C&C GROUP PLC
FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2012

Dublin, London, 23 October 2012: C&C Group plc ('C&C' or the 'Group'), a leading manufacturer, marketer and distributor of branded cider and beer today announces results for the six months ended 31 August 2012.

Financial Highlights and Outlook

- Net revenue declined 2% to €263.4 million
- Operating profit before exceptional items declined 2.7% to €65.6 million
- Group operating margin of 25% - broadly stable on last year
- Basic Earnings per Share (EPS) up 9% to 16.5 cent. Adjusted diluted Earnings Per Share for continuing activities decreased 2.4% to 16.1 cent
- Net cash on balance sheet increased to €79.6 million
- Proposed interim dividend increase of 9% to 4 cent per share, reflecting balance sheet strength and cash flow generation
- Confirming FY13 operating profit guidance at lower end of previously stated range of €112 million to €118 million

Operating Highlights

- Resilient financial performance of the Group despite difficult trading environment in UK and ROI
- Strong Tennent's and International performances helping to offset weak core cider markets
- International volume growth, including acquisitions, of 53%, representing 9% of total branded volumes
- New TV campaigns for Bulmers, Magners and Tennent's
- New fruit flavours launched in UK with Magners Berry and Gaymers brands
- Launch of Tennent's Original Export and Caledonia Smooth
- Strong cost control and operational efficiency improvements helping to protect margins

Strategic Highlights

- C&C Group has conditionally agreed to acquire the Vermont Hard Cider Company LLC for a gross consideration of $305 million
- This business offers the potential to transform C&C's international cider business and accelerate growth – increased earnings exposure to high growth United States ('US') cider category
- Tennent's successfully launched in several new markets including Italy, Russia and Ukraine
- Hornsby's largely integrated into C&C infrastructure and brand re-launched in US market
- Group Board strengthened via the appointment of Joris Brams, Managing Director - International division, to the Group Board with immediate effect

PERFORMANCE REVIEW & OUTLOOK

Stephen Glancey, C&C Group CEO, commented:

"Despite a very challenging trading and economic backdrop, the Group's results for the period demonstrate the resilience of our business model with a marginal operating profit[(i)] decline of 2.7%. While our core cider brands Magners and Bulmers both saw volume declines in the period, other parts of the business performed well. The Tennent's brand continues to outperform with net revenue and operating profit growing ahead of the Scottish beer market. Our International business, including acquisitions, continues to grow at an exciting pace, with volumes increasing by over 50%.

During the period, the decision was taken to re-allocate some investment toward direct support of customers via price and trade loans. Customer demand for brewery financing continues to grow in Northern Ireland and Scotland. Brand investment focussed on support for three new TV campaigns for Bulmers, Magners and Tennent's. Brand health scores remain high across our core markets, emphasising both the importance and success of these campaigns. Innovation remains a key priority and in the period Magners Berry, Gaymers flavours, Tennent's Original Export and Caledonia Smooth were launched.

We are pleased to announce our agreement to acquire Vermont Hard Cider Company LLC. This transaction has the potential to transform our international cider business and accelerate the growth of C&C. The deal is subject to US anti-trust clearance. This means that we will need to wait before we can welcome the talented Vermont Hard Cider Company team to the C&C Group and accelerate initiatives to capitalise on the dynamic growth of cider in the US.

The C&C business model seeks long term growth through our brand-market combination, combining brand investment with a focus on local markets. We have a long history in the development of cider and are well positioned in terms of our brands and our expertise to benefit from the category's domestic and international development. In the short term, we are delighted to confirm a resilient performance in tough markets at the same time as laying some exciting foundations for accelerated international growth. "

(i) Operating profit is for continuing operations only and excludes exceptional items

About C&C Group plc

C&C Group plc is a leading manufacturer, marketer and distributor of branded cider and beer. The Group manufactures Bulmers, the leading Irish cider brand, Magners, the premium international cider brand, the Gaymer 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 13 to 14 that could cause actual results to differ materially from those anticipated.

Conference Call Details - Analysts & Institutional Investors

C&C Group Plc will host a presentation for analysts and institutional investors, today, **23 October 2012**, at **08.30am BST (03.30am ET)** at Davy, Level 13, Dashwood House, 69 Old Broad Street, London EC2M 1QS.

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

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

Management will host a second conference call today, for analysts and institutional investors, at 13.00pm BST (08.00am 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**

Conference Call Details - Media

Management will host a newswire conference call today at 07.15 BST which can be accessed using the dial-in details below.

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

Management will also host a conference call for media today at 10.45 BST which can also be accessed using the dial-in details below.

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

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

Contacts

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

SUMMARY RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2012

	Key Financials				
	H1 FY 13	H1 FY 12		H1 FY 12	
CONTINUING OPERATIONS (before exceptional items) *Volumes*	**Volume kHL**	**Volume kHL**	**% change**		
- *Cider - ROI*	283	303	(6.6%)		
- *Cider – UK*	707	869	(18.6%)		
- *Cider - International*	138	104	32.7%		
- *Tennent's brand*	735	753	(2.4%)		
TOTAL BRANDED	**1,863**	**2,029**	**(8.2%)**		
		Reported		**Constant currency (ii)**	
	€m	**€m**	**% change**	**€m**	**% change**
Net Revenue (i)	263.4	268.7	(2.0%)	286.7	(8.1%)
EBITDA (iii)	75.9	77.3	(1.8%)	80.2	(5.4%)
Operating profit (iv)	65.6	67.4	(2.7%)	69.8	(6.0%)
Operating margin	*24.9%*	*25.1%*	(0.2ppts)	*24.3%*	0.6ppts
	Cent	**Cent**			
Basic Earnings per Share	16.5	15.2	8.6%		
Adjusted Basic Earnings per Share (vi)	16.6	16.9	(1.8%)		
Adjusted Diluted Earnings per Share(vi)	16.1	16.5	(2.4%)		
Dividend per Share	4.0 cent	3.67 cent	9.0%		

The reported results for the six month period to 31 August 2012 shows a net revenue decline of 2.0%; an operating profit decline of 2.7% to €65.6 million; and an adjusted diluted EPS for continuing activities decline of 2.4% to 16.1 cent. The current period reported numbers benefited from a strengthening of Sterling from an average of €1:£0.88 to €1:£0.81against the Euro. On a constant currency basis, net revenue and operating profit declined 8.1% and 6.0% respectively. Operating margins increased moderately from 24.3% to 24.9%.

The challenging trading environment in both the United Kingdom ('UK') and the Republic of Ireland ('ROI'), following poor summer weather and weak cider consumption in both markets, is evident in the performance of the core brands of the business. Total branded volume in the period was down 8.2%. Overall the price mix was relatively stable. Price deflation in Ireland continues but has been offset by the benefits from renegotiation of legacy Tennent's contracts that were loss making. At the same time, the market mix profile continues to reduce the relative weighting of Ireland through the growth of new markets and the continuing growth in Tennent's.

The change in the brand mix profile in the six month period was a negative one for gross margins. The containment of the decline in underlying operating margins to 0.2ppts was attributable to overhead reduction and, more significantly, a re-allocation of some marketing investment to direct support of customers via price or trade lending. Recent competitor activity in the UK cider category has been significant. A number of new entrants and re-launches increased competition for shelf space at a time when poor weather was depressing overall demand. In ROI, the Bulmers brand saw volumes decline through a weak summer trading period and continues to face a pricing headwind. Tennent's performed well with both net revenue and operating margins growing in the period. Our International business continues to expand, as recently launched Tennent's volumes contribute to strong cider volume growth. In such a climate, we remain focused on growth market opportunities and investing appropriately behind brand marketing and trade lending activity.

Despite the reduced activity, our key brands remain in good health. The increased investment in trade lending reduced cash conversion in the period but the balance sheet is in robust health. Free cash flow(v) generated in the period was €22.2 million and the Group ended the period with net cash(vii) of €79.6 million.

(i) Net Revenue is Revenue less excise duties and is for continuing operations only
(ii) On a constant currency basis, constant currency calculation is set out on page 12
(iii) EBITDA is earnings before interest, tax, depreciation and amortisation charges and is exclusive of discontinued operations, a reconciliation of operating profit to EBITDA is set out on page 6
(iv) Operating profit is for continuing operations only and excludes exceptional items
(v) Free Cash Flow ('FCF') is a non GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. FCF highlights the underlying cash generating performance of the on-going business. A reconciliation of FCF to Net Movement in Cash & Cash Equivalents per the Group's Cash Flow Statement is set out on page 6
(vi) Adjusted earnings per share relates to continuing activities and excludes exceptional items
(vii) Net cash comprises cash, borrowing net of issue costs and excludes the fair value of interest rate derivative financial instruments which amounted to nil (31 August 2011: €1.5 million liability, 28 February 2012: nil)

FINANCIAL REVIEW

Exceptional Items

The Group completed the first phase of the Hornsby's integration programme with the implementation of a new IT system, JD Edwards, and the successful transfer of the business off the E & J Gallo systems following the conclusion of the Transitional Services Arrangement. Consultant fees incurred in relation to this integration programme of €1.1 million have been classified as an exceptional item on the basis that they are non-recurring. The Group also recognised an exceptional inventory recovery gain of €1.0 million on previously impaired apple juice stocks.

Taxation

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

Financing Costs

The strong net cash position of the Group is reflected in the reduced financing costs charged to the Income Statement in the current period, the net finance costs for the period of €1.8 million primarily relate to:-

- Commitment fees payable in relation to the €250.0 million revolving debt facility which the Group negotiated with a syndicate of seven banks in February 2012 and the amortisation of related issue costs,
- the recognition of a charge of €0.5 million in relation to the unwinding of discount on onerous lease provisions, and,
- other fees in relation to working capital and guarantee facilities.

Following the voluntary repayment and cancellation of the Group's 2007 euro revolving debt facility on 30 March 2012 from surplus cash resources, the Group has no drawn debt and ended the period in a strong financial position reporting net cash of €79.6 million as at 31 August 2012.

The acquisition of Vermont Hard Cider Company LLC will be funded from the 2012 revolving debt facility hence finance costs for the second six months are expected to increase. Under the terms of the 2012 agreement, the Group must pay 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, the level of which is dependent on percentage utilisation. The net debt:EBITDA is expected to be < 1x post acquisition.

Pensions

An independent actuarial valuation of the ROI schemes was carried out on 1 January 2012 using the attained age method. The results of these valuations concluded that although the schemes did not meet the statutory Minimum Funding Standard at the valuation date, the level of employer contribution proposed in the Funding Proposals approved by the Pensions Board in February 2012 is considered adequate to enable the schemes to return to solvency as measured by the Minimum Funding Standard by 31 December 2016. The 1 January 2012 actuarial valuation recommended that contributions are continued in line with the Funding Proposal agreement.

The Group is committed to annual contributions of 14% of pensionable salaries to fund future accrual of benefits, an annual deficit funding contribution of €3.4 million and an additional annual supplementary deficit funding contribution of €1.9 million for which the Group reserves the right to reduce or terminate if on consultation with the scheme's actuaries and trustees it is no longer considered required.

In compliance with IFRS, the net assets and actuarial liabilities of the Group's defined benefit pension schemes, computed in accordance with IAS 19 *Employee Benefits*, are included on the face of the Group balance sheet under retirement benefit obligations. Lower bond yields resulted in a significant increase in the value of the net defined benefit pension deficit over the last six months from €15.1 million to €36.8 million calculated on an IAS 19 basis.

Dividends & Dividend Policy

The Board declared a final dividend of 4.5 cent per share for the financial year ended 29 February 2012 resulting in a full year dividend for that financial year of 8.17 cent per share and representing a payout of 29.6% of adjusted diluted earnings per share. The dividend was paid to shareholders on 13 July 2012 and was settled €12.5 million in cash and €2.4 million by way of the scrip alternative.

In line with the Group's policy of pursuing a progressive dividend policy, the Board has declared an interim dividend of 4.0 cent per share, an increase of 9.0% on the FY12 interim dividend, for payment on 17 December 2012 to shareholders registered at the close of business on 2 November 2012. Dividends declared but unpaid at the date of approval of the financial statements are not recognised as a liability at the balance sheet date. A scrip alternative will be offered to shareholders.

Cash Generation

The Group generated Free Cash Flow(i) of €22.2 million in the period representing 29.2% (2011: 92.5%) of EBITDA(ii) ending the period in a net cash positive position of €79.6 million.

The conversion of Free Cash Flow to EBITDA ratio was negatively impacted by a number of factors including increased capital expenditure, increased investment in trade lending, the payment of arrangement fees in relation to the Group's new revolving debt facility and a significant cash outflow in working capital primarily due to seasonality of sales and inventory, an increase in credit terms to international customers and working capital investment required to finance the Hornsby's cider business. The free cash flow conversion ratio achieved in the prior year is primarily attributed to a low level of capital expenditure and a working capital inflow. The full year free cash flow conversion ratio is expected to be between 50% and 60% of EBITDA.

Summary cash flow, for the six months ended 31 August 2012, is set out below:

	Six months ended 31 August 2012 €m	Six months ended 31 August 2011 €m
Operating profit before exceptional items (iii)	**65.6**	67.3
Depreciation & amortisation charge	**10.8**	10.5
Unwinding of discount on provisions	**(0.5)**	(0.5)
EBITDA(ii)	**75.9**	77.3
Net capital expenditure	**(12.8)**	(5.5)
Advances to customers	**(7.1)**	0.1
Working capital movement	**(25.5)**	8.4
	30.5	80.3
Exceptional items	**(2.7)**	(6.7)
Net finance charges/ tax paid	**(5.6)**	(2.1)
Free Cash Flow(i) (FCF)	**22.2**	71.5
FCF/EBITDA	***29.2%***	*92.5%*
Reconciliation to Group Condensed Cash Flow Statement		
Free Cash Flow(i) (FCF)	**22.2**	71.5
Net proceeds on disposal of discontinued operations	***-***	*4.7*
Acquisition of brand & associate equity investment	***(4.9)***	*-*
Proceeds from exercise of share options and Interests under Joint Share Ownership Plan	***2.5***	*1.0*
Dividends paid	***(12.5)***	*(9.6)*
Repayment of debt	***(60.0)***	*(58.6)*
Net (decrease)/increase in cash & cash equivalents	***(52.7)***	*9.0*

(i) 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

(ii) EBITDA is earnings before interest, tax, depreciation and amortisation charges and is inclusive of discontinued operations, a reconciliation of operating profit to EBITDA is set out above

(iii) Operating profit is before exceptional items and inclusive of discontinued operations

DIVISIONAL REVIEW

Republic of Ireland (ROI)

Constant Currency[i]	ROI H1 FY 13	 H1 FY 12	 Change
	€m	€m	%
Revenue	73.6	81.6	(9.8%)
Net revenue	51.3	58.5	(12.3%)
- Price /mix impact			*(9.1%)*
- Volume impact			*(3.2%)*
Operating profit	21.9	27.3	(19.8%)
Operating margin (Net revenue)	*42.7%*	*46.7%*	*(4.0ppts)*
Volume – (kHL)	338	349	(3.2%)

LAD category[ii]: In the six month period to the end of August, retail volumes of Long Alcoholic Drinks (LAD) in ROI declined by 1%. The ongoing volume shift from on-trade to off-trade continued with Nielsen reporting positive growth of 2% in LAD off-trade volume and a decline of approximately 4% in on-trade volume. This represented a slowing of the relative growth of the off-trade (5% growth in the prior year period) bringing additional pressure on the channel to increase promotional levels and offset sluggish sales. Off-trade LAD pricing fell by 4% with cider down 6%.

Pricing in the on-trade remained steady but cider volume was lower than LAD with the seasonal nature of the cider category affected more by the poor summer weather. Parts of ROI experienced the wettest summer in over 50 years. Home consumption in ROI now accounts for 44.5% of total consumption, up from 43% in the prior financial year.

Total ROI: The volatility of the first quarter continued through the period. Net revenue for the six month period was down 12.3%. This was primarily driven by a combination of declining volume and increased promotional activity in the off-trade channel. This price deflation, coupled with a growing proportion of lower value beer sales, resulted in a price/mix decline of 9.1%. Bulmers average off-trade price premium to LAD reduced by 6.0ppts to an average premium of 21%. Volume declined 3.2% primarily due to lower on-trade consumption of cider.

Operating profit declined 19.8% to €21.9 million with margin down 4.0ppts to 42.7%. The decline was partly product mix driven. The decline in volume of higher margin cider was replaced in part by an increase in lower margin beer portfolio volume.

Cider ROI: Net revenue was down 14.3% in the period with volume accounting for 6.6% of the decline and price/mix a further 7.7%. Throughout the period unseasonable weather depressed cider consumption across both channels but more markedly in the on-trade. The month of August provided the only relief in the second quarter, with some improved weather lifting volume ahead of last year in both channels.

Despite the difficult trading environment the brand health of Bulmers remains strong. Investment in advertising campaigns and the successful sponsorship of the Dublin leg of the Tall Ships Race 2012 (1 million visitors) helped keep the brand vibrant and still front of mind for consumers.

Beer ROI: The Group's beer portfolio continued its strong performance in ROI, with volume growing 20% in a beer market[ii] that declined by 1% in the period. Volume of C&C 'owned' brands, Tennent's Lager and Caledonia Smooth, grew 40.5% versus the comparable prior period. The 'Honest Pint' and 'Make the move to Smooth' promotional campaigns helped to step up awareness with Irish consumers.

(i) On a constant currency basis, constant currency calculation is set out on page 12

(ii) Per Nielsen data post expected 'establishment' survey restatement in ROI

Cider – United Kingdom (UK)
Operations Review

Constant Currency[i]	**H1 FY 13**	**Cider UK** **H1 FY 12**	**Change**
	€m	**€m**	%
Revenue	115.7	141.8	(18.4%)
Net revenue	82.6	105.1	(21.4%)
- Price /mix impact			*(2.8%)*
- Volume impact			*(18.6%)*
Operating profit	19.9	23.6	(15.7%)
Operating margin (Net revenue)	*24.1%*	*22.5%*	1.6ppts
Volume – (kHL)	707	869	(18.6%)

Cider category[ii]: The UK cider market experienced its first volume decline in almost a decade, falling by 1% in the period, as poor weather depressed consumption. Following a weak first quarter, category volume declined through the key summer months of June and July as typical summer occasions were postponed or cancelled. Despite the intense promotion of the category by retailers and brand owners, off-trade volume declined 5%. Competition remained intense as new entrants invested in the category. Flavoured cider continues to show strong growth, with volume up 91% in the period. Standard cider remains in decline.

Cider UK: Following a poor first quarter, trading performance improved only marginally over the second quarter resulting in a net revenue decline of 21.4% for the period. Volume declined 18.6% reflecting tough comparatives in April/June and a weak market in July/August. The price/mix declined 2.8% due to increased promotional activity in the off-trade. Operating profit declined by 15.7% to €19.9 million with operating margin increasing by 1.6ppts to 24.1%, reflecting the decision to re-allocate some marketing investment into direct support for the customer.

Magners UK: The Magners brand underperformed the market with volume declining 17.4%. Key summer events such as the European Football Championships and Olympic Games failed to deliver any volume uplift. Volume was down considerably within the multiple grocer channel in the off-trade. In contrast to last year, Magners saw a significant reduction of share across FMCG ('Fast Moving Consumer Goods') promotional deals, impacting volume negatively in the first four months of the period. In the on-trade Magners Golden Draught continues to grow, with volume up 17% in the period. Trading began to stabilise toward the end of the period with positive volume growth in the month of August as increased price support activity made an impact.

Magners Berry was launched in August to participate in the growing premium fruit cider segment. Initial feedback is encouraging. Magners continues to score highly in brand health metrics and we continue to invest a competitive 12% of net revenue in advertising and promotion.

Gaymers Branded Portfolio: The Gaymers branded portfolio, including Gaymers Original, Blackthorn and Olde English declined by 20.4% in the period, as standard cider lost ground to premium cider and fruit flavoured variants. During the period, the Gaymers Original brand was re-launched, with the addition of two new flavours in the modern fruit segment. As with Magners Berry, initial feedback is encouraging. We expect to see an improvement in the volume performance of Gaymers in the second half of the financial year.

(i) On a constant currency basis, constant currency calculation is set out on page 12
(ii) Per Nielsen/CGA

Tennent's UK
Operations Review

Constant Currency(i)	**H1 FY 13**	**Tennent's UK** **H1 FY 12**	**Change**
	€m	**€m**	%
Revenue	121.3	118.7	2.2%
Net revenue	57.2	53.3	7.3%
- Price /mix impact			*13.6%*
- Volume impact			*(6.3%)*
Operating profit	16.1	13.4	20.1%
Operating margin (Net revenue)	28.1%	25.1%	3.0ppts
Volume – (kHL)	686	732	(6.3%)

Scottish beer market(ii)**:** The Scottish Beer market declined in the period with both channels of trade recording 4% declines in total beer consumption. Value was up 5% for the market in the period. Robust market data is not available for the market in Northern Ireland.

Tennent's UK: Tennent's UK continued to perform well in the period, accelerating on the trend of the first quarter. Positive price/mix of 13.6% helped deliver net revenue growth of 7.3% as renewed trade loan investment, reduced promotional activity, a higher mix of premium products and the renegotiation of loss-making legacy contracts improved average pricing. The volume decline of 6.3% is largely due to the off-trade channel. Operating margins continue to expand with improved pricing and robust cost control growing margin by 3.0ppts to 28.1%.

Tennent's Scotland: Tennent's Lager continues to outperform the on-trade market with total volume growing by 3% and growth amongst the independent free trade (IFT) over 7% in last six months. Loan book activity accelerated with over €6 million advanced in the period.

Caledonia Best performed well in the period, achieving rate of sale and distribution levels ahead of expectation since the launch in November last year. According to Nielsen/CGA the brand is estimated to have taken over 10% of the Scottish on-trade Ale market based on current monthly run-rates.

The Tennent's brand remains in excellent health and the marketing investment in the brand as a percentage of net revenue remains over 10%.

Tennent's NI: In Northern Ireland Tennent's continued to perform robustly in a challenging on-trade market. Combined with cider and third-party brands, C&C on-trade volumes were down 7.0% for the period. Off-trade volumes have steadied and were level for the period. Tight cost control saw operating profits 9% ahead of the comparable prior period.

(i) On a constant currency basis, constant currency calculation is set out on page 12
(ii) Per Nielsen/CGA

International
Operations Review

Constant Currency[(i)]	**H1 FY 13**	**International** **H1 FY 12**	**Change**
	€m	**€m**	%
Revenue	23.8	16.9	40.8%
Net revenue	23.6	16.9	39.6%
- Price /mix impact			*(13.3%)*
- Volume impact			*52.9%*
Operating profit	4.2	3.8	10.5%
Operating margin (Net revenue)	17.8%	*22.5%*	*(4.7ppts)*
Volume – (kHL)	159	104	52.9%

International: The International business enjoyed strong volume growth of 52.9% in the period as Hornsby's and Tennent's contributed to the volumes alongside Magners. International volumes now account for 9% of total C&C branded volumes. The proposed acquisition of Vermont Hard Cider Company LLC is an exciting development for the business and will provide an attractive opportunity for further participating in the dynamic and growing US cider category.

Net revenue grew 39.6% in the period, below the volume growth of 52.9%. The negative price/mix of 13.3% was due to the inclusion of lower priced Hornsby's, the relative growth of Tennent's volume and the accounting impact of the amended distribution agreement with Suntory on the net revenue line for sales in the Australian market. Operating profit grew by 10.5% to €4.2 million as the business invested ahead of anticipated growth, depressing margins to 17.8%. Expenditure in the period included the investment in additional US operational infrastructure, the re-launch of the Hornsby's brand and investment to support the Tennent's brand in new markets such as Italy, Ukraine and Russia.

Cider: International cider volume of Magners, Gaymer Cider Company brands and Hornsby's grew 32.7% in the period. Magners continued to grow in the period, with key North American volumes up 16%. Orders for the second half of the year are expected to be at a higher rate, bringing sales for the year ahead of the anticipated market growth rates for imported cider. New pricing and packaging for the brand should see performance accelerate in the North American off-trade channel.

Other international markets enjoyed solid growth with some European markets including France and Spain benefitting from new distribution arrangements. In Asia our small but growing volumes were up 28% in the period and we began shipping to new markets in the region including China, South Korea and Thailand.

The Hornsby's brand traded in line with expectations. Focus for the business was on the successful transfer of brand distribution to C&C and the development of a new commercial proposition. Hornsby's is now largely integrated into the C&C infrastructure and the brand re-launch took place in October.

Tennent's: The launch of a number of premium Tennent's products into the Italian market proved very successful in the first half of the year. Tennent's also enjoyed strong growth in Canada through our distribution arrangements with Moosehead and was launched in new markets such as Russia and Ukraine during the period.

(i) On a constant currency basis, constant currency calculation is set out on page 12

Third Party Brands UK
Operations Review

Constant Currency[i]	**Third Party Brands UK**		
	H1 FY 13	**H1 FY 12**	**Change**
	€m	**€m**	%
Revenue	62.6	67.8	(7.7%)
Net revenue	48.7	52.9	(7.9%)
- Price /mix impact			*(0.3%)*
- Volume impact			*(7.6%)*
Operating profit	3.5	1.7	105.9%
Operating margin (Net revenue)	7.2%	3.2%	*4.0ppts*
Volume – (kHL)	462	500	(7.6%)

Third Party Brands UK: This segment relates to the distribution of agency products and the production and distribution of private label brands in the UK.

Agency: Volume declined primarily due to changes in commercial agreements with some national accounts in the Scottish market, where some lower margin factored brands are no longer being distributed by C&C. This led to a 10.8% decline in agency product volume in the period, with price modestly improving by 0.7%. Northern Ireland volume remained robust, with sales amongst our tied loan accounts holding up well in the period for agency brands. Operating margins improved as the agency sales mix re-weighted toward higher margin product distribution.

Private Label: During the period volume across the private label business was down 5.8%, largely due to the phasing of new contracts. Price/mix improved by 4.5%, reflecting improved commercial terms on more recent contracts.

Operating margin improved due to the replacement of lower margin volume with higher margin activity.

(i) On a constant currency basis, constant currency calculation is set out on page 12

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

	Period ended 31 August 2011[(i)] €m	FX Transaction €m	FX Translation €m	Period ended 31 August 2011 Constant currency comparative €m
Revenue				
ROI	81.6	-	-	**81.6**
Cider UK	130.3	-	11.5	**141.8**
Tennent's UK	109.1	-	9.6	**118.7**
International	16.0	0.7	0.2	**16.9**
Third party brands UK	62.3	-	5.5	**67.8**
Total	**399.3**	**0.7**	**26.8**	**426.8**
Net revenue				
ROI	58.5	-	-	**58.5**
Cider UK	96.6	-	8.5	**105.1**
Tennent's UK	49.0	-	4.3	**53.3**
International	16.0	0.7	0.2	**16.9**
Third party brands UK	48.6	-	4.3	**52.9**
Total	**268.7**	**0.7**	**17.3**	**286.7**
Operating profit				
ROI	27.5	(0.2)	-	**27.3**
Cider UK	22.2	0.9	0.5	**23.6**
Tennent's UK	12.3	-	1.1	**13.4**
International	3.8	(0.1)	0.1	**3.8**
Third party brands UK	1.6	-	0.1	**1.7**
Total	**67.4**	**0.6**	**1.8**	**69.8**

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

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Group's businesses are as set out in the 2012 Annual Report and repeated below for convenience.

The Group considers that currently the most significant risks to its results and operations over the short term are (a) strategic failures, (b) 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.

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

Risks and uncertainties relating to strategic goals
• The Group's strategy is to focus upon earnings growth through organic growth, acquisitions and joint ventures and entry into new markets. These opportunities may not materialise or deliver the benefits or synergies expected and may present new social and compliance risks. The Group seeks to mitigate these risks through due diligence 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 preference may change, new competing brands may be launched and competitors may increase their marketing or change their pricing policies. The Group has a programme of brand investment and innovation to maintain and enhance the market position of its products.

• Seasonal fluctuations in demand, especially an unseasonably bad summer in Ireland or the UK, could materially affect demand for the Group's cider products.

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 ROI 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 may have a material adverse effect on the Group. The Group seeks to ensure good employee relations through engagement and dialogue.

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

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

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

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

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

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

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

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

The Group's auditor has not reviewed these condensed financial statements.

On behalf of the Board

Sir B. Stewart
Chairman

S. Glancey
Chief Executive Officer

23 October 2012

Group Condensed Income Statement
for the six months ended 31 August 2012

	Notes	Six months ended 31 August 2012			Six months ended 31 August 2011		
		Before exceptional items €m	**Exceptional items (Note 4) €m**	**Total €m**	Before exceptional items €m	Exceptional items (Note 4) €m	Total €m
Revenue	2	**397.0**	**-**	**397.0**	399.3	-	399.3
Excise duties		**(133.6)**	**-**	**(133.6)**	(130.6)	-	(130.6)
Net revenue	2	**263.4**	**-**	**263.4**	268.7	-	268.7
Operating costs		**(197.8)**	**(0.1)**	**(197.9)**	(201.3)	(5.1)	(206.4)
Operating profit	2	**65.6**	**(0.1)**	**65.5**	67.4	(5.1)	62.3
Finance income		**0.1**	**-**	**0.1**	0.4	-	0.4
Finance expense		**(1.9)**	**-**	**(1.9)**	(3.0)	-	(3.0)
Profit before tax		**63.8**	**(0.1)**	**63.7**	64.8	(5.1)	59.7
Income tax expense	3	**(9.6)**	**-**	**(9.6)**	(9.7)	1.4	(8.3)
Profit from continuing activities		**54.2**	**(0.1)**	**54.1**	55.1	(3.7)	51.4
Discontinued operations							
Loss from discontinued activities	5	**-**	**-**	**-**	(0.1)	(1.8)	(1.9)
Profit for the period attributable to equity shareholders		**54.2**	**(0.1)**	**54.1**	55.0	(5.5)	49.5
Basic earnings per share (cent)	6			**16.5c**			15.2c
Diluted earnings per share (cent)	6			**16.1c**			14.8c
Continuing operations							
Basic earnings per share (cent)	6			**16.5c**			15.8c
Diluted earnings per share (cent)	6			**16.1c**			15.4c

Group Condensed Statement of Comprehensive Income
for the six months ended 31 August 2012

	Notes	**31 August 2012 €m**	31 August 2011 €m
Other comprehensive income and expense			
Exchange differences arising on net investments in foreign operations		**18.1**	(11.7)
Foreign currency reserve recycled to income statement on disposal	5	**-**	0.7
Net movement in cash flow hedging reserve		**(1.3)**	0.7
Deferred tax on cash flow hedges		**0.2**	(0.1)
Actuarial losses on defined benefit pension obligations	12	**(24.6)**	(10.7)
Deferred tax on actuarial losses on defined benefit pension obligations		**3.1**	0.8
Total other comprehensive expense		**(4.5)**	(20.3)
Profit for the period attributable to equity shareholders		**54.1**	49.5
Comprehensive income and expense for the period attributable to equity shareholders		**49.6**	29.2

Group Condensed Balance Sheet
as at 31 August 2012

	Notes	**31 August 2012**	31 August 2011	29 February 2012 (audited)
		€m	€m	€m
ASSETS				
Non-current assets				
Property, plant & equipment	7	**191.0**	177.1	181.8
Goodwill & intangible assets	8	**493.1**	461.6	484.9
Investment in associate	9	**2.0**	-	-
Retirement benefit obligations	12	**0.3**	-	0.2
Deferred tax assets		**9.4**	9.4	6.5
Derivative financial assets		**1.8**	-	-
Trade & other receivables		**26.2**	18.9	19.5
		723.8	667.0	692.9
Current assets				
Inventories		**45.0**	31.6	46.1
Trade & other receivables		**141.1**	136.4	93.4
Derivative financial assets		**-**	0.5	0.1
Cash & cash equivalents		**79.6**	134.6	128.3
		265.7	303.1	267.9
TOTAL ASSETS		**989.5**	970.1	960.8
EQUITY				
Equity share capital		**3.4**	3.4	3.4
Share premium		**96.9**	88.0	92.0
Other reserves	13	**75.2**	43.5	57.8
Treasury shares	13	**(16.8)**	(17.2)	(16.8)
Retained income	13	**596.8**	548.2	577.8
Total equity		**755.5**	665.9	714.2
LIABILITIES				
Non-current liabilities				
Derivative financial liabilities		**1.1**	-	-
Retirement benefit obligations	12	**37.1**	23.7	15.3
Provisions		**11.1**	11.2	11.5
Deferred tax liabilities		**7.7**	5.7	7.2
		57.0	40.6	34.0
Current liabilities				
Interest bearing loans & borrowings	10	**-**	74.9	60.0
Derivative financial liabilities		**2.2**	1.5	0.9
Trade & other payables		**161.3**	176.5	141.9
Provisions		**3.3**	2.0	5.8
Current tax liabilities		**10.2**	8.7	4.0
		177.0	263.6	212.6
Total liabilities		**234.0**	304.2	246.6
TOTAL EQUITY & LIABILITIES		**989.5**	970.1	960.8

Group Condensed Cash Flow Statement
for the six months ended 31 August 2012

	Six months ended 31 August 2012 €m	Six months ended 31 August 2011 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period attributable to equity shareholders	**54.1**	49.5
Finance income	**(0.1)**	(0.4)
Finance expense	**1.9**	3.0
Income tax expense	**9.6**	8.3
Depreciation of property, plant & equipment	**10.8**	10.5
Exceptional loss from discontinued activities, after tax	**-**	1.8
Profit on disposal of property, plant & equipment	**-**	(0.4)
Charge for share-based employee benefits	**1.7**	1.8
Pension contributions paid less amount charged to income statement	**(2.9)**	(2.3)
	75.1	71.8
Decrease in inventories	**2.4**	7.1
Increase in trade & other receivables	**(46.0)**	(36.4)
Increase in trade & other payables	**12.8**	38.6
Decrease in provisions	**(3.7)**	(2.0)
	40.6	79.1
Interest received	**0.1**	0.4
Interest paid and similar costs	**(2.7)**	(2.2)
Income tax paid	**(3.0)**	(0.3)
Net cash inflow from operating activities	**35.0**	77.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(12.8)**	(6.1)
Sale of property plant & equipment	**-**	0.6
Net proceeds on disposal of discontinued operations	**-**	4.7
Acquisition of brand	**(2.4)**	-
Acquisition of associate	**(2.5)**	-
Net cash outflow from investing activities	**(17.7)**	(0.8)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**2.5**	0.8
Proceeds in relation to Joint Share Ownership Plan	**-**	0.2
Dividends paid	**(12.5)**	(9.6)
Repayment of debt	**(60.0)**	(58.6)
Net cash outflow from financing activities	**(70.0)**	(67.2)
Net (decrease)/increase in cash & cash equivalents	**(52.7)**	9.0
Cash & cash equivalents at beginning of period	**128.3**	128.7
Translation adjustment	**4.0**	(3.1)
Cash & cash equivalents at end of period	**79.6**	134.6

Group condensed statement of changes in equity
for the six months ended 31 August 2012

	Equity share capital €m	Share premium €m	Other reserves						Treasury shares €m	Retained income €m	Total €m
			Capital redemption reserve €m	Capital reserve €m	Cash flow hedge reserve €m	Share-based payments reserve €m	Currency translation reserve €m	Revaluation reserve €m			
At 1 March 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 period attributable to equity shareholders	-	-	-	-	-	-	-	-	-	49.5	49.5
Other comprehensive expense	-	-	-	-	0.6	-	(11.0)	-	-	(9.9)	(20.3)
Total	3.4	86.3	0.5	24.9	(1.2)	7.5	4.9	5.9	(17.4)	558.1	672.9
Dividend on ordinary shares	-	1.1	-	-	-	-	-	-	-	(10.7)	(9.6)
Exercise of share options	-	0.8	-	-	-	-	-	-	-	-	0.8
Reclassification of share-based payment reserve	-	-	-	-	-	(0.4)	-	-	-	0.4	-
Joint share ownership plan	-	(0.2)	-	-	-	-	-	-	0.2	-	-
Equity settled share based payments	-	-	-	-	-	1.8	-	-	-	-	1.8
Reclassification on disposal	-	-	-	-	-	-	-	(0.4)		0.4	-
At 31 August 2011	3.4	88.0	0.5	24.9	(1.2)	8.9	4.9	5.5	(17.2)	548.2	665.9
Profit for the period attributable to equity shareholders	-	-	-	-	-	-	-	-	-	46.2	46.2
Other comprehensive income	-	-	-	-	0.7	-	17.0	(1.7)	-	(6.7)	9.3
Total	3.4	88.0	0.5	24.9	(0.5)	8.9	21.9	3.8	(17.2)	587.7	721.4
Dividend on ordinary shares	-	3.1	-	-	-	-	-	-	-	(12.0)	(8.9)
Exercise of share options	-	0.7	-	-	-	-	-	-	-	-	0.7
Reclassification of share-based payments reserve	-	-	-	-	-	(2.1)	-	-	-	2.1	-
Joint share ownership plan	-	0.2	-	-	-	(0.4)	-	-	0.4	-	0.2
Equity settled share based payments	-	-	-	-	-	0.8	-	-	-	-	0.8
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**
Profit for the period attributable to equity shareholders	-	-	-	-	-	-	-	-	-	54.1	**54.1**
Other comprehensive expense	-	-	-	-	(1.1)	-	18.1	-	-	(21.5)	**(4.5)**
Total	3.4	92.0	0.5	24.9	(1.6)	7.2	40.0	3.8	(16.8)	610.4	**763.8**
Dividend on ordinary shares	-	2.4	-	-	-	-	-	-	-	(14.9)	**(12.5)**
Exercise of share options	-	2.5	-	-	-	-	-	-	-	-	**2.5**
Reclassification of share-based payment reserve	-	-	-	-	-	(1.3)	-	-	-	1.3	**-**
Equity settled share based payments	-	-	-	-	-	1.7	-	-	-	-	**1.7**
At 31 August 2012	**3.4**	**96.9**	**0.5**	**24.9**	**(1.6)**	**7.6**	**40.0**	**3.8**	**(16.8)**	**596.8**	**755.5**

Notes to the condensed interim financial statements
for the six months ended 31 August 2012

1. Basis of preparation and Accounting policies

The interim financial information presented in this report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. The accounting policies and methods of computation adopted in preparation of the Group Condensed Interim Financial Statements are consistent with recognition and measurement requirements of IFRSs as endorsed by the EU Commission and those set out in the Group's consolidated financial statements for the year ended 29 February 2012 and as described in those financial statements on pages 67 to 77. In addition, the Group has applied IAS 28 *Investments in Associates*, following the current period acquisition of a 25% equity interest in the Maclay Group. Further information on both the acquisition and the accounting policy applied is outlined in note 9. The Group has considered all new and amended IFRS and IFRIC interpretations, none of which impacted the financial statements or financial performance and position of the Group in the period.

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

These condensed consolidated Interim Financial Statements should be read in conjunction with the Group's Annual Report for the year ended 29 February 2012 as they do not include all the information and disclosures required by International Financial Reporting Standards (IFRSs).

The interim financial information for both the six months ended 31 August 2012 and the comparative six months ended 31 August 2011 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 29 February 2012 represents an abbreviated version of the Group's financial statements for that year. Those financial statements contained an unqualified audit report and have been filed with the Registrar of Companies.

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

	Six months ended 31 August 2012	Six months ended 31 August 2011	Year ended 29 February 2012
Balance Sheet (euro:sterling closing rate)	**0.794**	0.884	0.837
Income Statement (euro:sterling average rate)	**0.808**	0.879	0.866
Balance Sheet (euro:USD closing rate)	**1.261**	n/a	1.338
Income Statement (euro:USD average rate)	**1.274**	n/a	1.385

2. Segmental analysis

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

The Group continually reviews and updates the manner in which it monitors and controls its financial operations resulting in changes in the manner in which information is classified and reported to the Chief Operating Decision Maker ('CODM'). As a result, the basis of segmentation differs from that presented in the prior period however it corresponds with the current period nature of reporting lines to the CODM (as defined in IFRS 8 *Operating Segments)*, and the Group's internal reporting for the purpose of managing the business, assessing performance and allocating resources.

The CODM, identified as the executive committee comprising 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 and allocate resources.

During the current financial period, the CODM reviewed the basis on which they received financial information to manage the business and concluded that it was no longer appropriate and consequently proposed a number of changes as outlined in the paragraphs below. In all instances the changes were deemed to better enable the users to evaluate the results of the business and the economic environment in which the business operates. The segments aggregated all have similar economic characteristics and are similar in terms of product, production and distribution processes and customers. All comparative amounts have been restated to reflect the new basis of segmentation. The reclassification has no impact on the Revenue, Net Revenue or Operating profit reported by the Group.

The identified business segments are as follows:-

(i) ROI (previously Cider ROI)
This segment includes the financial results from sale of all products in the Republic of Ireland (‘ROI’), principally Bulmers, Tennent’s and agency brands as permitted under the terms of a distribution agreement with AB InBev.

The continued challenging economic climate within which the ROI business operates changed the focus of the CODM from the financial performance of cider in ROI to that of the total financial performance derived from the ROI market. Previously the financial results from the sale of Tennent’s and agency brands in ROI were reported within Tennent’s (Tennent’s) and Third Party Brands (agency brands).

(ii) Cider UK (previously Cider GB and Cider NI)
This segment includes the results from sale of the Group’s cider products in the UK, with Magners, Blackthorn and Gaymers the principal brands. Previously the results from the sale of the Group’s cider products in the UK were shown within two segments, Cider GB (cider sales in Great Britain (‘GB’)) and Cider NI (cider sales in Northern Ireland (‘NI’)).

As permitted under IFRS 8 *Operating Segments*, the Group decided to aggregate the Cider NI operating segment with the Cider GB operating segment as the nature of the product and the production process are identical, the type of customers in both jurisdictions are similar as is the method of distribution and the regulatory environment.

In addition, in updating the manner in which the CODM wished to monitor and assess financial performance of the Group, a decision was taken that the financial performance of the element of the Group’s business concerned with the production and sale of ‘private-label’ cider products in the UK was better managed and controlled together with all other third party agency brands as part of the operating segment Third Party Brands UK. This decision was taken on the basis that the operating margins of this business are similar to those earned from other agency brands and differ materially from those derived from owned brands; the strategic objectives are more aligned with those of the Group’s agency distribution business and the inclusion of this business within the operating segment Cider UK distorts the financial information which the CODM uses to decide on the allocation of resources.

(iii) Tennent’s UK (previously Tennent’s)
This segment includes the results from sale of the Group’s ‘owned’ beer brand – Tennent’s in the UK. This differs from that previously presented where the financial results from sale of Tennent’s across all territories was disclosed within the Tennent’s segment.

(iv) International (previously export)
This segment includes the results from sale of the Group’s cider and beer products, principally Magners, Blackthorn, Hornsby’s and Tennent’s in all territories outside of the ROI and the UK. The Group commenced the export of Tennent’s during the current financial period.

(v) Third Party Brands UK (previously Third Party Brands)
This segment relates to the distribution of agency products and the production and distribution of private label products in the UK. Previously, results from the sale of agency products in the ROI were included within the operating segment Third Party Brands.

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 prior period disposal of the Group’s wholesaling business in Northern Ireland (Quinns of Cookstown) are disclosed in note 5.

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

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

Analysis by reporting segment (continuing operations)

	Six months ended 31 August 2012			Six months ended 31 August 2011		
	Revenue	**Net revenue**	**Operating profit**	Revenue	Net revenue	Operating profit
	€m	**€m**	**€m**	€m	€m	€m
ROI	**73.6**	**51.3**	**21.9**	81.6	58.5	27.5
Cider UK	**115.7**	**82.6**	**19.9**	130.3	96.6	22.2
Tennent's UK	**121.3**	**57.2**	**16.1**	109.1	49.0	12.3
International	**23.8**	**23.6**	**4.2**	16.0	16.0	3.8
Third Party Brands UK	**62.6**	**48.7**	**3.5**	62.3	48.6	1.6
	397.0	**263.4**	**65.6**	399.3	268.7	67.4
Unallocated items:						
Exceptional expense	**-**	**-**	**(0.1)**	-	-	(5.1)
	397.0	**263.4**	**65.5**	399.3	268.7	62.3

The impact of the reclassification of the financial results as described above is outlined below:-

	Revenue	Net revenue	Operating profit
	€m	€m	€m
ROI			
Previously reported - Cider ROI	73.3	53.2	26.3
Impact of change	8.3	5.3	1.2
Current classification	**81.6**	**58.5**	**27.5**
Cider UK			
Previously reported – Cider GB	147.4	102.3	18.6
Impact of change	(17.1)	(5.7)	3.6
Current classification	**130.3**	**96.6**	**22.2**
Tennent's UK			
Previously reported – Tennent's	112.2	50.9	12.8
Impact of change	(3.1)	(1.9)	(0.5)
Current classification	**109.1**	**49.0**	**12.3**
Third Party Brands UK			
Previously reported – Third Party Brands	41.8	39.5	3.8
Impact of change	20.5	9.1	(2.2)
Current classification	**62.3**	**48.6**	**1.6**
Cider NI			
Previously reported	8.6	6.8	2.1
Impact of change	(8.6)	(6.8)	(2.1)
Current classification	**-**	**-**	**-**

Total assets for the period ended 31 August 2012 amounted to €989.5m (2011: €970.1m).

	Revenue		**Net Revenue**	
Geographical analysis of revenue and net revenue (continuing operations)	**Six months ended 31 August 2012**	Six months ended 31 August 2011	**Six months ended 31 August 2012**	Six months ended 31 August 2011
	€m	€m	**€m**	€m
Republic of Ireland	**73.6**	81.6	**51.3**	58.5
United Kingdom	**299.6**	301.7	**188.5**	194.2
North America	**11.2**	4.8	**11.0**	4.8
Rest of Europe	**6.5**	4.7	**6.5**	4.7
Rest of World	**6.1**	6.5	**6.1**	6.5
	397.0	399.3	**263.4**	268.7

Geographical analysis of non-current assets

	ROI €m	UK €m	Rest of Europe €m	North America €m	Rest of World €m	Total €m
31 August 2012						
Property, plant & equipment	54.8	135.0	-	1.2	-	**191.0**
Goodwill & intangible assets	120.3	332.4	7.1	27.7	5.6	**493.1**
Investment in associate	-	2.0	-	-	-	**2.0**
Retirement benefit obligations	-	0.3	-	-	-	**0.3**
Deferred tax assets	9.4	-	-	-	-	**9.4**
Derivative financial assets	0.1	1.7	-	-	-	**1.8**
Trade & other receiveables	-	26.2	-	-	-	**26.2**
Total	**184.6**	**497.6**	**7.1**	**28.9**	**5.6**	**723.8**
31 August 2011						
Property, plant & equipment	68.3	108.5	-	0.3	-	177.1
Goodwill & intangible assets	120.3	319.4	7.1	9.2	5.6	461.6
Deferred tax assets	9.4	-	-	-	-	9.4
Trade & other receiveables	-	18.9	-	-	-	18.9
Total	198.0	446.8	7.1	9.5	5.6	667.0

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

Cyclicality of interim results

Operating profit performance in the drinks industry is not characterised by significant cyclicality. Operating profit for the first half is considered to represent approximately 60% of the full year's anticipated operating profit performance.

3. Income tax charge

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 15% (six months ended 31 August 2011: 15%).

4. Exceptional items

	Six months ended 31 August 2012			Six months ended 31 August 2011		
	Continuing operations €m	**Discontinued operations €m**	**Total €m**	Continuing operations €m	Discontinued operations €m	Total €m
Restructuring costs	**-**	**-**	**-**	(1.5)	-	(1.5)
Recovery of previously impaired inventory	**1.0**	**-**	**1.0**	0.1	-	0.1
IT systems implementation and integration costs	**(1.1)**	**-**	**(1.1)**	(3.7)	-	(3.7)
Loss from discontinued operations	**-**	**-**	**-**	-	(1.8)	(1.8)
Total loss before tax	**(0.1)**	**-**	**(0.1)**	(5.1)	(1.8)	(6.9)
Income tax credit	**-**	**-**	**-**	1.4	-	1.4
Total loss after tax	**(0.1)**	**-**	**(0.1)**	(3.7)	(1.8)	(5.5)

(a) Restructuring costs
Restructuring costs, comprising severance and other initiatives arising from cost cutting initiatives, resulted in an exceptional charge before tax of €1.5m in the prior comparable financial period.

(b) Recovery of previously impaired inventory
During the financial year ended 28 February 2009, the Group's stock holding of apple juice of circa 36 months of forecasted future sales was deemed excessive in light of anticipated future needs, forward purchase commitments and useful life of the stock on hand. Accordingly the Group recorded an impairment charge in relation to excess apple juice stocks. During the current and previous financial periods, some of the previously impaired juice stocks were assessed and in light of both quality and expected harvest yields a judgement was taken as to the level of juice stocks expected to be recoverable and used by the Group. Consequently, this stock was written back to operating profit at its recoverable value resulting in the recognition of a gain of €1.0m (2011: €0.1m). The Group has recovered total juice stocks of €1.9m in relation to stocks for which an impairment charge was recognised in FY2009.

(c) IT systems implementation and integration costs
During the current period, the Group incurred consultancy costs of €1.1m in relation to the integration of the acquired Hornsby's brand with the Group's existing business. In the prior comparable period, the Group completed the second and final 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.

These costs primarily relate to external consultant fees and other costs associated with the implementation of new IT systems platforms which in accordance with IAS 16 *Property, Plant and Equipment* were not appropriate for capitalisation within Property, plant & equipment in the balance sheet.

(d) Profit from discontinued operations
The prior period loss of €1.8m relates to a €0.6m loss arising on the disposal of the Group's Northern Ireland wholesaling business (Quinns of Cookstown) to Britvic Northern Ireland on 30 June 2011 for a gross consideration of €4.8m (£4.3m) comprising a gain of €0.1m on the disposal and a €0.7m loss on the recycling of a foreign currency reserve to the Income Statement following the disposal. The Group also recognised 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 30 June 2010 disposal of the Group's Spirits & liqueurs business.

5. Discontinued operations

During the previous period (30 June 2011), the Group completed the disposal of its Northern Ireland wholesaling business (Quinns of Cookstown) to Britvic Northern Ireland Limited for a gross consideration of €4.8m (£4.3m).

The Group, having considered IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* para 32, believed that the classification of the Group's disposed Northern Ireland wholesaling business as a discontinued operation and as a consequence the provision of directly comparable information better assisted the users 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 this business from the date the assets were classified as 'held for sale' and the business is presented as a discontinued operation for all periods presented and is shown separately from continuing operations.

Results of discontinued operations

	Six months ended 31 August 2012			Six months ended 31 August 2011		
	Before exceptional items €m	**Exceptional items €m**	**Total €m**	Before exceptional items €m	Exceptiona l items €m	Total €m
Revenue	-	-	-	5.2	-	**5.2**
Excise duties	-	-	-	-	-	**-**
Net revenue	-	-	-	5.2	-	**5.2**
Operating costs	-	-	-	(5.3)	-	**(5.3)**
Operating loss	-	-	-	(0.1)	-	**(0.1)**
Income tax expense	-	-	-	-	-	**-**
Trading loss from discontinued operations	-	-	-	(0.1)	-	**(0.1)**
Foreign currency reserve recycled to the income statement on disposal				-	(0.7)	**(0.7)**
Loss on sale of discontinued operations	-	-	-	-	(1.1)	**(1.1)**
Loss from discontinued operations	-	-	-	**(0.1)**	**(1.8)**	**(1.9)**

The loss on discontinued operations of €1.1m related 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 (£4.3m) 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 30 June 2010 disposal of the Group's Spirits & liqueurs business.

In addition, the Group recycled a loss of €0.7m from the foreign currency reserve to the income statement following the disposal of the Group's Northern Ireland wholesaling business.

	31 August 2012	31 August 2011
Cash flows from discontinued activities	**€m**	€m
Net cash outflow from operating activities	-	(4.7)
Net cash inflow from investing activities	-	4.7
Net cash derived from discontinued operations	-	-
Depreciation	-	-
Effect of disposal on financial position of the Group		
Property plant & equipment	-	0.9
Inventories	-	1.2
Trade & other receivables	-	2.5
Foreign currency reserve de-recognised on disposal	-	0.7
Net assets and liabilities disposed of	-	5.3
Consideration receivable	-	4.8
Costs of disposal payable	-	(0.1)
Working capital settlement	-	(1.2)
Net proceeds receivable	-	3.5
Loss arising on disposal	**-**	(1.8)

6. Earnings per ordinary share

	Six months ended 31 August 2012 €m	Six months ended 31 August 2011 €m
Earnings as reported	**54.1**	49.5
Adjustments for exceptional items, net of tax	**0.1**	5.5
Earnings as adjusted for exceptional items, net of tax	**54.2**	55.0

	Number '000	Number '000
Number of shares at beginning of period	**339,275**	337,196
Shares issued in respect of options exercised	**1,236**	381
Shares issued in lieu of dividend	**686**	317
Number of shares at end of period	**341,197**	337,894
Weighted average number of ordinary shares, excluding treasury shares (basic)	**327,434**	324,828
Adjustment for the effect of conversion of options	**9,220**	8,775
Weighted average number of ordinary shares, including options (diluted)	**336,654**	333,603

Basic earnings per share	**Cent**	Cent
Basic earnings per share	**16.5**	15.2
Adjusted basic earnings per share	**16.6**	16.9
Diluted earnings per share		
Diluted earnings per share	**16.1**	14.8
Adjusted diluted earnings per share	**16.1**	16.5

	€m	€m
Continuing operations		
Earnings from continuing operations as reported	**54.1**	51.4
Adjustments for exceptional items, net of tax	**0.1**	3.7
Adjusted earnings from continuing operations, net of tax	**54.2**	55.1
Basic earnings per share	**Cent**	Cent
Basic earnings per share	**16.5**	15.8
Adjusted basic earnings per share	**16.6**	16.9
Diluted earnings per share		
Diluted earnings per share	**16.1**	15.4
Adjusted diluted earnings per share	**16.1**	16.5

Discontinued operations	**€m**	€m
Earnings from discontinued operations as reported	**-**	(1.9)
Adjustments for exceptional items, net of tax	**-**	1.8
Adjusted earnings from discontinued operations, net of tax	**-**	(0.1)
Basic earnings per share	**Cent**	Cent
Basic earnings per share	**-**	(0.6)
Adjusted basic earnings per share	**-**	-
Diluted earnings per share		
Diluted earnings per share	**-**	(0.6)
Adjusted diluted earnings per share	**-**	-

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased/issued by the Company and held as treasury shares (at 31 August 2012: 12.4m shares; at 31 August 2011: 12.5m 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 53,643 at 31 August 2012 and 227,244 at 31 August 2011) are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied at the end of the reporting period. Vesting of certain Interests awarded under the Joint Share Ownership Plan (totally 375,000 at 31 August 2012 and 31 August 2011) are also contingent upon satisfaction of specified performance conditions and these have also been excluded from the computation of diluted earnings per share.

In addition, the potentially dilutive impact of 3,471,249 employee share options have been excluded from the diluted earnings per share calculation on the basis that they are anti-dilutive as at 31 August 2012 (31 August 2011: 4,552,130).

7. Property, plant & equipment

Acquisitions and disposals

During the six month period ended 31 August 2012, the Group acquired assets with a cost of €12.8m (six months ended 31 August 2011: €6.1m).

There were no disposals of property, plant & equipment in the current period. In the comparable six month period ended 31 August 2011, the Group disposed of equipment with a net book value of €0.2m realising a profit of €0.4m and disposed of land & buildings with a net book value of €0.9m as part of the sale of the Group's Northern Ireland wholesale business (note 5).

Impairment

The carrying value of items of property, plant & equipment are reviewed and tested for impairment at each reporting date or more frequently if events or changes in circumstances indicate that the carrying values may not be recoverable. The Board is satisfied that the carrying values have not been impaired and consequently no impairment charge has been recorded in the six month period ended 31 August 2012.

8. Goodwill & intangible assets

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2011	378.1	86.6	1.7	466.4
Translation adjustment	(1.2)	(3.4)	(0.1)	(4.7)
At 31 August 2011	376.9	83.2	1.6	461.7
Acquisition of Hornsby's cider brand	-	16.6	-	16.6
Translation adjustment	1.6	5.0	0.2	6.8
At 29 February 2012	378.5	104.8	1.8	485.1
Acquisition of Hornsby's cider brand	-	0.4	-	0.4
Translation adjustment	1.8	6.0	-	7.8
At 31 August 2012	**380.3**	**111.2**	**1.8**	**493.3**
Amortisation				
At 1 March 2011 and 31 August 2011	-	-	(0.1)	(0.1)
Charge for the period ended 29 February 2012	-	-	(0.1)	(0.1)
At 29 February 2012	-	-	(0.2)	(0.2)
Charge for the period ended 31 August 2012	-	-	-	-
At 31 August 2012	**-**	**-**	**(0.2)**	**(0.2)**
Net Book Value at 31 August 2012	**380.3**	**111.2**	**1.6**	**493.1**
Net Book Value at 29 February 2012	378.5	104.8	1.6	484.9
Net Book Value at 31 August 2011	376.9	83.2	1.5	461.6

Goodwill consists both of goodwill previously capitalised under Irish GAAP, treated as deemed cost on the transition to IFRS on 1 March 2004, and that which 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. All goodwill is regarded as having an indefinite life and is not subject to amortisation under IFRS but is subject to regular impairment assessment.

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

On 8 November 2011, the Group completed the acquisition of the Hornsby's cider brand from E & J Gallo Winery comprising the global intellectual property rights to the Hornsby's brand. 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. Costs totalling €0.2m were also incurred in the financial year ending 29 February 2012 in acquiring the brand. In addition, under the terms of the agreement contingent consideration was payable based on volume performance with €1.8m ($2.5m) payable if the brand continued to perform in line with then current volume trends and an amount of up to €3.6m ($5.0m) if the brand outperformed the agreed volume ratchet mechanism. At 29 February 2012, the Directors' estimated the amount payable to be €1.8m ($2.5m) based on their expectation of performance in the transitional period. The ultimate amount paid during the current period was $3.0m (€2.2m euro equivalent using original transaction rate; €2.4m euro equivalent at date of payment).

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 *Business Combinations (2004)* 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 agreements. The amortisation charge for the six month period to 31 August 2012 was less than €0.1m.

Brands and goodwill are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicated that the carrying values may not be recoverable and impairment testing is required earlier. The value of brands and goodwill was assessed for impairment at 31 August 2012.

The Group, having performed the impairment testing, is satisfied that the carrying value of brands and goodwill has not been impaired and is confident that there continues to be significant headroom in the recoverable amount of the related cash generating units compared to their carrying value.

9. Investment in associate

On 21 March, 2012, the Group acquired a 25% equity shareholding in the Maclay Group, a leading independent Scottish operator of managed public houses. The business primarily includes 15 wholly owned managed houses and 11 managed houses owned by two different Enterprise Investment Schemes. The total cost of the investment was £2.1m (€2.5m euro equivalent at date of agreement; €2.6m euro equivalent at period end) of which €2.0m related to the value of the investment, €1.7m related to the value of a contracted derivative financial asset and €1.1m related to the value of a contracted derivative financial liability. The derivative financial asset relates to a put option to sell the equity stake to the Maclay Group at a predetermined price at any time post the fifteenth anniversary of the acquisition while the derivative financial liability relates to the granting of a call option to the Maclay Group to re-acquire the Group's equity interest at a predetermined price at any time in the first fifteen years post the acquisition date. The movement in the fair value of these derivatives to 31 August 2012 was less than €0.1m.

The Group is in a position to exercise significant influence over the operating and financial policies of the investment and accordingly has accounted for it as an associate. Associates are included in the financial statements of the Group using the equity method from the date of which significant influence is deemed to arise until such a time as such significant influence ceases to exist. Under the equity method, the consolidated Group Income Statement reflects the Group's share of profit after tax of the associate. Investment in associates are carried in the consolidated Group Balance Sheet at cost and subsequently adjusted in respect of post-acquisition changes in the Group's share of net assets, less any impairment in value. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the equity. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment in the Group's interest in the entity. The profit for the period attributable to the Group was less than €0.1m.

Name and Registered Office	**Nature of business**	**Financial year end**	**% Shareholding**	**Relevant share capital**
Maclay Group Plc, Unit 2/4, The E-Centre, Cooperage Way Business Village, Alloa, FK10 3LP, Scotland.	Pub Group	1 October	25%	46,428 'B' Ordinary shares at a subscription price of £1.3m and 28,572 'B' Preference shares at a subscription price of £0.8m

10. Interest bearing loans & borrowings

	31 August 2012 €m	31 August 2011 €m	29 February 2012 €m
Current			
Unsecured bank loans repayable by bullet repayment on maturity	-	74.9	60.0
	-	74.9	60.0

Although not maturing until 28 May 2012, the Group, using surplus cash resources, voluntarily repaid in full (€60.0m) and cancelled its 2007 euro revolving loan facility on 30 March 2012. During the comparable six month period ended 31 August 2011, 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 2007 euro revolving loan facility by €25.0m to €75.0m at 31 August 2011, it repaid a further €15.0m during the second six month period to 29 February 2012 reducing drawn debt to €60.0m.

Unamortised issue costs of €0.1m at 31 August 2011 (29 February 2012: €nil) have been netted against outstanding bank loans in the respective periods.

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 in a single instalment 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 financial 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, to have debt capacity of €500.0m.

Under the terms of the agreement, the Group must pay a commitment fee based on 40% of the applicable margin on undrawn committed amounts and variable interest on drawn amounts based on variable Euribor/Libor interest rates plus

a margin, the level of which is dependent on the net debt:EBITDA ratio, plus an utilisation fee, the level of which is dependent on percentage utilisation. The Group may select an interest period of one, two, three or six months. There were no drawn funds under this facility as at 31 August 2012.

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 2012 syndicated revolving loan facility incorporates two financial covenants:

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

11. Analysis of net (cash)/debt

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

	1 September 2011 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	29 February 2012 €m
Interest bearing loans & borrowings	74.9	-	(15.0)	0.1	60.0
Cash & cash equivalents	(134.6)	(2.5)	8.8	-	(128.3)
	(59.7)	(2.5)	(6.2)	0.1	(68.3)
Interest rate swaps	1.5	-	(3.2)	1.7	-
	(58.2)	(2.5)	(9.4)	1.8	(68.3)

	1 March 2011 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	31 August 2011 €m
Interest bearing loans & borrowings	135.0	(1.7)	(58.6)	0.2	74.9
Cash & cash equivalents	(128.7)	3.1	(9.0)	-	(134.6)
	6.3	1.4	(67.6)	0.2	(59.7)
Interest rate swaps	2.0	-	0.8	(1.3)	1.5
	8.3	1.4	(66.8)	(1.1)	(58.2)

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

12. Retirement benefit obligations

As disclosed in the Annual Report for the year ended 29 February 2012, the Group operates a number of defined benefit pension schemes for employees in the Republic of Ireland (ROI) and in Northern Ireland (NI), 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.

Membership of all schemes is closed to new entrants since April 2007 and there are no active members of the Group's Executive Defined Benefit Pension scheme.

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

Funding proposals were submitted to, and approved by the Pensions Board on 23 February 2012, which the Directors believe will enable the ROI schemes to meet the Minimum Funding Standard by 31 December 2016. The Funding Proposals commit the Group to annual contributions of 14% of Pensionable Salaries to fund future pension accrual of benefits, an annual deficit contribution of €3.4m and an additional annual supplementary deficit contribution of €1.9m for which the Group reserves the right to reduce or terminate if on consultation with the Trustees and if the Scheme Actuary advises that it is no longer required due to a correction in market conditions.

The Balance Sheet valuation of the Group's defined benefit pension schemes' assets and liabilities have been marked-to-market as at 31 August 2012 to reflect movements in the fair value of assets and changes in the assumptions used by the schemes' actuaries to value the liabilities. The key factors influencing the change in valuation of the Group's defined benefit pension scheme obligations are as outlined below:-

	Period ended 31 August 2012 €m	Period ended 31 August 2011 €m	Year ended 29 February 2012 €m
Retirement benefit deficit at beginning of period (ROI schemes)	**15.3**	15.3	15.3
Retirement benefit asset at beginning of period (NI scheme)	**(0.2)**	-	-
Current service cost	**0.4**	0.3	0.7
Past service gain	**-**	-	(14.8)
Net finance cost	**0.6**	0.5	1.4
Curtailment gain	**-**	-	(0.1)
Actuarial losses	**24.6**	10.7	18.5
Company contributions	**(3.9)**	(3.1)	(5.9)
Retirement benefit deficit at end of period (ROI schemes)	**37.1**	23.7	15.3
Retirement benefit asset at end of period (NI scheme)	**(0.3)**	-	(0.2)

The valuation of scheme liabilities increased following a market reduction in discount rates (ROI: reducing from (4.7% - 4.9%) at 29 February 2012 to (3.7% - 4.0%) at 31 August 2012; NI reducing from 4.75% at 29 February 2012 to 4.25% at August 2012). The impact of the reduction in bond rates on the Balance Sheet valuation of the Northern Ireland scheme was offset by a reduction in assumed future inflation.

The actuarial losses incurred in the period predominantly relate to the aforementioned reduction in the discount rates used to value scheme liabilities (€25.4m), as reduced by assets returns earned being marginally greater than those expected.

All other significant assumptions applied in the measurement of the Group's pension obligations at 31 August 2012 are consistent with those as applied at 29 February 2012 and as set out in the Group's last Annual Report.

13. Other reserves

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

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

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

Currency translation reserve
The translation reserve comprises all foreign exchange differences from 1 March 2004, arising from the translation of the Group's net investment in its non-euro denominated operations, including the translation of the profits of such operations from the average exchange rate for the year to the exchange rate at the balance sheet date, as adjusted for the translation of foreign currency borrowings designated as net investment hedges and long term intra group loans for

which settlement is neither planned nor likely to happen in the foreseeable future, and as a consequence are deemed quasi equity in nature and are therefore part of the Group's net investment in its foreign operations.

In the prior period, all movements arising on the translation of the net assets of the Group's Northern Ireland wholesaling business (Quinns of Cookstown) since 1 March 2004 were recycled to the Income Statement following the disposal of that business.

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

In the prior period, the component of the original gain relating to land disposed of as part of the disposal of the Group's Northern Ireland wholesaling business (Quinns of Cookstown) was transferred from the revaluation reserve to retained income within the Statement of Changes in Equity.

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

14. Dividend

A final dividend of 4.5 cent per ordinary share (2011: 3.3 cent) was paid to shareholders on 13 July 2012 equating to a distribution of €14.9m. An interim dividend of 4.0 cent per share for payment on 17 December 2012 is proposed to shareholders registered at the close of business on 2 November 2012, using the number of shares in issue at 31 August 2012 and excluding those shares for which it is assumed that the right to dividend will be waived this would equate to a distribution of €13.3m.

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

15. Financial commitments
At 31 August 2012, the Group had entered into contracts to purchase property, plant & equipment that were outstanding at the period end totalling €3.3m (31 August 2011: €5.7m).

At 31 August 2012, the Group had entered into contracts for future expenditure valued at €49.9m. These contracts relate to minimum purchase commitments for raw materials (including malt and apples) and packaging materials (€26.7m), fixed charge commitments in relation to logistics and warehousing services (€10.5m) and commitments under the Group's sponsorship agreements (€12.7m). The commitments are principally due within a period of 24 months.

16. Related parties

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

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

Key management personnel received total compensation of €1.6m for the six months ended 31 August 2012 (six months ended 31 August 2011: €1.8m).

In order to encourage retention of vested Interests in shares held in the C&C Group plc's Joint Share Ownership Plan and to achieve better alignment of the interests of the continuing Directors and employees who participate in the Plan with the interests of shareholders, the Board sought and received shareholder approval at the Company's Annual General Meeting held on 27 June 2012 to agree with participants that where Interests in Plan shares have vested,

dividends on such Shares should accrue to the Trustees and to the participant in proportion to their respective economic interests. This only applies so long as the participant continues to be an employee and does not apply to unvested Interests.

Shareholder approval was also given to (a) extend the long stop date by which vested Plan Shares must be sold to the tenth anniversary of the acquisition date of the Plan Shares (or if earlier the date the participant ceases to be an employee of the Group) and (b) to allow participants who are continuing employees to transfer their vested Interests to family members and related trusts. All the foregoing amendments have now been made to the Plan documentation agreed with Directors.

In addition, approval was sought and received to amend the rules of the Long Term Incentive Plan (LTIP) (Part I) to allow the Remuneration Committee of the Board to grant awards on terms that, in respect of those shares that do vest, the holder will receive equivalent value to that which accrued to shareholders by way of dividends during the vesting period. This amendment was applied in respect of grants made to Executive Directors in May 2012.

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

There have been no other related party transactions that could have a material impact on the financial position or performance of the Group for the first six months of the financial year ending 28 February 2013.

17. Events after the balance sheet date

Today, 23 October 2012, the Group announces an agreement to acquire Vermont Hard Cider Company LLC, an independent premium craft cider company based in Vermont, USA, for a gross consideration of US$305m. The company owns, produces and markets a leading US cider brand, Woodchuck, and the Wyder's cider brand. The transaction is subject to notification and US competition law review under the Hart-Scott-Rodino Improvements Act and also subject to other customary completion conditions.

18. Board approval

The Board approved the financial report for the six months ended 31 August 2012 on 23 October 2012.

19. Distribution of interim report

This report and further information on C&C is available on the Group's website (candcgroupplc.ie). Details of the Scrip Dividend Offer in respect of the interim dividend for the financial year ending 28 February 2013 will be posted to shareholders on 14 November 2012.