Results 2012

c&c group plc

About C&C Group plc

C&C Group plc is a leading manufacturer, marketer and distributor of branded long alcoholic drinks, principally in Ireland and the UK. The Group manufactures Bulmers, the leading Irish cider brand, Magners, the premium international cider brand, the Gaymers Cider Company range of branded and private label ciders and the Tennent's beer brand. C&C Group also owns Hornsby's, a leading craft cider brand in the United States. The Group also distributes a number of beer brands in the Scottish, Irish and Northern Irish markets, primarily for Anheuser-Busch InBev.

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 believe are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on pages 12 to 13 that could cause actual results to differ materially from those anticipated.

Conference Call Details - Analysts & Institutional Investors and Media

C&C Group Plc will host a presentation for analysts and institutional investors, today, **16 May 2012**, at **8.30am BST (03.30am ET)** at Rothschild, New Court, St Swithin's Lane, London EC4N 8AL. It will be possible to participate in this presentation and Q&A session via conference call using the dial in details below. The event will also be webcast on www.candcgroupplc.ie.

Management will host a second conference call today, for analysts and institutional investors, at **3.30pm BST (10.30am ET)** which you can also access using the dial-in details below.

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

For details of the newswire and media call taking place today please contact Drury or Cardew Group. For all conference call replay numbers, please contact FTI Consulting.

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C&C GROUP PLC

FINANCIAL RESULTS FOR THE YEAR ENDED 29 FEBRUARY 2012

Dublin, London, 16 May 2012: C&C Group plc ('C&C' or the 'Group'), a leading manufacturer, marketer and distributor of branded cider and beer principally in ROI and the UK, today announces results for the year ended 29 February 2012 (FY2012).

Financial Highlights

- Operating profit before exceptional items, increased 9%[(i)] to €111.2 million
- Group operating margin of 23.1% up 2.9 ppts[(i)]
- Free cash flow[(ii)] of €102.6 million representing 78.1% of EBITDA[(iii)]
- Adjusted diluted Earnings Per Share (EPS) for continuing activities increased 13.6% to 27.6 cent
- Net cash on balance sheet increased to €68.3 million
- Proposed final dividend increase of 36% to 4.5 cent per share delivering 24% growth in full year dividend to 8.17 cent per share

Operating Highlights

- Magners brand in GB delivered positive volume and revenue growth
- Magners export volume growth of 28% principally driven by North American and Australian markets
- Tennent's building momentum with operating profits growing 22.5%[(i)] in the year; Irish volumes grow 64%
- Commission of bottling line in Wellpark Brewery

Strategic Highlights | Delivering on FY2012 Corporate & Financial Objectives

- Focused investment in growing cider markets with purchase of Hornsby's brand in US and expansion of international sales infrastructure
- Stable earnings achieved in Republic of Ireland (ROI) for the third consecutive year
- Strong performance of Magners in the competitive GB cider market
- Tennent's platform providing stable earnings base and positioned for solid growth
- Ongoing innovation: launches of Magners Specials, Caledonia Best and Tennent's Original Export
- Ungeared balance sheet supported by new €250.0 million financing facility

(i) On a constant currency basis, constant currency calculation is set out on page 11
(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
(iii) EBITDA is earnings before exceptional items, interest, tax, depreciation and amortisation charges and inclusive of discontinued operations

Performance Review & Outlook

Stephen Glancey, C&C Group CEO, commented:

"We are pleased to report a strong financial and operating performance for the year, delivering operating profit in line with our stated guidance. This has been a robust year for the Group. In our domestic markets, our brands and businesses performed well against a tough economic backdrop. Maintaining and developing our core domestic businesses has been a key objective, alongside brand innovation and international development. We are also building momentum across several markets in our international business.

Our business model seeks growth through our brand-market combination, combining brand investment with a focus on local markets. In a challenging economic environment in Ireland and the UK, the Group's results for the year demonstrate the resilience of this model.

We invested in the global growth of cider with the acquisition of the Hornsby's brand in the United States and with the contracting of new distribution agreements in key markets for our core brand, Magners.

C&C is now a focused cider-led LAD business. While we remain cautious about the near term prospects of our core markets, the continuing global growth of the cider category, and C&C's unique position within the sector, underscore our belief in the prospects of our business. C&C's balance sheet strength and free cash flow characteristics will enable us to capitalise on organic and acquisition growth opportunities.

We are pleased to announce a 24% increase in our full year dividend, representing a payout ratio of 30%. The Board intends to pursue a progressive dividend policy which is underpinned by a strong balance sheet and high free cash flow."

SUMMARY RESULTS

	Key Financials		
	FY 12	**FY 11**	**Change**
CONTINUING OPERATIONS (before exceptional items)	**Volume**	**Volume**	
Volumes	**kHL**	**kHL**	**% change**
- *Bulmers*	500.7	517.8	(3.3%)
- *Magners*	992.2	942.6	5.3%
- *Tennent's*	1,421.7	1,559.7	(8.8%)
	€m	**€m**	
Net Revenue [(i)]	480.8	505.0	(4.8%)
EBITDA [(i)]	131.5	123.2	6.7%
Operating profit [(i)]	111.2	102.0	9.0%
Operating margin[(i)]	*23.1%*	*20.2%*	2.9ppts
Adjusted Basic Earnings per Share	28.3	25.0	13.2%
Adjusted Diluted Earnings per Share	27.6	24.3	13.6%
Dividend per Share	8.17	6.6	23.8%
Dividend Payout Ratio	*30%*	*26%*	

The results for the financial year to 29 February 2012[(i)] show net revenue for the year down 4.8%; operating profit, in line with guidance, up 9% to €111.2 million; and adjusted diluted EPS for continuing activities up 13.6% to 27.6 cent. Operating margins improved to 23.1% up 2.9 ppts reflecting the Group's strategic focus on driving brand value and greater operational efficiencies. This operating margin improvement was achieved without reducing the level of brand investment, with the Group continuing to invest approximately 13% of net revenue behind its key brands.

This was a robust performance against a backdrop of challenging economic conditions in ROI and the UK. Although Group volumes declined 10.5%, the positive impact of brand mix reduced the net revenue decline to 4.8%, on a constant currency basis. Both markets experienced on-trade volume declines as consumer sentiment remained weak, while continued off-trade promotional activity and the challenge of new entrants resulted in another competitive year across the cider and beer categories. However, the Group's well invested brands and market positions enabled it to grow operating profits in the year supported by tight cost control and ongoing innovation.

In addition, the Group improved its operational efficiencies by securing new third party packaging contracts. These contracts helped to offset the impact of year on year low single digit input cost increases.

Further deleveraging of the Group's balance sheet resulted in reduced financing costs in FY2012 enabling the Group to achieve adjusted diluted EPS growth ahead of operating profit growth. The Group ended the year reporting a net cash surplus of €68.3 million.

(i) On a constant currency basis, constant currency calculation is set out on page 11

DIVISIONAL REVIEW

Cider - Republic of Ireland (ROI)
Operations Review

Constant Currency[i]	CIDER FY 12	CIDER FY 11	CIDER Change	BEER FY 12	BEER FY 11	BEER Change
	€m	**€m**	**%**	**€m**	**€m**	**%**
Revenue	126.8	136.4	(7.0%)	15.8	13.6	16.2%
Net revenue	91.5	100.0	(8.5%)	9.9	8.8	12.5%
- Price /mix impact			*(5.5%)*			*(10.5%)*
- Volume impact			*(3.0%)*			*23.0%*
Operating profit	42.2	43.2	(2.3%)	2.2*	0.7*	214.3%
Operating margin (Net revenue)	*46.1%*	*43.2%*	*2.9ppts*	*22.2%*	*8.0%*	*14.2ppts*
Volume – (kHL)	532.4	548.6	(3.0%)	89.6	72.8	23.0%

* before allocation of Group overheads

LAD category[ii]: The last 12 months have seen Long Alcoholic Drinks (LAD) volumes in ROI fall by 1% year on year. As with the prior year, the swing of consumption from on-trade to off-trade continues with Nielsen/CGA reporting positive growth of 7% in LAD off-trade volumes and a decline of 6% in on-trade volumes. Home consumption in ROI now accounts for 44% of total consumption, up from 41% in the prior financial year. The pricing differential and increasing levels of promotional activity in the off-trade remain a key factor in this accelerated channel switch, a deflationary trend that we expect to continue over the next few years. On an aggregate level, pricing in LAD off-trade fell by 7% in the year while on-trade pricing remained relatively flat.

Despite the deflationary headwinds in the off-trade, operating profits in ROI remained relatively stable for the third year in succession at €44.4 million. Cider ROI delivered operating profit of €42.2 million, while operating profit from the Group's beer portfolio increased to €2.2 million. Innovation continued with the recent launch of Caledonia Smooth, a draught dark beer currently being rolled out in the on-trade.

Cider: Net revenues were down 8.5% in the year with volumes accounting for 3.0% of the decline and price/mix a further 5.5%. The price/mix deflation reflects the negative impact of product mix in the on-trade, lower off-trade pricing and continuing channel shift to home consumption.

Re-allocation of marketing investment to support the brand to ensure off-trade price competitiveness contributed around 60% of the 2.9ppts margin improvement. The balance of the margin improvement is attributed to disciplined cost control. The Bulmers brand health remains strong. Ongoing investment in advertising campaigns and the sponsorship of live music events such as 'Forbidden Fruit' help to maintain energy and saliency behind the Bulmers brand.

Beer: The Group's beer portfolio continued its strong performance in ROI, with volumes growing 23% in a flat market. Tennent's Lager volumes increased 64% year on year growing impressively in both channels of trade. Tennent's Lager draught is pouring in over 1,000 on-trade outlets, a value proposition supported by 'The Honest Pint' campaign. In the off-trade Tennent's Lager volumes more than doubled.

The economic environment in ROI remains challenging and the expectation is that current trends in the LAD market will persist. Strong cost focus, continued innovation and building out of the Group's beer portfolio will remain essential to maintaining operating profit.

(i) On a constant currency basis, constant currency calculation is set out on page 11
(ii) CGA/Nielsen

Cider - Great Britain (GB)
Operations Review

Constant Currency[i]	MAGNERS			GAYMERS		
	FY 12	FY 11	Change	FY 12	FY 11	Change
	€m	€m	%	€m	€m	%
Revenue	136.4	131.0	4.1%	113.4	147.5	(23.1%)
Net revenue	107.6	106.8	0.7%	65.2	83.7	(22.1%)
- Price /mix impact			*(2.1%)*			*5.1%*
- Volume impact			*2.8%*			*(27.2%)*
Operating profit	25.2	23.8	5.9%	4.3	4.0	7.5%
Operating margin (Net revenue)	*23.4%*	*22.3%*	*1.1ppts*	*6.6%*	*4.8%*	*1.8ppts*
Volume (kHL)	765.8	745.3	2.8%	1,152.4	1,582.8	(27.2%)

Cider category[ii]: The GB cider market had another strong year of both volume and value growth. Per Nielsen/CGA, the GB cider market grew 5% in volume terms and was the only category of alcoholic drinks to grow volume year on year. New entrants to the market and fruit variations have had a premiumising effect and contributed to attractive retail value growth of 14% for the category. Traditional 'standard' ciders lost some ground during the year.

Magners: Overall it was a positive year for the Magners brand with revenues showing positive growth for the first time in five years. With challenging economic headwinds, dampening consumer spending and significant new entrants into the market, the brand performed well across both channels of trade. Net revenue grew 0.7% with volume increases of 2.8% offsetting the negative price/mix of 2.1%, attributable to ongoing channel shift. This performance compares favourably to the 7.1% negative price/mix experienced in FY2011.

The trading profile for the financial year was characterised by a strong off-trade performance in the spring/ early summer and Christmas trading period. The on-trade enjoyed continued growth of Magners Golden Draught and Magners Pear (now the #1 pear cider in GB) providing some relief against further volume decline for packaged Original, for which the competition for fridge space remains a challenge. Innovation continues with three new flavours being launched under the Magners Specials range in the second half of the year.

Operating profits grew by 5.9% to €25.2 million and margins improved by 1.1 ppts to 23.4% reflecting a continued focus on operating cost efficiencies. The Magners brand remains in excellent health and investment levels in marketing were maintained.

Gaymers portfolio: It was a transitional year for the Gaymers business. Volumes and net revenues were down - 27.2% and 22.1% respectively as the Group sought to exit unprofitable own-label contracts during the year. Some of the brands within the Gaymers portfolio also suffered volume losses as a direct consequence of category premiumisation.

Despite the volume declines, operating margins improved by 1.8ppts to 6.6% due to the stronger economics behind the remaining volume. Operating profit increased by 7.5% to €4.3 million for the year. The repositioned Gaymers business is now positioned to improve economic returns through better utilisation of assets and an increased focus on the wider cider portfolio.

(i) On a constant currency basis, constant currency calculation is set out on page 11
(ii) CGA/Nielsen

Cider - Export
Operations Review

Constant Currency[i]	MAGNERS			GAYMERS			HORNSBY'S
	FY 12 €m	FY 11 €m	Change %	FY 12 €m	FY11 €m	Change %	FY 12 €m
Revenue	24.7	21.0	17.6%	3.1	3.0	3.3%	2.5
Net revenue	24.7	21.0	17.6%	3.1	3.0	3.3%	2.4
- Price /mix impact			*(10.7%)*			*14.3%*	
- Volume impact			*28.3%*			*(11.0%)*	
Operating profit	4.5	2.6	73.1%	1.2	1.4	(14.3)%	0.9
Operating margin (Net revenue)	*18.2%*	*12.4%*	*5.8ppts*	*38.7%*	*46.7%*	*(8.0ppts)*	*37.5%*
Volume (kHL)	153.5	119.6	28.3%	35.4	39.8	(11.0%)	17.8

Magners: Export growth of Magners accelerated in the second half with volumes growing by 28.3% for the year as emerging cider categories in North America, Australia and Europe continued to demonstrate good growth.

As anticipated, US cider volume growth increased in the second half of the year as an improved autumn trading period helped drive sales. The US business enjoyed the benefit of increased investment in sales infrastructure and extended capability across both channels and brands. Canadian volumes continue to grow strongly and were up 85% for the year, supported in the second half by a new distribution agreement with Moosehead. North American volumes grew by 25% for the year which is line with estimated category growth rates.

The Australian market, which is a more developed cider market than North America, continues to display excellent growth as imported ciders and flavour variants recruit consumers into the category. Penetration rates are now estimated at 3% of LAD and volumes are up 30% per annum[ii]. Magners introduced above-the-line TV advertising over the Australian summer for the first time with the 'Catch' cricket themed campaign. Volume was up 78% for the year. Under the recently signed five year distribution agreement with Suntory, marketing investment in the brand is set to increase further and the range-extending Magners Selections are being rolled out across the network.

Revenue growth in Magners of 17.6% falls short of volume growth due to the change in the structure of the distribution contract with Suntory, the Group's distributor in Australia. Under the terms of the new arrangement, responsibility for direct market investment transferred to Suntory with a consequential reduction in headline revenue. Total Magners Export revenue growth under the former arrangement with Suntory would have been circa 29%. Operating margin improvement is attributed to the lower reported revenue number, greater absorption of fixed overheads and operating efficiencies.

Gaymers: Despite volume decline of 11.0% during the year, improved unit pricing delivered net revenue growth of 3.3%. Opportunities for international markets are being reviewed.

Hornsby's: The acquisition of the Hornsby's cider brand from E&J Gallo Winery in November 2011 has positioned C&C as the number 2 cider company in the US with an estimated 20% share of the US cider category. The Hornsby's brand brings US domestic cider heritage to C&C. Trading is in line with expectations and integration is well underway. We expect to exit the transitional services arrangements within the timescale agreed with E&J Gallo Winery.

(i) On a constant currency basis, constant currency calculation is set out on page 11
(ii) CGA/Nielsen

Tennent's / Third Party Brands
Operations Review

Constant Currency[i]	TENNENT'S			THIRD PARTY BRANDS		
	FY 12	**FY 11**	**Change**	**FY 12**	**FY 11**	**Change**
	€m	**€m**	**%**	**€m**	**€m**	**%**
Revenue	216.8	223.9	(3.2%)	77.9	83.5	(6.7%)
Net revenue	100.1	102.0	(1.9%)	74.0	76.1	(2.8%)
- Price /mix impact			*6.9%*			*0.2%*
- Volume impact			*(8.8%)*			*(3.0%)*
Operating profit	22.3	18.2	22.5%	7.1	5.8	22.4%
Operating margin (Net revenue)	*22.3%*	*17.8%*	*4.5ppts*	*9.6%*	*7.6%*	*2.0ppts*
Volume (kHL)	1,421.7	1,559.7	(8.8%)	391.8	403.8	(3.0%)

Scottish beer market[ii]: The Scottish Beer on-trade market remains in decline with total beer volumes falling 8% for the year according to Nielsen/CGA. Scottish off-trade beer volumes declined by 4% in volume but grew by 5% in value.

Tennent's: The Tennent's brand delivered a strong set of numbers for the year with operating margins increasing to 22.3%, a level comparable to the Magners brand in GB. Net revenues fell by 1.9% as a consequence of the volume lost in pursuit of improved unit pricing in the off-trade. Total volumes fell by 8.8% with the positive impact of price/mix contributing 6.9% to the net revenue line. During the financial year, the Group commenced exporting Tennent's brands to overseas markets including Australia, Italy, North America and Russia and launched Tennent's Original Export, a premium lager, in April 2012.

Tennent's Scotland: Tennent's outperformed the on-trade market with a decline of 2% as the brand continues to build momentum across the Scottish market. In the independent free trade (IFT) in Scotland, Tennent's is now back in net revenue growth as distribution gains and a growing loan book lifted volumes 1% in the year. The Group continues to invest in the on-trade to secure distribution with €11 million advanced to customers over the course of the year. Our cider business is also performing well in the on-trade, benefitting from the Tennent's reach. The C&C cider portfolio now accounts for 31% of the Scottish on-trade draught cider market. In the off-trade Tennent's volumes declined 16% as a result of the Group's pursuit of value growth.

Ongoing commitment to brand investment is evidenced by good brand health scores. Sponsorship of The Old Firm football clubs and 'T in the Park' music festival continue to energise the Tennent's brand and improve engagement with the trade and consumers. The launch of Caledonia Best in the fourth quarter was well received in the on-trade and the product has been rolled out to over 1,000 points of sale across Scotland.

Tennent's NI: In Northern Ireland Tennent's continued to perform robustly in the on-trade. There was substantial loss of volume in off-trade multiples but positive growth amongst local groups.

Operating Efficiencies: The focus on cost control, delievery of synergies and improved unit pricing on Tennent's contributed to a significant uplift in operating margins to 22.3%. The supply side of the business delivered a robust cost performance and incremental third party volumes helped to offset low level input cost increases. During the year, a bottling line was relocated from the Group's cider manufacturing facility in Clonmel to Wellpark Brewery in Glasgow, enhancing the brewery's capability to service both planned innovation for the Tennent's brand and growing demand for third party activity.

Third party brands: Continued to perform well with operating profit growth of 22.4% reflecting improved product mix and the strength of the portfolio in Scotland and Northern Ireland.

(i) On a constant currency basis, constant currency calculation is set out on page 11
(ii) CGA/Nielsen

FINANCE REVIEW

	Year ended 29 February 2012 €m	Year ended 28 February 2011 €m	CC[ii] Year ended 28 February 2011 €m	Change %	CC - Change %
Net revenue	**480.8**	509.9	505.0	*(5.7%)*	*(4.8%)*
Operating profit before exceptional items	**111.2**	100.9	102.0	*10.2%*	*9.0%*
Net finance costs	**(5.1)**	(9.4)		*(45.7%)*	
Profit before tax	**106.1**	91.5		*16.0%*	
Income tax expense	**(13.8)**	(11.2)		*23.2%*	
Effective tax rate	***13.0%***	*12.2%*			
Profit from continuing operations before exceptional items	**92.3**	80.3		*14.9%*	
Adjusted diluted EPS	**27.6 cent**	25.4 cent		*8.7%*	
Adjusted diluted EPS – continuing operations	**27.6 cent**	24.3 cent		*13.6%*	
Dividend per Share	**8.17 cent**	6.6 cent		*23.8%*	
Dividend payout ratio	***30%***	*26%*			

C&C is pleased to report net revenue of €480.8 million, operating profit from continuing operations of €111.2 million and adjusted diluted EPS for continuing operations of 27.6 cent. On a constant currency[i] basis this translates to a year on year net revenue decline of 4.8% (reported basis: decline of 5.7%) but an operating profit increase of 9.0% equating to an operating margin of 23.1%, an increase of 2.9 percentage points on the prior year (3.3 percentage points on a reported basis). This achievement reflects the Group's commitment to continued cost management and its strategy of capitalising on brand strength.

FINANCE COSTS, INCOME TAX AND SHAREHOLDER RETURNS

Net finance costs reduced to €5.1m (FY2011: €9.4m) reflecting a reduction in average drawn debt and the associated reduction in issue cost amortisation charges, the benefit of which was partially offset by a year on year increase in effective interest rates due to a greater proportion of debt being linked to an 'out of money' fixed rate swap contract.

The income tax charge in the year relating to continuing activities and excluding exceptional items amounted to €13.8 million giving an effective tax rate of 13.0%, an increase on the prior year primarily due to the expiration of manufacturing relief in ROI.

Subject to shareholder approval, the proposed final dividend of 4.5 cent per share will be paid on 13 July 2012 to ordinary shareholders registered at the close of business on 25 May 2012. The Group's full year dividend will therefore amount to 8.17 cent per share, a 23.8% increase on the previous year. The proposed full year dividend per share will represent a payout of 30% (FY2011: 26%) of the full year reported adjusted diluted earnings per share. A scrip dividend alternative will be available. Total dividends paid to ordinary shareholders in the current financial year amounted to €22.7 million of which €18.5 million was paid in cash while €4.2 million or 18% (FY2011: 40%) was settled by the issue of new shares.

CASHFLOW GENERATION AND DEBT MANAGEMENT

The Group generated free cash flow[ii] in the period of €102.6 million, reflecting an EBITDA[iv] to Free Cash Flow conversion ratio of 78.1% which is comfortably within the Group's target range of 70%-80%, enabling the Group to end the year with positive net cash[iii] of €68.3 million.

(i) On a constant currency basis, constant currency calculation is set out on page 11
(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 ongoing business.
(iii) Net debt/cash comprises cash, borrowings net of issue costs and excludes the fair value of interest rate derivative financial instruments which were nil at the year end and a liability of €2.0 million at 28 February 2011
(iv) EBITDA is earnings before exceptional items, interest, tax, depreciation and amortisation charges and inclusive of discontinued operations

A summary cash flow statement is set out below.

Cash flow summary

	2012 €m	2011 €m
Operating profit [(i)]	**111.1**	105.0
Amortisation/depreciation	**20.3**	21.3
EBITDA [(ii)]	**131.4**	126.3
Working capital	**8.0**	31.5
Net capital expenditure	**(17.7)**	(21.1)
Net finance costs	**(3.9)**	(7.1)
Tax paid	**(4.4)**	(8.4)
Exceptional items paid[(iii)]	**(8.7)**	(13.5)
Other *	**(2.1)**	(0.9)
Free cash flow[(iv)]	**102.6**	106.8
Free cash flow conversion ratio	***78.1%***	*84.6%*

*other relates to the share options add back, pensions charged to operating profit before exceptional items less contributions paid and profit on disposal of plant & equipment.

The current year cash flow performance reflects reduced tax, financing and exceptional cash outflows. The reduction in the free cash flow conversion rate versus the previous year is as a result of a prior year one-off positive working capital benefit arising from the timing of cash flows transferring to the Group from AB InBev under the transitional services arrangement.

The capital investment is marginally higher than guided as it is inclusive of the costs associated with transferring a bottling line from the Group's cider manufacturing facility in Clonmel to the Wellpark brewery; and software development costs in relation to the consolidation of systems platform for the Magners and Gaymers cider businesses in England & Wales.

	2012 €m	2011 €m
Free cash flow	**102.6**	106.8
Proceeds on disposal of businesses	**4.7**	294.9
Proceeds from exercise of share options and issue of new shares under Joint Share Ownership Plan	**1.6**	4.8
Acquisition of brands/deferred consideration paid	**(16.6)**	(31.7)
Dividends paid in cash	**(18.5)**	(12.1)
Reduction in net debt	**73.8**	362.7
Net debt at beginning of year	**(6.3)**	(364.9)
Translation adjustment	**1.1**	(2.6)
Non cash movement	**(0.3)**	(1.5)
Net cash/(debt)[(v)] at end of year	**68.3**	(6.3)

The Group funded the acquisition of the Hornsby's cider business from surplus cash resources and returned €18.5 million to shareholders in the form of a cash dividend leaving the Group with surplus cash of €68.3 million by the year end.

(i) includes discontinued activities but excludes exceptional items
(ii) EBITDA: Earnings before exceptional items, interest, tax, depreciation and amortisation charges and including discontinued operations
(iii) Exceptional payments include severance and other pay related costs arising as a result of the restructuring programme of €4.7 million (2011: €5.1 million) and costs associated with integrating acquired businesses/brands and IT systems implementation of €4.0 million (2011: €8.4 million)
(iv) 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 ongoing business.
(v) Net debt/cash comprises cash, borrowings net of issue costs and excludes the fair value of interest rate derivative financial instruments which were nil at the year end and a liability of €2.0 million at 28 February 2011

During the financial year, the Group also substantially reduced its drawn debt repaying its maturing sterling debt facility and reducing the drawings under its primary euro debt facility to €60.0 million. This facility was subsequently voluntarily repaid and cancelled on 30 March 2012, in advance of the May 2012 maturity date. In February 2012, the Group entered into a new committed €250.0 million multi-currency five year syndicated revolving loan facility with seven banks, repayable on 28 February 2017. The facility agreement provides for a further €100.0 million in the form of an uncommitted accordion facility and permits the Group to avail of additional indebtedness, excluding working capital and guarantee facilities, to a maximum value of €150.0 million. Consequently, the Group is permitted, under the terms of the agreement, debt capacity of €500.0 million. There were no drawn funds under this facility as at 29 February 2012.

The strength of the balance sheet coupled with the capability to generate strong cash flow provides the Group with the financial flexibility to invest for future growth and/or return cash to shareholders.

RETIREMENT BENEFIT OBLIGATIONS

The Group's ROI defined benefit pension schemes experienced funding difficulties in recent years owing to poor investment performance, low interest rates and continued improvements in life expectancy. This led to the Group concluding that the scale of financial risks associated with funding the schemes in a deflationary and austere environment were unsustainable. The Group, with the Pension Scheme Trustee board, concluded a pension reform programme during the year with the acceptance by the Pensions Board of an application for benefit reduction reform as permitted under Section 50 Pensions Act 1990. The Group also submitted a funding proposal, approved by the Pensions Board on 23 February 2012, which the Directors believe will enable the schemes' meet the Minimum Funding Standard by 31 December 2016.

The funding proposal commits the Group to contributions of 14% of pensionable salaries (FY2011: 38.1% 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 the Company 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 future funding commitments do not represent a material increase in contribution rates versus the current financial year when the Group contributed €5.9 million to its defined benefit pension schemes.

FOREIGN CURRENCY AND COMPARATIVE REPORTING

	FY2012 Euro:Stg£	FY2011 Euro:Stg£
Translation Exposure	**0.86**	0.85
Transaction Exposure	**0.85**	0.88

As shown above, the effective rate for the translation of results from sterling currency operations was €1:£0.87 (FY2011: €1:£0.85) and the effective rate for the translation of sterling currency revenue/net revenue transactions by euro functional currency operations resulted in an effective rate of €1:£0.85 (FY2011: €1:£0.88) at operating profit level.

The Group policy is to hedge an appropriate portion of its foreign currency transaction exposure for a period of up to two years ahead. The principal foreign currency forward contracts in place at 29 February 2012 are:

		FY2013	
		US$	Stg£
Local currency amount	(m)	1.0	35.0
Average forward rate	(Euro:FX)	1.321	0.857

Comparisons for revenue, net revenue and operating profit for each of the Group's operating segments are shown at constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's sterling denominated subsidiaries by restating the prior year at FY2012 effective rates. Applying the realised FY2012 foreign currency rates to the reported FY2011 revenue, net revenue and operating profit rebases the comparatives as follows:

CONSTANT CURRENCY CALCUALATION FOR YEAR ENDED 29 FEBURARY 2012

	Year ended 28 February 2011(i) €m	FX Transaction €m	FX Translation €m	Year ended 28 February 2011 Constant currency comparative €m
Revenue				
Cider – ROI	136.4	-	-	**136.4**
Cider – GB	281.6	-	(3.1)	**278.5**
Cider – NI	15.7	-	(0.2)	**15.5**
Cider – Export	24.5	(0.5)	-	**24.0**
Tennent's	227.2	-	(3.3)	**223.9**
Third party brands	84.6	-	(1.1)	**83.5**
Total	**770.0**	**(0.5)**	**(7.7)**	**761.8**
Net revenue				
Cider – ROI	100.0	-	-	**100.0**
Cider – GB	192.2	-	(1.7)	**190.5**
Cider – NI	12.6	-	(0.2)	**12.4**
Cider – Export	24.5	(0.5)	-	**24.0**
Tennent's	103.5	-	(1.5)	**102.0**
Third party brands	77.1	**-**	(1.0)	**76.1**
Total	**509.9**	**(0.5)**	**(4.4)**	**505.0**
Operating profit				
Cider – ROI	43.7	(0.5)	-	**43.2**
Cider – GB	25.6	2.3	(0.1)	**27.8**
Cider – NI	3.1	(0.1)	-	**3.0**
Cider – Export	4.1	(0.1)	-	**4.0**
Tennent's	18.5	-	(0.3)	**18.2**
Third party brands	5.9	-	(0.1)	**5.8**
Total	**100.9**	**1.6**	**(0.5)**	**102.0**

(i) Continuing operations i.e. excluding Revenue, Net revenue and Operating profit of the Group's discontinued NI Wholesaling business

PRINCIPAL RISKS AND UNCERTAINTIES

Under Irish company law (Statutory Instrument 116/2005 European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005), the Group and the Company are required to give a description of the principal risks and uncertainties which they face.

The principal risks and uncertainties faced by the Group's businesses are set out below. The Group considers that currently the most significant risks to its results and operations over the short term are (a) strategic failures, (b) the continued switch in consumer purchasing from the on-trade to the off-trade, (c) concerns arising out of the eurozone crisis and (d) failing to attract and retain high-performing employees.

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 and careful investment.

Risks and uncertainties relating to revenue and profits

• The majority of the Group's revenue derives from Ireland and the UK, where growth opportunities are limited. The Group seeks to maintain the relevance of its products in these markets through brand investment.

• 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.

• The number of on-trade premises in Ireland and the UK is in decline and consumers are switching to the off-trade. Customers, particularly in the on-trade where the Group has exposure through cash advances to customers may experience financial difficulties. The Group monitors the level of its exposure carefully.

• The Group's customers may increase their negotiating strength through gains in market share or consolidation. The Group seeks to offset this risk by developing new markets and customers for its products and through product innovation.

• Consumer preferences 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.

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 and the implications of Ireland's continued participation. 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 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'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.

• 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 trustees of the pension schemes have recently obtained clearance from the Pensions Board pursuant to S50 of the Pensions Act 1990 to reduce contractual benefits in the schemes.

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 and other territories. An upward movement in the Irish corporation tax rate and/or changes in Irish corporate tax legislation could have a material impact on the Group's profits.

• 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. Failure to comply with all legislation 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 function addressing these issues and it provides training to its employees.

• 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 is a risk, particularly as the Group develops internationally. The Group maintains appropriate internal controls and procedures to guard against economic crime.

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 and could be affected by their loss or the inability to recruit or retain them. The Group seeks to adequately reward, motivate and retain its senior personnel through appropriate remuneration policies.

• 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.

GROUP CONDENSED INCOME STATEMENT
For the year ended 29 February 2012

	Notes	Year ended 29 February 2012 Before exceptional items €m	Exceptional items (note 5) €m	Total €m	Year ended 28 February 2011 Before exceptional items €m	Exceptional items (note 5) €m	Total €m
Revenue	3	**716.7**	**-**	**716.7**	770.0	-	770.0
Excise duties		**(235.9)**	**-**	**(235.9)**	(260.1)	-	(260.1)
Net revenue	3	**480.8**	**-**	**480.8**	509.9	-	509.9
Operating costs		**(369.6)**	**4.8**	**(364.8)**	(409.0)	(12.0)	(421.0)
Operating profit	3	**111.2**	**4.8**	**116.0**	100.9	(12.0)	88.9
Finance income		**0.7**	**-**	**0.7**	1.2	-	1.2
Finance expense		**(5.8)**	**-**	**(5.8)**	(10.6)	-	(10.6)
Profit before tax		**106.1**	**4.8**	**110.9**	91.5	(12.0)	79.5
Income tax (expense)/credit		**(13.8)**	**0.4**	**(13.4)**	(11.2)	2.9	(8.3)
Profit from continuing operations		**92.3**	**5.2**	**97.5**	80.3	(9.1)	71.2
Discontinued operations							
(Loss)/profit from discontinued operations		**(0.1)**	**(1.7)**	**(1.8)**	3.7	225.5	229.2
Profit for the year attributable to equity shareholders		**92.2**	**3.5**	**95.7**	84.0	216.4	300.4
Basic earnings per share (cent)	7			**29.4c**			93.4c
Diluted earnings per share (cent)	7			**28.7c**			91.0c
Continuing operations							
Basic earnings per share (cent)	7			**30.0c**			22.1c
Diluted earnings per share (cent)	7			**29.2c**			21.6c

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 29 February 2012

	Notes	**2012 €m**	2011 €m
Other comprehensive income and expense:			
Exchange difference arising on the net investment in foreign operations and net investment hedge		**5.3**	13.2
Foreign currency reserve recycled on disposal of Northern Ireland wholesale business		**0.7**	-
Loss on revaluation of land and buildings		**(1.7)**	-
Net movement in cash flow hedging reserve		**1.4**	4.4
Deferred tax on cash flow hedges		**(0.1)**	(0.5)
Actuarial (loss)/gain on retirement benefit obligations	11	**(19.0)**	0.2
Deferred tax on actuarial loss on retirement benefit obligations		**2.4**	-
Net (loss)/income recognised directly within other comprehensive income and expense		**(11.0)**	17.3
Profit for the year attributable to equity shareholders		**95.7**	300.4
Comprehensive income for the year attributable to equity shareholders		**84.7**	317.7

GROUP CONDENSED BALANCE SHEET
As at 29 February 2012

	Notes	**2012 €m**	2011 €m
ASSETS			
Non-current assets			
Property, plant & equipment		**181.8**	187.2
Goodwill & intangible assets	9	**484.9**	466.3
Retirement benefit obligations	11	**0.2**	-
Deferred tax assets		**6.5**	8.7
Trade & other receivables		**19.5**	20.0
		692.9	682.2
Current assets			
Inventories		**46.1**	40.7
Trade & other receivables		**93.4**	105.5
Derivative financial assets		**0.1**	0.4
Cash & cash equivalents		**128.3**	128.7
		267.9	275.3
TOTAL ASSETS		**960.8**	957.5
EQUITY			
Equity share capital		**3.4**	3.4
Share premium		**92.0**	86.3
Other reserves		**57.8**	52.9
Treasury shares		**(16.8)**	(17.4)
Retained income		**577.8**	518.5
Total equity		**714.2**	643.7
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings		**-**	99.8
Derivative financial liabilities		**-**	0.7
Retirement benefit obligations	11	**15.3**	15.3
Provisions		**11.5**	11.5
Deferred tax liabilities		**7.2**	5.9
		34.0	133.2
Current liabilities			
Interest bearing loans & borrowings		**60.0**	35.2
Derivative financial liabilities		**0.9**	1.4
Trade & other payables		**141.9**	139.1
Provisions		**5.8**	4.2
Current tax liabilities		**4.0**	0.7
		212.6	180.6
Total liabilities		**246.6**	313.8
TOTAL EQUITY & LIABILITIES		**960.8**	957.5

GROUP CONDENSED CASH FLOW STATEMENT
For the year ended 29 February 2012

	2012 €m	2011 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year attributable to equity shareholders	**95.7**	300.4
Finance income	**(0.7)**	(1.2)
Finance expense	**5.8**	10.6
Income tax expense	**13.4**	8.8
Depreciation of property, plant & equipment	**20.2**	21.2
Amortisation of intangible assets	**0.1**	0.1
Profit on disposal of property, plant & equipment	**(0.3)**	-
Revaluation of property, plant & equipment	**2.0**	-
Loss/(profit) on disposal of businesses	**1.8**	(224.7)
Exceptional retirement benefit obligations gain re: discontinued operations	**(0.1)**	(0.9)
Charge for share-based employee benefits	**2.6**	4.0
Pension contributions paid less amount charged to income statement	**(19.1)**	(4.9)
	121.4	113.4
(Increase)/ decrease in inventories	**(4.5)**	8.8
Decrease in trade & other receivables	**10.6**	9.0
Increase in trade & other payables	**1.2**	15.4
Decrease in provisions	**(0.1)**	(3.2)
	128.6	143.4
Interest received	**0.7**	1.2
Interest and similar costs paid	**(4.6)**	(8.3)
Income taxes paid	**(4.4)**	(8.4)
Net cash inflow from operating activities	**120.3**	127.9
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(18.9)**	(21.1)
Proceeds on disposal of property, plant & equipment	**1.2**	-
Acquisition of brands/deferred consideration paid	**(16.6)**	(31.7)
Proceeds on disposal of businesses	**4.7**	294.9
Net cash (outflow)/inflow from investing activities	**(29.6)**	242.1
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**1.5**	1.2
Proceeds from exercise of Interests under Joint Share Ownership Plan	**0.1**	3.6
Repayment of debt	**(73.6)**	(348.2)
Dividends paid	**(18.5)**	(12.1)
Net cash outflow from financing activities	**(90.5)**	(355.5)
Net increase in cash & cash equivalents	**0.2**	14.5
Cash & cash equivalents at beginning of year	**128.7**	113.5
Translation adjustment	**(0.6)**	0.7
Cash & cash equivalents at end of year	**128.3**	128.7

A reconciliation of cash & cash equivalents to net debt is presented in note 10.

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

For the year ended 29 February 2012

	Equity share capital €m	Share premium €m	Capital redemption reserve €m	Capital reserve €m	Cash flow hedging reserve €m	Share-based payments reserve €m	Currency translation reserve €m	Revaluation reserve €m	Treasury shares €m	Retained income €m	Total €m
At 28 February 2010	3.3	77.1	0.5	24.9	(5.7)	4.8	2.7	5.9	(21.3)	237.2	329.4
Profit for the year attributed to equity shareholders	-	-	-	-	-	-	-	-	-	300.4	300.4
Other comprehensive income	-	-	-	-	3.9	-	13.2	-	-	0.2	17.3
Total	3.3	77.1	0.5	24.9	(1.8)	4.8	15.9	5.9	(21.3)	537.8	647.1
Dividend on ordinary shares	-	8.1	-	-	-	-	-	-	-	(20.2)	(12.1)
Exercised share options	0.1	1.1	-	-	-	-	-	-	-	-	1.2
Reclassification of share-based payments reserve	-	-	-	-	-	(0.9)	-	-	-	0.9	-
Joint Share Ownership Plan	-	-	-	-	-	(0.4)	-	-	3.9	-	3.5
Equity settled share-based payments	-	-	-	-	-	4.0	-	-	-	-	4.0
At 28 February 2011	3.4	86.3	0.5	24.9	(1.8)	7.5	15.9	5.9	(17.4)	518.5	643.7
Profit for the year attributed to equity shareholders	-	-	-	-	-	-	-	-	-	95.7	95.7
Other comprehensive expense	-	-	-	-	1.3	-	6.0	(1.7)	-	(16.6)	(11.0)
Total	3.4	86.3	0.5	24.9	(0.5)	7.5	21.9	4.2	(17.4)	597.6	728.4
Dividend on ordinary shares	-	4.2	-	-	-	-	-	-	-	(22.7)	(18.5)
Exercised share options	-	1.5	-	-	-	-	-	-	-	-	1.5
Reclassification of share-based payments reserve	-	-	-	-	-	(2.5)	-	-	-	2.5	-
Reclassification of revaluation reserve on disposal	-	-	-	-	-	-	-	(0.4)	-	0.4	-
Joint Share Ownership Plan	-	-	-	-	-	(0.4)	-	-	0.6	-	0.2
Equity settled share-based payments	-	-	-	-	-	2.6	-	-	-	-	2.6
At 29 February 2012	**3.4**	**92.0**	**0.5**	**24.9**	**(0.5)**	**7.2**	**21.9**	**3.8**	**(16.8)**	**577.8**	**714.2**

NOTES TO THE PRELIMINARY ANNOUNCEMENT

1. BASIS OF PREPARATION

The financial information presented in this report has been prepared in accordance with the Listing Rules of the Irish Stock Exchange and the accounting policies that the Group has adopted under International Financial Reporting Standards (IFRS) as approved by the European Union and as issued by the International Accounting Standards Board (IASB) for the financial year ended 29 February 2012.

2. STATUTORY ACCOUNTS

The financial information prepared in accordance with IFRSs as adopted by the European Union included in this report does not comprise "full group accounts" within the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations, 1992 of Ireland insofar as such group accounts would have to comply with the disclosure and other requirements of those Regulations. Full statutory accounts for the year ended 29 February 2012 prepared in accordance with IFRS, upon which the auditors have given an unqualified report, have not yet been filed with the Registrar of Companies. Full accounts for the year ended 28 February 2011, prepared in accordance with IFRS and containing an unqualified audit report have been delivered to the Registrar of Companies.

The information included has been extracted from the Group's financial statements, which have been approved by the Board of Directors on 16 May 2012.

2. REPORTING CURRENCY

The Group's financial statements are presented in euro millions to one decimal place. The results of the Group's subsidiaries with non-euro functional currencies have been translated into euro at average exchange rates for the year with the related balance sheets consolidated using the closing spot rate at the balance sheet date. Foreign currency movements arising on restatement of the results and opening net assets of non-euro functional currency companies at closing rates are recognised in the Currency Translation Reserve via the Statement of Comprehensive Income, together with currency movements arising on foreign currency borrowings designated as net investment hedges and currency movements arising on retranslation of the Group's long term sterling intra group loans which are considered quasi equity in nature and part of the Group's net investment in its foreign operations.

The exchange rates used in translating sterling balance sheet and income statement amounts were as follows:-

		2012	2011
Balance Sheet (closing rate):	Euro:Stg£	**0.837**	0.849
Income Statement (average rate):	Euro:Stg£	**0.866**	0.853

3. SEGMENTAL REPORTING

The Group's business activity is the manufacturing, marketing and distribution of alcoholic drinks and six operating segments have been identified; Cider Republic of Ireland ('ROI'), Cider Great Britain ('GB'), Cider Northern Ireland ('NI'), Cider Export, Tennent's (previously, Tennent's GB and Tennent's Ireland) and Third Party Brands .

The basis of segmentation differs from that presented in the prior year in that Tennent's GB and Tennent's Ireland are now considered a single reportable segment. The prior year results for the reportable segments, Cider GB and Cider Export, have also been restated following more detailed information becoming available on transfer of the Gaymers cider business off a Transitional Services Arrangement with Constellation Europe. The financial results from the sale of the Gaymers cider brands to territories outside of Great Britain are now correctly classified within Cider Export whereas previously these had been classified as Cider GB.

The basis of segmentation corresponds with the Group's organisation structure, the current year nature of reporting lines to the Chief Operating Decision-Maker (as defined in IFRS 8 *Operating Segments*) and the Group's current year internal reporting for the purposes of managing the business, assessing performance and allocating resources. All comparative amounts have been restated to reflect the new basis of segmentation.

The Chief Operating Decision-Maker, identified as the executive committee comprising John Dunsmore (resigned from the executive committee on 31 December 2011 and from the Board on 29 February 2012), Stephen Glancey and Kenny Neison, assesses and monitors the operating results of segments separately via internal management reports in order to effectively manage the business. Segment performance is predominantly evaluated based on revenue, net revenue and operating profit before exceptional items and therefore these are the most relevant indicators in evaluating the result of the Group's operating segments. Given that net finance costs and income tax are managed on a centralised basis, these items are not allocated between operating segments for the purposes of the information presented to the Chief Operating Decision-Maker and are accordingly omitted from the detailed segmental analysis below.

The identified business segments are as follows:-

(i) Cider- ROI
This segment includes the results from sale of the Group's cider products in the Republic of Ireland, principally Bulmers.

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

(iii) Cider - NI
This segment includes the results from sale of the Group's cider products in Northern Ireland, with Magners the principal brand.

(iv) Cider - Export
This segment includes the results from sale of the Group's cider products, with Magners, Blackthorn and Hornsby's the principal brands, in all territories outside of the Republic of Ireland, Northern Ireland and Great Britain.

(v) Tennent's
This segment includes the results from sale of the Group's 'owned' beer brand - Tennent's.

(vi) Third Party Brands
This segment relates to the distribution of agency products, including AB InBev brands in the Republic of Ireland, Northern Ireland and Scotland.

Information regarding the results of each reportable segment is disclosed below for the Group's continuing business while the relevant information in relation to the Group's discontinued Northern Ireland wholesaling business which was previously reported within Third Party Brands (disposed 30 June 2011) and the Spirits & Liqueurs business (disposed 30 June 2010), as set out in note 8.

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

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

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

(a) Operating segment disclosures

	2012			2011 (restated)		
	Revenue €m	Net revenue €m	Operating profit €m	Revenue €m	Net revenue €m	Operating profit €m
Cider – ROI	**126.8**	**91.5**	**42.2**	136.4	100.0	43.7
Cider – GB	**249.8**	**172.8**	**29.5**	281.6	192.2	25.6
Cider – NI	**15.1**	**12.2**	**3.5**	15.7	12.6	3.1
Cider – Export	**30.3**	**30.2**	**6.6**	24.5	24.5	4.1
Tennent's	**216.8**	**100.1**	**22.3**	227.2	103.5	18.5
Third party brands	**77.9**	**74.0**	**7.1**	84.6	77.1	5.9
Continuing operations	**716.7**	**480.8**	**111.2**	770.0	509.9	100.9
Discontinued operations (note 8)	**5.2**	**5.2**	**(0.1)**	40.6	40.6	4.1
Total before unallocated items	**721.9**	**486.0**	**111.1**	810.6	550.5	105.0
Unallocated items:						
Exceptional items (note 5)	**-**	**-**	**4.9***	-	-	(11.1)**
Total	**721.9**	**486.0**	**116.0**	810.6	550.5	93.9

* Of the exceptional items in the current year, €4.8m relates to Cider ROI, €0.7m to Cider GB, €0.7m to Cider NI, €1.3m to Cider Export, a (€2.7m) loss to Tennent's and a €0.1m income to discontinued operations.
** Of the exceptional items in the prior year, (€0.9m) relates to Cider ROI, (€6.8m) to Cider GB, (€0.4m) to Cider NI, (€0.2m) to Cider Export, (€3.7m) to Tennent's, and a €0.9m income to discontinued operations.

The unallocated exceptional items exclude the loss on disposal of discontinued activities of €1.1m (FY2011: €224.7m profit) and a loss of €0.7m on the recycling of a foreign currency reserve to the income statement following the disposal of the Group's NI wholesaling business.

The impact of the reclassification of the financial results from the sale of the Gaymers cider brands to territories outside of GB from Cider - GB to Cider - Export are outlined below. This reclassification has no impact on the revenue, net revenue or operating profit reported by the Group:-

	Revenue €m	Net revenue €m	Operating profit €m
Cider - GB			
Previously reported	284.6	195.2	27.0
Impact of change	(3.0)	(3.0)	(1.4)
Current classification	**281.6**	**192.2**	**25.6**
Cider - Export			
Previously reported	21.5	21.5	2.7
Impact of change	3.0	3.0	1.4
Current classification	**24.5**	**24.5**	**4.1**

(b) Other operating segment information

	2012		2011	
	Capital expenditure €m	Depreciation €m	Capital expenditure €m	Depreciation €m
Cider – ROI	**1.2**	**3.6**	1.7	4.6
Cider – GB	**8.7**	**8.1**	5.2	8.9
Cider – NI	**0.1**	**0.2**	0.1	0.3
Cider – Export	**0.6**	**0.6**	-	0.4
Tennent's	**7.6**	**7.4**	12.2	6.8
Third party brands	**0.4**	**0.3**	-	0.1
Total – continuing operations	**18.6**	**20.2**	19.2	21.1
Discontinued operations	-	-	-	0.1
Total	**18.6**	**20.2**	19.2	21.2

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

	Revenue		Net revenue		Non-current assets	
	2012 €m	2011 €m	2012 €m	2011 €m	2012 €m	2011 €m
ROI	**142.5**	151.4	**101.4**	109.8	**56.6**	73.3
UK	**543.6**	597.1	**348.9**	378.6	**144.1**	133.9
Rest of Europe	**10.4**	6.5	**10.4**	6.5	-	-
North America	**14.4**	8.5	**14.3**	8.5	**0.6**	-
Rest of world	**5.8**	6.5	**5.8**	6.5	-	-
Total	**716.7**	770.0	**480.8**	509.9	**201.3**	207.2

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

4. CYCLICALITY OF OPERATIONS

Operating profit performance in the drinks industry is not characterised by significant cyclicality. Operating profit before exceptional items for the financial year ended 29 February 2012 was split H1: 60% and H2: 40%.

5. EXCEPTIONAL ITEMS

	2012			2011		
	Continuing operations €m	Discontinued operations €m	Total €m	Continuing operations €m	Discontinued operations €m	Total €m
Restructuring costs	**4.6**	**-**	**4.6**	4.9	-	4.9
Retirement benefit obligations	**(14.7)**	**(0.1)**	**(14.8)**	(1.1)	(0.9)	(2.0)
Recovery of previously impaired inventory	**(0.7)**	**-**	**(0.7)**	(0.2)	-	(0.2)
IT systems implementation and integration costs	**4.0**	**-**	**4.0**	8.4	-	8.4
Revaluation of property, plant & machinery	**2.0**	**-**	**2.0**	-	-	-
Loss/(profit) from discontinued operations	**-**	**1.1**	**1.1**	-	(224.7)	(224.7)
Foreign currency reserve recycled to the income statement on disposal	**-**	**0.7**	**0.7**	-	-	-
Total (profit)/loss before tax	**(4.8)**	**1.7**	**(3.1)**	12.0	(225.6)	(213.6)
Income tax (credit)/expense	**(0.4)**	**-**	**(0.4)**	(2.9)	0.1	(2.8)
Total (profit)/loss after tax	**(5.2)**	**1.7**	**(3.5)**	9.1	(225.5)	(216.4)

(a) Restructuring costs

Restructuring costs, comprising severance and other initiatives arising from ongoing cost cutting initiatives, resulted in an exceptional charge before taxation of €4.6m (2011: €4.9m).

(b) Retirement benefit obligations

The exceptional gain of €14.8m in the current year relates both to:

- the recognition of a past service gain, net of expenses, of €14.7m following the conclusion of the Group's pension reform programme and the receipt of a Pensions Board direction under Section 50 of the Pensions Act 1990, removing guaranteed pension increases and replacing them with a reduced level of guaranteed increase

for three years commencing 2012 and thereafter for all future pension increases to be awarded on a discretionary basis, resulting in a positive impact on the valuation of Retirement Benefit Obligations; and,

- a curtailment gain of €0.1m arising from the Group's disposal of the Northern Ireland wholesaling business and the reclassification of these employees from active to deferred members.

The past service gain represents the difference between liabilities valued using a pension increase assumption of 3% per annum versus 2.25% per annum, assumed to be the average discretionary increase rate. A curtailment gain arises where the value of the pension benefit of a deferred member is less than that of an active member. This occurs when the long term salary increase assumption is greater that the long term inflation assumption.

The exceptional gain of €2.0m in the prior financial year relates to defined benefit pension scheme curtailment gains arising as a result of the following: the Group's disposal of its Spirits & Liqueurs business to William Grant & Sons Holdings Limited and the reclassification of these employees from active to deferred members (€0.9m); restructuring initiatives in Northern Ireland following the integration of the acquired Tennent's business (€0.1m); and a cost reduction programme in the Group's cider manufacturing facility in Clonmel, Co. Tipperary (€1.0m).

(c) Recovery of previously impaired inventory

During the financial year ended 28 February 2009, the Group's stock holding of apple juice at 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 current and previous financial year, some of the previously impaired juice stocks were recovered and used by the Group. As a result this stock was written back to operating profit at its recoverable value resulting in a gain of €0.7m (FY2011: €0.2m). The Group has recovered total juice stocks of €0.9m in relation to stocks for which an impairment charge was recognised in FY2009.

(d) IT systems implementation and integration costs

During the financial year, the Group incurred consultancy costs in relation to the commencement of the process of integrating the acquired Hornsby's brand with the Group's existing business; and the completion of the second phase of the IT systems implementation project with respect to the migration of the Gaymers cider business onto a new IT system, allowing the business to fully integrate with the existing Magners business. The 'first phase' of the systems implementation moved Gaymers off a transitional services arrangement onto a standalone IT system platform, this phase together with the transfer of the Tennent's business onto a new IT systems platform was completed and accounted for in the prior year.

The costs have been classified as exceptional on the basis of materiality. These costs primarily relate to external consultant fees and other costs associated with the implementation of the new IT systems platform and which both, in accordance with IAS 16 *Property, Plant and Equipment*, were not appropriate for capitalisation within Property, plant & equipment on the balance sheet.

(e) Revaluation of property, plant & machinery

Property (comprising land and buildings) and plant & machinery are valued at fair value on the balance sheet and reviewed for impairment on an annual basis. During the financial year, the Group engaged external valuers Ronan Diamond BSc (Hons) MSCSI MRICS and Brian Gilson, BSc (Surv) MSCSI MRICS MCI Arb - Lisney to value its freehold properties in ROI; David Fawcett, FRICS RICS Registered Valuer - Sanderson Weatherall to value its plant & machinery in ROI, and, Timothy Smith BSc MRICS RICS Registered Valuer and Joseph ML Funtek BSc MRICS RICS Registered Valuer - Gerald Eve to value both its freehold properties and plant & machinery in the UK.

The valuations were completed in accordance with the requirements of the RICS Valuation Standards, seventh edition and the International Valuation Standards. The valuation of the Group's land and Irish property was on the basis of market value whereas, in view of the specialised nature of the Group's production facilities and UK-based property and the lack of comparable market evidence of plant being sold as a 'going concern' a Depreciated Replacement Cost approach was used to value the Group's plant & machinery and UK-based property. This resulted in a net revaluation loss of €2.0m accounted for in the income statement and a further loss of €1.7m accounted for in the statement of comprehensive income on the basis that it reduced a revaluation surplus previously recognised in respect of an asset in Clonmel and created a revaluation surplus in respect of the Group's Scottish buildings.

(f) (Loss)/profit from discontinued operations, net of tax / recycling of Foreign Currency Reserve

The loss on discontinued operations of €1.1m relates to a €0.1m profit arising on the disposal of the Group's Northern Ireland wholesaling business (Quinns of Cookstown) to Britvic Northern Ireland Limited on 30 June 2011 for a gross consideration of €4.8m (£4.3 m) and a loss of €1.2m in relation to a working capital settlement to reflect 'normalised' working capital' as set out in the Sale Purchase Agreement following the prior year disposal of the Group's Spirits & Liqueurs business. The Group also recognised a loss of €0.7m on the recycling of a foreign currency reserve to the income statement following the disposal of the Group's NI wholesaling business.

During the prior year, the Group completed the disposal of its Spirits & Liqueurs division to William Grant & Sons Holdings Limited for a gross cash consideration of €300.0m realising a profit of €224.7m.

6. DIVIDENDS

	2012 €m	2011 €m
Dividends paid		
Final: paid 3.3c per ordinary share in July 2011 (2011: 3.0c paid in September 2010)	**10.7**	9.5
Interim: paid 3.67c per ordinary share in December 2011 (2011: 3.3c paid in December 2010)	**12.0**	10.7
Total equity dividends	**22.7**	20.2
Settled as follows:		
Paid in cash	**18.5**	12.1
Scrip dividend	**4.2**	8.1
	22.7	20.2

The Directors have proposed a final dividend of 4.5 cent per share (2011: 3.3 cent), which is subject to shareholder approval at the Annual General Meeting, giving a proposed total dividend for the year of 8.17 cent per share (2011: 6.6 cent).

Dividends of 6.97 cent were recognised as a deduction from the retained income reserve in the year ended 29 February 2012 (2011: 6.3 cent).

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

7. EARNINGS PER ORDINARY SHARE

Denominator computations	Number '000	Number '000
Number of shares at beginning of year	**337,196**	334,068
Shares issued in lieu of dividend	**1,370**	2,538
Shares issued in respect of options exercised	**709**	590
Number of shares at end of year	**339,275**	337,196
Weighted average number of ordinary shares (basic)*	**325,509**	321,579
Adjustment for the effect of conversion of options	**8,294**	8,492
Weighted average number of ordinary shares, including options (diluted)	**333,803**	330,071

* excludes 12.4m treasury shares (2011: 12.6m)

Profit attributable to ordinary shareholders	2012 €m	2011 €m
Earnings as reported	**95.7**	300.4
Adjustment for exceptional items, net of tax (note 5)	**(3.5)**	(216.4)
Earnings as adjusted for exceptional items, net of tax	**92.2**	84.0
Basic earnings per share	Cent	Cent
Basic earnings per share	**29.4**	93.4
Adjusted basic earnings per share	**28.3**	26.1
Diluted earnings per share		
Diluted earnings per share	**28.7**	91.0
Adjusted diluted earnings per share	**27.6**	25.4

Continuing operations	€m	€m
Earnings from continuing operations as reported	**97.5**	71.2
Adjustment for exceptional items, net of tax (note 5)	**(5.2)**	9.1
Earnings from continuing operations as adjusted for exceptional items, net of tax	**92.3**	80.3
Basic earnings per share	Cent	Cent
Basic earnings per share	**30.0**	22.1
Adjusted basic earnings per share	**28.3**	25.0
Diluted earnings per share		
Diluted earnings per share	**29.2**	21.6
Adjusted diluted earnings per share	**27.6**	24.3

Discontinued operations	€m	€m
Earnings from discontinued operations as reported	**(1.8)**	229.2
Adjustment for exceptional items, net of tax (note 5)	**1.7**	(225.5)
Earnings from discontinued operations as adjusted for exceptional items, net of tax	**(0.1)**	3.7
Basic earnings per share	Cent	Cent
Basic earnings per share	**(0.6)**	71.3
Adjusted basic earnings per share	-	1.1
Diluted earnings per share		
Diluted earnings per share	**(0.5)**	69.4
Adjusted diluted earnings per share	**-**	1.1

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 year, excluding ordinary shares purchased/issued by the Company and held as treasury shares on the basis that there is further consideration receiveable in respect of these shares (at 29 February 2012: 12.4m shares; at 28 February 2011: 12.6m 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 at 53,643 at 29 February 2012 and 324,487 at 28 February 2011) are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied as at the end of the reporting period. Vesting of certain Interests awarded under the Joint Share Ownership Plan (totalling 375,000 at 29 February 2012 and 750,000 at 28 February 2011) are also contingent upon satisfaction of specified performance conditions and these have also been excluded from the computation of diluted earnings per share.

8. DISCONTINUED OPERATIONS

On 30 June 2011, the Group completed the disposal of its Northern Ireland wholesaling business (Quinns of Cookstown) to Britvic Northern Ireland Limited for a consideration of €4.8m (£4.3m) while on 30 June 2010 the Group completed the disposal of its Spirits & Liqueurs business to William Grant & Sons Holdings Limited for a gross cash consideration of €300.0m.

The Group, having considered IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* para 32, believe that the classification of the Group's disposed Northern Ireland wholesaling business as a discontinued activity and as a consequence the provision of directly comparable information better assists the users of these financial statements in evaluating both the financial performance of the Group and more specifically the financial performance of its third party brand distribution activities.

In line with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, depreciation was not charged on property, plant & equipment held in these businesses from the date the assets were classified as 'held for sale' and the businesses are presented as discontinued operations for all periods presented and are shown separately from continuing operations.

Results of discontinued operations	2012			2011		
	Before exceptional items €m	Exceptional items (note 5) €m	Total €m	Before exceptional items €m	Exceptional items (note 5) €m	Total €m
Revenue	**5.2**	**-**	**5.2**	40.6	-	40.6
Net revenue	**5.2**	**-**	**5.2**	40.6	-	40.6
Expenses, net	**(5.3)**	**0.1**	**(5.2)**	(36.5)	0.9	(35.6)
Operating (loss)/profit	**(0.1)**	**0.1**	**-**	4.1	0.9	5.0
Income tax expense	-	-	-	(0.4)	(0.1)	(0.5)
Trading (loss)/profit from discontinued operations	**(0.1)**	**0.1**	**-**	3.7	0.8	4.5
Foreign currency reserve recycled to the income statement on disposal	**-**	**(0.7)**	**(0.7)**	-	-	-
(Loss)/gain on sale of discontinued operations	**-**	**(1.1)**	**(1.1)**	-	224.7	224.7
(Loss)/profit from discontinued operations	**(0.1)**	**(1.7)**	**(1.8)**	3.7	225.5	229.2

The exceptional operating profit before tax relates to curtailment gains on the Group's defined benefit pension schemes; a current year gain of €0.1m following the disposal of Group's Northern Ireland wholesaling business (Quinns of Cookstown) and a prior year gain of €0.9m following the June 2010 disposal of the Group's Spirits & Liqueurs business and the reclassification of those employees from active to deferred members.

The loss on discontinued operations of €1.1m relates to a €0.1m profit arising on the disposal of the Group's Northern Ireland wholesaling business to Britvic Northern Ireland Limited on 30 June 2011 for a gross consideration of €4.8m (£4.3m) and a loss of €1.2m in relation to a working capital settlement to reflect 'normalised' working capital' as set out in the Sale and Purchase Agreement following the prior year disposal of the Group's Spirits & Liqueurs business.

During the prior year, the Group completed the disposal of its Spirits & Liqueurs division to William Grant & Sons Holdings Limited for a gross cash consideration of €300.0m realising a profit of €224.7m.

	2012 €m	2011 €m
Cash flows from discontinued operations		
Net cash (outflow)/inflow from operating activities	**(1.0)**	0.8
Net cash inflow from investing activities	**4.7**	294.9
Net cash inflow from discontinued operations	**3.7**	295.7

Effect of disposal on the financial position of the Group

	NI wholesaling business 2012 €m	Spirits & Liqueurs 2011 €m
Property, plant & equipment	**0.9**	2.5
Goodwill	**-**	49.6
Inventories	**1.2**	6.6
Trade & other receivables	**2.5**	17.1
Derivative financial instruments	**-**	(3.0)
Trade & other payables	**-**	(4.5)
Net assets and liabilities disposed of	**4.6**	68.3
Consideration receivable	**4.8**	302.0
Costs of disposal payable	**(0.1)**	(6.0)
Net proceeds receivable	**4.7**	296.0
Profit on disposal of net assets and liabilities	**0.1**	227.7
Fair value of derivative financial instruments transferred from cashflow hedge reserve to income statement	**-**	(3.0)
Gain on sale of discontinued operations	**0.1**	224.7
Working capital settlement - Spirits & Liqueurs	**(1.2)**	-
(Loss)/profit from discontinued operations	**(1.1)**	224.7

In the prior year, the consideration receivable included a working capital settlement to reflect the level of working capital disposed of and that considered 'normalised' as set out in the Sale Purchase Agreement, while costs of disposal payable included an accrual for costs not yet paid.

9. GOODWILL & INTANGIBLE ASSETS

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2010	424.0	82.1	1.6	507.7
Fair value adjustment	2.4	-	-	2.4
Disposal of Spirits & Liqueurs	(49.6)	-	-	(49.6)
Translation adjustment	1.3	4.5	0.1	5.9
At 28 February 2011	378.1	86.6	1.7	466.4
Translation adjustment	0.4	1.6	0.1	2.1
Acquisition of Hornsby's cider brand	-	16.6	-	16.6
At 29 February 2012	**378.5**	**104.8**	**1.8**	**485.1**
Amortisation				
At 28 February 2010	-	-	-	-
Charge for the year	-	-	0.1	0.1
At 28 February 2011	-	-	0.1	0.1
Charge for the year	-	-	0.1	0.1
At 29 February 2012	**-**	**-**	**0.2**	**0.2**
Net book value				
At 29 February 2012	**378.5**	**104.8**	**1.6**	**484.9**
At 28 February 2011	378.1	86.6	1.6	466.3

Goodwill

Goodwill has been attributed to operating segments (as identified under IFRS 8 *Operating Segments*) as follows:-

	Cider - ROI €m	Cider - GB €m	Cider -NI €m	Cider -Export €m	Spirits & Liqueurs €m	Tennent's €m	Total €m
Cost							
At 1 March 2010	116.5	190.8	19.6	21.9	49.6	25.6	424.0
Fair value adjustment	-	6.7	-	-	-	(4.3)	2.4
Disposal of Spirits & Liqueurs	-	-	-	-	(49.6)	-	(49.6)
Translation adjustment	-	0.5	-	-	-	0.8	1.3
At 28 February 2011	116.5	198.0	19.6	21.9	-	22.1	378.1
Translation adjustment	-	0.2	-	-	-	0.2	0.4
At 29 February 2012	**116.5**	**198.2**	**19.6**	**21.9**	**-**	**22.3**	**378.5**

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 cost 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.

In line with IAS 36 *Impairment of Assets*, goodwill is allocated to each of the cash generating units expected to benefit from the combinations synergies. The cash generating units represent the lowest level within the Group at which goodwill is monitored for internal management purposes, these units are not larger than the Group's operating segments determined in accordance with IFRS 8 *Operating Segments*. The fair value of goodwill previously reported within Tennent's Ireland and Tennent's GB is now consolidated and reported within the Tennent's operating segment.

As permitted under IFRS 3 (2004) *Business Combinations*, the provisional valuations assigned to the assets and liabilities acquired were amended resulting in an increase to the value of goodwill of a net €2.4m in the prior year. The amendments to the originally assigned fair values giving rise to this adjustment relate to the costs of acquisition and the fair value of trade receivables, accruals and provisions.

All goodwill is regarded as having an indefinite life and is not subject to amortisation under IFRS but is subject to an annual impairment assessment.

Brands

Brands have been attributed to operating segments (as identified under IFRS 8 *Operating Segments*) as follows:-

	Cider - GB €m	Cider - Export €m	Tennent's €m	Total €m
At 1 March 2010	10.8	-	71.3	82.1
Translation adjustment	0.6	-	3.9	4.5
At 28 February 2011	11.4	-	75.2	86.6
Translation adjustment	0.2	0.3	1.1	1.6
Acquisition of Hornsby's cider brand	-	16.6	-	16.6
At 29 February 2012	**11.6**	**16.9**	**76.3**	**104.8**

Capitalised brands include the Tennent's beer brands and a number of cider brands, including Gaymers, Blackthorn and Olde English acquired during the financial year ended 28 February 2010 and the Hornsby's cider brand acquired during the current financial year.

The Group completed the acquisition of the Hornsby's cider brand, including the global intellectual property rights to the brand from E&J Gallo Winery on 8 November 2011. The Group entered into a Transitional Services Arrangement with E&J Gallo Winery for the production and distribution of the brand and for the provision of all accounting and back office services for a period of seven months.

The transaction was completed for an initial cash consideration of €16.4m ($22.5m), including a payment of €1.7m ($2.4m) equating to a normal level of inventory. The final valuation of inventory acquired will be determined at the end of the transitional services contract. In addition, contingent consideration of up to €3.6m (US$5.0m) is payable subject to the performance of the brand in the period to April 2012. In line with the Agreement, the amount of contingent consideration payable is based on volume performance with €1.8m (euro equivalent of $2.5m at year end date) payable if the brand continues to perform in line with recent trends. If the brand outperforms a volume ratchet mechanism the level of contingent consideration is linked to a payment range of €1.8m and €3.6m (euro equivalent of $2.5m and $5.0m at year end date). The Directors have assumed the amount payable to be €1.8m ($2.5m) based on their expectation of performance in the transitional period.

	€m
Hornsby's cider brand	
Brand	16.6
Inventories	1.7
Total consideration	**18.3**
Satisfied by:	
Cash	16.4
Contingent consideration (euro equivalent at date of acquisition)	1.7
Acquisition costs	0.2
Total consideration	**18.3**

The Tennent's and Gaymers brands were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 (2004) *Business Combinations* by independent professional valuers. The Hornsby's cider brand was valued at cost.

In line with IAS 36 *Impairment of Assets*, and as discussed above, the fair value of the Tennent's beer brand previously reported within Tennent's Ireland and Tennent's GB is now consolidated and reported within the Tennent's operating segment.

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 the brands be treated as having indefinite lives for accounting purposes.

Other intangible assets
Other intangible assets 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 (2004) *Business Combinations* by independent professional valuers. Other intangible assets have finite lives and are subject to amortisation on a straight line basis over the length of the distribution arrangements. The amortisation charge for the year ended 29 February 2012 is €0.1m (FY2011: €0.1m).

Impairment testing
To ensure that goodwill and brands considered to have an indefinite useful economic life are not carried at above their recoverable amount, impairment reviews are performed comparing the carrying value ('value-in-use') of the assets with their recoverable amount using value-in-use computations. Impairment testing is performed annually or more frequently if there is an indication that the carrying amount may not be recoverable.
For goodwill, the recoverable amount is calculated in respect of each business segment (which may comprise of more than one cash generating unit). The business segments represents the lowest levels within the Group at which the associated goodwill and indefinite life brands are monitored for management purposes and are not larger than the reported segments determined in accordance with IFRS 8 *Operating Segments.*

Value-in-use is calculated on the basis of estimated future cash flows discounted to present value and terminal values calculated on the assumption that cash flows continue in perpetuity. The key assumptions used in the value-in-use computations are:-

- Expected volume, net revenue and operating profit growth rates - cash flows for each business segment are based on detailed financial budgets and plans, formally approved by the Board, for years one to three,
- Long term growth rate - cash flows after the first three years were extrapolated using a long term growth rate, on the assumption that cash flows for the first three years will increase at a nominal growth rate in perpetuity,
- Discount rate.

The key assumptions used in the value-in-use computations were based on management assessment of anticipated market conditions for each segment. A terminal growth rate of 2.5% (2011: 2.5%) in perpetuity was assumed based on an assessment of the likely long term growth prospects for the sectors in which the Group operates. The resulting cash flows were discounted to present value using a range of discount rates between 8-12% (FY2011: 8-12%).

No impairment losses were recognised by the Group in the current or previous financial year.

Sensitivity analysis
The impairment testing carried out at 29 February 2012 identified significant headroom in the recoverable amount of the brands and goodwill compared to their carrying values in all business segments. The key sensitivities for the impairment testing are net revenue and operating profit growth assumptions, discount rates applied to the resulting cashflows and the expected long term growth rates. No material adjustments to the assumptions underlying the impairment testing models applied would result in any foreseeable risk of an impairment arising.

10. ANALYSIS OF NET DEBT

	1 March 2011 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	29 February 2012 €m
Interest bearing loans & borrowings	**135.0**	**(1.7)**	**(73.6)**	**0.3**	**60.0**
Cash & cash equivalents	**(128.7)**	**0.6**	**(0.2)**	**-**	**(128.3)**
	6.3	**(1.1)**	**(73.8)**	**0.3**	**(68.3)**
Interest rate swaps	**2.0**	**-**	**(2.4)**	**0.4**	**-**
	8.3	**(1.1)**	**(76.2)**	**0.7**	**(68.3)**

	1 March 2010 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2011 €m
Interest bearing loans & borrowings	478.4	3.3	(348.2)	1.5	135.0
Cash & cash equivalents	(113.5)	(0.7)	(14.5)	-	(128.7)
	364.9	2.6	(362.7)	1.5	6.3
Interest rate swaps	4.9	-	3.0	(5.9)	2.0
	369.8	2.6	(359.7)	(4.4)	8.3

The non-cash changes relate to the amortisation of issue costs.

Borrowing facilities
The Group manages its borrowing ability by entering into committed loan facility agreements.

In February 2012, the Group entered into a committed €250.0m multi-currency five year syndicated revolving loan facility with seven banks, including Bank of Ireland, Bank of Scotland, Barclays Bank, Danske Bank, HSBC, Rabobank and Ulster Bank, repayable on 28 February 2017. The facility agreement provides for a further €100.0m in the form of an uncommitted accordion facility and permits the Group to avail of further additional indebtedness, excluding working capital and guarantee facilities, to a maximum value of €150.0m. Consequently, the Group is permitted, under the terms of the agreement, 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 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 an utilisation fee, dependent on percentage utilisation. The Group may select an interest period of one, two, three or six months. There were no drawn funds under this facility as at 29 February 2012.

During the financial year, the Group, using surplus cash resources, repaid and cancelled all funds (£30.0m) drawn under its maturing sterling revolving loan facility and reduced drawings under its primary euro revolving loan facility by €40.0m. The sterling loan facility matured on 30 June 2011, while the euro loan facility, although not maturing until 28 May 2012, was voluntarily repaid and cancelled in full post year end, on 30 March 2012.

During the previous financial year, and in accordance with the terms of the euro facility agreement whereby net proceeds, in excess of an agreed de minimis, must be applied to repay outstanding loans, net disposal proceeds of €245.0m arising from the disposal of the Group's Spirits & Liqueurs business, were used to part repay the facility and the available committed facility was cancelled by the same amount. In addition, voluntary repayments of €55.0m and €30.0m were completed in January and February 2011 respectively from surplus cash resources.

All bank loans 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 debt facilities (2007 Euro and 2012 multi-currency facilities) incorporate 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 a half year date will not exceed 3.5:1.

11. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined benefit pension schemes for employees in ROI and in Northern Ireland, all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group provides permanent health insurance cover for the benefit of its employees and separately charges this to the income statement.

The pension scheme assets are held in separate trustee administered funds to meet long-term pension liabilities to past and present employees. The trustees of the funds are required to act in the best interest of the funds' beneficiaries. The appointment of trustees to the funds is determined by the schemes' trust documentation. The Group has a policy in relation to its principal staff pension fund that members of the fund should nominate half of all fund trustees.

All schemes are closed to new members since April 2007. There are now no active members remaining in the Executive defined benefit pension scheme (FY2011: 3 active members) while active members of the Staff defined benefit pension scheme represent less than 10% of total membership.

The Group's ROI defined benefit pension reform programme concluded during the financial year 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.

Actuarial valuations – funding requirements

Independent actuarial valuations of the defined benefit schemes are carried out on a triennial basis using the attained age method. The funding requirements in relation to the Group's defined benefit schemes are assessed at each valuation date and are implemented in accordance with the advice of the actuaries. The most recently completed formal actuarial valuations of the main schemes were carried out on 1 January 2009 and the actuary, Mercer (Ireland) Limited, submitted Actuarial Funding Certificates to the Pension Board confirming that the Schemes did not satisfy the Minimum Funding Standard at that date. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

Given that the removal of guaranteed pension increases would not correct this situation, Funding Proposals were submitted to, and approved by the Pensions Board on 23 February 2012, which the Directors believe will enable the schemes to meet the Minimum Funding Standard by 31 December 2016. The Funding Proposals commit the Group to contributions of 14% of Pensionable Salaries to fund future pension accrual of benefits (previously 38.1% of Pensionable Salaries), a deficit contribution of €3.4m and an additional supplementary deficit contribution of €1.9m for which the Company 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.

Independent actuaries, Mercer (Ireland) Limited, have employed the projected unit credit method to determine the present value of the defined benefit obligations arising and the related current service cost. At 29 February 2012, the retirement benefit obligations computed in accordance with IAS19 *Employee Benefits* amounted to a net deficit of €15.1 million gross (€15.3 million deficit with respect to the ROI schemes and a €0.2m surplus with respect to the UK scheme) and €13.2 million net of deferred tax (2011: €15.3 million gross and €13.3 million net of deferred tax).

The movement in the deficit is as follows:-

	€m
Deficit at 1 March 2011	15.3
Employer contributions paid	(5.9)
Actuarial loss	19.0
Past service gain/curtailment gain	(14.9)
Charge to the Income Statement	1.6
Net deficit at 29 February 2012	**15.1**
comprising:	
ROI Scheme retirement benefit deficit	15.3
UK Scheme retirement benefit surplus	(0.2)

Although the valuation of the retirement benefit obligation deficit did not change materially, the year end position was impacted by a number of factors, namely:-

- Actuarial loss: €19.0m recognised as a result of a reduction in the discount rate applied to liabilities (ROI schemes: reduced from 5.3%-5.5% at 28 February 2011 to 4.7%-4.9% at 29 February 2012),
- Past service gain: €14.8m arising on elimination of the guaranteed pensions in payment increase of 3.0% per annum, and reflecting the difference between retirement benefit liabilities valued using a pensions in payment increase assumption of 3.0% per annum versus 2.25% per annum (assumed to be the average discretionary pension increase rate), and,
- Employer contributions: €5.9 million.

12. RELATED PARTY TRANSACTIONS

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

Transactions

Transactions between the Group and its related parties are made on terms equivalent to those that prevail in arm's length transactions.

Subsidiary undertakings

The consolidated financial statements include the financial statements of the Company and its subsidiaries. Sales to and purchases from, together with outstanding payables and receivables, are eliminated in the preparation of the consolidated financial statements in accordance with IAS 27 *Consolidated Financial Statements*.

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.

Details of key management remuneration are as follows:-

	2012 Number	2011 Number
Number of individuals	**10**	11
	€m	**€m**
Salaries and other short term employee benefits	**3.6**	2.4
Post employment benefits	**0.4**	0.4
Equity settled share-based payments	**0.3**	1.4
Total	**4.3**	4.2

John Dunsmore, who resigned from the Board on 29 February 2012, has been included in the headcount numbers and in the disclosure of remuneration charged to the income statement. Tony O'Brien, who resigned from the Board on 5 August 2010, has been included in the prior year headcount and remuneration charged to the income statement.

The Group accepted the resignation of John Dunsmore and agreed with him that he would cease to be Group Chief Executive Officer on 31 December 2011 and would cease to be an executive Director and employee in the Group on 29 February 2012. It was agreed that he would continue to be entitled to a payment equal to his bonus (subject to achievement of bonus targets) in respect of FY2012 but no other compensation for loss of office was paid. Any notice due under his service contract was waived. All his interests in the Joint Share Ownership Plan vested prior to the cessation of his employment and it was agreed that he was entitled to retain them within the Plan, which he has elected to do. It was also agreed that any options held by him under the Executive Share Option Scheme lapsed upon cessation of his employment.

The relevant disclosure of Directors remuneration as required under the Companies Act, 1963 is as outlined above.

When an award is granted to an executive under the Group's Joint Share Ownership Plan, its value is assessed for tax purposes with the resulting value being deemed to fall due for payment on the date of grant. Under the terms of the Plan, the executive must pay the Entry Price at the date of grant and, if the tax value exceeds the Entry Price, he must pay a further amount, equating to the amount of such excess, before a sale of the awarded Interests. The deferral of the payment of the further amount is considered to be an interest-free loan by the Company to the executive and a taxable benefit-in-kind arises, charged at the Revenue stipulated rates (Ireland 12.5%; UK 4.0%). The balance of loans outstanding to the executive Directors in the context of the above as at 29 February 2012 and 28 February 2011 are as follows:-

	29 February 2012 €'000	**28 February 2011 €'000**
John Dunsmore	**-**	111
Stephen Glancey	**111**	111
Kenny Neison	**83**	83
Total	**194**	305

John Dunsmore repaid all loans outstanding on 29 February 2012.

Appendix
List of Directors

Sir Brian Stewart (UK) (Chairman) *
Stephen Glancey (UK) (Group Chief Executive Officer)
John Burgess (UK) *
Stewart Gilliland (UK)*
John Hogan *
Richard Holroyd (UK) *
Philip Lynch *
Kenny Neison (UK) (Group Chief Financial Officer)
Breege O'Donoghue *
Tony Smurfit*

* non-executive