

Notes

forming part of the financial statements

1 Segmental reporting

Segmental information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

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

(i) Cider

This segment 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) International spirits & liqueurs.

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

(iii) Soft drinks & snacks.

This segment includes all the Group's non-alcoholic drink products that are sold in the Republic of Ireland and Northern Ireland together with the Group's snacks products that are sold in the Republic of Ireland.

(iv) Distribution

This segment consists of distribution of wine and spirits, agency products, and the wholesaling of beer products to the licenced trade in both the Republic of Ireland and Northern Ireland.

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

Class of business analysis

	2006				2005			
	Revenue €m	Operating profit €m	Assets €m	Liabilities €m	Revenue €m	Operating profit €m	Assets €m	Liabilities €m
Cider	278.4	85.3	462.6	(42.3)	212.6	64.8	427.5	(27.8)
International spirits & liqueurs	68.8	16.3	75.8	(12.3)	70.1	17.6	70.0	(9.1)
Soft drinks & snacks	234.9	17.8	164.7	(40.1)	238.7	24.3	180.1	(42.6)
Distribution	234.5	5.3	68.8	(23.0)	229.0	5.7	68.5	(22.7)
Total before exceptional and unallocated items	816.6	124.7	771.9	(117.7)	750.4	112.4	746.1	(102.2)
Un-allocated items:								
Exceptional items	-	(1.4)	-	-	-	(0.1)	-	-
Financial liabilities	-	-	1.0	(3.2)	-	-	-	-
Retirement benefit obligations	-	-	9.1	(58.9)	-	-	7.9	(53.0)
Group net borrowings	-	-	44.5	(427.6)	-	-	26.0	(467.0)
	816.6	123.3	826.5	(607.4)	750.4	112.3	780.0	(622.2)

Geographical analysis of revenue, assets and liabilities by country of operation

	2006			2005		
	Revenue €m	Assets €m	Liabilities €m	Revenue €m	Assets €m	Liabilities €m
Republic of Ireland	677.5	729.5	(102.9)	621.6	706.6	(87.1)
Rest of the world	139.1	42.4	(14.8)	128.8	39.5	(15.1)
Total before unallocated items	816.6	771.9	(117.7)	750.4	746.1	(102.2)

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1 Segmental reporting (continued)

Geographical analysis of revenue by country of destination

	2006 €m	2005 €m
Republic of Ireland	540.4	530.2
UK	203.0	147.6
Rest of Europe	35.5	33.1
North America	32.4	35.9
Rest of the world	5.3	3.6
	<hr/>	<hr/>
Total	816.6	750.4

Other segment information - by class of business

	2006		2005	
	Capital Expenditure €m	Depreciation €m	Capital Expenditure €m	Depreciation €m
Cider	20.9	7.6	6.5	7.3
International spirits & liqueurs	0.4	0.6	3.1	0.6
Soft drinks & snacks	6.4	10.8	9.8	11.5
Distribution	0.4	0.6	0.8	1.1
	<hr/>	<hr/>	<hr/>	<hr/>
	28.1	19.6	20.2	20.5

Other segment information - by country of operation

	2006		2005	
	Capital Expenditure €m	Depreciation €m	Capital Expenditure €m	Depreciation €m
Republic of Ireland	26.5	18.6	16.9	19.5
Rest of the world	1.6	1.0	3.3	1.0
	<hr/>	<hr/>	<hr/>	<hr/>
	28.1	19.6	20.2	20.5

2 Operating costs

	2006			2005		
	Before exceptional items €m	Exceptional items €m	Total €m	Before exceptional items €m	Exceptional items €m	Total €m
Raw material cost of goods sold	329.4	-	329.4	311.5	-	311.5
Excise duties	121.2	-	121.2	108.7	-	108.7
Employee remuneration (note 23)	97.1	6.9	104.0	90.3	-	90.3
Direct brand marketing	58.5	-	58.5	46.3	-	46.3
Other operating, selling and administration costs	61.4	1.1	62.5	56.0	3.2	59.2
Depreciation	19.6	-	19.6	20.5	-	20.5
Profit on disposal of property, plant & equipment	-	(6.6)	(6.6)	-	(3.2)	(3.2)
Research and development costs	0.5	-	0.5	0.5	-	0.5
Auditors remuneration:						
- audit services	0.4	-	0.4	0.3	-	0.3
- non audit services*	0.4	-	0.4	0.4	0.1	0.5
Operating lease rentals:						
- plant and machinery	0.5	-	0.5	1.1	-	1.1
- other	2.9	-	2.9	2.4	-	2.4
Total	691.9	1.4	693.3	638.0	0.1	638.1

*In addition fees amounting to €0.8 million were paid in 2005 to the company auditor in respect of IPO costs.

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3 Exceptional items

	2006 €m	2005 €m
Reorganisation costs	9.2	-
Profit on disposal of property, plant & equipment	(6.6)	(3.2)
IPO costs	-	3.3
Pension credit	(1.2)	-
	1.4	0.1
Exceptional finance costs (see Note 4)	-	9.2
Taxation effect on exceptional items	(0.4)	(2.5)
	1.0	6.8

(a) Reorganisation costs

The reorganisation costs primarily relate 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 surplus property and plant in continuing operations arising from:

(a) the outsourcing of production in the Snacks division (€4.7m in 2006) and (b) other reorganisations (€1.9m in 2006 and €3.2m in 2005).

(c) IPO costs

In 2005 an amount of €3.3m was charged to operating profit relating to professional fees and other costs incurred on the listing of the Company's shares on the Irish and UK Stock Markets.

(d) 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.

4 Finance income and finance costs

	2006 €m	2005 €m
<i>Finance Income:</i>		
Interest receivable	(0.9)	(0.7)
<i>Finance Costs:</i>		
Interest payable	18.4	21.4
Amortisation of loan issue costs	1.1	0.9
	19.5	22.3
<i>Exceptional finance costs:</i>		
Settlement of interest swaps on pre IPO loans	-	3.8
Write off of pre IPO loan issue costs	-	5.4
	-	9.2
Total finance costs	19.5	31.5
Net finance costs	18.6	30.8

5 Income tax expense recognised in the income statement

(a) Analysis of charge in year

	2006 €m	2005 €m
Current tax expense:		
Irish corporation tax	10.0	6.9
Foreign corporation tax	0.2	-
Adjustment in respect of previous years	(1.2)	(1.3)
	<hr/> 9.0	5.6
Deferred tax expense:		
Irish	(0.2)	0.2
Foreign	0.1	(0.2)
	<hr/> (0.1)	-
Total deferred tax	<hr/> (0.1)	-
Total income tax expense in income statement	<hr/> 8.9	<hr/> 5.6

The tax assessed for the year is lower than that calculated at the standard rate of corporation tax in the Republic of Ireland as explained below.

	2006 €m	2005 €m
Tax at the standard rate of corporation tax in the Republic of Ireland of 12.5%	13.1	10.2
Actual tax charge is affected by the following:		
Expenses not deductible for tax purposes	0.2	(0.4)
Adjustments in respect of prior years	(1.2)	(1.3)
Manufacturing relief	(2.7)	(1.7)
Non taxable income	-	(0.1)
Other differences	(0.5)	(1.1)
	<hr/> 8.9	5.6

(b) Deferred tax liability/(asset) recognised directly in equity

Deferred tax arising on defined benefit pension scheme	(1.5)	(1.4)
Deferred tax arising on movement in cashflow hedging reserve	0.2	-
	<hr/> (1.3)	(1.4)

(c) Factors that may affect future charges

Manufacturing relief in the Republic of Ireland is due to expire on 31 December 2010.

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6 Dividends

	2006 €m	2005 €m
Dividends Paid		
Final: paid 7.5c per ordinary share in July 2005	24.1	-
Interim: paid 6.5c per ordinary share in December 2005 (2005: 5.5c paid in November 2004)	21.1	17.7
Total equity dividends	45.2	17.7
Settled as follows:		
Paid in cash	29.9	17.7
Scrip dividend	15.3	-
	45.2	17.7

The directors have proposed a final dividend of 8.5 cent per share, which is subject to shareholder approval at the AGM, giving a total dividend for the year of 15.0 cent per share.

7 Earnings per ordinary share

	2006 €m	2005 €m
Earnings as reported	95.8	75.9
Adjustments for exceptional items net of tax (note 3)	1.0	6.8
Earnings adjusted for exceptional items	96.8	82.7
	Number	Number
	'000	'000
Number of shares at beginning of year (adjusted)	321,130	321,130
Shares issued in lieu of dividend	4,074	-
Number of shares at end of year	325,204	321,130
Weighted average number of ordinary shares	323,253	321,130
Adjustment for the effect of conversion of options	2,357	82
Weighted average number of ordinary shares including options	325,610	321,212
Basic earnings per share	Cent	Cent
Basic earnings per share – cent	29.6	23.6
Adjusted basic earnings per share – cent	29.9	25.8
Diluted earnings per share		
Diluted earnings per share – cent	29.4	23.6
Adjusted diluted earnings per share – cent	29.7	25.7

The 2005 opening number of issued ordinary shares has been adjusted to include all shares issued during the year without any corresponding increase in resources. In calculating the weighted average number of shares, these have been treated as if they were in issue for the entire year.

8 Goodwill

The net book value of goodwill at the transition date to IFRS (1 March 2004) has been deemed to be its cost and is subject to impairment testing on an annual basis. The goodwill balances disclosed in the Group balance sheet is analysed by business segment as follows:-

Goodwill at cost at beginning and end of year:	€m
Cider	345.1
International spirits & liqueurs	49.6
Soft drinks & snacks	58.9
Distribution	8.3
	461.9

The goodwill within each business segment is further allocated to a number of individual cash generating units ("CGU's") for the purposes of impairment testing.

Impairment testing is carried out by comparing the carrying value of goodwill to its current value-in-use for each CGU.

The cash flow forecasts employed for the value-in-use computations are based on budgeted figures for the first year and on a three year forecast approved by the board for the following two years. Cash flow is then projected forward for the following ten years based on assumed growth of 5% per annum.

Key assumptions involved in the calculation of the value-in-use include: future profitability, capital expenditure requirements, working capital requirements, tax considerations, the appropriate number of years to be included and the terminal value of each CGU.

The discount factors applied to future cash flows of each CGU ranged from 7% to 10% as deemed appropriate.

No impairment arose in the financial year ended 28 February 2006, in the previous financial year or at the transition date.

9. Property, plant & equipment

Group

	Property €m	Plant & machinery €m	Vehicles & other equipment €m	Total €m
Cost				
At 1 March 2004	60.7	106.7	66.2	233.6
Additions	2.8	9.8	7.4	20.0
Disposals	(4.8)	(2.0)	(0.9)	(7.7)
	58.7	114.5	72.7	245.9
At 28 February 2005				
Additions	12.3	9.9	5.9	28.1
Transfer to assets held for resale	(7.0)	-	-	(7.0)
Disposals	(7.7)	(7.0)	(1.0)	(15.7)
	56.3	117.4	77.6	251.3
At 28 February 2006	56.3	117.4	77.6	251.3

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9. Property, plant & equipment (continued)

Group	Property €m	Plant & machinery €m	Vehicles & other equipment €m	Total €m
Depreciation				
At 1 March 2004	4.0	41.4	40.6	86.0
Charge for the year	1.3	10.6	8.6	20.5
Disposals	(0.5)	(1.6)	(0.9)	(3.0)
At 28 February 2005	4.8	50.4	48.3	103.5
Charge for the year	1.0	10.6	8.0	19.6
Transfer to assets held for resale	(0.2)	-	-	(0.2)
Disposals	(1.1)	(3.8)	(0.8)	(5.7)
At 28 February 2006	4.5	57.2	55.5	117.2
Net book value				
At 28 February 2006	51.8	60.2	22.1	134.1
At 28 February 2005	53.9	64.1	24.4	142.4

No depreciation is charged on land with a book value of €4.0m (28 February 2005: €11.6m).

10. Financial assets

Company	2006 €m	2005 €m
<i>Investment in subsidiary undertakings at cost</i>		
At beginning of year/period	705.0	-
Share for share exchange	-	704.4
Share options granted to employees of subsidiary companies (note 25)	1.1	0.6
At end of year/period	706.1	705.0

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

11 Inventories

Group	2006 €m	2005 €m
Raw materials	18.4	15.4
Finished goods & goods for resale	36.7	33.8
Total inventories at the lower of cost and net realisable value	55.1	49.2

12 Trade & other receivables

	Group		Company	
	2006 €m	2005 €m	2006 €m	2005 €m
<i>Amounts falling due within one year</i>				
Trade receivables	97.0	79.3	-	-
Prepayments	17.0	13.3	-	-
Amounts due from Group undertakings	-	-	51.5	35.7
Total	114.0	92.6	51.5	35.7

13 Assets held for resale

Group	2006 €m	2005 €m
Land & buildings	6.8	-

Land & buildings surplus to operating requirements and for which a disposal process had commenced prior to the year end are classified as assets held for resale within current assets.

14 Trade & other payables

	Group		Company	
	2006 €m	2005 €m	2006 €m	2005 €m
Trade payables	38.3	35.3	-	-
Payroll taxes & social security	1.1	1.7	-	-
VAT	2.9	0.9	-	-
Excise duty	3.2	6.3	-	-
Accruals	57.2	43.4	0.2	0.2
Amounts due to Group undertakings	-	-	-	4.9
Total	102.7	87.6	0.2	5.1

15 Provisions

Group	2006 €m	2005 €m
Insurance excess		
Balance at beginning of year	1.7	1.2
Provided during the year	0.4	0.7
Utilised during the year	(0.2)	(0.2)
Balance at end of year	1.9	1.7

The provision relates to the Group's exposure to employee and third party insurance claims. Under the terms of employers and public liability insurance policies the Group bears a portion of the cost of each claim up to the specified excess.

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16 Details of borrowings

Group

	Payable by instalment €m	Repayable other than by instalment €m	Total €m
Maturity analysis			
Current			
0-1 year	20.0	-	20.0
	20.0	-	20.0
Non-current			
1-2 years	30.0	-	30.0
2-3 years	30.0	-	30.0
3-4 years	-	-	-
4-5 years	-	347.6	347.6
	60.0	347.6	407.6
Total	80.0	347.6	427.6

Unamortised issue costs of €2.4m have been netted against outstanding bank loans and are being amortised to the income statement on an effective interest basis.

17 Analysis of net debt

Group

	28 February 2005 €m	Cash flow €m	Non-cash changes €m	28 February 2006 €m
Bank loans	467.0	(40.5)	1.1	427.6
Cash at bank and in hand	(26.0)	(18.5)	-	(44.5)
	441.0	(59.0)	1.1	383.1

18 Deferred tax assets and liabilities

Group

	2006			2005		
	Assets €m	Liabilities €m	Net assets/ liabilities €m	Assets €m	Liabilities €m	Net assets/ liabilities €m
Property, plant & equipment	-	(5.7)	(5.7)	-	(6.4)	(6.4)
Pension	8.8	-	8.8	7.4	-	7.4
Other items	0.3	-	0.3	0.5	-	0.5
Tax assets/(liabilities)	9.1	(5.7)	3.4	7.9	(6.4)	1.5

18 Deferred tax assets and liabilities (continued)**Analysis of net deferred tax asset/liability**

	*1 March 2005 €m	Recognised in income €m	Recognised in equity €m	28 February 2006 €m
Property, plant & equipment	(6.4)	0.7	-	(5.7)
Pension	7.4	(0.1)	1.5	8.8
Other items	1.0	(0.5)	(0.2)	0.3
	2.0	0.1	1.3	3.4
	1 March 2004 €m	Recognised in income €m	Recognised in equity €m	28 February 2005 €m
Property, plant & equipment	(6.8)	0.4	-	(6.4)
Pension	5.8	0.2	1.4	7.4
Other items	1.1	(0.6)	-	0.5
	0.1	-	1.4	1.5

*Balances as at 1 March are adjusted for IAS39.
There are no unrecognised deferred tax assets or liabilities.

19 Share Capital and reserves**Share capital- equity and convertible**

	Authorised number	Allotted, called up and fully paid number	Authorised €m	Allotted, called up and fully paid €m
C&C Group plc (Note i)				
At 28 February 2006				
Ordinary shares of €0.01 each	800,000,000	325,204,207	8.0	3.3
At 28 February 2005				
Ordinary shares of €0.01 each	800,000,000	321,130,403	8.0	3.2
C&C International Holdings Limited				
At 29 February 2004				
Ordinary shares of €0.01 each	800,000,000	25,134,142	8.0	0.3
Convertible shares of €0.01 each	20,000,000	20,000,000	0.2	0.2

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. All ordinary shares are fully paid up.

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19 Share capital and reserves (continued)

Reserves

Group	Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Capital Reserve €m	Cashflow Hedging Reserve €m	Shares to be Issued €m	Currency Translation Reserve €m	Retained Income €m	Total €m
C&C Group International Limited									
At 29 February 2004	0.5	-	-	24.9	-	-	1.7	77.7	104.8
C&C Group plc: reverse acquisition									
Shares issued by C&C Group plc in a share for share exchange	0.5	703.9	-	-	-	-	-	-	704.4
Reverse acquisition adjustment	(0.5)	(703.9)	-	-	-	-	-	-	(704.4)
<i>Movement in the year</i>									
Conversion and redemption of Convertible shares for €Nil value	(0.3)	-	0.3	-	-	-	-	(0.3)	(0.3)
Share split issued prior to IPO	2.9	(2.9)	-	-	-	-	-	-	-
Free shares issued to employees	0.1	21.2	-	-	-	-	-	-	21.3
Shares issued on IPO	1.9	421.1	-	-	-	-	-	-	423.0
Shares redeemed following IPO	(1.9)	(420.8)	-	-	-	-	-	-	(422.7)
Shares issue costs incurred	-	(15.2)	-	-	-	-	-	-	(15.2)
Total recognised income and expense for the year	-	-	-	-	-	-	(1.5)	65.5	64.0
Dividend on ordinary shares	-	-	-	-	-	-	-	(17.7)	(17.7)
Equity settled share based payments	-	-	-	-	-	0.6	-	-	0.6
At 28 February 2005	3.2	3.4	0.3	24.9	-	0.6	0.2	125.2	157.8
Impact of adoption of IAS 39	-	-	-	-	(3.7)	-	-	-	(3.7)
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 share based payments	-	-	-	-	-	1.1	-	-	1.1
At 28 February 2006	3.3	18.6	0.3	24.9	(1.5)	1.7	0.6	171.2	219.1

19 Share capital and reserves (continued)

Reserves (continued)

The Company was incorporated on 19 March 2004 with an initial share capital of 40,000 subscriber shares of €1.00 each, which were converted to deferred shares and cancelled on 30 April 2004.

(i) Reverse acquisition

On 30 April 2004, the Company issued 25,134,142 ordinary shares of €0.01 each at a nominal value of €251,341 in exchange for the same number of ordinary shares in C&C Group International Holdings Limited. On the same date, the Company issued 20,000,000 convertible shares of €0.01 each at a nominal value of €200,000 in exchange for the same number of convertible shares in C&C Group International Holdings Limited. The fair value of the shares in C&C International Holdings Limited received as consideration for the issue of these shares was €704.4m, which resulted in a share premium in the Company of €703.9m. From a group perspective, since the acquisition is being accounted for as a reverse acquisition, the shares of the new legal parent (C&C Group plc) were recognised and the shares of the accounting parent (C&C International Holdings Limited) were derecognised. A reverse acquisition adjustment has been made for the share capital of the accounting parent and is offset against the share premium of the new legal parent.

In accordance with the provision of Section 140(5) of the Companies Act 1963, the directors being satisfied that it would be fair and reasonable and would not prejudice the rights or interests of any person, have determined that the pre-acquisition reserves of C&C Group International Holdings Limited should be treated as distributable by the Company, to the extent that they were distributable by C&C Group International Holdings Limited at the date of the reverse acquisition.

(ii) Movements in the year ended 28 February 2005

On 19 May 2004, the Company issued 286,428,681 new ordinary shares of €0.01 each at a nominal value of €2,864,287 to existing shareholders, representing 11.396 new shares for each share held, in a share split exercise.

On 19 May 2004, the Company issued 176,000,000 ordinary shares of €0.01 each on IPO at the listing price of €2.26 per share and on the same date 176,000,000 ordinary shares were converted to redeemable shares and redeemed at €2.26 per share. Also on this date the 20,000,000 convertible shares were converted to deferred shares and cancelled.

On 19 May 2004, the Company issued 9,414,712 ordinary shares of €0.01 each to employee trusts at €2.26 per share under an agreement with Group employees.

On the 18 June 2004, the Company issued a further 11,160,250 ordinary shares of €0.01 each at €2.26 per share and on the same date the Company converted 11,007,382 ordinary shares to redeemable shares and redeemed them at €2.26 per share.

The share capital details given above at 29 February 2004 are in respect of C&C Group International Holdings Limited, which was the ultimate parent company of the Group at that date.

(ii) Movements in the year ended 28 February 2006

In July 2005, 2,922,486 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.22 per share, instead of part or all of the cash element of their year end 28 February 2005 final dividend. In December 2005, 1,151,318 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €5.05 per share, instead of part or all of the cash element of their year end 28 February 2006 interim dividend.

Details of directors shareholdings and employee share ownership plans are set out in the Report of the Remuneration Committee on Directors' remuneration on pages 37 to 41.

Company Income statement

In accordance with Section 148(8) of the Companies Act, 1993, the Income statement of the Company has not been presented separately in these consolidated financial statements. Of the €91.2m profit (2005: €65.5m) attributable to ordinary shareholders, a profit of €50.6m (2005: €41.9) was retained in the Income statement of C&C Group plc.

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20 Capital commitments

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

	2006 €m	2005 €m
Contracted	17.5	1.9
Not contracted	7.7	3.6
	25.2	5.5

The contracted commitments primarily relate to the expansion of the Cider production facility.

21 Commitments under operating leases

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

	2006		2005	
	Land & buildings €m	Other €m	Land & buildings €m	Other €m
Payable within one year	2.5	3.1	2.4	3.0
Payable in 2 to 5 years	9.9	5.1	9.5	3.9
Payable in over 5 years	29.3	0.1	31.7	0.2
	41.7	8.3	43.6	7.1

22 Guarantees

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other parties including companies within its Group, the Company considers these to be insurance arrangements and accounts for them as such. The Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

The Company has given letters of guarantee to secure obligations of subsidiary undertakings in respect of bank loans. The maximum amounts guaranteed at the year end amounted to €480m (2005: €520m). The actual loans outstanding at 28 February 2006 amounted to €430m (2005: €470m).

Pursuant to the provisions of Section 17 of the Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of all its subsidiary companies incorporated in the Republic of Ireland for the financial year to 28 February 2006 and as a result such subsidiaries are exempt from the filing provisions of Section 7, Companies (Amendment) Act, 1986 (ref note 28).

23 Employee numbers & remuneration costs

The average number of persons employed by the Group (including executive directors) during the year, analysed by category, was as follow

	2006 Number	2005 Number
Production	548	544
Sales & marketing	582	586
Distribution	531	516
Administration	191	185
Total	1,852	1,831

23 Employee numbers & remuneration costs (continued)

The aggregate remuneration costs of these employees were:

	2006	2005
	€m	€m
Wages, salaries and other short term employee benefits	81.8	74.0
Termination benefits	6.9	0.9
Social welfare costs	7.3	7.0
Pension costs – defined benefit schemes	6.9	7.8
Equity settled transactions – share options	1.1	0.6
	<hr/>	<hr/>
Charged to the income statement	104.0	90.3
	<hr/>	<hr/>
Actuarial loss on defined benefit pension schemes	6.1	11.8
	<hr/>	<hr/>
Total employee benefits	110.1	102.1

The amount charged to the Income statement in respect of defined benefit pension costs in year ended 28 February 2006 is reduced by an exceptional credit of €1.2m as detailed in note 3.

24 Retirement benefit obligations

The Group operates a number of defined benefit pension schemes for employees in the Republic of Ireland and Northern Ireland, all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds.

The Group has elected to avail of early implementation of the Amendment to IAS 19 *Actuarial Gains and Losses Group Plans and Disclosures*, which enables the recognition of actuarial gains and losses and the associated movement in deferred tax asset in retained income via the Statement of recognised income and expense (SORIE).

Independent actuarial valuations of the defined benefit schemes are carried out on a triennial basis using the projected unit credit or the attained age method. The most recently completed actuarial valuations of the main schemes were carried out on 1 January 2003. A new valuation as at 1 January 2006 is currently being finalised. The actuarial valuations are not available for public inspection, however the results of the valuations are advised to members of the various schemes.

Independent actuaries, Mercer Human Resource Consulting, have employed the projected unit credit or the attained age method to determine the present value of the defined benefit obligations arising, the related current service cost and the funding requirements.

The assumptions, which have the most significant impact on the results of the actuarial valuations, are those relating to the long term rate of return on investments, the rate of increase in salaries and pensions and the discount rate used to convert future pension liabilities to current values. These and other assumptions used are set out below.

Mortality rates also have a significant impact on the actuarial valuations and the rates used have been based on the most up-to-date mortality tables adjusted to reflect the current expected improvement in mortality rates.

The pension charge for the year ended 28 February 2006 amounted to €6.9 million (2005: €7.8m).

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24 Retirement benefit obligations (continued)

Financial assumptions

Scheme liabilities:

The principal long-term financial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on pension schemes as at 28 February 2006 and 28 February 2005 are as follows:

	2006		2005	
	ROI	UK	ROI	UK
Salary increases	3.50%	3.60%	3.50%	4.00%
Increases to pensions in payment	3.00%	2.60%	3.00%	2.50%
Discount rate	4.50%	4.70%	4.75%	5.25%
Inflation	2.25%	2.60%	2.25%	2.50%

Scheme assets:

The long-term rates of return expected at 28 February 2006 and 28 February 2005, determined in conjunction with the Group's actuaries, analysed by the class of investments in which the schemes assets are invested, are as follows:

	2006		2005	
	ROI	UK	ROI	UK
Equity	7.30%	8.00%	7.00%	7.75%
Bonds	3.30%	4.00%	3.55%	4.75%
Property	6.10%	6.50%	5.10%	5.75%
Other	2.25%	3.00%	2.10%	-%

(a) Impact on Group Income Statement

	2006			2005		
	ROI €m	UK €m	Total €m	ROI €m	UK €m	Total €m
<i>Analysis of defined benefit expense:</i>						
Current service cost	8.0	0.8	8.8	7.0	0.8	7.8
Past service cost	0.1	-	0.1	-	-	-
Settlements and curtailments	(1.2)	-	(1.2)	-	-	-
Interest on scheme liabilities	8.8	1.4	10.2	8.5	1.3	9.8
Expected return on scheme assets	(9.8)	(1.2)	(11.0)	(8.8)	(1.0)	(9.8)
Total expense recognised in operating costs	5.9	1.0	6.9	6.7	1.1	7.8

24 Retirement benefit obligations (continued)**(a) Impact on Group Income Statement (continued)**

	ROI €m	2006 UK €m	Total €m	ROI €m	2005 UK €m	Total €m
<i>Analysis of amount recognised in Statement of recognised income & expense (SORIE)</i>						
Actual return less expected return on scheme assets	21.3	2.6	23.9	4.7	0.5	5.2
Experience gains and losses on scheme liabilities	7.0	(1.0)	6.0	(0.8)	-	(0.8)
Effect of changes in assumptions on value of liabilities	(30.3)	(5.7)	(36.0)	(16.2)	-	(16.2)
Total pension cost recognised in SORIE	(2.0)	(4.1)	(6.1)	(12.3)	0.5	(11.8)

The cumulative actuarial loss recognised to date in the SORIE is €17.9m.

(b) Impact on Group balance sheet

The net pension liability at 28 February 2006 is analysed as follows:

	ROI €m	2006 UK €m	Total €m	ROI €m	2005 UK €m	Total €m
Analysis of net pension deficit						
Bid value of assets at year end:						
Equity	140.0	16.5	156.5	110.2	12.5	122.7
Bonds	22.4	2.2	24.6	21.1	2.0	23.1
Property	10.8	1.2	12.0	10.2	0.9	11.1
Other	5.5	0.2	5.7	4.0	-	4.0
	178.7	20.1	198.8	145.5	15.4	160.9
Actuarial value of scheme liabilities	(223.1)	(34.6)	(257.7)	(187.9)	(26.0)	(213.9)
Deficit in the scheme	(44.4)	(14.5)	(58.9)	(42.4)	(10.6)	(53.0)
Related deferred tax asset	4.5	4.3	8.8	4.2	3.2	7.4
Net pension liability	39.9	10.2	50.1	(38.2)	(7.4)	(45.6)

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24 Retirement benefit obligations (continued)

(b) Impact on Group balance sheet (continued)

	ROI €m	2006 UK €m	Total €m	ROI €m	2005 UK €m	Total €m
Reconciliation of scheme assets (bid values)						
Assets at start of year	145.5	15.4	160.9	131.3	13.8	145.1
<i>Movement in year</i>						
Translation adjustment	-	0.1	0.1	-	(0.3)	(0.3)
Expected return on assets	9.8	1.2	11.0	8.8	1.0	9.8
Actuarial gains	21.3	2.6	23.9	4.7	0.5	5.2
Employer contributions	5.8	1.5	7.3	4.2	1.0	5.2
Member contributions	1.6	-	1.6	1.6	-	1.6
Benefit payments	(5.3)	(0.7)	(6.0)	(5.1)	(0.6)	(5.7)
Assets at end of year	178.7	20.1	198.8	145.5	15.4	160.9

The expected employer contributions to defined benefit schemes for year ending 28 February 2007 is €8.8m.

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

	ROI €m	2006 UK €m	Total €m	ROI €m	2005 UK €m	Total €m
Equities	78.3%	82.0%	78.5%	75.6%	81.6%	76.2%
Bonds	12.7%	11.0%	12.7%	14.7%	12.8%	14.3%
Property	5.3%	6.0%	5.8%	6.6%	2.8%	6.9%
Other	3.7%	1.0%	3.0%	3.1%	2.8%	2.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

	ROI €m	2006 UK €m	Total €m	ROI €m	2005 UK €m	Total €m
Reconciliation of actuarial value of liabilities						
Liabilities at start of year	187.9	26.0	213.9	159.0	24.0	183.0
<i>Movement in year</i>						
Translation adjustment	-	0.4	0.4	-	0.5	0.5
Current service cost	8.0	0.8	8.8	7.0	0.8	7.8
Past service cost	0.1	-	0.1	-	-	-
Settlements and curtailments	(1.2)	-	(1.2)	-	-	-
Interest cost on scheme liabilities	8.8	1.4	10.2	8.5	1.3	9.8
Member contributions	1.6	-	1.6	1.6	-	1.6
Actuarial losses	23.2	6.7	29.9	16.9	-	16.9
Benefit payments	(5.3)	(0.7)	(6.0)	(5.1)	(0.6)	(5.7)
Liabilities at end of year	223.1	34.6	257.7	187.9	26.0	213.9

Given that the Group transitioned to IFRS on 1 March 2004 a five year history of assets, liabilities and actuarial gains/losses is not available on a consistent basis.

25 Share based payments

In May 2004, the Group established an executive share option scheme under which options to purchase shares in C&C Group plc are granted to certain key executive employees. Under the terms of the scheme the options are exercisable at the market price prevailing at the date of the grant of the option.

In January 2006, the Group made an award over 44,365 nil-cost options under the Long Term Incentive Plan ("LTIP") established in May 2004.

Further details of the terms applicable to these option schemes are outlined in the report of the Remuneration Committee on Directors' remuneration on pages 37 to 41.

Details of the options granted under these schemes are as follows:

Grant Date	Vesting period	Number of options	Weighted	Average	Expense in	Expense in
			Grant price	Fair value	Income statement 2006	Income statement 2005
			€	€	€m	€m
13 May 2004	3 years	4,914,900	2.26	0.4934	0.8	0.6
20 June 2005	3 years	1,708,200	3.56	0.7191	0.3	-
12 Jan 2006	3 years	44,365	-	4.628	-	-
		6,667,465			1.1	0.6

A summary of activity under the Group's share option schemes and long-term incentive plans together with the weighted average exercise price of the share options is as follows:

	2006		2005	
	Number of options	Weighted average exercise price €	Number of options	Weighted average exercise price €
Outstanding at beginning of year	4,914,900	2.26	-	-
Granted	1,752,565	3.47	4,914,900	2.26
Exercised	-	-	-	-
Lapsed	-	-	-	-
Outstanding at end of year	6,667,465	2.58	4,914,900	2.26

The options outstanding at 28 February 2006 have a weighted average vesting period outstanding of 1.5 years and a weighted average contractual life of 5.5 years.

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25 Share based payments (continued)

The fair values assigned to the options that were granted in May 2004 and June 2005 were computed in accordance with the trinomial valuation methodology and the fair value of the options granted in January 2006 was computed in accordance with the stochastic model. The main assumptions used in the valuations were as follows:-

	Options Granted January 2006	Options granted June 2005	Options granted May 2004
Exercise price	€0.00	€3.56	€2.26
Risk free interest rate	n/a	3.0%	3.9%
Expected volatility	24%	25%	27%
Expected life	3.5 years	7 years	7 years
Dividend yield	5%	5%	5%

Expected volatility was based on an analysis of the historic volatility of quoted companies on the Irish and London Stock Exchanges. The amount charged to the income statement in respect of the above option grants assumes that all options outstanding will vest and that all qualifying conditions will be achieved.

26 Financial instruments and risk management

As set out earlier, in accordance with the first time adoption exemptions in IFRS 1, *First-time Adoption of International Financial Reporting Standards*, the Group did not apply IAS 32 *Financial Instruments: Presentation and Disclosure* nor IAS 39 *Financial Instruments: Recognition and Measurement* to the 2005 comparatives. These standards have been applied from 1 March 2005. The impact of adoption of these standards on 1 March 2005 is reflected in the statement of recognised income and expense. The first part of this note sets out the disclosures in accordance with IAS 32 and 39 for the financial year ended 28 February 2006. The later part of the note sets out the disclosures required in accordance with Irish GAAP for the financial year ended 28 February 2005.

(a) Disclosures in accordance with IAS 32 and IAS 39 from 1 March 2005

Risk exposures

The Group's multinational operations expose it to different financial risks that include foreign exchange rate risks, credit risks, liquidity risks and interest rate risks. The Group has a risk management programme in place, which seeks to limit the impact of these risks on the financial performance of the Group. The Board has determined the policies for managing these risks. It is the policy of the Board to manage these risks in a non-speculative manner.

Foreign exchange risk

The Group's main currency exposure relates to transactions in foreign currencies as it has significant net receivables in Sterling and US\$ relating to its export sales. Group policy is to limit the short-term exposures to fluctuations in these currencies by hedging a significant portion of the projected net receivables up to a maximum of two years ahead.

Group treasury manages currency exposures for the entire Group centrally and the hedging mechanism used is forward foreign currency contracts.

The Group's assets are predominately located in the Euro zone and Group debt is all denominated in Euro. Consequently, the Group has only limited exposure to exchange risk related to currency translation. Given the low level of exposure it is Group policy not to hedge this balance sheet risk.

Credit risk

The Group has detailed procedures for monitoring and managing the credit risk relating to its trade receivables including a strict credit assessment of all new applicants who are requesting credit trading terms. From time to time the Group holds significant cash balances, which are invested on a short-term basis and disclosed under cash and cash equivalents in the Balance Sheet. It is Group policy to restrict the investment of these funds to banks with high credit risk ratings.

26 Financial instruments and risk management (continued)

(a) Disclosures in accordance with IAS 32 and IAS 39 from 1 March 2005 (continued)

Interest rate risk

The Group's exposure to market risk for changes in interest rates arises from its long-term debt obligations. Group treasury, using interest rate swaps to give the desired mix of fixed and floating rate debt, manages interest cost centrally. The Group policy is to fix interest rates on between 50% and 60% of Group debt. With the objective of managing this mix in a cost-efficient manner, the Group enters into interest rate swaps under which the Group contracts to exchange, at predetermined intervals, the difference between fixed and variable interest amounts calculated by reference to a pre-agreed notional principal. These swaps are designated under IAS 39 to hedge underlying debt obligations.

Liquidity risk

The Group's main liquidity risk relates to maturing debt. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or committed bank facilities to meet all debt obligations as they fall due. To achieve this the Group (a) maintains adequate cash or cash equivalent balances; (b) prepares detailed 3 year cash projections; and (c) keeps refinancing options under review with a view to replacing all debt facilities in advance of their maturity dates.

Accounting for derivatives and hedging activities

All derivatives are initially recorded at fair value on the date the contract is entered into and subsequently, at reporting dates remeasured to fair value. The gain or loss arising on remeasurement is recognised in the income statement except where the instrument is a designated hedging instrument. The fair value of derivatives on 1 March 2005 was recognised in a cash flow hedge reserve within equity as the Group had previously recognised these derivatives as cash flow hedges.

In order to qualify for hedge accounting, the Group is required to document the relationship between the item being hedged and the hedging instrument and demonstrate, at inception, that the hedge relationship will be highly effective on an ongoing basis. The hedge relationship must also be tested for effectiveness retrospectively and prospectively on subsequent reporting dates.

Gains and losses on cash flow hedges that are determined to be highly effective are recognised in equity to the extent that they are actually effective. When the forecasted transaction occurs the gains or losses deferred in equity are released to the income statement. Ineffective portions of the gain or loss on the hedging instrument are recognised in the income statement.

The Group has designated all its currency and interest rate hedges as hedging instruments on the basis that they all relate to either highly probable forecasted future income or expenses or recognised liabilities and meet the requirements as set out in IAS 32 and IAS 39.

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26 Financial instruments and risk management (continued)

(a) Disclosures in accordance with IAS 32 and IAS 39 from 1 March 2005 (continued)

Summary of derivatives, assets & liabilities

Derivative financial instruments recognised as assets and liabilities in the Group's Balance Sheet are analysed as follows: -

	2006 €m
Non-current assets:	
Interest rate swaps	1.0
Non-current liabilities:	
Interest rate swaps	(0.5)
Forward currency contracts	(0.2)
	<hr/>
	(0.7)
Current liabilities:	
Interest rate swaps	(0.8)
Forward currency contracts	(1.7)
	<hr/>
	(2.5)
	<hr/>
Total	(2.2)

Borrowing and interest rate analysis

The interest rate and currency profile of the Group's net debt (before unamortised issue costs of €2.4m) at 28 February 2006 is as follows: -

	Euro €m	Sterling €m	Total €m
Interest bearing bank loans (floating rate)	430.0	-	430.0
Cash & cash equivalents	(27.7)	(16.8)	(44.5)
	<hr/>	<hr/>	<hr/>
	402.3	(16.8)	385.5

Interest rate swap contracts in place at 28 February 2006 have the effect of converting the following amount of the floating rate debt to fixed rate:

	Weighted average amount fixed €m	Fixed interest rate
Year ending 28 February 2007	250	4.07%
Year ending 28 February 2008	200	4.00%
Year ending 28 February 2009	100	3.82%
Year ending 28 February 2010	100	3.82%
Year ending 28 February 2011	50	4.15%

26 Financial instruments and risk management (continued)

(a) Disclosures in accordance with IAS 32 and IAS 39 from 1 March 2005 (continued)

Estimation of fair values

Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities. There is no material difference between the fair value of these assets and liabilities and their carrying amount.

Short term bank deposits and cash and cash equivalents

The nominal amount of all short term bank deposits and cash and cash equivalents is deemed to reflect fair value at the Balance sheet date.

Trade and other receivables/payables

The nominal amount of all trade and other receivables/payables is deemed to reflect fair value at the Balance Sheet date.

Derivatives (interest rate swaps and forward currency contracts)

Forward currency contracts and interest rate swaps are marked to market based on market prices and calculations supplied by the financial institutions who are the counterparties to the contracts.

Interest bearing loans and borrowings

The nominal amount of all interest bearing loans and borrowings is deemed to reflect fair value at the Balance Sheet date as all loans bear interest at floating rates.

(b) Disclosures in accordance with Irish GAAP (relating to year ended 28 February 2005)

Policy

The Group policy is to control exposure to both foreign currency and interest rate fluctuations arising from its trading activities so that they are kept within acceptable limits, which are reviewed from time to time.

The derivatives used to hedge these exposures are mainly forward currency contracts and interest rate swaps. It is Group policy not to trade in these derivatives and to limit their use to hedging actual and expected exposures, which arise from trading activities.

Disclosures dealt with in this note exclude short term receivables and payables as permitted under FRS 13 *Derivatives and Other Financial Instruments: Disclosures*.

Interest rate risk management

The Group finances its operations through a mixture of retained profits and bank borrowings. The Group bank borrowings are all denominated in Euro at floating interest rates based on EURIBOR and by using interest rate swaps the desired interest profile is achieved in line with the Group policy to maintain between 50% and 60% of net borrowings at fixed interest rates for a period of three years in advance.

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26 Financial instruments and risk management (continued)

(b) Disclosures in accordance with Irish GAAP (relating to year ended 28 February 2005) (continued)

Interest rate profile of financial liabilities

The interest rate profile of the Group's financial liabilities at 28 February 2005 was as follows:

	Euro €m	Sterling €m	Total €m	Weighted average fixed period - years	Weighted average fixed interest rates
Floating rate debt	170.0	-	170.0	-	-
Fixed rate debt	300.0	-	300.0	2.3	3.38%
Cash and short term deposits	(15.6)	(10.4)	(26.0)	-	-
Unamortised issue costs	(3.0)	-	(3.0)	-	-
Net financial liabilities	451.4	(10.4)	441.0		

The amounts shown above take into account the effect of interest rate swaps entered into by the Group and are before deducting unamortised issues costs.

The weighted average fixed interest rate is the base borrowing rate, which excludes any bank margin.

Floating rate debt comprises bank borrowings bearing interest at rates that are generally fixed 6 months in advance by reference to EURIBOR.

Fair values of financial assets and financial liabilities

There is no material difference between the estimated fair value of financial assets and liabilities at 28 February 2005 and their carrying values in the balance sheet except for an unrecognised mark to market loss on interest rate swaps amounting to €4.6m.

Foreign currency exposure

At 28 February 2005, there were no material monetary assets or liabilities in currencies other than in Euro and Sterling, the functional currencies of the Group companies, having taken into account the effect of the forward foreign exchange contracts.

The Group's transactional foreign exchange exposures arise mainly in US\$ and Sterling and in accordance with Group policy these are partially hedged as follows:

US\$ exposures:	100% hedged for the coming financial year
Sterling exposures:	23% hedged for the coming financial year

Hedge and swaps gains and losses

Unrecognised gains and losses on interest rate and foreign exchange hedging at 28 February 2005 were as follows:

	Gains €m	Losses €m	Net €m
Interest rate swaps	-	(4.6)	(4.6)
Foreign exchange forward contracts	0.9	-	0.9
	0.9	(4.6)	(3.7)

27 Related party transactions

(a) Group

Identity of related parties

Under IAS 24 *Related party disclosures*, the Group has a related party relationship with its key management. The Group has defined its key management as its executive and non-executive directors.

Details of key management remuneration is as follows:

	2006 Number	2005 Number
Number of individuals	11	11
	€m	€m
Salaries and other short term employee benefits	3.0	2.8
Post employment benefits	0.5	0.4
Equity settled transactions – share options	0.5	0.3
	<hr/>	<hr/>
Charged to the Income Statement	4.0	3.5
Actuarial loss recognised on defined benefit pension schemes	1.8	0.1
	<hr/>	<hr/>
Total	5.8	3.6

Details of transactions with executive and non-executive directors are set out in the Report of the Remuneration Committee on Directors' remuneration on pages 37 to 41.

(b) Company

The Company has a related party relationship with its subsidiaries. Details of the transactions in the year between the company and its subsidiaries are as follows:

	€m
Dividends received from subsidiaries	51.1
	<hr/>
Expenses paid by subsidiaries on behalf of the Company	(0.5)
	<hr/>

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28 Subsidiary undertakings

Name	Nature of business	Class of shares held (100%)
Main subsidiaries		
* Aquaporte Limited	Bottled water	Ordinary
* Ballygowan Limited	Bottled water	Ordinary
* Bulmers Limited	Cider	Ordinary
* C&C Agencies Limited	Soft drinks/land dealing	Ordinary
* C&C (Belfast) Limited	Soft drinks/wine & spirits	Ordinary & Preference
* C&C (Holdings) Limited	Holding company	Ordinary
* C&C (Ireland) Limited	Soft drinks	Ordinary
* C&C (Wholesale) Limited	Soft drinks/beer distribution	Ordinary
#* C&C Group International Holdings Limited	Holding company	Ordinary
* C&C Group Irish Holdings Limited	Holding company	Ordinary
* C&C International Limited	Liqueurs	Ordinary
* C&C Logistics Limited	Distribution	Ordinary
* C&C Management Services Limited	Provision of management services	Ordinary
* Grants of Ireland Limited	Wine & spirits	Ordinary
~ Quinns of Cookstown (1964) Limited	Soft drinks/beer distribution	Ordinary
* Tayto Limited	Snack foods	Ordinary
* William J. Dwan & Sons Limited	Soft drinks/beer distribution	Ordinary & Preference
* Wm. Magner Limited	Cider	Ordinary
Wm. Magner, Inc	Cider	Ordinary
Other subsidiaries		
* Aquaporte Group Limited	Non-trading	Ordinary
* Ballygowan Group Limited	Holding company	Ordinary
* Bestormel Limited	Holding company	Ordinary
* Bouchel Limited	Holding company	Ordinary
* Britvic Limited	Non-trading	Ordinary
* C&C (Investments) Limited	Non-trading	Ordinary
* C&C (Munster) Limited	Non-trading	Ordinary
* C&C Group Pension Trust (No. 2) Limited	Non-trading	Ordinary
* C&C Group Pension Trust Limited	Non-trading	Ordinary
~ C&C Logistics (NI) Limited	Non-trading	Ordinary
~ C&C Pension Trust (1973) Limited	Non-trading	Ordinary
~ C&C Pension Trust (1988) Limited	Non-trading	Ordinary
~ C&C Profit Sharing Trustee (NI) Limited	Non-trading	Ordinary

28 Subsidiary undertakings (continued)

Name	Nature of business	Class of shares held (100%)
* C&C Profit Sharing Trustee Limited	Non-trading	Ordinary
Cantrell & Cochrane BV.	Non-trading	Ordinary
* Cravenby Limited	Non-trading	Ordinary
* Edward and John Burke (1968) Limited	Patent company	Ordinary
* Edward and John Burke Limited	Non-trading	Ordinary
~ Eurosnax (UK) Limited	Non-trading	Ordinary
* Eurosnax International Limited	Non-trading	Ordinary
* Findlater (Wine Merchants) Limited	Non-trading	Ordinary
* Fruit of the Vine Limited	Non-trading	Ordinary
~ Hollywood & Donnelly Limited	Non-trading	Ordinary
* Irish Mist Liqueur Company Limited	Non-trading	Ordinary
* King Foods (Export) Limited	Non-trading	Ordinary
* King Foods Limited	Non-trading	Ordinary
* King Kandy Limited	Non-trading	Ordinary
~ King Snacks Limited	Non-trading	Ordinary
* Lough Corrib Mineral Water Company Limited	Non-trading	Ordinary
* M O'Sullivan & Sons Limited	Non-trading	Ordinary
* Potato Distributors Limited	Non-trading	Ordinary
~ Reihill McKeown Limited	Non-trading	Ordinary
* Showerings (Ireland) Limited	Non-trading	Ordinary
* Sooner Foods (Ireland) Limited	Holding company	Ordinary
* Tayto Crisps Limited	Holding company	Ordinary
* Thwaites Limited	Holding company	Ordinary
* TJ Carolan & Son Limited	Non-trading	Ordinary
* Tullamore Dew Company Limited	Non-trading	Ordinary
* Vandamin Limited	Non-trading	Ordinary

All the above subsidiary companies are registered in the Republic of Ireland and have their registered office at Kylemore Park, Dublin 10, with the exception of Cantrell & Cochrane B.V. which has its registered office at A.J. Ernststraat 595 H, 1082 LD, Amsterdam, Wm Wagner, Inc. which has its registered office at 1114 Avenue of the Americas, New York 10036-7703 and those marked “~” which have their registered offices at 468-472 Castlereagh Road, Belfast.

* Companies covered by Section 17 guarantees (see note 22).

Immediate subsidiary of C&C Group plc.

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29 Transition to IFRS

The most significant changes arising from the transition to IFRS from Irish GAAP on the Group's Income statement for the year ended 28 February 2005 and the Group and Company's balance sheets as at 1 March 2004 and 28 February 2005 are as follows:

(i) IFRS 2: *Share-based Payment*

IFRS 2: *Share-based Payment*, requires that an expense for share-based payments, which in the case of the Group are executive share option schemes, be recognised in the income statement based on their fair value at the date of grant. This expense is recognised over the vesting period of the schemes. The charge recognised in the Income Statement is based on the directors' assessment of the likelihood that the vesting conditions attaching to the options will be achieved. An expense of €0.6 million has been recognised in the Group Income Statement in respect of the year ended 28 February 2005 in respect of share options.

(ii) IFRS 3: *Business Combinations*

Under Irish GAAP, goodwill recognised on acquisitions was amortised over its useful life of 20 years. Under IFRS 3, goodwill is no longer amortised but is subject to annual impairment testing in accordance with IAS 36: *Impairment of Assets*. As a result, the charge for year ended 28 February 2005 of €29.8 million under Irish GAAP for goodwill amortisation is not charged under IFRS and results in an increase in previously reported profit. At 1 March 2004, the Group held a net goodwill asset of €461.9 million.

(iii) IAS 12: *Income Taxes*

Under Irish GAAP, deferred tax was recognised in respect of all timing differences as required by FRS 19: *Deferred Tax* that had originated but not reversed by the balance sheet date.

Under IAS 12: *Income Taxes*, deferred tax is recognised in respect of all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying value for financial reporting purposes, with certain exceptions. IAS 12 results in an overall increase in the net deferred tax liability of the Group. The adjustments made to deferred tax assets and liabilities as at the transition date of 1 March 2004, and reflected in the transition balance sheet, principally relate to the following issues:

- The Group revalued its freehold and long leasehold properties in 1998. IAS 12 requires a provision to be made for deferred tax on property revaluation surpluses and this gave rise to a deferred tax liability of €1.5 million that is reflected in the transition balance sheet.
- IAS 12 requires that a deferred tax provision be made for all rolled-over capital gains rather than only those expected to crystallise. The IFRS transition balance sheet includes a deferred tax liability of €0.5 million in respect of rolled-over capital gains, which did not arise under Irish GAAP.
- The deferred tax impact of defined benefit pension scheme surpluses and deficits accounted for in accordance with IAS 19: *Employee Benefits*, has resulted in the creation of a deferred tax asset of €5.8 million in the transition balance sheet.

29 Transition to IFRS (continued)**(iv) IAS 19: *Employee Benefits***

IAS 19: *Employee Benefits*, requires the net assets and liabilities of defined benefit pension schemes to be recognised. This has resulted in a pre-tax reduction in net assets of €37.0 million, which represents the sum of the deficit plus the reversal of a SSAP 24 creditor in the Irish GAAP balance sheet as at 1 March 2004. An associated deferred tax asset of €5.8 million has been recognised in respect of the pension deficit.

The reduction in the profit before tax for the year ended 28 February 2005 as a result of the adoption of IAS 19, compared to SSAP 24, is €2.1 million.

(v) Other less significant adjustments

- Dividends: In accordance with IAS 10: *Events after the Balance Sheet date*, interim dividends are recognised when paid and final dividends once approved by shareholders at the Annual General Meeting.
- Returnable packaging has been reclassified as Property, plant & equipment in accordance with IAS 16.

Notes continued

forming part of the financial statements

29 Transition to IFRS (continued)

C&C Group plc

Group income statement – reconciliation from Irish GAAP to IFRS for the year ended 28 February 2005

	Under Irish GAAP €m	IFRS Adjustments €m	Under IFRS €m
Revenue	750.4	-	750.4
Operating costs	(635.3)	(2.7)	(638.0)
Amortisation of goodwill	(29.8)	29.8	-
Operating profit before exceptional items	85.3	27.1	112.4
IPO related transaction costs	(3.3)	-	(3.3)
Profit on disposal of fixed assets	3.2	-	3.2
Operating profit	85.2	27.1	112.3
Finance costs (net)	(30.8)	-	(30.8)
Profit before tax	54.4	27.1	81.5
Income tax expense	(6.1)	0.5	(5.6)
Profit attributable to ordinary shareholders	48.3	27.6	75.9
Dividends			
- paid	(17.7)	-	(17.7)
- proposed	(24.1)	24.1	-
Profit retained for financial year	6.5	51.7	58.2

29 Transition to IFRS (continued)

C&C Group plc

Consolidated Group Balance Sheet – reconciliation from Irish GAAP to IFRS

as at 28 February 2005

	Under Irish GAAP €m	IFRS Adjustments €m	Under IFRS €m
ASSETS			
Non-current assets			
Goodwill	432.1	29.8	461.9
Property, plant & equipment	138.5	3.9	142.4
Deferred tax	-	7.9	7.9
	570.6	41.6	612.2
Current assets			
Inventories	55.0	(5.8)	49.2
Trade & other receivables	91.0	1.6	92.6
Cash & cash equivalents	26.0	-	26.0
	172.0	(4.2)	167.8
TOTAL ASSETS	742.6	37.4	780.0
EQUITY			
Share capital	3.2	-	3.2
Share premium	3.4	-	3.4
Reserves	25.2	0.8	26.0
Retained income	118.6	6.6	125.2
Total equity	150.4	7.4	157.8
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	447.0	-	447.0
Retirement benefit obligations	-	53.0	53.0
Provisions	1.7	-	1.7
Deferred tax	4.2	2.2	6.4
	452.9	55.2	508.1
Current liabilities			
Interest bearing loans & borrowings	20.0	-	20.0
Trade & other payables	112.8	(25.2)	87.6
Current tax liabilities	6.5	-	6.5
	139.3	(25.2)	114.1
Total liabilities	592.2	30.0	622.2
TOTAL EQUITY & LIABILITIES	742.6	37.4	780.0

Notes continued

forming part of the financial statements

29 Transition to IFRS (continued)

C&C Group plc

Consolidated Group Balance Sheet – reconciliation from Irish GAAP to IFRS as at 1 March 2004 (transition date)

	Under Irish GAAP €m	IFRS Adjustments €m	Under IFRS €m
ASSETS			
Non-current assets			
Goodwill	461.9	-	461.9
Property, plant & equipment	144.1	3.7	147.8
Deferred tax	-	6.9	6.9
	606.0	10.6	616.6
Current assets			
Inventories	51.7	(5.5)	46.2
Trade & other receivables	96.1	1.5	97.6
Cash & cash equivalents	78.8	-	78.8
	226.6	(4.0)	222.6
TOTAL ASSETS	832.6	6.6	839.2
EQUITY			
Share capital	0.5	-	0.5
Share premium	-	-	-
Reserves	24.9	-	24.9
Retained income	112.9	(33.5)	79.4
Total equity	138.3	(33.5)	104.8
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	507.0	-	507.0
Retirement benefit obligations	-	37.7	37.7
Deferred tax	3.7	3.1	6.8
Provisions	23.2	-	23.2
	533.9	40.8	574.7
Current liabilities			
Interest bearing loans & borrowings	52.9	-	52.9
Trade & other payables	84.8	(0.7)	84.1
Current tax liabilities	22.7	-	22.7
	160.4	(0.7)	159.7
Total liabilities	694.3	40.1	734.4
TOTAL EQUITY AND LIABILITIES	832.6	6.6	839.2

29 Transition to IFRS (continued)

C&C Group plc

Company Balance Sheet – reconciliation from Irish GAAP to IFRS

As at 28 February 2005

	Under Irish GAAP €m	IFRS Adjustments €m	Under IFRS €m
ASSETS			
Non-current assets			
Financial assets	704.4	0.6	705.0
Current assets			
Trade & other receivables	35.7	-	35.7
TOTAL ASSETS	740.1	0.6	740.7
EQUITY			
Share capital	3.2	-	3.2
Share premium	707.3	-	707.3
Reserves	0.3	0.6	0.9
Retained income	0.1	24.1	24.2
Total equity	710.9	24.7	735.6
LIABILITIES			
Current liabilities			
Trade & other payables	29.2	(24.1)	5.1
Total liabilities	29.2	(24.1)	5.1
TOTAL EQUITY & LIABILITIES	740.1	0.6	740.7

30 Approval of financial statements

These financial statements were approved by the Directors on 9 May 2006.