c&c group plc

2014 ANNUAL REPORT

ABOUT C&C GROUP

C&C Group is a manufacturer, marketer and distributor of branded cider, beer, wine and soft drinks.

C&C Group manufactures Bulmers the leading Irish cider brand, Magners the premium international cider brand, Gaymers cider and the Shepton Mallet Cider Mill range of English ciders and the Tennent's beer brand.

C&C Group also owns and manufactures Woodchuck and Hornsby's, two of the leading craft cider brands in the United States.

C&C Group also distributes a number of beer brands in Scotland, Ireland and Northern Ireland, primarily for Anheuser-Busch InBev, and owns Wallaces Express, a Scottish drinks wholesaler.

The Group's Irish wholesaling subsidiary, Gleeson group, owns and manufactures Tipperary Water and Finches soft drinks.

C&C Group is headquartered in Dublin and its manufacturing operations are based in Co. Tipperary, Ireland; Glasgow, Scotland; Somerset, England; and Vermont, USA. C&C Group plc is listed on the Irish and London Stock Exchanges.

This report includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which C&C Group believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on pages 18 and 19 that could cause actual results to differ materially from those anticipated.

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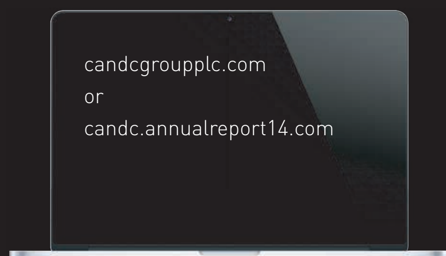
VIEW THIS REPORT ONLINE



OPERATING AND STRATEGIC HIGHLIGHTS

NET REVENUE

€620.2m increased by 30%

OPERATING PROFIT

€126.7m before exceptional items an increase of 10.6%

OPERATING MARGIN

20.4% down 3.6 ppts on prior year

NET DEBT

€145.2m at the year-end giving a leverage ratio of net debt: ebitda of less than 1.0x

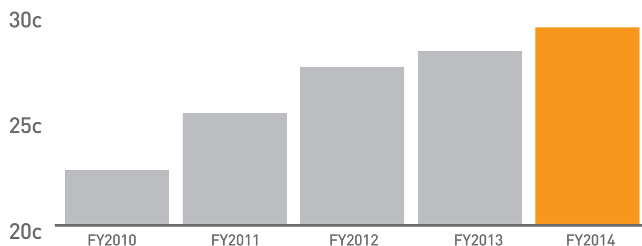
ADJUSTED DILUTED EARNINGS PER SHARE

29.5 cent per share an increase of 5.7%

PROPOSED FINAL DIVIDEND

5.7 cent per share an increase of 0.95 cent delivering 14.3% growth in full year dividend to 10.0 cent per share

ADJUSTED DILUTED EARNINGS PER SHARE



- FY2014 operating profit growth of 10.6% to €126.7 million in line with stated guidance, representing a solid performance with double-digit operating profit growth from four of the Group's five reporting segments.
- C&C recorded a particularly strong performance in Ireland and Scotland, with the acquisition of Gleeson and the investment in Wallaces Express representing significant steps toward the development of customer centric, multi-beverage business models in these territories.
- The evolution of the business model in core markets contributed positively to the performance of the Group's brands. In ROI, C&C ciders improved market share, grew volume and increased revenue for the first time in seven years. In Scotland and Northern Ireland, Tennent's and our portfolio of brands continued to deliver growth in the Independent Free Trade, achieving impressive market share, revenue growth and volume gains.
- Stabilisation of Cider UK performance in the second half of the year. The cider category has commoditised and focus remains on developing and maintaining profitable positions in a competitive market.
- Continuing development of the international business as a whole with operating profit up 68% in FY2014 (on a constant currency basis).
- In the USA extensive wholesaler consolidation and business integration was successfully concluded during the year. Increased investment and new entrants fuelled high growth in the cider category but C&C volume growth was disappointingly behind the category. However, C&C remains confident in the prospects for its portfolio of authentic cider brands in the US market.
- Progress in innovation and new product development. Caledonia Best ale, Heverlee hand crafted premium Belgian lager, Tennent's Beer aged in Whisky Oak and Tennent's Stout have delivered growth. Montano Italian cider also recently launched, and in Ireland Bulmers is launching Clonmel 1650, a new premium Irish lager.
- Strong underlying cash generative capability. Net debt/EBITDA at the year-end was less than 1.0x despite an unusually high level of cash investment in acquisitions and expansion, the latter including a new cidery in Vermont and new craft breweries in Clonmel and Glasgow.
- Proposed final dividend of 5.7 cent per share, representing full year dividend growth of 14.3% compared with last year. The increase reflects the Group's strong balance sheet, underlying cash generation capability and commitment to deliver value for shareholders.

C&C has made further progress this year in developing the business with the goal of building a sustainable international cider-led long alcoholic drinks company...

Read more in the Chairman's Statement on page 6

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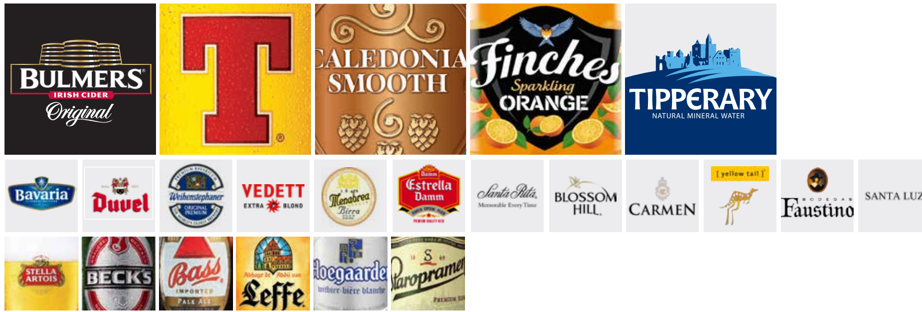
Looking back over the past 12 months, it would be fair to summarise the period as one of consolidation and integration for the overall Group...

Read more in the Group Chief Executive Officer's Review on page 8

BUSINESS & STRATEGY

MARKET OPERATION

ROI



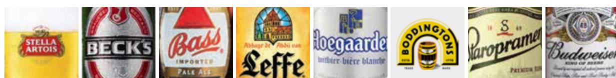
CIDER - UK

TENNENT'S - UK

THIRD PARTY BRANDS - UK

IWS International Wine Services brands

Distributed Brands



(Distribution in Scotland and Northern Ireland)

INTERNATIONAL

IRISH CIDER BRANDS

Bulmers Original is a premium, traditional blend of Irish cider with an authentic clean and refreshing taste. Also in the range are Bulmers Pear and Bulmers Berry.

Magners is a premium, traditional blend of Irish cider with a crisp, refreshing flavour and a natural authentic character. Also in the range are Magners Pear and Magners Orchard Berry.

ENGLISH CIDER BRANDS

The Gaymers cider range includes 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 due to its unique double fermentation process.

K cider is produced with a unique blend of English apples to give the full-bodied cider flavours conveyed by its natural rich golden colour.

Other English cider brands include Special Vat and Natch and the Chaplin & Cork's range of reserve ciders.

AMERICAN CIDER 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 a cider which combines traditional cider-making techniques with an American heritage. It comes in two styles, Crisp Apple and Amber Draft. In the UK Hornsby's is sold in flavoured varieties.

ITALIAN CIDER BRAND

Montano is our new premium cider from Italy, a sparkling, crisp, light gold cider made in Trentino from apples grown in the Dolomites

WINE BRANDS

The main brands sold by Gleeson in ROI are Santa Rita, Blossom Hill, Carmen Discovery, Yellow Tail and Faustino.

IWS International Wine Services portfolio of wine brands sold in the UK on-trade include the leading Oliver & Greg's brand, together with Zarapito, Moondarra, Santa Serena, L'Emage, Trulli, Anapai River, Cape Promise and Humboldt Coast. It also sells Odessa Vodka and Squires Gin.

SOFT DRINKS

Tipperary Natural Mineral Water is filtered from the Devils Bit Mountain in County Tipperary and is bottled at source in the village of Borrisoleigh.

Finches is a range of premium soft drinks in orange and pink lemon flavours produced in Ireland with pure natural spring water.

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 ale that is balanced, sweet and smooth, with a malty, roast flavour and a pleasant hoppy bitterness.

Heverlee is a 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 Beer aged with Whisky Oak, Tennent's Extra, Tennent's Scotch Ale, Tennent's 1885, Lemon T and Caledonia Smooth.

CHAIRMAN'S STATEMENT

A YEAR OF CONSOLIDATION OF STRATEGIC OBJECTIVES

C&C has made further progress this year in developing the business with the goal of building a sustainable international cider-led long alcoholic drinks company.

In our core markets, we have consolidated our multi-beverage strategy through the acquisition and integration of the Gleeson group in Ireland and our investment in Wallaces Express in Scotland, where we acquired full control after the year-end.

In the USA the integration of Vermont Hard Cider Company is being concluded and the new cidery is soon to come on stream. While this process has been disruptive to our performance in the short run, the potential of the market is being increasingly recognised.

Sales to other international markets have continued to expand, continuing the trend of recent years.

Our financial performance during the year was satisfactory. In Ireland we achieved our targeted synergy benefits with the integration of Bulmers and Gleeson creating a leading multi-beverage distribution model. In Scotland Tennent Caledonian continues to perform strongly and the recent full control of Wallaces Express will bring further synergy benefits. In Great Britain, Magners continued to face stiff competition from new entrants but we remain confident in the longer term potential of the brand. Our efforts in this market are now being supplemented by the early signs of progress from our Shepton Mallet Cider Mill brands.

PEOPLE

Over the course of the year the Board continued to progressively refresh its composition. The year saw the retirement of John Burgess as a non-executive Director. John had been a member of the Board since C&C's flotation in 2004 and been involved with the Company for a number of years prior to that. He made a significant and appreciated contribution throughout all that time. We are fortunate to welcome Emer Finnan to the Board and are confident that she will also make a valuable contribution to our deliberations.

Building talented local teams has been a feature of the Company's success. The acquisition of Wallaces Express has further enhanced our team in Scotland. In Ireland the integration of the Bulmers sales operation with the Gleeson business led to a degree of inevitable disruption and a number of redundancies. The integrated management team illustrated its professionalism and potential with the management of such a sensitive challenge.

In Great Britain there was a reduction in numbers employed as we merged the operations of Tennent's and Magners into one location in Glasgow. Whilst the resulting cost savings made these moves essential, we are aware that such times are stressful for all those involved and are appreciative of the spirit of co-operation shown by staff during this period.

In a market that is challenging and rapidly evolving, competitiveness is even more reinforced by the efforts and flexibility of employees and the Board would like to express its appreciation of the efforts of all employees during the year.

BONUS & REWARDS

Operating profits for this financial year were within published guidance and executive Directors were paid bonuses of 15% of base salary. Approximately 30% of employees were awarded with bonuses at local level, with an average payment of just under €2,500.

The executive Directors have recommended to the Board, who are wholly supportive, that in FY2015 the annual bonus targets for key middle management and their business units should be focused on specific local business unit issues to closely align personal and business objectives. The Group executive Directors continue to be targeted on Group operating profit.

IN OUR CORE MARKETS, WE HAVE CONSOLIDATED OUR MULTI-BEVERAGE STRATEGY THROUGH THE ACQUISITION AND INTEGRATION OF THE GLEESON GROUP IN IRELAND AND OUR INVESTMENT IN WALLACES EXPRESS IN SCOTLAND, WHERE WE ACQUIRED FULL CONTROL AFTER THE YEAR-END.

DIVIDENDS & FINANCING POLICY

We remain 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 5.7 cent per share, subject to shareholder approval. If approved, this will bring the Group's full year dividend to 10.0 cent per share, a 14.3% increase. 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.

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 52 to 62.

We work under the requirements of the 2012 UK Corporate Governance Code and the Irish Corporate Governance Annex. Last summer we upgraded the listing of our shares in London from a standard to a premium listing and are now working under the enhanced governance requirements expected from a premium listed company. The analysis of strategy and key performance indicators have been enhanced. The report on directors' remuneration has been restructured this year having regard to best practice as set out in new UK statutory requirements. At this year's AGM the remuneration policy will be submitted to an advisory vote of shareholders.

We take corporate responsibility seriously and our Corporate Responsibility Statement on pages 36 to 44 sets out our work this year. We are particularly proud of our support for Help for Heroes through a special edition lager launched by Tennent's.

RISKS AND UNCERTAINTIES

A statement of the principal risks and uncertainties faced by the Group is set out on pages 18 and 19.

Later this year a referendum is due to be held on Scottish independence. At the time of writing there is no clarity as to the outcome. Were the vote to go in favour of independence, a further period of uncertainty could be expected as negotiations to exit the UK get underway. The impact of such a vote on our business in Scotland is unclear, but it is certain that an independent Scotland would be a different trading environment from today, with some likely advantages and disadvantages. A lengthy period of uncertainty is in any case unhelpful to any business.

CONCLUSION

It has been a year of continuing development and consolidation for C&C, we believe that the restructured business model in our core markets will protect our investment and provide an improved basis for growth. In the short term our focus is on driving results out of the new structure and in delivering results from the USA and other international markets. One can never preclude other material acquisitions to our business portfolio as opportunities which deliver significant benefits to shareholders may arise but we have considerable opportunity to deliver growing profits and cash from our existing businesses. In these circumstances it is of course appropriate for the Board to continually review both the financial structure of the Group and its dividend policy in order to optimise shareholder value.

Sir Brian Stewart
Chairman

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

OVERVIEW

Looking back over the past financial year, it would be fair to summarise the period as one of consolidation and integration for the overall Group. Despite the inward focus and, at times, challenging nature of introducing new businesses into the organisation, we are very pleased with our financial performance for the year, having achieved operating profit of €126.7m. This represents profit growth of 10.6% compared with the prior year and another period of delivering on our market guidance.

In the current and previous financial years, we deployed a meaningful amount of shareholder capital to a number of acquisitions and investments. In the USA, we made our first significant international cider investment by acquiring Vermont Hard Cider Company (VHCC) for $305.0m (€230.9m). In Ireland, we paid €12.4m to acquire Gleeson group, the largest distributor of packaged long alcoholic drinks (LAD) to the Irish on-trade, and refinanced its debt of €47.9m. Finally, in Scotland, we took a 50% interest in Wallaces Express, the largest wine and spirits wholesaler in the country. Since the financial year-end we have increased our ownership in Wallaces Express to 100%. The VHCC investment provides us with the opportunity to participate in US cider category growth while the Irish and Scottish investments enable us to strengthen our domestic business model in the multi beverage space. These cash deployments are in line with the Group's long-term strategy of creating strong domestic brand market combinations to enable it to participate in international cider growth. The efforts that have gone into integrating the Vermont and Gleeson acquisitions have been demanding on internal resources, whilst still trying to run the underlying business. However, we have made excellent progress in the period and in each market have strong foundations for creating long-term shareholder value.

REVIEW BY OPERATING SEGMENT

Republic of Ireland

From a macro perspective, key economic measurements appear to be improving in Ireland. The country is gently re-emerging from the shadows of recession and austerity and we believe the future trajectory is broadly positive rather than negative, albeit there may well be periods of volatility along the way.

In this financial year, our Irish business has seen volume and revenue growth for the first time in seven years with the Bulmers brand outperforming the wider LAD market. The Irish business was undoubtedly helped by a summer period of sustained warm weather although we are also starting to see the benefits of our acquisition of the Gleeson group and the impact of broader customer access.

Over the past 12 months, we have undertaken an initiative to combine our existing Republic of Ireland business with the Gleeson group to produce a single Irish business. We have consolidated our sales, marketing and distribution functions, and have combined and relocated the back office and finance functions for the new business to Belfast. At the front end, C&C now has direct access to around 7,000 on-trade outlets in the island of Ireland, from a total population of just under 10,000, as well as the ability to service all off-trade multiple and off-trade convenience stores. This will allow C&C to provide customers with a multi-beverage portfolio encompassing Bulmers, Tennent's, AB InBev brands (for which we have the distribution rights in the Republic and Northern Ireland), Finches soft drinks, Tipperary water, as well as our owned wines and spirits brands and agency brands. The construction of a craft brewery at Clonmel will also allow us to harness the growing demand for local, Irish craft beers.

Ultimately, the ambition for our Irish business is to be the pre-eminent bonded wholesaler in the island of Ireland with enhanced customer service and geographic coverage such that we become the drinks supplier of choice to the licensed on and off-trade. This evolution in our Irish business model from a mono-branded FMCG company to a multi-beverage drinks producer and wholesaler brings stability to our earnings and cash flows whilst also positioning our Irish business with the opportunity to deliver moderate growth in what is ultimately an ex-growth alcoholic drinks market. The island of Ireland delivers approximately half

WE ARE VERY PLEASED WITH OUR FINANCIAL PERFORMANCE FOR THE YEAR, HAVING ACHIEVED OPERATING PROFIT OF €126.7M.

Vermont Hard Cider Company

of the Group's profit and most of this converts to cash, explaining why we see the Irish business as one of the two domestic pillars of the overall Group.

Tennent's UK

C&C's second domestic pillar is the Tennent's business in Scotland which, with the investment in Wallaces Express, is moving in a similar strategic direction to the Irish business.

Economically, Scotland is outperforming the rest of Great Britain in terms of GDP growth, unemployment and consumer confidence. This makes Scotland an attractive market in which to trade and explains our continued investment behind the Tennent's business. Investment in Scotland extends beyond Wallaces Express to include direct lending to the pub trade.

In the last 12 months, within the independent free trade our total beer volumes are up 13% and volumes of Magners are up 12%. This represents an outperformance versus the overall market. The strength of our brands in Scotland combined with our customer access have allowed us to successfully introduce new products such as Caledonia Best and Heverlee, a premium imported lager proposition from Leuven, Belgium. Caledonia Best grew by 37% over the past 12 months and it has quickly become Scotland's third largest draught ale by volume from a standing start just over two years ago. Heverlee is now sold in 262 outlets throughout Scotland and Ireland with throughputs ahead of the market leading competitor.

During the year, we continued to invest behind our brands with sponsorship of Glasgow Celtic Football Club (Magners), Glasgow Rangers Football Club (Blackthorn), T-in-the-Park, Scottish Rugby (Caledonia Best) and Tennent's Vital.

We will continue to develop and invest behind new brands and offerings. In particular, craft brewing in Scotland is in growth and we are investing over £1 million in Drygate Brewing Company, a craft brewing facility adjacent to Wellpark brewery. This will be a joint venture with Williams Bros Brewing Company, recognised as the leading family craft brewer in Scotland, and Drygate's management team and will be operational in May 2014.

Over time and in line with our Irish business model, the post year-end acquisition of 100% ownership of Wallaces Express will enable C&C Group to offer a portfolio of drinks to on and off-trade customers including Tennent's, Caledonia Best, Magners, Blackthorn, Heverlee, AB InBev brands for which we have the distribution rights as well as our owned wines and spirits brands and factored brands. In Scotland, there are approximately 10,000 pub licences and, as with Ireland, the independent free trade represents the majority of these licensees. This is a channel where we have dedicated significant financial and commercial resource because, plainly, it is an important part of the Scottish alcoholic drinks sector.

Our Scottish and Irish businesses deliver over three quarters of the Group's earnings and cash. It is important that they are stable and well invested and we believe they are set-up for moderate revenue growth over the next few years.

Cider UK

Despite improving conditions in the UK and positive forward steps in terms of economic recovery, the beer and cider market continues to be extremely competitive.

Distribution in GB is highly consolidated with a small number of retail groups holding the majority of potential distribution points in the on and off-trade retail channels. This power of the retailers is compounded by the four global brewers fighting for share of distribution in one of the world's most competitive beer and cider markets. Ultimately, this leads to commoditisation of brands at the distribution level.

The GB cider market was in slight growth in the financial year in both volume terms and value terms (Nielsen/CGA). The on and off-trade performed slightly differently. In the on-trade volumes were down by 2%, with standard draught cider making a partial comeback and pear down by 10%, whilst flavoured ciders grew by 19%. In the off-trade there was growth for flavoured ciders, which boosted year-on-year cider volumes by 5%.

Over the past two years, a number of major cider launches have impacted C&C's position in GB. Ultimately, the Magners brand, having been the original 'founder' of premium over-ice cider ten years ago, remains in good health. The brand has been historically well invested relative to its peers and a fresh new TV campaign

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

WE WILL CONTINUE TO FOCUS ON POCKETS OF THE MARKET WHERE SUSTAINABLE VALUE IS CLEAR AND WE CAN DEVELOP A PROFITABLE BUSINESS, LEVERAGING OUR ENGLISH CIDER ASSETS.

was launched in the spring of 2013. However, for reasons mentioned previously, whilst the brand's distribution is broadly static, wholesale pricing is coming down.

Whilst Magners is our largest brand in the UK market, it has reached a point where the operating profit generated from Magners in other markets is higher than the operating profit generated from Magners in England and Wales, which accordingly has become much less relevant in terms of the Group's total profit. That said, Magners is still our leading international cider brand and has strong awareness – we will continue to invest behind it.

When volumes and the top-line come under pressure, a company naturally focuses on its cost base. Consequently, we have right-sized our England and Wales business which now operates out of the Shepton Mallet cider mill in Somerset. Over the past 12 months, we established the Shepton Mallet Cider Mill division with a new management team and a collaborative sales and marketing set up with Green Light Brands. The division is focused on our craft, heritage English cider brands and in particular those from the West of England. Performance in the first year looks promising and is in line with internal expectations. Our Shepton Mallet business allows us to participate in niche areas of growth such as craft and speciality ciders and play in less competitive spaces such as premium strong cider with brands like K Cider. In addition we are making steady progress with Addlestones and the English craft portfolio and new product packaging development.

We will continue to focus on pockets of the market where sustainable value is clear and we can develop a profitable business, leveraging our English cider assets.

International

The International business unit has developed from being a business reporting losses five years ago, to a business generating €16.0 million operating profit over the last 12 months.

USA

During the financial year, our business in the USA has probably experienced the greatest disruption as a consequence of business integration.

The steps towards integration were staggered based on what was most critical to continue operating. At the start of the financial year, the Magners operation based in Boston was closed and all order capture and back office functions were transferred to Vermont. This allowed the team in Vermont to immediately service wholesaler needs and orders for all of C&C's US brands. The second step involved re-organising the sales structure to accommodate the combined sales forces from VHCC and Magners USA. Concurrently, our American team was busy deciding on the optimum distribution footprint for the entire country. VHCC already had national distribution and long-standing relationships with wholesalers all over the country. In addition, Magners (and latterly Hornsby's) had their own separate distribution footprint albeit less developed. In some instances, there was overlap and consistency. In others, it was concluded that having the entire C&C cider portfolio under one wholesaler's roof would be optimum. There were 50 instances where we have instigated wholesaler consolidation over the past 12 months. For the avoidance of doubt, this does not mean 50 states; there can be multiple wholesalers in a specific state. We believe that this is almost entirely complete now and we can focus 100% of our efforts on selling and marketing again after 12 months of disruption. We are very pleased with the quality of our distribution network and the commitment and passion of our partners towards our brands. Indeed, c.$15 million was paid out by incoming distributors to their predecessors to gain the brand rights, confirming real interest in the brands.

Whilst these internal business issues invariably caused us disruption, it is fair to say that the competitive threat from other cider entrants has been the strongest the team in Vermont has seen throughout their history as a company. For 10 years, Woodchuck has pioneered American craft cider. Innovation and authenticity have been VHCC's key strengths, allowing the

Woodchuck brand to prosper at both a retailer and consumer level. However, over the past 18 months, a number of large beer players have recognised the attractiveness of the cider category and a number of new brands have been invented, created and launched.

The two combined factors of integration and competition resulted in a challenging year for our brands in the USA, in particular Woodchuck. According to the US Beer Institute, the total cider category grew by 67% in the 12 months to December 2013. In our financial year, Woodchuck, Magners and Hornsby's declined by 1%, 17% and 40% respectively. Whilst we are pleased to see that the US cider category is gaining genuine traction and our investment thesis remains valid in terms of cider internationalisation, we are clearly disappointed by the fact that we are not growing with the market.

This is something we will focus on over the next 12 months with the major hurdles of business integration under our belt. We will focus on a number of commercial and business initiatives to try and reverse these trends. In particular, we will open a new cidery during the course of 2014 in our hometown of Middlebury in the state of Vermont. The new cidery cements our position as a founder of American cider and affirms our commitment to craft cider making and investment in the future.

I should also highlight the fantastic contribution that Bret Williams has made to VHCC. Ten years ago, Bret pulled together all the money he had and raised further funds from close family and friends. Bret bought VHCC when it was losing money and turned it into a major success story of the US alcoholic drinks industry. For the past 10 years, Dan Rowell has been working closely alongside Bret as the Vice President of Operations and CFO. In February, Bret stepped down from the day-to-day operations of VHCC as CEO and President. Bret will remain involved with the company and will sit on our local US board of directors, alongside Dan Rowell, who replaces Bret and will take the company to the next level. I would like to thank Bret for his contribution during our ownership and wish Dan all the best with his future role.

Clonmel brew test sink

Other export markets

In volume terms, our key international markets outside the USA are Spain, Australia, Canada and France. The business relies on strong distributor relationships and management of these relationships. We have limited exposure to areas of political instability and uncertainty.

During the financial year, in volume terms the Magners brand grew internationally (excluding the USA) by 13%, driven by growth in Canada of 27% and Australia of 8%. In January 2014, we transitioned distributors from Suntory in Australia to Bacardi Lion. It was felt that a partner with a stronger portfolio and draught experience would be required to share in the recent growth of the cider category in Australia. It is too early to remark on the results of this change although we are very positive about the Bacardi Lion organisation and a sales force which is considerably larger than our previous distributor.

Although small in terms of scale, Asia is worth mentioning. In the financial year, total C&C branded volume grew by 108%. From no volume last year, India became the fifth largest export market for C&C, driven by K Cider, one of our English ciders.

In terms of beer, we are now exporting Tennent's, Caledonia Best, Heverlee, Tennent's Stout and Tennent's Beer aged in Whisky Oak. In Italy, our largest beer market, we experienced growth versus last year of 12%. Beer will be an area of focus over the next 12 to 18 months as we look to market abroad the history and heritage of our Scottish beers and the Wellpark brewery.

STRATEGY

Ireland and Scotland should provide the bedrock for C&C Group both in terms of earnings and cash. We are able to utilise our brands and physical assets in these geographies to deliver stability to the rest of the Group as well as looking to moderate earnings growth in, what are ultimately, ex-growth alcoholic drinks markets. Winning in these geographies requires local knowledge, superiority in customer service and strong brands. Both Ireland and Scotland businesses display these characteristics.

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW (CONTINUED)

Newly installed bottling line at Shepton Mallet cider mill

Drygate Brewing Company

For now, the United Kingdom is still the world's largest cider market. We have a strong brand in Magners and in addition, a back catalogue of authentic cider brands within our Shepton Mallet cider business. We will continue to focus on maximising profit in, what has become, a highly commoditised and cluttered cider category. At the same time, C&C will play in niche areas of growth such as craft and speciality cider by taking advantage of our English cider heritage.

The overall pursuit of cider internationalisation remains at the heart of C&C's strategy. Cider penetration of LAD in the UK and Ireland is 16% and 13% respectively. This compares with just under 1% in the USA (up from 0.3% 18 months ago). The evolution of the consumer palate across various global markets from savoury to sweet and the preference for natural, gluten free, local and authentic brands places C&C in a strong position to exploit international cider growth. The USA is likely to be the global cider market with the greatest potential in scale terms. We have invested significant shareholder capital in the USA and have strong brands and a high quality distributor network. Despite competitor disruption, in the medium to longer term, we believe we are well positioned strategically to optimise value.

CASH AND BALANCE SHEET

Our balance sheet remains in robust health with a net debt to EBITDA ratio of less than 1.0x at the year-end. The Group finished the year with a net debt position of €145.2m, despite significant capital expenditure during the year on integration, the Vermont cidery and a craft brewery in Clonmel. This resulted in 52% of EBITDA (excluding cash outflow from exceptional items) converting to free cash which is below the long-term historical average for the Group. Next year, we would expect normal levels of cash conversion to resume. Ultimately, the Group's balance sheet and cash generation profile provide flexibility to invest in bolt-on acquisitions and capital projects with attractive returns.

PEOPLE

The expansion of the Group over the last twenty-four months has materially increased the number of people on our payroll. At C&C the model that we operate is that the Board allocates resources and assesses performance of the business divisions with the support of a head office of not more that 20 people, whilst each business division is equipped with the relevant people assets to ensure that we operate effectively in the market. Accordingly, each of our businesses has a local MD who has the associated capability to implement the agreed strategy and make day to day operational decisions for that business. In areas like procurement, planning and manufacturing, we seek to optimise our capability and run on a functional basis. Equally, our businesses quite often share back office administration resource, although this is always located in one of our operating markets.

With the acquisition in the USA, we have established a group of long-standing industry experts to enable Joris Brams and our local management team to tap into high quality local knowledge. It was previously noted that at the year-end Bret Williams stood down as managing director of VHCC but he will continue as a member of this group to make his expertise available to the new team. In addition, in place of Rob Hyman, who retired during the year, we are pleased that Bump Williams and Bill Burke (two industry veterans) have joined this group to further support our management team in the USA in the implementation of the C&C Board's strategy for the USA.

The Irish business will be operated on a unitary basis with a management team headed by Tom McCusker. Tom has thirty years experience of the Irish drinks industry from his time at AB InBev and significant market as well as customer knowledge. At Magners GB, Paolo Mortarotti, who has replaced Tom, now adds the mainstream Magners and Gaymers portfolios to his responsibilities at Shepton Mallet Cider Mill.

With the full acquisition of Wallaces Express taking place post the year-end, we announced the retirement of John Gilligan later this year as MD of Tennent Caledonian. John is a 40 year veteran of the Scottish drinks industry and has made a huge contribution to the Tennent's business over the last three years. John will work over the next six months with Brian Calder, the new MD to ensure smooth integration of Tennent's with the Wallaces Express business. Brian was the owner and manager of Wallaces Express and like John has had four decades in the Scottish drinks industry and is a hugely respected figure in the trade.

Elsewhere we have moved Andrea Pozzi from his operational role

OUR BALANCE SHEET REMAINS CONSERVATIVELY GEARED PROVIDING SCOPE FOR FUTURE INVESTMENT FOCUSED AS ALWAYS ON LONG TERM VALUE CREATION.

to look after our European and African export business, mainly to exploit opportunities for our high quality exports from the British Isles. An additional benefit is that this will allow Joris Brams to focus predominantly on the USA over the next twelve months. Billy Mason has been appointed to replace Andrea in Operations and with thirty years' experience behind him has a decent understanding of the nuts and bolts of this part of the business.

Much has been written recently around executive rewards. In C&C we believe that the main management incentive should be around equity and we have a bias towards schemes that involve investment from the relevant employee or manager. Management remain largely incentivised through equity and we have employee-wide schemes in Ireland and the UK with average participation levels of 50% and above of eligible employees. This year we have changed bonus arrangements for managers and employees to ensure more of a local focus behind objectives that are relevant for the creation of long-term sustainable shareholder value. All employees have the opportunity of participating in performance related bonus schemes. In the last financial year, the ratio of average executive Directors remuneration to that of the average employee remuneration was 19:1.

CORPORATE RESPONSIBILITY

Our Corporate Responsibility report details a broad range of initiatives across the company in support of the CSR agenda. We are proud of the work undertaken by all our employees in the local community and our ethos is to be local in all that we do. This year, with the support of the Board we have switched our cash investment from spending on industry lobbying groups to investing in the local community. I think shareholders should be proud of our achievements and activity on their behalf. One important area that we do not neglect is taxation. We seek to be efficient in ensuring that we optimally manage our tax affairs on behalf of all stakeholders. We do not like to pay tax unnecessarily but equally we are respectful of the markets that we operate in and the communities that rely on our tax contribution. Accordingly, we have a conservative tax structure and pay tax in all the national jurisdictions in accordance with local law.

Our goal is to improve the lives of our communities and the environments in which we operate. We focus on local initiatives and are increasing the resources we deploy in helping the areas in which we operate. This means we now support schemes such as Best Bar None, which will help our local night-time economy. We are also continuing to support the Scottish and Irish Governments in their plans for Minimum Unit Pricing, as part of an overall programme to promote responsible drinking.

Many members of our communities are benefiting from our actions. For example, in Scotland the Tennent's Training Academy has now trained over 13,000 people on courses relating to the hospitality industry, equipping people with greater skills for the future. Our charitable activities have increased, our connection with Help for Heroes will see us raise money for that very deserving charity, as well as helping train ex-servicemen in hospitality industry skills at the Tennent's Training Academy.

The environmental agenda is central to our business. We rely on high quality agricultural products and so our guardianship of the environment is also central to our business. Whether we are continuing our £1 million investment to support local cider apple growers in England or achieving zero waste to landfill in Clonmel or delivering any other of our environmental projects, we are always looking for opportunities to ensure the environment is safeguarded for future generations.

OUTLOOK

The significant activity over the last financial year and since the year-end provides a strong foundation for the Group. Our recent developments in core markets should provide the financial stability to allow for continued investment in our growing international business. Our balance sheet remains conservatively geared providing scope for future investment focused as always on long term value creation.

Stephen Glancey
Group Chief Executive Officer

STRATEGIC REPORT - STRATEGY AND BUSINESS MODEL

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 through brand and customer investment and by developing 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 and maximising shareholder value. We seek to generate high free cash conversion and maintain a sound and efficient balance sheet.

BUSINESS MODEL

Cash generation

Our core businesses are strongly cash generative. We therefore focus on cash. We critically review the value for money of all brand and capital investment. Our current emphasis is on investment at the customer interface, to drive revenue. Group management relentlessly drive to reduce costs - in production, distribution and marketing.

Revenue Generation and Earnings Growth

In our core markets of Ireland and Scotland, we seek revenue generation through a full-service multi-beverage portfolio model predominantly focused on brands and customers. In the rest of the UK and internationally we focus on volume growth.

We seek to make brand innovations at low cost and exploiting niche markets.

We seek earnings growth through revenue generation, cost control and margin improvement.

Engagement

We engage with our workforce and incentivise them to ensure alignment with shareholders.
Local management are incentivised with financial targets relevant to their local business unit.
Where necessary, we are prepared to buy in expertise on a margin-sharing basis.

Strategic capital

We seek local expansion in our core territories. Potential acquisitions must complement our business and meet our strategic objectives.

We are prepared to make larger transformational acquisitions, and we are ready to seize opportunities as they arise. The strength of our balance sheet and experience at integrating businesses minimises execution risk.

We will make disposals where they will enhance shareholder value.

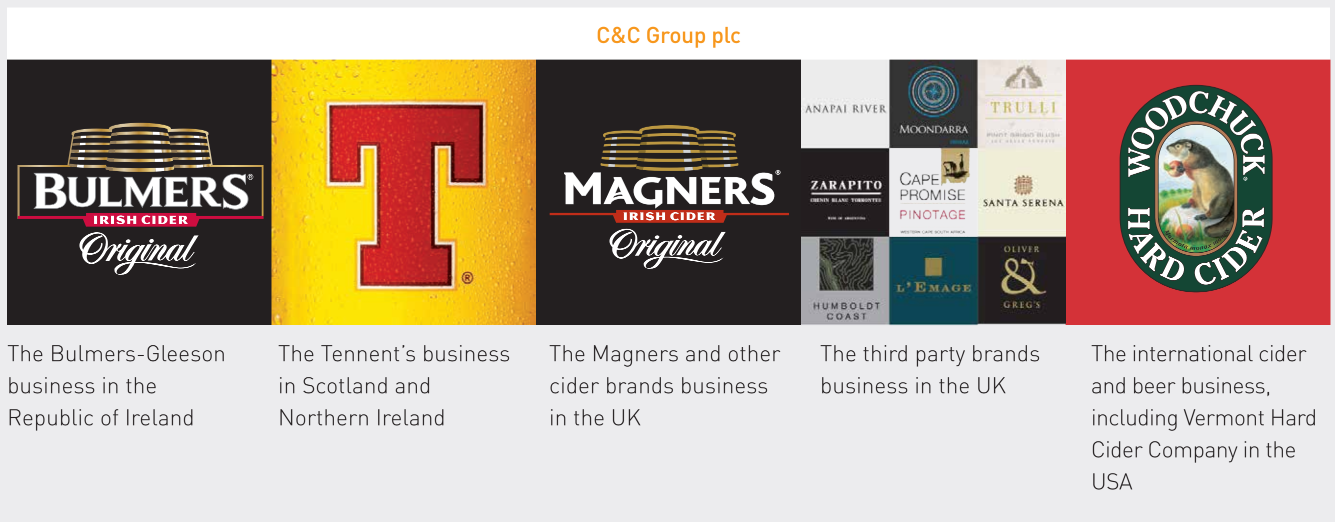
In the absence of capital investment opportunities we will return surplus cash to our shareholders.

Social Responsibility

Throughout the Group we seek to operate compliantly with the law and as good corporate citizens.

HOW WE ARE CONFIGURED

C&C has five business segments, which comprise:



The Bulmers-Gleeson business in the Republic of Ireland

The Tennent's business in Scotland and Northern Ireland

The Magners and other cider brands business in the UK

The third party brands business in the UK

The international cider and beer business, including Vermont Hard Cider Company in the USA

REPUBLIC OF IRELAND

The Bulmers sales and marketing team has now been integrated into the Gleeson wholesaling and distribution business to create a major new player in the Irish market offering an enhanced portfolio of long alcoholic drinks, soft drinks and water. The Irish manufacturing plants are located in Clonmel and Borrisoleigh in Co. Tipperary.

CIDER - UK

This segment covers the sale of cider brands in Great Britain and Northern Ireland. The volumes of cider sold by the Group in the UK make our UK cider business a key focus for management. The Shepton Mallet Cider Mill division, based in our cider mill in Somerset, exploits the catalogue of brands acquired with the Gaymers business in 2010 and acts as a nursery for innovation in cider. Marketing and sales execution of the division has been outsourced to Green Light Brands Ltd, a specialist team experienced in rejuvenating historical brands.

TENNENT'S - UK

The Tennent's beer business is headquartered at Wellpark Brewery, Glasgow and operates in Scotland and Northern Ireland. Profits of the business have been increased from €3.7m when it was acquired in 2009 to €34.6m in FY2014. This has been achieved through brand investment, cost control and improved trading terms. Our brands portfolio, which is centred on the iconic Scottish brand Tennent's, has been expanded with the introduction of Caledonia Best and Heverlee, and niche Tennent's products.

During FY2015 the Tennent's UK sales and marketing team will be integrated into Wallaces Express, the Scottish wholesale business, of which the Group acquired full control in March 2014.

THIRD PARTY BRANDS - UK

This business segment comprises two divisions: agency brands and private label.

The principal agency brands sold in the UK by the Group are the AB InBev brands, which the Group distributes in Northern Ireland and Scotland.

In addition the segment includes IWS International Wine Services, which handles the former Waverley portfolio of wines and spirits brands. Sales and marketing is outsourced to Monuriki Ltd, a specialist wine-marketing team.

The private label contract production division manufactures cider and beer at Wellpark and Shepton Mallet for a range of customers, including the major supermarkets and other contract brewers.

INTERNATIONAL

The international division now comprises two main elements: Vermont Hard Cider Company, LLC (VHCC) in the US and the international beer and cider business.

VHCC manufacturers the Woodchuck, Wyder's and Hornsby's brands at its cidery in Middlebury, Vermont, which it distributes in the USA alongside Magners, Tennent's and other C&C brands.

Outside the US, the Group operates through distributors, notably in continental Europe and Australia, with Magners being the principal product.

STRATEGIC REPORT - STRATEGY ACHIEVEMENTS AND PRIORITIES

STRATEGIC ACHIEVEMENTS IN FY2014

Objective 1

to maintain strong brand market combinations in core markets by investing in our customer proposition, brands and developing our multi-beverage platforms

During FY2014

- we integrated the Gleeson business into the Group to create a major new combination with a leading multi-beverage offering in Ireland
- we continued to invest in our premium brands, notably Bulmers, Tennent's, Magners and Woodchuck
- we put resources behind rejuvenating our secondary brands and into innovation
- acquired a 50% interest in Wallaces Express Limited

Objective 2

to transform our international business through investment in brands and infrastructure and through the development of strategic alliances and acquisitions

During FY2014

- we invested in the new cidery in Vermont
- we repositioned our distribution network in the US to bring Magners and the Vermont brands into the same network
- we restructured our distribution arrangements in Australia
- opened up a number of new markets in Asia
- launched Tennent's beer aged in Whisky Oak, Montano Italian cider, and Lemon T

STRATEGIC PRIORITIES FOR FY2015

In FY2015 our core strategic objective continues to be to enhance future earnings growth. In FY2015 the focus will continue around our recently acquired businesses but, with our balance sheet strength and high cash conversion, we are well positioned to take advantage of opportunities as they arise.

Core Objective

Our core strategic objective continues to be to enhance future earnings growth

- In FY2015 the focus will continue to be around our recently acquired businesses
- With our balance sheet strength and high cash conversion, we are well positioned to take advantage of opportunities as they arise

Strategic priorities

Recently-acquired businesses

- To derive the synergies and operational benefits of the integrated Gleeson-Bulmers business
- To integrate the Tennent's and Wallaces Express businesses to achieve synergy benefits, creating an integrated multi-beverage business
- To achieve the benefits of the new production facilities in Vermont and a restructured US distribution network

Existing businesses

- To maintain the earnings of the UK cider business through improved sales execution and innovation
- To grow international earnings

Cash conversion

- To maintain the strong cash conversion characteristics of the business and to invest either within the business or in enhancing shareholder return
- To maintain an appropriately leveraged balance sheet to achieve earnings growth

Corporate responsibility

- Targeting further sustainability improvements across the Group
- Focusing our social responsibility agenda on engagement in the community
- Achieving a continuous improvement in workforce health and safety

STRATEGIC REPORT - KEY PERFORMANCE INDICATORS

FOR FY2014 AND FY2015

Strategic Priority	KPI	Definition (see also financial definitions on page 136)	FY2014 performance	FY2015 Focus	Links to other Disclosures
To enhance earnings growth	Operating Profit	Operating profit (before exceptional items)	FY2012 €111.2m FY2013 €114.6m FY2014 €126.7m	To seek continuing growth, through revenue enhancement, acquisition synergies and cost control	Group CFO Review page 30
	Operating Margin	Operating profit (before exceptional items), as a percentage of net revenue	FY2012 23.1% FY2013 24.0% FY2014 20.4%		Group CFO Review page 30
To enhance earnings growth	Sales and marketing as % of NSV	Sales and marketing expense, including overheads, as a percentage of net revenue	FY2012 15.9% FY2013 13.8% FY2014 11.0%	To optimise the return achieved on the sales and marketing budget	
To enhance earnings growth	Adjusted diluted earnings per share	Attributable earnings before exceptional items divided by the average number of shares in issue as adjusted for the dilutive impact of equity share awards	FY2012 27.6c FY2013 27.9c FY2014 29.5c	To achieve adjusted diluted eps growth in real terms	Group CFO Review page 30
To generate strong cash flows	Free Cash Flow and	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	FY2012 €102.6m FY2013 €54.8m FY2014 €61.6m	To generate improved operating cash flows	Group CFO Review page 33
	Free Cash Flow Conversion Ratio	The conversion ratio is the ratio of free cash flow as a percentage of EBITDA before exceptional items	FY2012 78.1% FY2013 40.2% FY2014 40.9%		Group CFO Review page 33
To ensure the appropriate level of financial gearing and profits to service debt	Net debt: EBITDA	The ratio of net debt (Net debt comprises borrowings (net of issue costs) less cash) to Adjusted EBITDA (calculated in accordance with the Group's revolving credit facility agreement)	FY2012 n/a FY2013 0.85x FY2014 0.99x	This ratio will be held consistent with free cash flow conversion and returns to shareholders	Group CFO Review page 32
To deliver sustainable shareholder returns	Progressive dividend/return to shareholders	Total dividend per share paid and proposed in respect of the financial year in question	FY2012 8.17c FY2013 8.75c FY2014 10.0c	The Group will continue to seek to enhance shareholder returns	Chairman's Statement page 7
	Dividend Cover	Dividend cover is Dividend/Adjusted diluted EPS	FY2012 29.6% FY2013 31.4% FY2014 33.9%		
To achieve the highest standards of environmental management	Reduction in CO_2 emissions	Tonnes of CO_2 emissions per site[1]	FY2012 40,869t FY2013 39,938t FY2014 36,618t	To achieve best practice across the Group, including acquired businesses	Corporate Responsibility Report page 38
To achieve the highest standards of environmental management	Waste recycling	Tonnes of landfill per site[2]	FY2012 172t FY2013 120t FY2014 113t	To achieve best practice across the Group, including acquired businesses	Corporate Responsibility Report page 38
To ensuring safe and healthy working conditions	Workplace safety accident rate	The number of injuries that resulted in lost-work days, per 100,000 hours working time in production facilities[2]	FY2012 1.4 FY2013 2.7 FY2014 1.6	To achieve best practice across the Group, including acquired businesses	Corporate Responsibility Report page 44

[1] Clonmel, Wellpark and Shepton in FY2012 and FY2013, plus Vermont in FY2014
[2] Clonmel, Wellpark and Shepton

STRATEGIC REPORT - 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.

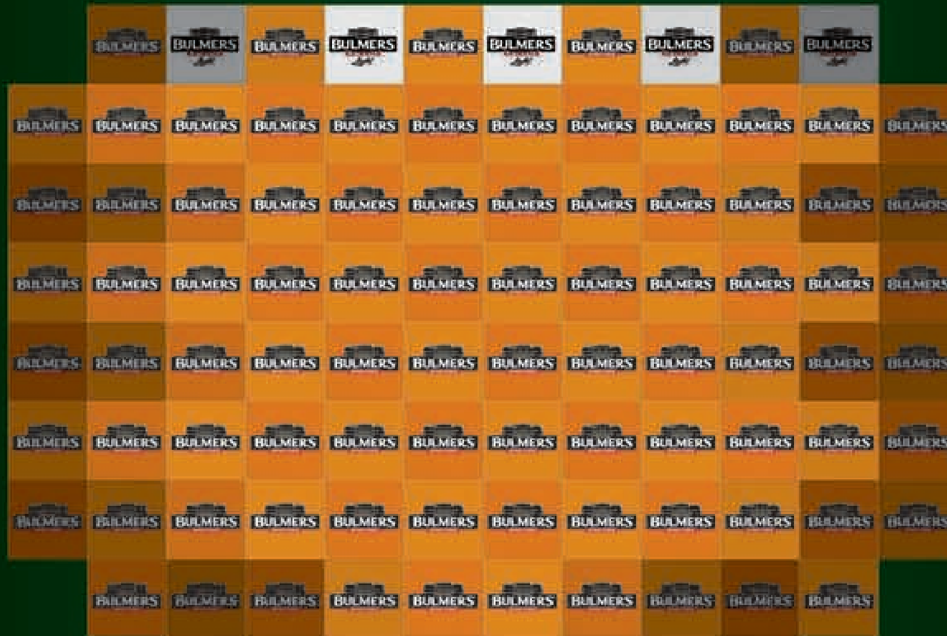
The principal risks and uncertainties faced by the Group are set out below. The Group considers that currently the most significant risks to its results and operations over the short term are (a) strategic failures, (b) levels of competition in Great Britain and the United States and (c) failure to attract and retain high-performing employees. The forthcoming vote on Scottish independence creates a period of uncertainty.

Risks and Uncertainties	Mitigation
RISKS AND UNCERTAINTIES RELATING TO STRATEGIC GOALS	
• The Group's reporting currency is the euro but it transacts in foreign currencies and consolidates the results of non-euro reporting foreign operations. Fluctuations in value between the euro and these currencies may affect the Group's revenues, costs and operating profits.	The Group seeks to mitigate these risks through due diligence, careful investment and continuing monitoring and management post-acquisition.
RISKS AND UNCERTAINTIES RELATING TO REVENUE AND PROFITS	
• The GB off-trade and increasingly the GB on-trade continues to be highly competitive, driven by consumer pressure, customer buying power and the launch of heavily-invested competing products.	The Group seeks to mitigate the impact on volumes and margins through developing its multi-beverage brand portfolio and seeking cost efficiencies.
• The US cider market has also become highly competitive.	The Group is responding through brand investment and strengthening its distributor network.
• 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, innovation and product diversification to maintain and enhance the relevance of its products in the market.
• 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 and brand diversification is helping to mitigate this risk.
• 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.
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.

Risks and Uncertainties	Mitigation
FINANCIAL RISKS AND UNCERTAINTIES	
• The Group's reporting currency is the euro but it transacts in foreign currencies and consolidates the results of non-euro reporting foreign operations. Fluctuations in value between the euro and these currencies may affect the Group's revenues, costs and operating profits.	The Group seeks to mitigate currency risks, where appropriate, through hedging and structured financial contracts to hedge a portion of its foreign currency transaction exposure. The Group seeks to partially manage foreign currency translation risk in relation to its US dollar subsidiaries through borrowings denominated in US dollar which are designated as a net investment hedge. It has not entered into structured financial contracts to hedge its translation exposure on its foreign acquisitions.
• 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 POLITICAL 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 is not able to materially mitigate this risk, which is outside its control.
• The Group may be adversely affected by changes in government regulations affecting alcohol pricing, sponsorship or advertising, and product types.	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.
• In September 2014 a referendum is to be held in Scotland as to its continued membership of the UK. At the date of this report the outcome cannot be predicted. Were the vote to go in favour of independence, a further period of uncertainty would occur. Significant issues would arise including currency, tax rates, investment and membership of the EU. The economic implications for the Group cannot yet be quantified, but are likely to be mixed. A lengthy period of uncertainty would be unhelpful for forward investment.	The Group is carefully monitoring the debate on relevant issues and will formulate its strategy accordingly.
LIABILITY-RELATED RISKS AND UNCERTAINTIES	
• 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.

TIPPERARY TIPPERARY TIPPERARY TIPPERARY

Finches Finches Finches Finches



OPERATIONS REVIEW
REPUBLIC OF IRELAND (ROI)

Constant Currency[i]	FY2014 Total €m	FY2014 Gleeson €m	ROI FY2014 Excl Gleeson €m	FY2013 €m	Change %
Revenue	330.6	185.1	145.5	133.8	8.7%
Net revenue	237.3	143.1	94.2	92.2	2.2%
- Price /mix impact					*1.1%*
- Volume impact					*1.1%*
Operating profit	48.2	5.2	43.0	39.3	9.4%
Operating margin (Net revenue)	20.3%	3.6%	45.6%	42.6%	
Volume – (kHL)			622	615	1.1%

TOTAL ROI (EXCLUDING GLEESON)

C&C's LAD[ii] volumes in ROI were up 1.1% and ahead of a market that was level year on year. A robust performance in the on trade helped deliver a positive price/mix of +1.1%. Operating profit increased 9.4% to €43.0 million with operating profit margin improving by 3ppts to 45.6%. Reduced spend on consumer marketing and some cost benefit from the integration of Gleeson into the Group's ROI business contributed to the margin uplift.

CIDER IN ROI

In FY2014, cider net revenue increased by 1.7% of which volume accounted for 0.7% and price/mix for 1.0%. Bulmers brand volume finished slightly ahead of the prior year helping to increase its share of LAD by 50 basis points to 9.2%. The brand experienced positive volume swings of 8ppt and 7ppt in the on-trade and off-trade, respectively. In both channels of trade the brand outperformed the marketplace, highlighting the beneficial impact of a good summer on cider consumption.

The Bulmers brand is in strong health and the new 2013-14 "Now is a Good Time" advertising campaign, digital media and various sponsorship events appear to be resonating well with consumers and helping to keep the brand relevant and front of mind. As C&C's Irish business model continues in its evolution towards a customer centric model, investment in sales, customer lending and price have reduced the levels of consumer marketing required. Over the past 12 months, advertising and promotion spend was €3.0 million lower than last year. Value growth in both the on and off-trade channels suggests that brand presence is certainly undiminished.

BEER IN ROI

The Group's enhanced route to market and on-trade position in ROI contributed to a market outperformance in the on-trade with Tennent's volume up 14.6% and ABI branded volume up 39.8%. Despite a decline of 16.0% for Tennent's in the off-trade, overall beer volume for the Group was up 3.7% year on year. The enhanced distribution and sales reach acquired through the Gleeson business gives reason to be optimistic on the outlook for C&C beer in the ROI on-trade.

As a measure of confidence in the reconfigured business model, C&C recently completed construction of a new craft brewery in Clonmel and is launching Clonmel 1650, a premium, authentic Irish lager.

GLEESON

The Gleeson business performed in line with first year expectations. Despite a complex and challenging integration there was no significant disruption to customer service or operational performance. In the 12 months to 28 February 2014, Gleeson recorded net revenue of €143.1 million, EBITDA of €8.3 million and operating profit of €5.2 million.

Initial synergies from the consolidation of sales, marketing and finance overheads provided some benefit for the Bulmers margins in FY2014. Full year benefit will flow through in FY2015. In addition, the Group expects to begin delivering on revenue and operational synergies over the next few years, improving on this year's reported operating margin of 3.6% for Gleeson.

New craft brewery at Clonmel

For note references to the Operations Review please see page 29.

K
MAGNERS
BLACKTHORN
GAYMERS
HORNSBY'S
Natch
Olde English

OPERATIONS REVIEW

CIDER - UNITED KINGDOM (UK)

Constant Currency[i]	FY2014 €m	Cider UK FY2013 €m	Change %
Revenue	164.1	188.4	(12.9%)
Net revenue	112.8	132.7	(15.0%)
- Price /mix impact			*(4.0%)*
- Volume impact			*(11.0%)*
Operating profit	20.7	29.2	(29.1%)
Operating margin (Net revenue)	18.4%	22.0%	
Volume – (kHL)	1,082	1,216	(11.0%)

CIDER UK

Volume of C&C ciders began to stabilise in the second half of the year with a decline of 6.8% comparing to 14.0% in the first half and 22.2% in Q1 2014. Performance was some way below a category that returned to volume growth of 2%[ii] this year, boosted by a good summer. The proliferation of new entrants and range extensions into cider continues to commoditise the cider space in England and Wales and pricing remains under pressure for brands reliant on national distribution and scale. For C&C, price/mix declined by 4.0% in the year, leading to net revenue being down 15.0%.

The Group recognises the scale and importance of the UK cider category and continued to invest in its assets during FY2014. Rather than retrench in the face of market headwinds, a new advertising campaign for Magners was launched and investment in the Shepton Mallet cider business up-weighted. This partially accounts for an operating profit decline of 29.1% to €20.7 million and a 3.6ppt drop in Cider UK's operating margin to 18.4%.

The investment decisions reflect our view that both the authenticity of the Magners brand and the differentiation offered by the brands within the Shepton portfolio give them long term value worth protecting and supporting.

In Scotland and Northern Ireland, the superior strength of our business model and portfolio helped to deliver category outperformance in FY2014.

MAGNERS BRAND

Magners brand volume declined by 10%. Distribution remained broadly static with the loss of volume attributable to a lower rate of sale per outlet, reflecting increased consumer choice in the fridge and on the shelf.

In Scotland, the brand performed well growing 6.5% year on year and picking up market share. Magners Golden Draught in Scotland was up 17.6%.

GAYMERS AND SHEPTON MALLET CIDER MILL (SMCM) PORTFOLIO

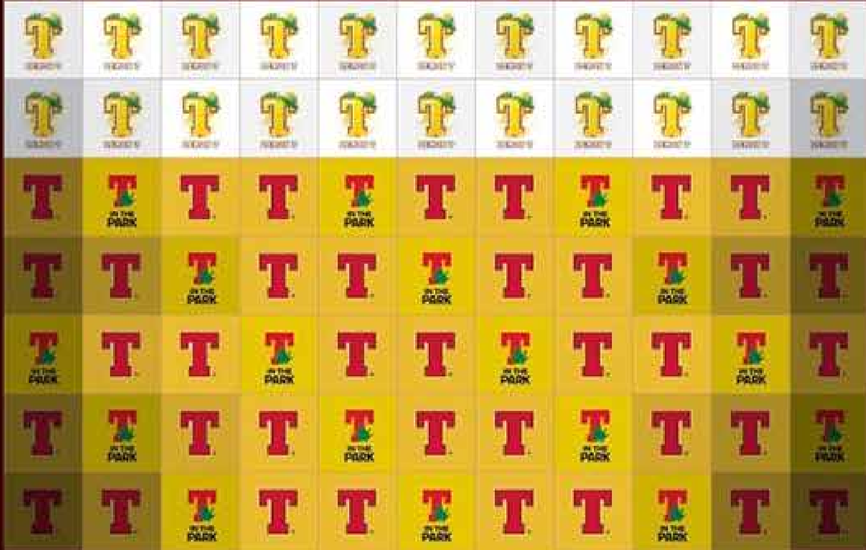
The SMCM branded portfolio experienced a slight recovery in the year. Excluding the Gaymers brand, portfolio volume was down 9% compared to 18% in the previous year. The Gaymers brand had a difficult year with competition significantly increasing in the fruit segment.

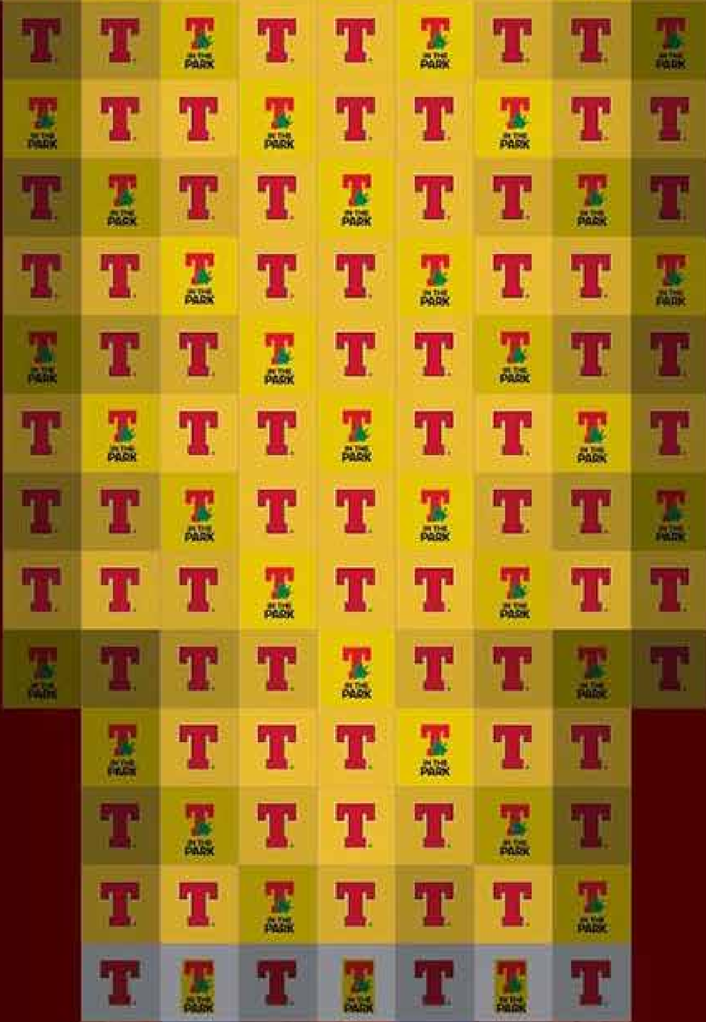
Those brands within the portfolio that are not exposed to the national distribution dynamics have shown encouraging signs during the year. Addlestones is beginning to develop and K Cider grew 13% in the year. The new product development ('NPD') pipeline is healthy with encouraging feedback following the launch of Hornsby's in the UK and Montano Italian cider. The business picked up a number of awards during the year for niche and premium craft cider developments.

Newly installed bottling line at Shepton Mallet cider mill

For note references to the Operations Review please see page 29.

CALEDONIA SMOOTH

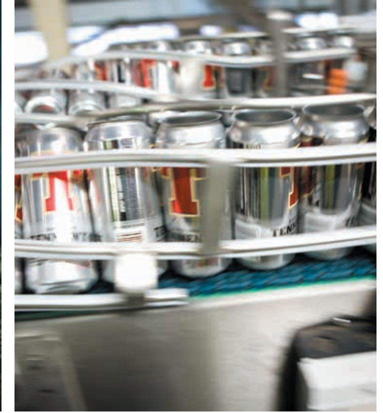

IN THE PARK


IN THE PARK

MEVERLEE

OPERATIONS REVIEW
TENNENT'S UK

Constant Currency[i]	Tennent's UK FY2014 €m	FY2013 €m	Change %
Revenue	216.2	220.5	(2.0%)
Net revenue	103.6	104.7	(1.1%)
- Price /mix impact			*0.5%*
- Volume impact			*(1.6%)*
Operating profit	34.6	29.1	18.9%
Operating margin (Net revenue)	33.4%	27.8%	
Volume – (kHL)	1,273	1,294	(1.6%)



BUSINESS & STRATEGY
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SHAREHOLDER INFORMATION

TENNENT'S UK

Tennent's operating profits increased by 18.9% to €34.6m. Operating margins improved by 5.6ppt to 33.4% reflecting improved channel mix, successful new product launches and cost reduction. On-trade volume grew 3.1% year on year, representing good share gain in a channel of trade that was down 7.0%[ii] in Scotland. For the third consecutive year, Tennent's pricing to the independent free trade was held flat. Overall total volumes declined by 1.6%.

We are pleased with the progress of Caledonia Best which has captured 9.6%[iii] of the on-trade draught ale category since its launch. Equally, Heverlee, our authentic hand-crafted premium Belgian lager, is selling well in Scotland and Northern Ireland. We continue to invest in trade lending with £9.5 million advanced during the year, taking our trade loan book in Scotland to £31.0 million. Looking to the longer term, the acquisition of Wallaces Express reinforces our customer-centric, multi-beverage model and the investment in a craft brewery in Glasgow via a joint venture with Williams Bros will facilitate participation in the craft arena.

Tennent's Lager is the top selling lager in the on-trade in Northern Ireland. Volumes declined 6.4% in the year.

C&C has continued to demonstrate its commitment to Northern Ireland by relocating meaningful skilled resource to Belfast and continuing to invest behind the on-trade. This has helped to secure a handful of flagship accounts, the benefit of which should flow through in years to come.

Heverlee was also launched in Northern Irish pubs and appears to have been well received by publicans and consumers alike.

Forthcoming investment in the newly constructed Drygate Brewing Company

For note references to the Operations Review please see page 29.

GAYMERS
HORNSBY'S
MAGNERS

MAGNERS

MAGNERS
HORNSBY'S

GAYMERS
HORNSBY'S

OPERATIONS REVIEW
INTERNATIONAL

Constant Currency[i]	FY2014 €m	International FY2013 €m	Change %
Revenue	79.9	47.2	69.3%
Net revenue	77.1	46.6	65.5%
- Price /mix impact			*(1.7%)*
- Volume impact			*67.2%*
Operating profit	16.0	9.5	68.4%
Operating margin (Net revenue)	20.8%	20.4%	
Volume – (kHL)	545	326	67.2%

INTERNATIONAL

In FY2014, C&C's international volumes increased by 67.2% and consequently, profit generated outside of the domestic markets increased to €16.0 million, equal to 12.6% of the Group's operating profit[iii]. (FY2014 includes the full year benefit of the Vermont Hard Cider Company whereas FY2013 reflects the financial results for 2 months).

- UNITED STATES

In the US, the focus of the last 12 months has been the integration of the wholesaler network, finance, back office, manufacturing and sales functions. This has been a significant task for the local management team. However, by the end of the financial year, integration was broadly complete and C&C's entire US business is now managed and operated from a single site by a single team. Critically, we now have a high quality and stable wholesaler network.

The integration and re-positioning of the US business impacted performance over the past 12 months at a time when competition also intensified. Consequently, historic growth trends for the Woodchuck brand were arrested in a challenging year. Over the past 12 months, shipment volumes declined by 1% and market-wide depletions fell by 6%. In addition, Magners and Hornsby's shipment volumes declined by 17% and 40% respectively. For Woodchuck, the subdued volume trends relative to the market are largely attributable to a lower rate of sale in the off-trade and lost points of distribution in the on-trade.

The integration completed in FY2014 established a stable platform for VHCC. Additionally, a series of commercial initiatives including the opening of a brand new, state of the art $34.0 million cidery, packaging updates and new marketing plans are designed to provide business impetus.

- EXPORT

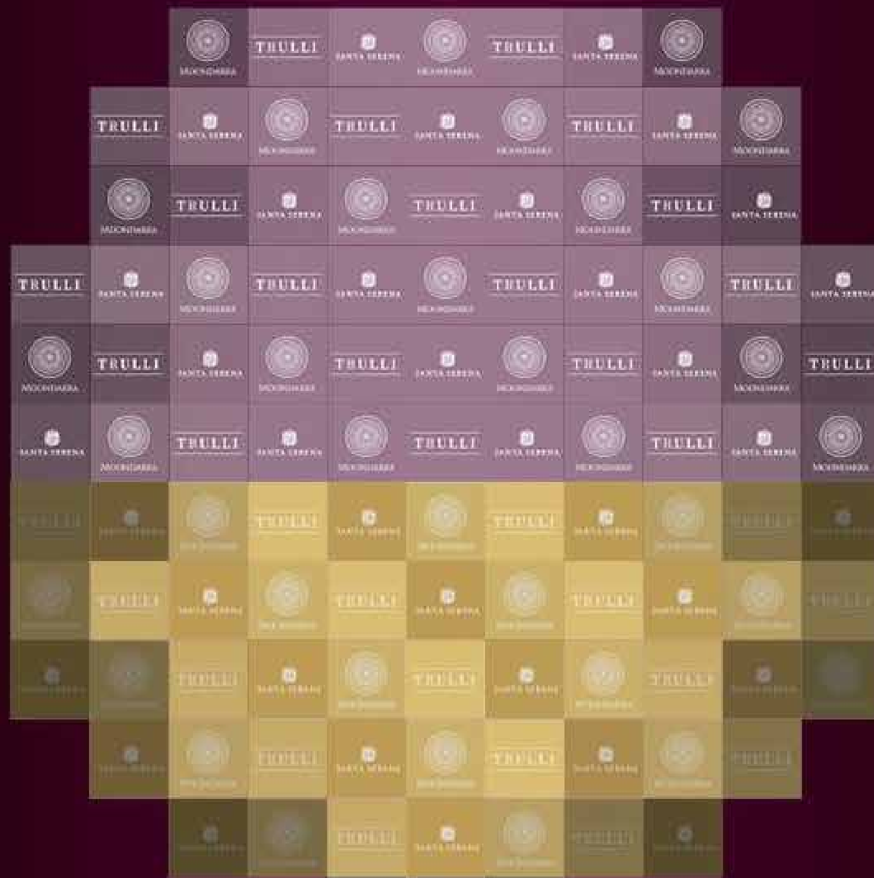
Export volumes increased by 11% year on year and represent 34% of international volumes. We are now exporting to 47 countries with the top five accounting for almost two thirds of such sales (excluding the US).

The Magners brand grew by 13% with Canada and Australia up 27% and 8% respectively.

The Gaymers brand portfolio grew by 18% and Tennent's continues to perform strongly in Italy growing 12%.Tennent's Beer aged in Whisky Oak and Tennent's Stout has been launched in selected international markets. Although small in volume terms, C&C's Asian business grew by 108% and we are further investing in sales resource in FY2015.

New cidery at Vermont Hard Cider Company

For note references to the Operations Review please see page 29.


TRULLI
SANTA SERENA
MOONDARRA

ZARAPITO
CAPE PROMISE
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OPERATIONS REVIEW
THIRD PARTY BRANDS UK

Constant Currency[i]	Third Party Brands UK FY2014 €m	FY2013 €m	Change %
Revenue	122.1	112.2	8.8%
Net revenue	89.4	86.7	3.1%
- Price /mix impact			*(7.6%)*
- Volume impact			*10.7%*
Operating profit	7.2	4.9	46.9%
Operating margin (Net revenue)	8.1%	5.7%	
Volume – (kHL)	964	871	10.7%

THIRD PARTY BRANDS UK

This segment relates to the manufacturing and distribution of third party products. Volumes increased by 10.7% to 964khl. Operating profit for the period increased to €7.2 million (on a constant currency basis), taking the margin on this business up to 8.1%. Our route to market capability and the strength of our local brands is attracting brand owners to partner with C&C in Scotland and Ireland.

Volume growth on agency brands was 6.3% due to a strong performance in the Scotland and Northern Ireland independent free trade. This result also includes the International Wine Services (IWS) division, which is now supplying a range of wines and spirits brands into the on-trade in the UK.

Notes to the Operations Review
(i) On a constant currency basis; constant currency calculation is set out on page 35.
(ii) Per Nielsen/CGA
(iii) Operating profit and profit for the year attributable to equity shareholders is before exceptional items. The prior year operating profit has been restated on adoption by the Group of revised IAS 19 Employee Benefits; please see note 1 to the financial statements.

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

RESULTS FOR THE YEAR

C&C is reporting net revenue of €620.2 million (up 30%), operating profit[i] of €126.7 million (up 10.6%) and adjusted diluted EPS[ii] of 29.5 cent (up 5.7%).

On a constant currency basis[iii], the net revenue and operating profit results for the year represent an increase of 34.0% and 13.1% respectively. Operating margin, before exceptional items, was 20.4%, a decrease of 3.8 percentage points on a constant currency basis, primarily reflecting the impact of the Group's acquired lower margin wholesaling business in Ireland.

The Group is pleased with these results as it considers FY2014 a transition year for the business as it evolves from a consumer pull model to a multi beverage, trade-led model in domestic markets while positioning the Group for sustainable international growth. Significant work was completed on integrating the newly acquired businesses with the Group's existing business and restructuring the business model in the Group's various markets to best meet customer requirements. Consequently, and as discussed in further detail below, the Group incurred significant one-off costs which in accordance with the Group's accounting policies have been classified as exceptional items. Furthermore, the integration process together with increased capital investment to build capacity in the USA and increased customer investment via trade lending adversely impacted the cash generation performance of the business.

Consistent with the Group's stated strategy of moving towards a multi-beverage model in domestic markets, the Group completed the acquisition of M. & J. Gleeson (Investments) Limited and its subsidiaries, a supplier and distributor of beverages in Ireland, on 7 March 2013 for a consideration of €12.4 million; and acquired a 50% interest in Wallaces Express Limited, Scotland's largest wines and spirits wholesaler ('Wallaces'), for a consideration of €11.8 million on 22 March 2013. Subsequent to the year end date the Group announced the acquisition of the remaining 50% of Wallaces for a consideration of €12.0 million. The financial results for the current financial year include a full year's contribution from both the newly acquired Gleeson wholesaling business and the Vermont Hard Cider business in the US acquired during the previous financial year.

The key financial performance indicators are set out on page 17.

The performance of each of the Group's reporting segments is discussed in detail in the Operations Review on pages 21 to 29. In summary the key drivers of this financial performance were:-

- **A robust but transitional year for ROI** following the acquisition of the Gleeson group and the integration of both businesses. The organic business benefited from the good summer weather with the Bulmers brand outperforming the LAD market.
- **Continued competitiveness in the UK Cider market and increased commoditisation of brands** had a negative impact on the performance of the Group's cider brands in the UK with volumes down 11.0% and price/mix down 4.0% on a constant currency basis. Recent category trends show local, craft cider brands performing well and in line with this market trend, the Group increased its focus on the Shepton Mallet Cider Mill regional and craft cider brands stalling the rate of decline.
- **A strong performance by Tennent's UK.** Volumes fell 1.6% primarily driven by reduced sales in Northern Ireland and to GB off-trade multiples. However, in Scotland (where approximately 60% of Tennent's UK volume is sold), the independent free trade volumes grew by 11.3 % reflecting brand strength and the Group's increased investment in this channel. Operating profit increased by 18.9% on a constant currency basis.
- **Transitional year in the US but positive growth in Magners key markets of Australia, Canada and France.** Performance in the US following the acquisition of Vermont Hard Cider Company ('VHCC') was significantly impacted by heavy competition and by the disruptive effect of optimising the Group's wholesaler network and consolidating and integrating the Group's US businesses. Cider growth rates in the US remain attractive and the Group will focus on implementing initiatives to establish a sustainable long term position in this market.

For note references to the CFO Review please see page 33.

A ROBUST BUT TRANSITIONAL YEAR FOR ROI FOLLOWING THE ACQUISITION OF THE GLEESON GROUP AND THE INTEGRATION OF BOTH BUSINESSES.

- **Currency:** The Group consolidates the results from foreign currency subsidiaries using the average actual rate for the period. The average actual sterling rate for FY2014 was €1:£0.846 representing a 4% weakening of sterling versus the equivalent prior year rate. The average actual USD rate for FY2014 weakened 3% versus the equivalent for FY2013. The application of these rates to last year's net revenue reduces reported FY2013 net revenue by €13.4 million and reduces reported operating profit by €2.9 million.

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 Stock Exchange and the UK Listing Authority. Details of the basis of preparation and the significant accounting policies are outlined on pages 98 to 108.

FINANCE COSTS, INCOME TAX AND SHAREHOLDER RETURNS

Net finance costs increased to €11.0 million (2013: €4.9 million), primarily reflecting a full year's debt drawdown to finance the acquisition of VHCC in December 2012, a marginal reduction in the effective interest rate and increased finance-related costs following the setting up of a non-recourse debtor factoring facility in August 2013. On a time-weighted basis the average drawn debt increased from €49 million during FY2013 to €300 million during FY2014. Net finance costs are also inclusive of an unwind of discount on provisions charge of €0.9 million (2013: €1.0 million) and a loss of €0.1million (2013: nil) on movement in fair value of derivative financial instruments.

The income tax charge in the year excluding the charge in relation to exceptional items and equity accounted investees amounted to €15.1 million. This represents an effective tax rate of 13.1%, a reduction of 1.5 percentage points on the prior year. The reduction is primarily due to the impact of acquisitions on the Group's profile and the geographical mix of profits. The effective tax rate at 13.1% continues to reflect the fact that the majority of the Group's profits are earned in jurisdictions, which have competitive tax rates relative to European averages.

Subject to shareholder approval, the proposed final dividend of 5.7 cent per share will be paid on 15 July 2014 to ordinary shareholders registered at the close of business on 30 May 2014. The Group's full year dividend will therefore amount to 10.0 cent per share, a 14.3% increase on the previous year. The proposed full year dividend per share will represent a payout of 33.9% (FY2013: 31.4%) of the full year reported adjusted diluted earnings per share. A scrip dividend alternative will be available. Total dividends paid to ordinary shareholders in FY2014 amounted to €31.0 million, of which €27.9 million was paid in cash, €0.1 million was accrued with respect to LTIP (Part I) dividend entitlements, while €3.0 million or 10% (FY2013: 25%) was settled by the issue of new shares.

Exceptional items

As noted above, FY2014 represented a year of restructuring, integration and consolidation. Consequently costs of €20.7 million were incurred, 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.

For note references to the CFO Review please see page 33.

GROUP CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

The items which were classified as exceptional include:-

(a) Restructuring costs of €6.1 million: comprising severance and other initiatives arising from the integration of the Group's Irish businesses following the current year acquisition of the Gleeson group and from cost cutting initiatives at the Group's manufacturing facilities resulted in an exceptional charge before tax of €6.7 million (2013: €1.2 million). This charge is reduced by a defined benefit pension scheme curtailment gain of €0.6 million due to the reduction in headcount numbers and the reclassification of these employees from active to deferred members. A curtailment gain arises where the value of the pension benefit of a deferred member is less than that of an active member.

(b) Acquisition-related costs of €1.1 million: comprising professional and other related fees primarily attributed to the acquisition of the Gleeson group.

(c) Integration costs including write-off of redundant legacy IT assets of €5.6 million: primarily relating to the integration of the acquired Gleeson and VHCC businesses with the Group's existing business and the resulting streamlining of its IT requirements leading to the write-off of IT assets no longer required.

(d) Redeployment of a bottling line incurring costs of €7.4 million: during the financial year a bottling line was redeployed from the Group's cider manufacturing facility in Clonmel to its cider manufacturing facility in Shepton Mallet, Somerset. Costs of €6.6 million were incurred in this regard. As a result of this deployment an existing PET line with a value of €0.8 million in Shepton Mallet became redundant and was written off.

(e) Other costs of €0.5 million: includes costs incurred in relation to the upgrading of the Group's listing on the Official List of the UK Listing Authority from a standard listing to a premium listing offset by the release of an excess onerous lease provision.

BALANCE SHEET STRENGTH, DEBT MANAGEMENT AND CASHFLOW GENERATION

Balance sheet strength provides the Group with the financial flexibility to pursue its strategic objectives. The Group has a committed €350.0 million multi-currency five year syndicated revolving facility and is permitted under the terms of the agreement to have additional indebtedness to a maximum value of €150.0 million, giving the Group total debt capacity of €500.0 million. The debt facility matures on 28 February 2017. As at 28 February 2014 net debt was €145.2 million reflecting a net debt: EBITDA ratio of less than 1.0x.

Total assets reported by the Group were €1,380.5 million at 28 February 2014 (2013: €1,200.3 million). The Group's portfolio of market leading brands and related goodwill is valued at €718.9 million, representing approximately 52% of total assets (2013: €705.8 million).

Brand values and goodwill are assessed for impairment on an annual basis by comparing the carrying value of the assets with their recoverable amounts using value in use computations. Sensitivity analysis was performed on these calculations whereby the underlying assumptions (net revenue, operating profit, discount and terminal growth rates) were each negatively adjusted by 1 percentage point. Applying these individual assumptions, while holding all other assumptions constant, to the value in use computations did not indicate an impairment of the Group's goodwill or brands.

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 continuing business.

The Group's performance during the year resulted in an EBITDA to Free Cash Flow[iv] conversion ratio of 40.9% (2013: 40.2%). The cash flow performance was adversely impacted by a number of factors including costs associated with integrating acquired businesses to reflect the new business model in Ireland, consulting and other costs directly related to the acquisition of businesses, increased financing costs, trade lending and capital expenditure. In addition taxation payments increased in line with an increased level of UK taxable profits and the expiration of UK accelerated capital allowances. A reconciliation of EBITDA to operating profit and a summary cash flow statement are set out below.

A summary cash flow statement is set out in Table 2 on page 33.

Table 1 – Reconciliation of Operating profit to EBITDA[v]

	2014 €m	2013 €m
Operating profit	**106.0**	110.0
Exceptional items	**20.7**	4.6
Operating profit before exceptional items	**126.7**	114.6
Amortisation/depreciation	**24.0**	21.7
EBITDA[v]	**150.7**	136.3

For note references to the CFO Review please see page 33.

Table 2 – Cash flow summary

	2014 €m	2013 (restated) €m
EBITDA [v]	150.7	136.3
Working capital	0.7	(21.8)
Advances to customers	(14.3)	(16.7)
Net capital expenditure	(28.5)	(24.1)
Net finance costs	(8.3)	(1.9)
Tax paid	(13.7)	(8.5)
Exceptional items paid	(16.9)	(4.9)
Other[vi]	(8.1)	(3.6)
Free cash flow[iv]	61.6	54.8
Free cash flow conversion ratio	40.9%	40.2%
Free cash flow	61.6	54.8
Exceptional cash outflow	16.9	4.9
Free cash flow excluding exceptional cash outflow	78.5	59.7
Free cash flow conversion ratio excluding exceptional cash outflow	52.1%	43.8%
Reconciliation to Group Condensed Cash Flow Statement		
Free cash flow	61.6	54.8
Proceeds from exercise of share options	5.0	3.5
Proceeds from the sale of shares held by Employee Trust	1.2	6.6
Proceeds from issue of new shares following acquisition of subsidiary	-	5.3
Drawdown of debt	76.2	251.2
Repayment of debt	(57.3)	(65.2)
Payment of issue costs	-	(2.8)
Acquisition of brand & business/deferred consideration paid	(8.6)	(233.5)
Acquisition of equity accounted investees	(12.0)	(2.9)
Dividends paid in cash	(27.9)	(21.2)
Net increase/(decrease) in cash & cash equivalents	38.2	(4.2)

Notes to the Chief Financial Officer's Review

(i) Operating profit is before exceptional items. The prior year operating profit has been restated on adoption by the Group of revised IAS 19 Employee Benefits; please see Note 1 to the financial statements.

(ii) Adjusted basic/diluted earnings per share ('EPS') is before exceptional items. Prior year EPS has been adjusted in line with the prior year restatement of operating profit on adoption by the Group of revised IAS 19 Employee Benefits as outlined in Note 1 to the financial statements.

(iii) Constant currency calculation is set out on page 35.

(iv) 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 on-going business. A reconciliation of FCF to Net Movement in Cash & Cash Equivalents per the Group's Cash Flow Statement is set out on page 33.

(v) EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and Equity accounted investees' profit after tax.

(vi) Other relates to share options add back, pensions charged to operating profit before exceptional items less contributions paid and net profit on disposal of PPE.

GROUP CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

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

The Group is reporting a retirement benefit obligation surplus of €1.4 million in relation to its UK defined benefit pension scheme and a deficit of €22.8 million in relation to its two ROI defined benefit pension schemes. All schemes are closed to new entrants. There are 5 active members in the NI scheme and 80 active members (less than 10% of total membership) in the ROI schemes. In line with a funding plan approved by the Pensions Board for the ROI schemes, the Group is committed 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 , 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 scheme actuaries advised that as at 31 December 2013 the schemes were on track to meet the minimum funding standard and risk reserve by 31 December 2016, the end of the funding period.

At 28 February 2014, the retirement benefit obligations on the IAS 19 (R) Employee Benefits basis amounted to €21.4 million gross and €18.8 million net of deferred tax (FY2013: €21.5 million gross and €18.8 million net of deferred tax). The movement in the deficit is as follows:-

	€m
Deficit at 1 March 2013	21.5
Employer contributions paid	(6.8)
Actuarial loss	6.4
Charge to the Income Statement	0.5
FX adjustment on retranslation	(0.2)
Net deficit at 28 February 2014	21.4

The benefit of employer contributions of €6.8 million on the retirement benefit pension obligations on the IAS 19(R) basis was reduced by an actuarial loss of €6.4 million. The actuarial loss primarily arose as a result of a reduction in the discount rate applied to liabilities: ROI schemes reduced from 3.8% - 4.25% at 28 February 2013 to 3.4% - 3.6% at 28 February 2014. This loss was partially reduced by an experience gain of €8.4 million in relation to membership movements.

All other significant assumptions applied in the measurement of the Group's pension obligations at 28 February 2014 are broadly consistent with those as applied at 28 February 2013.

FINANCIAL RISK MANAGEMENT

The most significant financial market risks facing the Group continue 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.

Currency risk management

The Group's reporting currency and the currency used for all planning and budgetary purposes is the euro. However, as the Group transacts in foreign currencies and consolidates the results of non-euro reporting foreign operations, it is exposed to both transaction and translation currency risk.

Currency transaction exposures primarily arise on the sterling, US, Canadian and Australian dollar denominated sales of its euro subsidiaries. The Group seeks to minimise this exposure, when economically viable to do so, by maximising the value of its foreign currency input costs and creating a natural hedge. When the remaining net exposure is material, the Group manages it by hedging an appropriate portion for a period of up to two years ahead. Forward foreign currency contracts are used to manage this risk in a non-speculative manner. The Group had no outstanding forward foreign currency contracts as at the year-end date.

In addition, the Group seeks to partially manage its foreign currency translation risk through borrowings denominated in those currencies. Part of the Group's multi-currency debt facility was designated as a net investment hedge of its US dollar subsidiaries.

The effective rate for the translation of results from sterling currency operations was €1:£0.846 (year ended 28 February 2013: €1:£0.813) and from US dollar operations was €1:$1.334 (year ended 28 February 2013: €1:$1.290). 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 (FY2013: €1:£0.86)

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 FY2014 effective rates. Applying the realised FY2014 foreign currency rates to the reported FY2013 revenue, net revenue and operating profit rebases the comparatives as shown in Table 3 on page 35.

Table 3 – Constant Currency Comparatives	Year ended 28 February 2013 (restated) €m	FX Transaction €m	FX Translation €m	Year ended 28 February 2013 Constant currency comparative €m
Revenue				
ROI	133.8	-	-	133.8
Cider UK	195.8	-	(7.4)	188.4
Tennent's UK	229.3	-	(8.8)	220.5
International	48.5	(0.6)	(0.7)	47.2
Third party brands UK	116.7	-	(4.5)	112.2
Total	724.1	(0.6)	(21.4)	702.1
Net revenue				
ROI	92.2	-	-	92.2
Cider UK	137.8	-	(5.1)	132.7
Tennent's UK	108.9	-	(4.2)	104.7
International	47.8	(0.6)	(0.6)	46.6
Third party brands UK	90.2	-	(3.5)	86.7
Total	476.9	(0.6)	(13.4)	462.9
Operating profit				
ROI	38.7	0.6	-	39.3
Cider UK	31.3	(0.7)	(1.4)	29.2
Tennent's UK	30.3	-	(1.2)	29.1
International	9.2	0.4	(0.1)	9.5
Third party brands UK	5.1	-	(0.2)	4.9
Total	114.6	0.3	(2.9)	112.0

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 €350.0 million.

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

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 2014:

- Total water usage reduced by 4.12% despite an increase in production volume of 1% in ROI and UK.
- Water usage in the packaging hall at Wellpark reduced by 80% after the installation of a water recirculation system.
- The Tennent's Training Academy has now trained over 13,000 students for the Scottish pub and hospitality industry.
- Charitable activities increased with national and local charities supported in the UK, ROI and the USA.
- Increased commitment to the responsible drinking agenda.
- Through our leadership of the UK national association of cider makers, we helped secure an excise duty freeze in the UK.

INTRODUCTION

The Group operates a corporate responsibility and sustainability policy at the heart of which lies the desire to meet the demands of its stakeholders in an economically, environmentally and socially responsible way as possible. This desire sits at one with the values of our organisation as sustainability not only reduces our costs but also reduces the impact our business has on the environment, and helps ensure a positive long-term future for the communities in which we operate.

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 greenhouse gas (GHG) emissions, and also looks at ways of increasing transport efficiency and packaging optimisation. Each team reports monthly to the Group Operations Director, who reports through the Group Chief Executive Officer to the Board.

Compared with FY2013, energy used per hectolitre of product produced in our manufacturing sites at Clonmel, Shepton Mallet and Wellpark fell from 8.24 kWh/HL to 8.20 kWh/HL, although our overall electricity usage increased from 37.8 million kWh to 38.2 million kWh in line with the increased production at these sites. We have reduced our natural gas usage at these sites from 88.2 million kWh to 88.07 million kWh despite the rise in production volumes, and we remain committed to reducing our electricity and natural gas usage. To this end we have developed a reduction target of 11% by the end of FY2015, against FY2012 as a base year. A set of KPIs was introduced at the Gleeson sites in July 2013 to monitor energy consumption, which include electricity use, gas use and diesel used in its fleet of distribution vehicles. Our

OUR ENERGY PER HECTOLITRE AND NATURAL GAS USAGE AT CLONMEL, SHEPTON MALLET AND WELLPARK ALL REDUCED IN FY2014

electricity usage in our manufacturing site in Vermont in FY2014 was 1.6 million kWh.

Our manufacturing sites 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 continued to meet their regulatory targets in FY2014, and they continue to avail of the UK Government's small emitters opt out scheme. The Gleeson sites are not yet accredited to these standards but have their own environmental management system in place. At Clonmel 100% of the electricity provided by our electricity supplier comes from renewable sources.

In Vermont 40% of our electricity usage comes from renewable sources. 25% comes from a scheme known as "cow power" which generates electricity from cow manure using methane digestors on dairy farms (and has achieved a reduction in carbon equivalent to planting 1,000 acres of pine forest), and a further 15% of the electricity purchased comes from solar power.

At our new apple-crushing facility in Portugal environmental projects include improvement in storage of fuel for boilers and associated efficiency improvements. Improvements have been made in the effluent treatment works and in respect of storage and collection of attributed wastes.

SUSTAINABLE LOGISTICS

FY2014 has seen a continuation of the focus on driving efficiencies in conjunction with our transport partners. During FY2014 our logistics partner in Scotland introduced a new tear-drop trailer design that has improved fuel efficiency by 5%. In another project, we have successfully trialled an exercise in Scotland with a major off-trade retailer, where we deliver products directly to their despatch centre, which will significantly reduce road mileage. We are also looking at rolling out similar projects to our other off-trade customers.

PACKAGING

We continually benchmark our packaging weights and we are either ahead or on a par with industry standards on most packaging materials. 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), 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 was rolled out to Shepton Mallet and Wellpark in FY2014.

At Wellpark, we have introduced shrink wrap packaging to replace trays and boxes. This improves the appearance of our packaging and also reduces the weight of a typical case by approximately 14%. At our Gleeson manufacturing sites we are trialling light-weight PET bottles. One of our main PET preforms (which are blown into full size bottles) has been reduced in weight from 44g to 41g. This will result in an annual saving of PET plastic of 76 tonnes.

Between 60% and 70% of the glass used in our bottles is recycled, and this is increasing. We have taken part in the Packaging Recycling Group Scotland where, alongside our work with Resource Efficient Scotland, we aim to make further advances in the recycling of packaging. This involved a detailed analysis of packaging throughout our supply chain.

At Vermont our cardboard packaging is made from 100% recycled materials, and over 113 tonnes of waste packaging was recycled in FY2014. There is also a policy of reusing materials on site, which includes using shredded paper for packing samples.

Another project completed in FY2014 for our international business is the introduction of new non-returnable polyethylene kegs, which are recycled by approved recycling operators in the country of destination. This eliminates international transportation of empty steel kegs back to the UK and ROI, and will significantly reduce the Group's overall carbon footprint.

CORPORATE RESPONSIBILITY (CONTINUED)

WE HAVE SYSTEMS IN PLACE TO MAXIMISE THE RECYCLING OF THE WASTE THAT WE PRODUCE AND MINIMISE WHAT WE SEND TO LANDFILL.

CARBON CONSUMPTION

The Group continuously monitors the impact of its operations on the climate and we look to reduce our GHG 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 at www.cdproject.net. In the CDP Ireland Report 2012 (which is the most recently available report), the Irish CDP respondents' average disclosure score was 78%; the Group scored 96% and was second in the consumer staples sector. The CDP Ireland Report 2013 report will include data from Gleeson sites for the first time.

Scope 1 and 2 CO_2 emissions in FY2014 are broken down across our manufacturing sites as follows:

Clonmel:	7,732t
Shepton Mallet:	8,515t
Wellpark:	18,123t
Other offices:	1,008t
Vermont:	1,240t

CO_2 emissions for our Gleeson sites will be included next year.

In ROI and the UK, through our commitment to rural development, we support orchard growers who manage over 2,000 hectares of orchards for apples used directly in the production of our cider.

Each year we ensure compliance with national packaging regulations for our products placed into the marketplace. In the UK the actual sale volume of packaging recycled in the calendar year 2013, saved over 1,459 tonnes of CO_2 equivalent. In ROI we also recovered and recycled 2,259 tonnes of CO_2 produced by the cider fermentation process and used it to carbonate our products.

We have also installed a solar power facility in Vermont, which was developed through All Earth Renewables. Dubbed the "Solar Orchard", this has produced 239,345 kWh of electricity in FY2014.

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 process waste products. In FY2014, our manufacturing sites at Clonmel, Shepton Mallet and Wellpark reduced the overall amount of waste sent to landfill by 6%.

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%; the amount of waste sent to landfill in FY2014 rose to 66 tonnes (from 50 tonnes in FY2013) due to major civil projects at the plant. In FY2015 the site will be sending any residual waste to an RDF facility thereby diverting all waste away from landfill.

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 70 tonnes in FY2013 to 47 tonnes in FY2014, a 33% reduction, and as of January 2014 we now (in close collaboration with our waste management provider) divert all waste at Wellpark from landfill to an RDF facility. We have also continued our project with Zero Waste Scotland to identify waste reduction opportunities along our supply chain.

At Gleeson's Borrisoleigh site, the average amount of waste sent to landfill was 38 tonnes per month for the first six months of FY2014, which we reduced to an average of 11 tonnes per month for the last six months of FY2014. We intend to reduce this yet further in FY2015. In Vermont there is a recycling programme for all industrial waste materials.

WATER

At all the Group's manufacturing sites, water preservation and management is an important business consideration and we continue to monitor the usage of water per hectolitre of finished product from each manufacturing facility and across our supply chain.

Each year the Group participates in the CDP Water Disclosure initiative in ROI and the UK. The results of the 2012 CDP report (which is the most recently available report) are available on the CDP website. The 2013 CDP report (due out later this year) will also include water usage from the Gleeson manufacturing sites.

In FY2014, despite production volumes increasing, our total water usage at our Clonmel, Shepton Mallet and Wellpark sites dropped from 17.08 million hectolitres to 16.4 million hectolitres, equivalent to 3.53 hectolitres of water used per hectolitre (hl/hl) of product produced, a significant reduction on last year's rate of 3.69 hl/hl and significantly better than the recognised brewing benchmark of 4 hl/hl.

Our aquifer protection programmes in Clonmel and Borrisoleigh have resulted in us retaining our successful accreditation to the Irish IS 432:2005 standard at both sites. 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 FY2014 we recovered and reused just under 255,000 m3 of biogas from our anaerobic waste water treatment plant in Clonmel for use as fuel for our boilers.

A project successfully implemented in the packaging hall at Wellpark has stopped water being drained away after use in the pasteuriser; instead the waste water is cooled and then recycled through the process again and again. This has resulted in a reduction in water use of 80%.

PROCUREMENT

The implementation of our sustainable and ethical procurement policy is monitored by the Board via the Group Operations 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 to a supplier approval questionnaire. This questionnaire specifically asks for details in the management of environmental, health and safety, sustainability and corporate social responsibility.

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 FY2014, we milled 70,000 tonnes of apples in our milling operations across the Group. 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. In the UK 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. The NACM is the first drinks trade body to work with Business in the Community (BITC) to address sustainability, and we have worked with the pomology and technical experts in the NACM to develop our sustainability agenda.

In the USA, as part of our support for Earth Week 2013, we ran an American Forests Promotion. This promotion meant that for each new Facebook 'like' or newsletter sign up we received during Earth Week, a tree was planted in that person's name. Since the promotion began in 2010 42,033 trees have been planted.

As part of our support for the working landscape we provided $10,000 in matching funds for a grant to help Vermont Tree Growers study and implement a plan to increase cider apple production in the state. We are also members of the Vermont Fresh Network, which is an organisation focused on local companies buying from local farms. In FY2014 we purchased 300,000 US gallons (1.14 million litres) of Vermont apple juice, accounting for 40% of all processed apples sold in Vermont.

CORPORATE RESPONSIBILITY (CONTINUED)

COMMUNITY ENGAGEMENT

During the last year a key element of our CSR strategy was transferring resources and efforts from national schemes to local initiatives that will have a more positive impact on the communities in which we operate. A significant part of this is our approach to charitable activities, where we aim to support charities that have a local impact.

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 an Irish company, established in ROI's low tax environment, with our major Irish cider production unit located in Clonmel and the Group headquartered in Dublin. The majority of the Group's profits are earned in ROI and the UK, which both have competitive corporation tax rates compared with the European average. In ROI 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 particularly targeted on the basis of their customer satisfaction results.

In Scotland our customer satisfaction is surveyed by an external surveyor. Overall satisfaction improved for our Tennent's business unit, and our lead over our nearest competitor has increased. In the rest of the UK and ROI we decided to engage directly with our customers instead of undertaking external surveys and in Vermont we have a social media team that interacts directly with consumers on a daily basis.

ROI and Northern Ireland

We provide financial support through trade lending facilities to enable our customers to improve their on-trade premises so that they remain vibrant parts of the local community. In FY2014 we advanced a gross total of €5.6 million to our customers in ROI and Northern Ireland.

We support many cultural events across ROI, and the expansion of our portfolio in ROI to include wines and soft drinks has given us greater access to them than we previously enjoyed. As a result we now support a diverse range of sporting events from horse racing to the Dublin and Cork city marathons.

We are also supporters of live music events. Tennent's Vital is Northern Ireland's biggest music festival, and the annual sponsorship of this event by Tennent's NI helps bring world-class musicians to Northern Ireland. In ROI, we continue to support the Forbidden Fruit Festival, the Body and Soul Festival and Bulmers Live at Leopardstown, which sees live music acts alongside evening racing events.

We also recently completed the construction of a craft beer brewery on the site of our cider mill in Clonmel. This new brewery facility will help us to capitalise on the growing craft beer market both in ROI and overseas, and it will also add additional investment and job security to the local community in Clonmel.

We are also using our brands to raise money for charities; for example in ROI we are contributing, via Tipperary Natural Mineral Water, special edition bottles of Kidz water towards the Irish Society for the Prevention of Cruelty to Children (ISPCC) to promote their 'standing up to bullying' campaign. We provide point of sale materials and have committed to spend €50,000 on other promotional activity, including PR, radio advertising and support at ISPCC events.

In addition to larger scale initiatives we also help local causes whenever we can. This included the donation of half an acre of land from a portion of our Clonmel orchards to Powerstown School, which will be used as a playground.

IN 2013 TENNENT'S WAS APPOINTED AS THE OFFICIAL BEER FOR THE VETERANS' CHARITY HELP FOR HEROES

Scotland
For many years we have provided financial support through trade lending facilities to enable our customers to improve their on-trade premises so that they remain vibrant parts of the local community. In FY2014 we advanced a gross total of just under £13.3 million to our customers in Scotland.

In 2013 Tennent's was appointed as the official beer for the veterans' charity Help for Heroes, and we are now selling special edition packs of Tennent's throughout the UK. All the profits from the sales of these products will go to the charity. In addition we are making the Tennent's Training Academy in Glasgow available for ex-service men and women to be trained in new career skills.

We provide valuable support to those setting out on a career in the pub and hospitality industry. The Tennent's Training Academy, which offers a wide range of training programmes with nationally recognised qualifications in all aspects of the hospitality industry, has now trained over 13,000 people. The Tennent's Training Academy was also the first in Scotland to run Public Licence Holder refresher training courses and we are now running these courses all over Scotland. In addition, we continue to support the modern apprenticeship scheme, with three modern apprentices currently working at Wellpark, and in conjunction with some of our customers we helped to set up 100 placements in the hospitality sector.

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. The festival is now in its 21st year, making it one of the longest running music festivals with a single sponsor in the UK. We also continue to support Scotland's unsigned music talent, and this year 16 artists will be offered the chance to play on the T Break stage at T in the Park.

The Group continues to sponsor Celtic and Rangers football clubs, and we donated sponsorship rights to Celtic and Rangers U19 and Women's teams to promote the clubs' respective charity foundations. As part of our relationship with Celtic football club we are donating a minimum of £150 to the Celtic Charity Foundation for every competitive goal scored in the 2013/14 season, and as at the end of FY2014 this initiative has raised over £10,000.

In partnership with the Celtic Charity Foundation we provided funding for 40 children from Smithycroft school in Glasgow to go on a sailing trip organised by the Rona Trust, an organisation that helps improve the confidence of young people through sailing experiences.

As part of our strategy to play a bigger role in the community of Glasgow we have opened up our brewery to the public, with tours now regularly taking place from our revamped visitor centre.

England
As part of the Shepton Mallet Cider Mill agricultural investment fund, in FY2014 we agreed to support local cider apple growers to plant a total of 270 acres (90,000 trees) of new cider apple orchards. We are also actively involved in the 'Keeping Somerset Orchards Alive' project to restore and plant traditional orchards and promote traditional orchard craft and local cider making.

We have continued our support for the local community through numerous local sponsorships, including sponsorship through our Blackthorn cider brand of Bristol City and Bristol Rovers Football clubs and Bristol Rugby club. We also support shows in the South West including the Royal Bath and West Show and the Mid Somerset Show and donate to various local groups and charities.

United States
Our Woodchuck and Magners cider brands have won medals in several prestigious competitions in the United States, a testament to the quality of our cider.

The events and festivals in which we are involved are carefully planned to ensure they adhere to all responsible drinking requirements. Our slogan "Revel Responsibly" is trademarked in the US and appears on posters and graphical elements we produce. This phrase is also used on related social media.

CORPORATE RESPONSIBILITY (CONTINUED)

WE ARE ALSO USING OUR BRANDS TO RAISE MONEY FOR CHARITIES

Our Vermont cider business is also active in the community. We donated $95,000 to nearly 100 different local groups and charities. Our biggest single donation, $50,000, was made to Survivorship NOW, a Vermont-based breast cancer survivor organisation, for whom we created a pink cider.

We are also keen to provide public access to orchards, and as part of that we are lead sponsor of, and helped organise a programme called "apples to iPods" in which consumers are invited to hunt for wooden apples hidden in the orchards which can be exchanged for an iPod.

Clean water for the developing world

Finally, in a charitable initiative that is working across our activities in the UK and Ireland, we are in discussions with One Water, a mineral water producer that funds clean drinking water boreholes in the developing world, to share our expertise in the production and sale of drinks products in order to help them become more efficient in their procurement and distribution operations and to increase the promotion and sales of their products. This relationship is in its early stages but we aim to enable One Water to increase the amount of money they can donate to the provision of safe drinking water in the developing world.

RESPONSIBLE DRINKING

Public Policy Leadership

In the past year, as a member of the Council of the Portman Group, we have implemented the fifth edition of the code. The updated code is now implemented across all of our marketing and promotional activity in the UK. Additionally, we used our extensive experience in music and sports sponsorship to lead the UK-wide implementation of a new sponsorship code.

During the last twelve months we held the Chair of the National Association of Cider Makers (NACM). This has put us at the heart of many UK government discussions relating to the responsible use of alcohol. The NACM is also engaged with tax and regulatory departments and opinion-forming bodies having an interest in cider and/or alcohol generally. Through our leadership of the NACM, we helped secure an excise duty freeze in the UK.

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 have worked on a revised definition for cider in the US allowing higher carbonation, which is more aligned to European levels. This change in ruling is in the early stages of the US legislative process.

Within 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.

Local Government

During the course of the last twelve months a number of local authorities across England and Wales have implemented schemes to limit the sale of strong beer and cider. We have only a small commercial interest in these products; we continue to look at the best way of working with local authorities, as well as central governments, to tackle alcohol misuse, provided that it is not undertaken in a discriminatory fashion.

Public Health Responsibility Deal UK

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. Following the disposal of the high strength Diamond White and White Star cider brands in FY2014, we are pleased to report that we have already achieved our element of this unit reduction. Nevertheless we will look to continue to reduce the number of alcohol units in our products by having a greater presence of lower alcohol products in our portfolio. The launch of Caledonia Best ale at 3.2% ABV and the forthcoming launch of Tennent's Lemon T at 2.8% ABV are examples of our lower alcoholic strength product innovation.

Review of Alcohol Trade Body Memberships

During FY2014 we carried out a review of our trade body memberships. The basis of the review was to ensure that good value was achieved by us. The assessment was made by evaluating cost of membership versus the social benefits in terms

of responsible drinking and associated community actions. In the case of four organisations we decided that we can achieve greater efficiency for our responsible drinking programmes, with more focused targeting of the public who consume our products, by working directly with our customers and consumers rather than continued membership of the national trade bodies that we chose to leave. As a result of this exercise, we are going to remain a member of Drinkaware but we have given notice to resign our memberships of The Portman Group (UK), the British Beer and Pub Association (UK), Mature Enjoyment of Alcohol in Society (Ireland) and the Alcohol Beverage Federation of Ireland (Ireland).

Notwithstanding that we will have ceased to be members of these trade bodies, we will continue to adhere to their codes of conduct where appropriate, and we remain fully committed to the promotion of responsible drinking.

Best Bar None

As part of our strategy on focusing on local customers and consumers with responsible drinking messages and activity we have joined the Best Bar None scheme. The aim of this scheme is to improve the night time economy of many Scottish high streets, making them safer and more enjoyable places to be. We are working with the Scottish Government, the NHS and the Scottish Police on quantifying the impact of Best Bar None on the number of hospital admissions and police incidents, as well as increased customer footfall in the areas where Best Bar None operates.

Scottish Government Alcohol Industry Partnership (SGAIP)

Tennent's was a founding member of the SGAIP. The SGAIP has undertaken various initiatives over the last six years towards achieving a reduction in alcohol misuse in Scotland.

Minimum Unit Pricing

The Scottish Government has passed legislation to introduce minimum pricing for alcohol. This legislation is now the subject of judicial review as third parties have brought a legal challenge. We remain supportive of these proposals provided they are fairly, reasonably and proportionately implemented, and are part of an overall programme to reduce the abuse of alcohol. In other markets, including ROI and Northern Ireland, we support the proposals for minimum unit pricing on a similar basis to Scotland.

In England and Wales, during the last 12 months, the UK Government has decided not to progress minimum unit pricing at this point.

Responsible Drinking Initiatives

The Group has continued its commitment to responsible drinking messages throughout the last twelve months and we are an active member of Drinkaware. 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.

USA

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, and the "Revel Responsibly" slogan is frequently used in product advertisements, point of sale materials and social media to promote responsible drinking.

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.

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

CORPORATE RESPONSIBILITY (CONTINUED)

WE ARE CONTINUING TO FOCUS ON TRAINING AND DEVELOPMENT FOR OUR EMPLOYEES, INCLUDING MACHINE SPECIALIST SKILLS, BUSINESS IMPROVEMENT TECHNIQUES, COMPLIANCE TRAINING AND A COMPREHENSIVE TEAM MANAGER TRAINING PROGRAMME.

or sexual orientation. The policy also requires our staff to treat customers, suppliers and the wider community in accordance with these principles as well.

Information on the make-up of our workforce is contained in the table below:

	Male	Female
Directors	89%	11%
Senior Managers	72%	28%
All Employees	78%	22%

Health and wellbeing of employees

In FY2014 there were 19% fewer lost-time accidents but there was a small rise in non-lost-time accidents at Clonmel, Shepton Mallet and Wellpark. This reflects an improvement in reporting as well as a reduction in serious accidents. A Group-wide review of health and safety procedures has been introduced that follows any health and safety incident in order to ensure that best practice is shared across all sites.

Numbers of lost-time accidents in FY2014 (FY2013 in brackets) are broken down across our manufacturing sites as follows:

Clonmel:	1 (7)
Shepton Mallet:	10 (9)
Wellpark:	2 (0)
Gleeson (all sites):	6 (July 2013 to end FY2014 only)
Portugal:	0 (August 2013 to end FY2014 only)

In FY2014 we introduced a safety behaviour programme across Clonmel, Shepton Mallet and Wellpark. This requires all employees to report hazards, near miss incidents and any positive or negative safety behaviours across each site on a daily basis. In addition there are targets set to resolve any issues raised, to ensure that we continuously improve safety standards on all sites.

As part of this programme we also launched a 'Safety Pledge' initiative to engage our employees at Clonmel, Shepton Mallet and Wellpark in health, safety and wellbeing. The Safety Pledge is a set of values that we asked our employees to commit to, and the signatures of all employees are displayed on large 6ft x 4ft posters on each site to demonstrate their understanding and support for this initiative. In FY2014 Clonmel saw a decrease in lost-time accidents of 86%, and Wellpark maintained a low level of lost-time accidents. In FY2015 we will focus on reducing accidents on our other sites.

In addition we are continuing to focus on training and development for our employees, including machine specialist skills, business improvement techniques, compliance training and a comprehensive team manager training programme. The same programme is being rolled out at all the Gleeson manufacturing sites during FY2015. The Wellpark site successfully applied for and achieved accreditation from the Royal Environmental Health Institute of Scotland as a health and safety training centre. Occupational health services are offered at all our manufacturing sites to give annual health checks and health awareness programmes.

At the Gleeson sites a comprehensive review of the health, safety and wellbeing systems and controls was undertaken in FY2014 and a significant upgrade of facilities, equipment and work practices has been undertaken. This has included reviews of risk assessments, improved traffic and pedestrian management on site, specifically targeted training and improved communication and reporting systems across the sites.

At our new apple-crushing facility in Portugal, a significant focus has been placed on health and safety, and a health and safety committee has been set up; a number of safety improvements have already been implemented.

Personal Development

A performance management system was introduced for our employees at Wellpark. This included the setting of personal objectives for all members of staff, linked to the site's objectives for the year. These ranged from improving right first time rates to improving efficiency to improvement in hygiene standards. Every employee was supported by a project champion and all received mid-year reviews to monitor their progress. This resulted in improved employee engagement and some notable improvements in the site's performance. Clonmel, where the system had already been introduced, achieved 100% completion of their system and their mid-year reviews. Similar schemes will be introduced at our sites in Borrisoleigh and Shepton in FY2015.

GOVERNANCE

We, as a Board, and a Company, take corporate governance very seriously, and consider that good conduct is the basis of good performance....

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BOARD OF DIRECTORS

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BOARD COMMITTEES

Audit Committee

John Hogan (Chairman)
Emer Finnan (from June 2014)
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 (69) 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 (53) 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 (44) 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 (45) 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 construction company.

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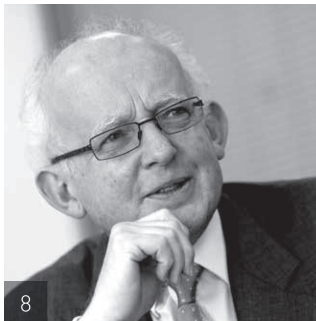
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5. EMER FINNAN*

Emer Finnan (45) was appointed as a non-executive Director of the Company in May 2014 and will join the Audit Committee from June 2014. She is a Partner and Senior Managing Director of Kildare Partners, a private equity firm based in Dublin, where she is responsible for investment origination in Ireland. After qualifying as a chartered accountant, she worked in investment banking at Citibank and ABN AMRO in London and then NCB Stockbrokers in Dublin. In 2005 she joined EBS Building Society in Ireland, becoming its Finance Director in early 2010. In September 2012, Ms Finnan re-joined NCB Stockbrokers to lead a financial services team in Ireland. She joined Kildare Partners in 2013. Ms Finnan is currently a Non-Executive Director of Dublin Port Company and adviser to the audit committee of RTE, the Irish public broadcaster. She brings considerable financial expertise to the Board.

6. STEWART GILLILAND*

Stewart Gilliland (57) 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, Mitchells & Butlers and Sutton & East Surrey Water Plc. He brings significant experience of the long alcohol drinks sector in international markets.

7. JOHN HOGAN*

John Hogan (73) 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.

8. RICHARD HOLROYD*

Richard Holroyd (67) 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.

9. BREEGE O'DONOGHUE*

Breege O'Donoghue (69) 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.

10. ANTHONY SMURFIT*

Anthony Smurfit (50) 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 Légion 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.

For information on independence of the Directors, please see Directors' Statement of Corporate Governance on pages 52 to 62.

* 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 2014.

PRINCIPAL ACTIVITIES

The Group's principal trading activity is the production, marketing and selling of cider and beer, wine, soft drinks and bottled water.

The Company announced on 7 March 2013 that the Group had completed the acquisition of M. & J. Gleeson (Investments) Limited and its subsidiaries, a supplier and distributor of beverages in Ireland.

During the year the Group also acquired the whole of the issued share capital of Latin American Holdings Limited, together with its subsidiary Biofun-Produtos Biológicas do Fundão, Lda, a Portuguese manufacturer of apple juice concentrate.

Subsequent to the year-end, the Company announced on 18 March 2014 that the Group had acquired the outstanding balance of the ordinary share capital of Wallaces Express Limited, a wholesaler of beverages in Scotland, not already owned by it.

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

RESULTS

For the year ended 28 February 2014, the Group reported Revenue of €912.9 million (2013: €724.1million) and Net Revenue of €620.2million (2013: €476.9 million).

Operating profit before exceptional items amounted to €126.7 million (2013: €114.6 million (restated)). This was in line with guidance given by the Company during the year that operating profit would be in the range of €125.0 million to €132.0 million.

Profit for the year attributed to equity shareholders amounted to €83.3 million (2013: €89.4 million (restated)). On this basis, basic earnings per share amounted to 24.7c (2013: 27.2c per share (restated)) and diluted earnings per share amounted to 24.3c (2013: 26.6c per share (restated)).

Earnings excluding exceptional items amounted to €101.1million (2013: €93.7 million (restated)). On this basis, adjusted basic earnings per share amounted to 30.0c (2013: 28.5c per share restated) and adjusted diluted earnings per share amounted to 29.5c (2013: 27.9c per share restated).

The financial statements for the year ended 28 February 2014 are set out on pages 90 to 163.

DIVIDENDS

An interim dividend of 4.3 cent per share for the year ended 28 February 2014 was paid on 23 December 2013. Subject to approval at the Annual General Meeting, it is proposed to pay a final ordinary dividend of 5.7 cent per share for the year ended 28 February 2014 to shareholders who are registered at close of business on 30 May 2014.

BOARD OF DIRECTORS

Emer Finnan was appointed as a Director with effect from 1 May 2014. Since 15 May 2013, the date of the last Directors' Report, no other change has occurred in the composition of the Board.

The names, functions and date of appointment of the current Directors, who give the responsibility statement on page 84, 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
Emer Finnan	Non-executive	2014
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 46 and 47.

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 2014.

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 2014 is contained within the Report of the Remuneration Committee on Directors' Remuneration on page 80.

RESEARCH AND DEVELOPMENT

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

FURTHER INFORMATION ON THE GROUP

The information required by section 13 of the Companies (Amendment) Act 1986 (as amended) to be included in this report with respect to:

(a) the review of the development and performance of the business and future developments is set out in the Operations Review on pages 21 to 29 and the Strategic Report on pages 14 to 19;

(b) the principal risks and uncertainties which the Company and the Group face is set out in the Strategic Report on pages 18 and 19;

(c) the key performance indicators relevant to the business of the Group, including environmental and employee matters, is set out in the Strategic Report on page 17 and in the Group Chief Financial Officer's review on pages 30 to 35; and further information in respect of environmental and employee matters is set out in in the Report on Corporate Responsibility on pages 36 to 44;

(d) 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, is set out in the Group Chief Financial Officer's Review on pages 30 to 35 and note 23 to the financial statements.

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 Parkwest Business Park, Dublin.

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 52 to 62 .

DIRECTORS' REMUNERATION

The Report of the Remuneration Committee on Directors' Remuneration, including the Company's policy on Directors' remuneration, is set out on pages 63 to 83. The Board will present this report and the policy to shareholders at the Annual General Meeting for the purposes of non-binding advisory votes.

SUBSTANTIAL HOLDINGS

The table below shows all notified shareholdings in excess of 3% of the issued ordinary share capital of the Company as at 28 February 2014 and 20 May 2014.

As far as the Company is aware, other than as stated below, no other person or company had at 28 February 2014 or 20 May 2014 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 2014 was €4.922 (28 February 2013: €4.895). The price of the Company's ordinary shares ranged between €3.750 and €5.187 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 3 July 2013, 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 2014 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 2015, 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.

	No. of ordinary shares held as notified at 28 February 2014	% at 28 February 2014	No. of ordinary shares held as notified at 20 May 2014	% at 20 May 2014
Franklin Templeton Institutional, LLC	32,771,380	9.45%	32,771,380	9.45%
Franklin Templeton Investment Management Limited	24,251,710	6.99%	24,251,710	6.99%
Invesco Limited	17,319,433	4.99%	17,319,433	4.99%
OppenheimerFunds, Inc.	17,135,344	4.94%	10,046,565	2.90%
Schroder Investment Management Limited	14,392,561	4.15%	14,392,561	4.15%
FMR LLC	13,941,078	4.02%	13,941,078	4.02%
Investec Asset Management Limited	13,852,110	3.99%	18,853,073	5.44%
Prudential plc Group of Companies	13,803,563	3.98%	13,803,563	3.98%
Oppenheimer International Growth Fund*	13,653,936	3.94%	10,167,806	2.93%
F&C Asset Management plc	13,185,114	3.80%	13,185,114	3.80%
FIL Limited	n/a	Less than 3%	12,033,328	3.47%
Wellington Management Company, LLP	10,661,806	3.07%	10,661,806	3.07%

*OppenheimerFunds, Inc. has notified the Company that the holding of Oppenheimer International Growth Fund is included within the holding of OppenheimerFunds, Inc.

DIRECTORS' REPORT (CONTINUED)

At the Annual General Meeting held on 3 July 2013 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 2014 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 2015 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 3,050,693 Ordinary Shares are outstanding, representing 0.88% of the issued ordinary share capital. If the authority to purchase Ordinary Shares were used in full, the options would represent 0.98% of the issued ordinary share capital.

DILUTION LIMITS AND TIME LIMITS

All employee 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 ten year period up to the date of this report, 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 2.42% of the Company's issued ordinary share capital as at the date of this report. No additional commitments to issue shares have been made under non-discretionary schemes.

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

Structure of the Company's share capital

At 20 May 2014 the Company has an issued share capital of 346,840,406 ordinary shares of €0.01 each and an authorised share capital of 800,000,000 ordinary shares of €0.01 each.

At 28 February 2014 and at the date of this report the trustee of the C&C Employee Trust held 7,582,841 ordinary shares of €0.01 each in the capital of the Company, including shares held jointly by it under the terms of the C&C Joint Share Ownership Plan (further information on which is contained in note 5 (Share Based Payments) to the financial statements. Shares held by the trustee of the C&C Employee Trust are accounted for as if they were treasury shares. These shares are, however, included in the calculation of Total Voting Rights for the purposes of Regulation 20 of the Transparency (Directive 2004/109/EC) Regulations 2007.

Details of employee share schemes, and the rights attaching to shares held in these schemes, can be found in note 5 (Share Based Payments) to the financial statements and the Report of the Remuneration Committee on Directors' Remuneration on pages 63 to 83. Details of the rights attaching to shares issued under the Joint Share Ownership Plan are set out in note 5 (Share Based Payments) to the financial statements.

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 49.

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
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 in excess of their normal contractual entitlement.

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
20 May 2014

Stephen Glancey
Group Chief Executive Officer

DIRECTORS' STATEMENT OF CORPORATE GOVERNANCE

Dear Shareholder

We, as a Board, and a Company, take corporate governance very seriously, and consider that good conduct is the basis of good performance. The Board sets the tone for the rest of the Company. We believe that effective governance is the foundation of a successful and sustainable organisation and should be based upon an appropriate level of oversight, clear communication and a commitment to transparency. Governance is the framework within which we focus on the health and growth of the business.

In this report we provide an overview of our corporate governance practices, describing how the main principles of the UK Corporate Governance Code and Irish Annex are applied throughout the year. Information is given about the Board, its members and committees, and their work. An overview of the Company's internal controls is also given.

As I indicated last year, we have begun a process of identifying the skills and attributes we believe we need in new Board members as we develop the business. In considering future appointments, we continue to have regard to the degree of diversity of experience and background of the Board, and I am delighted to welcome Emer Finnan to the Board. She will bring valuable expertise to C&C and we are pleased to announce her appointment.

We are complying this year with the new edition of the UK Code published in September 2012, Amongst the new provisions introduced is a requirement that the Directors include a statement in the Annual Report that they consider the report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy. Our statement to this effect is on page 84 (Statement of Director's Responsibilities) and we trust that we have achieved that standard in this report.

Sir Brian Stewart
Chairman
20 May 2014

COMPLIANCE STATEMENT

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 listing in the Premium Listing segment of the Official List of the United Kingdom Listing Authority ('UKLA') and its shares are quoted on the ISE and the London Stock Exchange ('LSE'). 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 plc) 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.

The Group has complied with the provisions of the UK Code and Irish Annex throughout the period under review. This Corporate Governance statement describes how the Group applied the principles of the UK Code and the Irish Annex throughout the financial year ended 28 February 2014.

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 contracts and capital expenditure items, major acquisitions and disposals, changes to capital structure, circulars, Board appointments, and the review of the Group's corporate governance arrangements and system of internal control, and approval of policies including corporate responsibility and health and safety. The Board is also responsible for instilling the appropriate culture, values and behaviour throughout the Group. The Directors acknowledge that they are responsible for the proper stewardship of the Group's affairs, both on an individual and collective basis. The matters and agenda reserved for Board consideration reflect this responsibility.

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 Chairman has responsibility for the management of the Board, the performance of Directors and their induction, development and performance evaluation, relations with shareholders and the AGM. The Chief Executive is responsible, within the authority limits delegated by the Board, for business strategy and management, investment and financing, risk management and controls, timely reporting, making recommendations on remuneration policy and on the appointment of executive directors, and setting Group HR policies.

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 below.

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 own specific 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 current directors are set out on pages 46 and 47. 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.

As at 28 February 2014, the Board was comprised of nine Directors, of whom three were executive and six were non-executive Directors (including the Chairman). With effect from 1 May 2014 Emer Finnan was appointed as a non-executive 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 2014, John Hogan, Richard Holroyd, Breege O'Donoghue, Stewart Gilliland and Anthony Smurfit, were independent and upon her appointment that Emer Finnan was independent.

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.

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 schedule not less than nine meetings 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, and this year a meeting was held in Middlebury, Vermont, where the Board was able to meet with the team at Vermont Hard Cider Company and to visit the new cidery that is under construction. During the period under review there were ten scheduled meetings of the Board and a further short notice meeting. Details of Directors' attendance at these meetings are set out in the table on page 60. Several ad hoc meetings without notice were held during the year for share allotment and other administrative matters in accordance with the Board's procedures. 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 any recommendations.

The Board also recognises the desire for periodic external evaluation and the UK Code's recommendation that such reviews be externally facilitated at least every three years. Informal processes of evaluation and improvement are already followed by the Group but it is intended that a more formalised structure should be implemented in the current year.

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 63 to 83.

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 €1,000,000, pursuant to a resolution passed at the 2013 Annual General Meeting.

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 2014. The policy on Directors' remuneration set out in the report will be put to a non-binding advisory vote at the Annual General Meeting on 3 July 2014 and thereafter at least once every three years. While there is no legal obligation for the Group to put such resolutions to a vote of shareholders at the Annual General Meeting, the Board recognises that such resolutions are now considered good governance practice.

Share ownership and dealing

The Company does not have formal guidelines on share ownership but all the executive Directors either have or intend to build significant shareholdings in the company thus aligning their interests with those of other shareholders. Further information including details of Directors' shareholdings is set out on page 80.

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 46. Attendance at meetings held is set out in the table on page 60.

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.

In July 2013, the Board established a Disclosure Committee comprising the Chairman, the Chief Executive Officer, the Chief Financial Officer and the Company Secretary. The Head of Investor Relations may also participate where required. The main responsibilities of the Disclosure Committee include:

- determining whether information constitutes Inside Information;
- determining a consistent approach and policy to disclosure;
- reviewing and approving material announcements;
- monitoring leaks, rumours, speculation and market expectations, and taking appropriate action;
- monitoring the materiality of any variance between the Group's performance and its own forecasts;
- maintaining a record of C&C's regulatory disclosures.

Ad-hoc committees are formed from time to time to deal with specific matters.

DIRECTORS' STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

THE AUDIT COMMITTEE

MESSAGE FROM THE CHAIRMAN OF THE AUDIT COMMITTEE

Dear Shareholder

On behalf of the Board, I am pleased to report on the work of the Audit Committee for the financial year ended 28 February 2014. One of the key areas of focus for the Committee was the acquisition of the Gleeson group and the introduction of Group reporting policies and procedures to the acquired entity, together with the integration and consolidation of the results from this business with the Group's existing business. The Committee also considered the method of accounting for the acquisition and management's assessment of the fair value adjustments to the book value of assets and liabilities acquired. The finance team has worked hard and effectively to achieve these objectives in a timely manner.

During the year the Group also obtained a premium listing in London alongside its existing primary listing on the Irish Stock Exchange. The Committee was closely involved in the review of financial reporting procedures and working capital required by the UK Listing Authority rules.

The Committee also oversaw the tender of the Company's external audit contract and concluded that KPMG continued to provide an effective audit service, and recommended their re-appointment.

The regular work of the Committee continued alongside these transactions. We received and reviewed numerous internal audit reports, reviewed and approved reports in relation to the Group's financial performance and engaged with the External Auditor. One of our principal duties is to review the report of the External Auditor on the year-end audit and to consider and approve key accounting treatments together with underlying financial judgements and assumptions. Full details are included later in this report.

The members of the Committee, all independent non-executive Directors, each contribute their own financial experience to the Committee's work. We are glad to record the full and continuing co-operation of the executive team in support of the Committee's work.

Yours sincerely

John Hogan
Chairman of the Audit Committee

Composition and Meetings

The constitution of the Audit Committee requires that its membership shall consist only of independent, non-executive Directors. The members during the year ended 28 February 2014 were John Hogan (Chairman), Richard Holroyd and Anthony Smurfit. Emer Finnan will join the Audit Committee from June 2014. As set out on page 54, the Audit Committee has determined that John Hogan, who also chairs the Committee, is the Audit Committee financial expert.

The Committee meets a minimum of four times a year. During the period under review it met seven times. Attendance at meetings held is set out in the table on page 60.

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 Head of Finance is the secretary of the Audit Committee.

Constitution and terms of reference

The role, responsibilities, authority and duties of the Audit Committee are set out in written terms of reference. The current terms of reference, which have been updated to take into account the revisions to the UK Code and best practice, are available under the Board Committees section of the Group's website at www.candcgroupplc.com/about/board-and-management/board-committees.

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, and reviewing significant financial reporting judgements contained in them;
- ensuring that the information presented in the financial statements of the Group and other announcements is fair, balanced and understandable provides the information necessary for the Company's shareholders to assess the Group's performance, business model and strategy and advising the Board accordingly;
- monitoring the statutory audit of the annual and consolidated accounts;
- 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, the Group's systems and controls for the prevention of bribery, and the Group's whistleblowing arrangements;
- making recommendations to the Board in relation to the appointment and removal of the Group's external auditor, their remuneration and terms of engagement;
- 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;
- reporting to the Board on how it has discharged its responsibilities.
- reviewing the annual financial statements of the pension funds where not reviewed by the Board as a whole.

The Committee undertakes, in conjunction with the Chairman of the Board, an annual assessment of its performance and a review of the Committee's constitution and terms of reference.

The activities undertaken by the Committee in fulfilling its key responsibilities in respect of the year ended 28 February 2014 are set out below.

Financial Statements
In respect of the year ended 28 February 2014 the Audit Committee reviewed

- the Interim Management Statements issued in July 2013 and January 2014;
- the Financial Report for the six months ended 31 August 2013;
- the preliminary results announcement and the annual report and financial statements for the year ended 28 February 2014

In particular the Committee addressed the going concern status of the Company and the matters referred to in the Financial Review contained in the 2014 annual report. It reviewed the post-audit report from the external auditor identifying any accounting or judgemental issues requiring its attention.

In carrying out these reviews, the Committee considered:

- the consistency of, and any changes to, accounting policies both on a year on year basis and across the Group;
- whether the Group had applied appropriate accounting policies and practices and made appropriate estimates and judgements, taking into account the views of the external auditor;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- the clarity and completeness of disclosures and compliance with relevant financial reporting standards and corporate governance and regulatory requirements; and
- the significant areas in which judgement had been applied in preparation of the financial statements in accordance with the accounting policies.

The significant issues considered by the Committee in relation to the accounts for the year to 28 February 2014 and how these were addressed are outlined below. Each of these areas received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the Committee.

Goodwill Impairment Testing
The Committee considered the carrying value of goodwill and intangible assets as at the year-end date to ensure that it did not exceed the expected recoverable amounts for these assets. In particular the Committee reviewed the value-in-use financial models used to support the valuation, assumptions and judgements used by management underlying these models, the level of headroom and the associated risks of impairment. The key assumptions used in the financial models and consequently the key focus areas for the Committee relate to future volume, net revenue and operating profit growth and the achievability of same; the growth rate in perpetuity and the discount rate applied to the resulting cashflows.

In addition, the Committee considered the impact on the level of headroom of sensitivity analysis applied to the key assumptions and concluded that the carrying value was appropriate.

Acquisition accounting
The Group acquired the Gleeson group on 7 March 2013 for a total consideration of €12.4 million and Biofun, a manufacturer of juice concentrate, on 2 August 2013 for a total consideration of €0.1 million. The most significant fair value adjustments relate to the valuation of acquired property, plant & equipment and the identification of intangible assets. The Group engaged external independent valuation specialists to assist in determining the fair value of the property, plant and equipment and the identification and valuation of the intangible assets acquired. The Committee discussed the accounting treatment applied and the calculation of the fair value adjustments with management and is satisfied that they are reasonable and accounted for appropriately.

Valuation of property, plant & equipment
The Group values its land and buildings and plant machinery at market value / depreciated replacement cost (DRC) and consequently carries out an annual valuation. The Group engages external valuers to value the Group's property, plant & machinery every three years or as at the date of acquisition for assets acquired as part of a business acquisition. The Group completed an internal valuation as at the current financial year end and concluded that no adjustment was required to the carrying values.

In assessing the reasonableness of the valuation, the Committee reviewed the key assumptions and judgements underlying the valuation, in particular considering the impact of gross replacement cost price movements, depreciation rates reflecting age of asset and physical & functional obsolescence and forecast utilisation levels across the Group's production sites on the valuation, and is satisfied that carrying value is appropriate.

Retirement benefit obligations
The Group operates three defined benefit pension schemes in ROI and UK, all of which are closed to new members and with active members representing less than 10% of total membership. The Group engaged an independent actuary, Mercer (Ireland) Limited, to value the retirement benefit obligations for accounting purposes at the year end date using assumptions agreed with management. The Committee reviewed the key assumptions as outlined in note 22 to the financial statements and is satisfied that these are reasonable and in line with best practice and current market rates

DIRECTORS' STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Internal control and risk management systems

The Group's system of internal control and risk management is described below.

The terms of reference of the Audit Committee require it to conduct an annual assessment of internal financial controls and financial 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. The results and recommendations are reported to and analysed by the Audit Committee and a programme for action agreed with the business units. In carrying out these responsibilities during the year, the Committee reviewed reports issued by both internal audit and the external auditor and held regular discussions with the Head of Internal Audit and representatives of the external auditor. The Committee also reviewed the outcome of an assessment of the Group's internal financial controls which had been coordinated by internal audit.

UKLA premium listing

During the year the Company decided to seek admission of its ordinary share capital to the premium listing segment of the Official List of the UK Listing Authority, in addition to its existing primary listing on the Irish Stock Exchange.

For this purpose, the Committee reviewed a Board memorandum prepared by the Group as to the Group's procedures for making judgements on the financial position and procedures of the Group and a Board memorandum as to working capital. The external auditor was engaged to prepare a report on the Board memoranda and to review the Group's working capital and to provide an opinion thereon to the Company and its sponsors for the premium listing.

Internal Audit

The Committee is responsible for monitoring and reviewing the operation and effectiveness of the internal audit function including its focus, plans, activities and resources.

The Group's internal auditor reports to the Audit Committee and the Audit Committee has approved his terms of reference. The Group's internal auditor is engaged on a programme of work, which includes, inter alia, maintaining the Group's risk register and examining the fundamental controls of the Group. In relation to the Company's US subsidiary Vermont Hard Cider Company, LLC, the internal audit function will be carried out by a US-based outsourced internal audit resource with US-specific knowledge under the control of the Group's internal auditor.

During the year, the Committee reviewed and approved the internal audit plan for the year and considered the adequacy of staffing levels and expertise within the function. The Committee received regular reports from the Head of Internal Audit summarising findings of the team's work and the responses from management to deal with the findings. The Committee monitors progress on the implementation of the action plans on significant findings to ensure these are completed satisfactorily. At the year-end there was a change of personnel appointed as Head of Internal Audit.

External Auditor

The Committee manages the relationship with the Group's external auditors on behalf of the Board. The Committee carries out an annual assessment of the external auditor including a review of the external auditors' internal policies and procedures for maintaining independence and objectivity and consideration of their approach to audit quality. The external auditor is professionally required to rotate the audit partner responsible for the Group audit every five years. The current audit partner has been in place since 2012.

External audit process

The Committee also reviewed and approved the external audit plan as presented by the external auditor and assessed the qualifications and expertise of their resources. The Committee also reviewed the external auditors' engagement letter and recommended the level of remuneration of the external auditor to the Board having reviewed the scope and nature of the work to be performed. The Committee assessed the effectiveness of the external audit process by monitoring performance against the agreed audit plan and noting the results of post-audit interviews with management and the Audit Committee Chairman.

Length of service of auditors

KPMG have been the external auditor of the Company since the Company's formation and flotation in 2004. The UK Code recommends that listed companies of the size of the Group should put the external audit contract out to tender at least every ten years. Accordingly during the year the external audit contract was put out to tender and written and oral presentations were made by the firms invited to tender. In assessing the presentations received, the Committee considered the ability of each firm to deliver a timely and efficient audit, relevant sector experience and knowledge of key audit issues, the wider services provided to the Company and the price. The Committee concluded that KPMG continued to provide an effective audit service and there were no compelling reasons for change that would outweigh the advantages of continuity. Consequently the Audit Committee recommended the re-appointment of KPMG as the external auditor, and the Board accepted this recommendation.

Hiring of former employees of auditor

In order to ensure the independence and objectivity of the external auditor, the prior approval of the Audit Committee is required before any individual is appointed to a senior managerial position in the Group, if such individual has within three years prior to such proposed appointment been employed by the external auditor.

Non-Audit Services by auditor

The Group has a policy in place governing the provision of non-audit services by the external auditor in order to ensure that the external auditor's objectivity and independence is safeguarded. Under this policy the auditor is prohibited from providing non-audit services if the auditor:

- may, as a result, be required to audit its own firm's work;
- would participate in activities that would normally be undertaken by management;
- would be remunerated through a "success fee" structure or have some other mutual financial interest with the Group;
- would be acting in an advocacy role for the Group.

Other than above, the Company does not impose an automatic ban on the external auditor providing non-audit services. However, the external auditor is only permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence and objectivity, if it has the skill, competence and integrity to carry out the work and it 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 to provide non-audit services must be approved in advance by the Audit Committee or entered into pursuant to pre-approved policies and procedures established by the Audit Committee and approved by the Board.

The nature, extent and scope of non-audit services provided to the Group by the external auditor and the economic importance of the Group to the external auditor are also monitored to ensure that the external auditor's independence and objectivity is not impaired. 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 not exceed 100% of audit fees in any one financial year.

During the year, KPMG provided audit-related services, being the assurance work referred to above for the UKLA Premium Listing, and non-audit advisory services, being advice on taxation laws and other related matters. In approving KPMG to provide these services the Committee was of the opinion that KPMG's knowledge of the Group was an important factor. The Committee was also satisfied that the fees paid to KPMG for non-audit work did not compromise their independence or integrity. Details of the amounts paid to KPMG during the year for audit and other services are set out in note 3 to the financial statements.

Whistle-blowing procedures

In line with best practice, the Group supports an independent and confidential whistle-blowing service which allows UK and ROI employees to raise any concerns about business practice in a confidential manner. A similar service is being rolled out to VHCC employees in the US.

THE NOMINATION COMMITTEE

Composition and Meetings

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 (resigned 14 May 2013), Breege O'Donoghue and Richard Holroyd (joined the Committee on 14 May 2013).

The Committee meets a minimum of twice a year and met twice in the year ended 28 February 2014. Attendance at meetings held is set out in the table on page 60. In addition, several ad hoc meetings were held to progress initiatives.

Constitution and terms of reference

The Nomination Committee's responsibilities include:

- reviewing the structure, size and composition of the Board (including the balance of skills, experience, independence, knowledge and diversity (including gender)) and making recommendations regarding any changes;
- overseeing succession planning for the Board and senior management and the leadership needs of the organisation;
- responsibility for the identification of suitable candidates for appointment to the Board;
- making recommendations to the Board on membership of Board Committees.

Main activities during the year

During the period under review the Nomination Committee considered:

- ongoing search for potential candidates for recruitment as non-executive directors;
- 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;
- succession plans for executive directors and senior management.

During the year Ms Emer Finnan was identified and interviewed as a potential non-executive director and, subsequent to the end of the financial year, the Committee recommended to the Board that she should be appointed as a non-executive director. Ms Finnan was appointed to the Board with effect from 1 May 2014. After extensive external search using recruitment specialists, Ms Finnan was identified by the Company itself and approached directly. She is a chartered accountant and has many years' financial experience. Further biographical details are given on page 47.

DIRECTORS' STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

Diversity

The Nomination Committee and the Board recognise the importance of ensuring diversity and the key role that a diversified Board plays in ensuring effectiveness. Suitable candidates are selected on the basis of their relevant experience, employment background, skills, knowledge and insight, having due regard for the benefits of diversity to the Board.

The Committee and Board further realise that diversity extends beyond the Board and in this regard seeks to ensure that all recruitment decisions are fair and non-discriminatory. Further details on the breakdown by gender can be found on page 44.

Independent consultants

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.

During the year, the Committee appointed Spencer Stuart, an independent executive search firm, to assist in a search process for non-executive director candidates with relevant experience and skills. Spencer Stuart has no other connection with the Group.

THE REMUNERATION COMMITTEE

The Remuneration Committee comprises solely of independent, non-executive Directors. The Chairman was Breege O'Donoghue, and the other members were Richard Holroyd and Stewart Gilliland.

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

The Remuneration Committee's terms of reference, which are available on the C&C website www.candcgroupplc.com, include:

- determining and agreeing with the Board the framework or broad policy for the remuneration packages of the Chairman, Chief Executive Officer and other executive Directors, the Company Secretary and any other designated members of the executive management.
- within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive Officer, as appropriate, determining the total individual remuneration package of each of the above persons, including bonuses, incentive payments and share options or other share awards;
- reviewing and having regard to the remuneration trends across the Group;
- approving the design of, and determining targets for, any performance related pay schemes and the total annual payments made under such schemes;
- reviewing the design of all share incentive plans and the performance targets to be used;
- ensuring that contractual terms on termination, and any payments made, are fair, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- overseeing any major changes in employee benefits structures throughout the Group.

ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES

Attendance at Board meetings and Board committee meetings during the year was as set out in the table below.

In the attendance table below 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 administrative matters in accordance with the Board's procedures.

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

*retired 14 May 2013

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 July 2013 and January 2014. The Board is briefed regularly on the views and concerns of institutional shareholders.

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

General Meetings

The Company operates under the Companies Acts 1963 to 2013. 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 3 July 2013, and this year's AGM will be held on 3 July 2014. 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 or her 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.

DIRECTORS' STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)

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 36 to 44 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 business 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 team. 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.

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 18 and 19. 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 30 to 35. A description of the business of the Group is set out in the Group Chief Executive Officer's Review on page 8 to 13 and the Operations Review on pages 21 to 29.

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 13. A statement of the Group's strategy is set out on page 14. 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.

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION

Dear Shareholder

On behalf of the Board, I am pleased to present the Report on Directors' remuneration for the financial year ended 28 February 2014, which sets out the remuneration policy for the Directors and information on their remuneration for the year.

The layout of the Report has changed this year compared with previous years. C&C is an Irish-incorporated company and is therefore not subject to the new UK regulations[1] (the "UK Regulations") regarding the presentation of the remuneration report and the disclosures to be made by UK quoted companies, but the Group has sought to apply the new requirements on a voluntary basis to the extent possible under Irish law in order to reflect evolving best practice under the UK Corporate Governance Code.

The Report is presented in three main sections:

- The Directors' Remuneration Policy, which sets out the forward-looking remuneration policy for Directors (the "Policy Report");
- A statement of how this policy will be applied in the year ending 28 February 2015; and
- The Annual Report on Remuneration, which provides details on the amounts earned in respect of the year ended 28 February 2014.

The Board will submit the Policy Report to shareholders for approval on an advisory basis, rather than binding basis (as required under the UK Regulations) at the Company's 2014 Annual General Meeting. However it is the Board's intention to operate in line with the approved policy from the close of business at the 2014 Annual General Meeting, if it is approved. The Board will seek a further advisory vote of the Company's shareholders at succeeding AGMs if the current policy changes or, if earlier, in three years' time.

The Board will also submit the remainder of the Remuneration Report to an annual advisory non-binding vote by shareholders at the AGM, in accordance with best practice.

OUTTURN FOR FY2014

The results for the year ended 28 February 2014 are set out elsewhere in the annual report. Economic conditions in FY2014 continued to be challenging for the Group and Group operating profit was within guidance. The year was one of consolidation and integration of the acquisitions of VHCC and Gleeson.

FY2014 DECISIONS AND CHANGES RELATING TO DIRECTORS' REMUNERATION

The Board remain committed to a responsible approach to executive pay, particularly given the continuing challenges of the economic environment. During the year ended 28 February 2014 the Committee reviewed executive remuneration but the executive Directors did not consider it appropriate, in challenging economic times, to take a salary increase in FY2014 and this was supported by the Committee. The Committee feel it is important to observe that no change has been made to the base salaries for the roles of Chief Executive Officer and Chief Finance Officer since November 2008. Since that date Stephen Glancey and Kenny Neison have waived contractual entitlements to salary indexation in 2009 and 2010, to bonus payments in 2009 and to contractual awards under the share schemes in respect of FY2014. The Committee is appreciative of these gestures. Similarly no increase has been made to non-executive Directors fees since 2008.

Changes were made after the year-end to the structure of Joris Brams' service contract and remuneration, to reflect his greater focus on the United States following our acquisition of VHCC and services being provided by his service company in respect of Belgian brand development. Details are set out on page 74.

The Committee determined that executive Directors should be paid bonuses of 15% of base salary under the bonus scheme. The Committee further determined that in respect of awards made in FY2012 (a) under the C&C Executive Share Option Scheme (ESOS), the performance condition relating to growth in Group earnings per share (EPS) was not met and the options did not vest and (b) in respect of awards under the C&C Long Term Incentive Plan (Part I) (LTIP (Part I)), the performance condition relating to growth in Group earnings per share (EPS) was met at slightly above the minimum threshold but the performance condition relating to the Company's relative total shareholder return (TSR) was not met. Details are set out on page 79. In addition the Committee approved various share awards and cash-settled awards and the principles of the FY2015 bonus scheme.

At the 2013 Annual General Meeting shareholders approved a resolution to enable the ESOS and LTIP (Part I) to continue to be used for a further three years, to 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, especially its acquisition of Vermont Hard Cider Company in the United States, and recently published recommendations of institutional investors' protection committees in respect of employee share schemes. The Company's Save-as-you-earn savings-related share option scheme was also reapproved for the same duration but the Directors currently have no plans to bring this scheme into operation.

Yours sincerely

Breege O'Donoghue
Chairman of the Remuneration Committee
20 May 2014

[1] The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013

REPORT OF THE REMUNERATION COMMITTEE
ON DIRECTORS' REMUNERATION (CONTINUED)

INTRODUCTION

COMMITTEE AND ADVISERS

Composition

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

During the year ended 28 February 2014 the Chairman of the Committee was Breege O'Donoghue. Other members of the Committee were Richard Holroyd and Stewart Gilliland.

Terms of reference of Committee

The Committee's terms of reference are summarised on page 60.

Advice and Consultation

The Chairman of the Board and the Chief Executive Officer are fully consulted on remuneration proposals but neither is present when his own remuneration is discussed.

The Committee has access to external advice from remuneration consultants and other independent firms on compensation when necessary. During the year ended 28 February 2014 the Committee obtained advice from the following consultants, who were appointed by the Committee:

- Towers Watson: advice in respect of the 2013 Directors' remuneration report. Towers Watson were appointed by the Committee. The fees paid amounted to €8,818, charged on a time basis.
- New Bridge Street in respect of the extension of the Group's employee share schemes and other matters relating to the share schemes. The fees paid amounted to €55,013, charged on a time basis.

  During the period, a separate division of the Aon group of which New Bridge Street is a member provided insurance broking services for the Group, and Aon is the independent investment adviser to the pension scheme trustees.
- Deloitte: advice to the Committee in respect of awards under the Recruitment and Retention Plan; the Joint Share Ownership Plan, the International Director's service contract and the Remuneration report. Deloitte's fees for this advice amounted to €13,082, charged on a time or fixed fee basis.

  During the period, separate divisions of Deloitte advised the Group on commercial contract issues and tax issues.

Each of the above advisers is a member of the UK Remuneration Consultants Group and, as such, voluntarily operates under a code of conduct. To safeguard objectivity, protocols are established to cover the basis for contact with executive management and to avoid potential conflict arising from other client relationships. The Committee is satisfied that the remuneration advice provided by the external consultants above is objective and independent.

The Committee also obtains advice from:

- Paul Walker, Company Secretary and General Counsel, who is secretary to the Committee.
- Sarah Riley, Group Director of Human Resources.

No Director is present when their own remuneration is discussed.

SHAREHOLDERS' VIEWS

The Committee is committed to open and transparent dialogue with shareholders and consults with shareholders and governance bodies on proposals relating to remuneration structures. During the year, the Committee consulted with significant shareholders regarding their views on the extension of the share schemes.

The following table sets out actual voting in respect of the resolution to approve the Report on Directors' Remuneration at the Company's Annual General Meeting on 3 July 2013:

Resolution	Votes for	% of vote	Votes against	% of vote	Votes withheld
Approve Report on Directors' remuneration	236,630,748	98.95%	2,504,907	1.05%	1,436

DIRECTORS' REMUNERATION POLICY

This part of the report sets out the Group's policy on Directors' remuneration. The policy has been determined by the Committee of the Board of Directors ("the Committee"). The Directors' remuneration policy will be subject to an advisory vote at the 2014 AGM and will take effect from that date.

GENERAL STATEMENT OF POLICY

The main aim of the Group's policy on Directors' remuneration is to attract, retain and motivate Directors of the calibre required to run the Group successfully. The Committee therefore seeks to ensure that Directors are properly, but not excessively, remunerated and motivated to perform in the best interests of shareholders, commensurate with ensuring shareholder value.

The Committee seeks to ensure that executive Directors' remuneration is aligned with shareholders' interests and the Group's strategy. Share awards are therefore seen as the principal method of long-term incentivisation. Executive Directors are incentivised on a range of equity share structures, notably the significant share ownership held by Stephen Glancey and Kenny Neison through the Joint Share Ownership Plan. Similar principles are applied for senior management, several of whom have material equity holdings in the Company.

Annual performance-related rewards aligned with the Group's key financial, operational and strategic goals and based on stretching targets and achieving personal objectives are a further component of the total executive remuneration package. For senior management, mechanisms are tailored to local requirements.

The Group seeks to bring transparency to executive Directors' reward structures through the use of cash allowances in place of benefits in kind. In setting executive Directors' remuneration the Committee has regard to pay levels and conditions applicable to other employees across the Group.

FUTURE POLICY TABLE

Executive Directors' remuneration

Element	Salary
Purpose and link to strategy	Purpose is to attract, recruit and retain Directors of the necessary calibre.
Operation	Salary levels are determined by the Committee taking into account factors including: - scope and responsibilities of the role - experience and performance - overall business performance - prevailing market conditions - pay in comparable companies, principally in the global beverage sector - overall risk of non-retention.
Opportunity	Executive Directors are entitled to an annual review of their salary, but there is no entitlement to receive any increase. The Committee may award salary increases to take account of individual circumstances such as: • increases or changes in scope and responsibility; • increases to reflect the executive Director's development and performance in the role; or • alignment to market level. In awarding increases, the Committee will have regard to the outcome of pay reviews for employees as a whole. The base salaries effective as at 1 March 2014 and subsequent changes made are shown on page 75.
Performance metrics	Not applicable.

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION (CONTINUED)

Element	Benefits/cash allowance in lieu
Purpose and link to strategy	Purpose is to attract, recruit, and retain Directors of the necessary calibre.
Operation	The Group seeks to bring transparency to Directors' reward structures through the use of cash allowances in place of benefits in kind. The cash allowance can be applied to benefits such as a company car and health benefits. Group benefits such as death in service insurance are also made available. Other benefits may be provided based on individual circumstances including housing or relocation allowances, travel allowance or other expatriate benefits. Benefits and allowances are reviewed alongside salary.
Opportunity	The Committee has not set an absolute maximum on the levels of benefits that may be awarded since this will depend upon the circumstances applicable to the relevant Director. The value of the cash allowance / benefit is set at a level which the Committee considers appropriate against the market and provides sufficient level of benefit based on individual circumstances. See 'Implementation' section on pages 74 to 76 below for details of the benefits for FY2015.
Performance metrics	Not applicable.

Element	Pension/cash allowance in lieu
Purpose and link to strategy	Purpose is to attract, recruit, and retain Directors of the necessary calibre.
Operation	The Group seeks to bring transparency to Directors' reward structures through the use of cash allowances in place of pension scheme participation, the allowance being either paid direct or into a personal pension plan. No executive Director accrues any benefits under a defined benefit pension scheme. All cash allowances are reviewed alongside salary.
Opportunity	Maximum cash allowance is 30% of salary. The value awarded is set at a level which the Committee considers appropriate against the market and provides sufficient level of benefit based on individual circumstances. See 'Implementation' section below on pages 74 to 76 for details of the benefits for FY2015.
Performance metrics	Not applicable.

Element	Annual bonus
Purpose and link to strategy	Rewards performance against annual financial and strategic business targets which support the strategic direction of the Company and align the interests of executives and shareholders.
Operation	A discretionary scheme under which executive Directors are entitled to receive a variable reward contingent upon the achievement of performance targets. The structure and value of the bonus scheme and the applicable performance measures are subject to annual approval by the Committee. Any pay-out is determined by the Committee after the year end, based on performance against the relevant targets. The Committee has discretion to vary the bonus pay out should any formulaic output not reflect the Committee's assessment of overall business performance. 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.
Opportunity	Maximum opportunity is 100% of base salary. However, executive Directors are currently entitled to a bonus opportunity of 80% of base salary.
Performance metrics	Measures and targets are set annually reflecting the Company's strategy and aligned with key financial, strategic and/or individual objectives. Targets, whilst stretching, do not encourage inappropriate business risks to be taken. The relevant measures and the respective weightings may vary each year based upon Company's priorities. See 'Implementation' section below on pages 74 to 76 for details of the bonus conditions for FY2015.

Element	Share-based rewards – executive (discretionary) plans
Purpose and link to strategy	To incentivise executive Directors to execute the Group's business strategy over the longer term and align their interests with those of shareholders to achieve a sustained increase in shareholder value.
Operation	Options or awards may be granted under the ESOS and the LTIP (Part I) as detailed below. Options and awards are granted solely at the discretion of the Committee save where the executive has a contractual entitlement. Awards are usually made annually by the Committee following the release of full year financial results but can be made after release of the interim results and exceptionally at other times.
Opportunity	The rules of each current scheme, which are approved by shareholders, stipulate a normal maximum award as a percentage of base salary.
Performance metrics	The vesting of awards is subject to the satisfaction of performance conditions set by the Committee. Performance conditions are selected that are aligned to the Company's strategy and with shareholders' interests. The performance measures chosen are reviewed regularly to ensure they remain relevant. The relevant measures, targets and weightings may vary each year based upon the Company's priorities. Options lapse if the performance target threshold is not met in the relevant testing period and there is no retesting.

Element	(a) ESOS
Purpose and link to strategy	
Operation	The Committee may grant options to acquire shares in the Company at a market related exercise price. Options will not normally be exercisable until three years after the date of grant and vesting is subject to meeting a specific performance target set by the Committee. Early vesting may be available for certain qualifying leavers. See compensation on termination policy on pages 72 and 73 for more details. See note 5 (Share-based Payments) to the financial statements. Options vest early on a change of control (or other relevant event), taking into account the performance conditions. Options may be adjusted in the event of a variation of share capital in accordance with the scheme rules. Part 1 of the ESOS is a general scheme. Part 2 of the Scheme is a scheme approved by the UK Revenue authorities and allows grants of options over shares with a market value of up to £30,000 to be made on a tax efficient basis to employees who are UK taxpayers. This is subject to the same performance condition as Part 1 of the Scheme.
Opportunity	The normal maximum award under the rules of the scheme is 150% of base salary. However, the rules, approved by shareholders, provide that in very exceptional circumstances the Committee can grant awards above 150% of base salary. If this discretion is used, disclosure of the option grant will be made in the Company's next annual report. **Contractual entitlements:** Stephen Glancey - ESOS: 150% of base salary Kenny Neison - ESOS: 150% of base salary Joris Brams - ESOS: 150% of aggregate base salary
Performance metrics	See 'Implementation' section below on pages 74 to 76 for details of the performance conditions for FY2015. See note 5 (Share Based Payments) to the financial statements for details of the performance conditions for FY2014.

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION (CONTINUED)

Element	(b) LTIP (Part I)
Purpose and link to strategy	
Operation	Awards are granted in the form of nominal cost options to acquire shares or conditional awards. Awards will not normally be exercisable until three years after the date of grant and vesting is subject to meeting specific performance targets set by the Committee, normally over a three year performance period. For awards made after the announcement of results for FY2012, the Committee may decide that a participant has a right to 'dividend equivalents' whereby the participant receives additional value equivalent to that which accrues to shareholders by way of dividends that would have been paid on the underlying shares during the vesting period. This value can be paid as cash or shares. Early or pro-rata vesting may be available for certain qualifying leavers. See compensation on termination policy on pages 72 and 73 for more details. See note 5 (Share-based Payments) to the financial statements. Awards vest early on a change of control (or other relevant event) taking into account the performance conditions and pro-rating for time, although the Committee has discretion not to apply time pro-rating. Awards may be adjusted in the event of a variation of share capital in accordance with the scheme rules.
Opportunity	The normal maximum award under the rules of the scheme is 100% of base salary. Under the plan rules, approved by shareholders, the normal maximum award limit will only be exceeded in exceptional circumstances, in which case the overall maximum opportunity is 200% of base salary. **Contractual entitlements:** Stephen Glancey - LTIP (Part I): 100% of base salary Kenny Neison - LTIP (Part I): 100% of base salary Joris Brams - LTIP (Part I): 100% of aggregate base salary The Board will continue to review annually all incentive schemes and all awards are made subject to performance. However, the Board has informed Stephen Glancey and Kenny Neison that it is the intention of the Board to maintain an equivalent value of LTIP (Part 1) or incentive in the event of the LTIP scheme being evolved further.
Performance metrics	See 'Implementation' section on pages 74 to 76 below for details of the performance conditions for FY2015. See note 5 (Share-based Payments) to the financial statements for details of the performance conditions for FY2014.

Element	Share-based rewards – all-employee plans
Purpose and link to strategy	To align the interests of eligible employees with those of shareholders through share ownership.
Operation	(See schemes described below)
Opportunity	For tax-approved plans the maximum opportunity set by the rules or adopted by the Committee will be in line with or below the statutory limits.
Performance metrics	No performance conditions would usually be required in tax-approved plans.

Element	(a) Irish APSS/ UK SIP
Purpose and link to strategy	
Operation	The C&C Profit Sharing Scheme is an all-employee share scheme and has two parts that are still operational. Part A relates to employees in ROI and has been approved by the Irish Revenue Commissioners (the Irish SIP). Part B relates to employees in the UK and has been approved by HM Revenue & Customs (HMRC) in the UK (the UK SIP); UK resident executive Directors are eligible to participate in Part B only. Under the UK SIP, participants undertake to subscribe for partnership shares to be held for 5 years and receive matching shares. Tax benefits may be lost upon ceasing employment for a non-qualifying reason within the first 5 years and matching shares may be forfeited during the first 3 years on the same basis. There is currently no equivalent plan for Directors resident outside Ireland or the UK.
Opportunity	Under the Company's UK SIP the current maximum subscription is £750 per annum with entitlement to matching shares of £750 per annum. However, the Committee reserves the right to increase the maximum to the statutory limits.
Performance metrics	No performance conditions are attached to SIP awards under the Irish SIP or the UK SIP.

Element	(b) SAYE share option scheme
Purpose and link to strategy	
Operation	Not currently operational. Part A of the C&C Save-as-you-earn Savings-Related Share Option scheme would be a scheme approved by the Irish Revenue Commissioners. Part B would be a scheme approved by HMRC in the UK. UK resident executive Directors are eligible to participate in Part B only.
Opportunity	Participants undertake to save over 3 or 5 years and are awarded options over shares which they may exercise using the proceeds of the savings plan. Under the UK revenue limits the current maximum subscription is £500 per month. However, the Committee reserves the right to set a lower limit than the statutory limits.
Performance metrics	Not applicable

Non-executive Directors' remuneration

Element	Non-executive Director fees
Purpose and link to strategy	Sole element of non-executive Director remuneration is set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience.
Operation	Fees paid to non-executive Directors are determined and approved by the Board as a whole. The Committee recommends the remuneration of the Chairman to the Board. Fees are reviewed from time to time and adjusted to reflect market positioning and any change in responsibilities. Non-executive Directors receive a basic fee and an additional fee for further duties (for example chairmanship of a committee or senior independent Director responsibilities). Non-executive Directors are not eligible to participate in the annual bonus plan or share-based schemes and do not receive any benefits (including pension) other than fees in respect of their services to the Company. Non-executive Directors may be eligible to receive certain benefits as appropriate such as the use of secretarial support.
Opportunity	Fees are based on the level of fees paid to non-executive Directors serving on Boards of similar-sized Irish and UK-listed companies and the time commitment and contribution expected for the role. The Articles of Association provide that the ordinary remuneration of Directors (i.e. Directors' fees, not including executive remuneration) 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 2013, when it was increased to €1.0 million in aggregate. The fees effective as at 1 March 2014 are shown on page 76.
Performance metrics	Not applicable.

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION (CONTINUED)

DISCRETION TO DEPART FROM POLICY

Share schemes and other incentives

The Committee recognises the importance of ensuring that the outcomes of the Group's executive pay arrangements properly reflect the Group's overall performance over the performance period. It is the Committee's intention that the mechanistic application of performance conditions relating to awards will routinely be reviewed to avoid outcomes which could be seen as contrary to shareholders' expectations.

To the extent provided for in accordance with any relevant amendment power under the rules of the ESOS and LTIP (Part 1) or in the terms of any performance condition, the Committee may alter the performance conditions relating to an option already granted if an event occurs (such as a material acquisition or divestment or unexpected event) which the Committee reasonably considers means that the performance conditions would not, without alteration, achieve their original purpose. The Committee will act fairly and reasonably in making the alteration so that the performance conditions achieve their original purpose and the thresholds remain as challenging as originally imposed. The Committee will explain and disclose any such alteration in the next remuneration report.

Legacy payments

The Committee reserves the right to make any remuneration payment or any payment for loss of office without the need to consult with shareholders or seek their approval, notwithstanding that it is not in line with the policy set out above, where the terms of the payment were agreed either:

- before the policy came into effect; or
- at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes: the term 'payment' includes any award of variable remuneration; in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Minor changes

The Committee may without the need to consult with shareholders or seek their approval make minor changes to this Policy to aid in its operation or implementation taking into account the interests of shareholders.

COMPARISON WITH REMUNERATION POLICY FOR EMPLOYEES GENERALLY

Remuneration packages for executive Directors and for employees as a whole reflect the same general remuneration principle that individuals should be rewarded on their contribution to the Group and its success, and the reward they receive should be competitive in the market in which they operate without paying more than is necessary to recruit and retain them.

The remuneration package for executive Directors reflects their role of leading the strategic development of the Group. Accordingly there is a strong alignment with shareholders interests, through long term performance-based share rewards. Senior management are similarly rewarded.

These rewards are not appropriate for all employees but it is the Committee's policy that employees in general should be afforded an opportunity to participate in the Group's success through holding shares in the Company through all-employee schemes.

Executive Directors are incentivised through an annual cash bonus to achieve shorter term objectives, and all grades are similarly incentivised.

For executive Directors the remuneration package reflects the demands of a global market. For employees generally remuneration and reward are tailored to the local market in which they work. It is the Committee's policy that all employees should share in the success of the business divisions towards whose success they have contributed.

It is the Committee's policy that remuneration value should be transparent. Accordingly, for all employees cash allowances and/or cash contributions to pension schemes are preferred over benefits in kind.

CONSIDERATION OF EMPLOYMENT CONDITIONS GENERALLY AND CONSULTATION WITH EMPLOYEES

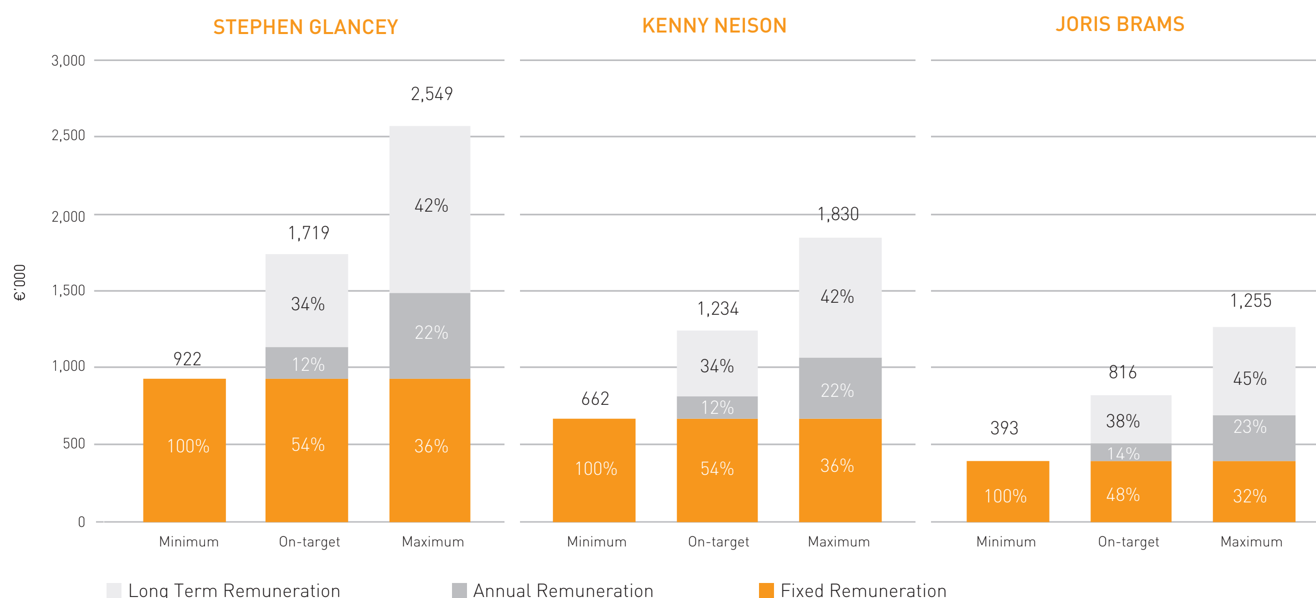
As described above, when setting the policy for executive Directors' remuneration, the Committee applies the same core principle as applied for the pay and employment conditions of other Group employees. When reviewing Directors' remuneration, the Committee has regard to the outcome of pay reviews for employees as a whole.

The Committee did not directly consult with employees when formulating the Directors' remuneration policy set out in this report and no remuneration comparison measurements comparing executive Directors remuneration with employees generally were used.

The Group has regular contact with employee representatives on matters of pay and remuneration for employees covered by collective bargaining or consultation arrangements.

ILLUSTRATION OF REMUNERATION POLICY

The charts below show the level of remuneration and the relative split of remuneration between fixed pay (base salary, benefits and cash allowance in lieu of pension) and variable pay (annual bonus, ESOS and LTIP (Part I)) for each executive Director on the basis of minimum remuneration, remuneration receivable for performance in line with the Company's expectations and maximum remuneration (not allowing for any share price appreciation).



Bases and Assumptions

For the purposes of the above charts, for Stephen Glancey and Kenny Neison base salary is their salary as at 1 March 2014 and cash allowances and benefits are as described on page 75. For Joris Brams base salary is his aggregate base salary with effect from 1 April 2014 and cash allowances and benefits are as described on page 75 with effect from 1 April 2014. The average exchange rate for FY2014 has been used for ease of comparison.

In illustrating the potential reward the following assumptions have been made:

Element	Minimum performance	Performance in line with expectations	Maximum performance
Fixed pay	Fixed elements of remuneration (base salary, benefits allowance and pension allowance)	Fixed elements of remuneration (base salary, benefits allowance and pension allowance)	Fixed elements of remuneration (base salary, benefits allowance and pension allowance)
Annual bonus	No bonus	30% of salary delivered for achieving target performance	80% of salary delivered for achieving maximum performance
ESOS	No vesting	The expected value of awards based on full vesting of awards of 150% of salary	The expected value of awards based on full vesting of awards of 150% of salary
LTIP (Part I)	No vesting	30% of salary for achieving threshold performance	100% of salary for achieving maximum performance

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION (CONTINUED)

RECRUITMENT REMUNERATION POLICY

When recruiting a new executive Director, the Committee will typically seek to use the policy detailed in the table above to determine the appropriate remuneration package to be offered. To facilitate the hiring of candidates of the appropriate calibre required to implement the Group's strategy, the Committee also retains the discretion to include any other remuneration component or award which is outside the remuneration policy.

In determining appropriate remuneration, the Committee will take into consideration all relevant factors (including the quantum and nature of remuneration) to ensure the arrangements are in the best interests of the Group and its shareholders.

The Committee may make an award to compensate the prospective employee for remuneration arrangements forfeited on leaving a previous employer. In doing so the Committee will take account of relevant factors regarding the forfeited arrangements which may include the form of any forfeited awards (e.g. cash or shares), any performance conditions attached to those awards (and the likelihood of meeting those conditions) and the time over which they would have vested. These awards or payments are excluded from the maximum level of variable remuneration referred to below; however, the Committee's intention is that the value awarded or paid would be no higher than the expected value of the forfeited arrangements.

Recruitment awards will normally be liable to forfeiture or "clawback" on early departure (i.e. within the first 12 months of employment). It would be the Committee's policy that a significant portion of the remuneration package would be variable, linked to stretching performance targets, with an expectation that the maximum level of variable remuneration using existing schemes that may be granted to new Directors (excluding buy-out arrangements or other introductory awards) is 5 times base salary. The Committee will normally require that introductory awards are linked to the achievement of appropriate long term performance targets and will vest only to the extent that the performance conditions and continued employment condition are met.

Where a position is filled internally, any pre-appointment remuneration entitlements or outstanding variable pay elements shall be allowed to continue according to the original terms.

Fees payable to a newly-appointed Chairman or non-executive Director will be in line with the fee policy in place at the time of appointment.

POLICY ON PAYMENT FOR LOSS OF OFFICE

Executive Directors

Service Contracts

Each of the executive Directors is employed on a service contract. 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, amended as of 1 April 2014	12 months	n/a

Compensation on Termination

The service contracts of the executive Directors do not contain any pre-determined compensation payments in the event of termination of office or employment other than payment in lieu of notice. See 'Implementation' section on pages 74 to 76 below in relation to Joris Brams contracts.

The principles on which the compensation for loss of office would be approached are summarised below:

	Policy
Notice period	None of the executive Directors has a service contract with a notice period in excess of one year. Service contracts for new directors will generally be limited to 12 months' notice by the Company.
Termination payment / payment in lieu of notice	The Company has retained the right to make payment to the executive Director of 12 months' salary in lieu of the notice period. Discretionary benefits may also include, but are not limited to, outplacement and legal fees.
Annual bonus	Payment of the annual bonus would be at the discretion of the Committee on an individual basis and would be dependent upon the circumstances of their departure and their contribution to the business during the bonus period in question. A departing Director may be eligible, depending on the circumstances and subject to performance, for payment of a bonus pro-rata to the period of employment during the year, to be payable at the usual time.

Share based payments	The extent to which any award under the ESOS and the LTIP (Part1) will vest and the timescale for exercising an award would be determined based on the leaver provisions contained within the ESOS and LTIP (Part1) rules. These provide that awards may vest and become exercisable in "qualifying leaver" circumstances including death, injury, ill-health, disability, redundancy, retirement or business disposal. In either case, the extent to which an award vests will be determined taking into account the extent to which any performance conditions have been satisfied in the period from the grant date to the date the award becomes exercisable. Under the ESOS, any "qualifying leaver" awards will become exercisable for six months from the date of leaving (or 12 months, in the case of death). Under the LTIP (Part I), most "qualifying leaver" awards will become exercisable for six months from the date of leaving and (unless the Committee determines otherwise) be pro-rated by reference to the time which has elapsed between the grant date and the date of leaving. However, in the case of retirement, LTIP (Part I) awards will vest on the usual vesting date, the third anniversary of the grant date, and become exercisable for six months from that date.
Mitigation	Executive Directors' service contracts contain no contractual provision for reduction in payments for mitigation or for early payment, and accordingly any payment during the notice period will not be reduced by any amount earned in that period from alternative employment obtained as a result of being released from employment with the Group before the end of the contractual notice period.
Other payments	Payments may be made under the Company's all employee share plans which are governed by the Irish Revenue Commissioners and HMRC tax-approved plan rules and which cover leaver provisions. There is no discretionary treatment of leavers under these plans. Where on recruitment a buy-out award had been made outside the ESOS or LTIP (Part I), then the applicable leaver provisions would be specified at the time of the award.

The Committee reserves the right to make additional exit payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment. In doing so, the Committee will recognise and balance the interests of shareholders and the departing executive Director, as well as the interests of the remaining Directors. Where the Committee retains discretion it will be used to provide flexibility in certain situations, taking into account the particular circumstances of the Director's departure and performance.

Non-executive Directors

Letters of appointment

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 letters of appointment are dated as follows:

Non-executive Director	Date of letter of appointment
Sir Brian Stewart	10 February 2010
Stewart Gilliland	17 April 2012
Anthony Smurfit	17 April 2012
John Hogan	26 April 2004
Richard Holroyd	26 April 2004
Breege O'Donoghue	26 April 2004

The letters of appointment are each agreed to be 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.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 28 FEBRUARY 2015

Information on how the Company intends to implement the policy for the financial year ending 28 February 2015 is set out below.

EXECUTIVE DIRECTORS

Service Contracts

The fundamental structure of the remuneration of Stephen Glancey and Kenny Neison remains unchanged from the previous year. Specifically there are no changes to their salary, the maximum rate of the annual bonus, the ESOS and LTIP (Part I) opportunity or the rate of the cash allowance in lieu of pension or benefits in kind.

Changes were made with effect from 1 April 2014 to Joris Brams' service contract and remuneration, to reflect the greater focus of his role on the United States following the Group's acquisition of Vermont Hard Cider Company LLC ('VHCC') and the services being provided by his service company in respect of Belgian brand development. His existing service contract was split into a USA contract with VHCC and an amended contract with Wm. Magner Limited, with the same aggregate base salary and other terms but with no cash allowance in lieu of pension provision. A consulting contract with his service company was also entered into.

Base salary is split €238,000 (was €366,160) under the international contract and €128,160 under the USA contract, each with a cash benefits allowance of 7.5% of base salary. He is entitled to a bonus opportunity of 80% of base salary under each contract. He continues to be entitled to an ESOS award of 150% of aggregate base salary, under both contracts and an LTIP (Part I) award of 100% of aggregate base salary under both contracts. He is entitled to 12 months' notice of termination or payment in lieu of notice equal to 12 months' aggregate base salary.

In addition, C&C IP Sàrl ('CCIP') entered into a contract for services effective as of 1 April 2014 with Joris Brams BVBA ('JBB'), (a company wholly owned by Joris Brams and family), under which JBB agreed to provide to CCIP brand development services in relation to Belgian products and CCIP agreed to pay monthly fees totalling on an annual basis €91,540 plus VAT. The agreement is terminable by either party on one month's notice.

Base salaries

The Company's approach on base salary continues to be to provide a fixed remuneration component which reflects the experience and capabilities of the individual in the role, the demonstrated performance of the individual in the role, and which is competitive in the markets in which the Company operates.

Under their service contracts the base salaries of Stephen Glancey and Kenny Neison are expressed and payable in pounds sterling. The base salary of Joris Brams is expressed and payable in euro.

The salary levels of executive Directors are normally reviewed together with those of senior management annually in January. The salary levels were reviewed in respect of FY2015 and no change is being made to the base salaries of Stephen Glancey and Kenny Neison for the year ending 28 February 2015. Their base salaries have remained unchanged since 2008 other than by reason of promotion. The service contract of Joris Brams is adjusted for the reasons set out above.

The base salaries are as follows:

Year ended 28 February	2014	2015
Stephen Glancey	£585,000 (€691,653*)	£585,000
Kenny Neison	£420,000 (€496,571*)	£420,000
Joris Brams	€366,160	€366,160 in aggregate with effect from 1 April 2014

* At the average exchange rate in the year.

Benefits

The executive Directors receive a cash allowance of 7.5% of base salary in lieu of benefits such as company car. The Group provides death-in-service cover of four times annual base salary and permanent health insurance (or reimbursement of premiums paid into a personal policy). Directors may also avail of medical insurance under a Group policy (or the Group will reimburse premiums).

Details of the deferred payments due by Stephen Glancey and Kenny Neison under the JSOP, as described on page 78, and which give rise to a taxable benefit-in-kind, are unchanged.

Annual bonus

The Committee has reviewed the performance measures and targets for the annual bonus to ensure that they remain appropriately stretching in the current environment and continue to be aligned with the business strategy.

For FY2015, the 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% of base salary.

The Company is not disclosing the actual Group bonus profit target as, in the opinion of the Board, this target is commercially sensitive. The Board believes that disclosure of this commercially sensitive information could adversely impact the Company's competitive position by providing competitors with insight into the Company's business plans and expectations. Further the Board believes that retrospective disclosure of annual bonus targets may be inappropriate as the targets remain commercially sensitive information and it is not intending to disclose this information at any future time.

Long Term Incentives/ Share based payments

The service contracts of the executive Directors in office at the date of this report entitle them to an annual grant under the ESOS with a face value equal to 150% of base salary and an annual award under the LTIP (Part I) with a face value equal to 100% of base salary.

With respect to awards for the year commencing 1 March 2014, the Committee is reviewing the performance measures and targets for the ESOS and LTIP (Part I) to ensure that the measures continue to be aligned with the business strategy and the targets remain appropriately stretching in the current environment. The performance measures and targets will either continue to be those set out in note 5 (Share-based Payments) to the financial statements, or be no less stretching targets. Where any non-financial measures (such as TSR) are chosen, the Remuneration Committee must in any event be satisfied that the Group's underlying financial performance warrants the level of vesting indicated by such measure, as supported by a financial underpin or otherwise.

ESOS

The executive Directors will be granted options with a face value of 150% of base salary, based on the exercise price at date of grant.

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION (CONTINUED)

LTIP (Part I)

Stephen Glancey and Kenny Neison will be granted awards to acquire shares at nominal cost, with a face value of 100% of base salary and Joris Brams will be granted an award to acquire shares at nominal cost, with a face value of 200% of his aggregate base salary, this being an exceptional award to enable him to build up a material equity interest in the Company.

Pensions

No executive Director accrues any benefits under a defined benefit pension scheme. Under their service contracts executive Directors other than Joris Brams will receive 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.

Legacy Payments

Certain fees that were payable to Joris Brams BVBA (JBB), (a company wholly owned by Joris Brams and family) under an agreement effective 30 January 2012 made between C&C IP Sàrl and JBB and which was terminated on 31 August 2012 will continue to be payable to JBB, as follows.

(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 plc 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 LTIP (Part I) so far as applicable. Vesting of the award is subject to the achievement of performance conditions equivalent to those applicable for grants made in FY2013 under the LTIP (Part I) 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 plc shares on the dealing day before the settlement date (see note 5 (Share-based Payments) to the financial statements).

See also note 5 (Share-based Payments) to the financial statements regarding payments that may fall due under or in respect of the Joint Share Ownership Plan.

NON-EXECUTIVE DIRECTORS

The fees paid to non-executive Directors are set at a level which aims to attract individuals with the necessary experience and ability to make a significant contribution to the Group. After a review of non-executive Directors' fees in May 2014 the Board concluded that no increases in the fees paid would be awarded. The annual fees are as follows:

Year ended 28 February	2014	2015
Chairman	€230,000	€230,000
Non-executive Director	€65,000	€65,000
Senior Independent Director	€10,000	€10,000
Chairman of the Audit Committee	€25,000	€25,000
Chairman of the Remuneration Committee	€20,000	€20,000

ANNUAL REPORT ON REMUNERATION FOR THE YEAR ENDED 28 FEBRUARY 2014

The following parts of the Remuneration Report are subject to audit and have been audited.

DIRECTORS' REMUNERATION

Details of the remuneration for each Director who served during the year ended 28 February 2014 are given below. The comparative figures included have been presented on a consistent basis with the current year.

These valuation methodologies used in this report are those required by the UK Regulations and are different from those applied within the financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Further details on the valuation methodologies applied are set out in the notes relating to columns (a) to (e) below. Details of the overall Directors' remuneration charged to the Group income statement are shown in note 27 (Related Party Transactions) to the financial statements.

SINGLE TOTAL FIGURE OF REMUNERATION

The table below reports the total remuneration receivable in respect of qualifying services by each Director during the year ended 28 February 2014 and the prior year.

	Salary/fees (a)		Taxable benefits (b)		Annual Bonus (c)		Long term incentives (d)		Pension related benefits (e)		Total	Total
Year ended 28 February	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Executive Directors												
Joris Brams	366	130	27	10	55	0	0	0	92	33	540	173
Stephen Glancey	692	719	56	58	104	0	127	364	173	180	1,152	1,321
Kenny Neison	497	516	41	42	74	0	91	218	124	129	827	905
Sub-total	1,555	1,365	124	110	233	0	218	582	389	342	2,519	2,399
Non-Executive Directors												
John Burgess	13	65	0	0	0	0	0	0	0	0	13	65
Stewart Gilliland	65	57	0	0	0	0	0	0	0	0	65	57
John Hogan	90	90	0	0	0	0	0	0	0	0	90	90
Richard Holroyd	75	75	0	0	0	0	0	0	0	0	75	75
Philip Lynch	0	64	0	0	0	0	0	0	0	0	0	64
Breege O'Donoghue	85	68	0	0	0	0	0	0	0	0	85	68
Anthony Smurfit	65	57	0	0	0	0	0	0	0	0	65	57
Sir Brian Stewart	230	230	0	0	0	0	0	0	0	0	230	230
Sub-total	623	706	0	0	0	0	0	0	0	0	623	706
	2,178	2,071	124	110	233	0	218	582	389	342	3,142	3,105
Average number of executive Directors											3	2
Average number of non-executive Directors											6	7

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION (CONTINUED)

NOTES TO THE REMUNERATION TABLE

Column (a) Salaries and fees

(1) The amounts shown are the amounts earned in respect of the financial year.

(2) 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.

(3) The fees payable to the following non-executive Directors include fees paid in respect of the roles held by them as shown below.

		2014 €'000	2013 €'000
John Hogan	Chairman of Audit Committee	25	25
Richard Holroyd	Senior Independent Director	10	10
Philip Lynch	Chairman of Remuneration Committee	0	15
Breege O'Donoghue	Chairman of Remuneration Committee	20	3

Column (b) Benefits

(1) The executive Directors received a cash allowance of 7.5% of base salary. The Group provided death-in-service cover of four times annual base salary and permanent health insurance (or reimbursement of premiums paid into a personal policy). S. Glancey and K. Neison also availed of medical insurance under a Group policy.

(2) 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 13.5%; 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 at 28 February 2014 and 28 February 2013 are as follows:

	28 February 2014 €'000	28 February 2013 €'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 in the hands of the executive.

Further details of the Joint Share Ownership Plan are given in note 5 (Share-based Payments) to the financial statements. No further awards can be made. All extant awards are fully vested.

Column (c) Annual Bonus

(1) The amounts shown are the total bonus earned under the annual bonus scheme in respect of the financial year.

(2) For the year ended 28 February 2014, the annual bonus for executive Directors was based on performance against an operating profit target. The maximum bonus opportunity was 80% of salary. For the year ended 28 February 2014 the Committee determined that bonuses should be paid to the executive Directors at the rate of 15% of base salary.

(3) The Company is not disclosing the actual Group operating profit target as, in the opinion of the Board, this target is commercially sensitive. The Board believes that disclosure of this commercially sensitive information could adversely impact the Company's competitive position by providing competitors with insight into the Company's business plans and expectations. Further the Board believes that retrospective disclosure of annual bonus targets may be inappropriate as the target remains commercially sensitive information and it is not intending to disclose this information at any future time.

Column (d) Long term incentives

(1) The amounts shown in respect of long term incentives are the values of awards where final vesting is determined as a result of the achievement of performance measures or targets relating to the financial year and is not subject to achievement of further measures or targets in future financial years.

(2) For the year ended 28 February 2014, the amount shown is the deemed value of the LTIP (Part I) awards granted during February 2012 that will partly vest during February 2015. For the year ended 28 February 2013, the amount shown is the market value of the ESOS options granted during May 2010 that vested during May 2013.

FY2014

ESOS

In respect of the options granted in May 2011 under the ESOS, the performance measure and target were as set out in note 5 (Share-based Payments) to the financial statements in respect of the ESOS. The Committee determined that the Company's adjusted EPS growth over the three year performance period commencing 1 March 2011 and ending 28 February 2014 was 4.01% in excess of Irish CPI. Accordingly the performance condition was not met and the options therefore did not vest.

LTIP

In respect of the options granted in February 2012 under the LTIP (Part I) the performance measures were as set out in note 5 (Share-based Payments) to the financial statements. The Committee determined that the Company's adjusted EPS growth over the three year performance period commencing 1 March 2011 and ending 28 February 2014 was 4.01% in excess of Irish CPI and accordingly that performance was in excess of the threshold under the EPS performance condition of the LTIP (Part I) and the options therefore partly vested.

The Committee determined that Company's TSR performance over the three year performance period commencing 1 March 2011 and ending 28 February 2014 was less than the median performance of the comparator group and accordingly performance did not achieve the threshold under the TSR performance condition and the options therefore did not vest as to this tranche. The Committee also determined that the EPS underpin was not met.

Accordingly the Committee determined that in aggregate 15.05% of the awards should vest. The market price at the date of vesting is not yet ascertainable and therefore the value attributed to the vested awards for each Director has been calculated by multiplying the number of options that will vest by the difference between the average share price over the quarter ending 28 February 2014 (€4.4077) and the exercise price per option (€0.01).

FY2013

For the year ended 28 February 2013, in respect of the options granted in May 2010 under the ESOS the performance measure and target were as set out in note 5 (Share-based Payments) to the financial statements. The Committee determined that the Company's EPS growth over the three year performance period commencing 1 March 2010 and ending 28 February 2013 was 7.66% in excess of Irish CPI and accordingly that the performance condition was met and the options vested. To calculate the value attributed to the vested options for each Director the difference between the share price at the date of vesting (€4.76) and the exercise price per option (€3.205) has been multiplied by the number of options.

(3) Within the financial statements the amounts recognised within the income statement is calculated on the basis explained in accounting policies. See note 5 (Share-based Payments) to the financial statements for further details. The total expense in respect of long-term incentives relating to the Directors that was recognised within the income statement is as follows:

J. Brams (including cash settled award to Joris Brams BVBA): €0.2m (FY2013: nil)
S. Glancey: nil (FY2013: €0.6m)
K. Neison:€0.1m (FY2013: €0.4m)

Column (e) Pensions related benefits

No executive Director accrued any benefits under a defined benefit pension scheme. Under their service contracts each of the executive Directors received 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.

FORMER DIRECTORS

No payments were made to past Directors during the year ended 28 February 2014 in respect of services provided to the Company as a Director.

There were no payments made to Directors for loss of office during the year ended 28 February 2014.

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION (CONTINUED)

DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS

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 below, currently representing as at year-end approximately 36 times and 25 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.

Directors' Interests in Share Capital of the Company

The interests of the Directors and the Company Secretary in office at 28 February 2014 in the share capital of Group companies at the beginning of the year (or date of appointment if later) and the end of the year were:

Interests in ordinary shares of €0.01 Each in C&C Group plc

	28 February 2014 Total	1 March 2013 (or date of appointment if later)
Directors		
Joris Brams	**77,777**	69,777
Stephen Glancey	**5,120,000**	5,120,000
Stewart Gilliland	**12,000**	0
John Hogan	**10,597**	10,432
Richard Holroyd	**46,493**	45,769
Kenny Neison	**2,561,530**	2,561,530
Breege O'Donoghue	**61,930**	60,961
Anthony Smurfit	**300,000**	300,000
Sir Brian Stewart	**200,000**	100,000
Total	**8,390,327**	8,268,469
Company Secretary		
Paul Walker	**90,200**	63,200

Notes

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

(ii) The interests of Stephen Glancey and Kenny Neison include Interests in shares acquired and jointly held with the trustees of the C&C Employee Benefit Trust under the Company's Joint Share Ownership Plan, which at 28 February 2014 and at 28 February 2013 comprised 3,413,334 shares in respect of Stephen Glancey and 2,560,000 shares in respect of Kenny Neison (see note 5 to the financial statements 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 2014 and 20 May 2014.

SHARE INCENTIVE SCHEME INTERESTS AWARDED DURING YEAR

On 16 May 2013 Joris Brams was granted the following awards:

(a) Under the ESOS he was granted options to subscribe for 115,629 shares at €4.75 each, being the closing price on the dealing day before the date of grant, and in aggregate equivalent at the subscription price to 150% of his base salary. At a price of €4.76 per share, the closing price on the date of grant, the options had an aggregate face value of €550,394. The options are subject to the performance conditions set out in note 5 (Share-based Payments) to the financial statements. If the minimum performance is achieved, 100% of the options vest.

(b) Under the LTIP (Part I) he was granted options to subscribe for 154,172 shares at €0.01 each being the nominal value, and in aggregate equivalent at the closing price on the dealing day before the date of grant, to 200% of his base salary. At a price of €4.76 per share, the closing price on the date of grant, the options had an aggregate face value of €733,859. The options are subject to the performance conditions set out in note 5 (Share-based Payments) to the financial statements in relation to the LTIP (Part I). If the minimum performance is achieved, 30% of the options vest. The companies in the comparator group for this award were 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.

No price was paid for any award of options.

Stephen Glancey and Kenny Neison waived their contractual annual entitlements to awards under the ESOS and the LTIP (Part I) in respect of FY2014.

DIRECTORS' INTERESTS IN OPTIONS

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 2013 (or date of appointment if later)	Awarded in year	Exercised in year	Lapsed in year	Total at 28 February 2014	Weighted average price
Directors										
Joris Brams										
	16/5/2013	€ 0.00	LTIP (Part I)	16/5/16 - 15/11/16	nil	154,172			154,172	
	16/5/2013	€4.75	ESOS	16/5/16 - 15/5/20	nil	115,629			115,629	
				Total	**nil**	**269,801**	**0**	**0**	**269,801**	**€2.04**
Stephen Glancey										
	13/05/09	€ 1.94	ESOS	13/5/12 - 12/5/16	386,600		(386,600) (i)		0	
	26/05/10	€ 3.205	ESOS	26/5/13 - 25/5/17	234,100				234,100	
	24/05/11	€ 3.607	ESOS	24/5/14 - 23/5/18	207,957			(207,957)	0	
	29/02/12	€ 0.00	LTIP (Part I)	1/3/15 - 28/8/15	191,186			(162,413)	28,773	
	17/05/12	€ 0.00	LTIP (Part I)	17/5/15 - 16/11/15	207,317				207,317	
	17/05/12	€ 3.525	ESOS	17/5/15 - 16/5/19	310,975				310,975	
				Total	**1,538,135**	**0**	**(386,600)**	**(370,370)**	**781,165**	**€ 2.36**
Kenny Neison										
	13/05/09	€ 1.94	ESOS	13/5/12 - 12/5/16	232,000		(232,000) (i)		0	
	26/05/10	€ 3.205	ESOS	26/5/13 - 25/5/17	140,500				140,500	
	24/05/11	€ 3.607	ESOS	24/5/14 - 23/5/18	124,774			(124,774)	0	
	29/02/12	€ 0.00	LTIP (Part I)	1/3/15 - 28/8/15	137,262			(116,604)	20,658	
	17/05/12	€ 0.00	LTIP (Part I)	17/5/15 - 16/11/15	148,843				148,843	
	17/05/12	€ 3.525	ESOS	17/5/15 - 16/5/19	223,264				223,264	
				Total	**1,006,643**	**0**	**(232,000)**	**(241,378)**	**533,265**	**€ 2.32**

	Date of grant	Exercise price	Scheme	Exercise period	Total at 1 March 2013 (or date of appointment if later)	Awarded in year	Exercised in year	Lapsed in year	Total at 28 February 2014	Weighted average price
Company Secretary										
Paul Walker										
	29/06/10	€ 0.00	R&R	1/6/11 - 31/5/17	27,000		(27,000) (ii)		0	
	02/06/10	€ 3.21	ESOS	1/6/13 - 31/5/18	127,200				127,200	
	29/06/11	€ 0.00	LTIP (Part I)	29/6/14 - 28/12/14	35,380			(30,055)	5,325	
	17/05/12	€ 0.00	LTIP (Part I)	17/5/15 - 16/11/15	40,754				40,754	
	17/05/12	€ 0.00	R&R	17/5/14 - 16/5/19	122,264				122,264	
				Total	**352,598**	**0**	**(27,000)**	**(30,055)**	**295,543**	**€ 1.38**

(i) market price at date of exercise: €4.584

(ii) market price at date of exercise: €4.611

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 2014 was €4.922 (2013: €4.895). The price of the Company's ordinary shares ranged between €3.750 and €5.187 during the year.

There was no movement in the interests of any of the Directors or the Company Secretary (save for the lapsing of 79,447 options awarded to him under the R&R in 2012) in options over C&C Group plc ordinary shares between 28 February 2014 and 20 May 2014.

REPORT OF THE REMUNERATION COMMITTEE ON DIRECTORS' REMUNERATION (CONTINUED)

The following sections of the Remuneration Report are not subject to audit.

PERFORMANCE GRAPH AND TABLE

This graph shows the value, at 28 February 2014, of €100 invested in the Company on 28 February 2009 compared to the value of €100 invested in the ISEQ General Index. The relevant index has been selected as a comparator because the Company is a member of that index.

Total shareholder return
Source: Datastream

This graph shows the value, by 28 February 2014, of €100 invested in C&C Group on 29 February 2009 compared with the value of €100 invested in the ISEQ General Index.

C&C Group ISEQ General Index

CHIEF EXECUTIVE OFFICER

Five Year Record

The following table sets out information on the remuneration of the Chief Executive Officer for the five years to 28 February 2014:

		Total Remuneration €'000	Annual Bonus (as % of maximum opportunity)	Long term incentives vesting (as % of maximum number of shares)
FY2010	John Dunsmore (note)	5,525	Nil	100%
FY2011	John Dunsmore	989	Nil	100%
FY2012	John Dunsmore (to 31/12/11)	1,126	75%	100%
FY2012	Stephen Glancey (from 1/1/12)	956	75%	100%
FY2013	Stephen Glancey	1,321	Nil	100%
FY2014	Stephen Glancey	1,152	18.75%	7%

Note: FY2010 includes vesting of awards over a number of years

John Dunsmore retired as Chief Executive Officer on 31 December 2011 and Stephen Glancey was appointed with effect from 1 January 2012, having previously been Chief Operating Officer. The salary, benefits and bonus figures are calculated for the period in office.

Change in CEO's remuneration

The table below sets out in relation to salary, taxable benefits and annual bonus the percentage change in remuneration for the Chief Executive Officer for the financial year ended 28 February 2014 compared with the previous financial year.

	Change in Total Remuneration	Change in Base Salary	Change in Taxable Benefits	Change in Annual Bonus
Chief Executive Officer	-10%	Nil %	Nil %	€104,000

Employees' Pay Comparison

Comparable figures are not given for the Group's employees as a whole on the basis that substantial changes to the Group's workforce during the year make it impractical to calculate these figures. Information on employee remuneration is given in note 4 to the financial statements. The ratio of the average remuneration of executive Directors to the average remuneration of the employees of the Group (excluding Directors) was 19:1 (FY2013: 18:1).

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out the percentage change in dividends and the overall expenditure on pay (as a whole across the organisation).

	FY2014	FY2013	% change
Dividends[1]	€31.0m	€28.4m	9%
Overall expenditure on pay[2]	€94.2m	€75.6m	25%
Other significant uses of cashflow[3]	€20.6m	€232.7m	

1. As per note 9 to the financial statements
2. As per note 4 to the financial statements
3. Acquisitions of businesses and equity accounted investees as per note 11 to the financial statements

This report was approved by the Board and signed on its behalf by

Breege O'Donoghue
Chairman of the Remuneration Committee
20 May 2014

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 European Union 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 2013.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their profit and loss for that period. In preparing each of the Group and the 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 2013; 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.

The Directors are also required by the Transparency Directive (2004/109/EC) Regulations 2007 and the Transparency Rules of the Irish Financial Services Regulatory Authority to include a management report containing 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 which disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRSs as adopted by the EU and comply with the provision of the Companies Acts 1963 to 2013, and, as regards the Group's financial statements, Article 4 of the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005 (the "IAS Regulations"). They are also responsible for safeguarding the assets of the Company and 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 (www.candcgroupplc.com). Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT AS REQUIRED BY THE TRANSPARENCY DIRECTIVE AND UK CORPORATE GOVERNANCE CODE

Each of the current Directors, whose names and functions are listed as giving this responsibility statement on page 48, 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 2014 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 2013, give a true and fair view of the assets, liabilities and financial position of the Company at 28 February 2014;
- 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; and
- the Group's annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

On behalf of the Board

Sir Brian Stewart	**Stephen Glancey**
Chairman	Group Chief Executive Officer

FINANCIAL STATEMENTS

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

Opinions and conclusions arising from our audit

1 OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements ('the financial statements') of C&C Group plc for the year ended 28 February 2014, which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group and Company Cashflow Statements, the Group and Company Statements of Changes in Equity and the related notes on pages 90 to 163. Our audit work was conducted in accordance with International Standards on Auditing ('ISAs') (UK and Ireland).

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 2014 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 2013, of the state of the Company's affairs as at 28 February 2014; and
- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2013 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2 OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

In arriving at our audit opinion above on the Group financial statements, the risks of material misstatement that had the greatest effect on our Group audit were as follows:

Assessment of intangibles and goodwill for impairment - (€721.9 million)
Refer to page 57 (Directors' Statement of Corporate Governance), pages 102 to 103 (accounting policy) and Note 13 to the financial statements.

The Risk
There is a risk that the carrying value of the Group's intangible assets and goodwill balance may not be recovered from future cash flows. As detailed in the accounting policy note on pages 102 to 103, an impairment review of intangible assets and goodwill is performed annually by the Group. There is inherent uncertainty involved in preparing forecasts and discounted future cash flow reports for this purpose and significant judgement is involved in relation to the assumptions used in the Group's goodwill impairment model.

Our response
In this area, our audit procedures included, amongst others, interrogating the Group's impairment model, evaluating the assumptions and methodologies used by the Group, in particular those relating to revenue growth, operating profit and the discount rate and terminal growth rate applied to the forecasted cash flows in the model. We compared the Group's assumptions with externally derived data as well as our own assessment in relation to key inputs into the model. We challenged the sensitivity analysis performed by management and performed our own sensitivity analysis in relation to the key assumptions. We considered the difference between the market capitalisation of the Group and the book value of the Group's net assets which indicated that the market capitalisation exceeded the book value by €855m at 28 February 2014.

Carrying value of Property, Plant and Equipment ('PP&E') - (€218.9 million)
Refer to page 57 (Directors Statement of Corporate Governance), pages 103 to 104 (accounting policy) and note 12 to the financial statements.

The Risk
The Group carries its land and buildings in Ireland, the US and Portugal, and its plant and machinery in Portugal on its balance sheet at market value. The Group carries its land and buildings in the UK and its plant and machinery in Ireland, the UK and the US on its balance sheet at Depreciated Replacement Cost (DRC). As such, both valuation methods require an annual valuation. Such valuations were determined internally in the current year. Significant judgement is exercised in determining the appropriate assumptions underlying the valuation, including amongst others, market based assumptions, plant replacement costs and plant utilisation levels. There is inherent uncertainty involved in preparing valuations where there is a lack of liquidity in the market for similar assets in similar locations, and a risk for both land and buildings and plant and machinery, that assumptions applied in valuation techniques cannot be benchmarked to external data.

Our response
In relation to the Group's land and buildings in Ireland, the US and Portugal, and its plant and machinery in Portugal, our audit procedures involved an inspection of the valuations performed in order to assess the key assumptions underpinning the valuations. We challenged the assumptions underlying the valuations prepared by management and considered whether the assumptions were consistent with external market information, where available.

In relation to the Group's land and buildings in the UK, and its plant and machinery in Ireland, the UK and the US, our audit procedures involved an inspection of the valuations performed by the Group, in order to assess the integrity of the data and key assumptions underpinning the valuations.

We challenged the underlying valuation assumptions in the model prepared by management.
We benchmarked the key assumptions to externally derived current data where possible, and to the valuations prepared by independent external valuers at 28 February 2012, and performed procedures to assess key inputs into the model.

Retirement Benefit Obligations – (Deficit €22.8 million; surplus €1.4 million)
Refer to page 57 (Directors Statement of Corporate Governance), page 105 (accounting policy) and note 22 to the financial statements.

The Risk
The Group operates a number of defined benefit pension schemes in Ireland and the UK. The deficit/surplus on the Group's Balance Sheet is sensitive to changes in actuarial assumptions and modest changes to the assumptions used to value the Group's defined benefit obligations would have a significant effect on the financial statements of the Group.

Our response
Our audit procedures included using a KPMG actuarial specialist to assist us in evaluating the assumptions and methodologies used by the Group's actuarial advisors, in particular those relating to the discount rate, inflation and mortality assumptions. We compared the Group's assumptions to externally derived data, as well as our own assessments in relation to these and other key inputs in assessing whether the assumptions used by the Group are reasonable. We directly confirmed the assets in the Group's defined benefit pension schemes with the relevant investment managers. We also assessed whether the disclosures in note 22 are consistent with the requirements of IAS 19, Employee Benefits.

Accounting for the acquisition of the M. & J. Gleeson Group – (€12.4 million)
Refer to page 57 (Directors Statement of Corporate Governance), page 102 (accounting policy) and note 11 to the financial statements.

The Risk
The Group acquired M & J Gleeson Group during the year for a consideration of €12.4 million. As part of a business combination, the Group is required to determine the fair values of all acquired assets and liabilities and to identify and value intangible assets, including goodwill. Significant judgement is exercised in the identification and valuation of acquired intangible assets and also in determining the adjustments to the values of acquired assets and liabilities. The Group engaged the services of external independent valuation specialists to assist in determining the fair value of the property assets and the identification and valuation of intangible assets acquired.

Our response
Our audit procedures involved amongst others, a critical assessment of the external property valuations including comparisons to available market information. We considered the process applied to identify intangible assets and performed procedures to assess the reasonableness of the assumptions applied in valuing such assets. Other procedures focused on assessment of the reasonableness of fair value adjustments applied to the other assets and liabilities acquired in this business combination.

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

3 OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality is a term used to describe the acceptable level of precision in financial statements. Auditing standards describe a misstatement or an omission as "material" if it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We identify a monetary amount, "materiality for the financial statements as a whole", based on this criteria and apply the concept of materiality in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming our opinion on them.

The materiality for the Group financial statements as a whole was set at €5.8 million. This has been calculated using a benchmark of 5% of Group profit before taxation excluding exceptional items, which we have determined, in our professional judgement, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance. We believe that materiality for the financial statements as a whole is more appropriately determined based on profit before tax excluding exceptional items which, based on the Group's exceptional items accounting policy set out on page 101, reflects a measure of profit before tax excluding items of income and expenditure which, by virtue of their scale and nature, are separately highlighted by the Group in its financial reporting.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit in excess of €290,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The structure of the Group's finance function is such that certain transactions and balances are accounted for by the Group finance team, with the remainder accounted for in the operating units. We performed audit procedures, including those in relation to the significant risks set out above, on those transactions and balances accounted for at operating unit and Group level. In relation to the operating units, audits for Group reporting purposes were performed at each of the key operating units of the Group. These audits covered 100% of Group revenue, 100% of Group profit before tax and 99% of Group assets.

The audits undertaken for Group reporting purposes at the key operating units of the Group were all performed to local materiality levels set by, or agreed with, the Group audit team. These local materiality levels were set individually and ranged from €0.9 million to €4.9 million.

Detailed audit instructions were sent to all the auditors in all of the identified locations. These instructions covered the significant audit areas that should be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported to the Group audit team. Members of the Group audit engagement team including the Group Engagement Partner attended the closing meetings for each of the significant operating components, at which the results of the business unit audit were discussed with local and Group management. Members of the Group audit engagement team and the Group Engagement Partner attended the closing meeting at which the results of all operating units were discussed with Group's Chief Executive Officer, Chief Financial Officer and senior members of the Group finance team.

One subsidiary was not in scope for Group reporting purposes. A statutory audit is performed at this subsidiary and is completed after the date of this report. For this subsidiary, we performed other procedures to confirm there were no significant risks of material misstatements to the Group financial statements.

4 WE HAVE NOTHING TO REPORT IN RESPECT OF MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ISAs (UK and Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:
- we have identified any inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and provides information necessary for shareholders to assess the entity's performance, business model and strategy; or
- the Audit Committee Report within the Directors' Statement of Corporate Governance does not appropriately disclose those matters that we communicated to the Audit Committee.

The Listing Rules of the Irish Stock Exchange and the UK Listing Authority require us to review:
- the directors' statement, set out on page 62, in relation to going concern;
- the part of the Directors' Statement of Corporate Governance on page 52 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
- certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration.

In addition, the Companies Acts require us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

5 OUR CONCLUSIONS ON OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACTS 1963 TO 2013 ARE SET OUT BELOW

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 Directors' Statement on Corporate Governance 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 2014 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.

Basis of our report, responsibilities and restrictions on use

As explained more fully in the Statement of Directors' Responsibilities set out on page 84, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group and parent Company financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK and Ireland) 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 Group's 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK and Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our 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.

Cliona Mullen
for and on behalf of

20 May 2014

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

GROUP INCOME STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2014

	Notes	Year ended 28 February 2014 Before exceptional items €m	Exceptional items (note 6) €m	Total €m	Year ended 28 February 2013 (restated) Before exceptional items €m	Exceptional items (note 6) €m	Total €m
Revenue	2	**912.9**	**-**	**912.9**	724.1	-	724.1
Excise duties		**(292.7)**	**-**	**(292.7)**	(247.2)	-	(247.2)
Net revenue	2	**620.2**	**-**	**620.2**	476.9	-	476.9
Operating costs	3	**(493.5)**	**(20.7)**	**(514.2)**	(362.3)	(4.6)	(366.9)
Operating profit	2	**126.7**	**(20.7)**	**106.0**	114.6	(4.6)	110.0
Finance income	7	**-**	**-**	**-**	0.1	-	0.1
Finance expense	7	**(11.0)**	**-**	**(11.0)**	(5.0)	-	(5.0)
Share of equity accounted investees' profit after tax	14	**0.5**	**-**	**0.5**	-	-	-
Profit before tax		**116.2**	**(20.7)**	**95.5**	109.7	(4.6)	105.1
Income tax (expense)/credit	8	**(15.1)**	**2.9**	**(12.2)**	(16.0)	0.3	(15.7)
Profit for the year attributable to equity shareholders		**101.1**	**(17.8)**	**83.3**	93.7	(4.3)	89.4
Basic earnings per share (cent)	10			**24.7c**			27.2c
Diluted earnings per share (cent)	10			**24.3c**			26.6c

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 2014

	Notes	2014 €m	2013 (restated) €m
Other comprehensive income and expense:			
Items that may be reclassified to profit or loss in subsequent years:			
Foreign currency translation differences arising on foreign currency borrowings designated as net investment hedges	7	**4.2**	(3.2)
Foreign currency translation differences arising on the net investment in foreign operations	7	**12.8**	(8.1)
Net movement in cash flow hedging reserve	7	**(1.4)**	2.0
Deferred tax on cash flow hedges	7, 21	**0.2**	(0.3)
Items that will not be reclassified to profit or loss in subsequent years:			
Actuarial loss on retirement benefit obligations	22	**(6.4)**	(13.0)
Deferred tax on actuarial loss on retirement benefit obligations	21	**0.7**	1.6
Net profit/(loss) recognised directly within other comprehensive income		**10.1**	(21.0)
Profit for the year attributable to equity shareholders		**83.3**	89.4
Comprehensive income for the year attributable to equity shareholders		**93.4**	68.4

On behalf of the Board

Sir B Stewart
Chairman

S Glancey
Group Chief Executive Officer

GROUP BALANCE SHEET
AS AT 28 FEBRUARY 2014

	Notes	2014 €m	2013 €m
ASSETS			
Non-current assets			
Property, plant & equipment	12	**218.9**	183.6
Goodwill & intangible assets	13	**721.9**	707.2
Equity-accounted investees	14	**15.0**	2.4
Retirement benefit obligations	22	**1.4**	0.5
Deferred tax assets	21	**4.7**	6.2
Derivative financial instruments	23	**1.9**	1.4
Trade & other receivables	16	**40.9**	31.3
		1,004.7	932.6
Current assets			
Inventories	15	**72.2**	48.9
Trade & other receivables	16	**139.6**	96.1
Derivative financial instruments	23	**1.2**	1.7
Cash & cash equivalents		**162.8**	121.0
		375.8	267.7
TOTAL ASSETS		**1,380.5**	1,200.3
EQUITY			
Equity share capital	24	**3.5**	3.4
Share premium	24	**115.8**	107.9
Other reserves	24	**63.9**	48.6
Treasury shares	24	**(10.3)**	(12.5)
Retained income		**679.2**	632.3
Total equity		**852.1**	779.7
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	19	**307.9**	244.4
Derivative financial instruments	23	**1.3**	1.2
Retirement benefit obligations	22	**22.8**	22.0
Provisions	18	**8.8**	9.4
Deferred tax liabilities	21	**6.6**	7.8
		347.4	284.8
Current liabilities			
Interest bearing loans & borrowings	19	**0.1**	-
Derivative financial instruments	23	**1.2**	-
Trade & other payables	17	**171.3**	124.1
Provisions	18	**2.7**	2.8
Current tax liabilities		**5.7**	8.9
		181.0	135.8
Total liabilities		**528.4**	420.6
TOTAL EQUITY & LIABILITIES		**1,380.5**	1,200.3

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 2014

	Notes	2014 €m	2013 (restated) €m
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year attributable to equity shareholders		**83.3**	89.4
Finance income		**-**	(0.1)
Finance expense		**11.0**	5.0
Income tax expense		**12.2**	15.7
Depreciation of property, plant & equipment		**23.8**	21.6
Amortisation of intangible assets		**0.2**	0.1
Net loss on disposal of property, plant & equipment		**1.2**	-
Share of equity accounted investees' profit after tax		**(0.5)**	-
Charge for equity settled share-based employee benefits		**0.8**	3.0
Pension contributions paid less amount charged to income statement		**(6.3)**	(6.6)
		125.7	128.1
Decrease/(increase) in inventories		**3.6**	(0.7)
Increase in trade & other receivables		**(13.0)**	(14.8)
Decrease in trade & other payables		**(2.9)**	(18.4)
Decrease in provisions		**(1.3)**	(4.9)
		112.1	89.3
Interest received		**-**	0.1
Interest and similar costs paid		**(8.3)**	(2.0)
Income taxes paid		**(13.7)**	(8.5)
Net cash inflow from operating activities		**90.1**	78.9
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		**(38.5)**	(24.1)
Net proceeds on disposal of property, plant & equipment		**10.0**	-
Acquisition of brand/deferred consideration paid on acquisition of brand		**-**	(3.7)
Acquisition of business	11	**(8.6)**	(229.8)
Acquisition of equity accounted investee(s)	11, 14	**(12.0)**	(2.9)
Net cash outflow from investing activities		**(49.1)**	(260.5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options		**5.0**	3.5
Proceeds from issue of new shares following acquisition of subsidiary		**-**	5.3
Net proceeds from sale of shares held by Employee Trust		**1.2**	6.6
Drawdown of debt		**76.2**	251.2
Repayment of debt		**(57.3)**	(65.2)
Payment of issue costs		**-**	(2.8)
Dividends paid		**(27.9)**	(21.2)
Net cash (outflow)/inflow from financing activities		**(2.8)**	177.4
Net increase/(decrease) in cash & cash equivalents		**38.2**	(4.2)
Cash & cash equivalents at beginning of year		**121.0**	128.3
Translation adjustment		**3.6**	(3.1)
Cash & cash equivalents at end of year		**162.8**	121.0

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 2014

	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 (restated) €m	Total €m
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 attributable to equity shareholders	-	-	-	-	-	-	-	-	-	89.4	89.4
Other comprehensive income/ (expense)	-	-	-	-	1.7	-	(11.3)	-	-	(11.4)	(21.0)
Total	-	-	-	-	1.7	-	(11.3)	-	-	78.0	68.4
Dividend on ordinary shares	-	7.1	-	-	-	-	-	-	-	(28.4)	(21.3)
Exercised share options	-	3.5	-	-	-	-	-	-	-	-	3.5
Reclassification of share-based payments reserve	-	-	-	-	-	(2.2)	-	-	-	2.2	-
Issue of shares following acquisition of subsidiary	-	5.3	-	-	-	-	-	-	-	-	5.3
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
Total	-	15.9	-	-	-	0.4	-	-	4.3	(23.5)	(2.9)
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
Profit for the year attributable to equity shareholders	-	-	-	-	-	-	-	-	-	83.3	**83.3**
Other comprehensive income/ (expense)	-	-	-	-	(1.2)	-	17.0	-	-	(5.7)	**10.1**
Total	-	-	-	-	(1.2)	-	17.0	-	-	77.6	**93.4**
Dividend on ordinary shares	-	3.0	-	-	-	-	-	-	-	(31.0)	**(28.0)**
Exercised share options	0.1	4.9	-	-	-	-	-	-	-	-	**5.0**
Reclassification of share-based payments reserve	-	-	-	-	-	(1.2)	-	-	-	1.2	**-**
Joint Share Ownership Plan	-	-	-	-	-	(0.1)	-	-	0.1	-	**-**
Sale of shares held by Employee Trust	-	-	-	-	-	-	-	-	2.1	(0.9)	**1.2**
Equity settled share-based payments	-	-	-	-	-	0.8	-	-	-	-	**0.8**
Total	**0.1**	**7.9**	**-**	**-**	**-**	**(0.5)**	**-**	**-**	**2.2**	**(30.7)**	**(21.0)**
At 28 February 2014	**3.5**	**115.8**	**0.5**	**24.9**	**-**	**7.1**	**27.6**	**3.8**	**(10.3)**	**679.2**	**852.1**

COMPANY BALANCE SHEET
AS AT 28 FEBRUARY 2014

	Notes	2014 €m	2013 €m
ASSETS			
Non-current assets			
Financial assets	14	**977.9**	977.1
Trade & other receivables	16	**50.5**	47.8
		1,028.4	1,024.9
Current assets			
Cash & cash equivalents		**0.2**	0.1
		0.2	0.1
TOTAL ASSETS		**1,028.6**	1,025.0
EQUITY			
Equity share capital	24	**3.5**	3.4
Share premium	24	**817.7**	809.8
Other reserves	24	**6.7**	7.1
Retained income		**70.6**	105.3
Total equity		**898.5**	925.6
Current liabilities			
Trade & other payables	17	**130.1**	99.4
Total liabilities		**130.1**	99.4
TOTAL EQUITY AND LIABILITIES		**1,028.6**	1,025.0

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 2014

	2014 €m	2013 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year attributable to equity shareholders	(4.9)	(3.4)
Finance expense	-	1.8
	(4.9)	(1.6)
Increase in other payables	0.4	0.4
Interest paid and similar costs	(0.2)	(1.6)
Net cash outflow from operating activities	(4.7)	(2.8)
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	27.7	71.3
Proceeds from exercise of share options	5.0	3.5
Proceeds from issue of shares following acquisition of subsidiary	-	5.3
Bank loans repaid	-	(60.0)
Dividends paid	(27.9)	(21.2)
Net cash inflow/(outflow) from financing activities	4.8	(1.1)
Net increase /(decrease) in cash & cash equivalents	0.1	(9.2)
Cash & cash equivalents at beginning of year	0.1	9.3
Cash & cash equivalents at end of year	0.2	0.1

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 2014

	Equity share capital €m	Share premium €m	Capital redemption reserve €m	Share based payment reserve €m	Retained income €m	Total €m
Company						
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
Total	-	15.9	-	0.8	(26.2)	(9.5)
At 28 February 2013	3.4	809.8	0.5	6.6	105.3	925.6
Loss for the year attributable to equity shareholders	-	-	-	-	(4.9)	**(4.9)**
Total	3.4	809.8	0.5	6.6	100.4	**920.7**
Dividend on ordinary shares	-	3.0	-	-	(31.0)	**(28.0)**
Exercised share options	0.1	4.9	-	-	-	**5.0**
Reclassification of share-based payments reserve	-	-	-	(1.2)	1.2	**-**
Equity settled share-based payments	-	-	-	0.8	-	**0.8**
Total	**0.1**	**7.9**	**-**	**(0.4)**	**(29.8)**	**(22.2)**
At 28 February 2014	**3.5**	**817.7**	**0.5**	**6.2**	**70.6**	**898.5**

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 2014 consolidate the individual financial statements of the Company and all subsidiary undertakings (together referred to as "the Group") together with the Group's share of the results and net assets of equity accounted investees for the period ended 28 February 2014.

The Company and Group financial statements, together the "financial statements", were authorised for issue by the Directors on 20 May 2014.

The accounting policies applied in the preparation of the financial statements for the year ended 28 February 2014 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 2013 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 2014. The Group has adopted the following new and revised IFRSs in respect of the year ending 28 February 2014:

- IAS 1 (Amendment) – Presentation of Financial Statements (1 July 2012). This amendment introduces a requirement for entities to group items in the statement of comprehensive income between those which are potentially re-classifiable to profit or loss subsequently and those which are not. This amendment has resulted in some presentation changes but has not had a material impact on the Group's financial statements. Comparative information has also been re-presented accordingly.

- IAS 19 (Revised) – Employee Benefits. This revised standard changes a number of disclosure requirements for post-employment benefits. Under the revised standard, the expected return on scheme assets and interest cost on scheme liabilities is replaced by a single net finance income/expense figure. The return on scheme assets is now measured using the same discount rate as is used in measuring scheme obligations. The prior year figures have been restated as though the revised standard had been applied in the prior period. The impact of this change is disclosed in Note 1.

- IFRS 13 – Fair Value Measurement. IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other IFRSs. It defines fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments: Disclosures. As a result the, Group has included additional disclosures in this regard in its Annual Report. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided comparative information for the new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

Other Standards

The amendments to other standards did not have a significant impact on the Group or Company 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 2014, and have not been applied in preparing these consolidated financial statements.

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

- Annual improvements to IFRS 2010 – 2012 cycle – various standards* and, annual improvements to IFRS 2011 – 2013 cycle – various standards*. As part of its annual improvements process, the IASB has published non-urgent but necessary amendments to IFRS. Together, the two cycles cover a total of nine standards, with consequential amendments to other standards. Most of the standards apply prospectively for annual periods beginning on or after 1 July 2014. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

- Investment entities (Amendments to IFRS 10, 12 and IAS 27) (1 January 2014). Where a parent entity meets the definition of an investment entity as set out in the IFRS 10 Amendment, that parent must now carry its investment in certain of its subsidiaries at fair value through profit or loss; it is no longer allowed to consolidate them. These amendments are not expected to have a material impact on the consolidated financial statements of the Group.

- IFRIC 21 Levies (1 January 2014)*. This interpretation provides guidance on the accounting for levies imposed by government under legislation. The interpretation confirms that an entity recognises a liability for a levy when the triggering event specified in the legislation occurs. An entity does not recognise a liability at an earlier date, even if commercially it has no realistic opportunity to avoid the triggering event. This interpretation is not expected to have a material impact on the consolidated financial statements of the Group.

Subject to ongoing assessment by the Group

- IFRS 10 – Consolidated and Separate Financial Statements (1 January 2014). IFRS 10 establishes a new control-based model for consolidation that replaces the existing requirements of both IAS 27 and SIC 12. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. The standard also includes specific guidance on the question of whether the entity is acting as an agent or principal in its involvement with an investee. The standard is not expected to have any material impact on the Group's financial statements.

- IFRS 11 – Joint Arrangements (1 January 2014). IFRS 11 removes the existing accounting policy choice for proportionate consolidation for jointly controlled entities and makes equity accounting mandatory for participants in joint ventures. The Group currently equity accounts for its interests in jointly controlled entities, therefore the application of this revised standard will not have any material impact on the Group's financial statements.

- IFRS 12 – Disclosure of Interests in Other Entities (1 January 2014). IFRS 12 requires entities to disclose information about the nature, risks and financial effects associated with the entity's interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. This standard will not have a material impact on the Group's financial statements.

- IAS 28 (Amendment) – Investments in Associates and Joint Ventures (1 January 2014). IAS 28 previously discussed how to apply equity accounting to associates in consolidated financial statements. The revised IAS 28 continues to include that guidance but is now extended to also apply that accounting to entities that qualify as joint ventures under IFRS 11. This amendment is not expected to have a material impact to the financial statements of the Group.

- IAS 32 (Amendment) – Offsetting Financial Assets and Financial Liabilities (1 January 2014). This amendment clarifies some of the requirements for offsetting assets and financial liabilities on the balance sheet. This amendment will not have a material impact on the Group's financial statements.

- IFRS 9 (Amendment) – Financial Instruments*. IFRS 9 is the first step in the process of replacing IAS 39 Financial Instruments: recognition and measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets. It is not anticipated that this amendment will have a material impact on the financial statements of the Group.

- IAS 19 (Amendment) – Defined Benefit Plans: Employee Contributions*. These narrow scope amendments apply to contributions from employees or third parties to benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service. It is not anticipated that this amendment will have a material impact on the financial statements of the Group.

* 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.

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 intangible assets acquired on the acquisition of a company or business, retirement benefit obligations, the revaluation of certain items of property, plant & equipment, share options at date of grant and derivative financial instruments. 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 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 assessment of goodwill and intangible assets for impairment (note 13), and
- accounting for retirement benefit obligations (note 22).

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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 ended 28 February 2014.

(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 except that the capital structure shown is that of the legal parent.

(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.

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 or 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.

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 unrealised gains arising from inter-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as unrealised 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 normally deemed to occur on delivery except in the case of international customers where its normally deemed to occur on despatch.

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 and gains on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues in the income statement, using the effective interest method.

Finance expenses comprise interest expense on borrowings, interest expense on sale of trade receivables, bank guarantee fees, amortisation of borrowing issue costs, changes in the fair value of financial assets or liabilities which are accounted for at fair value through the income statement, losses on hedging instruments that are recognised in the income statement, gains or losses relating to the effective portion of interest rate swaps hedging variable rate borrowings, ineffective portion of changes in the fair value of cash flow hedges, impairment losses recognised on financial assets and unwinding the discount on provisions. All borrowing costs are recognised in the income statement using the effective interest method.

RESEARCH AND DEVELOPMENT

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

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

GOVERNMENT GRANTS

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

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

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

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business, 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.

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.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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 fair value 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.

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.

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 or there are no other observable comparative transactions, the fair value may be determined using a valuation technique known as 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, 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:

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

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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. The 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.

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 (discount rates, 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 immediately in the income statement.

The expected increase in the present value of scheme liabilities arising from employee service in the current period is recognised in arriving at operating profit or loss together with the net interest expense/(income) on the net defined benefit liability/(asset). Differences between the actual return on plan assets and the interest income, 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, Performance Share Plans and cash settled award schemes, 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 nominal cost options) granted under the LTIP (Part II) are subject to non-market vesting conditions only.

An element of the share entitlements (represented by nominal-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 Interests 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 5. Market conditions are incorporated into the calculation of fair value of share/Interest entitlements as at the grant date. Non-market vesting conditions are not taken into account when estimating such fair value.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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. Awards with market based performance conditions 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.

The proceeds received by the Company net of any directly attributable transaction costs on the vesting of share entitlements met by the issue of new shares 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, to the extent that they are to be settled by the issue of new shares and to the extent that the vesting conditions would have been satisfied if the end of the reporting period was the end of the contingency period, 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 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.

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 recovered 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.

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 extended time periods 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.

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.

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.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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

Hedge accounting is discontinued when the hedging instrument expires or is sold, 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. PRIOR YEAR ADJUSTMENT

The Group has applied the revised accounting standard IAS 19 Employee Benefits in the current financial year. This affects the accounting for defined benefit pension schemes. Under the revised standard; the interest on scheme assets is accounted for using the same discount rate as is used in measuring scheme obligations as part of the income statement charge, net interest on net defined liability. The prior year comparative figures have been restated as though this revision had also been applied in the prior year.

The implementation of IAS19 revised Employee Benefits had no impact on total comprehensive income attributable to equity shareholders for the year ended 28 February 2013, but it did increase the Profit for the year attributable to equity shareholders by €0.7m in the income statement, and increase actuarial losses on defined benefit pension obligations by €0.7m within other comprehensive income and expense in the Group Statement of Comprehensive Income as outlined in the table below. There is no impact on the balance sheet.

The table below details the impact of the implementation of the revised accounting standard IAS 19 Employee Benefits on both the current and prior year results.

	Financial year ended 28 February 2013				
	Operating costs	Operating profit	Actuarial loss on retirement benefit obligations	Other comprehensive income & expense	Total comprehensive income
	€m	€m	€m	€m	€m
Previously reported – under IAS 19	(367.6)	109.3	(12.3)	(20.3)	68.4
Impact of change	0.7	0.7	(0.7)	(0.7)	-
Currently reported – under IAS 19 (R)	(366.9)	110.0	(13.0)	(21.0)	68.4

	Financial year ended 28 February 2014				
	Operating costs	Operating profit	Actuarial loss on retirement benefit obligations	Other comprehensive income & expense	Total comprehensive income
	€m	€m	€m	€m	€m
Under IAS 19	(515.3)	104.9	(5.3)	11.2	93.4
Impact of change	1.1	1.1	(1.1)	(1.1)	-
As reported - under IAS 19 (R)	(514.2)	106.0	(6.4)	10.1	93.4

2. SEGMENTAL REPORTING

The Group's business activity is the manufacturing, marketing and distribution of beverage products, primarily branded beer and cider. Following the current year acquisition of the Gleeson group, the Group's activity has broadened to include the distribution of wine and the manufacture, marketing and distribution of Finches soft drinks and Tipperary Water. Five reporting segments have been identified; 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 basis of segmentation corresponds with the Group's organisation structure, the current year nature of reporting lines to the Chief Operating Decision-Maker ('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 acquired M. & J. Gleeson (Investments) Limited and its subsidiaries ('Gleeson') is included within the ROI reporting segment on the basis that the nature of the products sold, the production and distribution processes and the customers are all similar. The business has been integrated with the Group's existing ROI business with both businesses managed on a consolidated basis by a newly appointed Managing Director. In addition, all accounting, HR and IT support services as well as sales and marketing functions are shared by the integrated ROI business.

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. Segment performance is predominantly evaluated based on Revenue, Net revenue and Operating profit before exceptional items and therefore these are the most relevant indicators in evaluating the results of the Group's operating segments. Given that net finance costs and income tax are managed on a centralised basis, these items are not allocated between reporting segments for the purposes of the information presented to the CODM and are accordingly omitted from the detailed segmental analysis below.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

The identified reporting segments are as follows:-

(i) ROI
This segment includes the financial results from sale of own branded products in the Republic of Ireland ('ROI'), principally Bulmers, Tennent's, Caledonia Smooth, Finches and Tipperary Water. It also includes the financial results from beer and wines & spirits distribution and wholesaling following the acquisition of Gleeson and the results from sale of third party brands as permitted under the terms of a distribution agreement with AB InBev.

(ii) Cider UK
This segment includes the results from sale of the Group's own branded cider products in the UK, with Magners, Gaymers and Blackthorn the principal brands.

(iii) Tennent's UK
This segment includes the results from sale of the Group's own branded beer brands in the UK, with Tennent's and Caledonia Best the principal brands.

(iv) International
This segment includes the results from sale of the Group's cider and beer products, principally Woodchuck, Magners, Gaymers, Blackthorn, Hornsby's and Tennent's in all territories outside of the ROI and the UK.

(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. It also includes sales of the Group's wine brands in the UK.

Information regarding the results of each reportable segment is disclosed below. 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

	2014			2013		
	Revenue	Net revenue	Operating profit	Revenue	Net revenue	Operating profit (restated)
	€m	€m	€m	€m	€m	€m
ROI	**330.6**	**237.3**	**48.2**	133.8	92.2	38.7
Cider UK	**164.1**	**112.8**	**20.7**	195.8	137.8	31.3
Tennent's UK	**216.2**	**103.6**	**34.6**	229.3	108.9	30.3
International	**79.9**	**77.1**	**16.0**	48.5	47.8	9.2
Third party brands UK	**122.1**	**89.4**	**7.2**	116.7	90.2	5.1
Total before exceptional items	**912.9**	**620.2**	**126.7**	724.1	476.9	114.6
Exceptional items (note 6)	**-**	**-**	**(20.7)***	-	-	(4.6)**
Total	**912.9**	**620.2**	**106.0**	724.1	476.9	110.0

* Of the exceptional loss in the current year, €8.9m loss relates to ROI, €7.8m loss to Cider UK, €1.5m loss to Tennent's UK, €2.0m loss to International and a €0.5m loss remains unallocated.
** Of the exceptional loss in the prior year, €1.3m gain relates to ROI, €0.8m loss to Cider UK, €0.5m loss to Tennent's UK, €2.6m loss to International and a €2.0m loss remains unallocated.

(b) Other operating segment information

	2014		2013	
	Capital Expenditure €m	Depreciation / Amortisation €m	Capital expenditure €m	Depreciation /Amortisation €m
ROI	**3.0**	**5.2**	2.2	3.3
Cider UK	**7.6**	**8.4**	10.3	8.6
Tennent's UK	**9.2**	**8.5**	8.7	8.3
International	**20.0**	**1.7**	3.1	1.2
Third party brands UK	**-**	**0.2**	-	0.3
Total	**39.8**	**24.0**	24.3	21.7

(c) Geographical analysis of revenue and net revenue

	Revenue		Net revenue	
	2014 €m	2013 €m	2014 €m	2013 €m
Republic of Ireland	**330.6**	133.8	**237.3**	92.2
United Kingdom	**502.4**	541.8	**305.8**	336.9
Rest of Europe	**12.8**	14.2	**12.8**	14.2
North America	**57.8**	29.9	**55.2**	29.2
Rest of World	**9.3**	4.4	**9.1**	4.4
Total	**912.9**	724.1	**620.2**	476.9

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 2014						
Property, plant & equipment	**64.6**	**126.6**	**5.4**	**22.2**	**0.1**	**218.9**
Goodwill & intangible assets	**136.6**	**329.2**	**8.3**	**242.2**	**5.6**	**721.9**
Equity-accounted investees	**-**	**15.0**	**-**	**-**	**-**	**15.0**
Retirement benefit obligations	**-**	**1.4**	**-**	**-**	**-**	**1.4**
Deferred tax assets	**3.7**	**-**	**-**	**1.0**	**-**	**4.7**
Derivative financial instruments	**-**	**1.4**	**0.5**	**-**	**-**	**1.9**
Trade & other receivables	**0.4**	**40.5**	**-**	**-**	**-**	**40.9**
Total	**205.3**	**514.1**	**14.2**	**265.4**	**5.7**	**1,004.7**

	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

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
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

3. OPERATING COSTS

		2014			2013 (restated)	
	Before exceptional items €m	Exceptional items (note 6) €m	Total €m	Before exceptional items €m	Exceptional items (note 6) €m	Total €m
Raw material cost of goods sold / bought in finished goods	279.3	-	279.3	177.5	-	177.5
Inventory write-down/(recovered) (note 15)	1.2	-	1.2	0.8	(1.0)	(0.2)
Employee remuneration (note 4)	81.7	6.1	87.8	61.4	1.2	62.6
Direct brand marketing	32.5	-	32.5	37.8	-	37.8
Other operating, selling and administration costs	68.4	10.8	79.2	55.9	4.4	60.3
Depreciation	23.8	-	23.8	21.6	-	21.6
Amortisation	0.2	-	0.2	0.1	-	0.1
Net loss on disposal of property, plant & equipment	(2.6)	3.8	1.2	-	-	-
Research and development costs	0.3	-	0.3	0.3	-	0.3
Auditors remuneration (note a)	0.7	-	0.7	0.8	-	0.8
Operating lease rentals:						
- land & buildings	4.1	-	4.1	4.4	-	4.4
- plant & machinery	2.3	-	2.3	0.8	-	0.8
- other	1.6	-	1.6	0.9	-	0.9
Total operating expenses	493.5	20.7	514.2	362.3	4.6	366.9

(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:

	2014 €m	2013 €m
Audit of the Group financial statements	0.4	0.4
Other assurance services	0.2	-
Tax advisory services	0.1	0.4
Total	0.7	0.8

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

4. EMPLOYEE NUMBERS & REMUNERATION COSTS

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

	2014 Number	2013 Number
Sales & marketing	**415**	300
Production & distribution	**980**	529
Administration	**184**	121
Total	**1,579**	950

The actual number of persons employed by the Group as at 28 February 2014 was 1,524 (28 February 2013: 1,001).

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

	2014 €m	2013 (restated) €m
Wages, salaries and other short term employee benefits	**67.4**	47.5
Restructuring costs (note 6)	**6.7**	1.2
Social welfare costs	**7.0**	5.3
Retirement benefit obligations – defined benefit schemes (note 22)	**0.5**	0.6
Retirement benefit obligations – defined contribution schemes, including pension related expenses	**4.7**	4.5
Equity settled share-based payments (note 5)	**0.8**	3.0
Cash settled share-based payments (note 5)	**0.5**	0.2
Partnership & matching share schemes (note 5)	**0.2**	0.3
Charged to the income statement	**87.8**	62.6
Actuarial loss on retirement benefit obligations recognised in other comprehensive income (note 22)	**6.4**	13.0
Total employee benefits	**94.2**	75.6

5. 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. In addition to continued employment, the options 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 financial statements of the Group, subject to any further 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 the current financial year, options awarded in May 2011 were deemed not to have achieved the performance target and consequently lapsed.

In April 2004, the Group established a **Long Term Incentive Plan (Part I) (LTIP (Part I))** under the terms of which options to purchase shares in C&C Group plc are granted at nominal 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. The options will not normally be exercisable until three years after the date of grant.

Options under this scheme were granted in January 2006, in June of each year from 2006 through to 2008 and in each year since 2011. All awards granted prior to 2011 were forfeited, lapsed or did not vest. Options awarded in June 2011 and February 2012 were deemed to have only partially achieved their performance target in relation to earnings per share growth and consequently 85% of the outstanding awards lapsed in the current financial year.

In addition to the time and continued employment vesting conditions, the Remuneration Committee has adopted performance conditions for the options awarded during each year since 2011 as follows:

- With regard to 50% of the award, a performance condition relating to total shareholder return (TSR) applies and achievement of a financial 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, a financial 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 earnings per share before exceptional items, as disclosed in the financial statements of the Group, 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% vesting for performance between 4% and 10% per annum compound real growth. 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.

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 and service vesting condition with one-third of the Interest in the shares vesting on each of the first, second and third anniversary of acquisition, subject to continued employment only. 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 have been 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 nominal cost were granted to certain members of management, excluding executive Directors. The vesting conditions for these awards were similar to those for the JSOP award. All shares awarded under this scheme have now vested or lapsed.

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 nominal cost are granted to certain members of management, excluding executive 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 and service 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 and service vesting conditions only, so as to normally vest on the third anniversary of grant.

In May 2012 and May 2013, awards of 1,036,255 and 252,672 respectively, were granted under the Recruitment and Retention Plan subject to continuous employment and 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 for the May 2012 awards and between 16 May 2013 and 15 May 2015 for the May 2013 awards. Awards vest in full if the growth in TSR is at least 50% over that period and the Remuneration Committee is satisfied that the extent to which the award vests is appropriate given the general financial performance of the Group over the performance 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 vest in two equal tranches in May 2014 and May 2015 for the May 2012 awards and May 2015 and May 2016 for the May 2013 awards.

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 (Part II) (LTIP (Part II))**, under which shares are awarded to certain employees (excluding executive Directors and senior management) at nominal 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. During the financial year ended 29 February 2012, the Remuneration Committee agreed two levels of award linked to operating profit targets. Based on the actual results to 29 February 2012, a right to receive shares at nominal cost equating to 23% of salary was granted to certain employees and a right to receive shares at nominal 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.

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 ("partnership" shares) that will be matched on a 1:1 basis by the Company ("matching shares") subject to Revenue approved limits. Both the partnership 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 partnership 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 168,083 matching shares (336,166 partnership and matching) in trust at 28 February 2014 (2013: 125,563 matching shares and 251,126 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 nominal 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 vested on the second anniversary of the grant date provided that the participant remained employed in the Group and had retained his/her investment shares acquired in relation to the matching award. Matching share awards were not entitled to dividends during the vesting period. Qualifying leavers remain entitled to their matching awards, which vested either on the date of cessation or on the normal vesting date, as the Group decided. Awards made to other leavers were forfeited. The February 2012 awards vested on 28 February 2014 and there were no subsequent awards.

The Group held 1,950 partnership and matching shares in Trust, with respect to awards that had vested but had not yet been transferred to the participant, at 28 February 2014 (2013: 3,250 partnership and matching shares held).

Cash-settled awards

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 and service vesting conditions only so as to normally vest, subject to continuous employment, 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 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 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 for the financial year ending 28 February 2014; a further 25% will vest on the achievement of a pre-approved operating profit target for the financial year ending 28 February 2015; with the remaining 50% vesting on the achievement of a pre-approved operating profit target for the financial year ending 29 February 2016. 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. In the current financial year the operating profit target for the year ended 28 February 2014 was deemed not to have been achieved and consequently 25% of the outstanding options at point of testing lapsed.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

In July 2013, the Group granted 28,279 cash-settled awards on terms equivalent to the rules of the Recruitment and Retention Plan but subject to time and service vesting conditions only to vest on the third anniversary of grant, subject to continuous employment. 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.

Award valuation

The fair values assigned to the ESOS options granted were computed in accordance with a Black Scholes valuation methodology; the fair value of options awarded under the LTIP (Part I) and Recruitment and Retention Plan were computed in accordance with the stochastic model for the TSR element and the Black Scholes model for the EPS element; the fair value of options awarded under the LTIP (Part II) were computed in accordance with a Black Scholes 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) and Recruitment and Retention Plan 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.

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

	Recruitment & Retention Plan May 2013	LTIP (Part I) options granted May 2013	ESOS options granted May 2013	Recruitment & Retention Plan May 2012	LTIP (Part I) options granted May 2012	ESOS options granted May 2012
Fair value at date of grant	€0.96	€2.07-€4.76	€1.647	€0.58-€0.59	€1.97-€3.24	€1.30
Exercise price	-	-	€4.75	-	-	€3.525
Main assumptions used in determining the fair value at date of grant:						
Risk free interest rate	0.00%- 0.06%	0.06%	0.36%	0.06%-0.14%	0.14%	0.46%
Expected volatility	23.8%	23.4%	47.0%	24.0%	30.2%	53.5%
Expected term until exercise	2-3 years	3 years	5 years	2-3 years	3 years	5 years
Dividend yield	1.84%	-	1.84%	2.35%	-	2.35%

Expected volatility is calculated by reference to historic share price movements prior to the date of grant over a period of time commensurate with the expected term until exercise. The dividends which would be paid on a share reduces the fair value of an award since, in not owning the underlying shares, a recipient does not receive the dividend income on these shares. For LTIP (Part I) awards, the participants are entitled to receive dividends, and therefore the dividend yield has been set to zero to reflect this.

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

	Granted July 2013	Granted December 2012	Granted May 2012	Granted January 2012
Fair value at date of grant	€3.60	€4.24	€1.97- €3.24	€3.47
Exercise price	-	-	-	-
Main assumptions used in determining the fair value at date of grant:				
Expected term until exercise	3 years	3 years	3 years	3 years
Dividend yield	2.27%	1.88%	2.35%	1.90%

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 2014	Grant price €	Market value at date of grant €	Fair value at date of grant €	Expense / (income) in income statement 2014 €m	2013 €m
Executive Share Option Scheme (ESOS)								
13 May 2009	3 years	4,336,300	230,550	1.94	1.94	0.72	**-**	0.1
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	880,400	3.32	3.32	1.16	**0.3**	0.8
24 May 2011	3 years	658,930	-	3.61	3.61	1.56	**(0.3)**	0.2
17 May 2012	3 years	534,239	534,239	3.525	3.525	1.30	**0.2**	0.2
16 May 2013	3 years	115,629	115,629	4.75	4.76	1.647	**0.1**	-
Long Term Incentive Plan (Part I)								
29 June 2011	3 years	192,662	21,162	-	3.53	2.18-3.34	**(0.2)**	0.2
29 February 2012	3 years	328,448	49,431	-	3.61	1.84-3.46	**(0.2)**	0.3
17 May 2012	3 years	614,360	563,310	-	3.525	1.97-3.24	**0.5**	0.4
16 May 2013	3 years	154,172	154,172	-	4.76	2.07-4.76	**0.1**	-
Long Term Incentive Plan (Part II)								
18 May 2011	3 years	154,993	60,265	-	3.55	3.36	**-**	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	**-**	-
03 June 2009	1-3 years	1,000,000	1,000,000	1.15	2.32	1.01-1.09	**-**	-
17 December 2009	1-3 years	2,200,000	250,000	2.47	2.76	0.11-0.16	**-**	-
Restricted Share Award Scheme								
26 February 2010	1-3 years	429,148	-	-	2.70	2.26	**-**	0.1
Recruitment & Retention Plan								
29 June 2010	1-3 years	81,000	-	-	3.20	2.94	**-**	0.1
31 August 2011	1-3 years	64,957	31,791	-	3.05	2.89-2.99	**-**	0.1
17 May 2012	2-3 years	1,036,255	753,495	-	3.525	0.58-0.59	**0.2**	0.2
16 May 2013	2-3 years	252,672	242,706	-	4.76	0.96	**0.1**	-
		28,829,265	**11,362,284**				**0.8**	3.0
Cash-settled awards								
30 January 2012	3 years	98,600	98,600	-	3.67	3.47	**0.2**	0.1
17 May 2012	3 years	114,522	87,943	-	3.525	1.97-3.24	**0.2**	0.1
21 December 2012	1-3 years	150,786	50,262	-	4.52	4.24	**0.1**	-
3 July 2013	3 years	28,279	28,279	-	3.85	3.60	**-**	-
		392,187	**265,084**				**0.5**	0.2
Partnership and Matching Share Schemes			**338,116***				**0.2**	0.3

* includes both partnership and matching shares

The amount charged to the income statement in respect of the above award grants assumes that all outstanding options granted during the financial years ended 28 February 2013 and 2014 will vest and all qualifying conditions will be achieved. Outstanding options granted under the ESOS and 85% of the outstanding options granted under LTIP (Part I) during the financial year ended 29 February 2012 did not achieve the related EPS performance condition and consequently lapsed. The amount charged to the income statement includes a credit of €0.7m, being the reversal of the previously expensed charge on these options.

The amount charged to the income statement includes an accelerated charge of €0.1m (2013: €0.1m), in relation to employees leaving the Group as part of a restructuring programme, for awards granted 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 awards granted deemed to have vested and in the case of awards under the ESOS 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:

	2014		2013	
	Number of options/ equity Interests	Weighted average exercise price €	Number of options/ equity Interests	Weighted average exercise price €
Outstanding at beginning of year	**14,557,998**	**1.54**	18,244,324	1.73
Granted	**522,473**	**1.05**	2,184,854	0.85
Exercised	**(2,492,674)**	**2.44**	(5,159,221)	1.38
Forfeited/lapsed	**(1,225,513)**	**1.45**	(711,959)	2.63
Outstanding at end of year	**11,362,284**	**1.34**	14,557,998	1.54

The aggregate number of share options/equity Interests exercisable at 28 February 2014 was 8,836,084 (2013: 8,939,835).

The unvested share options/equity Interests outstanding at 28 February 2014 have a weighted average vesting period outstanding of 1.4 years (2013: 1.2 years). The weighted average contractual life of vested and unvested share options/equity Interests is 2.6 years (3.6 years).

The weighted average market share price at date of exercise of all share options/equity Interests exercised during the year was €4.55 (2013: €3.64); the average share price for the year was €4.43 (2013: €3.86); and the market share price as at 28 February 2014 was €4.922 (28 February 2013: €4.895).

6. EXCEPTIONAL ITEMS

	2014 Total €m	2013 Total €m
Restructuring costs (net of a defined benefit pension scheme curtailment gain)	**6.1**	1.2
Acquisition costs	**1.1**	3.3
Integration costs including write off of redundant legacy IT assets	**5.6**	1.1
Recovery of previously impaired inventory	**-**	(1.0)
Redeployment of bottling line	**7.4**	-
Other	**0.5**	-
Total loss before tax	**20.7**	4.6
Income tax credit	**(2.9)**	(0.3)
Total loss after tax	**17.8**	4.3

(a) Restructuring costs
Restructuring costs, comprising severance and other initiatives following the acquisition and integration of M. & J. Gleeson (Investments) Limited ("Gleeson") and its subsidiaries with the Group's existing business and cost cutting initiatives undertaken at the Group's manufacturing facilities resulted in an exceptional charge before tax of €6.7m in the current financial year. This charge was reduced by a defined benefit pension scheme curtailment gain of €0.6m due to the reduction in headcount numbers and the reclassification of these employees from active to deferred members. A curtailment gain arises where the value of the pension benefit of a deferred member is less than that of an active member. In the previous financial year, the Group incurred restructuring costs of €1.2m arising from cost cutting initiatives and the consolidation of the Group's offices in the UK and the US.

(b) Acquisition costs
During the current financial year, the Group incurred €1.1m of costs directly attributable to the current year acquisitions of Gleeson and Biofun and the prior year acquisition of VHCC. These costs primarily relate to professional fees directly incurred in relation to the completion of these acquisitions. Prior year acquisition costs of €3.3m related to the acquisition of VHCC and the pending acquisition of Gleeson which completed on 7 March 2013.

(c) Integration costs including write-off of redundant legacy IT assets
During the current financial year, the Group incurred external consultant fees and other costs associated with the integration of the acquired Gleeson and VHCC businesses with the Group's existing business. In addition, the Group wrote off redundant IT assets as a consequence of streamlining its IT system requirements following the acquisition and integration of both the Gleeson and VHCC businesses with the Group's existing business. In the prior year, the Group incurred external consultant fees and other costs associated with the integration of the Hornsby's brand.

(d) 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 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 in that year at its recoverable value resulting in a gain of €1.0m (2014: nil). The Group has recovered total juice inventory of €1.9m for which an impairment charge was recognised in FY2009.

(e) Redeployment of bottling line
In the current financial year, a bottling line was redeployed from the Group's Clonmel cider manufacturing plant to its Shepton Mallet cider manufacturing plant and costs of €6.6m were incurred in this regard. As a result of this deployment an existing PET line with a value of €0.8m in Shepton Mallet became redundant and was written off.

(f) Other
During the current financial year, the Group incurred costs of €0.8m in relation to upgrading its listing on the Official List of the UK Listing Authority from a standard listing to a premium listing. Also included within Other in the current financial year is a release of €0.3m with respect to an excess exit provision following the expiration of an onerous lease which originally arose from the consolidation of the Group's Dublin offices in a previous financial year.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

7. FINANCE INCOME AND EXPENSE

	2014 €m	2013 €m
Recognised in income statement		
Finance income:		
Interest income on bank deposits	-	(0.1)
Total finance income	-	(0.1)
Finance expense:		
Interest expense on interest bearing bank borrowings and related costs	10.0	4.0
Movement on derivative financial instruments	0.1	-
Unwinding of discount on provisions	0.9	1.0
Total finance expense	11.0	5.0
Net finance expense	11.0	4.9

	2014 €m	2013 €m
Recognised directly in other comprehensive income		
Effective portion of change in fair value of cash flow hedges	-	0.3
Fair value of foreign exchange cash flow hedges transferred to income statement	(1.4)	1.7
Deferred tax on cash flow hedges recognised directly in other comprehensive income	0.2	(0.3)
Foreign currency translation differences arising on foreign currency borrowings designated as net investment hedges	4.2	(3.2)
Foreign currency translation differences arising on the net investment in foreign operations	12.8	(8.1)
Net income/(expense) recognised directly in other comprehensive income	15.8	(9.6)

8. INCOME TAX

	2014 €m	2013 €m
(a) Analysis of charge in year recognised in the income statement		
Current tax:		
Irish corporation tax	3.5	5.2
Foreign corporation tax	7.1	8.6
Adjustment in respect of previous years	-	(0.3)
	10.6	13.5
Deferred tax:		
Irish	3.2	2.8
Foreign	(1.5)	(0.6)
Adjustment in respect of previous years	(0.1)	-
	1.6	2.2
Total income tax expense recognised in income statement	12.2	15.7
Relating to continuing operations		
- continuing operations before exceptional items	15.1	16.0
- continuing operations exceptional items	(2.9)	(0.3)
Total	12.2	15.7

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.

	2014 €m	2013 (restated) €m
Profit before tax	**95.5**	105.1
Less Group's share of equity accounted investees' profit after tax	**(0.5)**	-
Adjusted profit before tax	**95.0**	105.1
Tax at standard rate of corporation tax in the Republic of Ireland of 12.5%	**11.9**	13.1
Actual tax charge is affected by the following:		
Expenses not deductible for tax purposes	**0.6**	1.0
Adjustments in respect of prior years	**(0.1)**	(0.3)
Income taxed at rates other than the standard rate of tax	**(0.5)**	1.5
Other differences	**0.3**	0.4
Total income tax	**12.2**	15.7

(b) Deferred tax recognised directly in other comprehensive income

	2014 €m	2013 €m
Deferred tax arising on movement in defined benefit pension obligations	**(0.7)**	(1.6)
Deferred tax arising on movement in derivatives designated as cash flow hedges	**(0.2)**	0.3
	(0.9)	(1.3)

(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 reduction in the UK corporation tax rate to 20% on 1 April 2015.

9. DIVIDENDS

	2014 €m	2013 €m
Dividends paid:		
Final: paid 4.75c per ordinary share in July 2013 (2013: 4.5c paid in July 2012)	**16.3**	15.0
Interim: paid 4.3c per ordinary share in December 2013 (2013: 4.0c paid in December 2012)	**14.7**	13.4
Total equity dividends	**31.0**	28.4
Settled as follows:		
Paid in cash	**27.9**	21.2
Accrued with respect to LTIP (Part I) dividend entitlements	**0.1**	0.1
Scrip dividend	**3.0**	7.1
	31.0	28.4

The Directors have proposed a final dividend of 5.7 cent per share (2013: 4.75 cent), to ordinary shareholders registered at the close of business on 30 May 2014, which is subject to shareholder approval at the Annual General Meeting, giving a proposed total dividend for the year of 10.0 cent per share (2013: 8.75 cent). Using the number of shares in issue at 28 February 2014 and excluding those shares for which it is assumed that the right to dividend will be waived, this would equate to a distribution of €19.7m.

In order to achieve better alignment of the interest of share based remuneration award recipients 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 LTIP (Part I) incentive programme should reflect the equivalent value to that which accrues to shareholders by way of dividends during the vesting period. An amount of €0.1m was accrued during the current financial year in this regard.

Total dividends of 9.05 cent per ordinary share were recognised as a deduction from the retained income reserve in the year ended 28 February 2014 (2013: 8.5 cent).

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.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

10. EARNINGS PER ORDINARY SHARE

Denominator computations	Number '000	Number '000
Number of shares at beginning of year	**344,332**	339,275
Shares issued in lieu of dividend	**664**	1,934
Shares issued following acquisition of subsidiary	**-**	1,422
Shares issued in respect of options exercised	**1,844**	1,701
Number of shares at end of year	**346,840**	344,332
Weighted average number of ordinary shares (basic)*	**337,154**	329,067
Adjustment for the effect of conversion of options	**6,011**	7,135
Weighted average number of ordinary shares, including options (diluted)	**343,165**	336,202

* excludes 7.6m treasury shares (2013: 8.3m)

Profit attributable to ordinary shareholders	2014 €m	2013 (restated) €m
Earnings as reported	**83.3**	89.4
Adjustment for exceptional items, net of tax (note 6)	**17.8**	4.3
Earnings as adjusted for exceptional items, net of tax	**101.1**	93.7
Basic earnings per share	Cent	Cent
Basic earnings per share	**24.7**	27.2
Adjusted basic earnings per share	**30.0**	28.5
Diluted earnings per share		
Diluted earnings per share	**24.3**	26.6
Adjusted diluted earnings per share	**29.5**	27.9

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 accounted for as treasury shares (at 28 February 2014: 7.6m shares; at 28 February 2013: 8.3m shares).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive 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 awards (excluding awards which were granted under plans where the rules stipulate that obligations must be satisfied by the purchase of existing shares (note5)), 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 and continuous employment. In accordance with IAS 33 Earnings per Share, these contingently issuable shares 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 (1,367,350 at 28 February 2014 and 1,927,156 at 28 February 2013). If dilutive other contingently issuable ordinary shares are included in diluted EPS based on the number of shares that would be issuable if the end of the reporting period was the end of the contingency period.

11. BUSINESS COMBINATIONS

Acquisition of businesses

During the current financial year, the Group completed the following two acquisitions:

- The acquisition of M. & J. Gleeson (Investments) Limited ("Gleeson") and its subsidiaries, a supplier and distributor of beverages in Ireland was completed on 7 March 2013. The consideration for the acquisition was €12.4m payable in cash, of which €4.4m was deferred for one year. The deferred consideration was paid post year end. As part of this transaction the Group acquired an interest in The Irish Brewing Company Limited , a non-trading company (45.6% of issued Ordinary shares) and Beck & Scott (Services) Limited, a distributor of beverages in Northern Ireland (50% of the issued Ordinary shares and 40% of the issued B Ordinary shares). The value of the investment in these associated companies was less than €0.1m at date of acquisition.

- On 2 August 2013, the Group acquired Latin American Holdings Limited, together with its subsidiary Biofun Produtos Biológicos do Fundão, Lda ("Biofun"), a manufacturer of apple juice concentrate based in the district of Castelo Branco, Portugal for €0.1m. The acquisition assists in securing future supplies of concentrate. A derivative financial asset in relation to a call option granted to the Group enabling it to purchase trees and orchard maintenance equipment for a nominal price on the tenth anniversary of the acquisition was also acquired. The derivative financial asset was valued by the Group at €0.5m.

During the previous financial year, the Group completed the acquisition of Vermont Hard Cider Company, LLC ("VHCC") in the United States for a gross consideration of €230.9m ($305.0m). The transaction was completed on 21 December 2012. A working capital settlement of €0.5m, accrued at 28 February 2013 was paid in the current financial year bringing the total working capital settlement to €2.8m ($3.7m or €2.8m euro equivalent at date of transaction and subsequent payment date). The working capital settlement reflects an amount payable over and above the contractual purchase price reflecting 'normalised working capital' as set out in the purchase agreement.

Also during the previous financial year, the Group acquired a 92.5% equity holding in The Five Lamps Dublin Beer Company Limited, an Irish craft brewer. The transaction was completed on 4 September 2012 for an investment of less than €0.1m. The company had nominal assets and liabilities at date of acquisition. In line with Article 12 of the Articles of Association of the company, the voting, dividend and repayment of capital rights of B Ordinary Shares shall carry a certain percentage of the aggregate voting rights of all the members depending on the number of milestones achieved by the member holding the B Ordinary Shares. During the current financial year, the first milestone was considered to have been achieved and the 'B' ordinary shares, all of which are held by the minority shareholder, attracted additional voting, dividend and repayment of capital rights of 2.5% resulting in the Group's ownership reducing to 90% and the minority shareholder's increasing to 10%. Post year end, the second milestone was considered to have been achieved resulting in the Group's ownership reducing to 87.5% and the minority shareholder's increasing to 12.5%. The result for the current and prior financial year attributable to the non controlling interest was less than 0.1m.

The book values of the assets and liabilities acquired, from the transactions outlined above, together with the fair value adjustments made to those carrying values, were as follows:-

Gleeson	Initial value assigned €m	Adjustment to initial fair value €m	Revised fair value €m
Property, plant & equipment	49.1	(29.2)	**19.9**
Other intangible assets	-	1.8	**1.8**
Inventories	29.5	(3.9)	**25.6**
Trade & other receivables	35.8	(3.0)	**32.8**
Trade & other payables	(34.7)	(0.6)	**(35.3)**
Interest bearing loans & borrowings	(47.9)	-	**(47.9)**
Deferred tax (liability)/asset	(1.2)	2.1	**0.9**
Net identifiable assets and liabilities acquired	30.6	(32.8)	**(2.2)**
Goodwill arising on acquisition			**14.6**
			12.4
Consideration transferred/transferable:			
Cash consideration paid			**8.0**
Deferred consideration			**4.4**
Total consideration			**12.4**

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

Biofun	Initial value assigned €m	Adjustment to initial fair value €m	Revised fair value €m
Property, plant & equipment	5.6	(1.0)	**4.6**
Derivative financial asset	-	0.5	**0.5**
Inventories	0.4	(0.2)	**0.2**
Trade & other receivables	1.8	(0.1)	**1.7**
Trade & other payables	(4.4)	0.1	**(4.3)**
Interest bearing loans & borrowings	(3.6)	-	**(3.6)**
Deferred tax liability	-	(0.2)	**(0.2)**
Net identifiable assets and liabilities acquired	(0.2)	(0.9)	**(1.1)**
Goodwill arising on acquisition			**1.2**
Total consideration paid			**0.1**

VHCC – February 2013	Initial 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	3.0	-	**3.0**
Cash & 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, paid in the current financial year			**0.5**
Total consideration			**233.7**
Net cash outflow arising on acquisition			
Cash consideration paid and working capital settlement paid year ended 28 February 2013			**233.2**
Less: cash & cash equivalents acquired			**(3.4)**
Net cash outflow FY2013			**229.8**
Working capital settlement, paid in the current financial year			**0.5**
Net cash outflow FY2014			**0.5**

The post acquisition impact of acquisitions completed during the current financial year on Group Operating profit for the current financial year and the post acquisition impact of acquisitions completed during the prior financial year on Group Operating profit for that financial year were as follows:-

	2014 €m	2013 €m
Revenue	**185.1**	6.7
Excise duties	**(42.0)**	(0.3)
Net revenue	**143.1**	6.4
Operating costs	**(137.8)**	(4.6)
Operating profit	**5.3**	1.8
Income tax expense	**(0.5)**	-
Results from acquired businesses	**4.8**	1.8

Acquisition costs of €1.1m (2013: €3.3m) have been shown in exceptional operating costs in the income statement. These costs are directly attributable to the current year acquisitions of Gleeson and Biofun and the prior year acquisition of VHCC. The Group also incurred exceptional integration and restructuring costs as a result of the acquisitions of Gleeson and Biofun as outlined in note 6.

The Gleeson business was acquired on 7 March 2013 and consequently the financial results for Gleeson consolidated into the Group's financial results for the year ended 28 February 2014 represent that business' financial results for the full financial year. The Biofun business was acquired on 2 August 2013, all fruit concentrate produced by the acquired business is used internally, and consequently no external revenue or net revenue is generated. The business made a profit of €0.1m in the period since acquisition. The revenue, 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 therefore not have been materially different from that reported. All intra group balances, transactions, income and expenses are eliminated on consolidation in accordance with IAS 27 Consolidated Financial Statements.

Acquisition of equity accounted investees

On 22 March 2013, the Group acquired 50% of the equity share capital of Wallaces Express Limited ("Wallaces"), Scotland's largest wines and spirits wholesaler, for €11.8m. Under the terms of this agreement, the Group entered into a call option arrangement enabling it to serve notice on Wallaces shareholders to acquire the remaining 50% of Wallaces at a predetermined price on 20 March 2015 or earlier at the Group's option in the event of a breach of warranty by the Seller; and a put option granting Wallaces' shareholders the right to serve notice on the Group to acquire the remaining 50% during the period January 2015 to March 2015 or earlier at the Sellers option in the event of a change of control, listing or insolvency of the buying company. The related derivative financial asset was valued at €1.2m while the related derivative financial liability was valued at €1.2m.

Post year end, on 18 March 2014, under the terms of a new agreement, the Group acquired the remaining 50% of Wallaces, further details are provided in note 29.

The net identifiable assets and liabilities of Wallaces on date of acquisition of 50% of the equity share capital, 22 March 2013, together with the Group's fair value adjustments are as outlined below:

Wallaces	Initial value assigned €m	Adjustment to initial fair value €m	Revised fair value €m
Property, plant & equipment	3.7	-	**3.7**
Brands & other intangible assets	1.4	(1.1)	**0.3**
Inventories	10.8	-	**10.8**
Trade & other receivables – current	12.4	-	**12.4**
Cash & cash equivalents	3.0	-	**3.0**
Current tax asset/(liability)	0.3	(0.3)	**-**
Trade & other payables	(14.1)	(0.3)	**(14.4)**
Bank debt	(0.3)	-	**(0.3)**
Deferred tax liability	(0.1)	-	**(0.1)**
Net identifiable assets and liabilities on date of acquisition	17.1	(1.7)	**15.4**
The Group's share of net identifiable assets and liabilities on date of acquisition			**7.7**
Derivative financial asset arising on acquisition			**1.2**
Derivative financial liability arising on acquisition			**(1.2)**
Goodwill (classified within Equity accounted investees)			**4.1**
Total consideration paid			**11.8**
Acquisition costs paid			**0.2**
Equity accounted investees			**12.0**

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

Contribution in the year from date of investment to 28 February 2014 was €0.6m. Acquisition costs of €0.2m incurred with respect to this transaction are capitalised within Equity accounted investees on the balance sheet. The total carrying value of the investment at 28 February 2014 was €12.6m.

During the previous financial year, the Group acquired a 25% equity investment in Maclay Group plc, a leading independent Scottish operator of management public houses for €2.5m. 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 carrying value of the investment, excluding related derivative financial instruments, at 28 February 2014 was €2.0m (2013: €1.9m).

In addition, during the financial year ended 28 February 2013, the Group invested €0.4m in a joint venture with Maclay Group plc in Thistle Pub Company Limited. The total carrying value of this investment, excluding related derivative financial instruments, at 28 February 2014 was €0.4m (2013: €0.5m).

12. PROPERTY, PLANT & EQUIPMENT

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Group				
Cost or valuation				
At 1 March 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
Translation adjustment	**2.8**	**3.5**	**3.7**	**10.0**
Additions	**0.4**	**29.7**	**9.7**	**39.8**
Disposals	**-**	**(1.2)**	**(25.6)**	**(26.8)**
Acquisition of business Gleeson	**10.2**	**6.8**	**2.9**	**19.9**
Acquisition of business Biofun	**3.1**	**1.5**	**-**	**4.6**
At 28 February 2014	**89.0**	**211.7**	**93.6**	**394.3**
Depreciation				
At 1 March 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
Translation adjustment	**0.3**	**1.6**	**2.1**	**4.0**
Disposals	**-**	**(0.4)**	**(15.2)**	**(15.6)**
Charge for the year	**1.4**	**11.8**	**10.6**	**23.8**
At 28 February 2014	**10.2**	**106.4**	**58.8**	**175.4**
Net book value				
At 28 February 2014	**78.8**	**105.3**	**34.8**	**218.9**
At 28 February 2013	64.0	78.0	41.6	183.6

No depreciation is charged on freehold land, which had a book value of €14.3m at 28 February 2014 (28 February 2013: €10.8m).

Valuation of freehold land, buildings and plant & machinery
In the current financial year, the Group engaged the following external valuers to value the land & buildings and plant & machinery acquired on acquisition of Gleeson and Biofun.

- Maria dos Anjos F.M. Ramos Engª Civil (I.S.T. – Portugal / Especialista em Avaliações – Ordem dos Engenheiros nº 16.174 (PhD) Doctora Ingª Caminos Canales y Puertos, UPV – Espanha Valuador Panamericana – UPAV – nº 323 Chartered Surveyor – FRICS (UK) to value the Portuguese property, plant & equipment.
- Frank Frisby supported by Mari G Frisby MSCSI MRICS - F.J. Frisby & Associates and Cearbhall Behan BSc A.SCSI - Behan, Irwin & Gosling to value its freehold properties acquired in the Republic of Ireland, and Don Meghen - Lisney, to value its plant & machinery acquired in the Republic of Ireland.

The valuations were in accordance with the requirements of the RICS Valuation Standards, seventh edition and the International Valuation Standards.

The valuation of both the Irish and Portuguese land & buildings and the Portuguese plant & machinery 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 as part of a continuing business.

In view of the specialised nature of the acquired Gleeson 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 acquired plant & machinery. IAS16 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 result of these valuations was a reduction of €30.2m to the book value of acquired property, plant & equipment.

In the previous financial year, the Group engaged external valuer, John Coto, Certified Machine & Equipment Appraiser, Alliance Machinery & Equipment Appraisals to value the plant & machinery acquired on acquisition of VHCC. The plant & machinery was valued 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).

For all other freehold land, buildings and plant & machinery assets held by the Group an internal valuation was completed by the Directors as at 28 February 2014 and 28 February 2013. As part of their valuation assessment, the Directors considered the following factors and their impact in determining the year end valuation of the Group's property, plant & machinery:-

- market fluctuations of land and industrial property prices since the date of the last external valuation,
- fluctuations driven by market commodity prices, of the gross replacement cost of property, plant & machinery,
- projected asset utilisation rates based on FY2015 budgeted/forecasted production volumes,
- changes to functional and physical obsolescence of plant & machinery beyond that which would normally be expected, and continued appropriateness of the assumed useful lives of property, plant and machinery.

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
Buildings	50 years

Having considered the above variables as part of the valuation, the Directors estimate that the changes arising from market fluctuations and anticipated utilisation rates may increase the total value of property, plant & equipment by €0.3m. The Directors do not consider this to be a material variation to the carrying value of property, plant & equipment and hence no adjustment to the carrying value was deemed necessary.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

Fair value hierarchy
The valuations of land & buildings and plant & machinery are derived using data from sources which are not widely available to the public and involve a degree of judgement. For these reasons, the valuations of the Group's land & buildings and plant & machinery are classified as 'Level 3' as defined by IFRS 13, and as illustrated below:

	Carrying amount	Quoted prices	Significant observable	Significant unobservable
		Level 1	Level 2	Level 3
	€m	€m	€m	€m
Recurring measurements				
Freehold land & buildings excluding those located in the UK	28.3	-	-	28.3
Freehold land & buildings located in the UK	50.5	-	-	50.5
Plant & machinery	105.3	-	-	105.3
At 28 February 2014	**184.1**	**-**	**-**	**184.1**

Measurement techniques
The Group used the following techniques to determine the fair value measurements categorised in Level 3:

- Land & buildings in Ireland, US and Portugal and plant & machinery located in Portugal are valued using a market value approach. The market value is the estimated amount for which a property should exchange at the valuation date between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

- Land & buildings located in the UK and plant & machinery in the Group, excluding that located in Portugal, have been valued by the Directors using the depreciated replacement cost approach. Depreciated replacement cost is assessed, firstly, by the identification of the gross replacement cost for each class of asset at each of the Group's plants. 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 plant and machinery asset, at each of the Group's plants, as a function of total available production capacity, is applied to determine the depreciated replacement cost.

Unobservable inputs
The significant unobservable inputs used in the depreciated cost measurement of Land & buildings and Plant & machinery are as follows:

Gross replacement cost adjustment	Increase in gross replacement cost of plant and machinery of 3% (2013: 0%) since previous external valuation, based on discussions with valuers
Economic obsolescence adjustment factor	Economic obsolescence, considered on an asset by asset basis, for each plant, ranging from 0% to 100% (2013: 0% to 100%)
Physical and functional obsolescence adjustment factor	Adjustment for changes to physical and functional obsolescence - nil (2013: nil)

The market value of land and buildings located in Ireland, the US and Portugal is assessed based on a combination of market data and transactions of similar properties in similar locations, where relevant.

The carrying value of plant & machinery in the Group (excluding that located in Portugal), which is valued on the depreciated replacement costs basis, would increase/(decrease) by €4.4m if the economic obsolescence adjustment factor was increased/(decreased) by 5%. If the gross replacement cost was increased/ (decreased) by 5% the carrying value of the Group's plant & machinery (excluding that located in Portugal) would increase/(decrease) by €4.4m.

The carrying value of freehold land & buildings located in the UK, which is valued on the depreciated replacement cost basis, would increase/(decrease) by €2.4m if the economic obsolescence adjustment factor was increased/ (decreased) by 5%. The estimated carrying value of the same land & buildings located in the UK would increase/ (decrease) by €2.6m if the gross replacement cost was increased/ (decreased) by 5%.

The carrying value of freehold land & buildings located in Ireland, the US and Portugal would increase/ (decrease) by €1.5m if the comparable open market value increased/ (decreased) by 5%.

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 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
Translation adjustment	**(0.9)**	**(1.8)**	**-**	**(2.7)**
Acquisition of Gleeson (note 11)	**14.6**	**-**	**1.8**	**16.4**
Acquisition of Biofun (note 11)	**1.2**	**-**	**-**	**1.2**
At 28 February 2014	**457.3**	**261.6**	**3.5**	**722.4**
Amortisation				
At 1 March 2012	-	-	0.2	0.2
Charge for the year	-	-	0.1	0.1
At 28 February 2013	-	-	0.3	0.3
Charge for the year	**-**	**-**	**0.2**	**0.2**
At 28 February 2014	**-**	**-**	**0.5**	**0.5**
Net book value				
At 28 February 2014	**457.3**	**261.6**	**3.0**	**721.9**
At 28 February 2013	442.4	263.4	1.4	707.2

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 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
Translation adjustment	**-**	**0.6**	**1.1**	**(2.6)**	**(0.9)**
Acquisition of Gleeson	**14.6**	**-**	**-**	**-**	**14.6**
Acquisition of Biofun	**-**	**-**	**-**	**1.2**	**1.2**
At 28 February 2014	**134.9**	**217.9**	**19.0**	**85.5**	**457.3**

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 subsequently at fair value 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 combination 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
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

Brands

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 2012	11.6	76.3	16.9	-	104.8
Acquisition of Vermont brands	-	-	159.0	-	159.0
Acquisition of Waverley wine brands	-	-	-	1.3	1.3
Additional consideration re previous year acquisition of Hornsby's brands	-	-	0.4	-	0.4
Translation adjustment	(0.5)	(2.4)	0.9	(0.1)	(2.1)
At 28 February 2013	11.1	73.9	177.2	1.2	263.4
Translation adjustment	**0.6**	**4.1**	**(6.6)**	**0.1**	**(1.8)**
At 28 February 2014	**11.7**	**78.0**	**170.6**	**1.3**	**261.6**

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 during the financial year ended 28 February 2013. 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 Wyders cider brands. The value attributed to the acquisition of this portfolio of brands was €159.0m. The Group completed the acquisition of wine brands from Waverley TBS Limited for a consideration of £1.0m (€1.3m euro equivalent at date of acquisition) on 5 November 2012.

During the current financial year, the Group disposed of two high strength cider brands, Diamond White and White Star, for a nominal amount. These brands were originally acquired as part of the Gaymers cider business during the financial year ended 28 February 2010, no value was assigned to these brands on acquisition.

The Tennent's, Gaymers and Vermont 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 and Waverley wine brands were valued at cost. The prior year adjustment to the valuation of the Hornsby's cider brand related to the settlement of conditional consideration which was payable subject to the performance of the brand during a transitional period. Performance and consequently the valuation of the final settlement exceeded expectation resulting in an increase in the value of the brand of $0.6m (€0.4m euro equivalent at date of settlement) in the prior financial year.

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

	ROI	Third party brands UK	Total
	€m	€m	€m
Cost			
At 1 March 2012	-	1.8	1.8
Translation adjustment	-	(0.1)	(0.1)
At 28 February 2013	-	1.7	1.7
Acquisition of Gleeson	1.8	-	1.8
At 28 February 2014	**1.8**	**1.7**	**3.5**
Amortisation			
At 1 March 2012	-	0.2	0.2
Charge for the year	-	0.1	0.1
At 28 February 2013	-	0.3	0.3
Charge for the year	0.1	0.1	0.2
At 28 February 2014	**0.1**	**0.4**	**0.5**
Net book value			
At 28 February 2014	**1.7**	**1.3**	**3.0**
At 28 February 2013	-	1.4	1.4

Other intangible assets comprise the fair value of trade relationships acquired as part of the acquisition of Gleeson during the current financial year and 20 year distribution rights for third party beer products acquired as part of the acquisition of the Tennent's business during the financial year ended 28 February 2010. 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. The intangible assets have a finite life and are subject to amortisation on a straight line basis. The amortisation charge for the year ended 28 February 2014 with respect to intangible assets was €0.2m (2013: €0.1m).

Impairment testing

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

As permitted by IAS 36 Impairment of assets, the value of the Group's intangible assets (goodwill and brands) has been allocated to groups of cash generating units (referred to in this note as a business segment), which are not larger than an operating segment determined in accordance with IFRS 8 Operating segments. These business segments represent the lowest levels within the Group at which the associated goodwill and indefinite life brands are monitored for management purposes.

The recoverable amount is calculated in respect of each business segment using value-in-use computations based on estimated future cash flows discounted to present value using a discount rate appropriate to each cash generating unit 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 business 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 were based on management assessment of anticipated market conditions for each business segment. A terminal growth rate of between 2.5% and 3.0% (2013: 2.5%) in perpetuity was assumed based on an assessment of the likely long term growth prospects for the sectors and geographies in which the Group operates. The resulting cash flows were discounted to present value using a range of discount rates between 8%-10% (2013: 8-12%); these rates are in line with the Group's estimated pre-tax weighted average cost of capital for the three main geographies in which the Group operates (ROI, UK and USA), arrived at using the Capital Asset Pricing Model.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

In formulating the budget and three year plan the Group takes into account historical experience, an appreciation of its core strengths and weaknesses in the markets in which it operates and external factors such as macro economic factors, inflation expectations by geography, regulation and expected changes in regulation (such as expected changes to duty rates and minimum pricing), market growth rates, 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:

Market	Discount rate
ROI	10%
UK	8%
International	8%

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

Sensitivity analysis

The impairment testing carried out at 28 February 2014 identified headroom in the recoverable amount of the brands and goodwill compared to their carrying values in all business segments. The value in use calculations indicate headroom in excess of €500m in respect of the ROI reporting segment and in excess of €350m in respect of the Tennent's UK reporting segment, with all component business segments indicating significant headroom. The value in use calculations with respect to the Group's Cider UK, International and Third Party Brands UK reporting segments also indicate significant headroom however the headroom with respect to some of the business segments within these operating segments is less than €15m, namely the Waverly wine business segment.

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. For the purposes of performing sensitivity analysis, the underlying assumptions (net revenue, operating profit, discount and terminal growth rates) were adjusted negatively by 1 percentage point. Applying these individual assumptions, while holding all other assumptions constant, to the value in use computations did not indicate an impairment of the Group's goodwill or brands.

14. EQUITY ACCOUNTED INVESTEES/ FINANCIAL ASSETS

(a) Investment in equity accounted investees - Group

	Wallaces Express Limited	Maclay Group plc	Thistle Pub Company	Total
	€m	€m	€m	€m
Investment in equity accounted investees				
Carrying amount at 1 March 2012	-	-	-	-
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
Translation adjustment	-	(0.2)	(0.1)	(0.3)
Carrying amount at 28 February 2013	-	1.9	0.5	2.4
Purchase price paid	**11.8**	**-**	**-**	**11.8**
Less derivative financial asset	**(1.2)**	**-**	**-**	**(1.2)**
Add derivative financial liability	**1.2**	**-**	**-**	**1.2**
Acquisition costs paid	**0.2**	**-**	**-**	**0.2**
Share of profit/(loss) after tax	**0.6**	**-**	**(0.1)**	**0.5**
Translation adjustment	**-**	**0.1**	**-**	**0.1**
Carrying amount at 28 February 2014	**12.6**	**2.0**	**0.4**	**15.0**

Wallaces Express Limited

On 22 March 2013, the Group acquired 50% of the equity share capital of Wallaces Express Limited, Scotland's largest wines and spirits wholesaler, for €11.8m (£10.0m). Acquisition costs of €0.2m were also incurred in respect of the transaction. Contribution for the period from date of acquisition of 50% of the equity share capital to 28 February 2014 was €0.6m.

Under the terms of this agreement, the Group entered into a call option arrangement enabling it to serve notice on Wallaces shareholders to acquire the remaining 50% of Wallaces at a predetermined price on 20 March 2015 or earlier at the Group's option in the event of a breach of warranty by the Seller; and a put option granting Wallaces' shareholders the right to serve notice on the Group to acquire the remaining 50% during the period January 2015 to March 2015 or earlier at the Sellers option in the event of a change of control, listing or insolvency of the buying company. The related derivative financial asset was valued at €1.2m while the related derivative financial liability was valued at €1.2m.

As outlined in further detail in note 29, Post Balance Sheet Events, under the terms of a new agreement, the Group acquired the remaining 50% of Wallaces Express Limited post the Group's financial year end, on 18 March 2014.

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 (€2.5m euro equivalent at date of investment) of which £1.6m related to the value of the investment. Also included in the initial cost was a contracted derivative financial asset valued at £1.3m and a contracted derivative financial liability valued at £0.8m. 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 in the current financial year was a loss of €0.1m (2013: 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. The financial result for the year attributable to the Group was less than €0.1m (2013: less than €0.1m).

Thistle Pub Company Limited

On 28 November 2012, the Group invested £0.3m (€0.4m euro equivalent at date of payment) 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 2014 was less than €0.1m (2013: less than €0.1m).

The joint venture purchased one public house in the prior financial year and three public houses in the current financial year; three of the four public houses had opened and commenced trading as at 28 February 2014 while the fourth commenced trading post the year end. In addition, the joint venture purchased an additional public house post year end which has yet to open.

Unrealised gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the equity. Unrealised gains arising from the Group's trading relationship with equity accounted investees as at the year end date was less than €0.1m. 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.

(b) Investment in subsidiary undertakings - Company

	2014 €m	2013 €m
Equity investment in subsidiary undertakings at cost		
At beginning of year	**977.1**	968.8
Investment in subsidiary undertakings	**-**	5.3
Capital contribution in respect of share options granted to employees of subsidiary undertakings	**0.8**	3.0
At end of year	**977.9**	977.1

The total expense of €0.8m (2013: €3.0m) attributable to equity settled awards 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.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

15. INVENTORIES

	2014 €m	2013 €m
Group		
Raw materials & consumables	**31.6**	28.7
Finished goods & goods for resale	**40.6**	20.2
Total inventories at lower of cost and net realisable value	**72.2**	48.9

Inventory write-down recognised as an expense within operating costs amounted to €1.2m (2013: €0.8m). The high level of inventory write-down is primarily as a result of the write-off of inventory work in progress ('WIP') and packaging stocks following the transfer of production of the Hornsby's brand to the VHCC cidery, and the discontinuation of some flavoured Hornsby's ciders on integrating the VHCC business with the Group's existing US business. Previously impaired inventory recovered during the financial year and recognised as exceptional income (note 6) amounted to €nil (2013: €1.0m).

16. TRADE & OTHER RECEIVABLES

	Group		Company	
	2014 €m	2013 €m	2014 €m	2013 €m
Amounts falling due within one year:				
Trade receivables	**118.8**	78.0	**-**	-
Advances to customers	**8.4**	6.9	**-**	-
Prepayments and other receivables	**12.4**	11.2	**-**	-
	139.6	96.1	**-**	-
Amounts falling due after one year:				
Advances to customers	**40.9**	31.3	**-**	-
Amounts due from Group undertakings	**-**	-	**50.5**	47.8
	40.9	31.3	**50.5**	47.8
Total	**180.5**	127.4	**50.5**	47.8

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 2014 and 28 February 2013 were as follows:

	Gross 2014 €m	Impairment 2014 €m	Gross 2013 €m	Impairment 2013 €m
Group				
Neither past due nor impaired	**141.9**	**-**	113.7	-
Past due				
Past due 0-30 days	**12.0**	**(0.8)**	3.0	(0.8)
Past due 31-120 days	**16.3**	**(1.3)**	2.4	(2.1)
Past due 121-365 days	**4.9**	**(4.9)**	1.2	(1.2)
Past due more than one year	**1.5**	**(1.5)**	2.2	(2.2)
Total	**176.6**	**(8.5)**	122.5	(6.3)

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. The increase in the value of trade receiveables past due reflects the change in customer profile on acquisition of the Gleeson wholesaler business.

Trade receivables are on average receivable within 47 days (2013: 42 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:-

	2014 €m	2013 €m
Group		
At beginning of year	**6.3**	7.6
Recovered during the year	**(0.5)**	(0.2)
Provided during the year	**4.0**	2.0
Written off during the year	**(1.7)**	(2.9)
Translation adjustment	**0.4**	(0.2)
At end of year	**8.5**	6.3

17. TRADE & OTHER PAYABLES

	Group		Company	
	2014 €m	2013 €m	2014 €m	2013 €m
Trade payables	**74.5**	42.6	**-**	-
Payroll taxes & social security	**3.0**	2.4	**-**	-
VAT	**8.7**	5.3	**-**	-
Excise duty	**17.4**	13.3	**-**	-
Deferred consideration re acquisition of business	**4.4**	0.5	**-**	-
Accruals	**63.3**	60.0	**0.9**	0.7
Amounts due to Group undertakings	**-**	-	**129.2**	98.7
Total	**171.3**	124.1	**130.1**	99.4

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

Company
The Company has entered into financial guarantee contracts to guarantee the indebtedness of the liabilities of certain of its subsidiary undertakings. As at 28 February 2014, 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.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

18. PROVISIONS

	Restructuring 2014 €m	Onerous lease 2014 €m	Other 2014 €m	Total 2014 €m	Total 2013 €m
At beginning of year	0.4	11.0	0.8	12.2	17.3
Translation adjustment	-	0.6	-	0.6	(0.2)
Additional cost of brand	-	-	-	-	0.4
Charged during the year	6.7	-	-	6.7	1.6
Released during the year	-	(0.3)	(0.6)	(0.9)	(0.4)
Unwind of discount on provisions	-	0.9	-	0.9	1.0
Utilised during the year	(5.9)	(2.1)	-	(8.0)	(7.5)
At end of year	1.2	10.1	0.2	11.5	12.2
Current				2.7	2.8
Non-current				8.8	9.4
				11.5	12.2

Restructuring
The closing restructuring provision and current year charge primarily relate to severance costs arising from the Group's reorganisation programme in Ireland following the current year acquisition of Gleeson and some cost cutting initiatives undertaken at the Group's manufacturing facilities. The provision is expected to be fully utilised in the next financial year.

Onerous leases
The onerous lease provision relates to two onerous leases in relation to warehousing facilities acquired as part of the acquisition of the Gaymers cider business in 2010. These onerous leases expire in 2017 and 2026 respectively. The Group also had an onerous lease, which expired during the current financial year, in relation to the consolidation of the Group's Dublin offices into a single location in 2009. This resulted in a release of €0.3m to the income statement in the current financial year (note 6).

Other
Other provisions relate to a provision for the Group's exposure to employee and third party insurance claims. Under the terms of employer and public liability insurance policies, the Group bears a portion of the cost of each claim up to the specified excess. The provision is calculated based on the expected portion of settlement costs to be borne by the Group in respect of specific claims arising before the balance sheet date. In the prior year, other provisions also included a litigation provision of €0.6m; the related legal issue was resolved during the year and the provision was released back to the income statement.

19. INTEREST BEARING LOANS & BORROWINGS

Group

	2014 €m	2013 €m
Non-current liabilities		
Unsecured bank loans repayable by one repayment on maturity	307.9	244.4
Current liabilities		
Unsecured bank loans	0.1	-
Total borrowings	308.0	244.4

Unamortised issue costs are netted against outstanding non-current bank loans and are being amortised to the income statement over the remaining life of the 2012 multi-currency facility. The value of unamortised issue costs at 28 February 2014 was €1.7m (2013: €2.2m)

Terms and debt repayment schedule

	Currency	Nominal rates of interest	Year of maturity	2014 Carrying value €m	2013 Carrying value €m
Unsecured bank loans repayable by one repayment on maturity	Multi	Euribor/Libor + 1.70%	2017	**309.6**	246.6
Unsecured bank loans repayable in FY 2015	Euro	Euribor + 8.52%	2014	**0.1**	-
				309.7	246.6

Debt on acquisition

During the current financial year, the Group acquired debt of €47.9m on acquisition of Gleeson (€22.6m relating to a term loan and €25.3m relating to a full recourse trade debtor factoring arrangement); the term loan was repaid immediately post closing of the transaction. The trade debtor factoring arrangement was repaid in full and cancelled on 30 June 2013; the outstanding balance on acquisition with respect to this arrangement was €25.3m and this increased to €31.2m, before being settled in full by the Group.

In addition, the Group acquired debt of €3.6m on the acquisition of Biofun, of which €3.5m was repaid during the financial year with the remaining outstanding debt of €0.1m classified within current liabilities. The outstanding debt as at 28 February 2014 was fully repaid and cancelled on 21 March 2014.

Borrowing facilities

The Group manages its borrowing requirements 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, namely 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 €309.6m was drawn at 28 February 2014 (2013: €246.6m was drawn).

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.

There were no repayments under the Group's committed loan facility agreement in the current year. During the previous 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 non-current bank loans are guaranteed by a number of the Group's subsidiary undertakings. The facility agreement allows the early repayment of debt without incurring additional charges or penalties. All non current bank loans are repayable in full on change of control of the Group.

The Group's multi-currency 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

At year-end the Group had net debt of €145.2m, and a Net debt/ EBITDA ratio of 0.99:1 calculated in accordance with the terms of the Group's revolving credit facility agreement.

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

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

20. ANALYSIS OF NET DEBT

	1 March 2013 €m	Translation adjustment €m	Debt arising on acquisition €m	Cash flow €m	Non-cash changes €m	28 February 2014 €m
Group						
Interest bearing loans & borrowings	**244.4**	**(7.3)**	**51.5**	**18.9**	**0.5**	**308.0**
Cash & cash equivalents	**(121.0)**	**(3.6)**	**-**	**(38.2)**	**-**	**(162.8)**
	123.4	**(10.9)**	**51.5**	**(19.3)**	**0.5**	**145.2**

	1 March 2012 €m	Translation adjustment €m	Debt arising on acquisition €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

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

	1 March 2013 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2014 €m
Company					
Cash & cash equivalents	**(0.1)**	**-**	**(0.1)**	**-**	**(0.2)**

The Company is an original borrower under the terms of the Group's revolving credit facility but is not a borrower in relation to the Group's drawn debt as at 28 February 2014. As outlined in further detail in note 26, the Company, together with a number of its subsidiaries, gave a letter of guarantee to secure its obligations in respect of debt drawn by the Group under the terms of the Group's revolving credit facility agreement.

	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)

21. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2014			2013		
	Assets €m	Liabilities €m	Net assets/ (liabilities) €m	Assets €m	Liabilities €m	Net assets/ (liabilities) €m
Group						
Property, plant & equipment	**0.3**	**(3.4)**	**(3.1)**	2.3	(5.0)	(2.7)
Intangible assets	**-**	**(3.0)**	**(3.0)**	-	(2.5)	(2.5)
Retirement benefit obligations	**2.8**	**(0.2)**	**2.6**	2.8	(0.1)	2.7
Derivative financial instruments	**-**	**-**	**-**	-	(0.2)	(0.2)
Trade related items & losses	**1.6**	**-**	**1.6**	1.1	-	1.1
	4.7	**(6.6)**	**(1.9)**	6.2	(7.8)	(1.6)

The Group has not recognised deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and the realisation of these temporary differences and it is unlikely that the temporary differences will reverse in the foreseeable future. The aggregate amount of temporary differences applicable to investments in subsidiaries and equity accounted investees in respect of which deferred tax liabilities have not been recognised is immaterial on the basis that the participation exemptions and foreign tax credits should be available such that no material temporary differences arise. There are no other unrecognised deferred tax liabilities.

In addition, no deferred tax asset has been recognised in respect of certain tax losses incurred by the Group on the basis that the recovery is considered unlikely in the foreseeable future. The value of such tax losses is €1.7m in the current financial year (2013: nil). In the event that sufficient taxable profits arise in the relevant jurisdictions in future years, these losses may be utilised. The vast majority of these losses are due to expire in 2034.

Company

The Company had no deferred tax assets or liabilities at 28 February 2014 or at 28 February 2013.

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

	1 March 2013 €m	Recognised in income statement €m	Recognised on acquisition €m	Translation adjustment €m	Recognised in other comprehensive income €m	28 February 2014 €m
Group						
Property, plant & equipment: ROI	2.3	(2.3)	0.3	-	-	0.3
Property, plant and equipment: other	(5.0)	2.0	(0.2)	(0.2)	-	(3.4)
Provision for trade related items	1.1	(0.1)	0.6	-	-	1.6
Intangible assets	(2.5)	(0.4)	-	(0.1)	-	(3.0)
Retirement benefit obligations	2.7	(0.8)	-	-	0.7	2.6
Derivative financial instruments	(0.2)	-	-	-	0.2	-
	(1.6)	(1.6)	0.7	(0.3)	0.9	(1.9)

	1 March 2012 €m	Recognised in income Statement €m	Recognised on acquisition €m	Translation adjustment €m	Recognised in other comprehensive income €m	28 February 2013 €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)
Provision for trade related items	-	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)

22. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined benefit pension schemes for certain employees, past and present, 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 closed its defined benefit pension schemes to new members in April 2007 and provides only defined contribution pension schemes for employees joining the Group since that date. The Group provides permanent health insurance cover for the benefit of certain employees and separately charges this to the income statement.

The defined benefit 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.

There are no active members remaining in the Executive defined benefit pension scheme (2013: no active members). There are 80 active members, representing < 10% of total membership, in the ROI Staff defined benefit pension scheme (2013: 106 active members) and 5 active members in the UK scheme (2013: 8 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 pension schemes are carried out on a triennial basis using the attained age method. The most recent actuarial valuations of the ROI schemes were carried out with an effective date of 1 January 2012 while the date of the most recent actuarial valuation of the UK scheme was 31 December 2011. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

The funding requirements in relation to the Group's ROI defined benefit pension 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 schemes' independent 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 including an updated actuarial valuation 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 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 which the Group reserves the right to reduce or terminate on consultation with the Trustees, 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. The actuaries advised that as at 31 December 2013 the schemes were on track to meet the minimum funding standard and risk reserve by 31 December 2016, the end of the Funding Proposal period.

Following the 2011 actuarial valuation of the UK defined benefit pension scheme, a Schedule of Contributions and Recovery Plan was agreed committing the Group to annual contributions of £0.4m which the Directors believe will enable the scheme to meet the Statutory Funding Objective by June 2015.

The Group is exposed to a number of risks in relation to the funding position of these schemes, namely:-

Asset volatility: It is the Group's intention to pursue a long term investment policy that emphasises investment in secure monetary assets to provide for the contractual benefits payable to members. The investment portfolio has exposure to equities, other growth assets and fixed interest investments the returns from which are uncertain and may fluctuate significantly in line with market movements. Assets held are valued at fair value using bid prices where relevant.

Discount rate: The discount rate is the rate of interest used to discount post-employment benefit obligations and is determined by reference to market yields at the balance sheet date on high quality corporate bonds with a currency and term consistent with the currency and estimated term of the Group's post employment benefit obligations. Movements in discount rates have a significant impact on the value of the schemes' liabilities.

Longevity: The value of the defined benefit obligations is influenced by demographic factors such as mortality experience and retirement patterns. Changes to life expectancy have a significant impact on the value of schemes' liabilities.

Method and assumptions

The schemes' independent actuary, Mercer (Ireland) Limited, has 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 inflation/salary increase. These and other assumptions used to determine the retirement benefit obligations and current service cost under IAS19 Employee Benefits are set out below.

Mortality rates also have a significant impact on the actuarial valuations, as the number of deaths within the scheme have been too small to analyse and produce any meaningful scheme-specific estimates of future levels of mortality, the rates used have been based on the most up-to-date mortality tables, (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:

Future life expectations at age 65		ROI 2014 No of years	ROI 2013 No of years	UK 2014 No of years	UK 2013 No of years
Current retirees – no allowance for future improvements	Male	**23.5**	23.3	**22.9**	22.8
	Female	**24.9**	24.7	**25.4**	25.3
Future retirees – with allowance for future improvements	Male	**24.9**	24.8	**25.7**	25.6
	Female	**26.0**	25.9	**28.3**	28.1

Scheme liabilities:
The average age of active members is 45 and 51 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 2014 and 28 February 2013 are as follows:

	2014 ROI	2014 UK	2013 ROI	2013 UK
Salary increases	**0.0%-2.5%**	**3.7%**	0.0% - 3.0%	3.7%
Increases to pensions in payment	**2.0%**	**2.5%**	2.0%	2.5%
Discount rate	**3.4% - 3.6%**	**4.4%**	3.8% - 4.25%	4.4%
Inflation rate	**2.0%**	**3.3%**	2.0%	3.3%

During the prior 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 was treated as a change in accounting estimate in that year.

A reduction in discount rate used to value the schemes' liabilities by ¼% would increase the valuation of liabilities by €9.4m while an increase in inflation/salary increase expectations of ¼% would increase the valuation of liabilities by €3.3m. The sensitivity is calculated by changing the individual assumption while holding all other assumptions constant.

Scheme assets:
The revised IAS19 Employee Benefits accounting standard came into effect for accounting periods commencing on or after 1 January 2013. Under IAS19R Employee Benefits, the net interest charge for funded defined benefit plans is calculated by reference to the liability discount rate at the beginning of the period, rather than a separate expected return on assets assumption.

The pension assets and liabilities on the following pages have been prepared in accordance with IAS19R Employee Benefits.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

a. Impact on Group income statement

	2014			2013 (restated)		
	ROI €m	UK €m	Total €m	ROI €m	UK €m	Total €m
Analysis of defined benefit pension expense:						
Current service cost	**0.7**	**0.1**	**0.8**	0.7	0.1	0.8
Past service gain	**(1.1)**	**-**	**(1.1)**	(0.5)	-	(0.5)
Interest cost on scheme liabilities	**7.2**	**0.2**	**7.4**	7.3	0.3	7.6
Interest income on scheme assets	**(6.4)**	**(0.2)**	**(6.6)**	(7.0)	(0.3)	(7.3)
Total expense recognised in income statement	**0.4**	**0.1**	**0.5**	0.5	0.1	0.6

Analysis of amount recognised in other comprehensive income

	2014			2013 (restated)		
	ROI €m	UK €m	Total €m	ROI €m	UK €m	Total €m
Actual interest income on scheme assets	**8.9**	**0.4**	**9.3**	11.4	0.5	11.9
Expected interest income on scheme assets	**(6.4)**	**(0.2)**	**(6.6)**	(7.0)	(0.3)	(7.3)
Experience gains and losses on scheme liabilities	**8.4**	**-**	**8.4**	0.7	0.4	1.1
Effect of changes in assumptions on scheme liabilities	**(17.5)**	**-**	**(17.5)**	(17.9)	(0.8)	(18.7)
Total	**(6.6)**	**0.2**	**(6.4)**	(12.8)	(0.2)	(13.0)
Scheme assets	**163.8**	**7.6**	**171.4**	155.2	6.2	161.4
Scheme liabilities	**(186.6)**	**(6.2)**	**(192.8)**	(177.2)	(5.7)	(182.9)
Deficit in scheme	**(22.8)**	**-**	**(22.8)**	(22.0)	-	(22.0)
Surplus in scheme	**-**	**1.4**	**1.4**	-	0.5	0.5

b. Impact on Group balance sheet

The retirement benefit obligations surplus / (deficit) at 28 February 2014 and 28 February 2013 is analysed as follows:

Analysis of net pension deficit

			2014			2013
	ROI €m	UK €m	Total €m	ROI €m	UK €m	Total €m
Bid value of assets at end of year:						
Equity[i]	**45.1**	**3.8**	**48.9**	36.6	3.1	39.7
Bonds	**74.6**	**3.8**	**78.4**	67.3	3.1	70.4
Property	**4.5**	**-**	**4.5**	4.1	-	4.1
Cash	**14.6**	**-**	**14.6**	27.7	-	27.7
Alternatives	**25.0**	**-**	**25.0**	19.5	-	19.5
	163.8	**7.6**	**171.4**	155.2	6.2	161.4
Actuarial value of scheme liabilities	**(186.6)**	**(6.2)**	**(192.8)**	(177.2)	(5.7)	(182.9)
(Deficit)/surplus in the scheme	**(22.8)**	**1.4**	**(21.4)**	(22.0)	0.5	(21.5)
Related deferred tax asset /(liability)	**2.8**	**(0.2)**	**2.6**	2.8	(0.1)	2.7
Net pension (deficit)/surplus	**(20.0)**	**1.2**	**(18.8)**	(19.2)	0.4	(18.8)

(i) The defined benefit pension schemes have a passive self investment in C&C Group plc of €nil (2013: €nil).

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

Reconciliation of scheme assets

	ROI €m	UK €m	2014 Total €m	ROI €m	UK €m	2013 (restated) Total €m
Assets at beginning of year	**155.2**	**6.2**	**161.4**	142.9	5.3	148.2
Movement in year:						
Translation adjustment	**-**	**0.5**	**0.5**	-	(0.1)	(0.1)
Expected interest income on scheme assets, net of pension levy	**6.4**	**0.2**	**6.6**	7.0	0.3	7.3
Actual expected interest income less interest income on scheme assets	**2.5**	**0.2**	**2.7**	4.4	0.2	4.6
Employer contributions	**6.2**	**0.6**	**6.8**	6.6	0.6	7.2
Member contributions	**0.3**	**-**	**0.3**	0.3	-	0.3
Benefit payments	**(6.8)**	**(0.1)**	**(6.9)**	(6.0)	(0.1)	(6.1)
Assets at end of year	**163.8**	**7.6**	**171.4**	155.2	6.2	161.4

The expected employer contributions to fund defined benefit scheme obligations for year ending 28 February 2015 is €6.3m.

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

	2014 ROI	2014 UK	2013 ROI	2013 UK
Equities	**28%**	**50%**	24%	50%
Bonds	**45%**	**50%**	43%	50%
Property	**3%**	**-**	3%	-
Cash	**9%**	**-**	18%	-
Alternatives	**15%**	**-**	12%	-
	100%	**100%**	100%	100%

Reconciliation of actuarial value of scheme liabilities

	ROI €m	UK €m	2014 Total €m	ROI €m	UK €m	2013 Total €m
Liabilities at beginning of year	**177.2**	**5.7**	**182.9**	158.2	5.1	163.3
Movement in year						
Translation adjustment	**-**	**0.3**	**0.3**	-	(0.1)	(0.1)
Current service cost	**0.7**	**0.1**	**0.8**	0.7	0.1	0.8
Past service gain	**(1.1)**	**-**	**(1.1)**	(0.5)	-	(0.5)
Interest cost on scheme liabilities	**7.2**	**0.2**	**7.4**	7.3	0.3	7.6
Member contributions	**0.3**	**-**	**0.3**	0.3	-	0.3
Actuarial loss immediately recognised in equity	**9.1**	**-**	**9.1**	17.2	0.4	17.6
Benefit payments	**(6.8)**	**(0.1)**	**(6.9)**	(6.0)	(0.1)	(6.1)
Liabilities at end of year	**186.6**	**6.2**	**192.8**	177.2	5.7	182.9

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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 2014 / 28 February 2013 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:

Group	Derivative financial instruments €m	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
28 February 2014					
Financial assets:					
Cash & cash equivalents	-	162.8	-	162.8	162.8
Derivative financial instruments	3.1	-	-	3.1	3.1
Trade receivables	-	118.8	-	118.8	118.8
Advances to customers	-	49.3	-	49.3	49.3
Financial liabilities:					
Interest bearing loans & borrowings	-	-	(308.0)	(308.0)	(302.8)
Derivative financial instruments	(2.5)	-	-	(2.5)	(2.5)
Trade & other payables	-	-	(171.3)	(171.3)	(171.3)
Provisions	-	-	(11.5)	(11.5)	(11.5)
	0.6	330.9	(490.8)	(159.3)	(154.1)

Group 28 February 2013	Derivative financial instruments €m	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Financial assets:					
Cash & cash equivalents	-	121.0	-	121.0	121.0
Derivative financial instruments - foreign currency contracts	1.7	-	-	1.7	1.7
Other derivative financial instruments	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 financial instruments	(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)

Company	Derivative financial instruments €m	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
28 February 2014					
Financial assets:					
Cash & cash equivalents	**-**	**0.2**	**-**	**0.2**	**0.2**
Amounts due from Group undertakings	**-**	**50.5**	**-**	**50.5**	**50.5**
Financial liabilities:					
Amounts due to Group undertakings	**-**	**-**	**(129.2)**	**(129.2)**	**(129.2)**
Trade payables & accruals	**-**	**-**	**(0.9)**	**(0.9)**	**(0.9)**
	-	**50.7**	**(130.1)**	**(79.4)**	**(79.4)**

Company 28 February 2013	Derivative financial instruments €m	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
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)

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.

Advances to customers
The nominal amount of all advances to customers, after provision for impairment, is considered to reflect fair value.

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 after more than one year 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).

  The carrying values of all forward currency contracts held by the Group at 28 February 2013 were based on fair values arrived at using Level 2 inputs. There were no outstanding forward currency contracts held by the Group as at 28 February 2014.

- 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 value of the call option acquired as part of the acquisition of Biofun during the current financial year was valued based on Level 3 inputs. The option enables the Group to purchase trees and orchard maintenance equipment at a nominal price on the tenth anniversary of the acquisition. The fair value of the call option was valued based on the present value of produce generated from the orchards having as reference the corresponding value at the end of the tenth year, not considering the land value, and using an appropriate discount rate.

  As set out further in note 14, as part of the Group's equity investment in Wallaces during the current financial year, the Group entered into a call option arrangement enabling it to serve notice on the sellers to acquire the remaining 50% of Wallaces on or before 20 March 2015. This option was valued at €1.2m at date of acquisition and at the year end date. The Group also entered into a put option arrangement with Wallaces' shareholders enabling them to serve notice on the Group to acquire the remaining 50% in the period January 2015 to March 2015. This derivative financial liability was valued at a negative €1.2m at transaction and year end date. The carrying values of the derivative financial instruments 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 ended 28 February 2013, in Maclay Group plc, the Group entered into;

  I. 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

  II. 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 carrying value of the put and call options acquired were valued based on Level 3 inputs, with the fair values being arrived at through the use of a Black-Scholes model. The movement in the fair value of these derivatives to 28 February 2014 was a loss of €0.1m (note 7).

As set out further in note 14, as part of the Group's joint venture agreement in Thistle Pub Company Limited with Maclay Group plc during the financial year ended 28 February 2013, 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, resulting in the recognition of a €0.2m financial liability. The carrying value of the option was valued based on Level 3 inputs, with the fair value being arrived at through the use of a Black-Scholes model. The movement in the fair value of this derivative to 28 February 2014 was less than €0.1m.

Applying sensitivities to the key input assumptions used in valuing the above derivative financial instruments would not have a material impact on the carrying value of the derivative financial instruments or on the income statement.

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

(c) 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, when deemed economically viable to do so, 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.

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. The value of contracts placed for future expenditure is set out in note 25.

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. The Group is exposed to currency risk in relation to sales and purchase 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 (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 of which 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 operations are reported separately within other comprehensive income.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

The currency profile of the Group and Company's financial instruments subject to transactional exposure as at 28 February 2014 is as follows:-

Group	Euro €m	Sterling €m	USD €m	CAD/AUD €m	Not at risk €m	Total €m
Cash & cash equivalents	1.6	3.5	2.9	5.0	149.8	162.8
Trade receivables	-	0.9	0.2	3.0	114.7	118.8
Advances to customers	-	-	-	-	49.3	49.3
Other derivative financial assets and liabilities	-	-	-	-	0.6	0.6
Interest bearing loans & borrowings	-	-	(221.9)	-	(86.1)	(308.0)
Trade payables & accruals	(0.6)	(4.4)	-	(0.5)	(165.8)	(171.3)
Provisions	-	-	-	-	(11.5)	(11.5)
Gross currency exposure	1.0	-	(218.8)	7.5	51.0	(159.3)
Designated as a net investment hedge	-	-	43.1	-	(43.1)	-
Designated as part of the Group's net investment in foreign operations	-	-	178.8	-	(178.8)	-
Net currency exposure	1.0	-	3.1	7.5	(170.9)	(159.3)

The Group had no outstanding forward foreign currency contracts in place at 28 February 2014.

Company	Sterling €m	Not at risk €m	Total €m
Cash & cash equivalents	-	0.2	0.2
Net amounts due to Group undertakings	(17.0)	(61.7)	(78.7)
Accruals	-	(0.9)	(0.9)
Total	(17.0)	(62.4)	(79.4)

The currency profile of the Group and Company'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 & other receivables	-	0.7	3.1	74.2	78.0
Advances to customers	-	-	-	38.2	38.2
Derivative financial instruments - 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 & other payables	(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)

Company	Sterling €m	Not at risk €m	Total €m
Cash & cash equivalents	0.1	-	0.1
Net amounts due to Group undertakings	(16.1)	(34.8)	(50.9)
Accruals	-	(0.7)	(0.7)
Total	(16.0)	(35.5)	(51.5)

A 10% strengthening in the euro against sterling and the Australian, Canadian and US dollars, based on outstanding financial assets and liabilities at 28 February 2014, would have a €1.1m negative impact on the income statement. A 10% weakening in the euro against sterling, and the Australian, Canadian and US dollars would have a €1.3m positive effect on the income statement. 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
	2014	2013	2014	2013
	€m	€m	€m	€m
Variable rate instruments				
Interest bearing loans & borrowings	**(309.7)**	(246.6)	**-**	-
Cash & cash equivalents	**162.8**	121.0	**0.2**	0.1
	(146.9)	(125.6)	**0.2**	0.1

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 2014 or 28 February 2013.

Financial instruments: Cash flow hedges

All outstanding forward exchange contracts as at 28 February 2013 matured during the current financial year and were settled. No new contracts were entered into. The following table indicates the periods in which cash flows associated with derivatives outstanding as at 28 February 2013 that were cash flow hedges were 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	-	-

The following table indicates the periods in which cash flows associated with derivatives outstanding as at 28 February 2013 that were cash flow hedges were 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	-	-

The Company had no outstanding derivatives as at 28 February 2014 or 28 February 2013.

(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 IFRS 8 Operating segments.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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

Advances to customers are generally secured by, amongst others, rights over property or intangible assets, such as the right to take possession of the premises of the customer. Interest rates calculated on repayment/annuity advances are generally based on the risk-free rate plus a margin, which takes into account the risk profile of the customer and value of security given. The Group establishes an allowance for impairment of customers 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 primarily 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	
	2014	2013	2014	2013
	€m	€m	€m	€m
Trade receivables	**118.8**	78.0	**-**	-
Advances to customers	**49.3**	38.2	**-**	-
Amounts due from Group undertakings	**-**	-	**50.5**	47.8
Cash & cash equivalents	**162.8**	121.0	**0.2**	0.1
Derivative financial assets - foreign currency contracts	**-**	1.7	**-**	-
Other derivative financial instruments	**3.1**	1.4	**-**	-
	334.0	240.3	**50.7**	47.9

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 €309.6m (2013: €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 €162.8m and, has a committed €350.0m five year multi-currency syndicated facility, as set out in note 19, of which €309.6m was drawn down at 28 February 2014. At the year-end the Group had net debt, net of unamortised issue costs, of €145.2m, with a Net debt/ EBITDA ratio of 0.99:1 calculated in accordance with the terms of the Group's revolving credit facility agreement.

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

Group	Carrying amount	Contractual cash flows	6 mths or less	6-12 months	1-2 years	>2 years
2014	€m	€m	€m	€m	€m	€m
Interest bearing loans & borrowings	**(308.0)**	**(335.0)**	**(3.9)**	**(4.2)**	**(8.2)**	**(318.7)**
Trade & other payables	**(171.3)**	**(171.3)**	**(171.3)**	**-**	**-**	**-**
Provisions	**(11.5)**	**(16.6)**	**(2.5)**	**(1.0)**	**(2.0)**	**(11.1)**
Derivative financial instruments	**(2.5)**	**-**	**-**	**-**	**-**	**-**
Total contracted outflows	**(493.3)**	**(522.9)**	**(177.7)**	**(5.2)**	**(10.2)**	**(329.8)**
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)

Company	Carrying amount	Contractual cash flows	6 mths or less	6-12 months	1-2 years	>2 years
2014	€m	€m	€m	€m	€m	€m
Amounts due to Group undertakings	**(129.2)**	**(129.2)**	**(129.2)**	**-**	**-**	**-**
Trade payables & accruals	**(0.9)**	**(0.9)**	**(0.9)**	**-**	**-**	**-**
Total contracted outflows	**(130.1)**	**(130.1)**	**(130.1)**	**-**	**-**	**-**
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)	-	-	-

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

(f) Accounting for derivative financial instruments and hedging activities

Group	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Financial assets: current				
Other derivative financial instruments	**1.2**	-	**-**	-
Forward exchange contracts	**-**	1.7	**-**	-
	1.2	1.7	**-**	-
Financial assets: non-current				
Other derivative financial instruments	**1.9**	1.4	**-**	-
	1.9	1.4	**-**	-
Financial liability: current				
Other derivative financial instruments	**(1.2)**	-	**-**	-
	(1.2)	-	**-**	-
Financial liabilities: non-current				
Other derivative financial instruments	**(1.3)**	(1.2)	**-**	-
	(1.3)	(1.2)	**-**	-

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

Cash flow hedges

The Group, when appropriate, also enters into forward exchange contracts designated as cash flow hedges to manage short term foreign currency exposures to expected future sales. There were no outstanding contracts as at 28 February 2014, (the notional amount of outstanding contracts as at 28 February 2013: Stg£20.0m 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 had been deferred in other comprehensive income only to the extent that they related to highly probable forecast transactions and where all the hedge accounting criteria in IAS 39 Financial Instruments: Recognition and Measurement were 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 2014				
Ordinary shares of €0.01 each	**800,000,000**	**346,840,406***	**8.0**	**3.5**
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

* inclusive of 7.6m treasury shares.
** inclusive of 8.3m treasury shares.
*** inclusive of 12.4m 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 2014, dividends of €0.5m were paid to Plan participants (2013: €0.4m).

Reserves
Group

	Allotted and called up Ordinary Shares		Ordinary Shares held by the Trustee of the Employee Trust*	
	2014 '000	2013 '000	2014 '000	2013 '000
As at 1 March	**344,332**	339,275	**8,310**	12,363
Shares issued in lieu of dividend	**664**	1,934	**-**	-
Shares issued in respect of options exercised	**1,844**	1,701	**-**	-
Shares issued following acquisition of subsidiary	**-**	1,422	**-**	-
Shares disposed of or transferred to Participants	**-**	-	**(727)**	(4,053)
As at 28 February	**346,840**	344,332	**7,583**	8,310

* 359,507 (2013: 587,082) shares are held in the sole name of the Trustee of the Employee Trust.

Movements in the year ended 28 February 2014
In July 2013, 250,883 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €4.72 per share, instead of part or all the cash element of their final dividend entitlement for the year ended 28 February 2013. In December 2013, 413,931 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €4.41 per share, instead of part or all the cash element of their interim dividend entitlement for the year ended 28 February 2014. Also during the financial year, 1,843,876 ordinary shares were issued on the exercise of share options for a net consideration of €5.0m.

During the financial year, 227,398 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. 727,575 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 2014 continue to be included in the treasury share reserve.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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, at 28 February 2013, for a total consideration of €5.3m ($7.0m). The subscribers had undertaken to retain these shares until 7 July 2013.

During the financial year ended 28 February 2013, 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.

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 €817.7m as at 28 February 2014 (2013: €809.8m). The current year movement relates to the exercise of share options and the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend. The prior year movement also includes the issue of 1,422,099 ordinary shares following the Group's acquisition of Vermont Hard Cider Company, LLC, as described above.

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 5.

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

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.

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 2014, the Company paid an interim dividend on ordinary shares of 4.3c per share (2013: 4.0c per share) and the Directors propose, subject to shareholder approval, that a final dividend of 5.7c per share (2013: 4.75c per share) be paid, bringing the total dividend for the year to 10.0c per share (2013: 8.75c per share).

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.

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 €4.9m (2013: €3.4m loss) was recognised in the individual Company income statement of C&C Group plc.

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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:-

	2014 €m	2013 €m
Contracted	**5.3**	1.5
Not contracted	**17.9**	17.7
	23.2	19.2

The contracted capital commitments at 28 February 2014 and 28 February 2013 primarily relate to the expansion of the Group's cider facility in Vermont, US.

(b) Commitments under operating leases

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

	2014				2013			
	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	**5.1**	**1.7**	**1.2**	**8.0**	4.0	0.6	0.8	5.4
Payable between 1 and 5 years	**13.5**	**3.2**	**3.7**	**20.4**	12.4	1.2	1.5	15.1
Payable greater than 5 years	**12.6**	**0.3**	**-**	**12.9**	13.5	0.3	-	13.8
	31.2	**5.2**	**4.9**	**41.3**	29.9	2.1	2.3	34.3

The land & buildings operating lease commitments primarily relate to two leases of warehousing facilities in the UK acquired as part of the acquisition of the Gaymers cider business in 2010. These leases are due to expire in 2017 and 2026 respectively. A related onerous lease provision is included in Provisions – note 18.

(c) Other commitments

At the year-end, the value of contracts placed for future expenditure was:-

	2014								
	Apple Concentrate €m	Glass €m	Marketing €m	Barley €m	Aluminium €m	Distribution €m	Polymer €m	Wheat €m	Total €m
Payable in less than one year	**3.0**	**6.9**	**2.8**	**4.4**	**7.2**	**4.9**	**2.4**	**0.7**	**32.3**
Payable between 1 and 5 years	**-**	**-**	**3.1**	**9.5**	**-**	**2.9**	**-**	**0.2**	**15.7**
	3.0	**6.9**	**5.9**	**13.9**	**7.2**	**7.8**	**2.4**	**0.9**	**48.0**

	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

The commitments are principally due within a period of twenty four months with the exception of Barley commitments of €4.7m as at 28 February 2014 which extend to 36 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 2014 amounted to €309.6m (2013: €246.6m).

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.

During the 2014 financial year, C&C Group plc entered into a guarantee in favour of Bank of Scotland plc whereby it guaranteed repayment of a 5-year term loan facility of up to €1,000,000 made by Bank of Scotland plc to a customer of a subsidiary of C&C Group plc, together with interest and other charges due under the facility and account charges.

Enterprise Ireland funding of €1.0m (2014: €0.1m) 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 recipient subsidiary of the Group 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 date of the last receipt of funding which in the case of Enterprise Ireland funding is March 2018 and in the case of the Scottish Enterprise Board funding is July 2016.

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 and is due to expire in February 2016.

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 on 29 October 2011. The time limit for any claim relating to tax is 5 years from the transaction date and is due to expire on 29 June 2015.

Under the terms of the Sale and Purchase Agreement with respect to disposal of the Group's Northern Ireland wholesaling business in the year ended 29 February 2012, 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 expired on 3 February 2013, with the exception of any claim relating to tax where the time limit is 7 years from the transaction date and is due to expire on 3 August 2018.

Pursuant to the provisions of Section 17 of the Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of certain of its subsidiary undertakings incorporated in the Republic of Ireland for the financial year to 28 February 2014 and as a result such subsidiaries are exempt from the filing provisions of Section 7, Companies (Amendment) Act, 1986 (note 28).

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

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 and transactions with key management personnel.

(a) Group

Transactions

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

Subsidiary undertakings

The consolidated financial statements include the financial statements of the Company and its subsidiaries. A listing of all subsidiaries is provided in note 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.

Equity accounted investees

On 22 March 2013, the Group acquired 50% of the equity share capital of Wallaces Express Limited, a wholesaler of beverages in Scotland, for a consideration of £10.0m (€11.8m at date of payment). Costs of €0.2m incurred in relation to this transaction were capitalised as part of the cost of the investment.

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.

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.

Loans extended by the Group to joint ventures and associates are considered trading in nature and are included within advances to customers in Trade & other receivables (note 16).

Details of transactions with equity accounted investees during the year and related outstanding balances at the year end are as follows:

	Net revenue		Balance outstanding	
	2014	2013	2014	2013
	€m	€m	€m	€m
Sale of Goods to Equity accounted investees:				
Maclay Group plc	**1.4**	0.8	**0.2**	0.1
Thistle Pub Company Limited	**0.2**	-	**-**	-
Wallaces Express Limited	**18.0**	-	**2.5**	-
	19.6	0.8	**2.7**	0.1

	Balance outstanding	
	2014	2013
	€m	€m
Loans to Equity accounted investees:		
Thistle Pub Company Limited	**1.3**	-

	Purchases		Balance outstanding	
	2014	2013	2014	2013
	€m	€m	€m	€m
Purchase of Goods from Equity accounted investees:				
Wallaces Express Limited	**6.6**	-	**1.3**	-

All outstanding balances with equity accounted investees, which arose from arm's length transactions, are to be settled in cash within one month of the reporting date. The loan to Thistle Pub Company Limited is repayable by equal quarterly repayments over a period of fifteen years at an interest rate of 4.5% over the Bank of England base rate or notwithstanding the other provisions of the agreement on written demand by the Group.

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 equity share award schemes (note 5) and death in service insurance programme and in the case of UK resident executive Directors are covered under the Group's permanent health insurance programme. The Group also provides private medical insurance for UK resident executive Directors. 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:-

	2014 Number	2013 Number
Number of individuals	**9**	9
	€m	Restated €m
Salaries and other short term employee benefits	**2.5**	2.2
Post employment benefits	**0.4**	0.3
Equity settled share-based payments	**0.3**	1.0
Dividend income with respect of JSOP Interests (note 24)	**0.4**	0.4
Total	**3.6**	3.9

Joris Brams was appointed to the Board on 23 October 2012 and is included in the prior year numbers from the date of his appointment.

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

Two of the Group's executive Directors were awarded Interests under the Group's Joint Share Ownership Plan (JSOP). When an award is granted to an executive under the Group's JSOP, 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 2014 and 28 February 2013 are as follows:

	28 February 2014 €'000	28 February 2013 €'000
Stephen Glancey	**111**	111
Kenny Neison	**83**	83
Total	**194**	194

The loans fall due for repayment prior to the sale of their awarded Interests.

(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:

	2014 €m	2013 €m
Expenses paid on behalf of and recharged by subsidiary undertakings to the Company	**(4.0)**	(3.0)
Equity settled share-based payments for employees of subsidiary undertakings	**0.8**	3.0
Funding of cash requirements of subsidiary undertakings	**-**	(5.3)
Repayment of cash funding and other cash movements with subsidiary undertakings	**27.7**	71.3

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

28. SUBSIDIARY UNDERTAKINGS

Trading subsidiaries	Notes	Nature of business	Class of shares held as at 28 February 2014 (100% unless stated)
Incorporated and registered in Republic of Ireland			
Bavaria City Racing Limited	(a)	Promotion	Ordinary & A-E Non-Voting
Bulmers Limited	(b)(m)	Cider	Ordinary
C&C Financing Limited	(c) (m) (n)	Financing company	Ordinary
C&C Group International Holdings Limited	(b) (m) (n)	Holding company	Ordinary & Convertible
C&C Group Irish Holdings Limited	(b) (m) (n)	Holding company	Ordinary
C&C Group Sterling Holdings Limited	(c) (m)	Holding company	Ordinary
C&C (Holdings) Limited	(b) (m)	Holding company	Ordinary
C&C Management Services Limited	(b) (m)	Provision of management services	6% Cumulative Preference, 5% Second Non-Cumulative Preference & Ordinary Stock
Cantrell & Cochrane Limited	(b) (m)	Holding company	Ordinary
Crystal Springs Water Company Limited	(a)	Property holding company	Ordinary
Gleeson Logistic Services Limited	(a)	Logistics	Ordinary
Gleeson Wines & Spirits Limited	(a)	Wines & spirits	Ordinary
Greensleeves Confectionery Limited	(a)	Soft drinks	Ordinary, 12% Cumulative Convertible Redeemable Preference and 3% Cumulative Redeemable Convertible Preference
Latin American Holdings Limited	(c)	Holding Company	Ordinary
M&J Gleeson & Co	(a)	Wholesale of drinks	Ordinary
M.& J. Gleeson (Investments) Limited	(a)	Holding company	Ordinary
M. and J. Gleeson (Manufacturing) Company	(a)	Soft drinks	Ordinary
M and J Gleeson (Manufacturing) Company Holdings Limited	(a)	Holding Company	Ordinary & Non-Voting Ordinary
M & J Gleeson Property Developments Limited	(a)	Property holding company	Ordinary
Tennent's Beer Limited	(b) (m)	Beer	Ordinary
The Annerville Financing Company	(b) (m)	Financing company	Ordinary
The Five Lamps Dublin Beer Company Limited	(c) (r)	Beer	Ordinary (90%)
Tipperary Natural Mineral Water Company	(d)	Water	Ordinary
Tipperary Natural Mineral Water (Sales)	(a)	Water	Ordinary
Tipperary Natural Mineral Water (Sales) Holdings Limited	(a)	Holding Company	Ordinary
Wm. Magner Limited	(b) (m)	Cider	Ordinary
Wm. Magner (Trading) Limited	(b) (m)	Financing company	Ordinary
Incorporated and registered in Northern Ireland			
C&C Holdings (NI) Limited	(e)	Holding company	Ordinary
Gleeson N.I. Limited	(e)	Wholesale of drinks	Ordinary
Tennent's NI Limited	(e)	Cider and beer	Ordinary & 3.25% Cumulative Preference
Incorporated and registered in England and Wales			
C&C Management Services (UK) Limited	(f)	Provision of management services	Ordinary
Magners GB Limited	(f)	Cider and beer	Ordinary

Incorporated and registered in Scotland			
Tennent Caledonian Breweries UK Limited	(g)	Beer and cider	Ordinary
Wellpark Financing Limited	(g)	Financing company	Ordinary
Incorporated and registered in Luxembourg			
C&C IP Sàrl	(h)	Licensing activity	Class A to J Units
C&C IP (No. 2) Sàrl	(h)	Licensing activity	Class A to J Units
C&C Luxembourg Sàrl	(h)	Holding and financing company	Class A to J Units
Incorporated and registered Portugal			
Biofun - Produtos Biológicos Do Fundão Limitada	(i)	Ingredients	Ordinary
Incorporated and registered in Delaware, USA			
Green Mountain Beverages Management Corporation, Inc	(j)	Licensing activity	Common Stock
Vermont Hard Cider Company Holdings, Inc.	(j)	Holding company	Common Stock
Vermont Hard Cider Company, LLC	(j)	Cider	Membership Units
Wm. Magner, Inc.	(j)	Cider	Common Stock

Non-trading subsidiaries

Incorporated and registered in Republic of Ireland			
Bestormel Limited	(b) (m) (o)	Non-trading	Ordinary
Bouchel Limited	(b) (m) (o)	Non-trading	Ordinary
C&C Agencies Limited	(b) (m)	Non-trading	Ordinary
C&C Brands Limited	(b) (m)	Non-trading	Ordinary
C&C Group Pension Trust Limited	(b) (m)	Non-trading	Ordinary
C&C Group Pension Trust (No. 2) Limited	(b) (m)	Non-trading	Ordinary
C&C Profit Sharing Trustee Limited	(b) (m)	Non-trading	Ordinary
Ciscan Net Limited	(b) (m)	Non-trading	Ordinary & A Ordinary
Cooney & Co.	(a)	Non-trading	Ordinary
Cravenby Limited	(b) (m)	Non-trading	Ordinary
Dowd's Lane Brewing Company Limited	(b) (m)	Non-trading	Ordinary
Edward and John Burke (1968) Limited	(b) (m)	Non-trading	Ordinary & A Ordinary
Findlater (Wine Merchants) Limited	(b) (m)	Non-trading	Ordinary & A Ordinary
Fruit of the Vine Limited	(b) (m)	Non-trading	Ordinary
Gleeson Management Services	(a)	Non-trading	Ordinary
J.L. O'Brien Clonmel	(a)	Non-trading	Ordinary
M and J Gleeson and Company Holdings Limited	(a)	Non-trading	Ordinary
M&J Gleeson Nominees Limited	(a)	Non-trading	Ordinary & Preference
Magners Irish Cider Limited	(b) (m)	Non-trading	Ordinary
Sceptis Limited	(b) (m)	Non-trading	Ordinary
Showerings (Ireland) Limited	(b) (m)	Non-trading	Ordinary
Thwaites Limited	(b) (m)	Non-trading	A & B Ordinary
Tipperary Natural Mineral Water Company Holdings Limited	(a)	Non-trading	Ordinary
Vandamin Limited	(b) (m)	Non-trading	A & B Ordinary

NOTES
FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)

Incorporated and registered in Northern Ireland

C&C 2011 (NI) Limited	(e)	Non-trading	Ordinary
C&C Profit Sharing Trustee (NI) Limited	(e)	Non-trading	Ordinary

Incorporated and registered in England and Wales

Gaymer Cider Company Limited	(f)	Non-trading	Ordinary

Incorporated and registered in Germany

Wm. Magner GmbH	(k) (p)	Non-trading	Ordinary

Incorporated and registered in Singapore

C&C International (Asia) Pte. Ltd.	(l)	Non-trading	Ordinary

Notes

(a) - (l)

The address of the registered office of each of the above companies is as follows:

(a) Greenlawn, Coolatagle, Borrisoleigh, Co Tipperary, Ireland.
(b) Annerville, Clonmel, Co Tipperary, Ireland.
(c) Block 71, The Plaza, Parkwest Business Park, Dublin 12, Ireland.
(d) Pallas Street, Borrisoleigh, Co Tipperary, Ireland.
(e) Hawthorn House, 6 Wildflower Way, Belfast, Antrim BT12 6TA, Northern Ireland.
(f) Kilver Street, Shepton Mallet, Somerset, BA4, 5ND, England.
(g) Wellpark Brewery, 161 Duke St, Glasgow G31 1JD, Scotland.
(h) L-2132 Luxembourg, 18 Avenue Marie-Therese, Luxembourg.
(i) Quinta Ferreira De Baxio, Castelo Branco, Fundão Parish, 6230 610 Salgueiro, Portugal.
(j) 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, USA.
(k) Hans-Stießberger-Strae 2b, 885540 Haar, Germany.
(l) 143, Cecil Street, #03-01, GB Building, Singapore – 069542.

(m) Companies covered by Section 17 guarantees (note 26).
(n) Immediate subsidiary of C&C Group plc.
(o) Bestormel Limited and Bouchel Limited were both dissolved post year end.
(p) Wm Magner GmbH is in liquidation.
(q) Reihill McKeown Limited and C&C Logistics NI Limited were voluntarily struck off the Register of Companies and dissolved on 30 August 2013.
(r) Post year end C&C Group's ownership reduced to 87.5% as outlined in note 11.

Equity accounted investees

Company Name		Nature of business	Class of shares and % held	Class of shares and % held
Beck & Scott (Services) Limited	(a)	Wholesale of drinks	Ordinary, 50%	B Ordinary, 50%
Maclay Group plc	(b)	Operator of managed public houses	B Ordinary, 25%	B Ordinary, 50%
The Irish Brewing Company Limited	(c)	Non-trading	Ordinary, 45.61%	
Thistle Pub Company Limited	(b)	Operator of public houses	B Ordinary, 50%	Ordinary, 45.61%
Wallaces Express Limited	(d)	Wholesale of drinks	B Ordinary, 50%	

The address of the registered office of each of the above companies is as follows:

(a) Unit 1, Ravenhill Business Park, Ravenhill Road, Belfast, BT6 8AW Northern Ireland.
(b) Unit 2/4 The E-Centre, Cooperage Way Business Village, Alloa,FK10 3LP, Scotland.
(c) Greenlawn, Coolatagle, Borrisoleigh, Co. Tipperary, Ireland.
(d) Crompton Way, North Newmoor Industrial Estate, Irvine, Strathclyde, KA11 4HU, Scotland.

29. POST BALANCE SHEET EVENTS

Acquisition of remaining shares in Wallaces Express Limited

On 18 March 2014, the Group announced it acquired the remaining 50% equity share capital of Wallaces Express Limited, a wholesaler of beverages in Scotland. This purchase follows the acquisition of a 50% stake in the business in March 2013. The consideration for the acquisition of the remaining 50% was £10.0m (€12.0m euro equivalent at date of acquisition).

The assets and liabilities of Wallaces Express Limited, on 18 March 2014, date of acquisition were as follows:-

Wallaces	Book value €m
Property, plant & equipment	3.9
Brands & other intangible assets	0.3
Inventories	10.5
Trade & other receivables – current	9.4
Cash & cash equivalents	3.4
Trade & other payables	(10.7)
Corporation tax liability	(0.1)
Net identifiable assets and liabilities on date of acquisition	16.7
Total consideration paid to acquire remaining 50%	12.0

The preliminary assessment of the financial position of Wallaces as at 18 March 2014 indicates that no fair value adjustments are required.

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Directors on 20 May 2014.

FINANCIAL DEFINITIONS

Adjusted earnings	Profit for the year attributable to equity shareholders 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 reporting 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 excluding the Group's share of equity accounted investees' profit after tax
Adjusted EBITDA	EBITDA as adjusted for exceptional items
EBIT	Earnings before Interest and Tax
Adjusted EBIT	EBIT as adjusted for exceptional items
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 and excluding the Group's share of equity accounted investees' profit after tax
EPS	Earnings per Share
EU	European Union
Exceptional	Significant items of income and expense within the Group results for the year which by virtue of their scale and nature are disclosed in the income statement and related notes as exceptional items
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 EBITDA excluding exceptional items and discontinued activities but including EBITDA of any member of the Group for that part of the period when it was not a member of the Group of one period by the Group's interest expense, excluding issue cost write-offs, fair value movements with respect to derivative financial instruments 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 and borrowings net of unamortised issue costs
Net debt:EBITDA	A measurement of leverage, calculated as the Group's interest-bearing debt calculated using average foreign exchange rates for the period less cash & cash equivalents, divided by its EBITDA excluding exceptional items and discontinued activities but including EBITDA of any member of the Group for that part of the period when it was not a member of the Group. 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
Operating profit	Profit earned from the Group's core business operations before net financing and income tax costs and excluding the Group's share of Equity accounted investees' profit after tax. In line with the Group's accounting policies certain items of income and expense are separately classified as exceptional items on the face of the Income Statement. The Operations Review and Chief Financial Officers Review highlights operating profit before exceptional items
PPE	Property, plant & equipment
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 2014 was 800,000,000 ordinary shares at €0.01 each. The issued share capital at 28 February 2014 was 346,840,406 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	2014	2013
Share price at 28 February	€4.922	€4.895
	Number	Number
No of Shares in issue at 28 February	346,840,406	344,331,716
Market capitalisation	€1,707m	€1,686m
Share price movement during the financial year		
-high	€5.187	€4.944
-low	€3.750	€3.170

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 4.3 cent per share was paid in respect of ordinary shares on 23 December 2013.

A final dividend of 5.7 cent, if approved by shareholders at the 2014 Annual General Meeting, will be paid in respect of ordinary shares on 15 July 2014 to shareholders on the record on 30 May 2014. 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 the Company's 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.

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 registrars. 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 2014
Ex-dividend date	28 May 2014
Record date for dividend	30 May 2014
Latest date for receipt of elections and mandates	30 June 2014
Payment date for final dividend	15 July 2014
Interim results announcement	October 2014
Interim dividend payment	December 2014
Financial year-end	28 February 2015

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

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

Bank of Ireland
Bank of Scotland
Barclays Bank
Danske Bank
HSBC
Rabobank
Ulster Bank

SOLICITORS

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

SHAREHOLDER AND OTHER INFORMATION (CONTINUED)

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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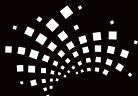
C&C group plc



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