

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2010

Dublin, London, 25 May 2010: C&C Group plc ('C&C' or the 'Group'), a leading manufacturer, marketer and distributor of branded beverages in Ireland and the UK, today announces results for the year ended 28 February 2010 (FY10). The Group has today also issued, in a separate announcement, an Interim Management Statement for the trading period from 1 March 2010 to 25 May 2010.

Financial Performance		FY 2009/10	FY 2008/09	Change	FY 2008/09	Change
					Constant Currency	%
Revenue	€m	€568.8	€514.4	10.6%	€488.5	16.4%
EBIT (<i>before exceptional items</i>)	€m	€89.5	€100.4*	(10.9%)	€74.0	20.9%
- <i>Organic</i>	€m	€83.2	€100.4	(17.1%)	€74.0	12.4%
- <i>Acquisition</i>	€m	€6.3	-	-		
Operating profit margin	%	15.7%	19.5%	(3.8 ppt)	15.1%	0.6pts
Free Cash Flow	€m	€109.9	€76.1	44.4%		
- % of EBITDA		103%	64%			
Adjusted diluted Earnings Per Share ⁽ⁱ⁾	cent	22.7	25.4	(10.6%)		
Total Dividend Per Share	cent	6.0	9.0	(33.3%)		
* includes €10.2m of hedging gains						
Net Debt ⁽ⁱⁱ⁾	€m	€364.9	€226.2	61.3%		
Net Debt to EBITDA ⁽ⁱⁱⁱ⁾		2.8x	1.9x			
Cider Volumes				5.9%		
- <i>Organic cider volumes</i>				(2.4%)		
Spirit & Liqueur Volumes				(4.1%)		

FY10 Performance Overview

- ❖ Revenue for the period increased by 16.4%^(iv) to €568.8 million. Underlying revenue (excluding the impact of acquisitions^(v)) declined by 8.6%^(iv) to €446.4 million
- ❖ Operating profit for the period before exceptional items increased 20.9%^(iv) to €89.5 million. Underlying operating profit (excluding the impact of acquisitions^(v)) of €83.2 million before exceptional items; modestly ahead of previous guidance
- ❖ Acquisitions contributed a total operating profit of €6.3 million comprising €7.0 million from Tennent's and a loss of €0.7 million from Gaymers
- ❖ Overall cider volumes increased by 5.9% year on year. Pre-acquisition full year cider volumes declined 2.4% - broad stabilisation of cider volumes against prior year volume decline of 14%
- ❖ Operating margin of 15.7% increased by 0.6^(iv) percentage points year-on-year. Underlying operating margin (excluding the impact of acquisitions^(v)) increased by 3.5^(iv) percentage points
- ❖ Adjusted diluted earnings per share⁽ⁱ⁾ declined by 10.6% to 22.7 cent. Underlying adjusted diluted earnings per share (excluding the impact of acquisitions^(v)) declined by 17.7% to 20.9 cent
- ❖ Proposed final dividend of 3 cent per share; proposed full year dividend of 6 cent per share

FY10 Strategic & Operating Overview

- ❖ Acquisition of Irish, Northern Irish and Scottish assets of AB InBev (Tennent's) for €216.5 million (including costs of acquisition and working capital settlement)
- ❖ Acquisition of the Gaymers Cider Company assets for €52.1 million (including costs of acquisition and working capital settlement)
- ❖ Variation to Magners draught distribution contract agreed with Molson-Coors in UK at a cost of €1.9 million
- ❖ New brand proposition established for Magners in the UK & launch of new marketing campaign
- ❖ Launch of Bulmers Berry & Bulmers Pear in Ireland
- ❖ Launch of Magners Pear in UK and Magners Golden Draught in Scotland
- ❖ Review of cider pricing strategy across all markets
- ❖ Agreement to dispose of Spirits & Liqueurs business for €300 million (announced on 30 April 2010)

Positioning C&C for Long-Term Growth | Performance Review & Outlook

John Dunsmore, C&C Group CEO, commented:

"We are pleased to report an operating profit performance modestly ahead of stated guidance. The performance of the underlying and the acquired businesses, together with identified synergy benefits, support our current expectation of earnings growth for FY11."

"Over the past 12 months, we have taken a series of steps to position the business to deliver consistent, long-term growth. During FY10, we significantly strengthened our position in the long alcohol drinks sector through the acquisition of the Tennent's and Gaymers businesses for a total consideration of €268.6 million. Our intention to focus strategically on cider and long alcohol drinks is clarified further by our agreement to sell the Group's Spirits & Liqueurs business for a total consideration of €300 million."

"The Group's strong underlying free cash flow generation and balance sheet strength will support the continuing development of a cider-led drinks portfolio."

About C&C Group plc

C&C Group plc is a leading manufacturer, marketer and distributor of branded beverages in Ireland and the UK. C&C manufactures the leading Irish cider brand, Bulmers, and the premium international cider brand, Magners, for export to the United Kingdom, the United States and Continental Europe. C&C recently acquired the Tennent's beer brand which is primarily sold in Scotland and Northern Ireland and The Gaymers Cider business which produces a range of branded and own label cider for the on and off-trade in the UK. The company also distributes a number of beer brands in the Scottish, Irish and Northern Irish markets.

Note regarding forward-looking statements

This announcement includes forward-looking statements, including statements concerning expectations about future financial performance, economic and market conditions, etc. These statements are neither promises nor guarantees, but are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated.

- (i) *adjusted diluted earnings per share relates to continuing activities and excludes exceptional items*
- (ii) *net debt excludes the fair value of SWAP instruments amounting to a liability of €4.9m (FY09: €6.3m)*
- (iii) *Net debt:EBITDA is before exceptional items and includes EBITDA generated by the acquired businesses for the previous 12 months, the pre-acquisition element of which was determined on a carve out basis*
- (iv) *on a constant currency basis, constant currency calculation is set out on page 17*
- (v) *the financial results of the acquired businesses are set out on page 7*

Conference Call Details

Analysts & Institutional Investors

- C&C will host a presentation for analysts and institutional investors today, 25 May, at 09.30am BST (4.30am ET) in the Grafton 1 Room at the Westbury Hotel, Dublin 2. It will also be possible to participate in the presentation and Q&A session via conference call using the dial in details below:

Ireland +353 (0) 1 486 0916
UK & Europe +44 (0) 20 7806 1950
USA +1 718 354 1387

- C&C will also host a second conference call today for analysts and institutional investors at 3.30pm BST (10.30am ET). Dial in details to access this conference call are outlined below:

Ireland +353 (0) 1 486 0916
UK & Europe +44 (0) 20 7806 1953
USA +1 212 444 0412

For further details, or for conference call replay numbers, please contact *FD K Capital Source* on the contact details set out below.

Media

- C&C will host a conference call for news wires today, 25 May, at 7.30am BST. Dial in details to access this conference call are outlined below:

Ireland +353 (0) 1 486 0916
UK & Europe +44 (0) 20 7806 1953

- C&C will also host a presentation for media today, 25 May, at 11.00am in the Grafton 1 Room at the Westbury Hotel, Dublin 2. It will also be possible to participate in the presentation and Q&A session via conference call using the dial in details below:

Ireland +353 (0) 1 486 0918
UK & Europe +44 (0) 20 7138 0815

C&C Group plc	Investors and Analysts
Kenny Neison Strategy Director & Head of Investor Relations Tel: +353 1 616 1100 Email: kenny.neison@candcgroup.ie	Mark Kenny/Jonathan Neilan <i>FD K Capital Source</i> Tel: +353 1 663 3686 Email: c&cgroup@fd.com

Media Dublin	Media London
Paddy Hughes Drury Tel: +353 1 260 5000 Email: paddy.hughes@drury.com	Robert Ballantyne/Shanshan Willenbrock Cardew Group Tel: +44 20 7930 0777 Email: robert.ballantyne@cardewgroup.com

Results for the year ended 28 February 2010

C&C is reporting a 16.4%⁽ⁱ⁾ increase in revenue to €568.8 million, operating profit, before exceptional items, of €89.5 million and basic earnings per share of 23.2 cent for the financial year ended 28 February 2010. This performance translates to an operating margin of 15.7%, an increase of 0.6 percentage points on FY09 in constant currency terms.

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

In the period, the Group's cider volumes increased 5.9% on the prior year. Excluding the impact of the Gaymers business, cider volumes declined 2.4% on the prior year. This is broadly consistent with the Group's objective to stabilise volumes given the 14% decline in volumes recorded in the prior financial year.

The underlying 2.4% decline in cider volumes consists of a 2.8% decline in Bulmers volumes in Ireland and a 2.2% decline in Magners volumes. The 2.2% decline in Magners volumes comprises a 4.9% decline in volumes in Great Britain ('GB') offset by growth of Magners volumes in the Rest of the World of 9.6%.

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

Market conditions in both the Irish and UK markets remain challenging. Throughout the year, the Group made continued progress towards addressing the performance of the Bulmers and Magners brands. These initiatives included the launch of Bulmers Pear in Ireland and a 10% reduction in the wholesale price of on-trade pint bottles. Subsequent to the year end, C&C has also launched Bulmers Berry in Ireland and announced a 2.4% reduction in the wholesale price of draught Bulmers.

In GB, C&C launched Magners Pear and completed a re-negotiation of its draught distribution contract with Molson Coors to better align distribution arrangements with the Group's increased scope and strength in the GB market following the acquisition of the Tennent's and Gaymers businesses. In addition, since the year end, the Group has launched a new marketing and advertising campaign for Magners Original in GB and introduced Magners Golden Draught in the Scottish market. Following the announcement of an increase in cider duty by the UK Government on 24 March 2010, C&C informed its customers that the Group would absorb the cost of the increase in cider duty on the Magners brand for a period of time. These initiatives are intended to invigorate and continue the recovery of the Magners brand in GB.

The Group recorded Free Cash Flow of €109.9 million in the period representing 103.4% of EBITDA⁽ⁱⁱⁱ⁾, comparing favourably with 63.5% in the prior year. Reduced capital expenditure following a prior period of significant capital investment, a reduction in financing costs and a positive working capital contribution from tightened controls together with the timing impact of the acquisitions all contributed to good cash generation in the year.

The Group's net debt^(iv) at 28 February 2010 increased 61.3% to €364.9 million. This increase primarily reflects the cost of the acquisition of the Tennent's and Gaymers cider businesses. At February 2010 net debt to EBITDA^(v) was 2.8 times compared to 1.9 times at 28 February 2009. The recently announced agreement to dispose of the Group's Spirits & Liqueurs business for a consideration of €300 million will have a significant positive impact on the Group's net debt to EBITDA ratio in FY11.

Re-Organisation & Cost Reduction Programme

During FY09, the Group put in place a programme to better align its business structure, asset base and management structure with expected business conditions. This included a re-organisation and re-structuring of the Group's operations in Clonmel and its commercial structure in Ireland together with a review of both the carrying value of the manufacturing facility in Clonmel and the stock holding of apple juice. The impact was an exceptional charge of €159.6 million in the financial year ended 28 February 2009.

As part of this cost reduction programme, employment terms and conditions were modified, headcount was reduced by 154 and a pay freeze was implemented with wage reductions in certain areas. The programme delivered the expected €5 million of savings in FY10.

Acquisitions

On 27 August 2009, the Group announced the acquisition of the businesses of AB InBev in Ireland, Northern Ireland and Scotland ("Tennent's") for a total consideration of €216.5 million, of which payment of €30.8 million is deferred until September 2010. The principal assets of the business included the rights to *Tennent's* brands worldwide (with the exception of *Tennent's Super* and *Tennent's Pilsner*), the Wellpark Brewery in Glasgow and investments in on trade customers of the acquired businesses. The acquisition was completed on 28 September 2009 following the receipt of unconditional approval from the Irish Competition Authority on 17 September 2009; approval from C&C shareholders on 25 September 2009; and completion of the employee consultation process.

On 30 November 2010, the Group announced the acquisition of the UK cider assets of Constellation Brands, The Gaymers Cider Business ("Gaymers") for a total consideration of €52.1 million. The principal assets of the business are a broad UK cider portfolio including the brands *Blackthorn*, *Olde English* and *Gaymers*; a cider production facility at Shepton Mallet, Somerset, England; and a leased distribution warehouse in Bristol, England. The acquisition was completed on 15 January 2010 and received unconditional approval from the UK Office of Fair Trading ("OFT") on 8 April 2010.

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

Synergies & Integration

The acquisition of Tennent's completed on 28 September 2009 and the operational integration of the business is well advanced. The Gaymers transaction received final clearance from the UK OFT on 8 April 2010 and good progress has been made on integration since. There are still significant challenges to be addressed over the summer months, particularly in relation to the development of a new IT systems platform for the enlarged GB business. It is anticipated that migration onto the new systems will complete on or about the end of September 2010. The total expenditure associated with systems development is estimated at approximately €7 million, all of which will be incurred in FY11.

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

Proposed Disposal

Since the period end, the Group announced an agreement to dispose of its Spirits & Liqueurs division (the 'Division') to William Grant & Sons Holdings Ltd. for a cash consideration of €300 million. The Division is a complementary portfolio of premium niche brands - *Tullamore Dew*, *Carolans*, *Frangelico* and *Irish Mist* - which are exported to over 80 international markets. The disposal is subject to C&C Group shareholder approval and an EGM is to be held on 17 June 2010.

For the year ended 28 February 2010 the Division reported EBITDA of €15.3 million and EBIT of €14.7 million. Following the disposal, the Group will retain certain overhead costs currently allocated to the Division. This overhead was €1.5 million in FY10.

The €300 million proceeds will result in a significant reduction in both net debt and the net debt to EBITDA ratio.

Dividends & Dividend Guidance

Subject to shareholder approval, the proposed final dividend of 3 cent per share will be paid on 1 September 2010 to ordinary shareholders registered at the close of business on 4 June 2010. This dividend is subject to Irish Dividend Withholding tax (where applicable).

The Group's proposed full year dividend is 6 cent per share, a 33.3% decline on the previous year. The proposed full year dividend per share will represent a payout of 26.4% of the reported adjusted diluted earnings per share^(vi) for the full year. A scrip dividend alternative will be available.

- (i) *on a constant currency basis, constant currency calculation is set out on page 17*
- (ii) *Financial results of the acquired businesses is set out on page 7*
- (iii) *includes discontinued activities but excludes exceptional items*
- (iv) *excludes the fair value of SWAP instruments amounting to a liability of €4.9m (FY09: €6.3m)*
- (v) *Net debt:EBITDA is before exceptional items and includes EBITDA generated by the acquired businesses for the previous 12 months, the pre-acquisition element of which was determined on a carve out basis*
- (vi) *adjusted diluted earnings per share relates to continuing activities and excludes exceptional items*

OPERATIONS REVIEW

Revenue for the full year of €568.8 million represents a 10.6% increase on FY09. Operating profit, before exceptional items, declined by 10.9% to €89.5 million. This equates to an operating margin of 15.7%, a decline of 3.8 percentage points on the prior year.

The FY10 revenue and operating profit performance includes the benefit of the acquisition of the Tennent's and Gaymers businesses during the year. Excluding the impact of these acquisitions and on a constant currency basis underlying revenue declined 8.6% and operating profit increased 12.4% to €83.2 million, representing an improvement in operating margin from 15.1% to 18.6%.

Summary Group Income Statement (before exceptional items)

		Year ended 28 February 2010	Year ended 28 February 2009	Year ended 29 February 2009 constant currency ⁽ⁱ⁾
Revenue	€m	568.8	514.4	488.5
Growth	%		10.6	16.4
Operating profit	€m	89.5	100.4	74.0
Growth	%		(10.9)	20.9
Operating profit margin	%	15.7	19.5	15.1
Net finance charges	€m	(7.2)	(10.4)	
Income tax expense	€m	(8.9)	(10.2)	
Discontinued operations	€m	-	0.1	
Profit for the year attributable to equity shareholders before exceptional items	€m	73.4	79.9	
Growth	%		(8.1)	

Summary Group Revenue and Operating Profit Margin Segmentation (before exceptional items)

			Year ended 28 February 2010	Year ended 29 February 2009 constant currency ⁽ⁱ⁾	Change
Revenue	Organic	€m	446.4	488.5	(8.6%)
	Tennent's	€m	112.5		
	Gaymers	€m	9.9		
	Total	€m	568.8	488.5	
Operating profit	Organic	€m	83.2	74.0	12.4%
	Tennent's	€m	7.0		
	Gaymers	€m	(0.7)		
	Total	€m	89.5	74.0	20.9%
Operating profit margin	Organic	€m	18.6%	15.1%	3.5ppt
	Tennent's	€m	6.2%		
	Gaymers	€m	(7.1%)		
	Total	€m	15.7%	15.1%	0.6ppt

(i) constant currency calculation is set out on page 17

DIVISIONAL REVIEW

Cider - Republic of Ireland

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

Revenue for Cider in the Republic of Ireland (ROI) of €153.0 million declined 8.2% on the same period last year. Operating profit declined by 2.2% on a constant currency basis to €44.3 million while operating margin improved by 1.8 percentage points.

Revenue decline attributed to price in the year was 5.4%. The two key features of this decline were the relative growth of off trade volumes for C&C and the 10% wholesale price reduction for Bulmers pint bottles in the On trade announced and implemented in June 2009.

Bulmers cider volumes declined 2.8% against the backdrop of a weak ROI Long Alcoholic Drinks (LAD) market and a challenging economic environment. The LAD⁽ⁱ⁾ market declined 6% in the 12 months to February 2010. This comprised a 7% decline in the on trade and a 4% decline in the off trade.

Bulmers volume performance reflects the continuing market shift from on trade to off trade with volumes declining by 7% year on year in the on trade and growing by 3% in the off trade.

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

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

(i) Source Nielsen data to 28 February 2010

Cider - Great Britain

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

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

Revenue decline attributed to price in the year was 10.3%. The two key features of this decline were the relative growth of off trade volumes for C&C and the impact of a period of promotional activity in the Grocery channel in the first half of FY10.

Total GB cider volumes increased 11.7% on the prior year. This includes the benefit of the acquired Gaymers business. Magners cider volumes declined 4.9% year on year in a growing cider category fuelled by growth in the off trade channel. The GB cider market increased 7%⁽ⁱ⁾ in the 12 months to February 2010.

Magners overall performance in GB shows significant progress towards the objective of stabilising volumes relative to the 17% volume decline experienced in the year to 28 February 2009. Magners off trade volumes have grown 12% year on year compared to category volume growth in the off trade of 13%⁽ⁱ⁾. On trade Magners volumes declined 14% year on year compared to flat volume growth in the on trade category⁽ⁱ⁾. The brand continues to underperform in the On Trade but the launch of Magners Pear and growth in draught volumes contributed to a significant improvement in performance in FY10 relative to the decline of 29% in FY09.

During the year, C&C modified the terms of its agreement with Molson Coors on the distribution of draught Magners in GB. Under the terms of the revised agreement, Molson Coors UK will continue to distribute draught Magners to the Independent Free Trade in England & Wales. C&C will distribute draught Magners to the on-trade in Scotland and to multiples in the on-trade in England & Wales. The Group will also distribute all other LAD brands to the on-trade throughout GB. The agreement took effect from 1 March 2010 and, consequently, had no impact on performance in FY10.

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

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

(i) *Source Nielsen data to 21 February 2010 (total market & off trade) and CGA data to 21 February 2010 (on trade)*

Cider - Rest of World

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

Rest of the World cider is an aggregation of Northern Ireland and other territories outside the Republic of Ireland and the UK. Northern Ireland accounts for approximately 50% of the Magners volumes within the Rest of the World. The other principal territories are North America and Iberia.

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

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

Operating profit growth in FY10 is almost entirely attributable to a reduction in marketing spend. The lower level of investment in FY10 partly reflects unsuccessful investment in Germany and Spain in FY09 but also recognises the need for the Group to develop a more focussed and balanced approach to development of new markets.

Acquired businesses

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

C&C completed the acquisition of the AB Inbev Irish, Northern Irish and Scottish businesses on 28 September 2009 and the contribution from these businesses to C&C Group in FY10 was for the 5 month period from 1 October 2009 to 28 February 2010. Revenue amounted to €112.5 million while the operating profit realised was €7.0 million representing an operating margin of 6.2%. Revenue for Gaymers was €9.9 million for the six weeks of ownership in FY10. The business incurred an operating loss in the period of €0.7 million, reflecting the phasing of profits in a high volume, low margin seasonal business.

Contributions from both acquisitions were in line with managements' expectations in FY10.

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

Results for the Gaymers cider business are reported within the Cider GB operating segment.

The results of the distribution segment are detailed below:

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

Spirits & Liqueurs

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

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

Overall shipment volumes in Spirits & Liqueurs declined 4.1% year on year. This performance represents a strong volume performance in the second half of FY10 following a 15% decline in volumes in the first half. The overall volume decline is attributable to de-stocking across all of the Groups major markets during calendar 2009 and challenging consumer environments in some of the Eastern European markets where Tullamore Dew is well represented.

On 30 April 2010, the Group announced an agreement to dispose of the Spirits & Liqueurs division to William Grant & Sons Holdings Ltd for a cash consideration of €300 million. The disposal is subject to C&C Group shareholder approval and an EGM is scheduled to be held on 17 June 2010.

FINANCE REVIEW

Cashflow

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

- reduced capital expenditure;
- a reduction in financing costs driven by a fall in variable interest rates;
- reduced net taxation payments as a result of an overpayment of preliminary tax in the prior year and the receipt of R&D tax credits relating to the financial years ended 28 February 2005 to 29 February 2008; and,
- an improvement in working capital levels which reflects both organic improvements in working capital and the positive impact of acquired businesses which yielded a working capital inflow of €30 million in Tennent's, due to phasing, partly offset by a working capital outflow in the Gaymers cider business of €4.2 million as no Trade Debtors were transferred on acquisition.

Free cash flow in FY09 was negatively impacted by a special defined benefit pension scheme contribution of €20 million.

A summary Cash Flow Statement for the year ended 28 February 2010 is set out below:

	Year ended 28 February 2010 €m	Year ended 28 February 2009 €m
Operating Profit ⁽ⁱ⁾	89.5	100.5
Depreciation	16.8	19.4
EBITDA ⁽ⁱ⁾	106.3	119.9
Net Capital Expenditure	(5.4)	(18.5)
Working Capital	38.0	20.5
Other ⁽ⁱⁱ⁾	(4.3)	(22.8)
	134.6	99.1
Exceptional Items paid ⁽ⁱⁱⁱ⁾	(13.0)	(0.8)
Net Finance Charges paid	(7.0)	(11.5)
Taxation Payments	(4.7)	(10.7)
Free Cash Flow (FCF) before acquisitions/disposals	109.9	76.1
FCF/EBITDA	103.4%	63.5%

(i) includes discontinued activities but excludes exceptional items

(ii) FY09 Includes a special pension contribution of €20m

(iii) Exceptional payments include severance and other pay related costs arising as a result of the restructuring programme of €14.2m (2009: 5.6m), settlement of costs relating to the disposal of the Soft Drinks business of €3.3m (2009: €1.5m) net of cash received on settlement of surplus Sterling forward contracts of €4.5m (2009: €6.3m).

Net Debt ⁽ⁱ⁾

Net debt at 28 February 2010 increased by 61% or by €138.7 million to €364.9 million compared with the prior year. This increase was largely driven by an increase in debt to fund the acquisition of the Tennent's and Gaymers cider businesses. At February 2010, net debt to EBITDA ⁽ⁱⁱ⁾ was 2.8 times, compared to 1.9 times at 28 February 2009.

The movement in Net debt is set out below.

	<u>€m</u>
Net Debt at 1 March 2009	226.2
Free Cash Flow in period	(109.9)
Dividends paid	14.7
Cost of acquisitions	237.7
Proceeds received on disposal of subsidiaries	(2.1)
Other	<u>(1.7)</u>
Net Debt at 28 February 2010	<u>364.9</u>

During the year, the Group negotiated a new £60 million debt facility and drew down £45 million under the terms of the agreement to fund the acquisition of the Gaymers cider business. This facility, which is sterling denominated, is repayable in instalments commencing on 30 June 2010 and with a final repayment date of 30 June 2011. The Group's euro denominated debt facility is not due for repayment until 8 May 2012 and is repayable by way of a single 'bullet' repayment.

Finance Charges

The average interest rate on the Group's debt was 2% reflecting the reduction in variable interest rates throughout the year, the average annual 1 month euribor rate fell from 3.9% to 0.66%. This compares favourably with the average interest rate of 4% for the year ended 28 February 2009.

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

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

(i) excluding the fair value of SWAP instruments amounting to a liability of €4.9m (FY09: €6.3m)

(ii) EBITDA is before exceptional items and includes EBITDA generated by the acquired businesses for the previous 12 months, the pre-acquisition element of which was determined on a carve out basis

Pensions

Pension fund deficits (net of deferred tax), calculated in accordance with the relevant accounting standards and amounting to €18.4 million at 28 February 2010, were made up as follows:

	<u>€m</u>
Deficit at 1 March 2009	39.7
Employer contributions paid	(7.8)
Actuarial gains	(16.7)
Charge to the Income Statement	0.2
Other movements	5.8
Deficit at 28 February 2010	21.2
Deferred tax asset	(2.8)
Net Deficit at 28 February 2010	18.4

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

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

Foreign Exchange and Comparative Reporting

The Group has both a transaction and translation exposure to movements in foreign currency rates. The effective rate for the translation of results from foreign currency subsidiaries was €1:£0.89 (FY09: €1:£0.82) and the effective rate for the translation of foreign currency transactions was €1:£0.82 (FY09: €1:£0.68).

The Group policy is to hedge an appropriate portion of its foreign currency transaction exposure for a period of up to 2 years ahead. The principal foreign currency forward contracts in place at 28 February 2010 are:

		2011
Stg £: Amount	(m)	30.0
<i>Average fwd Rate</i>	(Euro:Stg)	0.91
US \$: Amount	(m)	24.0
<i>Average fwd Rate</i>	(Euro:US\$)	1.45

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

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

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

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

Forward-looking statements

This announcement includes forward-looking statements, including statements concerning expectations about future financial performance, economic and market conditions, etc. These statements are neither promises nor guarantees, but are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated.

Responsibility Statement on Preliminary Announcement, in accordance with the Transparency Regulations

Each of the directors, whose names and functions are listed in the appendix to this document confirm that, to the best of each person's knowledge and belief:

- the financial information set out on pages 21 to 37 has been extracted from Group financial statements, prepared in accordance with IFRSs as adopted by the EU, which give a true and fair view of the assets, liabilities and financial position of the Group at 28 February 2010 and its profit for the year then ended;
- the financial information set out on pages 21 to 37 contains all the information that would be required to be disseminated in the condensed financial statements of a half-yearly financial report; and
- the commentary contained in the Preliminary Announcement on pages 4 to 17 includes a fair review of the development and performance of the business and the position of the Group. A description of the principal risks and uncertainties that the Group faces (pages 19 and 20) and details of any related party transactions (page 36) are also included.

On behalf of the Board

A. O'Brien
Director

J. Dunsmore
Director

Principal risks and uncertainties

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

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

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

products, damage to brand image, negative consumer perception or civil or criminal liability, which could have a material adverse effect on the Group's reputation, sales volumes, revenue and profits.

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

Group condensed income statement

For the year ended 28 February 2010

		Year ended 28 February 2010			Year ended 28 February 2009		
		Before exceptional items €m	Exceptional items (note 3) €m	Total €m	Before exceptional items €m	Exceptional items (note 3) €m	Total €m
Revenue	2	568.8	-	568.8	514.4	-	514.4
Operating costs		(479.3)	(3.5)	(482.8)	(414.0)	(159.6)	(573.6)
Operating profit/(loss)	2	89.5	(3.5)	86.0	100.4	(159.6)	(59.2)
Finance income		2.0	-	2.0	2.3	3.8	6.1
Finance expense		(9.2)	-	(9.2)	(12.7)	-	(12.7)
Profit/(loss) before tax		82.3	(3.5)	78.8	90.0	(155.8)	(65.8)
Income tax (expense)/credit		(8.9)	0.9	(8.0)	(10.2)	14.2	4.0
Profit/(loss) from continuing operations		73.4	(2.6)	70.8	79.8	(141.6)	(61.8)
Discontinued operations							
Profit from discontinued operations		-	2.7	2.7	0.1	0.8	0.9
Profit/(loss) for the year attributable to equity shareholders		73.4	0.1	73.5	79.9	(140.8)	(60.9)
Basic earnings/(loss) per share (cent)	4			23.2c			(19.4)c
Diluted earnings/(loss) per share (cent)	4			22.7c			(19.4)c
Continuing operations							
Basic earnings/(loss) per share (cent)	4			22.4c			(19.7)c
Diluted earnings/(loss) per share (cent)	4			21.9c			(19.7)c

Group condensed statement of comprehensive income

For the year ended 28 February 2010

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

Group condensed balance sheet

As at 28 February 2010

	Notes	2010 €m	2009 €m
ASSETS			
Non-current assets			
Property, plant & equipment		187.2	95.7
Intangible assets & goodwill		507.7	394.7
Deferred tax assets		12.3	15.0
Trade & other receivables		19.8	-
		<u>727.0</u>	<u>505.4</u>
Current assets			
Inventories		54.7	44.5
Trade & other receivables		125.8	57.9
Derivative financial assets		-	11.6
Cash & cash equivalents		113.5	83.0
		<u>294.0</u>	<u>197.0</u>
TOTAL ASSETS		<u>1,021.0</u>	<u>702.4</u>
EQUITY			
Equity share capital		3.3	3.3
Share premium		77.1	65.4
Other reserves		33.1	28.4
Treasury shares		(21.3)	(14.7)
Retained income		237.2	167.3
		<u>329.4</u>	<u>249.7</u>
Total equity		<u>329.4</u>	<u>249.7</u>
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	7	461.7	309.2
Derivative financial liabilities		2.2	3.3
Retirement benefit obligations		21.2	45.5
Provisions		4.2	1.3
Deferred tax liabilities		4.6	-
		<u>493.9</u>	<u>359.3</u>
Current liabilities			
Interest bearing loans & borrowings	7	16.7	-
Derivative financial liabilities		4.6	5.0
Trade & other payables		164.0	64.6
Provisions		8.4	20.8
Current tax liabilities		4.0	3.0
		<u>197.7</u>	<u>93.4</u>
Total liabilities		<u>691.6</u>	<u>452.7</u>
TOTAL EQUITY & LIABILITIES		<u>1,021.0</u>	<u>702.4</u>

Group condensed cash flow statement

For the year ended 28 February 2010

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

Group condensed statement of changes in equity

For the year ended 28 February 2010

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

NOTE TO THE PRELIMINARY ANNOUNCEMENT

1. Basis of preparation

The financial information included from the Group condensed income statement to Note 10 of this Preliminary results statement has been extracted from the Group financial statements for the year ended 28 February 2010 and is presented in euro millions to one decimal place. The financial information presented in this report has been prepared in accordance with the Listing Rules of the Irish Stock Exchange and the accounting policies that the Group has adopted for the year to 28 February 2010 and is consistent with those applied.

2. Segmental reporting

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

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

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

The identified business segments are as follows:-

(i) Cider ROI

This segment includes the Group's cider products in the Republic of Ireland, principally Bulmers.

(ii) Cider GB

This segment includes the Group's cider products in Great Britain, with Magners, Blackthorn and Gaymers being the principal brands.

(iii) Cider ROW

This segment includes the Group's cider products in all territories outside of the Republic of Ireland and Great Britain, principally Magners.

(iv) Spirits & liqueurs

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

(v) Tennent's Beer

This segment includes the results of the Group's 'owned' beer brands, principally Tennent's.

(vi) Distribution

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

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

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

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

(a) Operating segments disclosures

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

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

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

(b) Other operating segment information

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

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

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

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

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

3. Exceptional items

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

(a) Restructuring costs

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

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

(b) Retirement benefit obligations

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

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

(c) Inventory write-down

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

(d) Gain on mark to market of derivative financial instruments

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

(e) Revaluation of property, plant & machinery

During the prior year, the Group, as a result of current demand and forecasted levels of growth, reviewed the carrying value of its property and production facilities. Lisney and Sanderson Weatherall, valuers, were instructed to complete an external valuation as at 28 February 2009. The valuations were completed in accordance with the requirements of the RICS Valuation Standards, sixth edition and the International Valuation Standards. The valuation of each property was on the basis of open market value whereas, in view of the specialised nature of the Group's production facilities and the lack of comparable market evidence of plant being sold as a 'going concern' a depreciated replacement cost approach was used to value the Group's plant & machinery. This resulted in a net revaluation loss of €130.6m, of which a loss of €136.5m is accounted for in the income statement and a surplus of €5.9m arising on the revaluation of land is accounted for in the Statement of Comprehensive Income. The current year valuations, carried out by management, did not result in either a revaluation gain or loss.

(f) Integration costs

During the year, the Group completed the acquisition of the Tennent's beer business including the rights to the C&C Group plc

Tennent's brand worldwide (with the exception of Tennent's Super and Tennent's Pilsner), the Wellpark Brewery in Glasgow and certain distribution rights in relation to AB InBev products in Ireland, Northern Ireland and Scotland and the UK cider assets of Constellation Brands Inc and commenced the process of integrating these businesses with the Group's existing business. The costs incurred to date of integrating the businesses have been classified as exceptional on the basis of materiality.

(g) Profit on disposal of subsidiary

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

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

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

4. Earnings per ordinary share

	2010 €m	2009 €m
Earnings/(loss) as reported	73.5	(60.9)
Adjustment for exceptional items, net of tax	<u>(0.1)</u>	<u>140.8</u>
Earnings as adjusted for exceptional items, net of tax	<u>73.4</u>	<u>79.9</u>
	Number '000	Number '000
Number of shares at beginning of year	328,583	312,993
Shares issued in lieu of dividend	1,852	2,634
Shares issued in respect of options exercised	433	156
Shares issued and held in trust in respect of joint share ownership plan	<u>3,200</u>	<u>12,800</u>
Number of shares at end of year	<u>334,068</u>	<u>328,583</u>
Weighted average number of ordinary shares (basic)	316,763	313,925
Adjustment for the effect of conversion of options	<u>7,000</u>	<u>94</u>
Weighted average number of ordinary shares, including options (diluted)	<u>323,763</u>	<u>314,019</u>
	Cent	Cent
Basic earnings per share		
Basic earnings/(loss) per share	23.2	(19.4)
Adjusted basic earnings per share	23.2	25.5
Diluted earnings per share		
Diluted earnings/(loss) per share	22.7	(19.4)
Adjusted diluted earnings per share	22.7	25.4

<u>Continuing operations</u>	€m	€m
Earnings/(loss) from continuing operations as reported	70.8	(61.8)
Adjustment for exceptional items, net of tax	2.6	141.6
	<hr/>	<hr/>
Earnings from continuing operations as adjusted for exceptional items, net of tax	73.4	79.8
	<hr/>	<hr/>
Basic earnings per share from continuing operations	Cent	Cent
Basic earnings/(loss) per share	22.4	(19.7)
Adjusted basic earnings per share	23.2	25.4
	<hr/>	<hr/>
Diluted earnings per share from continuing operations		
Diluted earnings/(loss) per share	21.9	(19.7)
Adjusted diluted earnings per share	22.7	25.4
	<hr/>	<hr/>
<u>Discontinued operations</u>	€m	€m
Earnings from discontinued operations as reported	2.7	0.9
Adjustment for exceptional items, net of tax	(2.7)	(0.8)
	<hr/>	<hr/>
Earnings from discontinued operations as adjusted for exceptional items, net of tax	-	0.1
	<hr/>	<hr/>
Basic earnings per share from discontinued operations	Cent	Cent
Basic earnings per share	0.9	0.3
Adjusted basic earnings per share	-	-
	<hr/>	<hr/>
Diluted earnings per share from discontinued operations		
Diluted earnings per share	0.8	0.3
Adjusted diluted earnings per share	-	-

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

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

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

5. Business Combinations

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

C&C Group plc

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

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

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

GAYMERS	Book Values €m	Fair Value Adjustments €m	Total €m
Property, plant & equipment	31.5	4.3	35.8
Intangible assets	-	10.9	10.9
Inventories	12.5	-	12.5
Trade & other receivables – current	1.4	-	1.4
Trade & other payables	(2.4)	-	(2.4)

Provisions	-	(5.3)	(5.3)
Deferred tax liability	-	(4.5)	(4.5)
Net identifiable assets and liabilities acquired	43.0	5.4	48.4

Goodwill arising on acquisition		<u>3.7</u>	<u>3.7</u>
		<u>9.1</u>	<u>52.1</u>

Satisfied by:

Cash			52.3
Outstanding costs			1.5
Working capital settlement*			<u>(1.7)</u>
Total consideration			<u>52.1</u>

*the working capital settlement relates to a refund of the purchase price of €1.7m to reflect 'normalised' working capital as set out in the Asset Purchase Agreement.

	Book Values	Fair Value adjustments	Total
TOTAL	€m	€m	€m
Property, plant & equipment	78.9	22.4	101.3
Intangible assets	-	81.7	81.7
Inventories	18.6	(0.1)	18.5
Trade & other receivables – current	51.3	(0.5)	50.8
Trade & other receivables – non current	24.3	(0.7)	23.6
Trade & other payables	(27.4)	-	(27.4)
Provisions	-	(5.3)	(5.3)
Deferred tax liability	-	(4.0)	(4.0)
Net identifiable assets and liabilities acquired	145.7	93.5	239.2

Goodwill arising on acquisition		<u>29.4</u>	<u>29.4</u>
		<u>122.9</u>	<u>268.6</u>

Satisfied by:

Cash			237.7
Outstanding costs			1.8
Working capital settlement			<u>(1.7)</u>
Deferred consideration			<u>30.8</u>
Total consideration			<u>268.6</u>

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

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

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

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

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

	Proforma 2010 €m
Revenue	843.0
Group profit for the financial year	92.8

6. Dividends

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

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

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

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

7. Analysis of net debt

	1 March 2009 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2010 €m
Group					
Interest bearing loans & borrowings	309.2	(0.8)	169.6	0.4	478.4
Cash & cash equivalents	(83.0)	0.2	(30.7)	-	(113.5)
	226.2	(0.6)	138.9	0.4	364.9
Interest rate swaps	6.3	-	4.3	(5.7)	4.9
	232.5	(0.6)	143.2	(5.3)	369.8
	1 March 2008 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2009 €m
Group					
Interest bearing loans & borrowings	288.9	-	20.0	0.3	309.2
Cash & cash equivalents	(32.7)	0.3	(50.6)	-	(83.0)
	256.2	0.3	(30.6)	0.3	226.2
Interest rate swaps	0.6	-	(0.8)	6.5	6.3
	256.8	0.3	(31.4)	6.8	232.5

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

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

The Group's banking facilities allow it to repay debt early without incurring additional charges or penalties. This facility is repayable in full on change of control of the Group.

Under the loan agreements, the net proceeds from the disposal of part the group's business, in excess of an agreed *deminimus*, must be applied to repay outstanding loans and the available committed facility cancelled by that amount unless such proceeds are reinvested within 12 months from the date of disposal. As a result, in the prior year €170m of the Group's unutilised loan facility was cancelled. The net disposal proceeds arising on the potential disposal of the Spirits & Liqueurs business will be subject to these repayment terms.

The Group's debt facilities incorporate two financial covenants:

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

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

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

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

8. Related party transactions

Identity of related parties

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

Key management personnel

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

Details of key management remuneration are as follows:-

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

Brendan Dwan and John Holberry, who resigned from the board on the 1 May 2009 and 28 August 2009 respectively, have been included in the headcount numbers. All costs relating to Brendan Dwan's employment and John Holberry's termination were provided in the prior year.

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

9. Post Balance Sheet Event

The Group announced an agreement to dispose of its Spirits & Liqueurs division to William Grant & Sons Holdings Ltd for a cash consideration of €300 million on 30 April 2010. This business was not held for sale as at 28 February 2010 and has not been accounted for as such. The disposal is subject only to C&C Group shareholder approval which will be sought at an EGM to be held on 17 June 2010.

10. Statutory Accounts

The financial information prepared in accordance with IFRSs as adopted by the European Union included in this report does not comprise “full group accounts” within the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations, 1992 of Ireland insofar as such group accounts would have to comply with the disclosure and other requirements of those Regulations. Full statutory accounts for the year ended 28 February 2010 prepared in accordance with IFRS, upon which the auditors have given an unqualified report, have not yet been filed with the Registrar of Companies. Full accounts for the year ended 28 February 2009, prepared in accordance with IFRS and containing an unqualified audit report have been delivered to the Registrar of Companies.

The information included has been extracted from the Group’s financial statements, which have been approved by the Board of Directors on 25 May 2010.

Appendix
List of Directors

Tony O'Brien (Chairman) *
John Dunsmore (CEO, UK)
John Burgess (UK) *
Liam FitzGerald *
Stephen Glancey (UK)
John Hogan *
Richard Holroyd (UK) *
Philip Lynch *
Kenny Neison (UK) appointed 10 November 2009
Breege O'Donoghue *
Sir Brian Stewart (UK)* appointed on 9 March 2010

* non-executive