

Directors' report

The directors present their annual report and audited consolidated financial statements of the Group for the year ended 28 February 2007.

Principal activities, business review and future developments

The Group's principal trading activities are the production, marketing and selling of cider, spirits, liqueurs and soft drinks and the distribution of spirits, wine and beer. It disposed of its snack foods business in September 2006.

The information to be included with respect to the review of the business and future developments as required by the Companies (Amendment) Act 1986 is contained in the Operations Review on pages 10 to 20.

Results

Group revenue at €981.4 million was 27% higher than 2006. Profit before exceptional items and finance costs amounted to €212.6 million, an increase of 77% on the previous year. Earnings were €208.2 million, an increase of 117% on the previous year.

Basic earnings per share amounted to 63.8c compared with 29.6c in the previous year. Diluted earnings per share from continuing operations amounted to 50.6c compared with 29.2c in the previous year.

The financial statements for the year ended 28 February 2007 are set out on pages 45 to 87.

Dividends

An interim dividend of 12.0c per share was paid in December 2006. Subject to approval at the Annual General Meeting, it is proposed to pay a final ordinary dividend of 15.0c per share to shareholders who were registered at close of business on 18 May 2007.

Directors, Secretary and their interests

Brendan Dwan, Liam FitzGerald, Brendan McGuinness and Tony O'Brien retire by rotation in accordance with the Articles of Association, and being eligible, offer themselves for re-election.

Information in relation to the beneficial and non-beneficial interests in the share capital of Group companies by the Directors and Secretary who held office at 28 February 2007 is contained within the Report of the Remuneration Committee on pages 36 to 41.

Research and development

Certain of the Company's subsidiary undertakings are engaged in ongoing research and development aimed at improving processes and expanding product ranges. Further information in relation to product development is contained in the Operations Review on pages 10 to 20.

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 now required to give a description of the principal risks and uncertainties which they face.

These principal risks are set out below:-

- The Group faces strong competition in its various markets and if it fails to compete successfully, market share and profitability may decline.
 - Consumer preferences may change and demand for existing products may decline or be replaced by other products which the Group does not produce, and as a result, sales volumes and profitability may decline.
 - 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 possible changes in excise duty on cider in the UK and Ireland and restrictions on alcohol advertising.
 - The Group may be adversely affected by changes in foreign currency exchange rates and higher interest rates.
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- 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.
- The Group could be subject to accidental, natural or malicious contamination of its products, which could result in the recall of the Group's products, damage to its brands and a reduction in demand for its products.

The Group has long experience in managing all these risks, while delivering profit growth.

The principal key performance indicators used by the Group to measure performance are set out in the Finance Review on pages 21 to 23.

Financial risk management

As required by Irish company law, (Statutory Instrument 765.2005) the financial risk management objectives and policies of the Company and the Group, including hedging and the exposure of the Company and the Group to financial risk, are set out in the Finance Review on pages 21 to 23 and note 27 to the financial statements on pages 45 to 87.

Accounting records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at Kylemore Park, Dublin 10.

Post balance sheet events

On 14 May 2007, the Group announced that it had sold its soft drinks division to Britvic plc for a cash consideration of €249.2 million. This agreement is subject to Competition Authority approval but is expected to be concluded before 31 August 2007.

Political donations

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

Corporate governance

The Directors' Statement on Corporate Governance is set out on pages 30 to 35. The Report of the Remuneration Committee on Directors' Remuneration is set out on pages 36 to 41.

Substantial holdings

As at 30 April 2007, the following shareholders have notified the Company as to their interest in 5% or more of the share capital of the Company.

Name	%
Barclays Bank Plc	5.05
Deutsche Bank AG	5.01

As far as the Company is aware, other than as stated above, no other person or company has an interest of more than 5% in the share capital of the Company.

Share price

The price range of the Company's ordinary shares ranged between €5.42 and €13.90 during the year. The year-end share price was €10.50 (2006: €5.60).

Auditor

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

Annual General Meeting

Your attention is drawn to the letter to shareholders and the notice of meeting enclosed with this report which sets out details of the matters which will be considered at the Annual General Meeting.

On behalf of the Board

T. O'Brien	M. Pratt	
Director	Director	9 May 2007