C&C GROUP PLC

FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2013

Dublin, London, 30 October 2013: C&C Group plc ('C&C' or the 'Group'), a leading manufacturer, marketer and distributor of branded cider and beer announces results for the six months ended 31 August 2013.

Financial Highlights

- Net revenue growth of 27.8% to €336.7 million
- Operating profit(i) growth of 7.9% to €71.1 million
- Strong Free Cash Flow(ii) conversion of 72% of adjusted EBITDA(iii) in first six months; full year conversion ratio expected 60% to 70% range
- Continued balance sheet strength – expected full year net debt(iv) to adjusted EBITDA(iii) of less than 1x
- Adjusted diluted EPS(v) growth of 1% to 16.3 cent
- Full year guidance re-affirmed - operating profit(i) range of €125 million to €132 million
- Reflecting continued performance and prospects, proposed interim dividend increase of 7.5% to 4.3 cent per share

Operating Highlights

- Improved trading performance in domestic markets in Q2
- Volume and revenue growth in ROI and improved volume performance for Cider UK in Q2
- Continued volume growth for Tennent's Lager in the Scottish Independent Free Trade channel
- Excellent progress following the launch of Heverlee handcrafted premium Belgian beer in the Scottish and Northern Irish on-trade channels
- Caledonia Best growth(vi) +39% in H1 in Scottish on-trade channel; making it the UK's fastest growing smooth ale
- Tennent's stout and whisky oak beer launched in international markets to build on success of Tennent's Lager launch internationally last year
- 2013 US 'Hot Brand' awards for Woodchuck and Magners

Strategic Highlights

- Significant progress made in the integration and re-positioning of the US cider business. The more complex distributor consolidation programme is nearing completion. This programme has and will continue to adversely affect the volume performance of our US operations for the remainder of the financial year
- Gleeson Group integration is progressing – on track to deliver expected synergy benefits
- Investment of approximately €23 million in the new cidery in Vermont reinforces our roots in Vermont and authenticity of the Woodchuck brand
- Creation of the Shepton Mallet Cider Mill trading division to refocus on the English cider portfolio; €2 million commercial investment is beginning to create sales traction
- Investment in new craft breweries in Clonmel and Glasgow will allow participation in the opportunity presented by craft beers

For defined terms and other notes see page 13

PERFORMANCE REVIEW & OUTLOOK

Stephen Glancey, C&C Group CEO, commented:
"We are pleased to deliver solid earnings growth and strong free cash flow for the period. During this transition phase, our objective is to move towards a multi-beverage model in our domestic markets; and to position the business to participate in meaningful international category growth.

Following a weak first quarter, the Group recorded an improved performance in each of our domestic markets in the second quarter aided by warmer summer weather. While we continue to focus on operating efficiency, operating expenses in the period include significant investment in future areas of growth including Shepton Mallet Cider Mill and our US cider business.

During the period, we achieved volume and revenue growth in the Republic of Ireland as the Bulmers brand outperformed the broader LAD market. Encouragingly the on-trade channel outperformed the off-trade for the first time in seven years. The integration of the Gleeson business is progressing to plan and our transition to a multi-beverage model is expected to deliver meaningful synergies over the coming years. We are also investing in a craft brewery on our site in Clonmel to participate in the medium term opportunity presented by Irish craft beers. C&C is supportive of attempts by the Irish Government to tackle irresponsible alcohol consumption. We welcome the National Alcohol Strategy and will work with the Government and other stakeholders in support of the aims outlined in the plan.

The Tennent's business is performing well. We are broadening our brand portfolio, investing in trade lending and delivering volume growth in the Independent Free Trade (IFT). The performance of Caledonia Best, now over 12% of ale volumes in the IFT channel and our recently launched Heverlee handcrafted premium Belgian beer is also encouraging. Our model in Scotland continues to evolve towards a full multi-beverage platform and further progress has been made in the period with the investment in Wallaces Express in March. We also launched our own on-trade wine portfolio in the Scottish market and have been encouraged by initial progress.

Tennent's provides a degree of balance to a competitive UK cider market. While Magners volume performance improved in the second quarter, fundamentals in the UK cider market remain challenging. In the period we took a decision to invest in the Magners brand to retain its strong brand identity as the leading, premium cider. Despite competitor challenges Magners remains the number one UK modern cider by volume and by value. We are also investing over €3m this year in the new sales team and brand support at the Shepton Mallet Cider Mill. While early days, we are beginning to make progress with both the Addlestones and Blackthorn brands. A broader cider portfolio will be a distinguishing factor for C&C in the evolution of the cider market in the UK and Ireland.

We continue to make significant progress on the integration and re-positioning of our US operations. Construction of our new cidery in Vermont is progressing to plan and is due to open in April. The more complicated process of consolidating distributors will be complete by the year end and will help better position our portfolio for growth. Our fundamental assumptions about the attractiveness of the cider category in the US and the broader international opportunity for our cider portfolio remain unchanged.

FY 2014 is a transition period for C&C. Integration and performance of recently acquired businesses is a core focus. We are transitioning to a multi-beverage model in our domestic markets and continue to position the business to capitalise on international category growth. We will focus on continued operating efficiency, deliver earnings growth and enjoy the benefits of a strong balance sheet. We are pleased to re-affirm guidance to deliver full year earnings growth of between 10% and 16%, implying an operating profit range of €125 million to €132 million."

About C&C Group plc

C&C Group plc is a manufacturer, marketer and distributor of branded cider and beer. The Group manufactures Bulmers, the leading Irish cider brand, Magners, the premium international cider brand, Gaymers cider and the Shepton Mallet Cider Mill range of English ciders and the Tennent's beer brand. C&C Group also owns Woodchuck and Hornsby's, two of the leading craft cider brands in the United States. The Group's Irish wholesaling subsidiary, Gleeson Group, manufactures Tipperary Water and Finches soft drinks. The Group 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 current expectations about future financial performance and economic and market conditions which C&C believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on pages 14 to 15 that could cause actual results to differ materially from those anticipated.

Conference Call Details - Analysts & Institutional Investors

C&C Group Plc will host a presentation for analysts and institutional investors, today, **30 October 2013**, at **09.00 GMT (05.00 EDT)** at Davy, Level 13, Dashwood House, 69 Old Broad Street, London EC2M 1QS.

A live presentation and Q&A session is also available via conference call on:

Ireland	**+353 1 436 4265**
UK & Europe	**+44 208 817 9301**
USA	**+1 718 354 1226**

Conference Call Details - Media

Management will host a newswire conference call today at 08.00 GMT which can be accessed using the dial-in details below.

Ireland	+353 1 436 4265
UK & Europe	+44 208 817 9301

Management will also host a conference call for media today at 11.30 GMT which can also be accessed using the dial-in details below.

Ireland	+353 1 436 4265
UK & Europe	+44 208 817 9301

For all conference call replay numbers, please contact FTI Consulting.

Contacts

- **C&C Group plc:** Alan Daly | Head of IR | Tel: +353 1 654 6239, Email: alan.daly@candcgroup.ie
- **Investors & Analysts:** Mark Kenny/Jonathan Neilan | FTI Consulting | Tel: +353 1 663 3686, Email: CandCGroup.SC@fticonsulting.com
- **Media Dublin:** Paddy Hughes | Drury | Tel: +353 1 260 5000 | Email: paddy.hughes@drury.ie
- **Media London:** Shanshan Willenbrock | Cardew Group | Tel: +44 20 7930 0777, Email: robert.ballantyne@cardewgroup.com

KEY FINANCIALS

OPERATIONS (before exceptional items)	**H1 FY 14**	**H1 FY 13**			
Total Volumes (excluding Gleeson)	**Volume kHL**	**Volume kHL**	**% change**		
- *ROI (excluding Gleeson)*	347	338	2.7%		
- *Cider – UK*	608	707	(14.0%)		
- *Tennent's UK*	646	686	(5.8%)		
- *International*	281	159	76.7%		
- *Third Party Brands UK*	502	462	8.7%		
Total Volumes	**2,384**	**2,352**	**1.4%**		
Total Volumes (excluding Gleeson and VHCC)	***2,244***	***2,352***	***(4.6%)***		
Total Volumes (C&C Branded Products)	***1,855***	***1,863***	***(0.4%)***		
	H1 FY 14	**H1 FY 13 (restated)[i]**		**Constant currency [vii]**	
	€m	**€m**	**% change**	**€m**	**% change**
Including Acquisitions					
Net Revenue	336.7	263.4	27.8%	252.5	33.3%
Adjusted EBITDA [iii]	82.8	76.2	8.7%		
Operating profit[i]	71.1	65.9	7.9%	65.1	9.2%
Operating margin	*21.1%*	*25.0%*	(3.9ppts)	*25.8%*	(4.7ppts)
Excluding Acquisitions					
Net Revenue	235.3	263.4	(10.7%)	252.5	(6.8%)
Operating profit[i]	62.2	65.9	(5.6%)	65.1	(4.5%)
Operating margin	*26.4%*	*25.0%*	1.4ppts	*25.8%*	0.6ppts
Operations	**Cent**	**Cent**			
Basic Earnings per Share	12.5	16.6			
Adjusted Basic Earnings per Share[v]	16.6	16.6			
Adjusted Diluted Earnings per Share[v]	16.3	16.2			
Dividend per Share	4.3	4.0	7.5%		

Reported results for the six months ended 31 August 2013 show a net revenue increase of 27.8% and an operating profit[i] increase of 7.9% to €71.1 million. On a constant currency[vii] basis, net revenue and operating profit[i] increased 33.3% and 9.2% respectively. Operating margin declined 3.9 percentage points from 25.0% to 21.1%; largely reflecting the impact of the acquired, lower margin Gleeson business.

Excluding the benefit of acquisitions, net revenue for the first half declined 10.7% to €235.3 million and operating profit declined 5.6% to €62.2 million. Operating margin increased 1.4 percentage points from 25.0% to 26.4% highlighting the continued focus on efficiencies and operating cost reduction. On a constant currency basis[vii], net revenue and operating profit[i] declined 6.8% and 4.5% respectively.

The Group has a strong cash generation capability and delivered free cash flow[ii] of €59.7 million in the first six months of the year. This equates to a healthy 72% conversion ratio of free cash flow[ii] to adjusted EBITDA[iii]. This reflects tighter working capital management and the cash generation profile of our domestic markets. Full year free cash flow[ii] conversion is expected to be within the range of 60% to 70%.

Adjusted diluted earnings per share[v] increased by 1% on the prior period.

The Group has a progressive dividend policy. The proposed interim dividend is 4.3 cent per share and represents a 7.5% increase on the prior period. This represents a payout of 26.4% of reported adjusted diluted earnings per share[v] for the first half (H1 2013:24.7%). The interim dividend will be paid on 23 December 2013 to ordinary shareholders registered at the close of business on 8 November 2013. A scrip dividend alternative will be available to shareholders.

For defined terms and other notes see page 13

DIVISIONAL REVIEW

Republic of Ireland (ROI)

Constant currency[vii]	ROI				
	H1 FY 14			H1 FY 13	
	C&C	Gleeson	Total		Change (excluding Gleeson)
	€m	€m	€m	€m	%
Revenue	80.0	101.2	**181.2**	73.6	8.7%
Net revenue	52.2	81.2	**133.4**	51.3	1.8%
- Price /mix impact					*(0.9%)*
- Volume impact					*2.7%*
Operating profit[i]	25.2	3.0	**28.2**	22.5	12.0%
Operating margin (Net revenue)	*48.3%*	*3.7%*	***21.1%***	*43.9%*	*4.4ppts*
Volume (excluding Gleeson) – (kHL)	347			338	2.7%

LAD category[vi]: In the six months to August, volumes of Long Alcoholic Drinks (LAD) in ROI declined by 2%. Over the past 18 months the gap in channel performance has been narrowing, and for the first time in 7 years, on-trade LAD volumes relatively outperformed, declining by 1% with the off-trade channel declining by 2%. This was despite a strong summer trading period driven by good weather which disproportionately benefits 'take home' consumption. The value growth trend for LAD of 3% reflects an improvement in the period as price increases were implemented by the market leading brands for the first time in several years. In the six months to August, Cider sales volume growth of 5% significantly outperformed the LAD market, primarily benefiting from the good summer weather.

Total ROI (excluding Gleeson): The Group's LAD volume in ROI increased 16.8% in the second quarter compared with a decline of 11.5% in the first. In addition, the rate of price/mix deflation improved from 1.5% in the first quarter to 0.1% in the second, reflecting the benefit of an early summer on-trade cider price increase.

Operating profit[i][vii] grew 12.0% to €25.2 million with margin expanding 4.4 percentage points to 48.3%. The margin improvement was driven by a combination of cost control and reduced brand investment. The increased investment in frontline sales staff through the Gleeson acquisition reduces the need for headline brand investment. Despite reduced spend, the brand health of Bulmers remains strong. A fresh TV campaign *'Now is a good time'* was launched in May and investment in event sponsorship continues to keep the brand vibrant.

Cider ROI: Despite a weak first quarter, net revenue grew by 1% in the first half and volume growth for the period was 2.5% as consumption benefitted from the good summer weather. A combination of an on-trade price increase and off-trade volumes that were less dependent on promotional activities benefitted price mix. Bulmers share (by MAT) of the LAD market[vi] increased by 60 basis points to 9.7% in the period.

Beer ROI: The Group's beer portfolio continued to grow in ROI in the first half. Volumes grew by 3.6% in a beer market[vi] that declined by 3% in the period. On-trade volumes grew by 25.1% in the period benefitting from increased distribution and improving rates of sale in new trade loan accounts. The Group has recently announced investment in a new craft brewery in Clonmel which will enable production of an exciting new range of craft beers, ales and stouts for this growing Irish market.

Gleeson: The Gleeson business performed in line with expectations in the period despite the disruption of ongoing integration. Branded soft-drinks and water volumes benefited from the warm summer, as did the LAD wholesaling operation. This helped offset the underperformance of the Gilbeys wine business which suffered declining volumes in line with the Irish wine market due, primarily, to the significant duty increase in the 2012 budget. Integration is progressing well and will deliver efficiencies and cost savings for the ROI business which include the development of a commercial support centre, headcount reduction and the delivery of all C&C draught volume through Gleeson.

For defined terms and other notes see page 13

Cider – United Kingdom (UK)
Operations Review

Constant Currency[vii]	**H1 FY 14**	**Cider UK** **H1 FY 13**	**Change**
	€m	**€m**	%
Revenue	92.4	109.4	(15.5%)
Net revenue	63.7	78.1	(18.4%)
- Price /mix impact			*(4.4%)*
- Volume impact			*(14.0%)*
Operating profit[i]	13.7	19.9	(31.2%)
Operating margin (Net revenue)	*21.5%*	*25.5%*	(4.0ppts)
Volume – (kHL)	608	707	(14.0%)

Cider category[vi]**:** The UK cider market returned to growth in the six months to August with the benefit of the good summer weather. First quarter performance was weak but a strong second quarter contributed to category growth in the first half of 2%. Apple cider volumes declined 4% while pear cider volume grew by 9%. Flavoured cider volume growth was exceptionally strong in the first half at 49%.

Cider UK: Following a difficult first quarter with a volume decline of 22.2%, the second quarter improved relatively with a volume decline of 6.6% on the prior period. This resulted in a total first half volume decline of 14.0%. Net revenue declined 18.4% with a decline in price/mix of 4.4%. Despite further price investment, the total volume performance reflects the intensity of price competition in the UK market.

Operating profit[i][vii] declined by 31.2% to €13.7 million with operating margin decreasing by 4.0ppts to 21.5%, as brand investment levels were maintained at over 16% of net sales value (NSV) despite falling revenues. There was also an additional commercial investment in sales staff and brand marketing of €2 million, as described below. While this impacted profitability in the period, the medium term opportunity in regional, craft and niche cider brands remains compelling.

Magners UK: The Magners brand underperformed the market with volume declining 10.4% in the first half. An improved second quarter performance saw volumes decline 1.9% following a weak first quarter of trading. Volume declines within the multiple grocer channel of the off-trade were primarily due to a reduction of share across promotional deals. Volume declines in the on-trade reflect the impact of competition from the major brewers' brands in the market during the period.

The Magners brand remains in good health, supported by a brand investment level equating to a very competitive double digit percentage of net sales revenue. The decision was taken to invest in the Magners brand with a new TV campaign to retain its strong identity. Despite competitor challenges Magners remains the number one modern cider in the UK market. C&C will continue to invest in the brand while reducing operating costs to stabilise margin.

Gaymers and Shepton Mallet Cider Mill (SMCM) Portfolio: Gaymers and the SMCM branded portfolio declined by 19.3% in the period, as standard cider lost ground to fruit flavoured variants. At the start of the year the SMCM trading division was created as a separate business division within the Group. The business now has its own dedicated sales and marketing infrastructure and is focused on the development of the regional, craft and specialist cider brands within the UK cider portfolio. Addlestones volume performance year to date has been encouraging and it is expected that the performance of Blackthorn and Olde English will improve in the second half of the year.

For defined terms and other notes see page 13

Tennent's UK
Operations Review

Constant Currency[vii]	**Tennent's UK** **H1 FY 14**	**H1 FY 13**	**Change**
	€m	**€m**	%
Revenue	109.2	114.5	(4.6%)
Net revenue	52.7	54.0	(2.4%)
- Price /mix impact			*3.4%*
- Volume impact			*(5.8%)*
Operating profit[i]	16.6	15.2	9.2%
Operating margin (Net revenue)	31.5%	28.1%	3.4ppts
Volume – (kHL)	646	686	(5.8%)

Scottish and Northern Irish beer markets[vi]**:** In the six months to August, beer volumes in Scotland declined 5%. Volume performance was better in the off-trade, which was broadly flat, compared to an on-trade decline of 9% in the period. Value of sales in Scotland declined by 3% for the market in the period. Robust market data are not available for Northern Ireland.

Tennent's UK: Tennent's UK continued to perform well in the period. The overall volume decline of 5.8% was driven by the ongoing pursuit of increased value in off-trade and pub chain channels resulting in a positive price/mix of 3.4% and limiting the net revenue decline to 2.4% in the period.

In Scotland there was volume growth in the key channels. The significant investment in the trade loan book in Scotland and the strong health of the Tennent's brand there allowed for a reduction in headline brand investment in the period. Operating profit grew 9.2% to €16.6m and margin improved by 3.4 percentage points to 31.5%.

Tennent's Lager volume sold to the Independent Free Trade (IFT) channel in Scotland grew by 2% in the period. Distribution improved for the brand supported by a net €8.7m incremental investment in trade lending. For the third year in succession, there was no wholesale price increase on Tennent's.

Caledonia Best continues to perform strongly with growth of 39% in the period and the brand is now stocked in c. 1,725 outlets in Scotland. Its share of Ale in IFT continues to grow and data for the last 13 weeks suggest share has grown to over 12% of that channel.

Heverlee, the Group's handcrafted premium Belgian beer brand, has been introduced in the on-trade in Scotland and Northern Ireland and there are currently over 250 stockists, with a strong rate of sale to date.

Wallaces, in which the Group has a 50% investment, performed in line with expectations over the period.

In Northern Ireland, the Tennent's business continued to perform well but net revenue and operating profit were impacted by reduced volumes in a challenging on-trade market. Tennent's Lager is now the leading draught lager and the rollout of Heverlee, Hornsby's and Caledonia Smooth into Northern Ireland has been very encouraging.

For defined terms and other notes see page 13

International Operations Review

Constant Currency[vii]	International				
	H1 FY 14			H1 FY 13	Change (Excluding VHCC)
	C&C	**VHCC**	**Total**		
	€m	**€m**	**€m**	**€m**	%
Revenue	20.0	21.4	**41.4**	23.3	(14.2%)
Net revenue	19.8	20.2	**40.0**	23.1	(14.3%)
- Price /mix impact					*(3.0%)*
- Volume impact					*(11.3%)*
Operating profit[i]	3.8	5.9	**9.7**	4.2	(9.5%)
Operating margin (Net revenue)	*19.2%*	*29.2%*	***24.3%***	*18.2%*	*1.0ppt*
Volume – (kHL)	141	140	**281**	159	(11.3%)

International: In the first half, C&C delivered 76.7% volume growth in international markets including the benefits of the acquisition of Vermont Hard Cider Company. Net revenue grew 73.2%.

Operational integration in the US is largely complete with production, packaging, logistics and support functions now based from a single site in Vermont. Re-positioning of the US cider business includes marketing, packaging and increased salesforce initiatives. The complex process of consolidating distributors across most US States has been more disruptive than expected. This has adversely affected the volume performance of the business. In particular the on-trade channel has seen disruption to our key Woodchuck and Magners brands at a time when competition is intensifying. The recent initiatives will drive improved performance in 2014 and beyond.

US Woodchuck: Volumes increased 3% in the period. The underperformance compared to the category reflects primarily on-trade volume losses. While first half volume growth rates remain subdued relative to the category, Woodchuck growth rates in key channels such as multiple retailers remain encouraging at+20% MAT[viii]. Woodchuck remains a market-leading brand and recently won a "Hot Brand" award for the seventh consecutive year from the National Beer Wholesalers Association (NBWA) in Las Vegas Nevada.

US Magners: Reported volumes declined 28% in the period, as a result of operational changes to the way Magners is distributed in the US and a shortening of the supply chain. Volumes were also impacted by the ongoing distributor consolidation programme. It is expected that Magners will return to shipment growth in the second half. Magners also recently won its second "Hot Brand" award from the NBWA.

US Hornsby's: Volumes declined 33% in the period as the Hornsby's brand lost volume and consumers as a result of the impact of business integration and the consolidation of distributors. New pack variants are being introduced to the market and a stronger performance is expected in the second half.

Cider other markets: Route to market has been an issue in Australia preventing Magners from performing in a vibrant cider category. The Group is confident that this issue has been resolved and expects a strong performance over the coming summer period in Australia. Spain had a weak first half but volumes in Asia grew strongly during the first half, albeit off a low base.

Tennent's: Volumes internationally declined in the period against tough comparisons as there was a significant stock build in the prior period as part of the launch with the new distributor in Italy. The brand is doing well in the Italian market and the shipment profile is expected to smooth out over the second half year. The launch of Tennent's stout and whisky oak beer should also contribute to an improved performance in the second half.

For defined terms and other notes see page 13

Third Party Brands UK
Operations Review

Constant Currency[vii]	**Third Party Brands UK**		
	H1 FY 14	**H1 FY 13**	**Change**
	€m	**€m**	%
Revenue	62.2	59.1	5.2%
Net revenue	46.9	46.0	2.0%
- Price /mix impact			*(6.7%)*
- Volume impact			*8.7%*
Operating profit[i]	2.9	3.3	(12.1%)
Operating margin (Net revenue)	6.2%	7.2%	*(1.0ppts)*
Volume – (kHL)	502	462	8.7%

Third Party Brands UK: This segment relates to the distribution of third party products in the UK and the production and distribution of private label brands in the UK. Net revenue grew 2.0% in the period with volume growth of 8.7% but price/mix declined by 6.7% mainly due to margin reduction on agency brands. Operating profit declined by 12.1%.

Agency: Volume growth on agency brands was 7.6 % in the period due to a strong performance in Scotland and the addition of the Waverley wine brands to the portfolio. However, net revenue declined by 1.5% in the period with particular pressure on pricing in Northern Ireland on the AB InBev portfolio against very competitively priced product coming in from Great Britain.

Private Label: Private label accounted for 66.3% of the total third party volume which is in line with last year. A number of new contracts for cider and beer helped push volume up 9.2% in the period. Price/mix improved by 1.8%, reflecting improved commercial terms on more recent contracts.

For defined terms and other notes see page 13

Comparative Reporting in Constant Currency

Comparisons for Revenue, Net revenue and Operating profit for each division in the Operations Review are shown at constant currency exchange rates by restating the prior period at current period effective exchange rates. The impact of restating currency exchange rates on the results for the period ended 31 August 2012 is as follows:-

	Period ended 31 August 2012 €m	**FX Transaction €m**	**FX Translation €m**	**Period ended 31 August 2012 Constant currency comparative €m**
Revenue				
ROI	73.6	-	-	**73.6**
Cider UK	115.7	-	(6.3)	**109.4**
Tennent's UK	121.3	-	(6.8)	**114.5**
International	23.8	(0.3)	(0.2)	**23.3**
Third party brands UK	62.6	-	(3.5)	**59.1**
Total	**397.0**	**(0.3)**	**(16.8)**	**379.9**
Net revenue				
ROI	51.3	-	-	**51.3**
Cider UK	82.6	-	(4.5)	**78.1**
Tennent's UK	57.2	-	(3.2)	**54.0**
International	23.6	(0.3)	(0.2)	**23.1**
Third party brands UK	48.7	-	(2.7)	**46.0**
Total	**263.4**	**(0.3)**	**(10.6)**	**252.5**
Operating profit				
ROI[(i)]	22.2	0.3	-	**22.5**
Cider UK	19.9	0.2	(0.2)	**19.9**
Tennent's UK	16.1	-	(0.9)	**15.2**
International	4.2	0.1	(0.1)	**4.2**
Third party brands UK	3.5	-	(0.2)	**3.3**
Total	**65.9**	**0.6**	**(1.4)**	**65.1**

For defined terms and other notes see page 13

FINANCIAL REVIEW

Exceptional Items

During the current financial period, the Group incurred €3.1m of costs directly attributable to the acquisition and subsequent integration of the recently acquired Vermont Hard Cider Company, LLC ("VHCC") in the United States and M. & J. Gleeson (Investments) Limited ("Gleeson") and its subsidiaries in Ireland. In addition a decision was taken to redeploy a bottling line from the Group's Clonmel plant to its Shepton Mallet plant and costs of €6.5m were incurred in this regard during the period. Restructuring costs, comprising severance and other items arising from cost-cutting initiatives and the integration of the acquired businesses, resulted in an exceptional charge before tax of €5.2m in the period. In August 2013, the Group transferred from a standard listing to a premium listing on the Official List of the UK Listing Authority incurring costs of €0.7m.

Taxation

In line with IAS 34 *Interim Financial Reporting* the interim income tax rate of 15% reflects the current estimate of the average annual effective income tax rate.

Financing Costs

Net finance charges of €5.1m (2012: €1.8m) were incurred in the period reflecting the increase in average drawn debt during the period following the acquisitions of VHCC and Gleeson.

Under the terms of its 2012 facility agreement, the Group pays a commitment fee based on 40% of the applicable margin on undrawn committed amounts and variable interest on drawn amounts based on variable Euribor/Libor interest rates plus a margin, the level of which is dependent on the net debt:EBITDA ratio, plus a utilisation fee, the level of which is dependent on percentage utilisation. The Group may select an interest period of one, two, three or six months.

Pensions

In compliance with IFRS, the net assets and actuarial liabilities of the Group's defined benefit pension schemes, computed in accordance with IAS 19 *Employee Benefits*, are included on the face of the Group balance sheet under retirement benefit obligations.

In FY 2012 the Group worked with the Pension Scheme Trustees to implement pension reform in order to manage the Group's funding risk. The process concluded with the Pensions Board issuing a Section 50 directive to remove the mandatory pension increase rule, which guaranteed 3% per annum increase to certain pensions in payment, and replaced it with guaranteed pension increases of 2% per annum for each of the 3 years 2012, 2013 and 2014 and thereafter future pension increases to be awarded on a discretionary basis.

A Funding Proposal was also approved by the Pensions Board which commits the Group to contributions of 14% of Pensionable Salaries to fund future pension accrual of benefits; a deficit contribution of €3.4m; and an additional supplementary deficit contribution of €1.9m which C&C reserves the right to reduce or terminate on consultation with the Trustees and on advice from the Scheme Actuary that it is no longer required due to a correction in market conditions. The level of future funding commitment is in line with current funding levels. The Directors believe that the agreed plan will enable the schemes to meet the Minimum Funding Standard by 31 December 2016.

At 31 August 2013, the retirement benefit obligations on the revised IAS 19 basis amounted to €33.3m. The valuation of the scheme liabilities increased, primarily as a result of a market reduction in discount rates in ROI, which reduced from 3.8% - 4.25% at 28 February 2013 to 3.6%-3.85% at 31 August 2013.

Dividends & Dividend Policy

The Board declared a final dividend of 4.75 cent per share for the financial year ended 28 February 2013 resulting in a full year dividend for that financial year of 8.75 cent per share and representing a payout of 31.6% of adjusted diluted earnings per share. The dividend was paid to shareholders on 12 July 2013 and was settled €15.0 million in cash and €1.2 million by way of the scrip alternative.

In line with the Group's policy of pursuing a progressive dividend policy, the Board has declared an interim dividend of 4.3 cent per share for the financial year ending 28 February 2014, an increase of 7.5% on the FY13 interim dividend, for payment on 23 December 2013 to shareholders registered at the close of business on 8 November 2013. Dividends declared but unpaid at the date of approval of the financial statements are not recognised as a liability at the balance sheet date. A scrip alternative will be offered to shareholders.

Cash Generation

The Group generated Free Cash Flow(ii) of €59.7 million in the period representing 72.1% (2012: 29.1%) of adjusted EBITDA(iii) and ended the period in a net debt(iv) position of €147.5 million.

The conversion ratio of Free Cash Flow(ii) to adjusted EBITDA(iii) was impacted by a number of factors including the positive impact on working capital from the sale of an element of the Group's receivable book, the negative impact of increased investment in trade lending and capital expenditure, and the negative impact of increased exceptional spend in connection with the recent acquisitions of VHCC and Gleeson and the redeployment of the bottling line. Taxation payments increased in line with an increased proportion of UK taxable profits and the expiration of UK accelerated capital allowances. The full year free cash flow conversion ratio is expected to be between 60% and 70%.

Summary cash flow for the six months ended 31 August 2013 is set out below:

	Six months ended 31 August 2013	Six months ended 31 August 2012 (restated)(i)
	€m	€m
Operating profit before exceptional items (i)	**71.1**	65.9
Depreciation & amortisation charge	**11.7**	10.8
Unwinding of discount on provisions	**-**	(0.5)
Adjusted EBITDA(iii)	**82.8**	76.2
Net capital expenditure	**(15.0)**	(12.8)
Advances to customers	**(10.0)**	(7.1)
Working capital movement	**25.7**	(24.3)
	83.5	32.0
Exceptional items	**(9.5)**	(2.7)
Net finance charges/ tax paid	**(10.0)**	(5.6)
Other(ix)	**(4.3)**	(1.5)
Free Cash Flow(ii) (FCF)	**59.7**	22.2
FCF/EBITDA	***72.1%***	*29.1%*
Reconciliation to Group Condensed Cash Flow Statement		
Free Cash Flow(ii) (FCF)	**59.7**	22.2
Acquisition of brand & equity accounted investee	***(12.0)***	*(4.9)*
Acquisition of businesses	***(8.6)***	*-*
Proceeds from exercise of share options	***1.4***	*2.5*
Dividends paid	***(15.0)***	*(12.5)*
Drawdown of debt	***72.1***	*-*
Repayment of debt	***(57.0)***	*(60.0)*
Net increase/(decrease)in cash & cash equivalents	***40.6***	*(52.7)*

For defined terms and other notes see page 13

Notes

(i) Operating profit excludes exceptional items. Prior period operating profit has been restated on adoption by the Group of revised IAS 19 *Employee Benefits*, please see Note 1 to the condensed interim financial statements on page 22. This impacted the ROI segment only.
(ii) Free Cash Flow is a non GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. Free Cash Flow highlights the underlying cash generating performance of the on-going business. A reconciliation of FCF to Net Movement in Cash & Cash Equivalents per the Group's Cash Flow Statement is set out on page 12.
(iii) Adjusted EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation and amortisation charges. A reconciliation of operating profit to EBITDA is set out on page 12.
(iv) Net debt comprises borrowings (net of issue costs) less cash
(v) Adjusted earnings per share ('EPS') excludes exceptional items. Prior period EPS has been adjusted in line with the prior period restatement of operating profit on adoption by the Group of revised IAS 19 *Employee Benefits* as outlined in Note 1 on page 22.
(vi) Per Nielsen/CGA
(vii) On a constant currency basis; constant currency calculation is set out on page 10.
(viii) Per Symphony IRI
(ix) 'Other' relates to share options add back, pensions charged to operating profit less contributions paid and profit on disposal of plant & equipment. In the prior year these items were originally classified as a working capital movement but have now been reclassified out of 'working capital movement' to 'other'.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group's businesses are as set out in the 2013 Annual Report and repeated below for convenience.

The Group considers that currently the most significant risks to its results and operations over the short term are (a) strategic failures, (b) economic conditions affecting consumer spending and confidence and (c) failure to attract and retain high-performing employees.

The risks and uncertainties repeated below continue to be the principal risks and uncertainties facing the Group.

Risks and uncertainties relating to strategic goals

• The Group's strategy is to focus upon earnings growth through organic growth, acquisitions and joint ventures and entry into new markets. These opportunities may not materialise or deliver the benefits or synergies expected and may present new social and compliance risks. The Group seeks to mitigate these risks through due diligence, careful investment and continuing monitoring post-acquisition.

Risks and uncertainties relating to revenue and profits

• The majority of the Group's revenue derives from Ireland and the UK, where economic growth is slow. The Group seeks to mitigate this risk through changes to its business model, geographical diversification into higher growth markets and through acquisitions and joint ventures offering costs synergies.

• Economic conditions in the Group's principal markets may affect consumer spending and confidence. The Group seeks to mitigate these risks through careful forecasting and regular monitoring of market conditions and by maximising operating efficiency.

• Customers, particularly in the on-trade where the Group has exposure through advances to customers, may experience financial difficulties. The Group monitors the level of its exposure carefully.

• Consumer preference may change, new competing brands may be launched and competitors may increase their marketing or change their pricing policies. The Group has a programme of brand investment and innovation to maintain and enhance the market position of its products.

• Seasonal fluctuations in demand, especially an unseasonably bad summer in Ireland or the UK, could materially affect demand for the Group's cider products. Geographical diversification is helping to mitigate this risk.

Risks and uncertainties relating to costs and production

• Input costs may be subject to volatility and inflation and the continuity of supply of raw materials may be affected by the weather and other factors. The Group seeks to mitigate some of these risks through long term or fixed price supply agreements. The Group does not seek to hedge its exposure to commodity prices by entering into derivative financial instruments.

• Circumstances such as the loss of a production or storage facility or disruptions to its supply chains or critical IT systems may interrupt the supply of the Group's products. The Group seeks to mitigate the operational impact of such an event by the availability of multiple production facilities, fire safety standards and disaster recovery protocols, and the financial impact of such an event through business interruption and other insurances.

Financial risks and uncertainties

• There is continued concern surrounding the euro currency. 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. Fluctuations in value between the euro and these currencies may affect the Group's revenues and costs. The Group seeks to mitigate currency and interest rate risks, where appropriate, through hedging and structured financial contracts to hedge a portion of its foreign currency transaction exposure and to fix a portion of its variable rate interest exposure. The Group has not entered into structured financial contracts to hedge its translation exposure on its foreign acquisitions.

• The Group's shares have a primary listing on the Irish Stock Exchange and are denominated in euro and the continued economic crisis may affect liquidity. The Group keeps its listings under review[(i)].

• The solvency of the Group's defined benefit pension schemes may be affected by a fall in the value of their investments, market and interest rate volatility and other economic and demographic factors. Each of these factors may require the Group to increase its contribution levels. The Group seeks to mitigate this risk by continuous monitoring, taking professional advice on the optimisation of asset returns within agreed acceptable risk tolerances and implementing liability management initiatives such as the reduction in member contractual benefits approved by the Pensions Board in February 2012.

(i) In August 2013, the Group transferred from a standard listing to a premium listing on the Official List of the UK Listing Authority,

Fiscal, regulatory and liability-related risks and uncertainties

• The Group may be adversely affected by changes in excise duty or taxation on cider and beer in Ireland, the UK, the US and other territories.

• The Group may be adversely affected by changes in government regulations affecting alcohol pricing, sponsorship or advertising. Within the context of supporting responsible drinking initiatives, the Group supports the work of its trade associations to present the industry's case to government.

• The Group's operations are subject to extensive regulation, including stringent environmental, health and safety and food safety laws and regulations and competition law. Legislative non-compliance or adverse ethical practices could lead to prosecutions and damage to the reputation of the Group and its brands. The Group has in place a permanent legal and compliance monitoring and training function and an extensive programme of corporate responsibility.

• The Group is vulnerable to contamination of its products or base raw materials, whether accidental, natural or malicious. Contamination could result in a recall of the Group's products, damage to brand image and civil or criminal liability. The Group has established protocols and procedures for incident management and product recall and mitigates the financial impact by appropriate insurance cover.

• Fraud, corruption and theft against the Group whether by employees, business partners or third parties are risks, particularly as the Group develops internationally. The Group maintains appropriate internal controls and procedures to guard against economic crime and imposes appropriate monitoring and controls on subsidiary management.

Employment-related risks and uncertainties

• The Group's continued success is dependent on the skills and experience of its executive Directors and other high-performing personnel, including those in newly acquired businesses, and could be affected by their loss or the inability to recruit or retain them. The Group seeks to mitigate this risk through appropriate remuneration policies and succession planning.

• Whilst relations with employees are generally good, work stoppages or other industrial action could have a material adverse effect on the Group. The Group seeks to ensure good employee relations through engagement and dialogue.

STATEMENT OF THE DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT

We confirm our responsibility for the half yearly financial report and that to the best of our knowledge:

- the condensed set of financial statements comprising the condensed income statement, the condensed statement of comprehensive income, the condensed balance sheet, the condensed cash flow statement, the condensed statement of changes in equity and the related notes have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU;

- the interim management report includes a fair review of the information required by:

  (a) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007,

  - being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and,
  - a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007,

  - being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and,
  - any changes in the related party transactions described in the last Annual Report that could do so.

The Group's auditor has not audited or reviewed the condensed financial statements or the remainder of the half-yearly financial report.

On behalf of the Board

Sir B. Stewart
Chairman

S. Glancey
Chief Executive Officer

30 October 2013

Group Condensed Income Statement
for the six months ended 31 August 2013

	Notes	**Six months ended 31 August 2013**			Six months ended 31 August 2012 (restated)		
		Before exceptional items €m	**Exceptional items (Note 4) €m**	**Total €m**	Before exceptional items €m	Exceptional items (Note 4) €m	Total €m
Revenue	2	**486.4**	**-**	**486.4**	397.0	-	397.0
Excise duties		**(149.7)**	**-**	**(149.7)**	(133.6)	-	(133.6)
Net revenue	2	**336.7**	**-**	**336.7**	263.4	-	263.4
Operating costs		**(265.6)**	**(15.5)**	**(281.1)**	(197.5)	(0.1)	(197.6)
Operating profit	2	**71.1**	**(15.5)**	**55.6**	65.9	(0.1)	65.8
Finance income		**-**	**-**	**-**	0.1	-	0.1
Finance expense		**(5.1)**	**-**	**(5.1)**	(1.9)	-	(1.9)
Profit before tax		**66.0**	**(15.5)**	**50.5**	64.1	(0.1)	64.0
Income tax expense	3	**(10.0)**	**1.5**	**(8.5)**	(9.6)	-	(9.6)
Profit for the period attributable to equity shareholders		**56.0**	**(14.0)**	**42.0**	54.5	(0.1)	54.4
Basic earnings per share (cent)	5			**12.5c**			16.6c
Diluted earnings per share (cent)	5			**12.2c**			16.2c

Group Condensed Statement of Comprehensive Income
for the six months ended 31 August 2013

	Notes	**31 August 2013 €m**	31 August 2012 (restated) €m
Other comprehensive income and expense			
Items that will never be reclassified to profit or loss:			
Actuarial losses on defined benefit pension obligations	12	**(15.2)**	(24.9)
Deferred tax on actuarial losses on defined benefit pension obligations		**1.9**	3.1
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising on foreign currency borrowings designated as net investment hedges		**1.0**	-
Foreign currency translation differences arising on the net investment in foreign operations		**3.5**	18.1
Net movement in cash flow hedging reserve		**(1.4)**	(1.3)
Deferred tax on cash flow hedges		**0.2**	0.2
Net loss recognised directly within other comprehensive income		**(10.0)**	(4.8)
Profit for the period attributable to equity shareholders		**42.0**	54.4
Comprehensive income for the period attributable to equity shareholders		**32.0**	49.6

Group Condensed Balance Sheet
as at 31 August 2013

	Notes	**31 August 2013**	31 August 2012	28 February 2013 (audited)
		€m	€m	€m
ASSETS				
Non-current assets				
Property, plant & equipment	6	**213.4**	191.0	183.6
Goodwill & intangible assets	8	**717.7**	493.1	707.2
Equity-accounted investees		**14.4**	2.0	2.4
Retirement benefit obligations	12	**0.7**	0.3	0.5
Deferred tax assets		**6.7**	9.4	6.2
Derivative financial assets		**1.9**	1.8	1.4
Trade & other receivables		**42.0**	26.2	31.3
		996.8	723.8	932.6
Current assets				
Inventories		**75.0**	45.0	48.9
Trade & other receivables		**178.2**	141.1	96.1
Derivative financial assets		**0.5**	-	1.7
Cash & cash equivalents		**161.8**	79.6	121.0
		415.5	265.7	267.7
TOTAL ASSETS		**1,412.3**	989.5	1,200.3
EQUITY				
Equity share capital		**3.5**	3.4	3.4
Share premium		**110.4**	96.9	107.9
Other reserves	13	**51.9**	75.2	48.6
Treasury shares	13	**(12.4)**	(16.8)	(12.5)
Retained income	13	**646.4**	596.8	632.3
Total equity		**799.8**	755.5	779.7
LIABILITIES				
Non-current liabilities				
Interest bearing loans & borrowings	9	**308.9**	-	244.4
Derivative financial liabilities		**-**	1.1	1.2
Retirement benefit obligations	12	**34.0**	37.1	22.0
Provisions		**11.1**	11.1	9.4
Deferred tax liabilities		**9.7**	7.7	7.8
		363.7	57.0	284.8
Current liabilities				
Interest bearing loans &borrowings	9	**0.4**	-	-
Derivative financial liabilities		**1.3**	2.2	-
Trade & other payables		**236.0**	161.3	124.1
Provisions		**3.4**	3.3	2.8
Current tax liabilities		**7.7**	10.2	8.9
		248.8	177.0	135.8
Total liabilities		**612.5**	234.0	420.6
TOTAL EQUITY & LIABILITIES		**1,412.3**	989.5	1,200.3

Group Condensed Cash Flow Statement
for the six months ended 31 August 2013

	Six months ended 31 August 2013	Six months ended 31 August 2012 (restated)
	€m	€m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period attributable to equity shareholders	**42.0**	54.4
Finance income	**-**	(0.1)
Finance expense	**5.1**	1.9
Income tax expense	**8.5**	9.6
Depreciation of property, plant & equipment	**11.7**	10.8
Profit on disposal of property, plant & equipment	**(2.6)**	-
Charge for share-based employee benefits	**1.7**	1.7
Pension contributions paid less amount charged to income statement	**(3.4)**	(3.2)
	63.0	75.1
Decrease in inventories	**1.0**	2.4
Increase in trade & other receivables	**(47.1)**	(46.0)
Increase in trade & other payables	**69.3**	12.8
Decrease in provisions	**(1.5)**	(3.7)
	84.7	40.6
Interest received	**-**	0.1
Interest paid and similar costs	**(2.3)**	(2.7)
Income tax paid	**(7.7)**	(3.0)
Net cash inflow from operating activities	**74.7**	35.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(15.0)**	(12.8)
Acquisition of brand	**-**	(2.4)
Acquisition of equity accounted investees	**(12.0)**	(2.5)
Acquisition of businesses	**(8.6)**	-
Net cash outflow from investing activities	**(35.6)**	(17.7)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**1.4**	2.5
Drawdown of debt	**72.1**	-
Repayment of debt	**(57.0)**	(60.0)
Dividends paid	**(15.0)**	(12.5)
Net cash inflow/(outflow) from financing activities	**1.5**	(70.0)
Net increase/(decrease) in cash & cash equivalents	**40.6**	(52.7)
Cash & cash equivalents at beginning of period	**121.0**	128.3
Translation adjustment	**0.2**	4.0
Cash & cash equivalents at end of period	**161.8**	79.6

Group condensed statement of changes in equity
for the six months ended 31 August 2013

			Other reserves								
	Equity share capital €m	Share premium €m	Capital redemption reserve €m	Capital reserve €m	Cash flow hedge reserve €m	Share-based payments reserve €m	Currency translation reserve €m	Revaluation reserve €m	Treasury shares €m	Retained Income (restated) €m	Total €m
At 1 March 2012	3.4	92.0	0.5	24.9	(0.5)	7.2	21.9	3.8	(16.8)	577.8	714.2
Profit for the period attributed to equity shareholders	-	-	-	-	-	-	-	-	-	54.4	54.4
Other comprehensive expense	-	-	-	-	(1.1)	-	18.1	-	-	(21.8)	(4.8)
Total	3.4	92.0	0.5	24.9	(1.6)	7.2	40.0	3.8	(16.8)	610.4	763.8
Dividend on ordinary shares	-	2.4	-	-	-	-	-	-	-	(14.9)	(12.5)
Exercised share options	-	2.5	-	-	-	-	-	-	-	-	2.5
Reclassification of share-based payment reserve	-	-	-	-	-	(1.3)	-	-	-	1.3	-
Equity settled share-based payments	-	-	-	-	-	1.7	-	-	-	-	1.7
At 31 August 2012	3.4	96.9	0.5	24.9	(1.6)	7.6	40.0	3.8	(16.8)	596.8	755.5
Profit for the period attributed to equity shareholders	-	-	-	-	-	-	-	-	-	34.6	34.6
Other comprehensive expense	-	-	-	-	2.8	-	(29.4)	-	-	10.8	(15.8)
Total	3.4	96.9	0.5	24.9	1.2	7.6	10.6	3.8	(16.8)	642.2	774.3
Dividend on ordinary shares	-	4.7	-	-	-	-	-	-	-	(13.5)	(8.8)
Exercised share options	-	1.0	-	-	-	-	-	-	-	-	1.0
Issue of shares following acquisition of subsidiary	-	5.3	-	-	-	-	-	-	-	-	5.3
Reclassification of share-based payments reserve	-	-	-	-	-	(0.9)	-	-	-	0.9	-
Joint Share Ownership Plan	-	-	-	-	-	(0.4)	-	-	0.4	-	-
Sale of shares held by Employee Trust	-	-	-	-	-	-	-	-	3.9	2.7	6.6
Equity settled share-based payments	-	-	-	-	-	1.3	-	-	-	-	1.3
At 28 February 2013	3.4	107.9	0.5	24.9	1.2	7.6	10.6	3.8	(12.5)	632.3	779.7
Profit for the period attributable to equity shareholders	-	-	-	-	-	-	-	-	-	42.0	**42.0**
Other comprehensive expense	-	-	-	-	(1.2)	-	4.5	-	-	(13.3)	**(10.0)**
Total	3.4	107.9	0.5	24.9	-	7.6	15.1	3.8	(12.5)	661.0	**811.7**
Dividend on ordinary shares	-	1.2	-	-	-	-	-	-	-	(16.2)	**(15.0)**
Exercised share options	0.1	1.3	-	-	-	-	-	-	-	-	**1.4**
Reclassification of share-based payment reserve	-	-	-	-	-	(1.6)	-	-	-	1.6	**-**
Joint Share Ownership Plan	-	-	-	-	-	(0.1)	-	-	0.1	-	**-**
Equity settled share based payments	-	-	-	-	-	1.7	-	-	-	-	**1.7**
At 31 August 2013	**3.5**	**110.4**	**0.5**	**24.9**	**-**	**7.6**	**15.1**	**3.8**	**(12.4)**	**646.4**	**799.8**

Notes to the condensed interim financial statements
for the six months ended 31 August 2013

1. Basis of preparation and Accounting policies

The interim financial information presented in this report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. The accounting policies and methods of computation adopted in preparation of the Group Condensed Interim Financial Statements are consistent with recognition and measurement requirements of IFRSs as endorsed by the EU Commission and those set out in the Group's consolidated financial statements for the year ended 28 February 2013 and as described in those financial statements on pages 73 to 83. In addition, the Group has applied revised IAS 19 *Employee Benefits* and IAS 1 (Amendment) – *Presentation of Financial Statements* in the current period. The Group has considered all other new and amended IFRS and IFRIC interpretations, none of which impacted the financial statements or financial performance and position of the Group in the period.

The preparation of the interim financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of contingent assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These condensed consolidated Interim Financial Statements should be read in conjunction with the Group's Annual Report for the year ended 28 February 2013 as they do not include all the information and disclosures required by International Financial Reporting Standards (IFRSs).

The interim financial information for both the six months ended 31 August 2013 and the comparative six months ended 31 August 2012 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 28 February 2013 represents an abbreviated version of the Group's financial statements for that year. Those financial statements contained an unqualified audit report and have been filed with the Registrar of Companies.

The financial information is presented in euro (€), rounded to the nearest million (m). The exchange rates used in translating Balance Sheet and Income Statement amounts were as follows:-

	Six months ended 31 August 2013	Six months ended 31 August 2012	Year ended 28 February 2013
Balance Sheet (euro:sterling closing rate)	**0.854**	0.794	0.867
Income Statement (euro:sterling average rate)	**0.855**	0.808	0.813
Balance Sheet (euro:USD closing rate)	**1.325**	1.261	1.315
Income Statement (euro:USD average rate)	**1.309**	1.274	1.290

Prior year restatement
The Group has applied revised IAS 19 *Employee Benefits* in the current financial period. Under the revised standard, the return on scheme assets is measured using the same discount rate as is used in measuring scheme obligations. The prior period comparative figures have been restated as though this revision had also been applied in the prior period. The impact of the change had no impact on total Comprehensive Income in the prior period attributable to equity shareholders, but it did increase the profit for the period attributable to equity shareholders in the Income Statement by €0.3m, and increase the net loss recognised directly within other comprehensive income in the Group Condensed Statement of Comprehensive Income with respect to actuarial losses on defined benefit pension obligations by €0.3m as outlined in the table below.

	Six months ended 31 August 2012			
	Operating costs	**Operating profit**	**Other comprehensive income & expense**	**Total comprehensive income**
	€m	€m	€m	€m
Previously reported	(197.8)	65.6	(24.6)	49.6
Impact of change	0.3	0.3	(0.3)	-
Currently reported	**(197.5)**	**65.9**	**(24.9)**	**49.6**

2. Segmental analysis

The Group's business activity is the manufacturing, marketing and distribution of alcoholic drinks and five operating segments have been identified in the current period; Republic of Ireland ("ROI"), Cider United Kingdom ("Cider UK"), Tennent's United Kingdom ("Tennent's UK"), International, and Third Party Brands United Kingdom ("Third Party Brands UK").

The CODM, identified as the executive directors comprising Stephen Glancey, Kenny Neison and Joris Brams, assesses and monitors the operating results of segments separately via internal management reports in order to effectively manage the business and allocate resources.

The identified business segments are as follows:-

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

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

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

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

(v) Third Party Brands UK
This segment relates to the distribution of third party brands in the UK and the production and distribution of private label products in the UK. It also includes sales of the Group's wine brands.

The analysis by segment includes both items directly attributable to a segment and those, including central overheads, which are allocated on a reasonable basis in presenting information to the CODM.

Inter-segmental revenue is not material and thus not subject to separate disclosure.

Analysis by reporting segment

	Six months ended 31 August 2013			Six months ended 31 August 2012		
	Revenue €m	**Net revenue €m**	**Operating profit €m**	Revenue €m	Net revenue €m	Operating profit (restated) €m
ROI	**181.2**	**133.4**	**28.2**	73.6	51.3	22.2
Cider UK	**92.4**	**63.7**	**13.7**	115.7	82.6	19.9
Tennent's UK	**109.2**	**52.7**	**16.6**	121.3	57.2	16.1
International	**41.4**	**40.0**	**9.7**	23.8	23.6	4.2
Third Party Brands UK	**62.2**	**46.9**	**2.9**	62.6	48.7	3.5
	486.4	**336.7**	**71.1**	397.0	263.4	65.9
Exceptional expense	**-**	**-**	**(15.5)**	-	-	(0.1)
	486.4	**336.7**	**55.6**	397.0	263.4	65.8

Total assets for the period ended 31 August 2013 amounted to €1,412.3m (2012: €989.5m).

The prior period operating profit figure has been restated by €0.3m as outlined in Note 1. This adjustment impacted the ROI segment and hence the prior period operating profit figure for the ROI segment has been adjusted accordingly. There was no impact on Revenue or Net revenue as a result of this restatement.

Geographical analysis of revenue and net revenue	Revenue		Net revenue	
	Six months ended 31 August 2013	Six months ended 31 August 2012	**Six months ended 31 August 2013**	Six months ended 31 August 2012
	€m	€m	**€m**	€m
Republic of Ireland	**181.2**	73.6	**133.4**	51.3
United Kingdom	**263.8**	299.6	**163.3**	188.5
North America	**30.1**	11.2	**28.7**	11.0
Rest of Europe	**7.8**	6.5	**7.8**	6.5
Rest of World	**3.5**	6.1	**3.5**	6.1
	486.4	397.0	**336.7**	263.4

Geographical analysis of non-current assets

	ROI	UK	Rest of Europe	North America	Rest of World	Total
	€m	€m	€m	€m	€m	€m
31 August 2013						
Property, plant & equipment	83.3	120.3	1.0	8.8	-	**213.4**
Goodwill & intangible assets	130.2	324.6	7.7	249.6	5.6	**717.7**
Equity-accounted investees	-	14.4	-	-	-	**14.4**
Retirement benefit obligations	-	0.7	-	-	-	**0.7**
Deferred tax assets	5.7	-	-	1.0	-	**6.7**
Derivative financial assets	-	1.4	0.5	-	-	**1.9**
Trade & other receivables	1.1	40.9	-	-	-	**42.0**
Total	**220.3**	**502.3**	**9.2**	**259.4**	**5.6**	**996.8**

	ROI	UK	Rest of Europe	North America	Rest of World	Total
	€m	€m	€m	€m	€m	€m
31 August 2012						
Property, plant & equipment	54.8	135.0	-	1.2	-	191.0
Goodwill & intangible assets	120.3	332.4	7.1	27.7	5.6	493.1
Equity-accounted investees	-	2.0	-	-	-	2.0
Retirement benefit obligations	-	0.3	-	-	-	0.3
Deferred tax assets	9.4	-	-	-	-	9.4
Derivative financial assets	0.1	1.7	-	-	-	1.8
Trade & other receivables	-	26.2	-	-	-	26.2
Total	184.6	497.6	7.1	28.9	5.6	723.8

The geographical analysis of revenue and net revenue is based on the location of the third party customers. The geographical analysis of non-current assets, with the exception of Goodwill & intangible assets, is based on the geographical location of the assets. The geographical analysis of Goodwill & intangible assets is allocated based on the country of destination of sales at date of application of IFRS 8 *Operating Segments* or date of acquisition, if later.

Cyclicality of interim results

Operating profit performance in the drinks industry is not characterised by significant cyclicality. Operating profit for the first half is considered to represent approximately 55% of the full year's projected operating profit, which is projected to be in the range of €125m - €132m.

3. Income tax charge

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 15% (six months ended 31 August 2012: 15%).

4. Exceptional items

	Six months ended 31 August 2013	Six months ended 31 August 2012
	€m	€m
Restructuring costs	**(5.2)**	-
Recovery of previously impaired inventory	**-**	1.0
Acquisition & Integration costs	**(3.1)**	(1.1)
Redeployment of line	**(6.5)**	-
Other	**(0.7)**	-
Total loss before tax	**(15.5)**	(0.1)
Income tax credit	**1.5**	-
Total loss after tax	**(14.0)**	(0.1)

(a) Restructuring costs
Restructuring costs, comprising severance and other initiatives arising from cost cutting initiatives and the integration of acquired businesses resulted in an exceptional charge before tax of €5.2m in the current financial period.

(b) Recovery of previously impaired inventory
During the financial year ended 28 February 2009, the Group's stock holding of apple juice of circa 36 months of forecasted future sales was deemed excessive in light of anticipated future needs, forward purchase commitments and useful life of the stock on hand. Accordingly the Group recorded an impairment charge in relation to excess apple juice stocks. During the prior financial period, some of the previously impaired juice stocks were assessed and in light of both quality and expected harvest yields a judgement was taken as to the level of juice stocks expected to be recoverable and used by the Group. Consequently, this stock was written back to operating profit in the prior period at its recoverable value resulting in the recognition of a gain of €1.0m.

(c) Acquisition & Integration costs
During the current financial period, the Group incurred €3.1m of costs directly attributable to the acquisition and subsequent integration of the recently acquired Vermont Hard Cider Company, LLC ("VHCC") in the United States and M. & J. Gleeson (Investments) Limited ("Gleeson") and its subsidiaries in Ireland. In the prior period, the Group incurred consultancy costs of €1.1m in relation to the integration of the acquired Hornsby's brand with the Group's existing business.

(d) Redeployment of line
During the current financial period, a decision was taken to redeploy a bottling line from the Group's Clonmel plant to its Shepton Mallet plant and costs of €6.5m were incurred in the period in this regard.

(e) Other
During the current financial period, the Group transferred from a standard listing to a premium listing on the Official List of the UK Listing Authority, incurring costs of €0.7m.

5. Earnings per ordinary share

	Six months ended 31 August 2013 €m	Six months ended 31 August 2012 (restated*) €m
Earnings as reported	**42.0**	54.4
Adjustments for exceptional items, net of tax	**14.0**	0.1
Earnings as adjusted for exceptional items, net of tax	**56.0**	54.5

Denominator computations	**Number '000**	Number '000
Number of shares at beginning of period	**344,332**	339,275
Shares issued in respect of options exercised	**431**	1,236
Shares issued in lieu of dividend	**251**	686
Number of shares at end of period	**345,014**	341,197
Weighted average number of ordinary shares, excluding treasury shares (basic)	**336,392**	327,434
Adjustment for the effect of conversion of options	**7,875**	9,220
Weighted average number of ordinary shares, including options (diluted)	**344,267**	336,654

Basic earnings per share	**Cent**	Cent
Basic earnings per share	**12.5**	16.6
Adjusted basic earnings per share	**16.6**	16.6
Diluted earnings per share		
Diluted earnings per share	**12.2**	16.2
Adjusted diluted earnings per share	**16.3**	16.2

** Prior year operating profit has been restated as outlined in Note 1.*

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 period, excluding ordinary shares purchased/issued by the Company and accounted for as treasury shares (at 31 August 2013: 7.9m shares; at 31 August 2012: 12.4m 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 631,811 at 31 August 2013 and 53,643 at 31 August 2012) are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied at the end of the reporting period. Vesting of certain Interests awarded under the Joint Share Ownership Plan (totally nil at 31 August 2013 and 375,000 at 31 August 2012) was also contingent upon satisfaction of specified performance conditions and these have also been excluded from the computation of diluted earnings per share.

6. Property, plant & equipment

Acquisitions and disposals

During the six month period ended 31 August 2013, the Group acquired assets with a cost of €15.0m (six months ended 31 August 2012: €12.8m). There were disposals of property, plant & equipment of €7.4m (six months ended 31 August 2012: €nil) in the period recognising a profit of €2.6m. Disposal proceeds of €10.0m were receivable at the end of the period.

Impairment
The carrying value of items of property, plant & equipment is reviewed and tested for impairment at each reporting date or more frequently if events or changes in circumstances indicate that their carrying value may not be recoverable. The Board is satisfied that their carrying value has not been impaired and consequently no impairment charge has been recorded in the six month period ended 31 August 2013 or the prior comparative period.

7. Business combinations

Acquisition of businesses

During the current financial period the Group completed two acquisitions as follows:

- The acquisition of M. & J. Gleeson (Investments) Limited ("Gleeson") and its subsidiaries, a supplier and distributor of beverages in Ireland was completed on 7 March 2013. The consideration for the acquisition was €12.4m payable in cash, of which €4.4m is deferred for one year.

- On 2 August 2013 the Group acquired Biofun Produtos Biológicos do Fundão, Lda ("Biofun"), a producer and seller of fruit concentrates based in the district of Castelo Branco, Portugal for €0.1m. The acquisition assists in safeguarding future supplies of fruit concentrate and provides the Group with increased control of its input prices. The present capacity of the site can provide up to 40% of the Group's current annual concentrate requirements with scope to increase this percentage in the future.

In the financial period to 28 February 2013 the Group completed the acquisition of Vermont Hard Cider Company, LLC ("VHCC") in the United States for €230.9m ($305.0m). The transaction was completed on 21 December 2012. A working capital settlement of €0.5m, accrued at 28 February 2013 was paid in the current period.

Acquisition of equity accounted investees

Also in the current financial period, on 22 March 2013 the Group acquired 50% of the equity share capital of Wallaces Express Limited, a wines and spirits wholesaler in Scotland, for €11.8m.

(a) Acquisition of businesses

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

Gleeson

	Book Value €m	**Initial fair value adjustment €m**	**Total €m**
Property, plant & equipment	49.1	(21.0)	28.1
Other intangible assets	-	1.8	1.8
Inventories	29.5	(3.2)	26.3
Trade & other receivables	35.8	(3.5)	32.3
Trade & other payables	(34.7)	(0.4)	(35.1)
Bank debt	(47.9)	-	(47.9)
Deferred tax	(1.2)	-	(1.2)
Net identifiable assets and liabilities acquired	**30.6**	**(26.3)**	**4.3**
Goodwill arising on acquisition			**8.1**
			12.4
Satisfied by:			
Cash			**8.0**
Deferred consideration			**4.4**
Total consideration			**12.4**

During the period from acquisition to 31 August 2013 the Group earned Net revenue of €81.2m and Operating profit of €3.0m from the acquired Gleeson business.

Biofun

	Book Value €m	Initial fair value adjustment €m	Total €m
Property, plant & equipment	5.6	(0.7)	4.9
Inventories	0.4	-	0.4
Trade & other receivables	1.8	-	1.8
Derivative financial asset	-	0.5	0.5
Trade & other payables	(5.2)	0.9	(4.3)
Debt	(3.6)	-	(3.6)
Deferred tax	-	(0.2)	(0.2)
Net identifiable assets and liabilities acquired	**(1.0)**	**0.5**	**(0.5)**
Goodwill arising on acquisition			**0.6**
			0.1
Satisfied by:			
Cash			**0.1**

During the period, from acquisition to 31 August 2013 the Group earned Net revenue of less than €0.1m and Operating profit of less than €0.1m from the acquired Biofun business.

Vermont Hard Cider Company LLC – February 2013

	Book Value €m	Initial fair value adjustment €m	Total €m
Property, plant & equipment	3.0	0.7	**3.7**
Brands & other intangible assets	1.2	157.8	**159.0**
Financial asset	0.2	(0.2)	**-**
Inventories	2.8	-	**2.8**
Trade & other receivables	3.0	-	**3.0**
Cash and cash equivalents	3.4	-	**3.4**
Trade & other payables	(2.6)	-	**(2.6)**
Deferred tax liability	-	(0.2)	**(0.2)**
Net identifiable assets and liabilities acquired	11.0	158.1	**169.1**
Goodwill arising on acquisition			**64.6**
			233.7
Satisfied by:			
Cash consideration paid			230.9
Working capital – initial payment			2.3
Working capital settlement, paid in the current financial period			0.5
Total consideration			**233.7**

During the period to 31 August 2013 the Group earned Net revenue of €20.2m and Operating profit of €5.9m from the acquired VHCC business.

In addition acquisition costs of €1.3m were paid in the current financial period with respect to the acquired VHCC, Biofun and Gleeson businesses.

(b) Acquisition of equity accounted investees

Wallaces Express Limited

As outlined above, on 22 March 2013 the Group acquired 50% of the equity share capital of Wallaces Express Limited, a wines and spirits wholesaler in Scotland, for €11.8m. Contribution in the period to 31 August 2013 was less than €0.1m. Acquisition costs of €0.2m were incurred with respect to this transaction. The net identifiable assets and liabilities of Wallaces Express Limited on date of acquisition together with the Group's latest estimate of fair value adjustments are as outlined below:

	Book Value €m	Initial fair value adjustment €m	Total €m
Property, plant & equipment	**3.7**	**-**	**3.7**
Brands & other intangible assets	**1.4**	**(1.1)**	**0.3**
Inventories	**10.8**	**-**	**10.8**
Trade & other receivables	**12.7**	**-**	**12.7**
Cash and cash equivalents	**3.0**	**-**	**3.0**
Trade & other payables	**(14.1)**	**(0.8)**	**(14.9)**
Bank debt	**(0.3)**	**-**	**(0.3)**
Deferred tax liability	**(0.1)**	**-**	**(0.1)**
Net identifiable assets and liabilities on date of acquisition	**17.1**	**(1.9)**	**15.2**

The Group's share of net identifiable assets and liabilities on date of acquisition	7.6
Goodwill	4.2
Total consideration paid	**11.8**

Maclay Group plc

In the financial year ended 28 February 2013 the Group acquired a 25% equity investment in Maclay Group plc, a leading independent Scottish operator of managed public houses. The business primarily includes the operation of 15 wholly owned managed houses and 11 managed houses owned by two separate Enterprise Investment Schemes. The total carrying value of the investment at 28 February 2013 was €1.9m and the movement in the period to 31 August 2013 was less than €0.1m.

In addition, during the financial year ended 28 February 2013 the Group invested £0.3m in a joint venture with Maclay Group plc in Thistle Pub Company Limited. The total carrying value of this investment at 28 February 2013 was €0.5m and the movement in the period to 31 August 2013 was less than €0.1m.

8. Goodwill & intangible assets

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2012	378.5	104.8	1.8	485.1
Acquisition of Hornsby's cider brand	-	0.4	-	0.4
Translation adjustment	1.8	6.0	-	7.8
At 31 August 2012	380.3	111.2	1.8	493.3
Acquisition of VHCC	64.6	159.0	-	223.6

Acquisition of Waverley brands	-	1.3	-	1.3
Translation adjustment	(2.5)	(8.1)	(0.1)	(10.7)
At 28 February 2013	442.4	263.4	1.7	707.5
Acquisition of Gleeson	8.1	-	1.8	9.9
Acquisition of Biofun	0.6	-	-	0.6
Translation adjustment	-	-	-	-
At 31 August 2013	**451.1**	**263.4**	**3.5**	**718.0**
Amortisation				
At 1 March 2012 and 31 August 2012	-	-	(0.2)	(0.2)
Charge for the period ended 28 February 2013	-	-	(0.1)	(0.1)
At 28 February 2013	-	-	(0.3)	(0.3)
Charge for the period ended 31 August 2013	-	-	-	-
At 31 August 2013	**-**	**-**	**(0.3)**	**(0.3)**
Net Book Value at 31 August 2013	**451.1**	**263.4**	**3.2**	**717.7**
Net Book Value at 28 February 2013	442.4	263.4	1.4	707.2
Net Book Value at 31 August 2012	380.3	111.2	1.6	493.1

Goodwill consists both of goodwill capitalised under Irish GAAP which at the transition date to IFRS was treated as deemed cost and goodwill that arose on the acquisition of businesses since that date which was capitalised at the difference between the consideration paid and the net identifiable assets acquired, and represents the synergies arising from cost savings and the opportunity to utilise the extended distribution network of the Group to leverage the marketing of acquired products. All goodwill is regarded as having an indefinite life and is not subject to amortisation under IFRS but is subject to regular impairment assessment.

Capitalised brands are regarded as having indefinite useful economic lives and therefore have not been amortised. The brands are protected by trademarks, which are renewable indefinitely in all major markets where they are sold and it is the Group's policy to support them with the appropriate level of brand advertising. In addition, there are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of these brands. Accordingly, the Directors believe that it is appropriate that these brands be treated as having indefinite lives for accounting purposes.

Other intangible assets on 1 March 2013 comprise 20 year distribution rights for third party beer products. These were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 *Business Combinations (2004)* by independent professional valuers. They have finite lives and are subject to amortisation on a straight line basis over the length of the distribution agreements. The amortisation charge for the six month period to 31 August 2013 was less than €0.1m.

Other intangible assets acquired in the current financial period on acquisition of Gleeson relate to the right to use the Gilbeys trade name for a period of 10 years post the acquisition by Gleeson of the Gilbeys drinks distribution business in 2010 and also the value of the trade relationships within the acquired Gleeson network. These were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 *Business Combinations* (2008) by independent professional valuers. The right to use the Gilbeys trade name intangible asset has a finite life and is subject to amortisation on a straight line basis over the length of the licence. The amortisation charge for the six month period to 31 August 2013 was less than €0.1m. The trade relationship intangible asset is deemed to have an indefinite life for accounting purposes.

Brands, goodwill and other intangible assets considered to have an indefinite life, are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicated that the carrying values may not be recoverable and impairment testing is required earlier. The value of brands, goodwill and other intangible assets considered to have an indefinite life was assessed for impairment at 31 August 2013. The Group, having performed the impairment testing, is satisfied that the carrying value has not been impaired and is confident that there continues to be headroom in the recoverable amount of the related cash generating units compared to their carrying value.

In the current financial period, and as outlined in more detail in Note 7, the Group completed the acquisitions of M. & J. Gleeson (Investments) Limited ("Gleeson") in Ireland and Biofun Produtos Biológicos do Fundão, Lda ("Biofun") in Portugal. The acquisition of Gleeson resulted in the recognition of Goodwill of €8.1m and Other Intangible Assets of €1.8m while the acquisition of Biofun resulted in the recognition of Goodwill of €0.6m.

9. Interest bearing loans & borrowings

	31 August 2013 €m	31 August 2012 €m	28 February 2013 €m
Non-current			
Unsecured bank loans repayable by bullet repayment on maturity	**308.9**	-	244.4
Current			
Unsecured bank loans	**0.4**	-	-
	309.3	-	244.4

Unamortised issue costs of €1.9m at 31 August 2013 (28 February 2013: €2.2m) have been netted against outstanding non-current bank loans in the respective periods.

The Group acquired debt of €3.6m on the acquisition of Biofun, during the period, of which €3.2m has been repaid since acquisition and €0.4m, which is classified as current, remains outstanding.

The bank loans classified as non-current relate to drawings under the Group's committed loan facility agreement.

In February 2012, the Group entered into a committed €250.0m multi-currency five year syndicated revolving loan facility with seven banks, namely Bank of Ireland, Bank of Scotland, Barclays Bank, Danske Bank, HSBC, Rabobank and Ulster Bank, repayable in a single instalment on 28 February 2017. The facility agreement provided for a further €100.0m in the form of an uncommitted accordion facility which the Group successfully negotiated with the banks as committed in December 2012. The facility agreement permits the Group to avail of further financial indebtedness to a maximum value of €150.0m, excluding working capital and guarantee facilities. Consequently, the Group is permitted, under the terms of the agreement, to have debt capacity of €500.0m.

Under the terms of the agreement, the Group must pay a commitment fee based on 40% of the applicable margin on undrawn committed amounts and variable interest on drawn amounts based on variable Euribor/Libor interest rates plus a margin, the level of which is dependent on the net debt:EBITDA ratio, plus a utilisation fee, the level of which is dependent on percentage utilisation. The Group may select an interest period of one, two, three or six months.

All bank loans under these facility agreements are guaranteed by a number of the Group's subsidiary undertakings. The loan facility agreements allow the early repayment of debt without incurring additional charges or penalties. All bank loans are repayable in full on change of control of the Group.

The Group's 2012 syndicated revolving loan facility incorporates two financial covenants:

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

10. Analysis of net debt/(cash)

	1 March 2013 €m	**Debt arising on acquisition €m**	**Translation adjustment €m**	**Cash flow €m**	**Non-cash changes €m**	**31 August 2013 €m**
Interest bearing loans & borrowings	244.4	51.5	(2.0)	15.1	0.3	**309.3**
Cash & cash equivalents	(121.0)	-	(0.2)	(40.6)	-	**(161.8)**
	123.4	51.5	(2.2)	(25.5)	0.3	**147.5**

	1 September 2012 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2013 €m

Interest bearing loans & borrowings	-	0.6	243.2	0.6	244.4
Cash & cash equivalents	(79.6)	7.1	(48.5)	-	(121.0)
	(79.6)	7.7	194.7	0.6	123.4

	1 March 2012 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	31 August 2012 €m
Interest bearing loans & borrowings	60.0	-	(60.0)	-	-
Cash & cash equivalents	(128.3)	(4.0)	52.7	-	(79.6)
	(68.3)	(4.0)	(7.3)	-	(79.6)

The non-cash changes in the current and prior period relate to the amortisation of issue costs.

In the current financial period, the Group acquired debt of €47.9m on acquisition of Gleeson, all bank loans were repaid immediately post closing of the transaction (€22.6m). In addition Gleeson had a debtor factoring arrangement which the Group repaid in full and cancelled on 30 June 2013; the outstanding balance on acquisition with respect to the debtor factoring arrangement was €25.3m and this increased to €31.2m, before being settled in full by the Group.

In addition the Group acquired debt of €3.6m on the acquisition of Biofun, during the period, of which €3.2m has been repaid since acquisition and €0.4m remains outstanding.

There were no repayments under the Group's committed loan facility agreements in the period.

11. Financial assets and liabilities

The carrying and fair values of financial assets and liabilities at 31 August 2013 were as follows:

	Derivative financial instruments €m	**Other financial assets €m**	**Other financial liabilities €m**	**Carrying value €m**	**Fair value €m**
Financial assets:					
Cash & cash equivalents	-	161.8	-	**161.8**	**161.8**
Derivative contracts	2.4	-	-	**2.4**	**2.4**
Trade receivables	-	139.7	-	**139.7**	**139.7**
Advances to customers	-	47.8	-	**47.8**	**47.8**
Financial liabilities:					
Interest bearing loans & borrowings	-	-	(309.3)	**(309.3)**	**(299.9)**
Other derivative contracts	(1.3)	-	-	**(1.3)**	**(1.3)**
Trade payables & accruals	-	-	(236.0)	**(236.0)**	**(236.0)**
Provisions	-	-	(14.5)	**(14.5)**	**(14.5)**
	1.1	349.3	(559.8)	**(209.4)**	**(200.0)**

Determination of Fair Value

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

Advances to customers
The nominal amount of advances to customers, after provision for impairment, is considered to reflect fair value.

Trade receivables/payables & other payables
The nominal value of all trade receivables/payables & other payables after provision for impairment is deemed to reflect fair value at the balance sheet date with the exception of provisions which are discounted to present value.

Derivatives
The fair values of forward currency contracts and put/call options are based on market price calculations using financial models. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels, together with the method for determining the fair value of the financial assets and liabilities are defined in the Group's Annual Report for the year ended 28 February 2013. The carrying values of forward currency contracts, where applicable, were based on fair values arrived at using Level 2 inputs. The carrying values of the put and call options in relation to equity accounted investees were valued based on Level 3 inputs.

Interest bearing loans & borrowings
The fair values of all interest bearing loans and borrowings have been calculated by discounting all future cash flows to their present value using a market rate reflecting the Group's cost of borrowing at the balance sheet date. All loans bear interest at floating rates.

12. Retirement benefit obligations

As disclosed in the Annual Report for the year ended 28 February 2013, the Group operates a number of defined benefit pension schemes for certain employees in the Republic of Ireland (ROI) and in the United Kingdom (UK), all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group provides permanent health insurance cover for the benefit of its employees and separately charges this to the Income Statement.

All schemes are closed to new entrants since April 2007. There are now no active members remaining in the Group's Executive Defined Benefit Pension scheme, while active members of the ROI Staff defined benefit scheme represents less than 10% of total membership. There are 7 active members of the UK scheme.

Independent actuarial valuations of the defined benefit schemes are carried out on a triennial basis using the attained age method. The most recently completed formal actuarial valuations of the ROI schemes were carried out on 1 January 2012 while the most recent actuarial valuation of the UK scheme was 20 December 2012. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

The Group's ROI defined benefit pension reform programme concluded during the financial year ended 29 February 2012 with the Pensions Board issuing a directive under Section 50 of the Pensions Act 1990 to remove the mandatory pension increase rule, which guaranteed 3% per annum increase to certain pensions in payment, and to replace it with guaranteed pension increases of 2% per annum for each year 2012 to 2014 and thereafter for all future pension increases to be awarded on a discretionary basis. A funding proposal was also approved by the Pensions Board which commits the Group to annual contributions of 14% of Pensionable Salaries to fund future pension accrual of benefits, an annual deficit contribution of €3.4m and an additional annual supplementary deficit contribution of €1.9m for which the Group reserves the right to reduce or terminate if on consultation with the Trustees and if the Scheme Actuary advises that it is no longer required due to a correction in market conditions. Funding Proposals cover the period to 31 December 2016. However, they will cease at an earlier date if the scheme funding target is met before then.

The Balance Sheet valuation of the Group's defined benefit pension schemes' assets and liabilities have been marked-to-market as at 31 August 2013 to reflect movements in the fair value of assets and changes in the assumptions used by the schemes' actuaries to value the liabilities. The key factors influencing the change in valuation of the Group's defined benefit pension scheme obligations are as outlined below:-

	Period ended 31 August 2013 €m	Period ended 31 August 2012 (restated) €m	Year ended 28 February 2013 €m
Retirement benefit deficit at beginning of period (ROI schemes)	**22.0**	15.3	15.3
Retirement benefit asset at beginning of period (UK scheme)	**(0.5)**	(0.2)	(0.2)
Current service cost	**0.4**	0.4	0.8
Past service gain	**(0.5)**	-	(0.5)
Net finance cost	**0.3**	0.3	(4.3)
Actuarial losses	**15.2**	24.9	17.6
Company contributions	**(3.6)**	(3.9)	(7.2)

Retirement benefit deficit at end of period (ROI schemes)	**34.0**	37.1	22.0
Retirement benefit asset at end of period (UK scheme)	**(0.7)**	(0.3)	(0.5)

The actuarial losses incurred in the period relate to two factors: a reduction in the discount rates in ROI (€12.8m), where discount rates reduced from 3.8% - 4.25% at 28 February 2013 to 3.6% - 3.85% at 31 August 2013 and asset returns earned being less than those expected (€2.4m).

The valuation of the Group's defined benefit schemes at 31 August 2013 has been completed in accordance with revised IAS 19 *Employee Benefits*. Under the revised standard, the return on scheme assets has been measured using the same discount rate as is used in measuring scheme obligations. With the exception of this change, all other significant assumptions applied in the measurement of the Group's pension obligations at 31 August 2013 are materially consistent with those as applied at 28 February 2013 and as set out in the Group's last Annual Report.

The prior period comparative figures have also been reinstated in line with revised IAS 19 *Employee Benefits*. The impact of the change was to increase the actuarial loss from the previously reported figure of €24.6m to €24.9m and to reduce the Net Finance cost from a previously reported €0.6m to €0.3m.

13. Other reserves

Capital redemption reserve and capital reserve
These reserves initially arose on the conversion of preference shares into share capital of C&C Group plc and other changes and reorganisations of the Group's capital structure. These reserves are not distributable.

Cash flow hedge reserve
The hedging reserve includes the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred together with any deferred gains or losses on hedging contracts where hedge accounting was discontinued but the forecast transaction is still anticipated to occur.

Share-based payment reserve
The reserve relates to amounts expensed in the Income Statement in connection with share option grants falling within the scope of IFRS 2 *Share-based Payment* plus amounts received from participants on award of Interests under the Group's Joint Share Ownership Plan, less reclassifications to retained income following exercise/forfeit post vesting or lapse of such share options and Interests.

Currency translation reserve
The translation reserve comprises all foreign exchange differences from 1 March 2004, arising from the translation of the Group's net investment in its non-euro denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the balance sheet date, as adjusted for the translation of foreign currency borrowings designated as net investment hedges and long term intra group loans for which settlement is neither planned nor likely to happen in the foreseeable future, and as a consequence are deemed quasi equity in nature and are therefore part of the Group's net investment in its foreign operations.

Revaluation reserve
This reserve originally comprised the gain which arose on the revaluation of land by external valuers during the financial year ended 28 February 2009. A subsequent external valuation of freehold properties and plant & machinery was completed as at 29 February 2012. As outlined in that year's annual report, the carrying value of land was reduced by €3.4m as a result of the revaluation; of which €3.0m was debited directly to this revaluation reserve to the extent that it reduced a previously recognised gain on the same asset and €0.4m to the income statement as there were no previously recognised gains in this revaluation reserve against which to offset. In addition, an increase in the carrying value of buildings in Glasgow of €1.3m was credited directly to the revaluation reserve as a result of this external valuation.

Treasury shares
This reserve arises when the Company issues equity share capital under its Joint Share Ownership Plan, shares in which are held jointly by the Group's Employee Benefit Trust and participants. The consideration paid, 90% funded by a loan by a Group company to the Employee Benefit Trust and 10% by the participants, in respect of these shares is deducted from total shareholders' equity and classified as treasury shares on consolidation until such time as the Interests vest or lapse and the shares are disposed of by the Trust.

14. Dividend

A final dividend of 4.75 cent per ordinary share (2012: 4.5 cent) was paid to shareholders on 12 July 2013 equating to a distribution of €16.2m. An interim dividend of 4.3 cent per share for payment on 23 December 2013

is proposed to be paid to shareholders registered at the close of business on 8 November 2013. Using the number of shares in issue at 31 August 2013 and excluding those shares for which it is assumed that the right to dividend will be waived this would equate to a distribution of €14.7m.

Dividends declared but unpaid at the date of approval of the financial statements are not recognised as a liability at the balance sheet date.

15. Related parties

The principal related party relationships requiring disclosure under IAS 24 *Related Party Transactions* pertain to the existence of subsidiary undertakings and equity accounted investees, transactions entered into by the Group with these subsidiary undertakings and equity accounted investees and the identification and compensation of key management personnel.

For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the Group has defined the term “key management personnel”, as its executive and non-executive Directors. Executive Directors participate in the Group’s share option programmes. No other non-cash benefits are provided. Non-executive Directors do not receive share-based payments or post employment benefits.

Key management personnel received total compensation, including charge for share-based payments, of €1.9m for the six months ended 31 August 2013 (six months ended 31 August 2012: €1.6m).

On 22 March 2013, the Group acquired 50% of the equity share capital of Wallaces Express Limited (“Wallaces”), a wines and spirits wholesaler in Scotland. During the period, the Group earned total net revenue from Wallaces of €7.9m with operating profit contribution of less than €0.1m. The balances outstanding with Wallaces at 31 August 2013 were a €0.2m receivable balance and a €1.0m payable balance.

On 21 March, 2012, the Group acquired a 25% equity shareholding in the Maclay Group plc, a leading independent Scottish operator of managed public houses. The business primarily includes 15 wholly owned managed houses and 11 managed houses owned by two seperate Enterprise Investment Schemes. The investment secures Tennent Caledonian Breweries UK Limited (a 100% subsidiary of the Group) as the main beer supplier to the pub estate. During the period, the Group earned total net revenue from the Maclay Group of €0.7m and had a receivable balance at 31 August 2013 due from the Maclay Group of €0.1m.

On 28 November 2012, the Group invested £0.3m (€0.4m at date of payment) in Thistle Pub Company Limited, a joint venture with Maclays Group plc. During the period, the Group earned total net revenue from the Thistle Pub Company of €0.1m and had a receivable balance at 31 August 2013 due from Thistle Pub Company Limited of less than €0.1m.

There have been no other related party transactions that could have a material impact on the financial position or performance of the Group for the first six months of the financial year ending 28 February 2014.

16. Events after the balance sheet date

There were no material events subsequent to the balance sheet date (31 August 2013) which would require disclosure in this report.

17. Board approval

The Board approved the financial report for the six months ended 31 August 2013 on 30 October 2013.

18. Distribution of interim report

This report and further information on C&C is available on the Group’s website (www.candcgroupplc.ie). Details of the Scrip Dividend Offer in respect of the interim dividend for the financial year ending 28 February 2014 will be posted to shareholders on 20 November 2013.