c&c group plc

RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2014

Dublin, London, 29 October 2014: C&C Group plc ('C&C' or the 'Group'), a leading manufacturer, marketer and distributor of branded cider, beer, wine and soft drinks announces results for the six months ended 31 August 2014.

	H1 2015	% change
Net Revenue	€368.1m	+9.3%
EBITDA(i)	€81.0m	(2.2%)
Operating profit(ii)	**€69.2m**	**(2.7%)**
Free cash flow(iii)	€30.8m	(48.4%)
Free cash flow/EBITDA (% conversion)	**38.0%**	
Basic Earnings per Share (EPS)	15.3 cent	+22.4%
Adjusted diluted EPS(iv)	15.9 cent	(2.5%)
Dividend per share	4.5 cent	+4.7%

H1 2015 Overview

- Operating profit(ii) of €69.2m reflects earnings growth in our core businesses of Ireland and Scotland offset by challenges in the US and England & Wales.
- In Ireland & Scotland excellent progress has been made integrating Gleesons and Wallaces. Both acquisitions are delivering to plan as we move to a differentiated multi-beverage branded wholesale model.
- H1 outcome represents a solid performance given tough prior year comparisons in Ireland, the early stage in our US marketing investment programme, and, an intensively competitive trading environment in England & Wales.
- The cider category in England & Wales remains highly competitive. While earnings in this area represent a small component of our operating profit, we remain committed to ensuring both a profitable and sustainable presence for our brands.
- Performance in the US has been disappointing and Woodchuck was impacted by new market entrants. However, we have a high quality and stable distributor network in place, a new state of the art cidery, new packaging and a new marketing plan, which will support Woodchuck in the second half.
- The Group's (non-US) export business is growing with further export volume growth for Magners and Tennent's in Europe, Canada and Asia. Excluding Australia, volumes grew 14.2% year on year.
- We continue to drive innovation and new product development in our portfolio. Following on from the success of Caledonia Best ale, Heverlee hand crafted premium Belgian lager and Montano Italian cider, we have recently launched Clonmel 1650, a new premium Irish lager and Menabrea, an award winning Italian lager. Tennent's Gluten free beer was also awarded a gold medal at the World Beer Championships in Chicago.
- C&C retains a strong underlying cash generative capability. We anticipate full year cash conversion of 60% to 70% of EBITDA despite cash investment in expansion including the new cidery in Vermont and new craft breweries in Clonmel and Glasgow.
- C&C's proposed interim dividend is 4.5 cent per share, representing year-on-year growth of 4.7%. The increase reflects the Group's strong balance sheet, underlying cash generation capability and commitment to deliver value for shareholders.

For defined terms and other notes see page 13

Stephen Glancey, C&C Group CEO, commented:

'The strength of our core business in Ireland & Scotland underpinned profit delivery of €69.2m in the period. Given the lower than expected contribution from the US and England & Wales businesses, this is a solid outcome.

Our businesses in Ireland & Scotland are the cornerstone of the Group representing 86% of operating profit. Central to both are strong brands and excellence in customer service. In these geographies we are delivering on our differentiated and focussed strategy of creating multi-beverage branded distribution models. In Ireland we combined our operations, and the C&C Gleeson's business now spans the Island of Ireland. With integration of the Gleeson's business complete and improving consumer sentiment, we are well positioned to drive future earnings growth. Scotland reported a resilient performance despite the significant task of integrating Wallaces and Tennent Caledonian. The acquisition is on track to deliver expected returns and integration will be completed early next year. This will ultimately provide a strong foundation for growing our combined business.

The overall UK cider market remains challenging. Magners underperformed the market in the first half and we saw only modest improvement in our Shepton Mallet division in volume and value. While profit contribution is small in the context of the Group, management are evaluating internally the optimal structure of the business in England & Wales.

In the US, performance remains below expectation and the Woodchuck brand has been further impacted by the disruption of new market entrants. While we have re-based our expectations in the US, the market remains both attractive and dynamic and we are confident in the long-term prospects for the category generally and specifically our US cider business. In time, we expect to participate meaningfully in category growth.

Export performance has been encouraging across Europe, Asia and Canada. Excluding Australia, Magners volumes grew by 18.6% while Tennent's export volumes grew by 12.9%. Australia remains challenging with distributor issues still to be resolved.

C&C has a differentiated multi-beverage model in Ireland & Scotland ensuring a resilient base for sustainable operating profit and free cash flow. This combined with our inherent balance sheet strength provides optionality on capital deployment. Prospective investment opportunities will always be driven by strategic fit and long term shareholder value.

With this in mind the Group approached the Board of Spirit Pub Company with a preliminary approach which was subsequently rejected by the Spirit Board. Our route-to-market capability in Ireland & Scotland is not matched in England and Wales and the concept of vertical integration in the sector is well established. Against this backdrop the Group are of the view that our commercial interests could be materially enhanced through direct participation in the management of high quality retail assets. Such models are well established in the UK and over time the combination of cash flow from branded alcohol together with excellent retail outlets have provided sustainable returns for shareholders. Such a combination would provide the Group with the enhanced position in an important consumer market while offering a range of commercial options across all our domestic markets.

Under the takeover code given the Spirit situation no new operating profit guidance can be provided. The Board are proposing an interim dividend of 4.5 cent per share representing 4.7% growth on last year.'

About C&C Group plc

C&C Group plc is a manufacturer, marketer and distributor of branded cider and beer. The Group manufactures Bulmers, the leading Irish cider brand, Magners, the premium international cider brand, Gaymers cider and the Shepton Mallet Cider Mill range of English ciders and the Tennent's beer brand. C&C Group also owns Woodchuck and Hornsby's, two of the leading craft cider brands in the United States. The Group's Irish wholesaling subsidiary, Gleeson Group, owns and manufactures Tipperary Water and Finches soft drinks. The Group also distributes a number of beer brands in Scotland, Ireland and Northern Ireland, primarily for Anheuser-Busch Inbev, and owns Wallaces Express a Scottish drinks wholesaler.

Note regarding forward-looking statements

This announcement includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which C&C believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on pages 14 to 15 that could cause actual results to differ materially from those anticipated.

Conference Call Details - Analysts & Institutional Investors
C&C Group Plc will host a presentation for analysts and institutional investors, today, 29 October 2014, at 08.30am GMT (04.30am 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 1 696 8154
UK & Europe +44 203 139 4830
USA +1 718 873 9077

Pin Code: 64179108#

Conference Call Details - Media
Management will host a newswire conference call today at 07.30 GMT which can be accessed using the dial-in details below.

Ireland +353 1 696 8154
UK & Europe +44 203 139 4830

Pin Code: 31155956#

Management will also host a conference call for media today at 10.30 GMT which can also be accessed using the dial-in details below.

Ireland +353 1 696 8154
UK & Europe +44 203 139 4830

Pin Code: 98594061#

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

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IRELAND
Operations Review

Constant Currency(vi)	**Ireland**		
	H1 FY 15	**H1 FY 14**	**Change**
	€m	**€m**	%
Revenue	221.6	219.4	1.0%
Net revenue	158.2	164.6	(3.9%)
Excluding Gleesons:			
- Price /mix impact			*0.8%*
- Volume impact			*(3.1%)*
Operating profit(ii)	36.7	32.9	11.6%
Operating margin (Net revenue)	*23.2%*	*20.0%*	3.2ppts
Volume – (kHL) (Excluding Gleeson)	536.8	553.7	(3.1%)

LAD category(vii): In the five month period to July, volumes of Long Alcoholic Drinks (LAD) in ROI were flat on the prior year with the on-trade continuing to outperform the off-trade. The on-trade grew 1% compared to a volume decline of 2% in the off-trade. This represented a robust performance given the challenging 2013 comparatives and reflects positive consumer sentiment following improvements in the economic outlook for Ireland. In value terms the market was up 3% with the on-trade up 2% and the off-trade up 4%.

Ireland: The Group's operations in Ireland now comprise both its businesses in Northern Ireland and the Republic of Ireland.

Net revenue declined 3.9% to €158.2m in the six month period to 31 August 2014 while operating profit increased by 11.6% to €36.7m. Operating profit margin improved by 3.2ppts to 23.2%. Synergies from the integration of Gleeson with the existing Irish business and the consolidation of sales, marketing and finance overheads contributed to the improvement in margin.

The integration of the Gleeson business is now complete and the performance of the business in the first six months of the year was in line with expectations. The Group continues to seek ways to re-shape the business with the objective of driving earnings growth.

In the six month period to 31 August 2014, cider volume decreased by 4.4% while cider net revenue decreased by 5.7%. This reflects price deflation in the off-trade and the negative impact of a swing from on to off-trade in ROI for our brands. Cider was a big winner in the on-trade last summer presenting challenging quarter 2 comparatives for C&C. Underlying trends remain positive.

Beer net revenue increased in the period by 1.8% despite a 1.9% decline in volumes. This primarily was as a result of volume growth of Tennent's in the on-trade in Northern Ireland.

We are pleased with the progress of Heverlee, our authentic hand-crafted premium Belgium Lager. The brand is currently available in c.200 outlets and enjoying good throughputs, particularly in Northern Ireland. Consistent with our commitment to innovation and driving revenue growth, the Group completed the construction of a craft brewery in Clonmel in the period. The Group also launched Clonmel 1650, a premium, authentic Irish lager that is now available in c. 300 outlets. Initial feedback is encouraging.

SCOTLAND
Operations Review

Constant Currency[vi]	Scotland H1 FY 15	H1 FY 14	Change
	€m	€m	%
Revenue	172.8	126.4	36.7%
Net revenue	117.7	69.6	69.1%
Excluding Wallaces:			
- Price /mix impact			*0.5%*
- Volume impact			*(1.1%)*
Operating profit[ii]	22.4	19.6	14.3%
Operating margin (Net revenue)	*19.0%*	*28.2%*	(9.2ppts)
Volume – (kHL) (Excluding Wallaces)	678.6	686.4	(1.1%)

Category[vii]: In the six months to August 2014, beer volumes in Scotland increased by 2%. The on-trade was flat while the off-trade increased by 3%.

Scotland: In the six month period to 31 August 2014, net revenue increased by 69.1% to €117.7m and operating profit increased by 14.3% to €22.4m reflecting the inclusion of six months trade from the acquired Wallaces Express ("Wallaces") wholesale business.

The Group completed the acquisition of Wallaces on 18 March 2014, representing a significant step toward a branded wholesaler model in Scotland. Integration is underway with the Group already benefiting from the revenue opportunities that the acquisition brings. Contribution from Wallaces for the first six months of the year was robust and in line with internal expectations.

The Tennent's brand in Scotland had another solid performance with net revenue broadly on par with the prior comparative period. Operating margins declined marginally as a result of increased investment behind the Tennent's brand. The business continued to gain good market share in the Independent Free Trade (IFT) channel with year on year growth of 5.2%. Our trade loan investment in Scotland remains broadly flat with repayments in line with new investment levels.

We are pleased with the progress of Caledonia Best and Heverlee, both of which are selling well in Scotland. We have also recently launched Menabrea, an award winning Italian lager.

The Group invested in a craft brewery and retail outlet ("Drygate") via a joint venture with the Williams brothers in the period. The brewery and retail outlet opened on 23 May 2014 and is performing well. This gives the Group insight and access to continued growth in the craft beer sector.

ENGLAND & WALES
Operations Review

Constant Currency[vi]	England & Wales H1 FY 15	H1 FY 14	Change
	€m	**€m**	%
Revenue	99.5	113.6	(12.4%)
Net revenue	59.6	71.4	(16.5%)
- Price /mix impact			*(7.1%)*
- Volume impact			*(9.4%)*
Operating profit[ii]	7.2	11.4	(36.8%)
Operating margin (Net revenue)	*12.1%*	*16.0%*	(3.9ppts)
Volume – (kHL)	782.2	863.4	(9.4%)

Cider Category[vii]: The cider category in England & Wales grew by 1% in the period in volume terms and 3% in value terms.

England & Wales: Operating profit for the six month period to 31 August 2014 was down 36.8% on the prior period. Operating margin reduced by 3.9ppts. The volume decline within a relatively fixed cost structure, coupled with price deflation and adverse product mix had a negative impact on margin.

Magners declined 10.3% in volume and 17.4% in net revenue in the period. While Magners share decline slowed relative to last year, this was at the expense of price. In the off-trade, mainstream grocers are under huge pressure as they strive to compete with discounters, leading to price deflation and rationalisation. Over supply in the category is also having a negative impact on pricing. In the on-trade, our route to market is weakened as a consequence of new entrants into the category. The Group expects a volatile market for the medium term.

Results for the Shepton Mallet Cider Mill ("SMCM") portfolio were mixed in the period. There were positive underlying trends across the portfolio, particularly in the on-trade. However, a poor performance in K cider offset these gains in the period.

Heightened competition in the category has reduced the economic contribution from our cider portfolio in England & Wales but the market remains strategically important for the Group. A strategic review of our operating model is underway with a view to improving contribution and strengthening the brand position in FY2016.

For defined terms and other notes see page 13

US
Operations Review

Constant Currency[vi]	H1 FY 15	H1 FY 14	Change
	US		
	€m	€m	%
Revenue	20.5	26.5	(22.6%)
Net revenue	19.5	25.1	(22.3%)
- Price /mix impact			*(1.3%)*
- Volume impact			*(21.0%)*
Operating profit[ii]	0.7	6.7	(89.6%)
Operating margin (Net revenue)	*3.6%*	*26.7%*	(23.1ppts)
Volume – (kHL)	142.8	180.8	(21.0%)

US: In the six month period to 31 August 2014 our volumes in the US were down 21.0% and operating profit was down 89.6%, despite the category continuing to deliver dynamic growth. Volumes of Woodchuck declined 29.2% in the first six months while Magners volumes were up 13.8%. Tennent's and Blackthorn were both in growth in the period, albeit from a low base.

Whilst we anticipated a difficult first six months of the year, actual performance for the Woodchuck brand was well behind expectations. Rate of sale declined year on year as new entrants established themselves in the market and choice for the consumer widened. We have made good progress in putting in place the fundamentals for sustainable long term growth: the distributor network is high quality and in a stable state; the new cidery opened as planned in August; and the marketing plans to support the brands position as the authentic US craft cider are well advanced.

In conjunction with the 'Give a Chuck' marketing campaign and the launching of our new packaging, we commenced a targeted investment initiative in June ('Hothouse' programme) to turnaround performance in the Great Lakes region and the brand's home state of Vermont. There have been some positive returns from this and we plan to expand and build on these over the remainder of the year with increased investment planned to support the 'Hothouse' programme.

We believe we are doing the right things with Woodchuck and execution is key to return the brand to growth.

The decline in operating margin highlights the increased operational gearing in the business with investments in infrastructure and marketing having increased as volumes declined. Should the turnaround plans succeed the benefit to the operating margins will be equally significant. Pricing in the category remains strong.

Export
Operations Review

Constant Currency[vi]	Export H1 FY 15	H1 FY 14	Change
	€m	**€m**	%
Revenue	13.6	13.5	0.7%
Net revenue	13.1	13.5	(3.0%)
- Price /mix impact			*(6.7%)*
- Volume impact			*3.7%*
Operating profit[ii]	2.2	2.7	(18.5%)
Operating margin (Net revenue)	16.8%	20.0%	*(3.2ppts)*
Volume – (kHL)	103.6	99.9	3.7%

Export: Volumes in our international business were up 3.7% in the six month period to 31 August 2014. Growth was depressed by continued distributor issues in Australia.

Excluding Australia volumes were up 14.2% primarily reflecting growth in Europe of 26.8% and in Canada of 15.4%. Magners and Tennent's performed encouragingly in Asia with volumes up 9.8% and 109.7% respectively, albeit from a low base. We will continue to enter new markets in the second half of the year, including one or two in Africa.

Within the international division, Italy has become our largest single market accounting for approximately 18% of divisional volumes. Sales of Tennent's to Italy increased by 22.4% in the period. Across all markets, Tennent's growth was robust with volumes up 12.9%

Magners volumes were up 0.8% despite the trading difficulties in Australia. Excluding Australia volumes were up 18.6% on last year.

Results from Australia have been very disappointing with volumes down 76.4% in the period. We are still in the process of resolving distribution issues that have prevented us from participating in the category growth. The impact on trading should have fully washed through in FY2016.

For defined terms and other notes see page 13

FINANCIAL REVIEW

A summary of results for the six months ended 31 August 2014 is as follows:-

	Period ended 31 August 2014 €m	Period ended 31 August 2013 €m	CC[vi] Period ended 31 August 2013 €m	Change %	CC - Change %
Net revenue	**368.1**	336.7	344.2	*9.3%*	*6.9%*
Operating profit[ii]	**69.2**	71.1	73.3	*(2.7%)*	*(5.6%)*
Net finance costs	**(4.8)**	(5.1)		*(5.9%)*	
Share of equity accounted investees' loss after tax[viii]	**(0.1)**	-			
Profit before tax	**64.3**	66.0		*(2.6%)*	
Income tax expense[viii]	**(9.2)**	(10.0)			
*Effective tax rate**	***14.3%***	*15.2%*			
Profit for the year attributable to equity shareholders[ii]	**55.1**	56.0			
Basic EPS	**15.3 cent**	12.5 cent		*22.4%*	
Adjusted diluted EPS[iv]	**15.9 cent**	16.3 cent		*(2.5%)*	

* the effective tax rate is calculated based on the profit before tax excluding exceptional items and excluding the Group's share of equity accounted investees' (loss)/profit after tax

C&C is reporting net revenue of €368.1m, operating profit[ii] of €69.2m and adjusted diluted EPS[iv] of 15.9 cent. On a constant currency basis, net revenue increased 6.9% while operating profit[ii] declined 5.6% primarily due to challenges in the Group's England & Wales and US businesses. The current period results include a six month contribution from Wallaces wholesaling business in Scotland which the Group acquired in March 2014.

FINANCE COSTS, INCOME TAX AND SHAREHOLDER RETURNS

Net finance charges of €4.8m (2013: €5.1m) were incurred in the period reflecting the continued low level of variable interest rates.

The income tax charge for the period excluding the tax implication of exceptional items and share of loss from equity accounted investees amounted to €9.2m. In line with IAS 34 *Interim Financial Reporting* this represents an effective tax rate of 14% and reflects the current estimate of the average annual effective income tax rate for the year ending 28 February 2015. This forecasted effective tax rate continues to reflect the fact that the majority of the Group's profits are earned in jurisdictions, which have competitive tax rates relative to European averages.

The Board declared a final dividend of 5.7 cent per share for the financial year ended 28 February 2014 resulting in a full year dividend for that financial year of 10.0 cent per share and representing a payout of 33.9% (FY2013: 31.4%) of adjusted diluted earnings per share. The dividend was paid to shareholders on 15 July 2014 and was settled €16.4m in cash and €3.3m by way of a scrip alternative.

In line with the Group's policy of pursuing a progressive dividend policy, the Board has declared an interim dividend of 4.5 cent per share for the financial year ending 28 February 2015, an increase of 4.7% on the FY2014 interim dividend, for payment on 23 December 2014 to shareholders registered at the close of business on 7 November 2014. 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.

EXCEPTIONAL ITEMS

In reviewing the fair value of Property, plant & equipment at the period end date, the Board of Directors took a decision to impair by €3.0m one of the bottling lines at its cider manufacturing facility in Shepton Mallet used to bottle both own branded and third party product, this decision was taken following a significant reduction in forecasted utilisation levels.

The remaining exceptional costs of €1.2m relate to restructuring and integrations costs arising primarily as a result of the prior period acquisition of the Gleeson wholesaling business in Ireland and the current period acquisition of the Wallaces wholesale business in Scotland.

CASHFLOW GENERATION

The Group generated Free Cash Flow(iii) of €30.8m in the period representing 38.0% (2013: 72.1%) of adjusted EBITDA(i) and ended the period in a net debt(v) position of €150.9m.

The prior period cash conversion ratio was positively impacted by the sale of an element of the Group's receivable book and the positive cash impact on accounts payable of the learning curve involved in the transfer of the accounts payable functions in Borrisoleigh and Clonmel to the new accounting services function in Belfast. The timing of supplier payments has now reverted to normalised credit periods. The full year free cash flow conversion ratio is expected to be between 60% and 70%.

Summary cash flow for the six months ended 31 August 2014 is set out below:

	Six months ended 31 August 2014	Six months ended 31 August 2013
	€m	€m
Operating profit before exceptional items(ii)	**69.2**	71.1
Depreciation & amortisation charge	**11.8**	11.7
Adjusted EBITDA(i)	**81.0**	82.8
Net capital expenditure	**(13.6)**	(15.0)
Advances to customers	**(0.6)**	(10.0)
Working capital movement	**(19.9)**	25.7
	46.9	83.5
Exceptional items	**(2.1)**	(9.5)
Net finance charges/ tax paid	**(10.7)**	(10.0)
Other(ix)	**(3.3)**	(4.3)
Free Cash Flow(iii) (FCF)	**30.8**	59.7
FCF/EBITDA	***38.0%***	*72.1%*
Free Cash Flow(iii) (FCF)	**30.8**	59.7
Exceptional items	**2.1**	9.5
Free Cash Flow before exceptional cash outflow(iii) (FCF)	**32.9**	69.2
FCF/EBITDA before exceptional cash outflow	***40.6%***	*83.6%*
Reconciliation to Group Condensed Cash Flow Statement		
Free Cash Flow(iii) (FCF)	***30.8***	59.7
Acquisition of equity accounted investee	***(0.4)***	*(12.0)*
Acquisition of businesses	***(13.0)***	*(8.6)*
Proceeds from exercise of share options	***0.8***	*1.4*
Dividends paid	***(16.4)***	*(15.0)*
Drawdown of debt	***-***	*72.1*
Repayment of debt	***(51.3)***	*(57.0)*
Net (decrease)/increase in cash & cash equivalents	***(49.5)***	*40.6*

For defined terms and other notes see page 13

PENSIONS

In compliance with IFRS, the net assets and actuarial liabilities of the various defined benefit pension schemes operated by the Group companies, computed in accordance with IAS 19(R) *Employee Benefits*, are included on the face of the Group balance sheet as retirement benefit obligations.

At 31 August 2014, the Group is reporting a net retirement benefit obligation deficit on the revised IAS 19 basis of €36.0m (31 August 2013: €33.3m / 28 February 2014: €21.4m). All schemes are closed to new entrants. There are 5 active members in the UK scheme and 80 active members (less than 10% of total membership) in the ROI schemes. The Group has an approved funding plan in place, the details of which are disclosed in note 12, which it continues to be fully committed to. The scheme actuaries advised that as at 31 December 2013 the schemes were on track to meet the minimum funding standard and risk reserve by 31 December 2016, the end of the funding period.

The deterioration in the financial position of the Group's defined benefit pension schemes as computed in accordance with IAS 19(R) *Employee Benefits* is primarily as a result of a reduction in discount rates, the negative impact of which was only partially offset by the return on assets exceeding expectations.

	€m
Deficit at 1 March 2014	21.4
Employer contributions paid	(3.1)
Actuarial gains	(10.2)
Actuarial losses	27.7
Charge to the income statement	0.2
Net deficit at 31 August 2014	36.0

All other significant assumptions applied in the measurement of the Group's pension obligations at 31 August 2014 are materially consistent with those as applied at 28 February 2014.

FOREIGN CURRENCY AND COMPARATIVE REPORTING

		6 month period ended 31 August 2014	6 month period ended 31 August 2013
Translation exposure	Euro:Stg£	£0.811	£0.855
	Euro:US$	$1.364	$1.309
Transaction exposure	Euro:Stg£	£0.80	£0.82

As shown above, the effective rate for the translation of results from sterling currency operations was €1:£0.811 (period ended 31 August 2013: €1:£0.855) and from US dollar currency operations was €1:$1.364 (period ended 31 August 2013: €1:$1.309). The effective rate for the translation of net sterling currency transactions by euro functional currency operations was of €1:£0.80 (period ended 31 August 2013: €1:£0.82).

Comparisons for revenue, net revenue and operating profit for each of the Group's reporting segments are shown at constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's sterling and US dollar denominated subsidiaries by restating the prior period at current period effective rates. The impact of restating currency exchange rates on the results for the period ended 31 August 2013 is as follows:-

	Period ended 31 August 2013 €m	**FX Transaction €m**	**FX Translation €m**	**Period ended 31 August 2013 Constant currency comparative €m**
Revenue				
Ireland	217.4	-	2.0	**219.4**
Scotland	119.9	-	6.5	**126.4**
England & Wales	107.7	0.1	5.8	**113.6**
US	27.6	-	(1.1)	**26.5**
Export	13.8	(0.3)	-	**13.5**
Total	**486.4**	**(0.2)**	**13.2**	**499.4**
Net revenue				
Ireland	163.0	-	1.6	**164.6**
Scotland	66.0	-	3.6	**69.6**
England & Wales	67.7	0.1	3.6	**71.4**
US	26.2	-	(1.1)	**25.1**
Export	13.8	(0.3)	-	**13.5**
Total	**336.7**	**(0.2)**	**7.7**	**344.2**
Operating profit				
Ireland	33.0	(0.4)	0.3	**32.9**
Scotland	18.6	-	1.0	**19.6**
England & Wales	9.8	0.8	0.8	**11.4**
US	7.0	-	(0.3)	**6.7**
Export	2.7	-	-	**2.7**
Total	**71.1**	**0.4**	**1.8**	**73.3**

Notes

(i) EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and Equity accounted investees' (loss)/profit after tax. A reconciliation of operating profit to EBITDA is set out on page 10.
(ii) Operating profit and Profit for the year attributable to equity shareholders excludes exceptional items.
(iii) Free Cash Flow is a non GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. Free Cash Flow highlights the underlying cash generating performance of the on-going business. A reconciliation of FCF to Net Movement in Cash & Cash Equivalents per the Group's Condensed Cash Flow Statement is set out on page 10.
(iv) Adjusted earnings per share ('EPS') excludes exceptional items.
(v) Net debt comprises borrowings (net of issue costs) less cash.
(vi) On a constant currency basis; constant currency calculation is set out on page 12.
(vii) Per AC Nielsen/CGA
(viii) Excludes exceptional items
(ix) 'Other' relates to share options add back, pensions charged to operating profit less contributions paid and profit on disposal of plant & equipment.

PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal risks and uncertainties faced by the Group's businesses are as set out in the 2014 Annual Report, with the exception of the uncertainty around the Scottish Independence vote which has now been resolved. An extract from the 2014 Annual Report, excluding the reference to risks around the Scottish Independence vote, is repeated below for convenience.

As at 31 August 2014, the Group considers that currently the most significant risks to its results and operations over the short term are (a) strategic failures, (b) levels of competition in Great Britain and the United States and (c) failure to attract and retain high-performing employees.

Risks and uncertainties relating to strategic goals

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

Risks and uncertainties relating to revenue and profits

The GB off-trade and increasingly the GB on-trade continues to be highly competitive, driven by consumer pressure, customer buying power and the launch of heavily-invested competing products. The Group seeks to mitigate the impact on volumes and margins through developing its multi-beverage brand portfolio and seeking cost efficiencies.

The US cider market has also become highly competitive. The Group is responding through brand investment and strengthening its distributor network.

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, innovation and product diversification to maintain and enhance the relevance of its products in the market.

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

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

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

The Group's reporting currency is the euro but it transacts in foreign currencies and consolidates the results of non-euro reporting foreign operations. Fluctuations in value between the euro and these currencies may affect the Group's revenues, costs and operating profits. The Group seeks to mitigate currency and interest rate risks, where appropriate, through hedging and structured financial contracts to hedge a portion of its foreign currency transaction exposure and to fix a portion of its variable rate interest exposure. The Group seeks to partially manage foreign currency translation risk in relation to its US dollar subsidiaries through borrowings denominated in US dollar which are designated as a net investment hedge. It has not entered into structured financial contracts to hedge its translation exposure on its foreign acquisitions.

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

Fiscal, regulatory and political risks and uncertainties
The Group may be adversely affected by changes in excise duty or taxation on cider and beer in Ireland, the UK, the US and other territories. The Group is not able to materially mitigate this risk, which is outside its control.

The Group may be adversely affected by changes in government regulations affecting alcohol pricing, sponsorship or advertising, and product types. 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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On behalf of the Board

Sir B. Stewart
Chairman

S. Glancey
Chief Executive Officer

29 October 2014

Group Condensed Income Statement
for the six months ended 31 August 2014

	Notes	**Six months ended 31 August 2014**			Six months ended 31 August 2013		
		Before exceptional items €m	**Exceptional items (Note 4) €m**	**Total €m**	Before exceptional items €m	Exceptional items (Note 4) €m	Total €m
Revenue	2	**528.0**	**-**	**528.0**	486.4	-	486.4
Excise duties		**(159.9)**	**-**	**(159.9)**	(149.7)	-	(149.7)
Net revenue	2	**368.1**	**-**	**368.1**	336.7	-	336.7
Operating costs		**(298.9)**	**(4.2)**	**(303.1)**	(265.6)	(15.5)	(281.1)
Operating profit	2	**69.2**	**(4.2)**	**65.0**	71.1	(15.5)	55.6
Finance income		**0.2**	**-**	**0.2**	-	-	-
Finance expense		**(5.0)**	**-**	**(5.0)**	(5.1)	-	(5.1)
Share of equity accounted investees' (loss)/gain after tax		**(0.1)**	**0.2**	**0.1**	-	-	-
Profit before tax		**64.3**	**(4.0)**	**60.3**	66.0	(15.5)	50.5
Income tax (expense)/ credit	3	**(9.2)**	**0.7**	**(8.5)**	(10.0)	1.5	(8.5)
Profit for the period attributable to equity shareholders		**55.1**	**(3.3)**	**51.8**	56.0	(14.0)	42.0
Basic earnings per share (cent)	5			**15.3c**			12.5c
Diluted earnings per share (cent)	5			**15.0c**			12.2c

Group Condensed Statement of Comprehensive Income
for the six months ended 31 August 2014

	Notes	**31 August 2014**	31 August 2013
		€m	€m
Other comprehensive income and expense:			
Items that may be reclassified to profit or loss in subsequent years:			
Foreign currency translation differences arising on foreign currency borrowings designated as net investment hedges		**(0.3)**	1.0
Foreign currency translation differences arising on the net investment in foreign operations		**13.6**	3.5
Foreign currency reserve recycled to Income statement on deemed disposal of equity accounted investee		**(0.2)**	-
Net movement in cash flow hedging reserve		**-**	(1.4)
Deferred tax on cash flow hedges		**-**	0.2
Items that will not be reclassified to profit or loss in subsequent years:			
Actuarial loss on retirement benefit obligations	12	**(17.5)**	(15.2)
Deferred tax on actuarial loss on retirement benefit obligations		**2.2**	1.9
Net loss recognised directly within other comprehensive income		**(2.2)**	(10.0)
Profit for the period attributable to equity shareholders		**51.8**	42.0
Comprehensive income for the period attributable to equity shareholders		**49.6**	32.0

Group Condensed Balance Sheet
as at 31 August 2014

	Notes	**31 August 2014**	31 August 2013	28 February 2014 (audited)
		€m	€m	€m
ASSETS				
Non-current assets				
Property, plant & equipment	6	**224.8**	213.4	218.9
Goodwill & intangible assets	8	**746.7**	717.7	721.9
Equity-accounted investees		**2.9**	14.4	15.0
Retirement benefit obligations	12	**1.4**	0.7	1.4
Deferred tax assets		**5.4**	6.7	4.7
Derivative financial instruments		**1.6**	1.9	1.9
Trade & other receivables		**40.7**	42.0	40.9
		1,023.5	996.8	1,004.7
Current assets				
Inventories		**89.8**	75.0	72.2
Trade & other receivables		**204.6**	178.2	139.6
Derivative financial instruments		**-**	0.5	1.2
Cash & cash equivalents		**116.0**	161.8	162.8
Asset held for resale	6	**0.8**	-	-
		411.2	415.5	375.8
TOTAL ASSETS		**1,434.7**	1,412.3	1,380.5
EQUITY				
Equity share capital		**3.5**	3.5	3.5
Share premium		**119.9**	110.4	115.8
Other reserves	13	**75.8**	51.9	63.9
Treasury shares	13	**(10.0)**	(12.4)	(10.3)
Retained income	13	**696.6**	646.4	679.2
Total equity		**885.8**	799.8	852.1
LIABILITIES				
Non-current liabilities				
Interest bearing loans & borrowings	9	**266.9**	308.9	307.9
Derivative financial instruments		**1.5**	-	1.3
Retirement benefit obligations	12	**37.4**	34.0	22.8
Provisions		**8.4**	11.1	8.8
Deferred tax liabilities		**6.7**	9.7	6.6
		320.9	363.7	347.4
Current liabilities				
Interest bearing loans & borrowings	9	**-**	0.4	0.1
Derivative financial instruments		**-**	1.3	1.2
Trade & other payables		**218.5**	236.0	171.3
Provisions		**1.8**	3.4	2.7
Current tax liabilities		**7.7**	7.7	5.7
		228.0	248.8	181.0
Total liabilities		**548.9**	612.5	528.4
TOTAL EQUITY & LIABILITIES		**1,434.7**	1,412.3	1,380.5

Group Condensed Cash Flow Statement
for the six months ended 31 August 2014

	Six months ended 31 August 2014 €m	Six months ended 31 August 2013 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period attributable to equity shareholders	**51.8**	42.0
Finance income	**(0.2)**	-
Finance expense	**5.0**	5.1
Income tax expense	**8.5**	8.5
Depreciation of property, plant & equipment	**11.6**	11.7
Amortisation of intangible assets	**0.2**	-
Share of equity accounted investees' loss after tax	**0.1**	-
Foreign currency reserve recycled to the income statement on disposal of equity accounted investee	**(0.2)**	-
Impairment/(profit on disposal) of property, plant & equipment	**3.0**	(2.6)
(Credit)/charge for equity settled share-based employee benefits	**(0.4)**	1.7
Pension contributions paid less amount charged to income statement	**(2.9)**	(3.4)
	76.5	63.0
(Increase)/decrease in inventories	**(5.5)**	1.0
Increase in trade & other receivables	**(52.5)**	(47.1)
Increase in trade & other payables	**38.1**	69.3
Decrease in provisions	**(1.5)**	(1.5)
	55.1	84.7
Interest received	**0.1**	-
Interest and similar costs paid	**(5.4)**	(2.3)
Income tax paid	**(5.4)**	(7.7)
Net cash inflow from operating activities	**44.4**	74.7
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(13.6)**	(15.0)
Acquisition of equity accounted investee	**(0.4)**	(12.0)
Acquisition of business(es)	**(13.0)**	(8.6)
Net cash outflow from investing activities	**(27.0)**	(35.6)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**0.8**	1.4
Drawdown of debt	**-**	72.1
Repayment of debt	**(51.3)**	(57.0)
Dividends paid	**(16.4)**	(15.0)
Net cash (outflow)/inflow from financing activities	**(66.9)**	1.5
Net (decrease)/increase in cash & cash equivalents	**(49.5)**	40.6
Cash & cash equivalents at beginning of period	**162.8**	121.0
Translation adjustment	**2.7**	0.2
Cash & cash equivalents at end of period	**116.0**	161.8

Group condensed statement of changes in equity
for the six months ended 31 August 2014

	Equity share capital €m	Share premium €m	Capital redemption reserve €m	Capital reserve €m	Cash flow hedge reserve €m	Share-based payments reserve €m	Currency translation reserve €m	Revaluation reserve €m	Treasury shares €m	Retained Income €m	Total €m
At 1 March 2013	3.4	107.9	0.5	24.9	1.2	7.6	10.6	3.8	(12.5)	632.3	779.7
Profit for the period attributable to equity shareholders	-	-	-	-	-	-	-	-	-	42.0	42.0
Other comprehensive (expense)/income	-	-	-	-	(1.2)	-	4.5	-	-	(13.3)	(10.0)
Total	-	-	-	-	(1.2)	-	4.5	-	-	28.7	32.0
Dividend on ordinary shares	-	1.2	-	-	-	-	-	-	-	(16.2)	(15.0)
Exercised share options	0.1	1.3	-	-	-	-	-	-	-	-	1.4
Reclassification of share-based payments reserve	-	-	-	-	-	(1.6)	-	-	-	1.6	-
Joint Share Ownership Plan	-	-	-	-	-	(0.1)	-	-	0.1	-	-
Equity settled share-based payments	-	-	-	-	-	1.7	-	-	-	-	1.7
Total	0.1	2.5	-	-	-	-	-	-	0.1	(14.6)	(11.9)
At 31 August 2013	3.5	110.4	0.5	24.9	-	7.6	15.1	3.8	(12.4)	646.4	799.8
Profit for the period attributable to equity shareholders	-	-	-	-	-	-	-	-	-	41.3	41.3
Other comprehensive income	-	-	-	-	-	-	12.5	-	-	7.6	20.1
Total	-	-	-	-	-	-	12.5	-	-	48.9	61.4
Dividend on ordinary shares	-	1.8	-	-	-	-	-	-	-	(14.8)	(13.0)
Exercised share options	-	3.6	-	-	-	-	-	-	-	-	3.6
Reclassification of share-based payments reserve	-	-	-	-	-	0.4	-	-	-	(0.4)	-
Sale of shares held by Employee Trust	-	-	-	-	-	-	-	-	2.1	(0.9)	1.2
Equity settled share-based payments	-	-	-	-	-	(0.9)	-	-	-	-	(0.9)
Total	-	5.4	-	-	-	(0.5)	-	-	2.1	(16.1)	(9.1)
At 28 February 2014	3.5	115.8	0.5	24.9	-	7.1	27.6	3.8	(10.3)	679.2	852.1
Profit for the period attributable to equity shareholders	-	-	-	-	-	-	-	-	-	51.8	**51.8**
Other comprehensive income/(expense)	-	-	-	-	-	-	13.1	-	-	(15.3)	**(2.2)**
Total	**-**	**-**	**-**	**-**	**-**	**-**	**13.1**	**-**	**-**	**36.5**	**49.6**
Dividend on ordinary shares	-	3.3	-	-	-	-	-	-	-	(19.6)	**(16.3)**
Exercised share options	-	0.8	-	-	-	-	-	-	-	-	**0.8**
Reclassification of share-based payments reserve	-	-	-	-	-	(0.8)	-	-	-	0.8	**-**
Sale of shares held by Employee Trust	-	-	-	-	-	-	-	-	0.3	(0.3)	**-**
Equity settled share based payments	-	-	-	-	-	(0.4)	-	-	-	-	**(0.4)**
Total	**-**	**4.1**	**-**	**-**	**-**	**(1.2)**	**-**	**-**	**0.3**	**(19.1)**	**(15.9)**
At 31 August 2014	**3.5**	**119.9**	**0.5**	**24.9**	**-**	**5.9**	**40.7**	**3.8**	**(10.0)**	**696.6**	**885.8**

Notes to the condensed interim financial statements
for the six months ended 31 August 2014

1. Basis of preparation and Accounting policies

The interim financial information presented in this report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. The accounting policies and methods of computation adopted in preparation of the Group Condensed Interim Financial Statements are consistent with recognition and measurement requirements of IFRSs as endorsed by the EU Commission and those set out in the Group's consolidated financial statements for the year ended 28 February 2014 and as described in those financial statements on pages 98 to 108.

The following standards and interpretations are effective for the Group for the year ended 28 February 2015, but do not have a material effect on the results of the financial position of the Group.

IFRS 10 – Consolidated and Separate Financial Statements (I January 2014). IFRS 10 establishes a new control-based model for consolidation that replaces the existing requirements of both IAS 27 and SIC 12. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. The standard also includes specific guidance on the question of whether the entity is acting as an agent or principal in its involvement with an investee. This standard has not had a material impact on the Group's financial statements.

IFRS 11 – Joint Arrangements (1 January 2014). IFRS 11 removes the existing accounting policy choice of proportionate consolidation for jointly controlled entities and makes equity accounting mandatory for participants in joint ventures. This standard has not had a material impact on the Group's financial statements.

IFRS 12 – Disclosure of Interests in Other Entities (1 January 2014). IFRS 12 requires entities to disclose information about the nature, risks and financial effects associated with the entity's interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. This standard has not had a material impact on the Group's financial statements.

Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities (1 January 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. This amendment has not had a material impact on the Group's financial statements.

The adoption of other new standards, interpretations and amendments that have become effective for the year ended 28 February 2015 do not have a material impact on the Group's financial statements.

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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

These condensed consolidated Interim Financial Statements should be read in conjunction with the Group's Annual Report for the year ended 28 February 2014 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 2014 and the comparative six months ended 31 August 2013 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 28 February 2014 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 millions, rounded to one decimal place. The exchange rates used in translating balance sheet and income statement amounts were as follows:-

	Six months ended 31 August 2014	Six months ended 31 August 2013	Year ended 28 February 2014
Balance Sheet (euro:sterling closing rate)	**0.795**	0.854	0.821
Income statement (euro:sterling average rate)	**0.811**	0.855	0.846
Balance Sheet (euro:USD closing rate)	**1.318**	1.325	1.370
Income statement (euro:USD average rate)	**1.364**	1.309	1.334

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; Ireland, Scotland, England & Wales, US and Export.

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

Following the acquisition of the Gleeson and Wallaces wholesaling businesses in Ireland and Scotland respectively and subsequent restructuring of the Group's business, the basis of segmentation has been amended to reflect the new business model. The revised basis of segmentation is outlined in the paragraphs below but in all instances the changes were deemed necessary to better enable the CODM to evaluate the results of the business in context of the economic environment in which the business operates, to make appropriate strategic decisions and to more accurately reflect the business model under which the Group now operates in each of these territories. All comparative amounts have been restated to reflect the new basis of segmentation. The reclassification has no impact on Revenue, Net revenue or Operating Profit reported by the Group.

The identified business segments are as follows:-

(i) Ireland

This segment includes the financial results from sale of own branded products in the Island of Ireland, principally Bulmers, Tennent's, Caledonia Best, Clonmel 1650, Finches and Tipperary Water. It also includes the financial results from beer and wines & spirits distribution and wholesaling following the acquisition of Gleeson, and the results from sale of third party brands as permitted under the terms of a distribution agreement with AB InBev.

The Northern Ireland business, previously reported within the Cider UK, Tennent's UK and Third Party Brands UK segments, is now included within this new segment following the consolidation of this business with the Republic of Ireland business, the appointment of an Island of Ireland Managing Director supported by a single management team and the completion of the integration of a number of key functions including sales, marketing and accounting services.

(ii) Scotland

This segment includes the results from sale of the Group's own branded beer brands in Scotland, with Tennent's, Caledonia Best and Magners the principal brands. It also includes the financial results from third party brand distribution in Scotland and wholesaling following the current period acquisition of the Wallaces wholesale business in Scotland. Both the existing Scottish business and the acquired Wallaces business are controlled and managed under one Managing Director and management team and key functions such as sales, marketing and accounting services are in the process of being integrated.

(iii) England & Wales

This segment includes the results from sale of the Group's own branded cider brands in England & Wales, principally

Magners, Gaymers and Blackthorn. It also includes the production and distribution of private label cider products in England & Wales. The consolidated England & Wales business is managed by one Managing Director and management team.

(iv) United States of America ("US")

This segment includes the results from sale of the Group's cider and beer products, principally Woodchuck, Magners, Blackthorn, Hornsby's and Tennent's in the US. Following the acquisition of Vermont Hard Cider business and the consequential decision to manage and control this business independently from the Group's Export division, this business is now reviewed and strategically managed by the CODM as a separate business unit.

(v) Export

This segment includes the sale and distribution of the Group's own branded products, principally Magners, Gaymers, Blackthorn, Hornsby's and Tennent's outside of Ireland, Scotland, England & Wales and the US. It also includes the sale of some third party brands.

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

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

Analysis by reporting segment

	Six months ended 31 August 2014			Six months ended 31 August 2013 (restated)		
	Revenue €m	**Net revenue €m**	**Operating profit €m**	Revenue €m	Net revenue €m	Operating profit €m
Ireland	**221.6**	**158.2**	**36.7**	217.4	163.0	33.0
Scotland	**172.8**	**117.7**	**22.4**	119.9	66.0	18.6
England & Wales	**99.5**	**59.6**	**7.2**	107.7	67.7	9.8
US	**20.5**	**19.5**	**0.7**	27.6	26.2	7.0
Export	**13.6**	**13.1**	**2.2**	13.8	13.8	2.7
	528.0	**368.1**	**69.2**	486.4	336.7	71.1
Exceptional items (note 4)	**-**	**-**	**(4.2)**	-	-	(15.5)
	528.0	**368.1**	**65.0**	486.4	336.7	55.6

Total assets for the period ended 31 August 2014 amounted to €1,434.7m (2013: €1,412.3m).

The impact of the reclassification of the financial results to 31 August 2013 as previously described is outlined below. This reclassification has no impact on the Revenue, Net revenue and Operating profit reported by the Group.

	Revenue €m	Net revenue €m	Operating profit €m
Ireland			
Previously reported – ROI	181.2	133.4	28.2
Impact of change	36.2	29.6	4.8
Current classification	**217.4**	**163.0**	**33.0**
Scotland			
Previously reported – Tennent's UK	109.2	52.7	16.6
Impact of change	10.7	13.3	2.0
Current classification	**119.9**	**66.0**	**18.6**
England & Wales			
Previously reported – Cider UK	92.4	63.7	13.7
Impact of change	15.3	4.0	(3.9)
Current classification	**107.7**	**67.7**	**9.8**
US			
Previously reported (within International)	-	-	-
Impact of change	27.6	26.2	7.0
Current classification	**27.6**	**26.2**	**7.0**
Export			
Previously reported – International	41.4	40.0	9.7
Impact of change	(27.6)	(26.2)	(7.0)
Current classification	**13.8**	**13.8**	**2.7**
Third party brands			
Previously reported – Third party brands UK	62.2	46.9	2.9
Impact of change	(62.2)	(46.9)	(2.9)
Current classification	**-**	**-**	**-**

The geographical analysis of revenue and net revenue is as outlined in the preceding tables. Export relates to all geographies outside of Ireland, Scotland, England & Wales and the United States of America.

Geographical analysis of non-current assets

	Ireland €m	Scotland €m	England & Wales €m	US €m	Export €m	Total €m
31 August 2014						
Property, plant & equipment	**63.6**	**80.3**	**46.2**	**28.8**	**5.9**	**224.8**
Goodwill & intangible assets	**156.3**	**134.7**	**188.9**	**242.2**	**24.6**	**746.7**
Equity-accounted investees	**-**	**2.9**	**-**	**-**	**-**	**2.9**
Retirement benefit obligations	**1.4**	**-**	**-**	**-**	**-**	**1.4**
Deferred tax assets	**4.4**	**-**	**-**	**1.0**	**-**	**5.4**
Derivative financial assets	**-**	**1.6**	**-**	**-**	**-**	**1.6**
Trade & other receivables	**12.9**	**26.4**	**1.3**	**0.1**	**-**	**40.7**
Total	**238.6**	**245.9**	**236.4**	**272.1**	**30.5**	**1,023.5**

	Ireland €m	Scotland €m	England & Wales €m	US €m	Export €m	Total €m
31 August 2013						
Property, plant & equipment	80.2*	72.6	45.9	8.8	5.9*	213.4
Goodwill & intangible assets	150.0	117.6	187.2	240.4	22.5	717.7
Equity-accounted investees	-	14.4	-	-	-	14.4
Retirement benefit obligations	0.7	-	-	-	-	0.7
Deferred tax assets	5.7	-	-	1.0	-	6.7
Derivative financial assets	-	1.4	-	-	0.5	1.9
Trade & other receivables	10.5	30.2	1.3	-	-	42.0
Total	247.1	236.2	234.4	250.2	28.9	996.8

** €4.9m of property, plant & equipment was incorrectly classified in the prior period under Republic of Ireland instead of Rest of Europe. This reclassification has been corrected in the geographical disclosures for the period to 31 August 2013 above.*

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

Cyclicality of interim results

Operating profit performance in the drinks industry is not characterised by significant cyclicality. Following the Group's preliminary approach for the Spirit Pub Company, the Group is not permitted under the Takeover Code to provide operating profit guidance and so has not included a specific comment with respect to cyclicality in the current financial period.

3. Income tax charge

Interim period income tax is accrued based on the estimated average annual effective income tax rate for the full financial year, which for the year ending 28 February 2015 is estimated at 14% (six months ended 31 August 2013: 15%; year ended 28 February 2014: 13%).

4. Exceptional items

	Six months ended 31 August 2014 €m	Six months ended 31 August 2013 €m
Restructuring costs	**(1.1)**	(5.2)
Acquisition & integration costs	**(0.1)**	(3.1)
Impairment of plant & machinery	**(3.0)**	-
Redeployment of bottling line	**-**	(6.5)
Other	**-**	(0.7)
Loss before tax	**(4.2)**	(15.5)
Foreign currency reclassified on deemed disposal of equity accounted investee (note 7)	**0.2**	-
Total loss before tax	**(4.0)**	(15.5)
Income tax credit	**0.7**	1.5
Total loss after tax	**(3.3)**	(14.0)

(a) Restructuring costs
Restructuring costs, comprising severance and other initiatives arising from cost cutting initiatives and the integration of acquired businesses resulted in an exceptional charge before tax of €1.1m in the current period (2013: €5.2m).

(b) Acquisition & integration costs
During the current period, the Group incurred €0.1m of costs directly attributable to the acquisition and subsequent integration of Wallaces Express Limited ("Wallaces") in Scotland. In the prior period, the Group incurred costs of €3.1m directly attributable to the acquisition and subsequent integration of Vermont Hard Cider Company, LLC ("VHCC") in the United States and M. & J. Gleeson (Investments) Limited ("Gleeson") and its subsidiaries in Ireland.

(c) Impairment of plant & machinery
The Board reviewed the carrying value of land & buildings and plant & machinery as at 31 August 2014. In light of a material reduction in the utilisation levels of a bottling line located at its cider manufacturing plant at Shepton Mallet used to bottle both own branded and third party branded product, a decision was taken to impair the bottling line by €3.0m.

(d) Redeployment of bottling line
During the prior period, a bottling line was redeployed from the Group's Clonmel cider manufacturing plant to its Shepton Mallet cider manufacturing plant and costs of €6.5m were incurred in this regard.

(e) Other
During the prior period, the Group incurred costs of €0.7m in relation to upgrading its listing on the Official List of the UK Listing Authority from a standard listing to a premium listing.

(f) Deemed disposal of equity accounted investee
On 18 March 2014, the Group acquired the remaining 50% equity share capital of Wallaces Express Limited ("Wallaces"), a wholesaler of beverages in Scotland. This purchase followed the acquisition of an initial 50% stake in the business in March 2013. Under IAS 18 *Investments in Associates and Joint Ventures* this necessitated the deemed disposal of the Group's initial 50% investment which was classified as an equity accounted investee and the recognition of the acquisition of control of the business under IFRS 3 *Business Combinations* (note 7). The Group recognised a cumulative gain of €0.2m in the foreign currency reserve from date of initial investment which was recycled to the income statement following the deemed disposal.

5. Earnings per ordinary share

Denominator computations

	Number '000	Number '000
Number of shares at beginning of period	**346,840**	344,332
Shares issued in respect of options exercised	**284**	431
Shares issued in lieu of dividend	**725**	251
Number of shares at end of period	**347,849**	345,014

Weighted average number of ordinary shares, excluding treasury shares (basic)	**339,583**	336,392
Adjustment for the effect of conversion of options	**5,991**	7,875
Weighted average number of ordinary shares, including options (diluted)	**345,574**	344,267

Profit for the period attributable to ordinary shareholders

	Six months ended 31 August 2014 €m	Six months ended 31 August 2013 €m
Earnings as reported	**51.8**	42.0
Adjustments for exceptional items, net of tax	**3.3**	14.0
Earnings as adjusted for exceptional items, net of tax	**55.1**	56.0

Basic earnings per share	**Cent**	Cent
Basic earnings per share	**15.3**	12.5
Adjusted basic earnings per share	**16.2**	16.6
Diluted earnings per share		
Diluted earnings per share	**15.0**	12.2
Adjusted diluted earnings per share	**15.9**	16.3

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased/issued by the Company and accounted for as treasury shares (at 31 August 2014: 7.5m shares; at 31 August 2013: 7.9m 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 awards (excluding awards which were granted under plans where the rules stipulate that obligations must be satisfied by the purchase of existing shares), 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 and continuous employment. In accordance with IAS 33 *Earnings per Share*, these contingently issuable shares 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. If dilutive other contingently issuable ordinary shares are included in diluted EPS based on the number of shares that would be issuable if the end of the reporting period was the end of the contingency period. Contingently issuable shares excluded from the calculation of diluted earnings per share totalled 989,813 at 31 August 2014 and 631,811 at 31 August 2013.

6. Property, plant & equipment

Acquisitions and disposals

During the current period, the Group acquired assets with a cost of €13.2m (six months ended 31 August 2013: €15.0m). Total cash outflow in the period in relation to property, plant & equipment amounted to €13.6m as a result of a reduction in capital accruals. There were no disposals of property, plant & equipment during the period (six months ended 31 August 2013: €7.4m). Disposal proceeds of €10.0m were receivable at the end of the prior comparative period and were received during the financial year ended 28 February 2014.

Impairment of PPE

The carrying value of items of land & buildings and plant & equipment are reviewed and tested for impairment at each reporting date or more frequently if events or changes in circumstances indicate that their carrying value may not be recoverable.

In the current period, the Board reviewed the carrying value of all items of land & buildings and plant & machinery. In light of a material reduction in the utilisation levels of a bottling line located at its cider manufacturing plant at Shepton Mallet which is used to bottle both own branded and third party branded product, a decision was taken to impair the asset by €3.0m (six months ended 31 August 2013 €nil).

Assets held for sale

At 31 August 2014, the Group classified an element of its property, plant & equipment as available for sale (€0.8m) (six month period to 31 August 2013: €nil). This relates to a property in Ireland that is surplus to requirements and has been placed on the market.

7. Business combinations

A) Acquisition of businesses

During the current period, on 18 March 2014, the Group announced the acquisition of the remaining 50% equity share capital of Wallaces Express Limited ("Wallaces"), a wholesaler of beverages in Scotland. This purchase follows the acquisition of a 50% stake in the business in March 2013.

Also during the current period, the Group finalised its assessment of the fair value of assets and liabilities acquired as part of the acquisition of Biofun Produtos Biológicos do Fundão, Lda ("Biofun"), a producer and seller of fruit concentrates based in the district of Castelo Branco, Portugal, which the Group acquired on 2 August 2013.

In the prior period, the Group completed the acquisition of M. & J. Gleeson (Investments) Limited ("Gleeson") and its subsidiaries, a supplier and distributor of beverages in Ireland, on 7 March 2013.

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

Wallaces	**Initial value assigned €m**	**Adjustment to initial fair value €m**	**Revised fair value €m**
Property, plant & equipment	3.9	(0.8)	**3.1**
Brands & other intangible assets	0.3	0.9	**1.2**
Inventories	10.5	-	**10.5**
Trade & other receivables	9.4	(0.3)	**9.1**
Cash & cash equivalents	3.4	-	**3.4**
Trade & other payables	(10.7)	(0.4)	**(11.1)**
Corporation tax (liability)/asset	(0.1)	0.2	**0.1**
Deferred tax liability	-	(0.1)	**(0.1)**
Net identifiable assets and liabilities acquired	**16.7**	**(0.5)**	**16.2**
Goodwill arising on acquisition			**8.5**
			24.7
Satisfied by:			
Cash consideration (paid in current period)			**12.0**
Fair value of initial 50% investment at date of final acquisition			**12.7**
Total consideration			**24.7**
Net cash outflow arising on acquisition			
Cash consideration (paid in current period)			**12.0**
Less: cash & cash equivalents acquired			**(3.4)**
Net cash outflow for period to 31 August 2014			**8.6**

Biofun

	Initial value assigned €m	**Adjustment to initial fair value €m**	**Revised fair value €m**
Property, plant & equipment	5.6	(1.0)	**4.6**
Inventories	0.4	(0.2)	**0.2**
Trade & other receivables	1.8	(1.3)	**0.5**
Trade & other payables	(4.4)	0.3	**(4.1)**
Interest bearing loans & borrowings	(3.6)	-	**(3.6)**
Deferred tax	-	(0.2)	**(0.2)**

Net identifiable assets and liabilities acquired	**(0.2)**	**(2.4)**	**(2.6)**
Goodwill arising on acquisition			**2.7**
Total consideration			**0.1**
Satisfied by:			
Cash consideration (paid in the prior period)			**0.1**

Gleeson – year ended 28 February 2014

	Initial value assigned €m	Adjustment to initial fair value €m	Revised fair value €m
Property, plant & equipment	49.1	(29.2)	**19.9**
Other intangible assets	-	1.8	**1.8**
Inventories	29.5	(3.9)	**25.6**
Trade & other receivables	35.8	(3.0)	**32.8**
Trade & other payables	(34.7)	(0.6)	**(35.3)**
Interest bearing loans & borrowings	(47.9)	-	**(47.9)**
Deferred tax	(1.2)	2.1	**0.9**
Net identifiable assets and liabilities acquired	**30.6**	**(32.8)**	**(2.2)**
Goodwill arising on acquisition			**14.6**
			12.4
Satisfied by:			
Cash (paid in the prior period)			**8.0**
Deferred consideration (paid in current period)			**4.4**
Total consideration			**12.4**

Vermont Hard Cider Company Limited LLC (“VHCC”)

The Group completed the acquisition of VHCC on 21 December 2012. In the prior period, a working capital settlement of €0.5m was paid with respect to this acquisition.

B) Acquisition of equity accounted investees

During the period, the Group entered into a joint venture arrangement with Heather Ale Limited, run by the Williams brothers who are recognised as leading family craft brewers in Scotland, to form a new entity Drygate Brewing Company Limited. The joint venture, which is run independently of the joint venture partners existing businesses, operates a craft brewing and retail facility adjacent to Wellpark brewery. The total investment was €0.4m.

In the prior period, on 22 March 2013 the Group acquired 50% of the equity share capital of Wallaces for €11.8m. Acquisition costs of €0.2m were also incurred with respect to this transaction in the prior period.

The book value of the assets and liabilities acquired as part of the initial equity investment, together with the fair value adjustments made to those carrying values is as outlined below:

	Initial value assigned €m	Adjustment to initial fair value €m	Revised fair value €m
Property, plant & equipment	3.7	-	**3.7**
Brands & other intangible assets	1.4	(1.1)	**0.3**

Inventories	10.8	-	**10.8**
Trade & other receivables	12.4	-	**12.4**
Cash & cash equivalents	3.0	-	**3.0**
Current tax asset/(liability)	0.3	(0.3)	**-**
Interest bearing loans & borrowings	(0.3)	-	**(0.3)**
Trade & other payables	(14.1)	(0.3)	**(14.4)**
Deferred tax liability	(0.1)	-	**(0.1)**
Net identifiable assets and liabilities	**17.1**	**(1.7)**	**15.4**
The Group's share of net identifiable assets & liabilities at date of investment			**7.7**
Derivative financial asset arising on acquisition			**1.2**
Derivative financial liability arising on acquisition			**(1.2)**
Goodwill (classified within Equity accounted investees)			**4.1**
Total consideration paid – 31 August 2013			**11.8**
Acquisition costs paid			**0.2**
Total equity investment acquired			**12.0**

Deemed disposal of equity accounted investee – initial investment in Wallaces Express Limited

On 22 March 2014, the Group announced the acquisition of the remaining 50% equity share capital of Wallaces Express Limited ("Wallaces"). Under IAS 18 *Investments in Associates and Joint Ventures* this necessitated the deemed disposal of the Group's initial 50% investment which was classified as an equity accounted investee and the recognition of the acquisition of control of the business under IFRS 3 *Business Combinations*.

The Group's share of profits recognised in the period from initial acquisition of the equity accounted investee, on 22 March 2013, to date of deemed disposal on 22 March 2014 was £0.5m. In addition, the Group had recognised €0.2m in the foreign currency reserve which was recycled to the income statement in the current period following this deemed disposal.

8. Goodwill & intangible assets

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2013	442.4	263.4	1.7	707.5
Acquisition of Gleeson	8.1	-	1.8	9.9
Acquisition of Biofun	0.6	-	-	0.6
Translation adjustment	-	-	-	-
At 31 August 2013	451.1	263.4	3.5	718.0
Acquisition of Gleeson	6.5	-	-	6.5
Acquisition of Biofun	0.6	-	-	0.6
Translation adjustment	(0.9)	(1.8)	-	(2.7)
At 28 February 2014	457.3	261.6	3.5	722.4
Acquisition of Wallaces	8.5	-	1.2	9.7
Acquisition of Biofun	1.5	-	-	1.5
Translation adjustment	4.0	9.7	0.1	13.8
At 31 August 2014	**471.3**	**271.3**	**4.8**	**747.4**
Amortisation				
At 1 March 2013 and 31 August 2013	-	-	(0.3)	(0.3)
Charge for the period ended 28 February 2014	-	-	(0.2)	(0.2)
At 28 February 2014	-	-	(0.5)	(0.5)
Charge for the period ended 31 August 2014	-	-	(0.2)	(0.2)
At 31 August 2014	**-**	**-**	**(0.7)**	**(0.7)**
Net Book Value at 31 August 2014	**471.3**	**271.3**	**4.1**	**746.7**
Net Book Value at 28 February 2014	457.3	261.6	3.0	721.9
Net Book Value at 31 August 2013	451.1	263.4	3.2	717.7

In the current period, and as outlined in more detail in Note 7, the Group completed the acquisition of Wallaces Express Limited ("Wallaces"), a wholesaler of beverages in Scotland. This resulted in the recognition of Goodwill of €8.5m (at date of acquisition) and other intangible assets of €1.2m (at date of acquisition).

Also in the current period, the Group finalised its assessment of the fair value of all assets and liabilities acquired on 2 August 2013, as part of the acquisition of Biofun Produtos Biológicos do Fundão, Lda ("Biofun"). This resulted in the recognition of a further €1.5m of Goodwill in the current period.

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

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

the Directors believe that it is appropriate that these brands be treated as having indefinite lives for accounting purposes.

Other intangible assets comprise the fair value of trade relationships, acquired as part of the acquisition of Wallaces during the current financial period and Gleeson during the financial period ended 31 August 2013, and 20 year distribution rights for third party beer products acquired as part of the acquisition of the Tennent's business during the financial year ended 28 February 2010. These were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 *Business Combinations* by independent professional valuers. The intangible assets have a finite life and are subject to amortisation on a straight line basis. The amortisation charge for the period ended 31 August 2014 was €0.2m.

Brands, goodwill and other intangible assets considered to have an indefinite life, are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicated that the carrying values may not be recoverable and impairment testing is required earlier. The value of brands, goodwill and other intangible assets considered to have an indefinite life was assessed for impairment at 31 August 2014. The Board, having performed the impairment testing and reviewed the underlying assumptions, is satisfied that the carrying value is appropriate as at 31 August 2014.

9. Interest bearing loans & borrowings

	31 August 2014 €m	31 August 2013 €m	28 February 2014 €m
Non-current			
Unsecured bank loans repayable by one repayment on maturity	**266.9**	308.9	307.9
Current			
Unsecured bank loans	**-**	0.4	0.1
	266.9	309.3	308.0

Unamortised issue costs of €1.4m at 31 August 2014 (28 February 2014: €1.7m, 31 August 2013 €1.9m) have been netted against outstanding non-current bank loans in the respective periods and are being amortised to the income statement over the remaining life of the 2012 multi-currency facility.

The Group acquired debt of €3.6m on the acquisition of Biofun on 2 August 2013, of which €3.2m was repaid during the prior comparative period (a total of €3.5m was repaid during the full financial year ended 28 February 2014). The remaining outstanding debt of €0.1m classified as current at the 28 February 2014 was fully repaid and cancelled on 21 March 2014.

The bank loans classified as *non-current* relate to drawings under the Group's 2012 committed loan facility agreement. Under this agreement, the Group entered into a committed €250.0m multi-currency five year syndicated revolving loan facility with seven banks, namely Bank of Ireland, Bank of Scotland, Barclays Bank, Danske Bank, HSBC, Rabobank and Ulster Bank, which under the terms of the agreement is to be repaid in a single instalment on 28 February 2017. The facility agreement also provided for a further €100.0m in the form of an uncommitted accordion facility which the Group successfully negotiated with the banks as committed in December 2012. The facility agreement permits the Group to avail of further financial indebtedness, excluding working capital and guarantee facilities, to a maximum value of €150.0m, subject to agreeing the terms and conditions with the lenders. Consequently, the Group is permitted, under the terms of the agreement, to have debt capacity of €500.0m of which €268.3m was drawn at 31 August 2014.

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

All bank loans are guaranteed by a number of the Group's subsidiary undertakings. The facility agreement allows 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 syndicated revolving loan facility incorporates two financial covenants:

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

10. Analysis of net debt

	1 March 2014 €m	**Debt arising on acquisition €m**	**Translation adjustment €m**	**Cash flow €m**	**Non-cash changes €m**	**31 August 2014 €m**
Interest bearing loans & borrowings	**308.0**	**-**	**9.9**	**(51.3)**	**0.3**	**266.9**
Cash & cash equivalents	**(162.8)**	**-**	**(2.7)**	**49.5**	**-**	**(116.0)**
	145.2	**-**	**7.2**	**(1.8)**	**0.3**	**150.9**

	1 September 2013 €m	Debt arising on acquisition €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2014 €m
Interest bearing loans & borrowings	309.3	-	(5.3)	3.8	0.2	308.0
Cash & cash equivalents	(161.8)	-	(3.4)	2.4	-	(162.8)
	147.5	-	(8.7)	6.2	0.2	145.2

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

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

During the current period, the Group repaid €51.2m borrowed under the Group's 2012 committed multi-currency revolving credit facility agreement and repaid and cancelled all outstanding amounts (totalling €0.1m) borrowed under the terms of a debt facility acquired on acquisition of Biofun.

Debt arising on acquisition

During the prior period, the Group acquired debt of €47.9m on acquisition of Gleeson (€22.6m relating to a term loan and €25.3m relating to a full recourse trade debtor factoring arrangement); the term loan was repaid immediately post closing of the transaction. The trade debtor factoring arrangement was repaid in full and cancelled on 30 June 2013; the outstanding balance on acquisition with respect to this arrangement was €25.3m and this increased to €31.2m, before being settled in full by the Group.

In addition, during the prior period, the Group acquired debt of €3.6m on the acquisition of Biofun, of which €3.2m was repaid in the period to 31 August 2013 (€3.5m in the full year to 28 February 2014) and the remaining balance of €0.1m was repaid and cancelled in full by the Group in the current period.

11. Financial assets and liabilities

The carrying and fair values of financial assets and liabilities at 31 August 2014 were as follows:

	Derivative financial instruments €m	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair Value €m
Financial assets:					
Cash & cash equivalents	**-**	**116.0**	**-**	**116.0**	**116.0**
Derivative financial instruments	**1.6**	**-**	**-**	**1.6**	**1.6**
Trade receivables	**-**	**171.0**	**-**	**171.0**	**171.0**
Advances to customers	**-**	**50.9**	**-**	**50.9**	**50.9**
Financial liabilities:					
Interest bearing loans & borrowings	**-**	**-**	**(266.9)**	**(266.9)**	**(259.0)**
Other derivative financial instruments	**(1.5)**	**-**	**-**	**(1.5)**	**(1.5)**
Trade & other payables	**-**	**-**	**(218.5)**	**(218.5)**	**(218.5)**
Provisions	**-**	**-**	**(10.2)**	**(10.2)**	**(10.2)**
	0.1	**337.9**	**(495.6)**	**(157.6)**	**(149.7)**

Determination of Fair Value

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

Derivative financial instruments
The fair values of forward currency contracts and put/call options in equity accounted investees are based on market price calculations using financial models. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels, together with the method for determining the fair value of the financial assets and liabilities are defined in the Group's Annual Report for the year ended 28 February 2014. The carrying values of forward currency contracts, where applicable, were based on fair values arrived at using Level 2 inputs. The carrying values of the put and call options in relation to equity accounted investees were valued based on Level 3 inputs; with the fair values being arrived at through the use of a Black-Scholes model.

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

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

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

12. Retirement benefit obligations

As disclosed in the Annual Report for the year ended 28 February 2014, the Group operates a number of defined benefit pension schemes for certain employees, past and present, in the Republic of Ireland (ROI) and in the United

Kingdom (UK), all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group closed its defined benefit pension schemes to new members in April 2007 and provides only defined contribution pension schemes for employees joining the Group since that date. The Group provides permanent health insurance cover for the benefit of certain employees and separately charges this to the income statement. There are no active members remaining in the Group's Executive Defined Benefit Pension scheme while there are 80 active members, representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme and 5 active members in the UK 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 with an effective date of 1 January 2012 while the most recent actuarial valuation of the UK scheme was 31 December 2011. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

The Group's ROI defined benefit pension reform programme concluded during the financial year ended 29 February 2012 with the Pensions Board issuing a directive under Section 50 of the Pensions Act 1990 to remove the mandatory pension increase rule, which guaranteed 3% per annum increase to certain pensions in payment, and to replace it with guaranteed pension increases of 2% per annum for each year 2012 to 2014 and thereafter for all future pension increases to be awarded on a discretionary basis. A funding proposal was also approved by the Pensions Board which commits the Group to annual contributions of 14% of Pensionable Salaries to fund future pension accrual of benefits, an annual deficit contribution of €3.4m and an additional annual supplementary deficit contribution of €1.9m for which the Group reserves the right to reduce or terminate on consultation with the Trustees, if the Scheme Actuary advises that it is no longer required due to a correction in market conditions. Funding Proposals cover the period to 31 December 2016. However, they will cease at an earlier date if the scheme funding target is met before then. The actuaries advised that as at 31 December 2013 the schemes were on track to meet the minimum funding standard and risk reserve by 31 December 2016, the end of the Funding Proposal period.

The Balance Sheet valuation of the Group's defined benefit pension schemes' assets and liabilities have been marked-to-market as at 31 August 2014 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 2014 €m	Period ended 31 August 2013 €m	Year ended 28 February 2014 €m
Retirement benefit deficit at beginning of period (ROI schemes)	**22.8**	22.0	22.0
Retirement benefit asset at beginning of period (UK scheme)	**(1.4)**	(0.5)	(0.5)
Current service cost	**0.3**	0.4	0.8
Past service gain	**(0.3)**	(0.5)	(1.1)
Net finance cost	**0.2**	0.3	0.8
Actuarial losses	**27.7**	15.2	18.1
Actuarial gains	**(10.2)**	-	(11.7)
Company contributions	**(3.1)**	(3.6)	(6.8)
Translation adjustment	**-**	-	(0.2)
Retirement benefit deficit at end of period (ROI schemes)	**37.4**	34.0	22.8
Retirement benefit asset at end of period (UK scheme)	**(1.4)**	(0.7)	(1.4)

The actuarial losses incurred in the period primarily relate to a reduction in the discount rates used to value retirement benefit liabilities in ROI (€26.9m), where discount rates reduced from 3.4% - 3.6% at 28 February 2014 to 2.4% - 2.6% at 31 August 2014. The actuarial gain is primarily driven by the return on investments in the ROI schemes exceeding expectations by €9.2m.

All other significant assumptions applied in the measurement of the Group's pension obligations at 31 August 2014 are materially consistent with those as applied at 28 February 2014 and as set out in the Group's last Annual Report.

13. Other reserves

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

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

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

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

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

Treasury shares
This reserve arises when the Company issues equity share capital under its Joint Share Ownership Plan, 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 5.7 cent per ordinary share (2013: 4.75 cent) was paid to shareholders on 15 July 2014 equating to a distribution of €19.7m, of which €16.4m was paid in cash and €3.3m as a scrip alternative. At the 2012 AGM shareholder approval was given to a proposal that awards made in or after 2012 and that vest under the LTIP (Part I) incentive programme should reflect the equivalent value to that which accrues to shareholders by way of dividends. The current period charge for dividends of €19.6m is net of the release of an accrual of €0.1m with respect to LTIP (Part I) dividend entitlements which were accrued in previous periods but for which the related LTIP (Part I) award did not vest and hence the related dividend entitlement lapsed.

An interim dividend of 4.5 cent per share for payment on 23 December 2014 is proposed to be paid to shareholders registered at the close of business on 7 November 2014. Using the number of shares in issue at 31 August 2014 and excluding those shares for which it is assumed that the right to dividend will be waived this would equate to a distribution of €15.6m.

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

15. Related parties

The principal related party relationships requiring disclosure under IAS 24 *Related Party Transactions* pertain to the existence of subsidiary undertakings and equity accounted investees, transactions entered into by the Group with these subsidiary undertakings and equity accounted investees and the identification and compensation of, and transactions with, 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 equity share award schemes and death in service insurance programme and in the case of UK resident executive Directors are covered under the Group's permanent health insurance programme. The Group also provides private medical insurance for UK resident executive Directors. No other non-cash benefits are provided. Non-executive Directors do not receive share-based payments or post employment benefits.

Key management personnel received total compensation, including income statement charges/credit for share-based payments, of €1.0m for the six months ended 31 August 2014 (six months ended 31 August 2013: €1.9m).

During the period, the Group entered into a joint venture arrangement with Heather Ale Limited, run by the Williams brothers who are recognised as leading family craft brewers in Scotland, to form a new entity Drygate Brewing Company Limited. The joint venture, which is run independently of the joint venture partners existing businesses, operates a craft brewing and retail facility adjacent to Wellpark brewery. The total equity investment was €0.4m. At 31 August 2014 the Group is owed €1.3m from this newly formed entity.

On 21 March 2012, the Group acquired a 25% equity investment in Maclay Group plc, a leading independent Scottish operator of managed public houses. The business primarily includes 15 wholly owned managed houses and 11 managed houses owned by two separate 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 €0.8m (31 August 2013:€0.7m) and had a receivable balance at 31 August 2014 due from the Maclay Group of €0.2m (2013 €0.1m).

On 28 November 2012, the Group invested £0.3m (€0.4m at date of payment) in Thistle Pub Company Limited, a joint venture with Maclays Group plc. During the period, the Group earned total net revenue from the Thistle Pub Company of €0.2m (31 August 2013:€0.1m) and had a receivable balance at 31 August 2014 due from Thistle Pub Company Limited of €0.1m (2013: less than €0.1m). In addition, the Group provided Thistle Pub Company Limited with a loan, of which €2.4m was outstanding at the period end.

Loans extended by the Group to joint ventures and associates are considered trading in nature and are included within advances to customers in Trade & other receivables.

All outstanding balances with equity accounted investees, which arose from arm's length transactions, are to be settled in cash within one month of the reporting date. The loan to Thistle Pub Company Limited is repayable by equal quarterly repayments over a period of fifteen years at an interest rate of 4.5% over the Bank of England base rate or notwithstanding the other provisions of the agreement on written demand by the Group.

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 2015.

16. Events after the balance sheet date

There were no material events subsequent to the balance sheet date (31 August 2014) which would require disclosure in this report.

17. Board approval

The Board approved the financial report for the six months ended 31 August 2014 on 29 October 2014.

18. Distribution of interim report

This report and further information on C&C is available on the Group's website (www.candcgroupplc.ie). Details of the Scrip Dividend Offer in respect of the interim dividend for the financial year ending 28 February 2015 will be posted to shareholders on 19 November 2014.