

## C&C GROUP PLC PRELIMINARY ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2007

**Dublin, London, 9 May, 2007:** C&C Group plc ('C&C' or the 'Group'), a leading manufacturer, marketer and distributor of branded beverages in Ireland and the UK, today announced its results for the year ended 28 February 2007.

### Financial Highlights

- Revenue <sup>(i)</sup> growth of 27% to €981.4 million.
- Operating Profit <sup>(i)</sup> growth of 77% to €212.6 million.
- Operating Margin increase of 6.1 percentage points to 21.7%.
- Adjusted EPS growth of 84% to 54.9 cent; basic EPS of 63.8 cent.
- Final proposed dividend of 15 cent per share; total dividend of 27 cent per share – an increase of 80%.
- €150 million share buy-back announced.
- Free cash flow of €71 million before disposal of Snacks division (30% of EBITDA).
- Net debt reduced by €78 million to €305 million.

### Operating Highlights

- Achieved national distribution for Magners in Great Britain - delivering a GB On Trade LAD <sup>(ii)</sup> market share of 1.7% <sup>(iii)</sup> and turnover weighted distribution of 67% <sup>(iii)</sup>.
- Cider manufacturing capability transformed by major capital investment programme.
- Increased Bulmers' market share of the Irish LAD market by 50 bps to 10.5%. <sup>(iv)</sup>
- Tullamore Dew volume depletions <sup>(v)</sup> increased by 16%.
- Soft Drinks operating margin increased by 1.5 percentage points to 8.3%.

*(i) Comparisons are for continuing operations before exceptional items and are on a constant currency basis.*

*(ii) Long Alcohol Drinks (Beer, Cider, RTD's).*

*(iii) Moving Annual Total (MAT) to Jan 2007 per A.C. Nielsen.*

*(iv) Revenue Commissioners (Cider/Beer)*

*(v) Defined as sales by distributors to customers.*

### Performance Highlights

Maurice Pratt, C&C Group Chief Executive Officer commented, "C&C is pleased to report continuing earnings growth and progress against all financial measures. We will continue to invest in the sustainable growth opportunities presented by Magners, Bulmers, and Tullamore Dew".

Investors and analysts	Irish Media	International Media
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## Full year results for the year ended 28 February 2007

C&C is reporting Operating Profit of €212.6 million, an increase of 77%<sup>(i)</sup> on the previous year. The outcome represents adjusted earnings per share of 54.9 cent for the year ended 28 February 2007. Free cash flow of €71.1 million was generated in the period before disposal proceeds from the sale of the Snacks division. C&C's strategy is to maintain profitable growth through brand management expertise by generating and exploiting higher margin growth opportunities for Cider both in Ireland and internationally and for Spirits & Liqueurs internationally. This, in turn, supports strong cash generation capability and a progressive dividend policy.

### Dividends

Subject to shareholder approval, the proposed final dividend of 15 cent per share will be paid on 17 July 2007 to ordinary shareholders registered at the close of business on 18 May 2007. This dividend is subject to Irish Dividend Withholding Tax (where applicable). The Group's full year dividend will, therefore, amount to 27 cent per share, an increase of 80% on the previous year. A scrip dividend alternative will be available.

### Disposal

C&C completed the disposal of its snacks subsidiary, Tayto Crisps Limited, on 21<sup>st</sup> September 2006 for a net consideration of €59.8 million. The proceeds arising from this disposal were utilised to reduce debt.

### Capital Structure

C&C's business has strong underlying cash flow capability and strong cash conversion. Given these business characteristics and its debt levels, C&C intends to return cash, surplus to the Group's current requirements to shareholders as part of a capital management programme, by means of its on-market share repurchase authority. While this authority is in respect of approximately 10% of the Company's issued share capital, the aggregate amount of funds expected to be available for return is €150 million, being the approximate amount of retained income since the Group's Initial Public Offering in May 2004. At the current market price of €12.60 this would represent approximately 4% of the existing issued share capital of the Company.

Any share buy backs effected will be implemented in accordance with the provisions of the repurchase authority received at last year's annual general meeting (to be renewed at the annual general meeting in 2007); the requirements of the Listing Rules of the Irish Stock Exchange; and, where the Board determines that they are in the best interests of the Company and its shareholders as a whole. The Company does not expect to commence to repurchase any shares until June, 2007. The Company's Irish stockbrokers, Davy, will conduct the share repurchases. Shares repurchased will be cancelled immediately on acquisition.

### Capacity Expansion & Capital Expenditure

C&C's net capital expenditure for 2006/07 was €79.4 million and comprised gross capital expenditure of €93.4 million and asset disposals of €14.0 million. This expenditure included an €80 million investment in the expansion of cider manufacturing capacity in Clonmel. The first phase of capacity expansion was completed in May 2006 on time and within budget. The Group has now commenced a second phase of capacity expansion which will involve capital expenditure of approximately €160 million in the 2007/08 fiscal year. This increased capacity will start to come on stream from May 2007 and provide C&C with cider manufacturing and bottling capacity for approximately 500 million litres annually which is more than double 2006/07 sales volume.

*(i) Comparisons are for continuing operations before exceptional items and are on a constant currency basis.*

## Outlook – Investing for Sustainable Growth

C&C's primary focus in 2007/08 will be to capitalise fully on the opportunities for Magners in all trade channels in Great Britain and to deliver further market share gains for Bulmers in Ireland. This will be supported by increased manufacturing capacity coming on stream and increased marketing investment.

In addition, looking to the medium term, the Group is now assessing the prospects for Magners in Europe by carrying out structured market tests in Spain (Barcelona) and Germany (Munich). It is expected that it will be October 2007 before any initial conclusion can be drawn as to Magners' prospects in these markets.

C&C reiterates its current expectation that Operating Profit growth for the year to February 2008 will be in the range of 15-25%. A pre-price increase sell-in in February 2007 on the Group's cider brands restricted sales in March 2007. Allowing for this, fiscal year 2007/08 to date is in line with this expectation.

## OPERATIONS REVIEW

### Summary

On a comparable basis,<sup>(i)</sup> Revenue and Operating Profit increased by 27% and 77% respectively.

This principally reflects growth in the Cider division arising from the excellent performance of Magners in Great Britain and Bulmers' continuing out-performance of the Irish LAD Market. Operating profit margin increased by 6.1 percentage points which reflects the strong growth in the high margin Cider division. Operating margins increased in the Cider and the Soft Drinks divisions but declined in the Spirits & Liqueurs and Distribution divisions.

### Summary Group income statement (before exceptional items)

		Year ended <u>28 February 2007</u>	Year ended <u>28 February 2006</u>	Year ended <u>28 February 2006 Constant Currency</u>
Revenue	€m	981.4	769.3	770.7
<i>Growth</i>	%		27.6	27.3
Operating Profit	€m	212.6	119.6	120.0
<i>Growth</i>			77.8	77.2
<i>Operating Profit Margin</i>	%	21.7	15.5	15.6
Net Finance Charges	€m	(14.4)	(18.6)	
Taxation	€m	(22.5)	(8.5)	
Discontinued Operation	€m	3.5	4.3	
Profit attributable to equity shareholders	€m	179.2	96.8	
<i>Growth</i>	%		85.1	

Profit attributable to ordinary shareholders increased by 85% in the year. In addition to Operating Profit growth, this increase reflects a decline in interest charges arising from a reduction in the level of debt over the period. The effective tax rate in the period increased from 8.4% to 11.4% due to a higher proportion of net income being subject to UK corporation tax rates and the abnormally low effective rate in 2006/07.

(i) Comparisons are based on continuing operations before exceptional items and on a constant currency basis.

## DIVISIONAL REVIEW – CIDER

	Year ended 28 February 2007	Year ended 28 February 2006	Year ended 28 February 2006 (constant currency) €m	Growth Year-on-Year (constant currency) %
	€m	€m	€m	%
<b>Revenue</b>	517.9	278.4	278.8	85.8
<b>Operating Profit</b>	178.9	85.3	85.4	109.5
<b>Operating Margin %</b>	34.5	30.6	30.6	

Revenue for the Cider division of €517.9 million represents an 85.8% increase on 2006 and reflects an 82% increase in sales volume. Operating Profit increased by 109% to €178.9 million against €85.4 million in 2006. Operating margin, at 34.5%, increased by 3.9 percentage points year-on-year.

The performance of Magners in the year reflects the success of the national roll-out in Great Britain which commenced in March 2006. At 31 January 2007, Magners had achieved 1.7% MAT<sup>(i)</sup> share of Great Britain on-trade LAD<sup>(ii)</sup> market and a turnover-weighted distribution of 67%<sup>(i)</sup>. Performance in the first half of the financial year was enhanced by exceptional summer weather. The brand was constrained during the year by an inability to supply elements of the Great Britain market due to insufficient manufacturing capacity at critical periods. Overall volume growth for the brand was 232%.

Magners continued to show strong growth in Northern Ireland in the period recording a volume increase of 16% and its share of the on-trade LAD market increased in the year from 6.4% to 7.5%.

In relation to Bulmers, the overall Irish LAD market increased by 0.5%<sup>(iii)</sup> in the year comprising a decline of 2.5%<sup>(i)</sup> in the on-trade and growth of 15% in the off-trade<sup>(i)</sup>. Sales volume of the Bulmers cider brand increased by 6% on the prior year and continued to increase its share of the overall LAD market. Bulmers' share of the on-trade LAD market increased from 10.0% to 10.6% in the period while its share of the off-trade LAD market increased from 7.2% to 7.9%<sup>(i)</sup>.

The increase in the operating margin of the Cider division reflects the scale of growth in revenue. Marketing investment increased by 89% and, as a percentage of revenue, increased by 0.2 percentage points year-on-year.

(i) AC Nielsen

(ii) Market statistics refer to volume

(iii) Revenue Commissioners

## DIVISIONAL REVIEW – SPIRITS & LIQUEURS

	Year ended 28 February 2007	Year ended 28 February 2006	Year ended 28 February 2006 <i>(constant currency)</i>	Growth Year-on-Year <i>(constant currency)</i> %
	€m	€m	€m	
<b>Revenue</b>	79.1	68.8	69.2	14.3
<b>Operating Profit</b>	17.7	16.3	16.6	6.6
<b>Operating Margin %</b>	22.4	23.7	24.0	

Revenue for the Spirits & Liqueurs division of €79.1 million represents a 14.3% increase on 2006 levels. Operating Profit increased 6.6% to €17.7 million against €16.6 million in 2006. Operating margin, at 22.4%, decreased by 1.6 percentage points year-on-year.

Overall volume shipments increased 11% in the period. It is estimated that depletions growth in the period was approximately 9%.

C&C's premium Irish whiskey brand Tullamore Dew performed particularly well with shipment growth of 21% and depletions growth of 16% in the year. Volume gains were achieved across a wide number of markets in Europe and in the US.

Shipments of C&C's Irish cream liqueur brand, Carolans, increased by 7% in the period. The brand performed well across a range of markets, and showed strong recovery in North America, its principal market. Depletions growth in the period was 8%.

The decrease in operating margin for the division mainly reflects a profit-neutral restructuring in the pricing/marketing investment arrangements with new distributors who were appointed in January 2006.

## DIVISIONAL REVIEW – SOFT DRINKS

	Year ended 28 February 2007	Year ended 28 February 2006	Year ended 28 February 2006 (constant currency) €m	Growth Year-on-Year (constant currency) %
	€m	€m	€m	%
<b>Revenue</b>	185.2	187.6	187.8	(1.4)
<b>Operating Profit</b>	15.3	12.7	12.7	20.5
<b>Operating Margin %</b>	8.3	6.8	6.8	

Revenue for the Soft Drinks division of €185.2 million represents a 1.4% decline on 2006 levels. Operating Profit increased to €15.3 million from €12.7 million in 2006. Operating margin, at 8.3%, increased by 1.5 percentage points year-on-year.

The decrease in Revenue in the division reflects the loss of the Danone water brands in November 2005. On a like-for-like basis, revenue increased by 3.9% in the year. At the start of the year C&C set an objective to stabilise performance within the soft drinks business with the appointment of new leadership. The 2006/07 financial performance has exceeded that objective.

The Soft Drinks market<sup>(i)</sup> grew by 3.7% in the year reflecting, continued strong growth in bottled water, sport and energy drinks and cordials and a broadly flat carbonates market. C&C volumes in the Republic of Ireland declined by 2.7% in the period. Excluding the impact of the loss of the Danone brands, volumes in the Republic of Ireland increased by 3.9% in the year.

The increase in operating margins from February 2006 to February 2007 reflected the mix benefit of a strong volume performance in the licensed channel and a reduction in marketing expenditure.

(i) Carbonated soft drinks/bottled water volumes for Republic of Ireland per Canadean

## DIVISIONAL REVIEW – DISTRIBUTION

	Year ended 28 February 2007	Year ended 28 February 2006	Year ended 28 February 2006 <i>(constant currency)</i> €m	Growth Year-on-Year <i>(constant currency)</i> %
	€m	€m	€m	
<b>Revenue</b>	199.2	234.5	234.9	(15.2)
<b>Operating Profit</b>	0.7	5.3	5.3	(86.8)
<b>Operating Margin %</b>	0.4	2.3	2.2	

Revenue for the Distribution division of €199.2 million represents a 15.2% decline on 2006 levels. Operating Profit declined by 86.8% to €0.7 million compared to €5.3 million in 2006.

Operating margin at 0.4% fell by 1.8 percentage points year-on-year.

The decline in Revenue and Operating Profit was mainly due to the loss of the Allied Domecq brands; weaker demand for premium wines; and a reduced margin on LAD agency brands.

The agency for the Fosters wine brands ceased from January 2007, but this had no material impact on the results for the year.

## FINANCE REVIEW

### Cash Flow

Free cash flow of €71.1m represented 30% of EBITDA compared with 62% in the year ended 28 February 2006. This performance reflected a significant investment in both Working Capital and Fixed Assets in the Cider division to support sales volume growth.

A summary Cash Flow for the year ended 28 February 2007 is set out below:

	Year ended 28 February 2007 €m	Year ended 28 February 2006 €m
<b>Operating Profit <sup>(i)</sup></b>	216.4	124.7
<b>Depreciation</b>	21.4	19.6
<b>EBITDA</b>	237.8	144.3
<b>Share Based Employee Benefits</b>	4.3	1.1
<b>Pension Prepayment</b>	(6.0)	(0.4)
<b>Net Capital Expenditure</b>	(79.4)	(9.9)
<b>Working Capital</b>	(47.3)	(9.8)
<b>Operating Cash Flow</b>	109.4	125.3
<b>Re-Organisation Costs</b>	-	(10.9)
<b>Net Finance Charges</b>	(13.9)	(17.5)
<b>Taxation Payments</b>	(24.4)	(8.0)
<b>Free Cash Flow (FCF)</b>	71.1	88.9
<b>FCF/EBITDA</b>	30%	62%

(i) Before exceptional items.

## Working Capital

The cash outflow on working capital was driven by increased investment in the Cider division on foot of the expansion of Magners' volumes. The increase reflects higher levels of fresh apple juice stock for anticipated volume growth and a build up of finished goods stocks in advance of increased production capacity coming on stream in 2007/08.

## Net Capital Expenditure

Net capital expenditure for the period of €79.4 million comprised gross capital expenditure of €93.4 million and asset disposals of €14.0 million. The gross spend included expenditure of €80 million on Cider capacity. This spend represents the first phase of manufacturing capacity expansion which was completed in May 2006 and the commencement of the second phase of expansion which is currently under way. Disposals related to the sale of surplus warehouse capacity.

## Finance Charges

The reduction in finance charges reflects the reduced debt levels resulting from positive cashflows (€17.9 million) and proceeds from the disposal of the Snacks division (€59.8 million).

The interest rate payable on debt averaged 4% for the year, which was in line with the average rate for year ended 28 February 2006.

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

Fiscal year 2008	€200 million hedged at 3.3%
Fiscal year 2009	€100 million hedged at 3.1%
Fiscal year 2010	€100 million hedged at 3.1%
Fiscal year 2011	€50 million hedged at 3.5%

## Taxation

The tax charge for the year represents an effective tax rate on profit before exceptional items of 11.4%. The excess over 10% (the effective rate in Ireland) is principally due to a portion of Magners' profits being subject to higher UK tax rates.

The prior year effective tax rate of 8.4% includes the write back of provisions no longer required.

## Net Debt

Net debt at 28 February 2007 was €305.4 million, which was €77.7 million lower than at the beginning of the year. The movement is analysed as follows:

	<u>€m</u>
<b>Free Cash Flow in period</b>	71.1
<b>Dividends</b>	(54.7)
<b>Disposal of Snacks division</b>	59.8
<b>Other</b>	<u>1.5</u>
<b>Reduction in Net Debt</b>	<u><u>77.7</u></u>

Debt Ratios are as follows:

(i) Net Debt to EBITDA	1.3
(ii) Net Debt to EV <sup>(i)</sup>	8%

## Foreign Exchange

Exchange rate movements in the year positively affected Operating Profit by €0.4 million. This arises from transaction exposures in the Spirits & Liqueurs and Cider divisions for the US Dollar and the Canadian Dollar (€0.3 million) and Sterling (€0.1 million).

## Pensions

Pension fund deficits, calculated in accordance with the relevant accounting standards, amounted to €42.8 million (net of deferred tax of €8.7 million) on the balance sheet at 28 February 2007. The most recent actuarial valuations at 1 January 2006 showed a deficit in the group schemes on an ongoing funding basis of €22 million.

(i) *Enterprise value*

## Comparative reporting

Profits for each division in the Operating and Financial Review are shown at constant exchange rates for transactions in relation to the Spirits and Liqueurs and Cider divisions; and for translation in relation to the Group Sterling denominated subsidiaries. The reconciliation to reported figures is outlined below.

	Previously Reported Year ended 28 Feb'06	FX Translation	FX Transaction	Year ended 28 Feb '06 Comparative
	€m	€m	€m	€m
<b>Revenue</b>				
Cider	278.4	0.1	0.3	<b>278.8</b>
Spirits & liqueurs	68.8	-	0.4	<b>69.2</b>
Soft drinks & snacks	187.6	0.2	-	<b>187.8</b>
Distribution	234.5	0.4	-	<b>234.9</b>
<b>Total</b>	<b>769.3</b>	<b>0.7</b>	<b>0.7</b>	<b>770.7</b>
<b>Operating Profit</b>				
Cider	85.3	-	0.1	<b>85.4</b>
Spirits & liqueurs	16.3	-	0.3	<b>16.6</b>
Soft drinks & snacks	12.7	-	-	<b>12.7</b>
Distribution	5.3	-	-	<b>5.3</b>
<b>Total</b>	<b>119.6</b>	<b>0.0</b>	<b>0.4</b>	<b>120.0</b>

## Special note regarding forward-looking information

Some statements in this Announcement are forward-looking. They represent our expectations for our business, and involve risks and uncertainties. We have based these forward-looking statements on our current expectations and projections about future events. We believe that our expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond our control, our actual results or performance may differ materially from those expressed or implied by such forward-looking statements.

**Group income statement**  
**For the year ended 28 February 2007**

	Year ended 28 February 2007			Year ended 28 February 2006		
	Before exceptional items €m	Exceptional items €m	Total €m	Before exceptional items €m	Exceptional items €m	Total €m
Revenue	981.4	-	981.4	769.3	-	769.3
Operating costs	(768.8)	(8.3)	(777.1)	(649.7)	2.8	(646.9)
<b>Operating profit</b>	<b>212.6</b>	<b>(8.3)</b>	<b>204.3</b>	119.6	2.8	122.4
Finance income	1.9	-	1.9	0.9	-	0.9
Finance costs	(16.3)	-	(16.3)	(19.5)	-	(19.5)
<b>Profit before tax</b>	<b>198.2</b>	<b>(8.3)</b>	<b>189.9</b>	101.0	2.8	103.8
Income tax expense	(22.5)	-	(22.5)	(8.5)	(0.3)	(8.8)
<b>Profit from continuing activities</b>	<b>175.7</b>	<b>(8.3)</b>	<b>167.4</b>	92.5	2.5	95.0
<b>Discontinued operation</b>						
Profit from discontinued operation	3.5	37.3	40.8	4.3	(3.5)	0.8
<b>Profit for the year attributable to equity shareholders</b>	<b>179.2</b>	<b>29.0</b>	<b>208.2</b>	96.8	(1.0)	95.8
Basic earnings per share (cent)			<b>63.8c</b>			29.6c
Diluted earnings per share (cent)			<b>62.9c</b>			29.4c
<b>Continuing operations</b>						
Basic earnings per share (cent)			<b>51.3c</b>			29.4c
Diluted earnings per share (cent)			<b>50.6c</b>			29.2c

**Group statement of recognised income and expense**  
**For the year ended 28 February 2007**

	<b>2007</b>	2006
	<b>€m</b>	€m
Income and expense recognised directly in equity:		
Exchange difference arising on the net investment in foreign operations	<b>0.2</b>	0.4
Movement in cashflow hedging reserve	<b>3.8</b>	2.4
Deferred tax liability on cashflow hedges	<b>(0.4)</b>	(0.2)
Actuarial profit/(loss) on defined benefit pension schemes	<b>1.5</b>	(6.1)
Deferred tax on defined benefit pension schemes	<b>0.5</b>	1.5
Total income and expense recognised directly in equity	<b>5.6</b>	(2.0)
Profit attributable to equity shareholders	<b>208.2</b>	95.8
Total recognised income and expense for the year attributable to equity shareholders	<b>213.8</b>	93.8

**Group balance sheet**  
**As at 28 February 2007**

	2007	2006
	€m	€m
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	426.9	461.9
Property, plant & equipment	212.4	134.1
Derivative financial assets	3.7	1.0
Deferred tax	8.7	9.1
	<u>651.7</u>	<u>606.1</u>
<b>Current assets</b>		
Inventories	97.8	55.1
Trade & other receivables	138.8	114.0
Derivative financial assets	2.3	-
Cash & cash equivalents	40.7	44.5
Assets held for resale	-	6.8
	<u>279.6</u>	<u>220.4</u>
<b>TOTAL ASSETS</b>	<u><b>931.3</b></u>	<u><b>826.5</b></u>
<b>EQUITY</b>		
Share capital	3.3	3.3
Share premium	32.8	18.6
Other reserves	33.1	26.0
Retained income	315.3	171.2
<b>Total equity</b>	<u><b>384.5</b></u>	<u><b>219.1</b></u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Interest bearing loans & borrowings	316.1	407.6
Derivative financial liabilities	-	0.7
Retirement benefit obligations	51.5	58.9
Provisions	1.3	1.9
Deferred tax	5.0	5.7
	<u>373.9</u>	<u>474.8</u>
<b>Current liabilities</b>		
Interest bearing loans & borrowings	30.0	20.0
Derivative financial liabilities	4.2	2.5
Trade & other payables	132.5	102.7
Current tax liabilities	6.2	7.4
	<u>172.9</u>	<u>132.6</u>
<b>Total liabilities</b>	<u><b>546.8</b></u>	<u><b>607.4</b></u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<u><b>931.3</b></u>	<u><b>826.5</b></u>

## Group cash flow statement

### For the year ended 28 February 2007

	2007 €m	2006 €m
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	208.2	95.8
Finance income	(1.9)	(0.9)
Finance costs	16.3	19.5
Income tax expense	23.0	8.9
Depreciation of property, plant & equipment	21.4	19.6
Profit on disposal of property, plant & equipment	(4.6)	(6.6)
Profit on disposal of subsidiary	(32.9)	-
Goodwill impairment	8.3	-
Charge for share-based employee benefits	4.3	1.1
Contributions paid less pensions charged to profit	(6.0)	(0.4)
	<b>236.1</b>	<b>137.0</b>
Increase in inventories	(43.5)	(5.6)
Increase in trade & other receivables	(31.4)	(17.9)
Increase in trade & other payables	27.6	10.8
	<b>188.8</b>	<b>124.3</b>
Interest received	1.9	0.9
Interest paid and similar costs	(15.8)	(18.4)
Income taxes paid	(24.4)	(8.0)
<b>Net cash inflow from operating activities</b>	<b>150.5</b>	<b>98.8</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(93.4)	(24.7)
Sale of property, plant & equipment	14.0	14.8
Proceeds on disposal of subsidiary	59.8	-
<b>Net cash outflow from investing activities</b>	<b>(19.6)</b>	<b>(9.9)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Shares issued on exercise of share options	2.0	-
Bank loans repaid	(82.0)	(40.0)
Issue costs paid	-	(0.5)
Dividends paid	(54.7)	(29.9)
<b>Net cash outflow from financing activities</b>	<b>(134.7)</b>	<b>(70.4)</b>
Net (decrease)/increase in cash & cash equivalents	(3.8)	18.5
Cash & cash equivalents at beginning of year	44.5	26.0
<b>Cash &amp; cash equivalents at end of year</b>	<b>40.7</b>	<b>44.5</b>

## Reserves

Group	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Capital Reserve €m	Cashflow Hedging Reserve €m	Share- based Payments Reserve €m	Currency Translation Reserve €m	Retained Earnings €m	Total €m
At 1 March 2005	3.2	3.4	0.3	24.9	(3.7)	0.6	0.2	125.2	154.1
Total recognised income and expense for the year	-	-	-	-	2.2	-	0.4	91.2	93.8
Dividend on ordinary shares	0.1	15.2	-	-	-	-	-	(45.2)	(29.9)
Equity settled shared based payments	-	-	-	-	-	1.1	-	-	1.1
<b>At 28 February 2006</b>	<b>3.3</b>	<b>18.6</b>	<b>0.3</b>	<b>24.9</b>	<b>(1.5)</b>	<b>1.7</b>	<b>0.6</b>	<b>171.2</b>	<b>219.1</b>
Total recognised income and expense for the year	-	-	-	-	3.4	-	0.2	210.2	213.8
Dividend on ordinary shares	-	12.2	-	-	-	-	-	(66.9)	(54.7)
Exercised share options	-	2.0	-	-	-	(0.8)	-	0.8	2.0
Equity settled share based payments	-	-	-	-	-	4.3	-	-	4.3
<b>At 28 February 2007</b>	<b>3.3</b>	<b>32.8</b>	<b>0.3</b>	<b>24.9</b>	<b>1.9</b>	<b>5.2</b>	<b>0.8</b>	<b>315.3</b>	<b>384.5</b>

## NOTE TO THE PRELIMINARY ANNOUNCEMENT

### 1. Basis of preparation

The Group and individual financial statements of the Company are prepared on the historical cost basis and the measurement at fair value of derivative financial instruments, pension obligations and share based payments. 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 IFRS requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Group and Company accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, relate primarily to accounting for defined benefit pension schemes, financial instruments, share-based payments, provisions, goodwill impairment and deferred tax and are documented in the relevant accounting policies and notes. 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 judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

### 2. Exceptional items

	<b>2007</b>	2006
	<b>€m</b>	€m
Reorganisation costs	-	9.2
(Profit) on disposal of property, plant & equipment	<b>(4.6)</b>	(6.6)
Pension credit	-	(1.2)
(Profit) on disposal of subsidiary	<b>(32.9)</b>	-
Impairment of goodwill	<b>8.3</b>	-
	<b>(29.2)</b>	1.4
Allocated to discontinued operations	<b>37.5</b>	(4.2)
Total	<b>8.3</b>	(2.8)

The taxation implication of the exceptional items is a charge of €0.2m to discontinued operations (2006: €0.4m credit to discontinued operations) with no impact on continuing operations.

- (a) Reorganisation costs  
The reorganisation costs in the prior year related mainly to redundancy costs arising on the outsourcing of production in the Snacks division.
- (b) Profit on disposal of property, plant & equipment  
The profit on disposals relate to the disposal of property arising from reorganisations in operations.
- (c) Pension credit  
The exceptional credit of €1.2m arose as a result of the reduction in employee numbers following the outsourcing of production in the Snacks division.
- (d) Profit on disposal of subsidiary  
An agreement was signed for the disposal of Tayto Crisps Limited and its subsidiary companies on 5 July 2006, which was subsequently ratified by the Competition Authority on 4 September 2006, for a gross consideration of €62.3m. The transaction was completed on 21 September 2006 and the proceeds arising from the disposal were applied towards debt reduction. A profit on the disposal of €32.9m was realised.

- (e) Impairment of goodwill  
The loss of the former Allied Domecq brands and certain wine agencies resulted in an impairment of goodwill in the Distribution division and consequently the write off of €8.3m of the carrying value of goodwill attributed to this division.

### **3. Segmental Reporting**

Segmental information is presented in respect of the Group's continuing business and geographical segments. The primary format, of business divisions is based on the Group's management and internal reporting structure and reflects the dominant source and nature, risks and returns arising from the Group's business.

The Group analyses its business into four main divisions as follows: -

- (i) Cider  
This division includes all Group cider products, with Bulmers in the Republic of Ireland and Magners in all other markets being the two main brands involved.
- (ii) Spirits & Liqueurs.  
This division consists of four brands: Tullamore Dew; Carolans Irish Cream; Franjelico Liqueur; and Irish Mist Liqueur, all of which are owned by the Group and are marketed internationally.
- (iii) Soft Drinks  
This division includes all the Group's non-alcoholic soft drinks and water products that are sold in Ireland and Northern Ireland.
- (iv) Distribution  
This division consists of distribution of wine and spirits, agency products, and the wholesaling of beer products to the licenced trade in both Ireland and Northern Ireland.

The analysis by division includes both items directly attributable to a division and those that can be allocated on a reasonable basis. Unallocated items comprise mainly retirement benefit obligations, borrowings and certain exceptional expense items.

**(a) Class of business analysis**

	2007				2006			
	Revenue €m	Operating profit €m	Assets €m	Liabilities €m	Revenue €m	Operating profit €m	Assets €m	Liabilities €m
Cider	517.9	178.9	633.2	(75.7)	278.4	85.3	462.6	(42.3)
Spirits & Liqueurs	79.1	17.7	72.2	(18.1)	68.8	16.3	75.8	(12.3)
Soft Drinks	185.2	15.3	123.1	(34.4)	187.6	12.7	164.7	(40.1)
Distribution	199.2	0.7	47.4	(16.8)	234.5	5.3	68.8	(23.0)
Total before exceptional items	<b>981.4</b>	<b>212.6</b>	<b>875.9</b>	<b>(145.0)</b>	<b>769.3</b>	<b>119.6</b>	<b>771.9</b>	<b>(117.7)</b>
Un-allocated items:								
Exceptional items	-	(8.3)	-	-	-	2.8	-	-
Financial Liabilities	-	-	6.0	(4.2)	-	-	1.0	(3.2)
Retirement benefit obligations	-	-	8.7	(51.5)	-	-	9.1	(58.9)
Group net borrowings	-	-	40.7	(346.1)	-	-	44.5	(427.6)
	<b>981.4</b>	<b>204.3</b>	<b>931.3</b>	<b>(546.8)</b>	<b>769.3</b>	<b>122.4</b>	<b>826.5</b>	<b>(607.4)</b>

**(b) Geographical analysis of revenue, assets and liabilities by country of operation**

	2007			2006		
	Revenue €m	Assets €m	Liabilities €m	Revenue €m	Assets €m	Liabilities €m
Ireland	844.9	841.1	(132.3)	630.2	729.5	(102.9)
Rest of the world	136.5	34.8	(12.7)	139.1	42.4	(14.8)
Total before unallocated items	<b>981.4</b>	<b>875.9</b>	<b>(145.0)</b>	<b>769.3</b>	<b>771.9</b>	<b>(117.7)</b>

**(c) Geographical analysis of revenue by country of destination**

	2007	2006
	€m	€m
Ireland	473.7	493.1
UK	419.0	203.0
Rest of Europe	45.6	35.5
North America	35.1	32.4
Rest of the world	8.0	5.3
Total before exceptional items	<b>981.4</b>	<b>769.3</b>

#### 4. Earnings per ordinary share

	<b>2007</b>	2006
	€m	€m
Earnings as reported	<b>208.2</b>	95.8
Adjustments for exceptional items net of tax	<b>(29.0)</b>	1.0
	<hr/>	
Earnings adjusted for exceptional items	<b>179.2</b>	96.8
	<hr/>	
	<b>Number</b>	Number
	'000	'000
Number of shares at beginning of year	<b>325,204</b>	321,130
Shares issued in lieu of dividend	<b>1,592</b>	4,074
Shares issued in respect of options exercised	<b>773</b>	-
<b>Number of shares at end of year</b>	<b>327,569</b>	325,204
	<hr/>	
Weighted average number of ordinary share	<b>326,517</b>	323,253
Adjustment for the effect of conversion of options	<b>4,609</b>	2,357
Weighted average number of ordinary shares including options	<b>331,126</b>	325,610
	<hr/>	
<b>Basic earnings per share</b>	<b>Cent</b>	Cent
Basic earnings per share – cent	<b>63.8</b>	29.6
Adjusted basic earnings per share – cent	<b>54.9</b>	29.9
<b>Diluted earnings per share</b>		
Diluted earnings per share – cent	<b>62.9</b>	29.4
Adjusted diluted earnings per share – cent	<b>54.1</b>	29.7
<b><u>Continuing Operations</u></b>		
	€m	€m
Earnings from continuing operations – as reported	<b>167.4</b>	95.0
Adjustments for exceptional items net of tax	<b>8.3</b>	(2.5)
	<hr/>	
	<b>175.7</b>	92.5
<b>Basic earnings per share</b>	<b>Cent</b>	Cent
Basic earnings per share – cent	<b>51.3</b>	29.4
Adjusted basic earnings per share – cent	<b>53.8</b>	28.6
<b>Diluted earnings per share</b>		
Diluted earnings per share – cent	<b>50.6</b>	29.2
Adjusted diluted earnings per share – cent	<b>53.1</b>	28.4
<b><u>Discontinued Operations</u></b>		
	€m	€m
Earnings from discontinued operations – as reported	<b>40.8</b>	0.8
Adjustments for exceptional items net of tax	<b>(37.3)</b>	3.5
	<hr/>	
	<b>3.5</b>	4.3
<b>Basic earnings per share</b>	<b>Cent</b>	Cent
Basic earnings per share – cent	<b>12.5</b>	0.2
Adjusted basic earnings per share – cent	<b>1.1</b>	1.3
<b>Diluted earnings per share</b>		
Diluted earnings per share – cent	<b>12.3</b>	0.2
Adjusted diluted earnings per share – cent	<b>1.1</b>	1.3

## 5. Analysis of net debt

Group	28 February 2006 €m	Cash flow €m	Non-cash Changes €m	28 February 2007 €m
Bank loans	427.6	(82.0)	0.5	346.1
Cash at bank and in hand	(44.5)	3.8	-	(40.7)
	<u>383.1</u>	<u>(78.2)</u>	<u>0.5</u>	<u>305.4</u>

## 6. Dividends

	2007 €m	2006 €m
<b>Dividends Paid</b>		
Final: paid 8.5c per ordinary share in July 2006 (2006: 7.5c paid in July 2005)	27.7	24.1
Interim: paid 12.0c per ordinary share in December 2006 (2006: 6.5c paid in December 2005)	39.2	21.1
Total equity dividends	<u>66.9</u>	<u>45.2</u>
Settled as follows:		
Paid in cash	54.7	29.9
Scrip dividend	12.2	15.3
	<u>66.9</u>	<u>45.2</u>

The directors have proposed a final dividend of 15.0 cent per share, which is subject to shareholder approval at the AGM, giving a total dividend for the year of 27.0 cent per share.

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