best interests of the Group. The engagement of the external auditor in non-audit work must be pre-approved by the Audit Committee or entered into pursuant to pre-approved policies and procedures established by the Audit Committee.

Details of the amounts paid to the external auditor during the year for audit and other services are set out in note 2 to the financial statements on page 88. The Audit 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 Audit Committee gave approval to the auditor providing non-audit advisory services principally in relation to tax.

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. The members during the year were Sir Brian Stewart (Chairman), John Burgess, Philip Lynch (resigned 30 November 2012) and Breege O'Donoghue. Richard Holroyd joined the Committee 14 May 2013 following the resignation of John Burgess on that day.

It meets a minimum of twice a year and met three times in the period under review. Attendance at meetings held is set out in the table on page 49.

The Nomination 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 and the leadership needs of the organisation;
- establishing processes for the identification of suitable candidates for appointment to the Board;
- making recommendations to the Board on membership of Board Committees.

The Nomination Committee is empowered to use the services of independent consultants to facilitate the search for suitable candidates for appointment as non-executive Directors. In respect of the non-executive directors appointed in FY2013, Stewart Gilliland was recruited through an external consultancy and Anthony Smurfit was recruited through business associates. Both of them had significant relevant industry experience and in Mr. Smurfit's case, international experience.

During the period under review the Nomination Committee met three times. The Nomination Committee considered:

- immediate succession requirements for non-executive directors. It finalised the appointments of two new independent, non-executive Directors, Stewart Gilliland and Anthony Smurfit. Stewart Gilliland was appointed a member of the Remuneration Committee and Anthony Smurfit was appointed a member of the Audit Committee.
- longer-term succession planning for non-executive directors recognising the need for ongoing Board refreshment and renewal and the need for independence and diversity on the Board.
- immediate succession requirements for executive directors. The Nomination Committee approved the appointment of Joris Brams, managing director of the International division, to the Board.
- the appointment of senior managers including the appointment of a Head of Corporate Affairs.

Remuneration Committee

The Remuneration Committee comprises solely of independent, non-executive Directors. The Chairman was Philip Lynch (resigned 30 November 2012) and, subsequently, Breege O'Donoghue. Other members were Richard Holroyd and Stewart Gilliland (appointed 17 April 2012).

The Remuneration Committee meets at least twice a year. During the period under review the Remuneration Committee met seven times. Attendance at meetings held is set out in the table below.

The Remuneration Committee's responsibilities include:

- making recommendations to the Board on the Group's policy for executive remuneration;
- determining the remuneration of the Chairman, the executive Directors, the Company Secretary and senior management;
- monitoring the level and structure of remuneration for senior management and trends across the Group;
- approving the design and targets of any performance-related pay schemes and the total annual payments made under such schemes;
- 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 (Part I), the Joint Share Ownership Plan and other share plans;
- overseeing any major changes in employee benefits structures throughout the Group;
- overseeing the preparation of the Report of the Remuneration Committee on Directors' Remuneration.

During the year under review the Remuneration Committee considered

- the determination of whether performance conditions under share schemes and bonus schemes were achieved;
- the granting of share options under the C&C Executive Share Option Scheme;
- the granting of awards under the C&C Long Term Incentive Plan (Part I);
- the granting of awards and potential awards under the C&C Long Term Incentive Plan (Part II);
- the granting of awards under the C&C Recruitment and Retention Plan;
- the granting of shadow awards;
- amendments to the rules of the Long Term Incentive Plan I, the Approved Profit Sharing Scheme and Joint Share Ownership Plan;
- the remuneration of the managing director of the International division and the US managing director and other members of senior management.

ATTENDANCE AT MEETINGS

Attendance at Board meetings and Board committee meetings during the year was as follows:

	Scheduled Board Meetings	Short Notice Board Meeting	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings
Sir Brian Stewart	10/10	1/1		3/3	
Joris Brams	4/4	1/1			
John Burgess	7/10	1/1		2/3	
Stewart Gilliland	9/9	0/1			5/5
Stephen Glancey	9/10	1/1			
John Hogan	10/10	1/1	9/9		
Richard Holroyd	10/10	1/1	9/9		7/7
Philip Lynch	7/8	1/1		3/3	6/6
Kenny Neison	10/10	1/1			
Breege O'Donoghue	10/10	1/1		3/3	1/1
Anthony Smurfit	9/9	1/1	9/9		

DIRECTORS' STATEMENT OF CORPORATE GOVERNANCE- CONTINUED

In the above table the numerator in each fraction represents the number of meetings actually attended by each Director in respect of the Board and each Board committee of which he or she was a member, whilst the denominator represents the number of such meetings that the Director was scheduled to attend.

In addition, the non-executive Directors including the Chairman met to evaluate the performance of the executive Directors, and the non-executive Directors, led by the Senior Independent Director, without the Chairman present, met to evaluate the performance of the Chairman. Several ad hoc meetings were held during the year for share allotment and other administrative matters in accordance with the Board's procedures.

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 the Group's first half and full year financial results and when other significant announcements are made. Interim Management Statements were issued in June 2012 and January 2013. The Board is briefed regularly on the views and concerns of institutional shareholders.

An investor day for major shareholders was held in November 2012 at the Shepton Mallet cider mill, including presentations by management and a tour of the cider mill.

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 made available on the Company's website.

General Meetings

The Company operates under the Companies Acts 1963 to 2012. 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 27 June 2012, and this year's AGM will be held on 3 July 2013. The Directors may at any time call an EGM. EGMs shall also be convened on the requisition of members holding not less than five per cent of the voting share capital of the Company.

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 question.

In accordance with UK Code recommendations, the annual report 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, or 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. Any amendment of the Company's Articles of Association requires the passing of a special resolution.

Further details in relation to the purchase of the Company's own shares are included in the Directors' Report.

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 28 to 35 and the Group's corporate responsibility report is 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 Board 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 review the adequacy and effectiveness of the Group's internal financial controls and risk management systems. 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 on 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.

DIRECTORS' STATEMENT OF CORPORATE GOVERNANCE- CONTINUED

The preparation and issue of financial reports, including consolidated annual financial statements is managed by Group Finance with oversight from the Audit Committee. The key features of the Group's internal control procedures with regard to the preparation of consolidated financial statements are as follows:

- the review of each operating division's period end reporting package by the Group finance function;
- the oversight, review and validation of consolidation journals by the Group Chief Financial Officer;
- the challenge and review of the financial results of each operating division with the management of that division by the Group Chief Financial Officer;
- the review of any internal control weaknesses highlighted by the external auditor, by the Group Chief Financial Officer, Head of Internal Audit and the Audit Committee; and the follow up of any critical weaknesses to ensure issues highlighted are addressed.

The Directors confirm that, in addition to the monitoring carried out by the Audit Committee under its terms of reference, they have reviewed the effectiveness of the Group's risk management and internal control systems up to and including the date of approval of the financial statements. This had regard to all material controls, including financial, operational and compliance controls that could affect the Group's business. The Directors considered the outcome of this review and found the systems satisfactory.

GOING CONCERN

The principal risks and uncertainties facing the Group are set out in this report on pages 39 and 40. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group Chief Financial Officer's Review on pages 22 to 27. A description of the business of the Group is set out in the Group Chief Executive Officer's Review and the Operations Review on pages 8 to 21.

An explanation of the basis on which the Group generates and preserves value over the longer term (the business model) and the strategy for delivering its objectives are set out in the Group Chief Executive Officer's review on pages 8 to 11. A statement of the Group's strategy is set out on pages 8 to 11. The Group's long term strategy is to build a sustainable cider-led multi-beverage business through a combination of organic growth and selective acquisitions. The Group's business model seeks growth through brand/market combination combining brand investment with a focus on local markets.

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.

COMPLIANCE STATEMENT

The Group has complied with the provisions of the UK Code and Irish Annex throughout the period under review.

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION

BASIS OF REPORT

The following pages set out the Board's remuneration policy as it applies to the executive Directors. In accordance with the UK Corporate Governance Code (whilst this is not a legal requirement) the Directors are proposing at the 2013 Annual General Meeting an advisory non-binding vote to receive and consider this report of the Remuneration Committee on Directors' Remuneration.

COMPOSITION

The Remuneration Committee of the Board consists solely of independent non-executive Directors.

During the year ended 28 February 2013 the Chairman of the Committee was Philip Lynch (resigned 30 November 2012) and Breege O'Donoghue (appointed 13 December 2012). Other members of the Committee were Richard Holroyd and Stewart Gilliland (joined the Committee on 17 April 2012).

ADVICE AND CONSULTATION

The Chairman of the Board and the Group Chief Executive Officer are fully consulted on remuneration proposals but neither is present when his own remuneration is discussed. The Remuneration Committee has access to external advice from remuneration consultants and other independent firms on compensation when necessary. During the year ended 28 February 2013 the Committee obtained advice from Towers Watson in respect of the remuneration of a new executive Director and from New Bridge Street (an Aon Hewitt business, part of Aon plc) in respect of the Group's employee share schemes and other matters. A separate division of Towers Watson has advised the trustees of the Group's defined benefit schemes but the Committee was satisfied that this did not compromise their independence. Apart from that, neither of the consultants has any other connection with the Group. The Remuneration Committee also obtains advice from the Company Secretary and the Group's Human Resources Director.

TERMS OF REFERENCE OF COMMITTEE

The Committee's terms of reference, which are available on the C&C website www.candcgroupplc.com, 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. The Committee also oversees the Group's employee share schemes.

REMUNERATION POLICY

The main aim of the Group's remuneration policy is to attract, retain and reward the Group's executive Directors and senior management, having regard to the need to ensure that they are properly remunerated and motivated to perform in the best interests of shareholders. Accordingly a key policy adopted by the Group for the remuneration of executive Directors and senior management is to align their interests with those of shareholders through appropriate share-based long-term incentives. In addition, performance-related annual rewards aligned with the Group's key financial and operational goals and based on stretching targets are an important component of the total executive remuneration package. The reward mechanisms for senior management in each market are tailored for the market dynamics and reflect both short and medium term value creation. Local management are incentivised around the performance of their local businesses through a combination of bonuses and either share or shadow share arrangements.

Furthermore, the Group seeks to bring transparency to Directors' and employees' reward structures through the use of cash allowances in place of benefits in kind and to align the interests of Directors and other employees with those of shareholders through share-based and performance-based rewards. In setting executive Directors' remuneration the Committee has regard to pay levels and conditions applicable to other employees across the Group.

DIRECTORATE CHANGE

Stephen Glancey continued as Chief Executive Officer of the Group and Kenny Neison as Chief Financial Officer of the Group throughout the year under review.

Joris Brams, the managing director of the International division, was appointed to the Board as an executive Director on 23 October 2012. The Remuneration Committee reviewed his remuneration upon his appointment as managing director of the international division on 1 September 2012. There was no change in his terms of employment upon his appointment to the Board.

Stewart Gilliland and Anthony Smurfit were appointed to the Board as non-executive Directors on 17 April 2012. Philip Lynch resigned as a non-executive Director on 30 November 2012. After the year-end John Burgess resigned as a non-executive Director on 14 May 2013.

EXECUTIVE DIRECTORS' REMUNERATION

The main elements of the remuneration package for the executive Directors and senior management are base 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.

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION - CONTINUED

A summary of the remuneration applicable to the executive Directors is as follows:

Fixed Remuneration	Performance-linked remuneration	
<p>Base salary – subject to discretionary review.</p> <p>Benefits – a 7.5% cash allowance for car and health benefits.</p> <p>Pension – allowance of 25% of base salary as cash or pension contribution.</p>	<p>Annual incentives</p> <p>Cash bonus – up to a maximum of 80% of base salary, subject to the achievement of a maximum Group operating profit target.</p>	<p>Long term incentives</p> <p>Annual share option grants - 150% of base salary with a pre-vesting earnings per share performance target; no retesting permitted.</p> <p>Annual award under the Long Term Incentive Plan - 100% of base salary subject to three-year earnings per share growth and TSR performance conditions; no retesting permitted.</p>

The composition of each executive Director's on-target and maximum remuneration for the year ending 28 February 2014 is as follows:

	Target scenario	Mix	Maximum scenario	Mix
Base	Base salary	44%	Base salary	29%
Benefits		3%		2%
Bonus	Assumes target bonus at 30% of base salary	13%	Assumes max bonus at 80% of base salary	23%
Options	Expected value	16%	Expected value	10%
LTIP	Threshold vesting - 30%	13%	Full vesting - 100%	29%
Pension	Pension allowance - 25% of base salary	11%	Pension allowance - 25% of base salary	7%
Total		100%		100%

SERVICE CONTRACTS OF EXECUTIVE DIRECTORS

Each of the executive Directors is employed on a service contract. None of them has a service contract with a notice period in excess of one year. The service contracts do not contain any pre-determined compensation payments in the event of termination of office or employment. Details of the service contracts of the executive Directors in office during the year are as follows:

	Contract date	Notice period	Unexpired term of contract
Stephen Glancey	9 November 2008, amended 28 February 2012	12 months	n/a
Kenny Neison	9 November 2008, amended 28 February 2012	12 months	n/a
Joris Brams	1 September 2012	12 months	n/a

Base Salary

The salary levels of executive Directors are normally reviewed together with those of senior management annually in January. The salary levels were reviewed in January 2013 and no amendment was made. Their basic salaries have remained unchanged since 2008 other than by reason of promotion.

The base salaries of Stephen Glancey and Kenny Neison are expressed and payable in pounds sterling, as follows. The base salary of Joris Brams is expressed and payable in euro.

Stephen Glancey	£585,000	(equivalent to €719,292 at the average exchange rate)
Kenny Neison	£420,000	(equivalent to €516,415 at the average exchange rate)
Joris Brams	€366,160	

Benefits

The executive Directors receive a cash allowance of 7.5% of base salary in lieu of benefits such as company car or health benefits. The Group provides death-in-service cover of four times annual base salary.

Pensions

No executive Director or member of senior management accrues any benefits under a defined benefit pension scheme. Under their service contracts each of the executive Directors receives a cash payment of 25% of base salary, in order to provide their own pension benefits, inclusive in Kenny Neison's case of a fixed sterling payment into a 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 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. The Remuneration Committee has not to date included clawback provisions in variable compensation in the event of material inaccuracy and does not require any part of the executive Directors' annual cash bonus to be deferred, whether into shares or otherwise.

The maximum annual bonus payable is 80% of basic salary for the executive Directors, 70% for senior management and lesser amounts for other employees.

For the year ended 28 February 2013 the Remuneration Committee determined that none of the performance thresholds for any of the executive Directors was achieved.

For the year ending 28 February 2014 the Remuneration Committee has approved a bonus scheme for executive Directors by reference to Group adjusted operating profit under which executive Directors will be entitled to a bonus of 10% of base salary at threshold performance, a bonus of 20% (in total) at an intermediate threshold, 30% on target, and further bonus on a tapering basis in respect of performance above this level up to a maximum of 80%.

Share Options and Share Awards

The service contracts of the executive Directors in office at the date of this report entitle them to an annual grant under the C&C's Executive Share Option Scheme of share options with a value equal to 150% of base salary and an annual award under the Long Term Incentive Plan (Part I) (LTIP (Part I)) of shares (by way of nil cost options) with a value equal to 100% of annual base salary. S. Glancey and K. Neison have indicated their intention to waive on a one-off basis their respective annual entitlements in respect of FY2014 under the C&C's Executive Share Option Scheme and LTIP (Part I).

The Board will continue to review all incentive schemes annually and all awards are made subject to performance. However, the Board has stated its intention that in the event of a review an equivalent value to the above should be offered to S. Glancey and K. Neison, whether by way of Long Term Incentive Plan (Part I) or other incentive scheme in order to maintain the market competitiveness of their package.

Details of the interests of the Directors in share options and share awards granted under the Executive Share Option Scheme, the Long Term Incentive Plan (Part I) and the Joint Share Ownership Plan, are set out on pages 55 (Executive Share Option Scheme), 60 (LTIP (Part I)), 60 and 61 (Joint Share Ownership Plan) and in note 4 on pages 89 to 94.

EXECUTIVE SHARE OPTION SCHEME (ESOS)

The C&C Executive Share Option Scheme was established in May 2004. Options are granted solely at the discretion of the Remuneration Committee save where the executive has a contractual entitlement. 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 base salary in that year. The exercise option price per share is set by reference to the market value of a share on or immediately prior to grant.

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 that the aggregate of Group earnings per share (before exceptional or extraordinary items, and including any other adjustments authorised by the Remuneration Committee) in the three financial years during the vesting period must exceed the aggregate that would have been achieved had base-year earnings per share grown by 5% per annum compound in excess of the change in the Irish Consumer Price Index (Irish CPI) during the period.

The options lapse if the performance target is not met after the relevant three year period and there is no re-testing provision. Options will normally lapse when a participant ceases to be a director or employee within the Company's group unless they are a 'qualifying leaver' (i.e. they cease office or employment by reason of death, injury, ill-health, disability, redundancy, retirement or business disposal). A qualifying leaver's award will normally vest and become exercisable on the date of cessation; although in some circumstances vesting can be delayed until the normal vesting date (i.e. the third anniversary). The extent to which a qualifying leaver's option becomes exercisable shall depend upon the extent to which the Remuneration Committee determine that the performance target has been satisfied, which may be measured over a shorter time period. If the Remuneration Committee determines that the target is met, the options may be exercised within a reduced time period.

If a third party makes a takeover offer or obtains control of the Company or becomes bound or entitled to compulsorily acquire the Company's shares or in the event of a scheme of arrangement or a winding up of the Company, options may be exercised early, subject to the extent to which the Remuneration Committee determine that the performance target has been satisfied (in whole or part) over the shortened performance period. Replacement options may be issued in the event of an internal reorganisation.

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 4 to the Financial Statements (Share Based Payments) on pages 89 to 94.

The ESOS allows the grant of UK HM Revenue & Customs ("HMRC") approved market value options to employees who are UK taxpayers, which benefit from favourable tax treatment in the UK. Eligible employees may not hold outstanding approved options over shares worth more than £30,000 at any time. HMRC approved options are granted on substantially similar terms to other options under the ESOS and are subject to the same performance target described above.

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION - CONTINUED

LONG TERM INCENTIVE PLAN (Part I) (LTIP (Part I))

The C&C share-based LTIP (Part I) 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 base salary may be granted (or up to 200% in exceptional circumstances). 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 Remuneration Committee has adopted two performance conditions as a dual metric to align the interests of participants with those of shareholders while at the same time providing a target related to the Group's financial performance. The Committee considers that this dual-metric performance condition is sufficiently stretching to ensure that participants are rewarded only if shareholders' interests are successfully met.

As to 50% of the award, a performance condition relating to relative total shareholder return (TSR) applies, with an underpin as mentioned below. 30% of this part of the award vests if the Company's TSR over a three-year period equals the median TSR of a comparator group; 100% of this part of the award vests if the Company's TSR over a three-year period equals or exceeds the TSR of the upper quartile of the comparator group; for performance between the median and the upper quartile there is straight-line pro-rating between 30% and 100%. None of this part of the award vests if the Group's TSR over a three-year period is less than the median TSR of a comparator group. The companies in the comparator group for awards made in 2012 and 2013 are as follows: Anheuser-Busch Inbev N.V., Carlsberg Breweries A/S, Constellation Brands Inc., Diageo plc, Heineken Holding N.V., Molson Coors Brewing Company, Remy Cointreau SA, SABMiller plc, Britvic plc, Greene King plc, Marston's plc, Young & Co.'s Brewery plc and AG Barr plc. TSR is calculated in euros and by reference to the change in the net return index for each comparator company, as calculated by an independent financial information provider selected by the Committee from time to time. In respect of the TSR condition, an underpin applies: the growth in the Group's EPS over the three-year period must be 5% or more per annum in real terms (compared with Irish CPI) over the same period; alternatively the Remuneration Committee must be satisfied that the Group's underlying financial performance warrants that level of vesting; otherwise the award lapses.

As to the remaining 50% of the award, a performance condition relating to aggregate growth in adjusted earnings per share (EPS) applies. 30% of this part of the award vests if aggregate EPS in a three year period achieves 4% per annum growth in real terms (compared with Irish CPI) in aggregate. 100% of this part of the award vests if aggregate EPS in a three year period achieves 10% per annum real growth in aggregate. There is straight-line pro-rating between 30% and 100% for performance between 4% and 10% per annum. None of this part of the award vests if the real growth in the Group's aggregate EPS in a three-year period is less than 4% per annum. EPS is calculated using the adjusted earnings per share as disclosed in the Company's interim or full-year financial statements as determined and subject to any further adjustments approved by the Remuneration Committee.

Similar provisions to those applicable under the ESOS apply to enable early vesting of LTIP awards held by qualifying leavers or if a third party makes a takeover offer or obtains control of the Company or becomes bound or entitled to compulsorily acquire the Company's shares or in the event of a scheme of arrangement or a winding up of the Company. In these circumstances the extent to which an award vests will depend upon the extent to which the performance targets have been satisfied up to the date of cessation or, in some instances, over the original three year performance period. Awards will also normally be subject to a time pro-rata reduction (except for certain qualifying leavers) to reflect the reduced period of time between grant and vesting, relative to a period of three years; although the Remuneration Committee can decide not to pro-rate.

In order to achieve a better alignment of the interests of participants in the Plan with the interests of shareholders, shareholder approval was given at the 2012 AGM to a proposal that awards made in or after 2012 and that vest under the Plan should reflect the equivalent value to that which accrues to shareholders by way of dividends during the vesting period. The provision is not retrospective to awards made before 2012. The fair value cost of the share awards is amortised over the vesting period to the extent that the Directors believe that the awards will vest.

The fair value of each award is disclosed in note 4 to the Financial Statements (Share Based Payments) on pages 89 to 94.

C&C JOINT SHARE OWNERSHIP PLAN

The C&C Joint Share Ownership Plan was approved by shareholders on 18 December 2008. Awards were granted in December 2008 and June and December 2009 to the then executive Directors and to members of senior management of the Company. No further awards can be made.

Interests under the Plan take the form of a restricted interest ("Interest") in ordinary shares of the Company ("Plan Shares"). Participants contributed 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 trustees of the employee benefit trust ("Trustees"). For 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. The participants must also pay a further amount if the tax value of their interests exceeds the price paid; the Company compensates the participant for this payment by paying him an equivalent amount, which is subject to tax.

As at 28 February 2013, all of the continuing Interests under the Plan had vested. Details of the vesting conditions are given in note 4 to the Financial Statements (Share Based Payments) on pages 89 to 94. Each participant may direct the votes on his vested Interests.

Where Interests have vested and if the participant is a continuing employee and so agrees, the participant is entitled to dividends on the relevant Plan Shares in proportion to his economic interest. The Trustees are entitled to the dividends otherwise but have waived their entitlement. The executive Directors who are participants have elected to take their dividend entitlements.

Participants who are continuing employees may transfer their vested Interests to family members and related trusts but otherwise Interests are not transferable. Once an Interest has vested, the participant may, on payment of the balance of the further amount referred to below, request the Trustees to transfer to him Plan Shares of equal value to his Interest or the Trustees may sell the Plan Shares and account to the participant for the difference between the sale proceeds (less expenses) and the Hurdle Value.

If any Plan Shares have not been sold by the seventh anniversary of their acquisition date, the Trustees must then sell them and account to the participant for his share of the sale proceeds. If the Company is in a proscribed period preventing dealings or there is market disruption or there are other circumstances preventing or inhibiting an orderly realisation of the Plan Shares, the Board may agree that the end date may be extended for an additional period not exceeding 12 months to enable an orderly realisation to take place. During this period no further dividends would be paid in respect of the participant's Interests.

The award of an Interest under the Plan may give rise to a loan for tax and company law purposes as described under Loans to Directors on page 61.

OTHER EMPLOYEE SHARE SCHEMES

In addition to the above schemes, the UK tax-resident executive Directors are eligible to participate on the same terms as all other eligible employees in the UK Revenue-approved Share Incentive Plan that the Company operates.

The Group has established a number of other share-based schemes, in which Directors are not eligible to participate, details of which are also given in note 4 to the Financial Statements (Share Based Payments) on pages 89 to 94.

RENEWAL OF SCHEMES

Approval is being sought at the Company's Annual General Meeting to be held in July 2013 to reapprove the ESOS and the LTIP scheme (Part 1), which expire in April 2014, so that they can continue to be used for a further three years until 3 July 2016. During this period, the Company intends to undertake a review of its share schemes to take account of recent changes to its business model, including its acquisition of Vermont Hard Cider Company in the United States, and recently published recommendations of institutional investor protection committees in respect of employee share schemes. The Directors also propose that the Company's Save-as-you-earn savings-related share option scheme should be reapproved for the same duration but they currently have no plans to make awards under this scheme which has been unused since it was originally approved. Resolutions to implement these variations will be proposed. Further details are contained in the Notice of AGM.

SHAREHOLDING GUIDELINES

The Company does not impose minimum shareholding requirements on executive Directors. However, Stephen Glancey and Kenny Neison have significant shareholdings in the Company as set out on page 60, currently representing approximately 35 times and 24 times their respective base salary, well in excess of usual formal shareholding guidelines (generally between one and 2½ times base salary). Joris Brams, who was appointed to the Board in 2012, has indicated his intention of building up his shareholding in the Company to approximately two times base salary. The Remuneration Committee is therefore of the view that the executive Directors' interests are sufficiently aligned with those of other shareholders without the need for additional shareholding guidelines.

DILUTION LIMITS AND TIME LIMITS

Full details of the awards made under the Company's share schemes and the maximum dilution are given in note 4 (Share Based Payments) on pages 89 to 94. 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, namely that no awards shall be granted which would cause the number of Shares issued or issuable pursuant to awards granted in the ten years ending with the date of grant, but excluding awards granted on or prior to admission to the Irish Stock Exchange in 2004, (a) under any discretionary or executive share scheme adopted by the Company (other than the Joint Share Ownership Plan) to exceed 5 per cent., and (b) under any employees' share scheme adopted by the Company (other than the Joint Share Ownership Plan) to exceed 10 per cent., of the ordinary share capital of the Company in issue at that time.

In the period from the listing of the Group on the Irish Stock Exchange in 2004 to 28 February 2013, commitments to issue new shares or re-issue treasury shares under discretionary share schemes (net of lapsed and forfeited commitments and excluding the Joint Share Ownership Plan which was specifically approved by shareholders in December 2008) amounted to 3.56% of the Company's issued ordinary share capital as at 28 February 2013. No equivalent commitments have been made under non-discretionary schemes.

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION - CONTINUED

NON-EXECUTIVE DIRECTORS' REMUNERATION

Each of the non-executive Directors in office during the financial year was appointed by way of a letter of appointment. Each appointment was for an initial term of three years, renewable by agreement (but now subject to annual re-election by the members in General Meeting). The letter of appointment of Sir Brian Stewart is dated 10 February 2010 and those for Stewart Gilliland and Anthony Smurfit are dated 17 April 2012. The letters of appointment of all other non-executive Directors in office during the financial year were dated 26 April 2004. The letters of appointment are each terminable by either party on one month's notice and do not contain any pre-determined compensation payments in the event of termination of office or employment.

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. Non-executive Directors receive a Director's fee and fees directly relating to their membership of Board committees but no additional remuneration from the Company. It is the Company's policy that the fees paid to non-executive Directors should be set at a level which aims to attract individuals with the necessary experience and ability to make a significant contribution to the Group. No increase has been made to the basic and supplemental fees of the non-executive Directors since 2008.

The current annual fees are as follows:

Chairman:	€230,000
Non-executive Director:	€65,000
Supplemental fees:	
Senior Independent Director:	€10,000
Chairman of the Audit Committee:	€25,000
Chairman of the Remuneration Committee:	€20,000

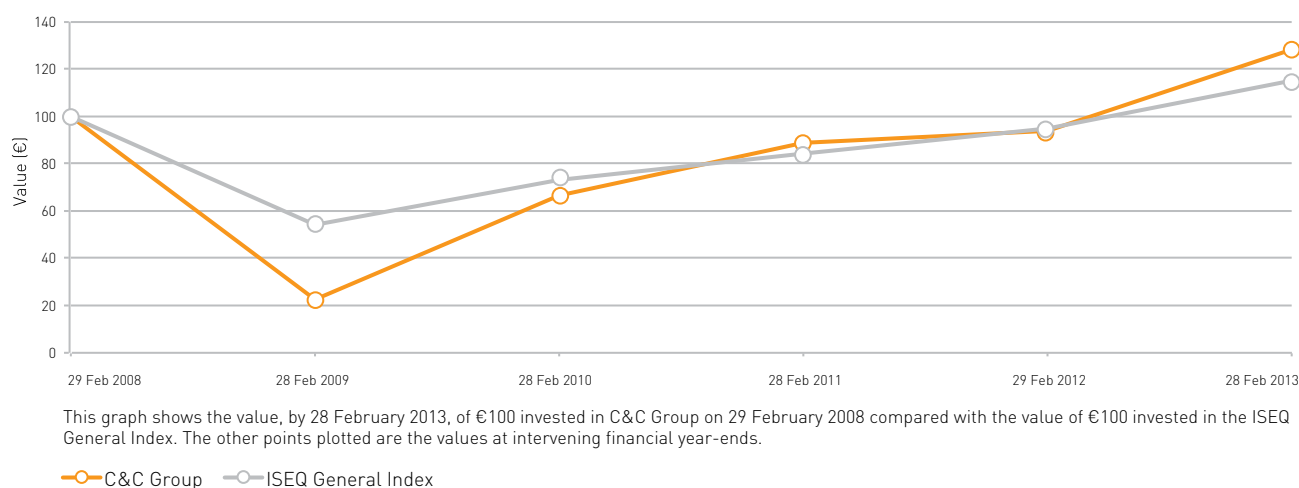
Non-executive Directors are not eligible to participate in the Group's share option or other employee schemes. None of the remuneration of the non-executive Directors is performance related. Non-executive Directors' fees are not pensionable and non-executive Directors are not eligible to join any Group pension plan. The Group also does not impose minimum shareholding requirements on non-executive Directors but encourages them to hold shares in the Company.

The Articles of Association provide that the ordinary remuneration of Directors shall not exceed a fixed amount or such other amount as determined by an ordinary resolution of the Company. The current limit was set at the Annual General Meeting held in 2007. An ordinary resolution is to be proposed at the 2013 Annual General Meeting to increase this limit to give the Company flexibility in making further appointments.

5 YEAR TOTAL SHAREHOLDER RETURN

Total shareholder return

Source: Datastream



For information only, the above graph shows the value as at 28 February 2013 of a €100 investment in C&C Group plc shares on 29 February 2008 compared with a similar investment in the ISEQ General Index.

DIRECTORS' REMUNERATION AND INTERESTS IN SHARE CAPITAL

Details of the overall Directors' remuneration charged to the Group income statement are shown in note 27 on pages 133 to 134. Details of the remuneration and pension benefits for each Director who served during the year ended 28 February 2013 are given below. The interests of the Directors and Company Secretary in the share capital of the Company and in share options are shown on pages 60 and 61. Loans to Directors are shown on page 61.

	Basic salary/ fees	Other remuneration fees ⁽ⁱⁱⁱ⁾	Benefits in kind ^(iv)	Pension contribution (or equivalent)	Annual Bonus	Total 2013 €'000	Total 2012 €'000
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Executive Directors							
Joris Brams ⁽ⁱ⁾ ⁽ⁱⁱⁱ⁾	130	10	-	33	-	173	-
John Dunsmore ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	1,463
Stephen Glancey	719	54	4	180	-	957	1,131
Kenny Neison	516	39	3	129	-	687	748
Sub-total	1,365	103	7	342	-	1,817	3,342
Non-Executive Directors							
John Burgess	65	-	-	-	-	65	65
Liam FitzGerald	-	-	-	-	-	-	65
Stewart Gilliland	57	-	-	-	-	57	-
John Hogan	65	25	-	-	-	90	90
Richard Holroyd	65	10	-	-	-	75	75
Philip Lynch	49	15	-	-	-	64	85
Breege O'Donoghue	65	3	-	-	-	68	65
Anthony Smurfit	57	-	-	-	-	57	-
Sir Brian Stewart	230	-	-	-	-	230	230
Sub-total	653	53	-	-	-	706	675
	2,018	156	7	342	-	2,523	4,017
Equity-settled share-based employee benefits ^(v)						1,049	282
Total						3,572	4,299
Average number of executive Directors						2	3
Average number of non-executive Directors						7	7

(i) The Board released Joris Brams to serve on the Board of Democo as a non-executive director. He received and retained an annual fee of €5,000 in relation to this role.

(ii) By an agreement effective 30 January 2012 made between C&C IP Sàrl and Joris Brams BVBA (JBB), (a company wholly owned by Joris Brams and family), JBB agreed to provide management services in respect of C&C Group's business outside Ireland and the UK. JBB was remunerated in accordance with the agreement until 31 August 2012, when the agreement was terminated. It was agreed that the following fees will continue to be payable to JBB after termination:

(a) A deferred introductory incentive fee will be payable on 1 February 2015, with no performance conditions attached, by the payment of a sum equal to 98,600 notional units multiplied by the closing price of C&C Group shares on the dealing day before the settlement date. Payment of the fee is subject to the rules of the C&C Group Recruitment and Retention Plan, so far as applicable.

(b) A long term incentive fee was awarded on 17 May 2012 and comprised 87,943 notional units. The award was made subject to the rules of the LTIP1 so far as applicable. Vesting of the award is subject to the achievement of performance conditions equivalent to those applicable under the LTIP1, and the award will be settled following publication of the Company's audited results for the financial year 2015 by the payment of a sum equal to the number of units that vest multiplied by the closing price of C&C Group shares on the dealing day before the settlement date.

(iii) Other fees paid to John Hogan, Richard Holroyd, Philip Lynch and Breege O'Donoghue represent fees paid as Chairman of the Audit Committee, Senior Independent Director and Chairman of the Remuneration Committee respectively.

(iv) See 'Loans to Directors' on page 61.

(v) See Note 4 'Share Based Payments' on pages 89 to 94.

Subject to (i) and (iii) above no sums were paid to third parties for any Director's services.

Directors' interests

The interests of the Directors and the Company Secretary in office at 28 February 2013 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:

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION - CONTINUED

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

	28 February 2013	1 March 2012 (or date of appointment if later)
Directors		
Joris Brams	69,777	53,777
John Burgess	106,077	104,097
Stephen Glancey	5,120,000 ⁽ⁱⁱⁱ⁾	5,120,000 ⁽ⁱⁱⁱ⁾
Stewart Gilliland	-	-
John Hogan	10,432	10,324
Richard Holroyd	45,769	32,933
Kenny Neison	2,561,530 ⁽ⁱⁱⁱ⁾	2,561,530 ⁽ⁱⁱⁱ⁾
Breege O'Donoghue	60,961	59,823
Anthony Smurfit	300,000	300,000
Sir Brian Stewart	100,000	60,000
Total	8,374,546	8,302,484
Company Secretary		
Paul Walker	63,200	36,200

Notes

(i) All the above holdings are beneficial interests subject as stated in (ii) below.

(ii) The shareholdings of Stephen Glancey and Kenny Neison include interests in shares acquired and held under the Joint Share Ownership Plan which at 28 February 2013 and at 29 February 2012 comprised 3,413,334 shares in respect of Stephen Glancey and 2,560,000 shares in respect of Kenny Neison (see C&C Joint Share Ownership Plan on pages 56 and 57 and note 4 on pages 89 to 94 for further details).

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

There was no movement in the Directors' or the Company Secretary's interests in C&C Group plc ordinary shares between 28 February 2013 and the approval of the financial statements on 15 May 2013.

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

	Date of grant	Exercise price	Scheme	Exercise period	Total at 1 March 2012 (or date of appointment if later)	Awarded in year	Exercised in year	Lapsed in year	Total at 28 February 2013	Weighted average price
Directors										
Joris Brams ⁽ⁱ⁾					nil	nil	nil	nil	nil	
				Total	nil	nil	nil	nil	nil	
Stephen Glancey										
	13/5/09	€1.94	ESOS	13/5/12 - 12/5/16	386,600				386,600	
	26/5/10	€3.205	ESOS	26/5/13 - 25/5/17	234,100				234,100	
	24/5/11	€3.6065	ESOS	24/5/14 - 23/5/18/ LTIP	207,957				207,957	
	29/2/12	€0.00	(Part I) LTIP	1/3/15 - 28/8/15	191,186				191,186	
	17/5/12	€0.00	(Part I)	17/5/15 - 16/11/15	-	207,317			207,317	
	17/5/12	€3.525	ESOS	17/5/15 - 16/5/19	-	310,975			310,975	
				Total	1,019,843	518,292	0	0	1,538,135	€2.18
Kenny Neison										
	13/5/09	€1.94	ESOS	13/5/12 - 12/5/16	232,000				232,000	
	26/5/10	€3.205	ESOS	26/5/13 - 25/5/17	140,500				140,500	
	24/5/11	€3.6065	ESOS	24/5/14 - 23/5/18/ LTIP	124,774				124,774	
	29/2/12	€0.00	(Part I) LTIP	1/3/15 - 28/8/15	137,262				137,262	
	17/5/12	€0.00	(Part I)	17/5/15 - 16/11/15	-	148,843			148,843	
	17/5/12	€3.525	ESOS	17/5/15 - 16/5/19	-	223,264			223,264	
				Total	634,536	372,107	0	0	1,006,643	€2.12
Company Secretary										
Paul Walker										
	29/6/10	€0.00	R&R	1/6/11 - 31/5/17	54,000		(27,000) ⁽ⁱⁱ⁾		27,000	
	2/6/10	€3.21	ESOS	1/6/13 - 31/5/18/ LTIP	127,200				127,200	
	29/6/11	€0.00	(Part I) LTIP	29/6/14 - 28/12/14	35,380				35,380	
	17/5/12	€0.00	(Part I)	17/5/15 - 16/11/15	-	40,754			40,754	
	17/5/12	€0.00	R&R	17/5/14 - 16/5/19	-	122,264			122,264	
				Total	216,580	163,018	(27,000)	0	352,598	€1.16

(i) see note (ii) on page 59

(ii) market price at date of exercise: €3.42

Key: ESOS - Executive Share Option Scheme; LTIP (Part I) - Long Term Incentive Plan (Part I); R&R - Recruitment and Retention Plan.

No price was paid for any award of options. The price of the Company's ordinary shares as quoted on the Irish Stock Exchange at the close of business on 28 February 2013 was €4.895 (2011: €3.665).

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 and a taxable benefit-in-kind arises, charged at Revenue stipulated rates (Ireland 12.5% then 13.5% with effect from 1 January 2013; UK 4.0%). The resulting loans by the Company to the executive Directors are required to be disclosed under the Companies Act 1990.

The balances of the loans outstanding to the executive Directors as referred to in the previous paragraph as at 28 February 2013 and 29 February 2012 are as follows:

	28 February 2013 €'000	29 February 2012 €'000
Stephen Glancey	111	111
Kenny Neison	83	83
Total	194	194

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 and social security in the hands of the executive.

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 2012.

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 2012 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 2012; 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 2012 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 current Directors, whose names and functions are listed as giving this responsibility statement on page 39, 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 2013 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 2012, give a true and fair view of the assets, liabilities and financial position of the Company at 28 February 2013; 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 Brian Stewart
Chairman

Stephen Glancey
Group Chief Executive Officer

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

We have audited the Group and parent Company financial statements ("financial statements") of C&C Group plc for the year ended 28 February 2013 which comprise the Group income statement, Group statement of comprehensive income, Group and Company balance sheet, Group and Company cash flow statement, Group and Company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Acts 1963 to 2012.

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

As explained more fully in the Statement of Directors' Responsibilities set out on page 62 the Directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards for Auditors issued by the Auditing Practices Board.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2013 and of its profit for the year then ended;
- the parent Company balance sheet gives 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 2012, of the state of the parent Company's affairs as at 28 February 2013; and
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2012 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Matters on which we are required to report by the Companies Acts 1963 to 2012

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

The parent Company balance sheet is in agreement with the books of account and, in our opinion, proper books of account have been kept by the Company.

In our opinion the information given in the Directors' Report is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the Group financial statements is consistent with the Group 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 2013 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.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Acts 1963 to 2012 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Listing Rules of the Irish Stock Exchange we are required to review:

- the Directors' statement, set out on page 52, in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code and the two provisions of the Irish Corporate Governance Annex specified for our review; and
- the six specified elements of disclosures in the report to shareholders by the Board on directors' remuneration.

Cliona Mullen
for and on behalf of



Chartered Accountants, Statutory Audit Firm
1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland

15 May 2013

GROUP INCOME STATEMENT

For the year ended 28 February 2013

	Notes	Year ended 28 February 2013			Year ended 29 February 2012		
		Before exceptional items €m	Exceptional items (note 5) €m	Total €m	Before exceptional items €m	Exceptional items (note 5) €m	Total €m
Revenue	1	724.1	-	724.1	716.7	-	716.7
Excise duties		(247.2)	-	(247.2)	(235.9)	-	(235.9)
Net revenue	1	476.9	-	476.9	480.8	-	480.8
Operating costs	2	(363.0)	(4.6)	(367.6)	(369.6)	4.8	(364.8)
Operating profit	1	113.9	(4.6)	109.3	111.2	4.8	116.0
Finance income	6	0.1	-	0.1	0.7	-	0.7
Finance expense	6	(5.0)	-	(5.0)	(5.8)	-	(5.8)
Profit/(loss) before tax		109.0	(4.6)	104.4	106.1	4.8	110.9
Income tax (expense)/credit	7	(16.0)	0.3	(15.7)	(13.8)	0.4	(13.4)
Profit/(loss) from continuing operations		93.0	(4.3)	88.7	92.3	5.2	97.5
Discontinued operations							
Loss from discontinued operations	8	-	-	-	(0.1)	(1.7)	(1.8)
Profit for the year attributable to equity shareholders		93.0	(4.3)	88.7	92.2	3.5	95.7
Basic earnings per share (cent)	10			27.0c			29.4c
Diluted earnings per share (cent)	10			26.4c			28.7c
Continuing operations							
Basic earnings per share (cent)	10			27.0c			30.0c
Diluted earnings per share (cent)	10			26.4c			29.2c

On behalf of the Board

Sir B Stewart
Chairman

S Glancey
Group Chief Executive Officer

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 28 February 2013

	Notes	2013 €m	2012 €m
Other comprehensive income and expense:			
Foreign currency translation differences arising on foreign currency borrowings designated as net investment hedges	6	(3.2)	1.7
Foreign currency translation differences arising on the net investment in foreign operations	6	(8.1)	3.6
Foreign currency reserve recycled on disposal of Northern Ireland wholesale business	6, 8	-	0.7
Net loss on revaluation of land and buildings	12	-	(1.7)
Net movement in cash flow hedging reserve	6	2.0	1.4
Deferred tax on cash flow hedges	6, 21	(0.3)	(0.1)
Actuarial loss on retirement benefit obligations	22	(12.3)	(19.0)
Deferred tax on actuarial loss on retirement benefit obligations	21	1.6	2.4
Net loss recognised directly within other comprehensive income		(20.3)	(11.0)
Profit for the year attributable to equity shareholders		88.7	95.7
Comprehensive income for the year attributable to equity shareholders		68.4	84.7

On behalf of the Board

Sir B Stewart
Chairman

S Glancey
Group Chief Executive Officer

GROUP BALANCE SHEET

As at 28 February 2013

	Notes	2013 €m	2012 €m
ASSETS			
Non-current assets			
Property, plant & equipment	12	183.6	181.8
Goodwill & intangible assets	13	707.2	484.9
Equity-accounted investees	14	2.4	-
Retirement benefit obligations	22	0.5	0.2
Deferred tax assets	21	6.2	6.5
Derivative financial instruments	14, 23	1.4	-
Trade & other receivables	16	31.3	19.5
		932.6	692.9
Current assets			
Inventories	15	48.9	46.1
Trade & other receivables	16	96.1	93.4
Derivative financial assets	23	1.7	0.1
Cash & cash equivalents		121.0	128.3
		267.7	267.9
TOTAL ASSETS		1,200.3	960.8
EQUITY			
Equity share capital	24	3.4	3.4
Share premium	24	107.9	92.0
Other reserves	24	48.6	57.8
Treasury shares	24	(12.5)	(16.8)
Retained income		632.3	577.8
Total equity		779.7	714.2
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	19	244.4	-
Derivative financial liabilities	14, 23	1.2	-
Retirement benefit obligations	22	22.0	15.3
Provisions	18	9.4	11.5
Deferred tax liabilities	21	7.8	7.2
		284.8	34.0
Current liabilities			
Interest bearing loans & borrowings	19	-	60.0
Derivative financial liabilities	23	-	0.9
Trade & other payables	17	124.1	141.9
Provisions	18	2.8	5.8
Current tax liabilities		8.9	4.0
		135.8	212.6
Total liabilities		420.6	246.6
TOTAL EQUITY & LIABILITIES		1,200.3	960.8

On behalf of the Board

Sir B Stewart
Chairman

S Glancey
Group Chief Executive Officer

GROUP CASH FLOW STATEMENT

For the year ended 28 February 2013

	2013 €m	2012 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year attributable to equity shareholders	88.7	95.7
Finance income	(0.1)	(0.7)
Finance expense	5.0	5.8
Income tax expense	15.7	13.4
Depreciation of property, plant & equipment	21.6	20.2
Amortisation of intangible assets	0.1	0.1
Profit on disposal of property, plant & equipment	-	(0.3)
Revaluation loss on property, plant & equipment	-	2.0
Loss on disposal of businesses	-	1.8
Exceptional retirement benefit obligations gain - discontinued operations	-	(0.1)
Charge for share-based employee benefits	3.0	2.6
Pension contributions paid less amount charged to income statement	(5.9)	(19.1)
	128.1	121.4
Increase in inventories	(0.7)	(4.5)
(Increase)/decrease in trade & other receivables	(14.8)	10.6
(Decrease)/increase in trade & other payables	(18.4)	1.2
Decrease in provisions	(4.9)	(0.1)
	89.3	128.6
Interest received	0.1	0.7
Interest and similar costs paid	(2.0)	(4.6)
Income taxes paid	(8.5)	(4.4)
Net cash inflow from operating activities	78.9	120.3
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(24.1)	(18.9)
Net proceeds on disposal of property, plant & equipment	-	1.2
Acquisition of brand/deferred consideration paid on acquisition of brand (note 13)	(3.7)	(16.6)
Acquisition of business (note 11)	(229.8)	-
Acquisition of equity accounted investee (note 14)	(2.9)	-
Proceeds on disposal of businesses	-	4.7
Net cash outflow from investing activities	(260.5)	(29.6)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	3.5	1.5
Proceeds from issue of new shares following acquisition of subsidiary	5.3	-
Proceeds from sale of shares held by Employee Trust	6.6	-
Proceeds from exercise of Interests under Joint Share Ownership Plan	-	0.1
Drawdown of debt	251.2	-
Repayment of debt	(65.2)	(73.6)
Payment of issue costs	(2.8)	-
Dividends paid	(21.2)	(18.5)
Net cash inflow/(outflow) from financing activities	177.4	(90.5)
Net (decrease)/increase in cash & cash equivalents	(4.2)	0.2
Cash & cash equivalents at beginning of year	128.3	128.7
Translation adjustment	(3.1)	(0.6)
Cash & cash equivalents at end of year	121.0	128.3

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

On behalf of the Board

Sir B Stewart
Chairman

S Glancey
Group Chief Executive Officer

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2013

	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 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
Profit for the year attributed to equity shareholders	-	-	-	-	-	-	-	-	-	95.7	95.7
Other comprehensive expense	-	-	-	-	1.3	-	6.0	(1.7)	-	(16.6)	(11.0)
Total	3.4	86.3	0.5	24.9	(0.5)	7.5	21.9	4.2	(17.4)	597.6	728.4
Dividend on ordinary shares	-	4.2	-	-	-	-	-	-	-	(22.7)	(18.5)
Exercised share options	-	1.5	-	-	-	-	-	-	-	-	1.5
Reclassification of share- based payments reserve	-	-	-	-	-	(2.5)	-	-	-	2.5	-
Reclassification of revaluation reserve on disposal	-	-	-	-	-	-	-	(0.4)	-	0.4	-
Joint Share Ownership Plan	-	-	-	-	-	(0.4)	-	-	0.6	-	0.2
Equity settled share- based payments	-	-	-	-	-	2.6	-	-	-	-	2.6
At 29 February 2012	3.4	92.0	0.5	24.9	(0.5)	7.2	21.9	3.8	(16.8)	577.8	714.2
Profit for the year attributed to equity shareholders	-	-	-	-	-	-	-	-	-	88.7	88.7
Other comprehensive expense	-	-	-	-	1.7	-	(11.3)	-	-	(10.7)	(20.3)
Total	3.4	92.0	0.5	24.9	1.2	7.2	10.6	3.8	(16.8)	655.8	782.6
Dividend on ordinary shares	-	7.1	-	-	-	-	-	-	-	(28.4)	(21.3)
Exercised share options	-	3.5	-	-	-	-	-	-	-	-	3.5
Issue of shares following acquisition of subsidiary	-	5.3	-	-	-	-	-	-	-	-	5.3
Reclassification of share- based payments reserve	-	-	-	-	-	(2.2)	-	-	-	2.2	-
Joint Share Ownership Plan	-	-	-	-	-	(0.4)	-	-	0.4	-	-
Sale of shares held by Employee Trust	-	-	-	-	-	-	-	-	3.9	2.7	6.6
Equity settled share- based payments	-	-	-	-	-	3.0	-	-	-	-	3.0
At 28 February 2013	3.4	107.9	0.5	24.9	1.2	7.6	10.6	3.8	(12.5)	632.3	779.7

COMPANY BALANCE SHEET

As at 28 February 2013

	Notes	2013 €m	2012 €m
ASSETS			
Non-current assets			
Financial assets	14	977.1	968.8
Trade & other receivables	16	47.8	30.6
		1,024.9	999.4
Current assets			
Cash & cash equivalents		0.1	9.3
		0.1	9.3
TOTAL ASSETS		1,025.0	1,008.7
EQUITY			
Equity share capital	24	3.4	3.4
Share premium	24	809.8	793.9
Other reserves	24	7.1	6.3
Retained income		105.3	134.9
Total equity		925.6	938.5
Current liabilities			
Interest bearing loans & borrowings	19	-	60.0
Trade & other payables	17	99.4	10.2
Total liabilities		99.4	70.2
TOTAL EQUITY AND LIABILITIES		1,025.0	1,008.7

On behalf of the Board

Sir B Stewart
Chairman

S Glancey
Group Chief Executive Officer

COMPANY CASH FLOW STATEMENT

For the year ended 28 February 2013

	2013 €m	2012 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the year	(3.4)	96.8
Income tax expense	-	0.4
Finance income	-	(5.1)
Finance expense	1.8	4.4
Loss on retranslation of foreign currency bank borrowings	-	(1.7)
	(1.6)	94.8
Increase/(decrease) in other payables	0.4	(0.2)
Interest paid and similar costs	(1.6)	(4.1)
Net cash (outflow)/inflow from operating activities	(2.8)	90.5
CASH FLOWS FROM INVESTING ACTIVITIES		
Funding of cash requirements of subsidiary undertakings	(5.3)	-
Net cash outflow from investing activities	(5.3)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Movement in loans with subsidiary undertakings	71.3	9.4
Proceeds from exercise of share options	3.5	1.5
Proceeds from issue of shares following acquisition of subsidiary	5.3	-
Bank loans repaid	(60.0)	(73.6)
Dividends paid	(21.2)	(18.5)
Net cash outflow from financing activities	(1.1)	(81.2)
Net (decrease)/increase in cash & cash equivalents	(9.2)	9.3
Cash & cash equivalents at beginning of year	9.3	-
Cash & cash equivalents at end of year	0.1	9.3

On behalf of the Board

Sir B Stewart
Chairman

S Glancey
Group Chief Executive Officer

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2013

	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 2011	3.4	788.2	0.5	(1.8)	5.7	58.3	854.3
Profit for the year attributable to equity shareholders	-	-	-	-	-	96.8	96.8
Other comprehensive income	-	-	-	1.8	-	-	1.8
Total	3.4	788.2	0.5	-	5.7	155.1	952.9
Dividend on ordinary shares	-	4.2	-	-	-	(22.7)	(18.5)
Exercised share options	-	1.5	-	-	-	-	1.5
Reclassification of share-based payments reserve	-	-	-	-	(2.5)	2.5	-
Equity settled share-based payments	-	-	-	-	2.6	-	2.6
At 29 February 2012	3.4	793.9	0.5	-	5.8	134.9	938.5
Loss for the year attributable to equity shareholders	-	-	-	-	-	(3.4)	(3.4)
Total	3.4	793.9	0.5	-	5.8	131.5	935.1
Dividend on ordinary shares	-	7.1	-	-	-	(28.4)	(21.3)
Exercised share options	-	3.5	-	-	-	-	3.5
Issue of shares following acquisition of subsidiary	-	5.3	-	-	-	-	5.3
Reclassification of share-based payments reserve	-	-	-	-	(2.2)	2.2	-
Equity settled share-based payments	-	-	-	-	3.0	-	3.0
At 28 February 2013	3.4	809.8	0.5	-	6.6	105.3	925.6

On behalf of the Board

Sir B Stewart
Chairman

S Glancey
Group 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 2013 consolidate the individual financial statements of the Company, its subsidiaries and equity-accounted investees (together referred to as "the Group").

The Company and Group financial statements, together the "financial statements", were authorised for issue by the Directors on 15 May 2013.

The accounting policies applied in the preparation of the financial statements for the year ended 28 February 2013 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

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), as adopted by the EU. The individual financial statements of the Company have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Acts 1963 to 2012 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 2013. The Group has adopted the following new and revised IFRSs in respect of the year ending 28 February 2013:

- IAS 12 *Income Taxes (amendment)*
- IFRS 7 *Financial Instruments: Disclosures (amendment)*

The application of the above standards and interpretations did not result in material changes in the Group's Consolidated Financial Statements.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 28 February 2013, and have not been applied in preparing these consolidated financial statements.

Amendment to IAS 19: Employee Benefits

IAS 19 Employee Benefits will be effective for the Group from 1 March 2013. Under the revised standard, the return on scheme assets will now be measured using the same discount rate as is used in measuring scheme obligations impacting both the pension charge in the income statement and the charge recognised in the statement of comprehensive income, where the discount rate is different to the expected return on assets. The impact of this change for the year ended 28 February 2013, had the standard been applied, is set out in note 22.

Other new standards

These following new standards, amendments and interpretations are either not expected to have a material impact on the consolidated financial statements once applied or are still under assessment by the Group.

Accounting standard/ interpretation (Effective date[^])

(a) Not expected to have a material impact on the consolidated financial statements

- IAS 1 (Amendment) – Presentation of Financial Statements (1 July 2012)
- Annual improvements to IFRS 2009 – 2011 cycle – various standards (1 January 2013)
- IAS 27 (Amendment) – Consolidated and Separate Financial Statements (1 January 2014)
- IFRS 7 (Amendment) – Disclosures: offsetting financial assets and financial liabilities (1 January 2013)
- IFRS 13 – Fair Value Measurement (1 January 2013)
- Investment entities (Amendments to IFRS 10, 12 and IAS 27) (1 January 2014)*

(b) Subject to ongoing assessment by the Group

- IFRS 10 – Consolidated and Separate Financial Statements (1 January 2014)
- IFRS 11 – Joint Arrangements (1 January 2014)
- IFRS 12 – Disclosure of Interests in Other Entities (1 January 2014)
- Transition guidance (amendments to IFRS 10, 11, 12) (1 January 2014)
- IAS 28 (Amendment) – Investments in Associates and Joint Ventures (1 January 2014)
- IAS 32 (Amendment) – Offsetting Financial Assets and Financial Liabilities (1 January 2014)
- IFRS 9 – Financial Instruments (1 January 2015)*

* Not EU endorsed at the time of approval of financial statements

[^] the effective dates relate to financial period beginning on and after those dates and are those applying to EU endorsed IFRS if later than the IASB effective dates.

STATEMENT OF ACCOUNTING POLICIES - CONTINUED

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.

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 relate primarily to:

- the valuation of share-based payments (note 4),
- the determination of the Group's income tax charge (note 7),
- the determination of the fair value and the useful economic life of assets & liabilities, and intangible assets acquired on the acquisition of a company or business (note 11),
- the determination of carrying value of land (note 12),
- the determination of carrying value or depreciated replacement cost, useful economic life and residual values in respect of the Group's buildings, plant & machinery (note 12),
- the determination of the fair value of intangible assets acquired and the assessment of goodwill and intangible assets for impairment (note 13),
- the determination and valuation of provisions for future liabilities (note 18),
- accounting for retirement benefit obligations (note 22), and,
- the valuation and measurement of financial instruments (note 23).

These are discussed in more detail in the accounting policies and/or notes to the financial statements as referenced above.

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 Group's financial statements consolidate the financial statements of the Company and all subsidiary undertakings together with the Group's share of the results and net assets of equity-accounted investees for the period ending 28 February 2013.

(i) Subsidiaries

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

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

(ii) Investments in associates and jointly controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group has greater than 20 percent and less than 50 percent of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions, except that the capital structure shown is that of the legal parent.

Investments in associates and jointly controlled entities are accounted for under the equity method and are recognised initially at cost. The cost of investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit and loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

BASIS OF CONSOLIDATION - CONTINUED

Should the Group's share of losses exceed its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

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.

(iv) 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 relevant 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. Excise duties, which 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, consequently the Directors consider that the disclosure of Net revenue enhances the transparency and provides a more meaningful analysis of underlying sales performance.

EXCEPTIONAL ITEMS

The Group has adopted an accounting policy and income statement format that seeks to highlight significant items of income and expense within the Group results for the year. The Directors believe that this presentation provides a more helpful analysis. Such items may include significant restructuring and integration costs, significant past service and curtailment gains/costs realised under the Group's defined benefit pension schemes, profits or losses on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of assets, acquisition related costs 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.

STATEMENT OF ACCOUNTING POLICIES - CONTINUED

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, geographical area of operations or is material to Revenue, Net revenue or Operating profit 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 (the executive directors comprising Stephen Glancey, Kenny Neison and, from 23 October 2012, Joris Brams) 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 five reportable operating segments.

In the prior year the Group had six reportable operating segments. However, the Group has changed the manner in which information is classified and reported to the Chief Operating Decision Maker ('CODM') for the current financial year. As a result, the basis of segmentation differs from that presented in the prior year. However, it corresponds with the current year nature of reporting lines to the CODM, and the Group's internal reporting for the purpose of managing the business, assessing performance and allocating resources. The impact of this change has been set out in further detail in note 1.

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 reporting 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 reporting 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. 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 purchase method of accounting is employed in accounting for the acquisition of subsidiaries by the Group. The fair value of consideration for a business combination is measured as the aggregate of the fair value at the date of exchange of assets acquired and liabilities incurred or assumed in exchange for control, together with the fair value of existing equity interests in the acquired business and the recognised amount of any non-controlling interests. Costs directly attributable to the acquisition of a business as defined by IFRS 3 (2008) *Business Combinations* are expensed in the period in which the costs are incurred and the services are received. Where a business combination agreement provides for an adjustment to the consideration contingent on future events, the amount of the estimate adjustment is included in the consideration at the acquisition date to the extent that it can be reliably measured. To the extent that settlement of all or any part of the consideration for 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.

Acquisitions prior to 1 March 2011

For acquisitions prior to 1 March 2011, transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition in line with IFRS 3 (2004) *Business Combinations*.

GOODWILL

Goodwill is the excess of the consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities in a business combination and relates to the future economic benefits arising from assets, that 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 considered 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 operating segment (which may comprise more than one cash generating unit) expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the operating segment to which the goodwill relates. These operating segments represent the lowest level within the Group at which goodwill is monitored for internal management purposes in accordance with the requirements of IFRS 8, *Operating Segments*.

Where goodwill forms part of an operating segment 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 business segment 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 values of intangible assets considered to have an indefinite useful economic life are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicate that the carrying values may not be recoverable and impairment testing is required earlier.

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.

STATEMENT OF ACCOUNTING POLICIES - CONTINUED

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 other comprehensive income, to the extent it does not reverse previously recognised losses, or as an impairment loss in the income statement to the extent it does not reverse previously recognised revaluation gains. 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 arm's length transaction, to the extent that an active market exists. 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. If no active market exists fair value may be determined using a Depreciated Replacement Cost approach.

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.

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 and assets under construction, which are not depreciated, were depreciated using the following rates which are calculated to write-off the value of the asset, less the estimated residual value, over its expected useful life:

<i>Land and Buildings</i>	
Land	n/a
Buildings	2% straight line
<i>Plant and Machinery</i>	
Storage tanks	10% reducing balance
Other plant & machinery	15-30% reducing balance
<i>Motor vehicles and other equipment</i>	
Motor vehicles	15% straight line
Other equipment incl returnable bottles, cases and kegs	5-25% straight line

The residual value and useful lives of property, plant & equipment are reviewed and adjusted if appropriate at each reporting date to take account of any changes that could affect prospective depreciation charges and asset carrying values. When determining useful economic lives, the principal factors the Group takes into account are the intensity at which the assets are expected to be used, expected requirements for the equipment and technological developments.

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 reserve 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.

A revaluation surplus is credited directly to other comprehensive income and accumulated in equity under the heading of revaluation reserve, unless it reverses a revaluation decrease on the same asset previously recognised as an expense, where it is first credited to the income statement to the extent of the previous write down.

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. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and increase in the provision due to the passage of time is recognised in the income statement within finance expense.

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. Provisions are not recognised for future operating losses, however, provisions are recognised for onerous contracts where the unavoidable cost exceeds the expected benefit.

Due to the inherent uncertainty with respect to such matters, the value of each provision is based on the best information available at the time, including advice obtained from third party experts, and is reviewed by the Directors on a periodic basis with the potential financial exposure reassessed. Revisions to the valuation of a provision are recognised in the period in which such a determination is made and such revisions could have a material impact on the financial performance of the Group.

LEASES

Where the Group has entered into lease arrangements on land & buildings the lease payments are allocated between land & 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 expense.

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 reporting date. The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields, at the reporting date, on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. The fair value of scheme assets is based on market price information, measured at bid value for publicly quoted securities.

STATEMENT OF ACCOUNTING POLICIES - CONTINUED

RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

The resultant defined benefit pension net surplus or deficit is shown within either non-current assets or non-current liabilities on the face of the Group balance sheet and comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The assumptions (disclosed in note 22) underlying these valuations are updated at each reporting period date based on current economic conditions and expectations (changes to strategic asset allocations to investment types, salary inflation and mortality rates) and reflect any changes to the terms and conditions of the post retirement pension plans. The deferred tax liabilities and assets arising on pension scheme surpluses and deficits are disclosed separately within deferred tax assets or liabilities, as appropriate.

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 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 amounts recognised in the Income statement and Statement of other comprehensive income and the valuation of the defined benefit pension net surplus or deficit are sensitive to the assumptions used. While management believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect the valuation of retirement benefit obligations and expenses recognised in future accounting periods.

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 a number of Share Option Schemes and Performance Share Plans, listed below:-

- Executive Share Option Scheme (the 'ESOS'),
- Long Term Incentive Plan (Part I) (the 'LTIP (Part I)'),
- Joint Share Ownership Plan (the "JSOP"),
- Restricted Share Award Scheme,
- Recruitment and Retention Plan,
- Long Term Incentive Plan (Part II) (the 'LTIP (Part II)'), and
- Partnership and Matching Share Schemes.

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, while the cost of acquiring shares on the open market to satisfy the Group's obligations under the Partnership and Matching Share Schemes is recognised in the income statement as incurred.

To date, share options granted by the Company under the ESOS and share entitlements (represented by nil-cost options) granted under the LTIP (Part II) are subject to non-market vesting conditions only.

An element of the share entitlements (represented by nil-cost options) granted by the Company under the LTIP (Part I), the Recruitment and Retention Plan and the Restricted Share Award Scheme and some of the shares granted under the Joint Share Ownership Plan are subject to market vesting conditions with or without non-market vesting conditions whilst the remainder are subject to non-market vesting conditions only, the details of which are set out in note 4. Market conditions are incorporated into the calculation of fair value of share entitlements as at grant date. Non-market vesting conditions are not taken into account when estimating such fair value.

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 forfeits those options in consequence i.e. awards are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. No reversal is recorded for failure to vest as a result of market conditions not being met.

SHARE-BASED PAYMENTS - CONTINUED

The proceeds received by the Company net of any directly attributable transaction costs 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.

Cash settled share-based payment transactions

The fair value of the amount payable to employees in respect of share appreciation rights that are settled in cash is recognised as an expense in the Income statement with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to the payment. The liability is re-measured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes are recognised as an employee benefit expense in the Income statement.

INCOME TAX

Current tax

Current tax expense represents the expected tax amount to be paid in respect of taxable income for the current year and is based on reported profit and the expected statutory tax rates, reliefs and allowances applicable in the jurisdictions in which the Group operates. Current tax for the current and prior years, to the extent that it is unpaid, is recognised as a liability in the balance sheet. The Group is subject to income tax in a number of jurisdictions, and judgement is required in determining the worldwide provision for taxes. There are many transactions and calculations during the ordinary course of business, for which the ultimate tax determination is uncertain and the complexity of the tax treatment may be such that the final tax charge may not be determined until a formal resolution has been reached with the relevant tax authority which may take several years to conclude. The ultimate tax charge may, therefore be different from that which initially is reflected in the Group's consolidated tax charge and provision and any such differences could have a material impact on the Group's income tax charge and consequently financial performance. The determination of the provision for income tax is based on management's understanding of the relevant tax law and judgement as to the appropriate tax charge, and management believe that all assumptions and estimates used are reasonable and reflective of the tax legislation in jurisdictions in which the Group operates. Where the final tax charge is different from the amounts that were initially recorded, such differences are recognised in the income tax provision in the period in which such determination is made.

Deferred tax

Deferred tax is provided on the basis of the balance sheet liability method on all temporary differences at the reporting 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 not subject to discounting and 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 recognition or non recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. The recognition of deferred tax assets is based on management's judgement and estimate of the most probable amount of future taxable profits and taking into consideration applicable tax legislation in the relevant jurisdiction. The carrying amounts of deferred tax assets are subject to review at each reporting 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 when no further prospect of collection exists.

STATEMENT OF ACCOUNTING POLICIES - CONTINUED

FINANCIAL INSTRUMENTS - CONTINUED

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.

Advances to customers

Advances to customers, which can be categorised as either an advance of discount or a repayment/annuity loan conditional on the achievement of contractual sales targets, are initially recognised at fair value, amortised to the income statement (and classified within sales discounts as a reduction in revenue) over the relevant period to which the customer commitment is made, and subsequently carried at amortised cost less an impairment allowance. Where there is a volume target the amortisation of the advance is included in sales discounts as a reduction to revenue. 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. The amount of the provision is determined by the difference between the asset's carrying amount and the present value of the estimated future cash flows or recognition of the estimated amortisation of advances.

Trade & other payables

Trade & other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, unless the maturity date is less than six 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 and 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 reporting date, taking into account current market 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.

FINANCIAL INSTRUMENTS - CONTINUED

Hedge accounting is discontinued when the hedging instrument expires or is sold, is terminated or exercised, or no longer qualifies for hedge accounting. For situations where the hedging instrument no longer qualifies for hedge accounting, the cumulative gain or loss on the hedging instrument that remains recognised directly in equity from the period when the hedge was effective shall remain separately recognised in equity until the expected forecast transaction occurs. 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/PREMIUM

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

Equity share capital issued under its Joint Share Ownership Plan, which is held in trust by an Employee Trust is 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 any shares cancelled is included within the capital redemption reserve fund and the cost 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.

NOTES

Forming part of the financial statements

1. SEGMENTAL REPORTING

The Group's business activity is the manufacturing, marketing and distribution of alcoholic drinks and five reporting segments have been identified in the current period; Republic of Ireland ('ROI'), Cider United Kingdom ('Cider UK'), Tennent's United Kingdom ('Tennent's UK'), International, and Third Party Brands United Kingdom ('Third Party Brands UK').

The Group continually reviews and updates the manner in which it monitors and controls its financial operations resulting in changes in the manner in which information is classified and reported to the Chief Operating Decision Maker ('CODM'). As a result, the basis of segmentation differs from that presented in the prior year however it corresponds with the current year nature of reporting lines to the CODM (as defined in IFRS 8 *Operating Segments*), and the Group's internal reporting for the purpose of managing the business, assessing performance and allocating resources.

The CODM, identified as the executive directors comprising Stephen Glancey, Kenny Neison and, from 23 October 2012, Joris Brams, assesses and monitors the operating results of segments separately via internal management reports in order to effectively manage the business and allocate resources.

During the current financial year, the CODM reviewed the basis on which they received financial information to manage the business and concluded that it was no longer wholly appropriate and consequently implemented a number of changes as outlined in the paragraphs below. In all instances the changes were deemed necessary to better enable the CODM to evaluate the results of the business and the economic environment in which the business operates. The operating segments that have been aggregated all have similar economic characteristics and are similar in terms of product, production and distribution processes, and customers. All comparative amounts have been restated to reflect the new basis of segmentation. The reclassification has no impact on the Revenue, Net revenue or Operating profit reported by the Group.

The identified reporting segments are as follows:-

(i) *ROI*

This segment includes the financial results from sale of all products in the Republic of Ireland ('ROI'), principally Bulmers, Tennent's, Caledonia Smooth and third party brands as permitted under the terms of a distribution agreement with AB InBev.

The continued challenging economic climate within which the ROI business operates changed the focus of the CODM from the financial performance of cider in ROI to that of the total financial performance of the portfolio derived from the ROI market. Previously the financial results from the sale of Tennent's and third party brands in ROI were reported within the Tennent's and Third Party Brands segments.

(ii) *Cider UK*

This segment includes the results from sale of the Group's cider products in the UK, with Magners, Gaymers and Blackthorn the principal brands. Previously the results from the sale of the Group's cider products in the UK were shown within two segments, Cider GB (cider sales in Great Britain ('GB')) and Cider NI (cider sales in Northern Ireland ('NI')).

As permitted under IFRS 8 *Operating Segments*, the Group has aggregated the Cider NI operating segment with the Cider GB operating segment as the nature of the products are identical, profit margins are aligned, both operating segments are managed by the same segment manager, the strategic objectives and the type of customers in both jurisdictions are similar as is the method of distribution, the market in which they operate, and the regulatory environment.

In addition, in updating the manner in which the CODM wished to monitor and assess financial performance of the Group, a decision was taken that the financial performance of the element of the Group's business concerned with the production and sale of 'private-label' cider products in the UK was better managed and controlled as part of the operating segment Third Party Brands UK. This decision was taken on the basis that the operating margins of this business component are similar to those earned from other third party brands; the strategic objectives are more aligned with those of the Group's third party distribution business and the inclusion of this business within the operating segment Cider UK distorts the financial information which the CODM uses to decide on the allocation of resources.

(iii) *Tennent's UK*

This segment includes the results from sale of the Group's 'owned' beer brand – Tennent's in the UK and sales of Caledonia Best in the UK. This differs from that previously presented where the financial results from sale of Tennent's across all territories was disclosed within the Tennent's segment.

(iv) *International*

This segment includes the results from sale of the Group's cider and beer products, principally Magners, Blackthorn, Hornsby's, Woodchuck and Tennent's in all territories outside of the ROI and the UK. This differs from that previously presented where the financial results from sale of Tennent's across all territories was previously disclosed within the Tennent's segment. Accordingly, the Group renamed the segment 'International' from 'Cider Export'; this aligns with the internal structure where a segment manager was appointed during the year with responsibility for the new International segment.

1. SEGMENTAL REPORTING - CONTINUED

(v) Third Party Brands UK

This segment relates to the distribution of third party brands and the production and distribution of private label products in the UK. Previously, results from the sale of third party brands in ROI were included within the operating segment Third Party Brands but for reasons outlined above are now included in the ROI segment.

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 prior year disposal of the Group's wholesaling business in Northern Ireland (Quinns of Cookstown) is disclosed in note 8.

The analysis by segment includes both items directly attributable to a segment and those, including central overheads, which are allocated on a reasonable basis in presenting information to the CODM.

Inter-segmental revenue is not material and thus not subject to separate disclosure.

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

(a) Reporting segment disclosures

	2013			2012 (restated)		
	Revenue €m	Net revenue €m	Operating profit €m	Revenue €m	Net revenue €m	Operating profit €m
ROI	133.8	92.2	38.5	142.5	101.4	44.4
Cider UK	195.8	137.8	30.9	218.6	162.1	35.2
Tennent's UK	229.3	108.9	30.3	209.9	95.8	21.2
International	48.5	47.8	9.1	30.7	30.6	6.8
Third party brands UK	116.7	90.2	5.1	115.0	90.9	3.6
Continuing operations	724.1	476.9	113.9	716.7	480.8	111.2
Discontinued operations (note 8)	-	-	-	5.2	5.2	(0.1)
Total before unallocated items	724.1	476.9	113.9	721.9	486.0	111.1
Unallocated items:						
Exceptional items (note 5)	-	-	(4.6)*	-	-	4.9**
Total	724.1	476.9	109.3	721.9	486.0	116.0

* Of the exceptional loss in the current year, €1.3m gain relates to ROI, €0.8m loss to Cider UK, €2.6m loss to International, €0.5m loss to Tennent's UK, and €2.0m loss remains unallocated.

** Of the exceptional items in the prior year, €4.8m gain relates to ROI, €1.4 m gain to Cider UK, €1.3m gain to International, a €2.7m loss to Tennent's and a €0.1m gain to discontinued operations.

In the prior year, the unallocated exceptional items excluded the loss on disposal of discontinued activities of €1.1m and a loss of €0.7m on the recycling of a foreign currency reserve to the income statement following the disposal of the Group's NI wholesaling business.

NOTES - CONTINUED

Forming part of the financial statements

1. SEGMENTAL REPORTING - CONTINUED

The impact of the reclassification of the FY2012 financial results as previously described is outlined below. This reclassification has no impact on the Revenue, Net revenue or Operating profit reported by the Group:-

	Revenue €m	Net revenue €m	Operating profit €m
ROI			
Previously reported - Cider ROI	126.8	91.5	42.2
Impact of change	15.7	9.9	2.2
Current classification	142.5	101.4	44.4
Cider UK			
Previously reported - Cider GB	249.8	172.8	29.5
Impact of change	(31.2)	(10.7)	5.7
Current classification	218.6	162.1	35.2
Tennent's UK			
Previously reported - Tennent's	216.8	100.1	22.3
Impact of change	(6.9)	(4.3)	(1.1)
Current classification	209.9	95.8	21.2
International			
Previously reported - Cider Export	30.3	30.2	6.6
Impact of change	0.4	0.4	0.2
Current classification	30.7	30.6	6.8
Third party brands UK			
Previously reported - Third party brands	77.9	74.0	7.1
Impact of change	37.1	16.9	(3.5)
Current classification	115.0	90.9	3.6
Cider NI			
Previously reported	15.1	12.2	3.5
Impact of change	(15.1)	(12.2)	(3.5)
Current classification	-	-	-

(b) Other operating segment information

	2013		2012 (restated)	
	Capital expenditure €m	Depreciation €m	Capital expenditure €m	Depreciation €m
ROI	2.2	3.3	1.4	3.8
Cider UK	10.3	8.6	8.8	8.3
Tennent's UK	8.7	8.3	7.4	7.2
International	3.1	1.2	0.6	0.6
Third party brands UK	-	0.2	0.4	0.3
Total	24.3	21.6	18.6	20.2

1. SEGMENTAL REPORTING - CONTINUED

(c) Geographical analysis of revenue and net revenue (continuing operations)

	Revenue		Net revenue	
	2013 €m	2012 €m	2013 €m	2012 €m
Republic of Ireland	133.8	142.5	92.2	101.4
United Kingdom	541.8	543.5	336.9	348.8
Rest of Europe	14.2	10.4	14.2	10.4
North America	29.9	14.5	29.2	14.4
Rest of World	4.4	5.8	4.4	5.8
Total	724.1	716.7	476.9	480.8

The geographical analysis of revenue and net revenue is based on the location of the third party customers.

(d) Geographical analysis of non-current assets

	ROI €m	UK €m	Rest of Europe €m	North America €m	Rest of World €m	Total €m
28 February 2013						
Property, plant & equipment	54.1	123.9	-	5.6	-	183.6
Goodwill & intangible assets	120.3	322.8	7.1	251.4	5.6	707.2
Equity-accounted investees	-	2.4	-	-	-	2.4
Retirement benefit obligations	-	0.5	-	-	-	0.5
Deferred tax assets	5.2	-	-	1.0	-	6.2
Derivative financial instruments	-	1.4	-	-	-	1.4
Trade & other receivables	0.5	30.8	-	-	-	31.3
Total	180.1	481.8	7.1	258.0	5.6	932.6

	ROI €m	UK €m	Rest of Europe €m	North America €m	Rest of World €m	Total €m
29 February 2012						
Property, plant & equipment	56.6	124.6	-	0.6	-	181.8
Goodwill & intangible assets	120.3	325.8	7.1	26.1	5.6	484.9
Retirement benefit obligations	-	0.2	-	-	-	0.2
Deferred tax assets	6.5	-	-	-	-	6.5
Trade & other receivables	-	19.5	-	-	-	19.5
Total	183.4	470.1	7.1	26.7	5.6	692.9

The geographical analysis of non-current assets, with the exception of Goodwill & intangible assets, is based on the geographical location of the assets. The geographical analysis of Goodwill & intangible assets is allocated based on the country of destination of sales at date of application of IFRS 8 *Operating Segments* or date of acquisition, if later.

NOTES - CONTINUED

Forming part of the financial statements

2. OPERATING COSTS

	Before exceptional items €m	2013 Exceptional items (note 5) €m	Total €m	Before exceptional items €m	2012 Exceptional items (note 5) €m	Total €m
Raw material cost of goods sold	177.5	-	177.5	176.2	-	176.2
Inventory write-down/(recovered) (note 15)	0.8	(1.0)	(0.2)	0.3	(0.7)	(0.4)
Employee remuneration (note 3)	62.1	1.2	63.3	70.3	(10.2)	60.1
Direct brand marketing	37.8	-	37.8	48.2	-	48.2
Other operating, selling and administration costs	55.9	4.4	60.3	53.2	4.0	57.2
Depreciation	21.6	-	21.6	20.2	-	20.2
Amortisation	0.1	-	0.1	0.1	-	0.1
Research and development costs	0.3	-	0.3	0.5	-	0.5
Revaluation of property, plant & machinery (note 12)	-	-	-	-	2.0	2.0
Auditors remuneration (note a)	0.8	-	0.8	0.6	-	0.6
Operating lease rentals:						
- land & buildings	4.4	-	4.4	4.0	-	4.0
- plant & machinery	0.8	-	0.8	0.4	-	0.4
- other	0.9	-	0.9	0.9	-	0.9
Total	363.0	4.6	367.6	374.9	(4.9)	370.0
Relating to discontinued operations (note 8)	-	-	-	(5.3)	0.1	(5.2)
Relating to continuing operations	363.0	4.6	367.6	369.6	(4.8)	364.8

(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:

	2013 €m	2012 €m
Audit of the Group financial statements	0.4	0.3
Other assurance services	-	0.1
Tax advisory services	0.4	0.2
Total	0.8	0.6

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.

3. EMPLOYEE NUMBERS & REMUNERATION COSTS

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

	2013 Number	2012 Number
Sales & marketing	300	295
Production & distribution	529	524
Administration	121	135
Total	950	954

The actual number of persons employed by the Group as at 28 February 2013 was 1,001 (29 February 2012: 926).

3. EMPLOYEE NUMBERS & REMUNERATION COSTS - CONTINUED

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

	2013 €m	2012 €m
Wages, salaries and other short term employee benefits	47.5	54.8
Restructuring costs (note 5)	1.2	4.6
Social welfare costs	5.3	5.6
Retirement benefit obligations – defined benefit schemes (note 22)	1.3	(13.3)
Retirement benefit obligations – defined contribution schemes	4.5	5.7
Equity settled share-based payments (note 4)	3.0	2.6
Cash settled share-based payments (note 4)	0.2	-
Partnership & matching share schemes (note 4)	0.3	0.1
Charged to the income statement	63.3	60.1
Actuarial loss on retirement benefit obligations recognised in other comprehensive income (note 22)	12.3	19.0
Total employee benefits	75.6	79.1

4. SHARE-BASED PAYMENTS

Equity settled awards

In April 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 base salary in that year. Options have been granted under this scheme in each year since 2004.

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 relating to growth in earnings per share (EPS). EPS is calculated using earnings per share before exceptional items, as disclosed in the Company's financial statements, adjusted for any other adjustments approved by the Remuneration Committee. This performance target requires that the Group's aggregate EPS in the three financial years to be not less than the aggregate that would have been achieved had base-year earnings per share grown by 5% per annum in excess of the change in the Irish Consumer Price Index (Irish CPI) during the period, 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 April 2004, the Group established a **Long Term Incentive Plan (LTIP (Part II))** under the terms of which options to purchase shares in C&C Group plc are granted at nil cost to certain executive Directors and members of management. Under this plan, awards of up to 100% of base salary may normally be granted and up to 200% of base salary in exceptional circumstances.

Options under this scheme were granted in January 2006, in June of each year from 2006 through to 2008, in June 2011, February 2012 and in May 2012. All awards granted prior to 2011 were forfeited, lapsed or did not vest. The Remuneration Committee has adopted performance conditions for the options awarded during FY2012 and FY2013 as follows:

- With regard to 50% of the award, a performance condition relating to total shareholder return (TSR) applies with an underpin as mentioned below. 30% of this part of the award vests if the Group's TSR over a three-year period equals the median TSR of a comparator group; 100% of this part of the award vests if the Group's TSR over a three-year period equals or exceeds the TSR of the upper quartile of the comparator group; for performance between the median and the upper quartile there is straight-line pro-rating between 30% and 100%. None of this part of the award vests if the Group's TSR over a three-year period is less than the median TSR of a comparator group. In respect of the TSR condition, an underpin applies; the growth in the Group's earnings per share (EPS) over the three-year period must be 5% or more per annum in real terms (compared with Irish CPI) over the same period; alternatively the Remuneration Committee must be satisfied that the Group's underlying financial performance warrants that level of vesting; otherwise the award lapses. EPS is calculated using the adjusted earnings per share as disclosed in the Company's financial statements, subject to any further adjustments approved by the Remuneration Committee.
- With regard to the remaining 50% of the award, a performance condition relating to growth in EPS applies. 30% of this part of the award vests if the Group's aggregate EPS in a three year period achieves 4% per annum compound growth in real terms (compared with Irish CPI). 100% of this part of the award vests if the Group's aggregate EPS in a three year period achieves 10% per annum compound growth in real terms. There is straight-line pro-rating between 30% and 100% for performance between 4% and 10% per annum. None of this part of the award vests if the real growth in the Group's aggregate EPS in a three-year period is less than 4% per annum.

NOTES - CONTINUED

Forming part of the financial statements

4. SHARE-BASED PAYMENTS - CONTINUED

In December 2008, the Group established a **Joint Share Ownership Plan (JSOP)** whereby certain executive Directors and members of management were 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 were awarded to executive Directors and key members of senior management 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 participants 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 participant 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 was subject to the following conditions. All of the Interests were subject to a time vesting condition with one-third of the Interest in the shares vesting on each of the first, second and third anniversary of acquisition. In addition, half of the Interests in the shares were 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 initially awarded, and €4.00 for 2,200,000 of the Interests initially 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. All the Interests currently outstanding have now vested.

When an Interest vests, the trustees may, at the request of the participant and on payment of the further amount, if relevant, 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 at nil or nominal cost were granted to certain members of management, excluding Directors. The vesting conditions for these awards were similar to those for the JSOP award.

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 at nil or nominal cost are granted to certain members of management, excluding Directors.

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 and an award of 33,166 options in August 2011, in each case subject to time vesting conditions only so as to normally vest in three equal tranches, on the first, second and third anniversaries of grant and a further award of 31,791 options granted in August 2011 are also subject to time vesting conditions only, so as to normally vest on the third anniversary of grant. In the current financial year an award of 1,036,255 was granted in May 2012. The vesting of awards for grants made in 2012 under the Recruitment and Retention Plan are subject to the performance condition that the Company's total shareholder return ("TSR") must grow by not less than 25% between 17 May 2012 and 16 May 2014. Awards vest in full if the growth in TSR is at least 50% over that period. Where TSR growth is between 25% and 50% the percentage of the award that vests is calculated on a straight line basis between 25% and 100% subject to continued employment and the achievement of the performance conditions, awards will rest in two equal tranches in May 2014 and May 2015.

Obligations arising under the Restricted Share Award Scheme and the Recruitment and Retention Plan will be satisfied 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.

In May 2011, the Group established a deferred equity settled share bonus scheme, **Long Term Incentive Plan (LTIP (Part II))**, under which shares are awarded to certain employees (excluding executive directors and senior management) at nil cost, at the end of the financial year in which the award is granted, if the performance conditions set by the Remuneration Committee are achieved and subject to a two year time vesting period post the end of the relevant financial year. In the prior financial year, the Remuneration Committee agreed three levels of award linked to operating profit targets. Based on the actual results to 29 February 2012, a right to receive shares at nil cost equating to 23% of salary was granted to certain employees and a right to receive shares at a cost equating to 5% of salary was granted to other employees. The maximum number of shares over which awards were granted under the LTIP (Part II) in the financial year ended 29 February 2012 was set by reference to a share price of €3.55, being the closing share price on 18 May 2011, the date the results for the financial year ended 28 February 2011 were announced. Awards will vest in May 2014 subject to continued employment only. Obligations will be satisfied by the purchase of existing shares on the open market.

4. SHARE-BASED PAYMENTS - CONTINUED

In November 2011, the Group set up **Partnership and Matching Share Schemes** for all ROI and UK based employees of the Group under the approved profit sharing schemes referred to below. Under these schemes, employees can invest in shares in C&C Group plc ("contributory/partnership" shares) that will be matched on a 1:1 basis by the Company ("matching shares") subject to Revenue approved limits. Both the contributory and matching shares are held on behalf of the employee by the Scheme trustee, Capita Corporate Trustees Limited. The shares are purchased on the open market on a monthly basis at the market price prevailing at the date of purchase with any remaining cash amounts carried forward and used in the next share purchase. The shares are held in trust for the participating employee, who has full voting rights and dividend entitlements on both partnership and matching shares. Matching shares may be forfeited and/or tax penalties may apply if the employee leaves the Group or removes their contributory shares within the Revenue-stipulated vesting period. The Revenue stipulated vesting period for matching shares awarded under the ROI scheme is three years and under the UK scheme is five years.

The Group held 125,563 matching shares (251,126 partnership and matching) in Trust at 28 February 2013 (2012: 33,047 matching shares and 66,094 partnership and matching shares held).

In December 2011 the Group set up a discretionary **Share Matching Plan** under which invitations to participate were made to certain international (non ROI and UK) employees. Awards of shares (being a right to acquire shares at nil cost) were made in February 2012, conditional on the participant agreeing to buy in advance and hold an equivalent number of ordinary shares in the Company (investment shares) in accordance with the plan. The maximum award was 325 shares per participant. Each award will vest on the second anniversary of the grant date provided that the participant remains employed in the Group and retains his investment shares acquired in relation to the matching award. Matching share awards are not entitled to dividends during the vesting period. Qualifying leavers remain entitled to their matching awards, which vest either on the date of cessation or on the normal vesting date, as the Company may decide. Awards made to other leavers are forfeited.

The Group held 1,625 matching shares (3,250 partnership and matching) in Trust at 28 February 2013 (2012: nil).

In 2001, the Group entered into an agreement with trade unions representing the majority of its then employees, which provided for the establishment of an **approved profit sharing schemes (APSS)** in ROI and the UK and an **approved save as you earn share option scheme (SAYE scheme)**. A discretionary APSS scheme was put in place for the year ended 28 February 2007. Under this scheme 189,061 shares were purchased at a cost of €2.5m and placed in Irish/UK Revenue approved employee trusts where they were held in trust on behalf of each employee. The relevant vesting period has now expired, all remaining shares have now been transferred out of the employee trusts and into the participants' individual names. The SAYE scheme has been established but not implemented.

Cash-settled awards

In May 2012 the Group granted 114,522 cash-settled awards on terms equivalent to the LTIP (Part I). The awards, on vesting will be settled by way of a cash payment calculated based on the Group's closing share price on the dealing day before the settlement date.

In January 2012, the Group granted 98,600 cash-settled awards on terms equivalent to the rules of the Recruitment and Retention Plan and subject to time vesting conditions only so as to normally vest on the third anniversary of date of grant. The award, on vesting will be settled by way of cash payment, calculated based on the closing price of the Group's shares on the dealing day before the settlement date.

In December 2012, the Group granted 150,786 cash-settled awards on terms equivalent to the rules of the Recruitment and Retention Plan. The awards are subject to the following vesting conditions, namely: (a) continued employment; and (b) performance conditions as follows: 25% of the award will vest if the business unit related to the participant achieves a pre-approved operating profit target in FY2014; 25% will vest on the achievement of a pre-approved operating profit target in FY2015; with the remaining 50% vesting on the achievement of a pre-approved operating profit target in FY2016. Each award, on vesting will be settled by way of a cash payment calculated based on the Group's closing share price on the dealing day before the settlement date.

Award valuation

The fair values assigned to the ESOS options granted were computed in accordance with a binomial valuation methodology; the fair value of options awarded under the LTIP (Part I) were computed in accordance with the stochastic model for the TSR element and the binomial model for the EPS element; the fair value of options awarded under the Recruitment and Retention Plan and LTIP (Part II) 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 model. As per IFRS 2 *Share-based Payment*, market based vesting conditions, such as the LTIP (Part I) 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. 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 time and services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest, unless the failure to vest is due to failure to meet a market condition.

NOTES - CONTINUED

Forming part of the financial statements

4. SHARE-BASED PAYMENTS - CONTINUED

The main assumptions used in the valuations for equity settled share based payment awards were as follows:-

	Recruitment & Retention plan May 2012	LTIP (Part I) options granted May 2012	ESOS options granted May 2012	LTIP (Part I) options granted Feb 2012	Recruitment & Retention plan August 2011	LTIP (Part I) options granted June 2011	ESOS options granted May 2011	LTIP (Part II) options granted May 2011
Exercise price	-	-	€3.525	-	-	-	€3.61	-
Risk free interest rate	0.06%-0.14%	0.14%	0.46%	0.27%	-	1.66%	2.37%	-
Expected volatility	24.0%	30.2%	53.5%	26.0%	-	51.1%	55.1%	-
Expected life	2-3 years	3 years	5 years	3 years	1-3 years	3 years	5 years	3 years
Dividend yield	2.35%	2.35%	2.35%	1.90%	2.16%	1.87%	1.82%	1.86%

The main assumptions used in the valuations of cash-settled share based payment awards were as follows:-

	Granted December 2012	Granted May 2012	Granted January 2012
Exercise price	-	-	-
Expected life	3 years	3 years	3 years
Dividend yield	1.88%	2.35%	1.90%

4. SHARE-BASED PAYMENTS - CONTINUED

Details of the share entitlements 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 13	Grant price €	Market value at date of grant €	Fair value at date of grant €	Expense in Income statement	
							2013 €m	2012 €m
Executive Share Option Scheme (ESOS)								
15 June 2006	3 years	846,900	38,300	6.52	6.52	1.24	-	-
13 June 2007	3 years	318,500	-	11.53	11.53	2.76	-	-
13 June 2008	3 years	1,013,700	-	5.11	5.11	0.98	-	-
13 May 2009	3 years	4,336,300	1,060,820	1.94	1.94	0.72	0.1	0.5
26 May 2010	3 years	803,900	374,600	3.21	3.21	1.21	0.2	-
2 June 2010	3 years	127,200	127,200	3.21	3.21	1.14	-	-
21 July 2010	3 years	2,944,400	1,930,100	3.32	3.32	1.16	0.8	1.1
24 May 2011	3 years	658,930	386,908	3.61	3.61	1.56	0.2	0.2
17 May 2012	3 years	534,239	534,239	3.525	3.525	1.30	0.2	-
Long Term Incentive Plan (Part I)								
29 June 2011	3 years	192,662	169,588	-	3.53	2.18 - 3.34	0.2	0.1
29 February 2012	3 years	328,448	328,448	-	3.61	1.84 - 3.46	0.3	-
17 May 2012	3 years	614,360	614,360	-	3.525	1.97 - 3.24	0.4	-
Long Term Incentive Plan (Part II)								
18 May 2011	3 years	154,993	129,938	-	3.55	3.36	0.1	0.1
Joint Share Ownership Plan (JSOP)								
18 December 2008	1-3 years	12,800,000	5,973,334	1.15	1.315	0.16 - 0.21	-	0.2
03 June 2009	1-3 years	1,000,000	1,000,000	1.15	2.32	1.01 - 1.09	-	0.2
17 December 2009	1-3 years	2,200,000	750,000	2.47	2.76	0.11 - 0.16	-	-
Restricted Share Award Scheme								
26 February 2010	1-3 years	429,148	71,525	-	2.70	2.26	0.1	0.1
Recruitment & Retention Plan								
29 June 2010	1-3 years	81,000	27,000	-	3.20	2.94	0.1	0.1
31 August 2011	1-3 years	64,957	64,957	-	3.05	2.89 - 2.99	0.1	-
17 May 2012	1-3 years	1,036,255	976,681	-	3.525	0.58 - 0.59	0.2	-
		30,485,892	14,557,998				3.0	2.6
Cash-settled awards								
30 January 2012	3 years	98,600	98,600	-	3.67	3.47	0.1	-
17 May 2012	3 years	114,522	114,522	-	3.525	1.97 - 3.24	0.1	-
21 December 2012	1-3 years	150,786	150,786	-	4.52	4.24	-	-
Partnership and Matching Share Schemes								
		254,376*	254,376*				0.3	0.1
		31,104,176	15,176,282				3.5	2.7

* includes both partnership and matching shares

NOTES - CONTINUED

Forming part of the financial statements

4. SHARE-BASED PAYMENTS - CONTINUED

The amount charged to the income statement in respect of the above award grants assumes that all outstanding options granted during FY2012 and FY2013 will vest and all qualifying conditions will be achieved. Options granted under the ESOS during FY2007 and FY2008 did not achieve the related performance condition and consequently all outstanding options lapsed. As the Directors considered the likelihood of achieving the non-market vesting conditions remote no charge had been taken to the income statement in prior years in respect of these awards.

The amount charged to the income statement includes an accelerated charge of €0.1m (2012: €0.5m), in relation to employees leaving the Group as part of a restructuring programme, for share options granted under the executive share option scheme where the underlying conditions were deemed to have been met at the date of departure. These employees were deemed 'qualifying 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 equity settled share option schemes and Joint Share Ownership Plan together with the weighted average exercise price of the share options is as follows:

	2013		2012	
	Number of options/ equity Interests	Weighted average exercise price €	Number of options/ equity Interests	Weighted average exercise price €
Outstanding at beginning of year	18,244,324	1.73	20,342,023	1.79
Granted	2,184,854	0.85	1,399,990	1.71
Exercised	(5,159,221)	1.38	(952,143)	2.02
Forfeited/lapsed	(711,959)	2.63	(2,545,546)	3.53
Outstanding at end of year	14,557,998	1.54	18,244,324	1.73

The aggregate number of share options/equity Interests exercisable at 28 February 2013 was 8,939,835 (2012: 10,663,116).

The unvested share options/equity Interests outstanding at 28 February 2013 have a weighted average vesting period outstanding of 1.2 years (2012: 1.0 years). The weighted average contractual life of vested and unvested share options/equity Interests is 3.6 years (4.2 years).

The weighted average market share price at date of exercise of all share options/equity Interests exercised during the year was €3.64 (2012: €3.22); the average share price for the year was €3.86 (2012: €3.22); and the market share price as at 28 February 2013 was €4.895 (29 February 2012: €3.665).

5. EXCEPTIONAL ITEMS

	2013			2012		
	Continuing operations €m	Discontinued operations €m	Total €m	Continuing operations €m	Discontinued operations €m	Total €m
Restructuring costs	1.2	-	1.2	4.6	-	4.6
Acquisition costs	3.3	-	3.3	-	-	-
Recovery of previously impaired inventory	(1.0)	-	(1.0)	(0.7)	-	(0.7)
IT systems implementation and integration costs	1.1	-	1.1	4.0	-	4.0
Retirement benefit obligations	-	-	-	(14.7)	(0.1)	(14.8)
Revaluation of property, plant & equipment (note 12)	-	-	-	2.0	-	2.0
Loss from discontinued operations (note 8)	-	-	-	-	1.1	1.1
Foreign currency reserve recycled to the income statement on disposal	-	-	-	-	0.7	0.7
Total loss/(profit) before tax	4.6	-	4.6	(4.8)	1.7	(3.1)
Income tax credit	(0.3)	-	(0.3)	(0.4)	-	(0.4)
Total loss/(profit) after tax	4.3	-	4.3	(5.2)	1.7	(3.5)

5. EXCEPTIONAL ITEMS - CONTINUED

(a) Restructuring costs

Restructuring costs, comprising severance and other initiatives arising from cost cutting initiatives and the consolidation of the Group's offices in the UK and the US, resulted in an exceptional charge before taxation of €1.2m (2012: €4.6m).

(b) Acquisition costs

During the current financial year, the Group completed the acquisition of the Vermont Hard Cider Company, LLC (VHCC) in the US and had entered into a contractual arrangement to acquire M. & J. Gleeson (Investments) Limited and its subsidiaries (the Gleeson Group), which had not completed at year-end. Costs incurred that were directly attributable to these acquisitions of €3.3m were charged to the Income Statement in the period.

(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 and previous financial year, some of the previously impaired juice stocks were recovered and used by the Group. As a result this stock was written back to operating profit at its recoverable value resulting in a gain of €1.0m (2012: €0.7m). The Group has recovered total juice inventory of €1.9m for which an impairment charge was recognised in FY2009.

(d) IT systems implementation and integration costs

During the current financial year, the Group incurred external consultant fees and other costs associated with the integration of the previously acquired Hornsby's brand with the Group's existing business.

In the prior year the Group had commenced the process of integrating the acquired Hornsby's brand and also had incurred costs associated with the completion of the second phase of the IT systems implementation project with respect to the migration of the Gaymers cider business onto a new IT system, allowing the business to fully integrate with the existing Magners business. These costs primarily related to external consultant fees and other costs associated with the implementation of the new IT systems platform and which, in accordance with IAS 16 *Property, Plant and Equipment*, were not appropriate for capitalisation within Property, plant & equipment in the balance sheet.

(e) Retirement benefit obligations

In the prior financial year the Group recognised an exceptional gain of €14.8m relating to:

- the recognition of a past service gain, net of expenses, of €14.7m following the conclusion of the Group's pension reform programme and the receipt of a Pensions Board direction under Section 50 of the Pensions Act 1990, removing guaranteed pension increases and replacing them with a reduced level of guaranteed increase for three years commencing 2012 and thereafter for all future pension increases to be on a discretionary basis, resulting in a positive impact on the valuation of the Group's retirement benefit obligations; and,
- a curtailment gain of €0.1m arising from the Group's disposal of the Northern Ireland wholesale business and the reclassification of these employees from active to deferred members.

The past service gain referred to above represents the difference between liabilities valued using a pension increase assumption of 3% per annum versus 2.25% per annum, assumed to be the average discretionary increase rate.

(f) Revaluation of property, plant & machinery

Property (comprising land and buildings) and plant & machinery are valued at fair value on the balance sheet and reviewed for impairment on an annual basis. During the prior financial year, the Group engaged external valuers Ronan Diamond BSc (Hons) MCSI MRICS and Brian Gilson, BSc (Surv) MCSI MRICS MCI Arb - Lisney to value its freehold properties in the Republic of Ireland; David Fawcett, FRICS RICS Registered Valuer - Sanderson Weatherall to value its plant & machinery in the Republic of Ireland, and, Timothy Smith BSc MRICS RICS Registered Valuer and Joseph ML Funtek BSc MRICS RICS Registered Valuer - Gerald Eve to value both its freehold properties and plant & machinery in the United Kingdom. Using the valuation methodologies outlined in note 12, this resulted in a net revaluation loss of €2.0m accounted for in the income statement and a further net loss of €1.7m accounted for within other comprehensive income on the basis that it reduced a revaluation surplus previously recognised in respect of an asset in Clonmel and created a revaluation surplus in respect of the Group's Scottish buildings. The current year valuations, carried out by management, did not result in a material variation to the valuation at 29 February 2012.

NOTES - CONTINUED

Forming part of the financial statements

5. EXCEPTIONAL ITEMS - CONTINUED

(g) *Loss from discontinued operations, net of tax/Recycling of Foreign Currency Reserve on disposal*

The loss on discontinued operations in the prior financial year of €1.1m relates to a €0.1m profit arising on the disposal of the Group's Northern Ireland wholesaling business (Quinns of Cookstown) to Britvic Northern Ireland Limited on 30 June 2011 for a gross consideration of €4.8m (£4.3m) and a loss of €1.2m in relation to a working capital settlement to reflect 'normalised working capital' as set out in the Sale and Purchase Agreement following the FY2011 disposal of the Group's Spirits & Liqueurs business. The Group also recognised a loss of €0.7m on the recycling of a foreign currency reserve to the income statement following the disposal of the Group's NI wholesaling business.

6. FINANCE INCOME AND EXPENSE

	2013 €m	2012 €m
Recognised in income statement		
Finance income:		
Interest income on bank deposits	(0.1)	(0.7)
Total finance income	(0.1)	(0.7)
Finance expense:		
Interest expense on interest bearing bank borrowings	4.0	2.4
Expense arising on interest rate swaps designated as cash flow hedges against interest exposure	-	2.5
Ineffective portion of change in fair value of cash flow hedges	-	(0.1)
Unwinding of discount on provisions	1.0	1.0
Total finance expense	5.0	5.8
Net finance expense	4.9	5.1
	2013 €m	2012 €m
Recognised directly in other comprehensive income		
Effective portion of change in fair value of cash flow hedges	0.3	(1.1)
Fair value of foreign exchange cash flow hedges transferred to income statement	1.7	0.1
Fair value of interest rate swap cash flow hedges transferred to income statement	-	2.4
Deferred tax on cash flow hedges recognised directly in other comprehensive income	(0.3)	(0.1)
Foreign currency translation differences arising on foreign currency borrowings designated as net investment hedges	(3.2)	1.7
Foreign currency translation differences arising on the net investment in foreign operations	(8.1)	3.6
Foreign currency reserve recycled to income statement on disposal of foreign currency subsidiary (note 8)	-	0.7
Net (expense)/income recognised directly in other comprehensive income	(9.6)	7.3

7. INCOME TAX

	2013 €m	2012 €m
(a) Analysis of charge in year recognised in the income statement		
Current tax:		
Irish corporation tax	5.2	5.3
Foreign corporation tax	8.6	2.6
Adjustment in respect of previous years	(0.3)	(0.2)
	13.5	7.7
Deferred tax:		
Irish	2.8	4.5
Foreign	(0.6)	1.2
	2.2	5.7
Total income tax expense recognised in income statement	15.7	13.4
Relating to continuing operations		
- continuing operations before exceptional items	16.0	13.8
- continuing operations exceptional items	(0.3)	(0.4)
Total	15.7	13.4

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.

	2013 €m	2012 €m
Profit before tax from continuing operations	104.4	110.9
Foreign currency reserve recycled to the income statement (note 8)	-	(0.7)
Loss on disposal of discontinued operations (note 8)	-	(1.1)
	104.4	109.1
Tax at standard rate of corporation tax in the Republic of Ireland of 12.5%	13.1	13.6
Actual tax charge is affected by the following:		
Expenses not deductible for tax purposes	1.0	0.7
Adjustments in respect of prior years	(0.3)	(0.2)
Differences in effective tax rates on overseas earnings	1.5	0.8
Non tax deductible loss	-	0.2
Other differences	0.4	(1.7)
Total income tax	15.7	13.4

NOTES - CONTINUED

Forming part of the financial statements

7. INCOME TAX - CONTINUED

(b) Deferred tax recognised directly in other comprehensive income

	2013 €m	2012 €m
Deferred tax arising on movement in defined benefit pension obligations	(1.6)	(2.4)
Deferred tax arising on movement in derivatives designated as cash flow hedges	0.3	0.1
	(1.3)	(2.3)

(c) Factors that may affect future charges

Future income tax charges may be impacted by changes to the corporation tax rates and/or changes to corporation tax legislation in force in the jurisdictions in which the Group operates. One such example is the proposed reduction in the UK corporation tax rate to 20% on 1 April 2015. Future income tax charges may be affected 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.

8. DISCONTINUED OPERATIONS

During the prior financial year, on 30 June 2011, the Group completed the disposal of its Northern Ireland wholesaling business (Quinns of Cookstown) to Britvic Northern Ireland Limited for a consideration of €4.8m (£4.3m). The directors, exercising judgement, and having considered IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* para 32, classified the Group's disposed Northern Ireland wholesaling business as a discontinued operation.

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 was presented as a discontinued operation and shown separately from continuing operations.

Results of discontinued operations

	Before exceptional items €m	2013 Exceptional items (note 5) €m	Total €m	Before exceptional items €m	2012 Exceptional items (note 5) €m	Total €m
Revenue	-	-	-	5.2	-	5.2
Net revenue	-	-	-	5.2	-	5.2
Expenses, net	-	-	-	(5.3)	0.1	(5.2)
Operating (loss)/profit	-	-	-	(0.1)	0.1	-
Income tax expense	-	-	-	-	-	-
(Loss)/profit from discontinued operations	-	-	-	(0.1)	0.1	-
Foreign currency reserve recycled to the income statement on disposal	-	-	-	-	(0.7)	(0.7)
Loss on sale of discontinued operations	-	-	-	-	(1.1)	(1.1)
Loss from discontinued operations	-	-	-	(0.1)	(1.7)	(1.8)

The exceptional operating profit before tax of €0.1m in the prior year related to a curtailment gain following the disposal of the Group's Northern Ireland wholesaling business (Quinns of Cookstown) while the loss on discontinued operations of €1.1m related to a €0.1m profit arising on the disposal of the Group's Northern Ireland wholesaling business to Britvic Northern Ireland Limited on 30 June 2011 for a gross consideration of €4.8m (£4.3m) and a loss of €1.2m in relation to a working capital settlement to reflect 'normalised' working capital' as set out in the Sale and Purchase Agreement following the FY2011 disposal of the Group's Spirits & Liqueurs business.

8. DISCONTINUED OPERATIONS - CONTINUED

Cash flows from discontinued operations	2013 €m	2012 €m
Net cash outflow from operating activities	-	(1.0)
Net cash inflow from investing activities	-	4.7
Net cash inflow from discontinued operations	-	3.7
Effect of disposal on the financial position of the Group		
		NI wholesaling business
	2013 €m	2012 €m
Property, plant & equipment	-	0.9
Inventories	-	1.2
Trade & other receivables	-	2.5
Net assets and liabilities disposed of	-	4.6
Consideration receivable	-	4.8
Costs of disposal payable	-	(0.1)
Net proceeds receivable	-	4.7
Profit on disposal of net assets and liabilities	-	0.1
Gain on sale of discontinued operations	-	0.1
Working capital settlement - Spirits & Liqueurs	-	(1.2)
Loss from discontinued operations	-	(1.1)

9. DIVIDENDS

	2013 €m	2012 €m
Dividends paid:		
Final: paid 4.5c per ordinary share in July 2012 (2012: 3.3c paid in July 2011)	15.0	10.7
Interim: paid 4.0c per ordinary share in December 2012 (2012: 3.67c paid in December 2011)	13.4	12.0
Total equity dividends	28.4	22.7
Settled as follows:		
Paid in cash	21.2	18.5
Accrued with respect to LTIP (Part I) dividend entitlements	0.1	-
Scrip dividend	7.1	4.2
	28.4	22.7

The Directors have proposed a final dividend of 4.75 cent per share (2012: 4.5 cent), to ordinary shareholders registered at the close of business on 24 May 2013, which is subject to shareholder approval at the Annual General Meeting, giving a proposed total dividend for the year of 8.75 cent per share (2012: 8.17 cent). Using the number of shares in issue at 28 February 2013 and excluding those shares for which it is assumed that the right to dividend will be waived, this would equate to a distribution of €16.2m.

Dividends of 8.5 cent per ordinary share were recognised as a deduction from the retained income reserve in the year ended 28 February 2013 (2012: 6.97 cent).

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

NOTES - CONTINUED

Forming part of the financial statements

10. EARNINGS PER ORDINARY SHARE

Denominator computations	Number '000	Number '000
Number of shares at beginning of year	339,275	337,196
Shares issued in lieu of dividend	1,934	1,370
Issue of new shares following acquisition of subsidiary	1,422	-
Shares issued in respect of options exercised	1,701	709
Number of shares at end of year	344,332	339,275
Weighted average number of ordinary shares (basic)*	329,067	325,509
Adjustment for the effect of conversion of options	7,135	8,294
Weighted average number of ordinary shares, including options (diluted)	336,202	333,803
* excludes 8.3m treasury shares (2012: 12.4m)		
Profit attributable to ordinary shareholders	2013 €m	2012 €m
Earnings as reported	88.7	95.7
Adjustment for exceptional items, net of tax (note 5)	4.3	(3.5)
Earnings as adjusted for exceptional items, net of tax	93.0	92.2
Basic earnings per share	Cent	Cent
Basic earnings per share	27.0	29.4
Adjusted basic earnings per share	28.3	28.3
Diluted earnings per share		
Diluted earnings per share	26.4	28.7
Adjusted diluted earnings per share	27.7	27.6
Continuing operations	€m	€m
Earnings from continuing operations as reported	88.7	97.5
Adjustment for exceptional items, net of tax (note 5)	4.3	(5.2)
Earnings from continuing operations as adjusted for exceptional items, net of tax	93.0	92.3
Basic earnings per share	Cent	Cent
Basic earnings per share	27.0	30.0
Adjusted basic earnings per share	28.3	28.3
Diluted earnings per share		
Diluted earnings per share	26.4	29.2
Adjusted diluted earnings per share	27.7	27.6
Discontinued operations	€m	€m
Earnings from discontinued operations as reported	-	(1.8)
Adjustment for exceptional items, net of tax (note 5)	-	1.7
Earnings from discontinued operations as adjusted for exceptional items, net of tax	-	(0.1)
Basic earnings per share	Cent	Cent
Basic earnings per share	-	(0.6)
Adjusted basic earnings per share	-	-
Diluted earnings per share		
Diluted earnings per share	-	(0.5)
Adjusted diluted earnings per share	-	-

10. EARNINGS PER ORDINARY SHARE- CONTINUED

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased/issued by the Company and held as treasury shares (at 28 February 2013: 8.3m shares; at 29 February 2012: 12.4m 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 1,927,156 at 28 February 2013 and 53,643 at 29 February 2012) 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 nil at 28 February 2013 and 375,000 at 29 February 2012) are also contingent upon satisfaction of specified performance conditions and these have also been excluded from the computation of diluted earnings per share.

11. BUSINESS COMBINATIONS

Vermont Hard Cider Company LLC

The Group completed the acquisition of the Vermont Hard Cider Company, LLC (VHCC) in the United States for a consideration of €230.9m (\$305.0m). The transaction was completed on 21 December 2012.

VHCC owns and operates the trademarks for the Vermont portfolio of brands including the Woodchuck and Wyder's cider brands. It also owns a 400,000 hectolitre cidery and warehouse facilities in Vermont and a new freehold site on which the Group plans to expand the cidery and to build a visitor centre. After the transaction completed, a total of 1,422,099 ordinary shares were issued, at fair value, to two former stakeholders and existing members of the VHCC management team for a consideration of €5.3m (\$7.0m).

The assets and liabilities acquired as a result of this acquisition, together with the fair value adjustments made to those carrying values, were as follows:-

	Initial fair value assigned €m	Adjustment to initial fair value €m	Revised fair value €m
Property, plant & equipment	3.0	0.7	3.7
Brands & other intangible assets	1.2	157.8	159.0
Financial asset	0.2	(0.2)	-
Inventories	2.8	-	2.8
Trade & other receivables – current	3.0	-	3.0
Cash and cash equivalents	3.4	-	3.4
Trade & other payables	(2.6)	-	(2.6)
Deferred tax liability	-	(0.2)	(0.2)
Net identifiable assets and liabilities acquired	11.0	158.1	169.1
Goodwill arising on acquisition			64.6
			233.7
Consideration transferred/transferable:			
Cash consideration paid			230.9
Working capital - initial payment			2.3
Working capital settlement accrued			0.5
Total consideration			233.7
Net cash outflow arising on acquisition			
Cash consideration paid and working capital settlement paid			233.2
Less: cash and cash equivalents acquired			(3.4)
Total			229.8

NOTES - CONTINUED

Forming part of the financial statements

11. BUSINESS COMBINATIONS - CONTINUED

The working capital settlement of \$3.7m (€2.8m at date of transaction) reflects an amount payable over and above the contractual purchase price reflecting 'normalised working capital' as set out in the purchase agreement.

All the goodwill arising on acquisition is tax deductible.

The Five Lamps Dublin Beer Company Limited

The Group also acquired a 92.5% equity holding in The Five Lamps Dublin Beer Company Limited, an Irish craft brewer. The initial investment, and the profit earned since acquisition were all less than €0.1m. The transaction was completed on 4 September 2012.

Acquisition costs

Acquisition costs of €3.3m, have been shown in exceptional operating costs in the Income Statement. These costs relate to the acquisition of VHCC in the US and the contractual arrangement to acquire M. & J. Gleeson (Investments) Limited and its subsidiaries, which had not completed at year-end (note 5).

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

	2013 €m
Revenue	6.7
Excise duties	(0.3)
Net revenue	6.4
Operating costs	(4.6)
Operating profit	1.8
Income tax expense	-
Results from acquired businesses	1.8

The net revenue and operating profit of the Group for the financial year determined in accordance with IFRS as though the acquisitions effected during the year had been at the beginning of the year would have been as follows:

	Pro Forma 2013 €m
Net revenue	512.9
Group operating profit for the financial year attributable to equity shareholders	118.3

12. PROPERTY, PLANT & EQUIPMENT

Group	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Cost or valuation				
At 1 March 2011	75.1	156.1	79.8	311.0
Translation adjustment	0.6	0.9	1.0	2.5
Additions	0.2	6.2	12.2	18.6
Disposals	-	(0.3)	(0.9)	(1.2)
Disposal of Northern Ireland wholesaling business	(0.8)	-	(1.1)	(1.9)
Revaluation of property, plant & machinery	(2.8)	(0.9)	-	(3.7)
At 29 February 2012	72.3	162.0	91.0	325.3
Translation adjustment	(1.9)	(2.3)	(2.3)	(6.5)
Additions	2.1	8.0	14.2	24.3
Acquisition of business VHCC	-	3.7	-	3.7
At 28 February 2013	72.5	171.4	102.9	346.8
Depreciation				
At 1 March 2011	6.4	73.4	44.0	123.8
Translation adjustment	-	0.2	0.6	0.8
Charge for the year	1.1	9.7	9.4	20.2
Disposals	-	(0.1)	(0.2)	(0.3)
Disposal of Northern Ireland wholesaling business	-	-	(1.0)	(1.0)
At 29 February 2012	7.5	83.2	52.8	143.5
Translation adjustment	(0.2)	(0.5)	(1.2)	(1.9)
Charge for the year	1.2	10.7	9.7	21.6
At 28 February 2013	8.5	93.4	61.3	163.2
Net book value				
At 28 February 2013	64.0	78.0	41.6	183.6
At 29 February 2012	64.8	78.8	38.2	181.8

No depreciation is charged on freehold land, which had a book value of €10.8m at 28 February 2013 (29 February 2012: €9.3m).

Valuation of freehold land, buildings and plant & machinery – 29 February 2012

During the year ended 29 February 2012, the Group engaged external valuers Ronan Diamond BSc (Hons) MSCSI MRICS and Brian Gilson, BSc (Surv) MSCSI MRICS MCI Arb - Lisney to value its freehold properties in ROI; David Fawcett, FRICS RICS Registered Valuer - Sanderson Weatherall to value its plant & machinery in ROI, and, Timothy Smith BSc MRICS RICS Registered Valuer and Joseph ML Funtek BSc MRICS RICS Registered Valuer - Gerald Eve to value both its freehold properties and plant & machinery in the UK as at 29 February 2012. The valuations were in accordance with the requirements of the RICS Valuation Standards, seventh edition and the International Valuation Standards.

NOTES - CONTINUED

Forming part of the financial statements

12. PROPERTY, PLANT & EQUIPMENT - CONTINUED

The valuation of ROI property was on the basis of market value, defined as 'the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion' and was subject to the assumption that the property be sold at its highest and best use value. IAS 16 *Property, Plant and Equipment* prescribes that where there is no market based evidence of Fair Value because of the specialist nature of the item of property, plant and equipment and the item is rarely sold, except as part of a continuing business, an entity may need to estimate Fair Value using an income or a Depreciated Replacement Cost approach to valuation. The valuer's opinion of Fair Value of the ROI properties was primarily derived using comparable recent market transactions on an arm's-length basis while the Fair Value of those in the UK was derived based on the Depreciated Replacement Cost approach to valuation in light of the lack of comparative recent market transactions.

In view of the specialised nature of the Group's plant & machinery assets and the lack of comparable market evidence of similar plant being sold as a 'going concern', a Depreciated Replacement Cost approach was used to assess a Fair Value of the Group's plant & machinery assets. This methodology takes a gross current replacement cost for each class of plant & machinery and applies a depreciation factor to reflect both physical and functional obsolescence. An economic obsolescence factor is then applied to the net current replacement cost. This factor takes into account the anticipated capacity utilisation of plant relative to total available production capacity. The significant additional assumptions applied in valuing the plant & machinery include useful lives and asset utilisations, the following useful lives were attributed to the assets:-

Asset category	Useful life
Tanks	30 - 35 years
Process equipment	20 years
Bottling & packaging equipment	15 - 20 years
Process automation	10 years

Following the valuation exercise, the carrying value of land was reduced as outlined below and the resulting loss of €3.4m was debited directly to a revaluation reserve within equity (€3.0m) to the extent that it reduced a previously recognised gain and to the income statement (€0.4m) to the extent it arose on revaluation and there were no previously recognised gains in the revaluation reserve in respect of previous revaluations of that asset.

An increase in the carrying value of buildings in Glasgow of €1.3m was credited directly to a revaluation surplus reserve within equity while the reduction in the carrying value of buildings in Clonmel and Shepton Mallet (€0.7m) was recognised directly in the income statement as there were no previously recognised gains in the revaluation reserve by which to offset. The carrying value of plant & machinery was reduced and the resulting loss of (€0.9m) was recognised in the income statement.

	Land €m	Buildings €m	Plant & machinery €m	Total €m
Carrying value at 29 February 2012 post revaluation	9.3	55.5	78.8	143.6
Carrying value at 29 February 2012 pre revaluation	12.7	54.9	79.7	147.3
(Loss)/gain on revaluation	(3.4)	0.6	(0.9)	(3.7)
Classified within:				
Income statement	(0.4)	(0.7)	(0.9)	(2.0)
Other comprehensive income	(3.0)	1.3	-	(1.7)
(Loss)/gain on revaluation	(3.4)	0.6	(0.9)	(3.7)

Valuation of freehold land, buildings and plant & machinery – 28 February 2013

An internal valuation was completed as at 28 February 2013. The Directors considered fluctuations in the property market since the last external valuation was completed twelve months ago. The carrying value of all plant and machinery valued under the depreciated replacement method in the prior year was also reviewed. As part of this valuation the Directors considered projected asset utilisations, changes in useful lives and obsolescence. The current year valuations did not result in a material variation to the current value of property, plant & equipment and hence no adjustment was deemed necessary.

In the current financial year following the acquisition of VHCC the Group engaged external valuer, John Coto, Certified Machine & Equipment Appraiser, Alliance Machinery & Equipment Appraisals to value the plant & machinery acquired using the depreciated replacement cost method of valuation. This valuation increased the carrying value of plant & machinery acquired by \$1.0m (€0.7m euro equivalent at date of acquisition).

Company

The Company has no property, plant & equipment.

13. GOODWILL & INTANGIBLE ASSETS

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2011	378.1	86.6	1.7	466.4
Translation adjustment	0.4	1.6	0.1	2.1
Acquisition of Hornsby's cider brand	-	16.6	-	16.6
At 29 February 2012	378.5	104.8	1.8	485.1
Translation adjustment	(0.7)	(2.1)	(0.1)	(2.9)
Acquisition of VHCC (note 11)	64.6	159.0	-	223.6
Acquisition of Waverley brands	-	1.3	-	1.3
Additional consideration re prior year acquisition of Hornsby's cider brand	-	0.4	-	0.4
At 28 February 2013	442.4	263.4	1.7	707.5
Amortisation				
At 1 March 2011	-	-	0.1	0.1
Charge for the year	-	-	0.1	0.1
At 29 February 2012	-	-	0.2	0.2
Charge for the year	-	-	0.1	0.1
At 28 February 2013	-	-	0.3	0.3
Net book value				
At 28 February 2013	442.4	263.4	1.4	707.2
At 29 February 2012	378.5	104.8	1.6	484.9

Goodwill

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

	ROI €m	Cider UK €m	Tennent's UK €m	International €m	Total €m
Cost					
At 1 March 2011	120.3	217.6	18.3	21.9	378.1
Translation adjustment	-	0.2	0.2	-	0.4
At 29 February 2012	120.3	217.8	18.5	21.9	378.5
Translation adjustment	-	(0.5)	(0.6)	0.4	(0.7)
Acquisition of VHCC	-	-	-	64.6	64.6
At 28 February 2013	120.3	217.3	17.9	86.9	442.4

Goodwill consists both of goodwill capitalised under Irish GAAP which at the transition date to IFRS was treated as deemed cost and goodwill that arose on the acquisition of businesses since that date which 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 acquired products.

In line with IAS 36 Impairment of Assets, goodwill is allocated to each operating segment (which may comprise more than one cash generating unit) which is expected to benefit from the combinations synergies. These operating segments represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

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.

NOTES - CONTINUED

Forming part of the financial statements

13. GOODWILL & INTANGIBLE ASSETS - CONTINUED

Brands

As detailed in note 11 the Group completed the acquisition of the Vermont Hard Cider Company, LLC on 21 December 2012, which included the acquisition of a portfolio of brands, including the Woodchuck and Wyder's cider brands. The value attributed to the acquisition of this portfolio of brands was €159.0m.

Hornsby's brand

On 8 November 2011, the Group completed the acquisition of the Hornsby's cider brand from E & J Gallo Winery comprising the global intellectual property rights to the Hornsby's brand, which did not constitute a business combination under IFRS 3 (2008) Business Combinations. In addition, the Group acquired inventory valued at €1.7m. The Group entered into a Transitional Services Arrangement with E & J Gallo Winery for the production and distribution of the brand for a period of one year and for the provision of all sales, commercial, accounting and back office services for a period of seven months.

The transaction was completed for an initial cash consideration of €16.4m (\$22.5m). Costs totalling €0.2m were incurred in acquiring the brand. In addition, contingent consideration of up to €3.6m (US\$5.0m) was payable subject to the performance of the brand during a transitional period. In the prior year this was assumed by the Directors to amount to a payable of \$2.4m (€1.7m euro equivalent at acquisition date, €1.8m euro equivalent at prior year-end date) based on their expectation of performance in the transitional period.

Performance exceeded expectation and the final settlement in the current year was \$3.0m (€2.4m euro equivalent at date of payment €2.1m euro equivalent at acquisition rate), resulting in an increase in the value of the brand in the current year of \$0.6m (€0.4m).

	2012 €m	Adjustment €m	2013 €m
Hornsby's cider brand			
Brand	16.6	0.4	17.0
Inventories	1.7	-	1.7
Total consideration	18.3	0.4	18.7
Satisfied by:			
Cash	16.4	-	16.4
Contingent consideration	1.7	0.4	2.1
Acquisition costs paid	0.2	-	0.2
Total consideration	18.3	0.4	18.7

Waverley wine brands

On 5 November 2012, the Group completed the acquisition of wine brands from Waverley TBS Limited for a consideration of €1.0m (€1.3m).

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

	Cider UK €m	Tennent's UK €m	International €m	Third Party Brands UK €m	Total €m
At 1 March 2011	11.4	75.2	-	-	86.6
Translation adjustment	0.2	1.1	0.3	-	1.6
Acquisition of Hornsby's brands	-	-	16.6	-	16.6
At 29 February 2012	11.6	76.3	16.9	-	104.8
Translation adjustment	(0.5)	(2.4)	0.9	(0.1)	(2.1)
Acquisition of Vermont brands	-	-	159.0	-	159.0
Acquisition of Waverley wine brands	-	-	-	1.3	1.3
Additional consideration re prior year acquisition of Hornsby's brands	-	-	0.4	-	0.4
At 28 February 2013	11.1	73.9	177.2	1.2	263.4

13. GOODWILL & INTANGIBLE ASSETS - CONTINUED

Capitalised brands include the Tennent's beer brands and the Gaymers cider brands acquired during the financial year ended 28 February 2010, the Hornsby's cider brand acquired during the year ended 29 February 2012 and the Vermont cider brands and Waverley wine brands acquired in the current financial year. The Tennent's and Gaymers brands were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 (2004) *Business Combinations* by independent professional valuers. The Hornsby's cider brand was valued at cost. The Vermont cider brands acquired in the current year were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 (2008) *Business Combinations*.

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.

No intangible assets were acquired by way of government grant, there is no title restriction on any of the capitalised intangible assets and no intangible assets are pledged as security. There are no contractual commitments in relation to the acquisition of intangible assets at year-end.

Other intangible assets

Other intangible assets 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 (2004) *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 2013 is €0.1m (2012: €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 ('value-in-use') 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 and brands, the recoverable amount is calculated in respect of each operating segment (which may comprise of more than one cash generating unit). These operating segments represent 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 operating segments determined in accordance with IFRS 8 *Operating Segments*.

Value-in-use is 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:-

- Expected volume, net revenue and operating profit growth rates - cash flows for each operating segment are based on detailed financial budgets and plans, formally approved by the Board, for years one to three,
- Long term growth rate - cash flows after the first three years were extrapolated using a long term growth rate, on the assumption that cash flows for the first three years will increase at a nominal growth rate in perpetuity,
- Discount rate.

The key assumptions used in the value-in-use computations were based on management assessment of anticipated market conditions for each operating segment. A terminal growth rate of 2.5% (2012: 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% (2012: 8-12%).

In formulating the budget and three year plan the Group takes into account external factors such as macro economic factors, inflation expectations by geography, regulation and expected changes in regulation (duty rates, minimum pricing etc), sales price trend, competitor activity, market share targets and strategic plans and initiatives.

The Group has performed the detailed impairment testing calculations by operating segment with the following discount rates being applied:

Operating segment	Discount rate
ROI	8%
Tennent's GB	10%
Tennent's NI	10%
Cider GB	10%
Cider NI	10%
International Brands	12%
Hornsby	8%
Third Party Brands - UK	9%

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

NOTES - CONTINUED

Forming part of the financial statements

13. GOODWILL & INTANGIBLE ASSETS - CONTINUED

Sensitivity analysis

The impairment testing carried out at 28 February 2013 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 net revenue and operating profit growth assumptions, discount rates applied to the resulting cashflows and the expected long term growth rates. No material adjustments to the assumptions underlying the impairment testing models applied would result in any foreseeable risk of an impairment arising.

14. EQUITY ACCOUNTED INVESTEEES/FINANCIAL ASSETS

(a) Investment in equity accounted investees - Group

	Maclay Group plc	Thistle Pub Company	2013	2012
	€m	€m	€m	€m
Investment in equity accounted investees				
Purchase price paid	2.5	0.4	2.9	-
Less derivative financial assets	(1.4)	-	(1.4)	-
Add derivative financial liabilities	1.0	0.2	1.2	-
Share of profit	-	-	-	-
Translation adjustment	(0.2)	(0.1)	(0.3)	-
Carrying amount at end of year	1.9	0.5	2.4	-

Maclay Group plc

On 21 March, 2012, the Group acquired a 25% equity investment in Maclay Group plc, a leading independent Scottish operator of managed public houses. The business primarily includes the operation of 15 wholly owned managed houses and 11 managed houses owned by two separate Enterprise Investment Schemes.

The total cost of the investment was £2.1m (equivalent to €2.5m at date of investment) of which €2.1m related to the value of the investment, (€1.9m value at year end date) €1.4m related to the value of a contracted derivative financial asset less €1.0m relating to the value of a contracted derivative financial liability. The derivative financial asset relates to a put option granted to the Group enabling it to sell its equity stake back to Maclay Group plc at a predetermined price at any time after the fifteenth anniversary of the acquisition, while the derivative financial liability relates to the granting of a call option to Maclay Group plc enabling it to buy back the Group's equity interest at a predetermined price at any time in the first fifteen years after the acquisition date. The movement in the fair value of these derivatives from date of acquisition to 28 February 2013 was less than €0.1m.

The Group is in a position to exercise significant influence over the operating and financial policies of the investment and accordingly has accounted for it as an associate. Associates are included in the financial statements of the Group using the equity method from the date of which significant influence is deemed to arise until such a time as such significant influence ceases to exist. Under the equity method, the Group Income Statement reflects the Group's share of profit after tax of the associate. Investment in associates are carried in the Group Balance Sheet at cost and subsequently adjusted in respect of post-acquisition changes in the Group's share of net assets, less any impairment in value. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the equity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment in the Group's interest in the entity. The profit for the period attributable to the Group was less than €0.1m.

Thistle Pub Company Limited

On 28 November 2012, the Group invested £0.3m (€0.4m at date of payment, €0.3m at year-end rate) in a joint venture with Maclay Group plc in Thistle Pub Company Limited. As part of the joint venture agreement, the Group granted Thistle Pub Company Limited and the Maclay Group plc a call option enabling either of them to purchase the Group's share of the equity at a fixed price at any time in the first 15 years after the date the joint venture was formed. This call option has been valued at the acquisition date and resulted in the recognition of a €0.2m (€0.2m) financial liability. The movement in fair value of this derivative to 28 February 2013 was less than €0.1m. The joint venture purchased one public house in the current year since its formation.

(b) Investment in subsidiary undertakings - Company

	2013	2012
	€m	€m
Equity investment in subsidiary undertakings at cost		
At beginning of year	968.8	966.2
Investment in subsidiary undertakings	5.3	-
Capital contribution in respect of share options granted to employees of subsidiary undertakings	3.0	2.6
At end of year	977.1	968.8

14. EQUITY ACCOUNTED INVESTEEES/FINANCIAL ASSETS - CONTINUED

The total expense of €3.0m (2012: €2.6m) attributable to share options granted to employees of subsidiary undertakings has been included as a capital contribution in financial assets.

In the opinion of the Directors, the shares in the subsidiary undertakings are worth at least the amounts at which they are stated in the balance sheet. Details of subsidiary undertakings are set out in note 28.

15. INVENTORIES

	2013 €m	2012 €m
Group		
Raw materials & consumables	28.7	29.0
Finished goods & goods for resale	20.2	17.1
Total inventories at lower of cost and net realisable value	48.9	46.1

Inventory write-down recognised as an expense within operating costs amounted to €0.8m (2012: €0.3m). Previously impaired inventory recovered during the financial year and recognised as exceptional income (note 5) amounted to €1.0m (2012: €0.7m).

16. TRADE & OTHER RECEIVABLES

	Group		Company	
	2013 €m	2012 €m	2013 €m	2012 €m
Amounts falling due within one year:				
Trade receivables	78.0	79.8	-	-
Advances to customers	6.9	5.2	-	-
Prepayments and other receivables	11.2	8.4	-	-
	96.1	93.4	-	-
Amounts falling due after one year:				
Advances to customers	31.3	19.5	-	-
Amounts due from Group undertakings	-	-	47.8	30.6
	31.3	19.5	47.8	30.6
Total	127.4	112.9	47.8	30.6

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 2013 and 29 February 2012 were as follows:

	Gross 2013 €m	Impairment 2013 €m	Gross 2012 €m	Impairment 2012 €m
	Group			
Neither past due nor impaired	113.7	-	101.8	-
Past due				
Past due 0-30 days	3.0	(0.8)	1.9	(0.8)
Past due 31-120 days	2.4	(2.1)	3.0	(1.8)
Past due 121-365 days	1.2	(1.2)	1.1	(1.1)
Past due more than one year	2.2	(2.2)	4.3	(3.9)
Total	122.5	(6.3)	112.1	(7.6)

NOTES - CONTINUED

Forming part of the financial statements

16. TRADE & OTHER RECEIVABLES - CONTINUED

All trade & other receivables and advances to customers are monitored on an on-going basis for evidence of impairment and assessments are undertaken for individual accounts. A provision for impairment is created where the Group expects it may not be able to collect all amounts due in accordance with the original terms of the agreement with the customer. Balances included in the impairment provision are generally written off when there is no expectation of recovery.

Trade receivables are on average receivable within 42 days (2012: 41 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. An impairment provision is created in relation to advances to customers considered receivable in a period outside that originally contracted. The movement in the allowance for impairment in respect of trade receivables and advances to customers during the year was as follows:-

	2013 €m	2012 €m
Group		
At beginning of year	7.6	2.9
Recovered during the year	(0.2)	(0.3)
Provided during the year	2.0	6.3
De-recognised on disposal	-	(0.2)
Written off during the year	(2.9)	(1.2)
Translation adjustment	(0.2)	0.1
At end of year	6.3	7.6

17. TRADE & OTHER PAYABLES

	Group		Company	
	2013 €m	2012 €m	2013 €m	2012 €m
Trade payables	42.6	44.3	-	-
Payroll taxes & social security	2.4	1.9	-	-
VAT	5.3	4.8	-	-
Excise duty	13.3	11.7	-	-
Accruals	60.5	79.2	0.7	0.2
Amounts due to Group undertakings	-	-	98.7	10.0
Total	124.1	141.9	99.4	10.2

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

Company

The Company has guaranteed the liabilities of certain of its subsidiary companies incorporated in the Republic of Ireland. As at 28 February 2013, 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 discloses them as a contingent liability as detailed in note 26.

18. PROVISIONS

	Restructuring 2013 €m	Onerous lease 2013 €m	Other 2013 €m	Total 2013 €m	Total 2012 €m
At beginning of year	2.0	12.6	2.7	17.3	15.7
Translation adjustment	-	(0.3)	0.1	(0.2)	0.2
Additional cost of brand	-	-	0.4	0.4	1.7
Charged during the year	1.6	-	-	1.6	5.2
Released during the year	(0.4)	-	-	(0.4)	(0.2)
Utilised during the year	(2.8)	(1.3)	(2.4)	(6.5)	(5.3)
At end of year	0.4	11.0	0.8	12.2	17.3
Current				2.8	5.8
Non-current				9.4	11.5
				12.2	17.3

Restructuring

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

Onerous leases

The 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 two onerous leases in relation to warehousing facilities acquired as part of the acquisition of the Gaymers cider business in 2010. The onerous leases expire in 2013, 2017 and 2026 respectively. Included in the above table, within utilised during the year, is an unwind of discount on provisions charge of €1.0m (2012: €1.0m).

Other

In the prior year other provisions contained a provision for contingent consideration of €1.8m payable to E & J Gallo Winery on the seven month anniversary of the completion of the acquisition of the Hornsby's brand. The contingent consideration was payable based on the performance of the brand during the transitional period and the Directors assumed at 29 February 2012 an amount payable of €1.8m based on their expectation of performance in the transitional period at that point in time. The brand however outperformed expectation in the transitional period and the amount ultimately paid in the current year was €2.4m (euro equivalent of \$3.0m on date of payment).

Other provisions also include a litigation provision of €0.6m and a provision for the Group's exposure to employee and third party insurance claims. Under the terms of employer and public liability insurance policies, the Group bears a portion of the cost of each claim up to the specified excess. The provision is calculated based on the expected portion of settlement costs to be borne by the Group in respect of specific claims arising before the balance sheet date.

NOTES - CONTINUED

Forming part of the financial statements

19. INTEREST BEARING LOANS & BORROWINGS

Group

	2013 €m	2012 €m
Non-current liabilities		
Unsecured bank loans repayable by one repayment on maturity	244.4	-
Current liabilities		
Unsecured bank loans repayable by one repayment on maturity	-	60.0
Total borrowings	244.4	60.0

Company

	2013 €m	2012 €m
Current liabilities		
Unsecured bank loans repayable by one repayment on maturity	-	60.0
Total borrowings	-	60.0

Unamortised issue costs are netted against outstanding bank loans and are being amortised to the income statement on an effective interest rate basis. The value of unamortised issue costs at 28 February 2013 was €2.2m (2012: €nil)

Terms and debt repayment schedule

	Currency	Nominal rates of interest	Year of maturity	2013 Carrying value €m	2012 Carrying value €m
Unsecured bank loans	Multi	Euribor/Libor + 1.70%	2017	246.6	-
Unsecured bank loans	Euro	Euribor + 0.35%	2012	-	60.0
				246.6	60.0

Borrowing facilities

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

In February 2012, the Group entered into a committed €250.0m multi-currency five year syndicated revolving loan facility with seven banks, including Bank of Ireland, Bank of Scotland, Barclays Bank, Danske Bank, HSBC, Rabobank, and Ulster Bank, repayable in a single instalment on 28 February 2017. The facility agreement provided for a further €100.0m in the form of an uncommitted accordion facility which the Group successfully negotiated with the banks as committed in December 2012. The facility agreement permits the Group to avail of further financial indebtedness, excluding working capital and guarantee facilities, to a maximum value of €150.0m, subject to agreeing the terms and conditions with the lenders. Consequently the Group is permitted under the terms of the agreement, to have debt capacity of €500.0m, of which €246.6m was drawn at 28 February 2013 (2012: no drawn funds under this facility, €60.0m drawn under the 2007 euro facility).

Under the terms of the agreement, the Group must pay a commitment fee based on 40% of the applicable margin on undrawn committed amounts and variable interest on drawn amounts based on variable Euribor/Libor interest rates plus a margin, the level of which is dependent on the net debt:EBITDA ratio, plus a utilisation fee, the level of which is dependent on percentage utilisation. The Group may select an interest period of one, two, three or six months.

In the prior year there were no drawn funds under the 2012 multi-currency facility however there were outstanding funds of €60.0m under the Group's 2007 euro facility. During the current financial year, the Group, using surplus cash resources, repaid and cancelled all funds (€60.0m) drawn under its maturing 2007 euro facility, it also repaid €5.2m (\$7m) in January 2013 under its 2012 multi-currency facility.

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

19. INTEREST BEARING LOANS & BORROWINGS - CONTINUED

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

At year-end the Group had net debt of €123.4m, with a Net debt/ EBITDA ratio of 0.9:1

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

20. ANALYSIS OF NET DEBT

	1 March 2012 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2013 €m
Group					
Interest bearing loans & borrowings	60.0	0.6	183.2	0.6	244.4
Cash & cash equivalents	(128.3)	3.1	4.2	-	(121.0)
	(68.3)	3.7	187.4	0.6	123.4
	1 March 2011 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	29 February 2012 €m
Group					
Interest bearing loans & borrowings	135.0	(1.7)	(73.6)	0.3	60.0
Cash & cash equivalents	(128.7)	0.6	(0.2)	-	(128.3)
	6.3	(1.1)	(73.8)	0.3	(68.3)
Interest rate swaps	2.0	-	(2.4)	0.4	-
	8.3	(1.1)	(76.2)	0.7	(68.3)

The non-cash change to the Group's interest bearing loans and borrowings relate to the amortisation of issue costs.

	1 March 2012 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2013 €m
Company					
Interest bearing loans & borrowings	60.0	-	(60.0)	-	-
Cash & cash equivalents	(9.3)	-	9.2	-	(0.1)
	50.7	-	(50.8)	-	(0.1)
	1 March 2011 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	29 February 2012 €m
Company					
Interest bearing loans & borrowings	135.0	(1.7)	(73.6)	0.3	60.0
Cash & cash equivalents	-	-	(9.3)	-	(9.3)
	135.0	(1.7)	(82.9)	0.3	50.7
Interest rate swaps	2.0	-	(2.4)	0.4	-
	137.0	(1.7)	(85.3)	0.7	50.7

The non-cash changes to the Company's interest bearing loans and borrowings relate to the amortisation of issue costs.

NOTES - CONTINUED

Forming part of the financial statements

21. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2013			2012 (restated)*		
	Assets €m	Liabilities €m	Net assets/ [liabilities] €m	Assets €m	Liabilities €m	Net assets/ [liabilities] €m
Group						
Property, plant & equipment	2.3	(5.0)	(2.7)	4.5	(6.0)	(1.5)
Intangible assets	-	(2.5)	(2.5)	-	(1.2)	(1.2)
Retirement benefit obligations	2.8	(0.1)	2.7	1.9	-	1.9
Derivative financial instruments	-	(0.2)	(0.2)	0.1	-	0.1
Trade related items & losses	1.1	-	1.1	-	-	-
	6.2	(7.8)	(1.6)	6.5	(7.2)	(0.7)

*The classification headings for deferred tax were amended in the current year to show separately the deferred tax balance related to intangible assets. This resulted in a reclassification of the prior year deferred tax balances previously contained under the heading titled "Provision for UK trade related items" (€7.2m liability) and which are now restated to the revised 2013 classification headings "Property, plant and equipment" (€6.0m liability) and "Intangible assets" (€1.2m liability).

The aggregate amount of temporary differences associated with investments in subsidiaries and equity accounted investees for which deferred tax liabilities have not been recognised is nil in the current financial year.

Company

The company had no deferred tax assets or liabilities at 28 February 2013 or 29 February 2012.

Analysis of movement in net deferred tax assets/(liabilities)

	1 March	Recognised	Recognised	Translation	Recognised	28 February
	2012	in income	on	adjustment	in other	2013
	€m	statement	acquisition	€m	comprehensive	€m
		€m	€m		income	
					€m	
Group						
Property, plant & equipment: ROI	4.5	(2.2)	-	-	-	2.3
Property, plant and equipment: other	(6.0)	1.1	(0.2)	0.1	-	(5.0)
Trade related items & losses	-	1.1	-	-	-	1.1
Intangible assets	(1.2)	(1.4)	-	0.1	-	(2.5)
Retirement benefit obligations	1.9	(0.8)	-	-	1.6	2.7
Derivative financial instruments	0.1	-	-	-	(0.3)	(0.2)
	(0.7)	(2.2)	(0.2)	0.2	1.3	(1.6)

There are no unrecognised deferred tax liabilities.

21. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES - CONTINUED

	1 March 2011 €m	Recognised in income statement €m	Translation adjustment €m	Recognised in other comprehensive income €m	29 February 2012 €m
Group					
Property, plant & equipment: ROI	5.9	(1.4)	-	-	4.5
Property, plant and equipment: other	(5.3)	(0.6)	(0.1)	-	(6.0)
Provision for ROI trade related items	0.6	(0.6)	-	-	-
Intangible assets	(0.6)	(0.6)	-	-	(1.2)
Retirement benefit obligations	2.0	(2.5)	-	2.4	1.9
Derivative financial instruments	0.2	-	-	(0.1)	0.1
	2.8	(5.7)	(0.1)	2.3	(0.7)

	1 March 2011 €m	Recognised in income statement €m	Recognised in other comprehensive income €m	29 February 2012 €m
Company				
Derivative financial instruments		0.2	(0.2)	-
Interest free loans fair value adjustment		0.4	(0.4)	-
		0.6	(0.4)	-

22. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined benefit pension schemes for certain employees in the Republic of Ireland (ROI) and in the United Kingdom (UK), 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 closed to new members since April 2007. There are now no active members remaining in the Executive defined benefit pension scheme (2012: no active members), while active members of the ROI Staff defined benefit pension scheme represent less than 10% of total membership. There are 8 active members of the UK scheme (2012: 9 active members). The Group's ROI defined benefit pension reform programme concluded during the financial year ended 29 February 2012 with the Pensions Board issuing a directive under Section 50 of the Pensions Act 1990 to remove the mandatory pension increase rule, which guaranteed 3% per annum increase to certain pensions in payment, and to replace it with guaranteed pension increases of 2% per annum for each year 2012 to 2014 and thereafter for all future pension increases to be awarded on a discretionary basis.

Actuarial valuations – funding requirements

Independent actuarial valuations of the defined benefit schemes are carried out on a triennial basis using the attained age method. The funding requirements in relation to the Group's ROI defined benefit schemes are assessed at each valuation date and are implemented in accordance with the advice of the actuaries. Arising from the formal actuarial valuations of the main schemes on 1 January 2009 the actuary, Mercer (Ireland) Limited, submitted Actuarial Funding Certificates to the Pensions Board confirming that the Schemes did not satisfy the Minimum Funding Standard at that date. Given that the removal of guaranteed pension increases would not correct this situation, Funding Proposals were submitted to, and approved by the Pensions Board on 23 February 2012, which the Directors believe will enable the schemes to meet the Minimum Funding Standard by 31 December 2016. The most recent actuarial valuation of the ROI scheme was carried out with an effective date of 1 January 2012 while the most recent actuarial valuation of the UK scheme was 20 December 2012. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

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Forming part of the financial statements

22. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

The Trustees were required to update the actuarial valuations and funding requirements of both ROI pension schemes for the Funding Proposal submissions. The Funding Proposals commit the Group to contributions of 14% of Pensionable Salaries to fund future pension accrual of benefits (previously 38.1% of Pensionable Salaries), a deficit contribution of €3.4m and an additional supplementary deficit contribution of €1.9m for which the Group reserves the right to reduce or terminate if on consultation with the Trustees, and if the Scheme Actuary advises that it is no longer required due to a correction in market conditions. Funding Proposals cover the period to 31 December 2016. However, they will cease at an earlier date if the scheme funding target is met before then.

Method and assumptions

Independent actuaries, Mercer (Ireland) Limited, have employed the projected unit credit method to determine the present value of the defined benefit obligations arising and the related current service cost.

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 to determine the retirement benefits obligations and service cost under IAS 19 Employee Benefits 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, (the PNL00 62% (males) and PNL00 70% (females) for the ROI schemes and S1NA year of birth tables with CMI 2011 projections for the UK scheme) with age ratings and loading factors to allow for future mortality improvements. 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 light of general trends in mortality experience. Based on these tables, the assumed life expectations on retirement are:

		ROI		UK	
		2013 No of years	2012 No of years	2013 No of years	2012 No of years
Future life expectations at age 65					
Current retirees – no allowance for future improvements	Male	23.3	23.2	22.8	21.2
	Female	24.7	24.6	25.3	24.0
Future retirees – with allowance for future improvements	Male	24.8	24.7	25.6	23.6
	Female	25.9	25.8	28.1	26.4

Scheme liabilities:

The average age of active members is 43 and 45 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 16 to 27 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 2013 and 29 February 2012 are as follows:

	2013		2012	
	ROI	UK	ROI	UK
Salary increases	0.0% - 3.0%	3.7%	0.0% - 3.0%	3.7%
Increases to pensions in payment	2.0%	2.5%	2.0% - 2.25%	2.5%
Discount rate	3.8% - 4.25%	4.4%	4.7% - 4.9%	4.75%
Inflation rate	2.0%	3.3%	2.0%	3.0%

During the year the Group's actuary expanded the population of corporate bonds used in recommending an appropriate discount rate for the ROI schemes as a result of changes in the corporate bond market. This has been treated as a change in accounting estimate in the year.

22. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

Scheme assets:

The long-term rates of return expected at 28 February 2013 and 29 February 2012, 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:

	2013		2012	
	ROI	UK	ROI	UK
Equity	6.00%	6.25%	6.90%	6.25%
Bonds	3.50%	3.25%	4.40%	3.25%
Property	5.00%	-	5.90%	-
Cash	1.00%	0.50%	2.50%	0.50%
Alternatives	5.00%	-	5.90%	-

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 the ROI equities allows for a 3.7% (2012: 3.8%) equity risk premium over the 30 year euro government bond yield.

The pension assets and liabilities on the following pages have been prepared in accordance with IAS 19 Employee Benefits. Certain revisions to IAS 19 will be effective from 1 March 2013. The Group's actuary has advised that these revisions will not impact on the assets and liabilities as at 28 February 2013. However, the charge recognised in the income statement would have decreased by €0.7m, with a corresponding increase in the amount recognised in the statement of comprehensive income, had the revised standard been applied for the year ended 28 February 2013.

a. Impact on Group income statement

	ROI	2013		ROI	2012	
	€m	UK	Total	€m	UK	Total
Analysis of defined benefit pension expense:		€m	€m	€m	€m	€m
Current service cost	0.7	0.1	0.8	0.6	0.1	0.7
Past service gain	(0.5)	-	(0.5)	(14.8)	-	(14.8)
Curtailed gain	-	-	-	-	(0.1)	(0.1)
Interest on scheme liabilities	7.3	0.3	7.6	8.1	0.2	8.3
Expected return on scheme assets, net of pension levy	(6.3)	(0.3)	(6.6)	(7.1)	(0.3)	(7.4)
Total expense/(income) recognised in income statement	1.2	0.1	1.3	(13.2)	(0.1)	(13.3)

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Forming part of the financial statements

22. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

Analysis of amount recognised in other comprehensive income

	2013			2012			2011			2010			2009		
	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	5.1	0.2	5.3	(0.8)	0.3	(0.5)	(0.9)	0.2	(0.7)	15.3	0.6	15.9	(44.0)	(0.8)	(44.8)
Experience gains and losses on scheme liabilities	0.7	0.4	1.1	(0.8)	-	(0.8)	1.1	-	1.1	3.2	0.4	3.6	0.1	(0.2)	(0.1)
Effect of changes in assumptions on value of liabilities	(17.9)	(0.8)	(18.7)	(17.3)	(0.4)	(17.7)	(0.1)	(0.1)	(0.2)	(2.0)	(0.8)	(2.8)	3.2	0.1	3.3
Total	(12.1)	(0.2)	(12.3)	(18.9)	(0.1)	(19.0)	0.1	0.1	0.2	16.5	0.2	16.7	(40.7)	(0.9)	(41.6)
Scheme assets	155.2	6.2	161.4	142.9	5.3	148.2	136.9	4.3	141.2	131.5	3.1	134.6	107.3	2.2	109.5
Scheme liabilities	(177.2)	(5.7)	(182.9)	(158.2)	(5.1)	(163.3)	(151.9)	(4.6)	(156.5)	(151.9)	(3.9)	(155.8)	(151.8)	(3.2)	(155.0)
Deficit in scheme	(22.0)	-	(22.0)	(15.3)	-	(15.3)	(15.0)	(0.3)	(15.3)	(20.4)	(0.8)	(21.2)	(44.5)	(1.0)	(45.5)
Surplus in scheme	-	0.5	0.5	-	0.2	0.2	-	-	-	-	-	-	-	-	-

b. Impact on Group balance sheet

The net pension liability at 28 February 2013 and 29 February 2012 are analysed as follows:

Analysis of net pension deficit

	2013			2012		
	ROI €m	UK €m	Total €m	ROI €m	UK €m	Total €m
Bid value of assets at end of year:						
Equity ⁽ⁱ⁾	36.6	3.1	39.7	36.6	2.6	39.2
Bonds	67.3	3.1	70.4	66.1	2.6	68.7
Property	4.1	-	4.1	4.9	-	4.9
Cash	27.7	-	27.7	20.3	0.1	20.4
Alternatives	19.5	-	19.5	15.0	-	15.0
	155.2	6.2	161.4	142.9	5.3	148.2
Actuarial value of scheme liabilities	(177.2)	(5.7)	(182.9)	(158.2)	(5.1)	(163.3)
(Deficit)/surplus in the scheme	(22.0)	0.5	(21.5)	(15.3)	0.2	(15.1)
Related deferred tax asset /(liability)	2.8	(0.1)	2.7	1.9	-	1.9
Net pension (deficit)/surplus	(19.2)	0.4	(18.8)	(13.4)	0.2	(13.2)

(i) The defined benefit pension schemes have a passive self investment in C&C Group plc of €nil (2012: €nil).

The alternative investment category includes investments in various asset classes including equities, commodities, currencies and hedge funds. The investments are managed by fund managers.

22. RETIREMENT BENEFIT OBLIGATIONS - CONTINUED

Reconciliation of scheme assets

	ROI €m	2013 UK €m	Total €m	ROI €m	2012 UK €m	Total €m
Assets at beginning of year	142.9	5.3	148.2	136.9	4.3	141.2
<i>Movement in year:</i>						
Translation adjustment	-	(0.1)	(0.1)	-	0.1	0.1
Expected return on scheme assets	6.3	0.3	6.6	7.1	0.3	7.4
Actual return less expected return on scheme assets	5.1	0.2	5.3	(0.8)	0.3	(0.5)
Employer contributions	6.6	0.6	7.2	5.4	0.5	5.9
Member contributions	0.3	-	0.3	0.3	-	0.3
Benefit payments	(6.0)	(0.1)	(6.1)	(6.0)	(0.2)	(6.2)
Assets at end of year	155.2	6.2	161.4	142.9	5.3	148.2

Return on scheme assets

	ROI €m	2013 UK €m	Total €m	ROI €m	2012 UK €m	Total €m
Actual return on scheme assets	11.4	0.5	11.9	6.3	0.6	6.9
Expected return on scheme assets	(6.3)	(0.3)	(6.6)	(7.1)	(0.3)	(7.4)
Actual return less expected return on scheme assets	5.1	0.2	5.3	(0.8)	0.3	(0.5)

The expected employer contributions to defined benefit schemes for year ending 28 February 2014 is €6.3 m.

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

	2013		2012	
	ROI	NI	ROI	NI
Equities	24%	50%	26%	49%
Bonds	43%	50%	46%	49%
Property	3%	-	3%	-
Cash	18%	-	14%	2%
Alternatives	12%	-	11%	-
	100%	100%	100%	100%

Reconciliation of actuarial value of liabilities

	ROI €m	2013 UK €m	Total €m	ROI €m	2012 UK €m	Total €m
Liabilities at beginning of year	158.2	5.1	163.3	151.9	4.6	156.5
<i>Movement in year</i>						
Translation adjustment	-	(0.1)	(0.1)	-	0.1	0.1
Current service cost	0.7	0.1	0.8	0.6	0.1	0.7
Past service gain	(0.5)	-	(0.5)	(14.8)	-	(14.8)
Curtailement gain	-	-	-	-	(0.1)	(0.1)
Interest cost on scheme liabilities	7.3	0.3	7.6	8.1	0.2	8.3
Member contributions	0.3	-	0.3	0.3	-	0.3
Actuarial loss immediately recognised in equity	17.2	0.4	17.6	18.1	0.4	18.5
Benefit payments	(6.0)	(0.1)	(6.1)	(6.0)	(0.2)	(6.2)
Liabilities at end of year	177.2	5.7	182.9	158.2	5.1	163.3

NOTES - CONTINUED

Forming part of the financial statements

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

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. This note discusses the Group's exposure to each of these financial risks, summarises the risk management strategy for managing these risks and details the accounting treatment applied to the Group's derivative financial instruments and hedging activities. The note is presented as follows:-

- (a) Overview of the Group's risk exposures and management strategy
- (b) Financial assets and liabilities as at 28 February 2013/29 February 2012 and determination of fair value
- (c) Market risk
- (d) Credit risk
- (e) Liquidity risk
- (f) Accounting for derivative financial instruments and hedging activities

(a) Overview of the Group's risk exposures and management strategy

The most significant financial market risks that the Group is exposed to include foreign currency exchange rate risk, commodity price fluctuations, interest rate risk and financial counterparty creditworthiness. 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 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. An essential part of this framework is the role undertaken by the Audit Committee, supported by the internal audit function, and the Group Chief Financial Officer. The Board, through its Committees, has reviewed the internal control environment and the risk management systems and process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively. The Board has embedded these structures and procedures throughout the Group and considers these to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management.

The Group's risk management programme seeks to minimise the potential adverse effects, arising from fluctuations in financial markets, on the Group's financial performance in a non speculative manner at a reasonable cost when economically viable to do so. The Group achieves the management of these risks in part, where appropriate, through the use of derivative financial instruments. All derivative financial contracts entered into in this regard are in liquid markets with credit rated parties. Treasury activities are performed within strict terms of reference that have been approved by the Board.

(b) Financial assets and liabilities

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

	Derivative financial instruments	Other financial assets	Other financial liabilities	Carrying value	Fair value
	€m	€m	€m	€m	€m
Group					
28 February 2013					
Financial assets:					
Cash & cash equivalents	-	121.0	-	121.0	121.0
Derivative financial assets - foreign currency contracts	1.7	-	-	1.7	1.7
Other derivative contracts	1.4	-	-	1.4	1.4
Trade receivables	-	78.0	-	78.0	78.0
Advances to customers	-	38.2	-	38.2	38.2
Financial liabilities:					
Interest bearing loans & borrowings	-	-	(244.4)	(244.4)	(244.4)
Other derivative contracts	(1.2)	-	-	(1.2)	(1.2)
Trade payables & accruals	-	-	(124.1)	(124.1)	(124.1)
Provisions	-	-	(12.2)	(12.2)	(12.2)
	1.9	237.2	(380.7)	(141.6)	(141.6)

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

	Derivative financial instruments €m	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Group					
29 February 2012					
Financial assets:					
Cash & cash equivalents	-	128.3	-	128.3	128.3
Derivative financial assets - foreign currency contracts	0.1	-	-	0.1	0.1
Trade receivables	-	79.8	-	79.8	79.8
Advances to customers	-	24.7	-	24.7	24.7
Financial liabilities:					
Interest bearing loans & borrowings	-	-	(60.0)	(60.0)	(60.0)
Derivative financial liabilities - foreign currency contracts	(0.9)	-	-	(0.9)	(0.9)
Trade payables & accruals	-	-	(141.9)	(141.9)	(141.9)
Provisions	-	-	(17.3)	(17.3)	(17.3)
	(0.8)	232.8	(219.2)	12.8	12.8

	Derivative financial instruments €m	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Company					
28 February 2013					
Financial assets:					
Cash & cash equivalents	-	0.1	-	0.1	0.1
Amounts due from Group undertakings	-	47.8	-	47.8	47.8
Financial liabilities:					
Amounts due to Group undertakings	-	-	(98.7)	(98.7)	(98.7)
Trade payables & accruals	-	-	(0.7)	(0.7)	(0.7)
	-	47.9	(99.4)	(51.5)	(51.5)

	Derivative financial instruments €m	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Company					
29 February 2012					
Financial assets:					
Cash & cash equivalents	-	9.3	-	9.3	9.3
Amounts due from Group undertakings	-	30.6	-	30.6	30.6
Financial liabilities:					
Interest bearing loans & borrowings	-	-	(60.0)	(60.0)	(60.0)
Amounts due to Group undertakings	-	-	(10.0)	(10.0)	(10.0)
Trade payables & accruals	-	-	(0.2)	(0.2)	(0.2)
	-	39.9	(70.2)	(30.3)	(30.3)

Determination of Fair Value

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.

NOTES - CONTINUED

Forming part of the financial statements

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

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.

Derivatives (forward currency contracts, put/call options in equity accounted investees)

The fair values of forward currency contracts, put/call options 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 instruments that are measured in the balance sheet at fair value:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.

The fair value of financial instruments that are not traded in an active market (e.g. over the counter derivatives) are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The carrying values of all forward currency contracts held by the Group at 28 February 2013 and 29 February 2012 were based on fair values arrived at using Level 2 inputs.

The carrying value of the put and call options in relation to equity accounted investees entered into during the year were valued based on Level 3 inputs, with the fair values being arrived at through the use of a Black-Scholes model. As set out further in note 14, as part of the Group's equity investment during the year in Maclay Group plc the Group entered into;

- a put option agreement enabling it to sell the equity stake to Maclay Group plc at a predetermined price at any time after the fifteenth anniversary of the acquisition, resulting in the recognition of a derivative asset of €1.4m; and
- a call option agreement with Maclay Group plc enabling the latter to re-acquire the Group's equity interest at a predetermined price at any time in the first fifteen years after the acquisition date, resulting in the recognition of a derivative liability of €1.0m.

The movement in the fair value of these derivatives to 28 February 2013 was less than €0.1m.

As part of the joint venture agreement in Thistle Pub Company Limited with Maclay Group plc, as set out further in note 14, the Group granted Thistle Pub Company Limited and Maclay Group plc a call option enabling either of them to purchase the Group's share of equity at a fixed price at any time in the first 15 years after the date the joint venture was formed. This call option has been valued at the acquisition date and resulted in the recognition of a €0.2m financial liability. The movement in fair value of this derivative to 28 February 2013 was less than €0.1m.

Interest bearing loans & borrowings

The fair value of all interest bearing loans and 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. At 28 February 2013, the nominal amount of drawn debt is deemed to reflect fair value due to the close proximity to date of drawdown.

(c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, 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 financial contracts to mitigate risks arising in the ordinary course of business from foreign exchange rate and interest rate movements, and also incurs financial liabilities, in order to manage these 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.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

Commodity price risk

The Group is exposed to variability in the price of commodities used in the production or in the packaging of finished products, such as barley, sugar, apple concentrate and aluminium. Commodity price risk is managed, where economically viable, through fixed price contracts with suppliers incorporating appropriate commodity hedging and pricing mechanisms. The Group does not directly enter into commodity hedge contracts. The cost of production is also sensitive to variability in the price of energy, primarily gas and electricity. It is Group policy to fix the cost of a certain level of its energy requirement through fixed price contractual arrangements directly with its energy suppliers.

Currency risk

The Company's functional and reporting currency and that of its share capital is euro. The euro is also the Group's reporting currency and the currency used for all planning and budgetary purposes. However, as the Group both transacts in foreign currencies and consolidates the results of a number of subsidiary entities with functional currencies other than euro, namely sterling and US dollar, it is exposed to currency risk. The Group's primary currency exposures relate to sales transactions by Group companies in currencies other than their functional currency (transaction risk), and fluctuations in the euro value of the Group's net investment in foreign currency (primarily sterling and US dollar) denominated subsidiary undertakings (translation risk). Currency exposures for the entire Group are managed and controlled centrally.

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. Group policy is to manage its remaining net exposure by hedging a portion of the projected non-euro forecast sales revenue up to a maximum of two years ahead. Forward foreign currency contracts are used to manage this risk. The Group does not enter into such derivative financial instruments for speculative purposes. All such derivative contracts entered into are in liquid markets with credit-approved counterparties. Treasury operations are controlled within strict terms of reference that have been approved by the Board.

The Group seeks to partially manage foreign currency translation risk through borrowings denominated in US dollar. Part of the Group's multi-currency debt facility (note 19), was designated as a net investment hedge of its US dollar subsidiaries. In addition, the Group has a number of long term US dollar and 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 does not hedge the translation exposure arising 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 2013 is as follows:-

Group	Euro €m	Sterling €m	USD/CAD €m	Not at risk €m	Total €m
Cash & cash equivalents	1.0	0.7	3.1	116.2	121.0
Trade receivables	-	0.7	3.1	74.2	78.0
Advances to customers	-	-	-	38.2	38.2
Derivative financial assets - foreign currency contracts	-	1.7	-	-	1.7
Other derivative financial assets and liabilities	-	-	-	0.2	0.2
Interest bearing loans & borrowings	-	-	(224.4)	(20.0)	(244.4)
Trade payables & accruals	(0.4)	(4.2)	(0.8)	(118.7)	(124.1)
Provisions	-	-	-	(12.2)	(12.2)
Gross currency exposure	0.6	(1.1)	(219.0)	77.9	(141.6)
Designated as a net investment hedge	-	-	44.9	(44.9)	-
Designated as part of the Group's net investment in foreign operations	-	-	179.5	(179.5)	-
Net currency exposure	0.6	(1.1)	5.4	(146.5)	(141.6)

NOTES - CONTINUED

Forming part of the financial statements

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

The currency profile of the Group's financial instruments subject to transactional exposure as at 29 February 2012 was as follows:-

Group	Euro €m	Sterling €m	USD/CAD €m	Not at risk €m	Total €m
Cash & cash equivalents	0.7	13.5	3.4	110.7	128.3
Trade receivables	0.1	1.0	3.0	75.7	79.8
Advances to customers	-	-	-	24.7	24.7
Derivative financial assets and liabilities	-	(0.8)	-	-	(0.8)
Interest bearing loans & borrowings	-	-	-	(60.0)	(60.0)
Trade payables & accruals	(0.6)	(6.3)	(0.8)	(134.2)	(141.9)
Provisions	-	-	-	(17.3)	(17.3)
Total	0.2	7.4	5.6	(0.4)	12.8

The currency profile of the Company's financial instruments as at 28 February 2013 is as follows:-

Company	Euro €m	Sterling €m	USD/CAD €m	Not at risk €m	Total €m
Cash & cash equivalents	-	0.1	-	-	0.1
Net amounts due to subsidiary undertakings	-	(16.1)	-	(34.8)	(50.9)
Trade payables & accruals	-	-	-	(0.7)	(0.7)
Total	-	(16.0)	-	(35.5)	(51.5)

The currency profile of the Company's financial instruments as at 29 February 2012 was as follows:-

Company	Euro €m	Sterling €m	USD/CAD €m	Not at risk €m	Total €m
Cash & cash equivalents	-	-	-	9.3	9.3
Net amounts due to subsidiary undertakings	-	(53.7)	-	74.3	20.6
Interest bearing loans & borrowings	-	-	-	(60.0)	(60.0)
Trade payables & accruals	-	-	-	(0.2)	(0.2)
Total	-	(53.7)	-	23.4	(30.3)

Foreign currency contracts in place at 28 February 2013 to sell fixed amounts of sterling and US dollars for contracted euro amounts can be summarised as follows:-

	USD \$m	Average forward rate	Sterling €m	Average forward rate
Year ended 28 February 2014	1.0	1.238	20.0	0.808

A 10% strengthening in the euro against sterling, the US dollar and the Canadian dollar, based on outstanding financial assets and liabilities at 28 February 2013, would have a €0.2m negative impact on the income statement and a €2.2m positive impact on the cashflow hedging reserve. A 10% weakening in the euro against sterling, Canadian dollar and the US dollar would have a €0.2m positive effect on the income statement and a €2.7m negative 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	
	2013 €m	2012 €m	2013 €m	2012 €m
Variable rate instruments				
Interest bearing loans & borrowings	(246.6)	(60.0)	-	(60.0)
Cash & cash equivalents	121.0	128.3	0.1	9.3
	(125.6)	68.3	0.1	(50.7)

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

The Group and Company's exposure to interest rate risk arises principally from its long-term debt obligations. It is Group policy to manage interest cost and exposure to market risk centrally by using interest rate swaps, where deemed appropriate, to give the desired mix of fixed and floating rate debt. The Group has no outstanding interest rate swap contracts at 28 February 2013.

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	Carrying amount €m	Expected cash flows €m	6 months or less €m	6-12 months €m	1-2 years €m	More than 2 years €m
28 February 2013						
Forward exchange contracts						
- assets	1.7	1.7	1.2	0.5	-	-
	1.7	1.7	1.2	0.5	-	-
29 February 2012						
Forward exchange contracts						
- assets	0.1	0.1	0.1	-	-	-
- liabilities	(0.9)	(1.0)	(0.3)	(0.7)	-	-
	(0.8)	(0.9)	(0.2)	(0.7)	-	-

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	Carrying amount €m	Expected cash flows €m	6 months or less €m	6-12 months €m	1-2 years €m	More than 2 years €m
28 February 2013						
Forward exchange contracts						
- assets	1.7	1.5	1.1	0.4	-	-
	1.7	1.5	1.1	0.4	-	-
29 February 2012						
Forward exchange contracts						
- assets	0.1	0.1	0.1	-	-	-
- liabilities	(0.9)	(0.7)	(0.3)	(0.4)	-	-
	(0.8)	(0.6)	(0.2)	(0.4)	-	-

The Company had no derivatives at 28 February 2013 or 29 February 2012.

(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 trade receivables, its cash advances to customers, cash & cash equivalents including deposits with banks and derivative financial instruments contracted with banks. The Group has an indirect exposure to European Sovereigns via its defined benefit pension scheme investment portfolio. In the context of the Group's operations, credit risk is mainly influenced by the individual characteristics of individual counterparties and is not considered particularly concentrated as it primarily arises from a wide and varied customer base, there are no material dependencies or concentrations of individual customers which would warrant disclosure under IFRS8.

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.

NOTES - CONTINUED

Forming part of the financial statements

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

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. The Group establishes an allowance for impairment of advances that represents its estimate of potential future 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 expect 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	
	2013 €m	2012 €m	2013 €m	2012 €m
Trade receivables	78.0	79.8	-	-
Advances to customers	38.2	24.7	-	-
Amounts due from Group undertakings	-	-	47.8	30.6
Cash & cash equivalents	121.0	128.3	0.1	9.3
Derivative financial assets - foreign currency contracts	1.7	0.1	-	-
Other derivative contracts	1.4	-	-	-
	240.3	232.9	47.9	39.9

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

(e) Liquidity risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due. Liquid resources are defined as the total of cash & cash equivalents. The Group finances its operations through cash generated by the business and medium term bank credit facilities; the Group does not use off-balance sheet special purpose entities as a source of liquidity or financing.

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.

In February 2012, the Group entered into a committed €250.0m multi-currency five year syndicated revolving loan facility with seven banks, including Bank of Ireland, Bank of Scotland, Barclays Bank, Danske Bank, HSBC, Rabobank and Ulster Bank, repayable in a single instalment on 28 February 2017. The facility agreement provides for a further €100.0m in the form of an uncommitted accordion facility which was successfully negotiated with the banks as committed in December 2012. The Group can also avail of further financial indebtedness, excluding working capital and guarantee facilities, to a maximum value of €150.0m. Consequently, the Group is permitted, under the terms of the agreement, to have debt capacity of €500.0m. At the year-end the Group had drawn down €246.6m of these facilities.

The Group's debt facility incorporates 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

Compliance with these debt covenants is monitored continuously.

The Group's main liquidity risk relates to maturing debt. The strong cash generative nature of the business significantly reduces this risk. The Directors consider the risk low at the year-end date as the Group ended the year reporting cash of €121.0m and, has a committed €350.0m five year multi-currency syndicated facility, as set out in note 19, of which €246.6m was drawn down at 28 February 2013. At the year-end the Group had net debt, including issue costs, of €123.4m, with a Net debt/ EBITDA ratio of 0.9:1.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

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

Group	Carrying amount €m	Contractual cash flows €m	6 mths or less €m	6-12 months €m	1-2 years €m	>2 years €m
2013						
Interest bearing loans & borrowings	(244.4)	(276.2)	(3.7)	(3.7)	(7.4)	(261.4)
Trade payables & accruals	(124.1)	(124.1)	(124.1)	-	-	-
Provisions	(12.2)	(18.0)	(2.2)	(1.5)	(1.9)	(12.4)
Other derivative contracts	(1.2)	-	-	-	-	-
Total contracted outflows	(381.9)	(418.3)	(130.0)	(5.2)	(9.3)	(273.8)
2012						
Interest bearing loans & borrowings	(60.0)	(60.0)	(60.0)	-	-	-
FX forward contracts – gross cash outflows	(0.9)	(35.7)	(11.9)	(23.8)	-	-
FX forward contracts – gross cash inflows	-	34.8	11.6	23.2	-	-
Trade payables & accruals	(141.9)	(141.9)	(141.9)	-	-	-
Provisions	(17.3)	(21.0)	(5.5)	(0.9)	(2.2)	(12.4)
Total contracted outflows	(220.1)	(223.8)	(207.7)	(1.5)	(2.2)	(12.4)

Company	Carrying amount €m	Contractual cash flows €m	6 mths or less €m	6-12 months €m	1-2 years €m	>2 years €m
2013						
Amounts due to Group undertakings	(98.7)	(98.7)	(98.7)	-	-	-
Trade payables & accruals	(0.7)	(0.7)	(0.7)	-	-	-
Total contracted outflows	(99.4)	(99.4)	(99.4)	-	-	-
2012						
Interest bearing loans & borrowings	(60.0)	(60.0)	(60.0)	-	-	-
Amounts due to Group undertakings	(10.0)	(10.0)	(10.0)	-	-	-
Trade payables & accruals	(0.2)	(0.2)	(0.2)	-	-	-
Total contracted outflows	(70.2)	(70.2)	(70.2)	-	-	-

(f) Accounting for derivative financial instruments and hedging activities

Group	Group		Company	
	2013 €m	2012 €m	2013 €m	2012 €m
Financial assets: current				
Forward exchange contracts	1.7	0.1	-	-
	1.7	0.1	-	-
Financial assets: non-current				
Other derivative contract	1.4	-	-	-
	1.4	-	-	-
Financial liabilities: current				
Forward exchange contracts	-	(0.9)	-	-
	-	(0.9)	-	-
Financial liabilities: non-current				
Other derivative contracts	(1.2)	-	-	-
	(1.2)	-	-	-

NOTES - CONTINUED

Forming part of the financial statements

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT - CONTINUED

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.

Cash flow hedges

The Group also enters into forward exchange contracts designated as cash flow hedges to manage short term foreign currency exposures to expected future sales. As at 28 February 2013, the notional amount of these contracts was Stg£20.0m and US\$1.0m (29 February 2012: Stg£35.0m and US\$1.0m).

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.

The Group ordinarily seeks to apply the hedge accounting model to all forward currency contracts.

At 28 February 2013, the effective portion of gains and losses arising on derivative financial contracts has 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 Financial Instruments: Recognition and Measurement have been met.

24. SHARE CAPITAL AND RESERVES

Share capital

	Authorised Number	Allotted and called up Number	Authorised €m	Allotted and called up €m
At 28 February 2013				
Ordinary shares of €0.01 each	800,000,000	344,331,716*	8.0	3.4
At 29 February 2012				
Ordinary shares of €0.01 each	800,000,000	339,274,722**	8.0	3.4
At 28 February 2011				
Ordinary shares of €0.01 each	800,000,000	337,196,128***	8.0	3.4

* inclusive of 8.3m treasury shares.

** inclusive of 12.4m treasury shares.

*** inclusive of 12.6m treasury shares.

All shares in issue carry equal voting and dividend rights.

Following shareholder approval at the Annual General Meeting on 27 June 2012, where Interests under the Joint share Ownership Plan have vested and if the participant is a continuing employee and so agrees, the participant is entitled to dividends on the relevant Plan Shares in proportion to his economic interest. The Trustees of the Employee Trust are entitled to the dividends otherwise but have waived their entitlement. In the year to 28 February 2013, dividends of €0.4m were paid to Plan participants (2012: nil).

24. SHARE CAPITAL AND RESERVES - CONTINUED

Reserves

Group

	Allotted and called up Ordinary Shares		Ordinary Shares held by the Trustee of the Employee Trust	
	2013 '000	2012 '000	2013 '000	2012 '000
As at 1 March	339,275	337,196	12,363	12,587
Shares issued in lieu of dividend	1,934	1,370	-	-
Shares issued in respect of options exercised	1,701	709	-	-
Shares issued following acquisition of subsidiary	1,422	-	-	-
Shares disposed of or transferred to Participants	-	-	(4,053)	(224)
As at 28/(29) February	344,332	339,275	8,310*	12,363*

* 587,082 (2012:1,226,669) shares are held in the sole name of the Trustee of the Employee Trust.

Movements in the year ended 28 February 2013

In July 2012, 686,404 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.44 per share, instead of part or all the cash element of their final dividend entitlement for the year ended 29 February 2012. In December 2012, 1,247,485 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.78 per share, instead of part or all the cash element of their interim dividend entitlement for the year ended 28 February 2013. Also during the financial year, 1,701,006 ordinary shares were issued on the exercise of share options for a net consideration of €3.5m. Following the acquisition of Vermont Hard Cider Company, LLC a total of 1,422,099 ordinary shares were issued to two of the sellers, being continuing members of its management team for a total consideration of €5.3m (\$7.0m). The subscribers have undertaken to retain these shares until 7 July 2013.

During the financial year, 760,413 vested Interests awarded under the Joint Share Ownership Plan and held by a participant who had left the Group were acquired by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust and held in trust. 4,052,921 shares were either sold by the Trustees or transferred to participants on the vesting of Interests and are no longer accounted for as treasury shares. All shares held by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust which were neither cancelled nor disposed of by the Trust at 28 February 2013 continue to be included in the treasury share reserve.

Movements in the year ended 29 February 2012

In July 2011, 316,818 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.59 per share, instead of part or all the cash element of their final dividend entitlement for the year ended 28 February 2011. In December 2011, 1,053,176 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €2.89 per share, instead of part or all the cash element of their interim dividend entitlement for the year ended 29 February 2012. Also during the financial year, 708,600 ordinary shares were issued on the exercise of share options for a net consideration of €1.5m.

During the financial year, 625,000 unvested Interests and 175,000 vested Interests awarded under the Joint Share Ownership Plan and held by participants who had left the Group were acquired by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust and held in trust on behalf of employees. 223,431 shares were either sold by the Trustees or transferred to participants on the vesting of Interests and are no longer accounted for as treasury shares.

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 reverse acquisition reserve debit of €703.9m, which, for presentation purposes in the Group financial statements, has been netted against the share premium in the consolidated balance sheet.

Share premium - Company

The share premium, as stated in the Company balance sheet, represents the premium recognised on shares issued and amounts to €809.8m as at 28 February 2013 (2012: €793.9m). The current year movement relates to the exercise of share options, the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend and the issue of 1,422,099 ordinary shares following the Group's acquisition of Vermont Hard Cider Company, LLC, as described above.

NOTES - CONTINUED

Forming part of the financial statements

24. SHARE CAPITAL AND RESERVES - CONTINUED

Capital redemption reserve and capital reserve

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

Cash flow hedging reserve

The hedging reserve 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 23, 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 4.

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.

Revaluation reserve

This reserve originally comprised the gain which arose on the revaluation of land by external valuers during the financial year ended 28 February 2009. A subsequent external valuation of freehold properties and plant & machinery was completed as at 29 February 2012. The carrying value of land was reduced by €3.4m as a result of the revaluation; of which €3.0m was debited directly to this revaluation reserve to the extent that it reduced a previously recognised gain on the same asset and €0.4m to the income statement as there were no previously recognised gains in this revaluation reserve by which to offset. In addition, an increase in the carrying value of buildings in Glasgow of €1.3m was credited directly to the revaluation reserve as a result of this external valuation.

In the prior period, the component of the original gain relating to land disposed of as part of the disposal of the Group's Northern Ireland wholesaling business (Quinns of Cookstown) was transferred from the revaluation reserve to retained income within the Statement of Changes in Equity.

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 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 its debt and equity shareholding balance.

The Board considers capital to comprise long-term debt and equity. There are no externally imposed requirements with respect to capital with the exception of a financial covenant in the Group's debt facilities which limits the net debt:EBITDA ratio to a maximum of 3.5 times. This financial covenant was complied with throughout the year.

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 to reduce debt, alter dividend policy by increasing or reducing the dividend paid to shareholders, return capital to shareholders and/or buy back shares. In respect of the financial year ended 28 February 2013, the Company paid an interim dividend on ordinary shares of 4.0c per share (2012: 3.67c per share) and the Directors propose, subject to shareholder approval, that a final dividend of 4.75c per share (2012: 4.50c per share) be paid, bringing the total dividend for the year to 8.75c per share (2012: 8.17c per share).

24. SHARE CAPITAL AND RESERVES - CONTINUED

The Group monitors debt capital on the basis of interest cover and by the ratio of Net debt:EBITDA before exceptional items. In February 2012, the Group entered into a committed €250.0m multi-currency 5 year syndicated revolving facility with 7 banks which is repayable in a single instalment on 28 February 2017. The facility provided for a further €100.0m in the form of an uncommitted accordion facility which the Group successfully negotiated with the banks as committed in December 2012. Also in the current year, the Group, using surplus cash resources, repaid and cancelled all amounts outstanding (€60.0m) under its previous Euro facility which matured in May 2007.

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 €3.4m (2012: €96.8m profit) was recognised in the individual Company income statement of C&C Group plc.

25. COMMITMENTS

(a) Capital commitments

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

	2013 €m	2012 €m
Contracted	1.5	3.7
Not contracted	17.7	6.7
	19.2	10.4

The contracted capital commitments at 28 February 2013 primarily relate to the expansion of the cider facility in Vermont while those at 29 February 2012 primarily relate to capital expenditure associated with the bottling line at Shepton Mallet.

(b) Commitments under operating leases

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

	2013				2012			
	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	0.6	0.8	5.4	4.0	0.4	0.4	4.8
Payable between 1 and 5 years	12.4	1.2	1.5	15.1	14.8	1.1	1.2	17.1
Payable greater than 5 years	13.5	0.3	-	13.8	15.6	0.1	0.2	15.9
	29.9	2.1	2.3	34.3	34.4	1.6	1.8	37.8

(c) Other commitments

At the year-end, the value of contracts placed for future expenditure was:-

	2013						
	Apple Concentrate €m	Glass €m	Marketing €m	Barley €m	Aluminium €m	Distribution €m	Total €m
Payable in less than one year	3.0	9.6	3.7	3.8	6.5	4.7	31.3
Payable between 1 and 5 years	-	-	5.7	11.4	2.2	7.4	26.7
	3.0	9.6	9.4	15.2	8.7	12.1	58.0
	2012 (restated)						
	Apple Concentrate €m	Glass €m	Marketing €m	Barley €m	Aluminium €m	Distribution €m	Total €m
Payable in less than one year	-	5.2	12.2	2.9	7.4	4.0	31.7
Payable between 1 and 5 years	-	-	2.6	5.8	2.8	6.3	17.5
	-	5.2	14.8	8.7	10.2	10.3	49.2

The prior year numbers now incorporate an inadvertent omission of financial commitments of €8.7m relating to barley contracts.

NOTES - CONTINUED

Forming part of the financial statements

25. COMMITMENTS - CONTINUED

The commitments are principally due within a period of twenty four months.

26. 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 19, the Group has a multi-currency loan facility in place at year-end, which it entered into in February 2012. The Company, together with a number of its subsidiaries, gave a letter of guarantee to secure its obligations in respect of these loans. The actual loans outstanding at 28 February 2013 amounted to €246.6m (2012: €60.0m under the Group's previous 2007 euro loan facility).

During the 2011 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 secured liabilities are repaid, or by mutual agreement with Clydesdale Bank plc.

In previous periods, Enterprise Ireland funding of €0.9m was received towards the costs of implementing developmental projects. Scottish Enterprise Board funding of €0.3m (€nil in the current financial year) 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 and Purchase Agreements with respect to the disposal of the Wines and Spirits distribution businesses in the year ended 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 and Purchase Agreement with respect to the disposal of the Group's Spirits & Liqueurs business to William Grant & Sons Holdings Limited in the year ended 28 February 2011, the Group had a maximum aggregate exposure of €300.0m in relation to warranties (€99.0m in relation to tax warranties). The time limit for the notification of all claims with respect to all warranties with the exception of tax claims expired in December 2011. The time limit for any claim relating to tax is 5 years from the transaction date and is due to expire in June 2015.

Under the terms of the Sale and Purchase Agreement with respect to the prior year disposal of the Group's Northern Ireland wholesaling business, the Group has a maximum aggregate exposure of £4.3m in relation to warranties. The time limit for notification of all claims with respect to these warranties is 18 months from the transaction date, with the exception of any claim relating to tax where the time limit is 7 years from the transaction date.

Pursuant to the provisions of Section 17 of the Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of certain of its subsidiary companies incorporated in the Republic of Ireland for the financial year to 28 February 2013 and as a result such subsidiaries are exempt from the filing provisions of Section 7, Companies (Amendment) Act, 1986 (note 28).

27. 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 subsidiary undertakings and equity accounted investees, transactions entered into by the Group with these subsidiary undertakings and equity accounted investees 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 and equity accounted investees. A listing of all subsidiaries is provided in note 28. Sales to and purchases from subsidiary undertakings, together with outstanding payables and receivables, are eliminated in the preparation of the consolidated financial statements in accordance with IAS 27 Consolidated Financial Statements.

27. RELATED PARTY TRANSACTIONS - CONTINUED

Equity accounted investees

On 21 March, 2012, the Group acquired a 25% equity investment in Maclay Group plc, a leading independent Scottish operator of managed public houses. The business primarily includes operating 15 wholly owned managed houses and 11 managed houses owned by two separate Enterprise Investment Schemes. The total cost of the investment was £2.1m (€2.5m at date of payment). The investment secures Tennent Caledonian Breweries UK Limited (a 100% subsidiary of the Group) as the main beer supplier to the pub estate. Details of transactions with Maclay Group plc during the year and resulting balance at the year end are as follows:

	Net Revenue		Balance outstanding	
	2013	2012	2013	2012
	€m	€m	€m	€m
Sale of Goods to associate:				
Maclay Group	0.8	-	0.1	-
	0.8	-	0.1	-

All outstanding balances with the associate, which arose from arm's length transactions are to be settled in cash within one month of the reporting date.

On 28 November 2012, the Group invested €0.3m (€0.4m at date of payment) in Thistle Pub Company Limited, a joint venture with Maclay Group plc. During the period, the Group earned total net revenue from the Thistle Pub Company of less than €0.1m. The balance outstanding with Thistle Pub Company Limited at the year-end was €nil.

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 4). No other non-cash benefits are provided. Non-executive Directors do not receive share-based payments or post employment benefits.

Details of key management remuneration are as follows:-

	2013	2012
	Number	Number
Number of individuals	9	10
	€m	€m
Salaries and other short term employee benefits	2.2	3.6
Post employment benefits	0.3	0.4
Equity settled share-based payments	1.0	0.3
Total	3.5	4.3

John Dunsmore, who resigned from the Board on 29 February 2012, has been included in the prior year headcount numbers and in the disclosure of remuneration charged to the income statement in the prior year. Joris Brams was included in the headcount numbers from the date of his appointment to the Board, 23 October 2012.

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

When an award is granted to an executive under the Group's 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 exceeds the Entry Price, he 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 and a taxable benefit-in-kind arises, charged at the Revenue stipulated rates (Ireland 12.5% to 31 December 2012 and 13.5% from 1 January 2013, UK 4%). The balances of the loans outstanding to the executive Directors in the context of the above as at 28 February 2013 and 29 February 2012 are as follows:

	28 February	29 February
	2013	2012
	€'000	€'000
Stephen Glancey	111	111
Kenny Neison	83	83
Total	194	194

The loans fall due for repayment on the exercise of their awarded interests.

NOTES - CONTINUED

Forming part of the financial statements

27. RELATED PARTY TRANSACTIONS - CONTINUED

(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:

	2013 €m	2012 €m
Dividend income	-	100.0
Expenses paid on behalf of and recharged by subsidiary undertakings to the Company	(3.0)	(7.1)
Equity settled share-based payments for employees of subsidiary undertakings	3.0	2.6
Funding of cash requirements of subsidiary undertakings	(5.3)	-
Repayment of cash funding and other cash movements with subsidiary undertakings	71.3	9.4

28. SUBSIDIARY UNDERTAKINGS

Trading subsidiaries

	Nature of business	Class of shares held (100% unless stated)
Incorporated and registered in Republic of Ireland		
* Bulmers Limited	Cider	Ordinary
#* C&C Financing Limited	Financing company	Ordinary
#* C&C Group International Holdings Limited	Holding company	Ordinary
#* C&C Group Irish Holdings Limited	Holding company	Ordinary
* C&C Group Sterling Holdings Limited	Holding company	Ordinary
* C&C (Holdings) Limited	Holding company	Ordinary
* C&C Management Services Limited	Provision of management services	Ordinary
* Cantrell & Cochrane Limited	Holding company	Ordinary
* Tennent's Beer Limited	Beer distribution	Ordinary
* The Annerville Financing Company	Financing company	Ordinary
The Five Lamps Dublin Beer Company Limited	Beer	Ordinary (92.5%)
* Wm. Magner Limited	Cider	Ordinary
* Wm. Magner (Trading) Limited	Financing company	Ordinary
Incorporated and registered in Northern Ireland		
C&C Holdings (NI) Limited	Holding company	Ordinary
Tennent's NI Limited	Cider and beer distribution	Ordinary
Incorporated and registered in England and Wales		
C&C Management Services (UK) Limited	Provision of management services	Ordinary
Magners GB Limited	Cider and beer	Ordinary
Incorporated and registered in Scotland		
Tennent Caledonian Breweries UK Limited	Beer and cider	Ordinary
Wellpark Financing Limited	Financing Company	Ordinary
Incorporated and registered in Luxembourg		
C&C IP Sàrl	Licensing activity	Ordinary
C&C IP (No. 2) Sàrl	Licensing activity	Ordinary
C&C Luxembourg Sàrl	Holding and financing company	Ordinary
Incorporated and registered in Delaware, USA		
Green Mountain Beverages Management Corporation, Inc	Licensing activity	Common Stock
Vermont Hard Cider Company Holdings, Inc.	Holding Company	Common Stock
Vermont Hard Cider Company, LLC	Cider	Membership Units
Wm. Magner, Inc.	Cider distribution	Common Stock

28. SUBSIDIARY UNDERTAKINGS - CONTINUED

Trading subsidiaries	Nature of business	Class of shares held (100% unless stated)
Non-trading subsidiaries		
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 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	Non-trading	Ordinary
* Cravenby Limited	Non-trading	Ordinary
* Edward and John Burke (1968) Limited	Non-trading	Ordinary
* Findlater (Wine Merchants) Limited	Non-trading	Ordinary
* Fruit of the Vine Limited	Non-trading	Ordinary
* Magners Irish Cider Limited	Non-trading	Ordinary
* Sceptis Limited	Non-trading	Ordinary
* Showerings (Ireland) Limited	Non-trading	Ordinary
* Thwaites Limited	Non-trading	Ordinary
* Vandamin Limited	Non-trading	Ordinary
Incorporated and registered in Northern Ireland		
C&C 2011 (NI) Limited	Non-trading	Ordinary
C&C Logistics (NI) Limited	Non-trading	Ordinary
C&C Profit Sharing Trustee (NI) Limited	Non-trading	Ordinary
Reihill McKeown Limited	Non-trading	Ordinary
Incorporated and registered in England and Wales		
Gaymer Cider Company Limited	Non-trading	Ordinary
Incorporated and registered in Germany		
Wm. Magner GmbH (in liquidation)	Non-trading	Ordinary
* Companies covered by Section 17 guarantees (note 26)		
# Immediate subsidiary of C&C Group plc		

All the above companies that are incorporated and registered in Republic of Ireland have their registered offices at Annerville, Clonmel, Co Tipperary with the exception of C&C Group plc, C&C Financing Limited, C&C Group Sterling Holdings Limited and The Five Lamps Dublin Beer Company Limited which have their registered offices at Block 71, The Plaza, Park West Business Park, Dublin12.

All the above companies that are incorporated and registered in Northern Ireland have their registered offices at Hawthorn House, 6 Wildflower Way, Belfast, Antrim BT12 6TA.

All the above companies that are incorporated in England and Wales have their registered offices at Kilver Street, Shepton Mallet, Somerset, BA4, 5ND.

All the above companies that are incorporated and registered in Scotland have their registered offices at Wellpark Brewery, 161 Duke Street, Glasgow, G31 1JD.

All the above companies that are incorporated and registered in Luxembourg have their registered offices at L-1232 Luxembourg, 18 avenue Marie-Thérèse.

C&C Management Services (UK) Limited and Magners GB Limited have their registered offices at The Communications Building, 48 Leicester Square, London, WC2H 7LT.

NOTES - CONTINUED

Forming part of the financial statements

28. SUBSIDIARY UNDERTAKINGS - CONTINUED

Wm Magner GmbH has its registered office at Hans-Steiberger-Straße 2b, 85540 Harr, Germany.

Wm Magner, Inc. has its registered office at 1013 Centre Road, Wilmington, Delaware 19805, County of New Castle.

Vermont Hard Cider Company, LLC and Green Mountain Beverages Management Corporation, Inc have their registered offices at 2711 Centerville Road, Suite 400 Wilmington, Delaware 19808.

Vermont Hard Cider Company Holdings, Inc has its registered office at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801.

Associates and joint ventures

Associate Name	Nature of business	Class of shares and % held
Maclay Group plc	Operator of managed public houses	B Ordinary, 25%
Joint Venture Name	Nature of business	Class of shares and % held
Thistle Pub Company Limited	Operator of public houses	B Ordinary, 50%

29. POST BALANCE SHEET EVENTS

Acquisition of Gleesons

The Group announced on 22 November 2012 that it had conditionally agreed to acquire M. & J. Gleeson (Investments) Limited ("Gleesons") and its subsidiaries, a supplier and distributor of beverages in Ireland. The consideration for the acquisition was €12.4m payable in cash, of which €4.4m is deferred for one year. Existing debt of €45.6m implies an enterprise value of €58.0m. The acquisition was conditional upon clearance by the Irish Competition Authority, which was given on 27 February 2013. The acquisition was completed on 7 March 2013, whereupon the Group obtained control of the acquired group of companies. There were a number of significant substantive pre-completion steps which had to be undertaken upon which the ultimate completion was contingent, including the disposal of certain companies, the refinancing of external debt and the reorganising of inter-company indebtedness and shareholdings. Accordingly, C&C did not obtain control of the acquired group of companies until after the end of the financial year ended 28 February 2013 and consequently Gleesons has been excluded from the consolidated financial statements of the Group for the financial year ended 28 February 2013.

The initial accounting for the acquisition of Gleesons is currently in progress; the accounting for the carve out of the elements of the previous Gleeson Group that were not acquired by the C&C Group is ongoing. The Group has appointed external valuers who have yet to report on the valuation of all property, plant and equipment acquired. The Group has commenced a detailed review of the accounting policies to ensure consistency with the Group policies and procedures. Given the ongoing status of the accounting for this acquisition, the Directors are not in a position to make all of the disclosures required under IFRS 3 (2008) *Business Combinations* at this point.

Acquisition of 50% interest in Wallaces Express Limited

The Group announced on 22 March 2013 that it had acquired 50% of the equity share capital of Wallaces Express Limited, a wines and spirits wholesaler in Scotland, for an undisclosed consideration.

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Directors on 15 May 2013.

TITLE HERE

Adjusted earnings	Earnings as adjusted for exceptional items
Company	C&C Group plc
Constant Currency	Prior year revenue, net revenue and operating profit for each of the Group's operating segments is restated to constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's non-euro denominated subsidiaries by revaluing the prior year figures using the current year effective foreign currency rates
DWT	Dividend withholding tax
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation charges
Adjusted EBITDA	EBITDA as adjusted for exceptional items
EBIT	Earnings before Interest and Tax
Effective tax rate (%)	Income and deferred tax charges relating to continuing activities before the tax impact of exceptional items calculated as a percentage of Profit before tax for continuing activities before exceptional items.
EPS	Earnings per Share
EU	European Union
Exceptional	Significant items of income and expense within Group results for the year
Free cash flow	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
GB	Great Britain (i.e. England, Wales and Scotland)
Group	C&C Group plc and its subsidiaries
HL	Hectolitre (100 Litres) kHL = kilo hectolitre (100,000 litres) mHL = millions of hectolitres (100 million litres)
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards as adopted by the EU
Interest cover	Calculated by dividing the Group's earnings before interest, tax, depreciation and amortisation charges (EBITDA) excluding exceptional items and discontinued activities of one period by the Group's interest expense, excluding issue cost write-offs and unwind of discounts on provisions, of the same period
International	Sales in territories outside of the United Kingdom (UK) and Republic of Ireland (ROI)
LAD	Long Alcoholic Drinks
Net debt/(cash)	Net debt/(cash) comprises cash, borrowings net of issue costs
Net debt:EBITDA	A measurement of leverage, calculated as the Group's interest-bearing liabilities and derivative financial liabilities less cash & cash equivalents, divided by its EBITDA excluding exceptional items and discontinued activities. The net debt to EBITDA ratio is a debt ratio that shows how many years it would take for the Group to pay back its debt if net debt and EBITDA are held constant
Net revenue	Net revenue is defined by the Group as Revenue less Excise duty. Excise duties, which 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, consequently the Directors consider that the disclosure of Net Revenue enhances the transparency and provides a more meaningful analysis of underlying sales performance
NI	Northern Ireland
Off-trade	All venues where drinks are sold for off-premise consumption including shops, supermarkets and cash & carry outlets selling alcohol for consumption off the premises
On-trade	All venues where drinks are sold at retail for on-premise consumption including pubs, hotels and clubs selling alcohol for consumption on the premises
Revenue	Revenue comprises the fair value of goods supplied to external customers exclusive of intercompany sales and value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives
ROI	Republic of Ireland
TSR	Total Shareholder Return
UK	United Kingdom (Great Britain and Northern Ireland)
US	United States of America

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 (ISIN: IE00B010DT83 SEDOL: B010DT8).

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.

The authorised share capital of the Company at 28 February 2013 was 800,000,000 ordinary shares at €0.01 each. The issued share capital at 28 February 2013 was 344,331,716 ordinary shares of €0.01 each.

CREST

C&C Group plc is a member of the CREST share settlement system. Therefore transfers 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.

SHARE PRICE DATA

Share price at 28/(29) February	2013 €4.895	2012 €3.665
No of Shares in issue at 28/(29) February	Number 344,331,716	Number 339,274,722
Market capitalisation	€1,686m	€1,243m
Share price movement during the financial year		
-high	€4.94	€3.69
-low	€3.17	€2.70

DIVIDEND PAYMENTS

The Company may, by ordinary resolution declare dividends in accordance with the respective rights of shareholders, but no dividend shall exceed the amount recommended by the Directors. The Directors may also declare and pay interim dividends if they believe they are justified by the profits of the Company available for distribution.

An interim dividend of 4.00 cent per share was paid in respect of ordinary shares on 17 December 2012.

A final dividend of 4.75 cent, if approved by shareholders at the 2013 Annual General Meeting, will be paid in respect of ordinary shares on 12 July 2013 to shareholders on the record on 24 May 2013. 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 the Company's 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 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 the Company's Registrars.

SHAREHOLDER AND OTHER INFORMATION - CONTINUED

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, where the Company deems it appropriate, other documentation by post.

FINANCIAL CALENDAR

	Date
Annual General Meeting	3 July 2013
Ex-dividend date	22 May 2013
Record date for dividend	24 May 2013
Latest date for receipt of elections and mandates	25 June 2013
Payment date for final dividend	12 July 2013
Interim results announcement	October 2013
Interim dividend payment	December 2013
Financial year-end	28 February 2014

COMPANY SECRETARY AND REGISTERED OFFICE

Paul Walker
 C&C Group plc
 Block 71, The Plaza, Park West Business Park, Dublin 12.
 Tel: +353 1 616 1100
 Fax: +353 1 654 6272

REGISTRARS

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

Capita Registrars (Ireland) Limited
 2 Grand Canal Square, Dublin 2
 Tel: +353 1 553 0050
 Fax: +353 1 224 0700
 Email: enquiries@capitaregistrars.ie

AMERICAN DEPOSITARY RECEIPTS (ADR)

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

INVESTOR RELATIONS

FTI Consulting
 10 Merrion Square, Dublin 2

PRINCIPAL BANKERS

AIB
 Bank of Ireland
 Bank of Scotland
 Barclays Bank
 Danske Bank
 HSBC
 Rabo bank
 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

WEBSITE

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



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