

FINANCIAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2011

Dublin, London, 18 May 2011: C&C Group plc ('C&C' or the 'Group'), a leading manufacturer, marketer and distributor of branded beverages in Ireland and the UK, today announces results for the year ended 28 February 2011 (FY2010/11).

Financial Highlights and Outlook

- ▶ Operating profit⁽ⁱ⁾, before exceptional items, increased 17% to €105 million – in line with stated guidance
- ▶ Group is now effectively debt free: net debt reduced by €359 million to €6 million in 2010/11
- ▶ Adjusted diluted Earnings Per Share (EPS) increased 12% to 25.4 cent
- ▶ Proposed final dividend increase of 10% to 3.3 cent per share delivering a full year dividend per share of 6.6 cent
- ▶ Current EBIT⁽ⁱⁱ⁾ guidance for 2011/12 in €108 million to €115 million range - up from FY2010/11 EBIT of €100.5 million on a comparable basis

Operating Highlights

- ▶ Magners volume growth of 4.0% year on year reflecting 3.6% growth in Great Britain (GB) and 33.8% export growth
- ▶ Bulmers volume decline of 2.4% year on year in a challenging Irish market
- ▶ Operating profit in the original cider business⁽ⁱⁱⁱ⁾ increased 9.0%^(iv) to €71.1 million while acquisitions contributed operating profit of €29.8 million^(vii)
- ▶ Group operating margin of 19% of net revenue for continuing operations; operating margin for original cider business⁽ⁱⁱⁱ⁾ improved 3.5 points^(iv) to 29.5% of net revenue
- ▶ Strong free cash flow^(v) of €106.8 million representing 84.6% of EBITDA^(vi) in period

Strategic Highlights | Delivering on 2010/11 Corporate & Financial Objectives

- ▶ Acquired businesses integrated with minimal customer disruption, on track for synergy targets and a strong first year contribution from Tennent's
- ▶ Momentum in Magners with volumes shipped in Great Britain (GB) performing ahead of a growing cider category
- ▶ Earnings in Republic of Ireland (ROI) (including contribution from beer) level year on year
- ▶ Net debt reduction from €365 million to €6 million at end of February 2011
- ▶ Magners Export volume growth of 33.8% year on year

Performance Review & Outlook

John Dunsmore, C&C Group CEO, commented:

"C&C is pleased to report a strong financial and operating performance for the period in review delivering earnings growth in line with our stated guidance. We are equally pleased to report progress against the corporate and financial objectives set at the beginning of this financial year. These objectives were:

- *the integration and delivery of identified synergy benefits from recently acquired businesses;*
- *building a momentum behind the Magners brand in Great Britain;*

- protecting Bulmers earnings position in Ireland;
- developing a capital structure and free cash flow characteristics to sustain our cider ambitions; and
- developing the foundations for international cider growth.

We will continue to deliver on and to evolve these objectives in 2011/12. Through the acquisition of the Tennent's and Gaymers businesses, we have substantially enhanced our scope and strength within the LAD market. Our principal cider brands, Bulmers and Magners, are in good health. The Group's balance sheet strength and cash generation capability provide us with financial flexibility to invest in the continuing development of our business and to support our brands.

The UK, as the world's largest cider market, continues to grow and attract new entrants to the category. Magners now enjoys growth and momentum in both the UK and international markets. We intend to protect the strength of the brand with incremental support.

While we have not assumed any pick up in consumer spend within the next twelve months, the shape of our business today should sustain earnings growth. We currently expect operating profit to grow from €100.5 million for FY2010/11 to a range of between €108 million and €115 million for the financial year ending 28 February 2012."

About C&C Group plc

C&C Group plc is a leading manufacturer, marketer and distributor of branded beverages in Ireland and the UK. C&C manufactures Bulmers, the leading Irish cider brand, Magners, the premium international cider brand, the Gaymer Cider Company range of branded and private label ciders and the Tennent's beer brand. The Group also distributes a number of beer brands in the Scottish, Irish and Northern Irish markets, primarily for Anheuser-Busch InBev (AB InBev).

Note regarding forward-looking statements

This announcement includes forward-looking statements, including statements concerning expectations about future financial performance, economic and market conditions, etc. These statements are neither promises nor guarantees, but are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated.

Notes:

- (i) Operating profit includes €4.5 million from the Group's discontinued Spirits & Liqueurs business
- (ii) EBIT is earnings before interest and tax
- (iii) Original cider business refers to the cider business in the ownership of C&C before the acquisition of Gaymers. It excludes the results of the Group's original third party brand distribution business
- (iv) On a constant currency basis, constant currency calculation is set out on page 14
- (v) 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
- (vi) EBITDA is earnings before interest, tax, depreciation and amortisation charges
- (vii) Group overheads have been allocated to both the original cider business and the acquired businesses

Conference Call Details

Analysts & Institutional Investors

- C&C will host a presentation for analysts and institutional investors today, 18 May 2011, at 08.30am BST (03.30am ET) in The London Stock Exchange, 10 Paternoster Square, London EC4M 7LS.

It will also be possible to participate in the presentation and Q&A session via conference call using the dial in details below:

Ireland +353 1 486 0917
UK & Europe +44 207 138 0814
USA +1 718 354 1359

- C&C will also host a second conference call today, 18 May 2011, for analysts and institutional investors, at 4.00pm BST (11.00am ET). Dial in details to access this conference call are outlined below:

Ireland +353 1 486 0922
UK & Europe +44 207 806 1953
USA +1 212 444 0412

For further details, or for conference call replay numbers, please contact *FD K Capital Source* on the contact details set out below.

Media

- C&C will host a conference call for news wires today, 18 May 2011, at 07.30am BST. Dial in details to access this conference call are outlined below:

Ireland +353 (0)1 486 0919
UK & Europe +44 (0)20 7138 0829

- C&C will also host a conference call for media today, 18 May 2011, at 11.00am BST. Dial in details to access this conference call are outlined below:

Ireland +353 (0)1 486 0916
UK & Europe +44 (0)20 7806 1966

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FINANCIAL HIGHLIGHTS – CONTINUING OPERATIONS ⁽ⁱ⁾

Financial Performance		FY2010/11	FY 2009/10	Change	FY 2009/10 Constant Currency ^(v)	Change
Revenue	€m	789.7	490.8	60.9%	492.5	60.3%
Net Revenue	€m	529.6	362.7	46.0%	362.5	46.1%
- Original cider business ⁽ⁱⁱ⁾	€m	241.3	255.8	(5.7%)	250.7	(3.8%)
- Acquired businesses ⁽ⁱⁱⁱ⁾	€m	266.5	64.5	-	67.5	-
EBIT (continuing operations before exceptional items)	€m	100.5	74.8	34.4%	71.2	41.2%
- Original cider business ⁽ⁱⁱ⁾	€m	71.1	69.1	2.9%	65.2	9.0%
- Acquired businesses ⁽ⁱⁱⁱ⁾	€m	29.8	6.3	-	6.6	-
Operating margin (% of Net revenue)	%	19.0%	20.6%	(1.6ppt)	19.6%	(0.6ppt)
- Original cider business	%	29.5%	27.1%	2.4ppt	26.0%	3.5ppt
- Acquired business	%	11.2%	9.8%	1.4ppt	9.8%	1.4ppt
Adjusted Basic Earnings per Share^(iv)	cent	24.9	19.0	31.1%		
Adjusted Diluted Earnings Per Share^(iv)	cent	24.2	18.6	30.1%		
Magners and Bulmers Volumes				1.7%		
- Bulmers Republic of Ireland				(2.4%)		
- Magners Total				4.0%		
- Magners GB				3.6%		
- Magners Northern Ireland				(19.9%)		
- Magners Export				33.8%		

Notes:

- (i) The results of the Spirits & Liqueurs business is reported within discontinued operations
- (ii) Original cider business refers to the cider business in the ownership of C&C before the acquisition of Gaymers. It excludes the results of the Group's third party brand distribution business which did not form part of the business acquired from AB InBev
- (iii) Group overheads have been allocated to both the original cider business and the acquired businesses. The acquired businesses relate to the Tennent's and Gaymers businesses which were acquired by the Group during FY 2010
- (iv) Adjusted basic earnings per share and Adjusted diluted earnings per share are for continuing operations only and exclude exceptional items
- (v) On a constant currency basis, constant currency calculation is set out on page 14

SUMMARY RESULTS FOR THE 12 MONTHS ENDED 28 FEBRUARY 2011

The results for the financial year to 28 February 2011 include the first full year trading contribution from the acquired businesses of Tennent's and Gaymers. For continuing operations⁽ⁱ⁾ (which excludes the disposed Spirits & Liqueurs business), revenue for the year was up 60.3%; net revenue was up 46.1%; EBIT⁽ⁱⁱ⁾ was up 41.2%; and adjusted diluted EPS was up 30.1%. Operating margins broadly unchanged at 19.0% compared to 19.6% in the prior year, despite the increased weighting of the lower margin acquired businesses. This performance implies a material increase in the operating margin of the Original cider business (Magners and Bulmers). Including the €4.5 million operating profit contribution from the Spirits & Liqueurs business, disposed of on 30 June 2010, the Group is reporting operating profit of €105.0 million for the full year, in line with stated guidance and which represents an increase of 17% over the previous financial year, when Spirits & Liqueurs contributed for the full 12 months.

Conversion of EBITDA⁽ⁱⁱⁱ⁾ into free cash flow^(iv) remains strong at 84.6%, delivering free cash flow of €107 million. Added to the proceeds received from the disposal of the Spirits & Liqueurs business, this generated a €359 million reduction in net debt from €365 million at 28 February 2010 to €6 million at 28 February 2011.

Original Cider Business

Economic conditions in GB and ROI remain unpredictable and challenging. From a consumer perspective the environment is negative. However, from a sector-specific viewpoint the position of C&C is perhaps more balanced than the macro economic or consumer challenges in GB and ROI otherwise suggest. Two out of our three principal territories (GB and Export) continue to offer opportunity for growth in both cider volume and value.

GB: The cider category in GB is in good health, fuelled by innovation within the category and a dynamic off trade channel. The long term growth trend continued with volume and value growth of 3% and 5% respectively for the 12 months to 19 February 2011. Market data sources (CGA and Nielsen) recorded Magners volume as rising by 5% in the year, whereas our own shipments were up 3.6% but lagged behind in value with a net revenue decline of 3.5%. The volume to value differential reflects a volume share gain for Magners in the off trade but a share loss in the on trade; the decision to absorb the duty price increase in June 2010; and increased off trade promotional activity in the second half of the financial year.

Export: Market data suggest that cider as a worldwide category is enjoying growth of circa 8%^(v), implying double-digit growth excluding the UK. Magners volume sold outside of the UK grew by 34% in the year. North America and Australia continue to demonstrate very robust growth with other cider markets such as France and Finland showing signs of promise. With revenue per litre in line with those of the Bulmers brand in Ireland, Export is already providing some protection for the deflationary challenges in Ireland. Current volatility in foreign currency markets does, however, give some grounds for caution around growth in Export profit contribution in the short term.

Total worldwide Magners volumes, which includes GB, Export and Northern Ireland, grew by 4.0% this year while net revenues declined by 1.3% on a constant currency basis.

ROI: The performance of the Bulmers business unit over the last twelve months was robust against a challenging backdrop. The objective of holding earnings in a deflationary environment was achieved with segmental profits inclusive of beer level year on year. The Bulmers brand performed, according to Nielsen, in line with a declining on trade Long Alcoholic Drinks (LAD) market but lagged the LAD growth in the off trade channel. Bulmers volumes were down 2.4% in the year with pricing and mix impact taking the net revenue decline to 7.1% in total. Earnings were protected by a 2.6 percentage point improvement in operating margins as the impact of cost reductions in Ireland flowed through.

Acquired Businesses

The acquired businesses of Tennent's and Gaymers combined to contribute €34.1 million of operating profit before allocation of Group overheads in the first full financial year of C&C ownership. This equates to more than double the full year earnings contribution from the disposed Spirits & Liqueurs business. The three transactions delivered net cash to C&C of €32.0 million and this corporate activity has strengthened both the earnings base and capital structure of C&C. The contribution should continue to improve as the remaining synergies are delivered during the 2011/12 financial year.

The Tennent's business contributed €27.5 million of the €34.1 million with an improvement in the Tennent's brand operating profit contribution margin from 17.4% at the half year to 20.3%. This margin improvement was achieved having absorbed a step change increase in marketing levels for the Tennent's brand to over 11% of its net revenue. The brand is gaining share in the Scottish on trade whilst dropping some low value off trade activity. Despite the improvement the brand still indexes below the category averages in retail pricing, suggesting that there is scope for further operating margin gain over the next few years. The relevance of the Tennent's business to the performance of Magners in the Scottish on trade is showing signs of emerging in the most recent CGA market stats. Magners Moving Annual Total (MAT) volume grew 13% within a Scottish on trade cider category that grew by 2%. Magners share of on trade cider in Scotland increased by 2.1ppt to 21.6% in the year.

Before allocation of group overheads, the Gaymers business contributed €6.6 million of EBIT in FY2010/11. This represents an operating profit contribution margin of 7.5% and an improvement on the comparable 5.8% reported at the half year. The position of the Gaymers business and brands within the C&C portfolio remains unchanged. Their primary role is to support and protect the continued development of the Magners brand.

Exceptional costs in the year were €13.3 million. Of which, €8.4m was attributed to the integration of the acquired businesses. In addition, €6.6 million was invested in the new GB systems platform, enabling a successful and smooth exit from the transitional service agreements with AB InBev and Constellation Group.

Dividends & Dividend Guidance

Subject to shareholder approval, the proposed final dividend of 3.3 cent per share will be paid on 13 July 2011 to ordinary shareholders registered at the close of business on 27 May 2011. This dividend is subject to Irish Dividend Withholding Tax (where applicable).

The Group's proposed full year dividend is 6.6 cent per share, representing a 10% increase on the previous year. The proposed full year dividend per share equates to a 26% payout of adjusted diluted earnings per share for the full year. A scrip dividend alternative will be available. For the 2011/12 financial year, it is the Group's intention to link dividend growth to earnings growth.

- (i) *On a constant currency basis, constant currency calculation is set out on page 14*
- (ii) *EBIT is earnings before interest and tax*
- (iii) *EBITDA is earnings before interest, tax, depreciation and amortisation charges*
- (iv) *Free Cash Flow is a non-GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. Free Cash Flow highlights the underlying cash generating performance of the on-going business*
- (v) *Euro monitor*

DIVISIONAL REVIEW

Cider - Republic of Ireland (ROI) Operations Review

Constant Currency ⁽ⁱ⁾	FY2010/11 €m	FY2009/10 €m	Change %
Revenue	136.4	153.0	(10.8%)
Net revenue	100.0	107.6	(7.1%)
- Price /mix impact			(4.4%)
- Volume impact			(2.7%)
Operating profit	43.7	44.2	(1.1%)
Operating margin (Net revenue)	43.7%	41.1%	2.6ppts
Volume – Bulmers (khl)	517.8	530.4	(2.4%)
Volume – Other (khl)	30.8	33.6	(8.3%)

Long Alcoholic Drinks (LAD) volumes in ROI remain level year on year. However, a change in consumer behaviour is clear from the 9% growth in LAD off trade volumes and the 5% decline in on trade volumes that, according to Nielsen, constitute the flat LAD market. Consumption at home has evidently increased during the past 12 months. Price is a factor in this accelerated channel switch. The level of promotional activity has increased and the average retail selling price for LADs in the off trade dropped by 10% in the year to February 2011. In comparison, the average retail selling price for the Bulmers brand fell by 6%, increasing the price premium of the brand to the LAD category from 26% to 30% in the off trade. The relative increase in the price premium of the Bulmers brand contributed to a loss of share in the off trade with Bulmers volumes dropping by 1%. In the on trade, the Bulmers pint bottle continued to perform well and kept the brand volumes in line with the overall LAD decline of 5%.

The revenue decline of 10.8% is distorted by the duty reduction in December 2009. Net revenue excludes duty and provides greater clarity on the impact of underlying pressures on revenues in ROI. Net revenues were down by 7.1% in the year with volumes accounting for 2.7% and price mix a further 4.4%. At this point in time, the on to off trade channel dynamic is not a significant factor in the revenue decline for C&C. Bulmers price reductions in the on trade for packaged in June 2009 and draught in May 2010, together with increased price support in the off trade, are the main reasons for the 4.4% price /mix impact on net revenue. However, as the off trade builds scale and the levels of promotional activity increase it is likely that the on to off trade channel dynamic will become more of a deflationary feature.

Despite the revenue loss, an improvement of 2.6 percentage points in operating margins delivered cider earnings broadly in line with the prior year. Earnings for ROI were level year on year inclusive of the contribution from beer. Cost reduction from both inputs and overheads on the supply side of the business provided some relief from the price deflation. Marketing investment in Bulmers was reduced to fund an obvious need for some price support in the off trade. The reduced levels of marketing spend have not been to the detriment of the brand health.

Whilst the robust margin performance of the Bulmers business in FY2010/11 is acknowledged, it is likely that price deflation will be a feature of the LAD market for the next few years in ROI. The scope for further cost reduction is limited. Consequently innovation in cider and diversification in beer will become increasingly important to an earnings protection strategy for the next few years.

(i) On a constant currency basis, constant currency calculation is set out on page 14

Cider - Great Britain (GB) Operations Review

Constant Currency ⁽ⁱ⁾	Magners			Gaymers	Cider GB
	FY2010/11 €m	FY2009/10 €m	Change %	FY2010/11 €m	FY2010/11 €m
Revenue	131.9	132.0	(0.1%)	152.7	284.6
Net revenue	107.2	111.1	(3.5%)	88.0	195.2
- Price /mix impact			(7.1%)		
- Volume impact			3.6%		
Operating profit	21.6	16.5	30.9%	5.4	27.0
Operating margin (Net revenue)	20.2%	14.9%	5.3ppts	6.1%	13.8%
Volume – (khl)	745	719	3.6%	1,623	2,368

The cider category sustained its long term growth trend with retail volumes increasing by 3%⁽ⁱⁱ⁾ in the twelve months to 19 February 2011 and value increasing by 5% over the same period. The off trade channel continues to be the source of dynamism in the category with growth of 4% compared to a flat performance in the on trade. It is anticipated that the arrival of Stella Artois Cidre in the market will accelerate category growth in 2011 via the off trade.

The AC Nielsen/CGA statistics show Magners retail volume growth of 5%, with a decline of 5% in the on trade and growth of 18% in the off trade. This represents a 9 percentage point improvement for the total brand during the twelve month period. The recovery trend is attributed to both accelerated volume for Magners in the off trade and a reduced level of decline in the on trade.

There is a discrepancy between the 3.6% growth in Magners volume shipped in FY2010/11 and the 5% increase in retail volumes recorded by Nielsen/CGA. However, the momentum in the brand and the recovery trend is clear. Based on volumes shipped, Magners was in positive market share territory for the year.

The differential in trade channel performance does have a significant impact on revenue. The 3.6% volume growth is more than offset by a price mix reduction in unit revenues of 7.1%. The channel switch effect alone accounts for 1.7ppts of the 7.1%. The absorption of duty accounts for a further 1.9ppts while increased promotional activity accounts for 3.5ppts. Both of these features were more significant for trading in the second half of FY2010/11. Whilst the revenue line has yet to return to positive territory, the 3.5% net revenue decline this year compares favourably to a 15.2% decline in the previous year.

Improvements in operating margins of 5.3 percentage points more than offset the revenue decline, increasing the operating profit contribution by 31%. The re-allocation of marketing investment to support promotional activity improves margins by 2.1 percentage points. Marketing investment levels remain above 15% and represent a competitive 'share of voice' to support the 'There's Method in the Magners' campaign. The rest of the operating margin improvement in the year is attributable to the flow through of overhead and input cost reductions on the supply side of the business.

Presenting the Gaymers numbers side by side with the Magners numbers illustrates the considerable differential in the underlying economics and highlights why the primary focus of the Gaymers business is to support the development of the Magners brand. The performance of the Gaymers portfolio is covered in the review of acquired businesses on page 10.

(i) On a constant currency basis, constant currency calculation is set out on page 14

(ii) Source: Nielsen data

Cider - Export Operations Review

Constant Currency ⁽ⁱ⁾	FY2010/11 €m	FY2009/10 €m	Change %
Net revenue	21.5	16.2	32.7%
- Price /mix impact			(1.1%)
- Volume impact			33.8%
Operating profit	2.7	1.5	80.0%
Operating margin (Net revenue)	12.6%	9.3%	3.3ppts
Volume – (khl)	119.6	89.4	33.8%

Export cider includes sales for Magners in all markets outside of the Republic of Ireland and the UK.

The accelerated growth evident in the first half of FY2010/11 continued in the second half and full year volumes were up 33.8% in comparison with FY2009/10. North America and Australia remain the key expansion markets for export, now accounting for 58% of total export volumes and 70% of the volume growth in the year. Iberia returned to positive territory in FY2010/11 with a volume increase of 6%. Finland and France are relatively small cider territories for C&C but both enjoyed strong growth in the year.

Category data for the export markets are less comprehensive than those available in either GB or ROI. The cider category in the USA is estimated to be around 450k hl and growing at 16-17% per annum. Magners has around 10% volume share in the USA with momentum in the brand largely attributable to widening distribution. Growth for Magners in the USA last year was 38%. In Australia, the total cider market is considered to be around 300k hl and growing at 13-15%. Magners growth in Australia was 74% last year and it is likely to overtake Iberia as C&C's second biggest export market by volume in FY2011/12.

The negative price/mix impact of 1.1% is a feature of the product mix in export markets rather than price. Relative to other territories, net revenue per litre is lower in the USA.

Operating margins of 12.6% reflect a level of marketing investment in the brand that is appropriate at this stage of the development cycle.

(i) On a constant currency basis, constant currency calculation is set out on page 14

Acquired Businesses ⁽ⁱ⁾ Operations Review

FY2010/11

	Tennent's brand €m	Third party brands €m	Total Tennent's business €m	Gaymers €m	Total acquired businesses €m
Revenue	227.2	82.3	309.5	152.7	462.2
Net revenue	103.5	75.0	178.5	88.0	266.5
Operating profit*	21.0	6.5	27.5	6.6	34.1
Operating margin*	20.3%	8.7%	15.4%	7.5%	12.8%
Volumes – khl	1,560	389	1,949	1,623	

*Operating profit and operating margin have been calculated on a contribution basis and as such there is no allocation of central overheads netted against these numbers. The segmental operating profits as reported in note 3 to this preliminary announcement are net of an allocation of central overheads.

The Tennent's business which includes both Scotland and Northern Ireland made a solid contribution in FY2010/11. Investment levels in the brand increased to over 11% of net revenue through sponsorship of both Glasgow Celtic and Rangers football clubs, the 'T in The Park' music festival and the return of Tennent's advertising to television. Early returns from the investment are evident in the performance of the brand in the on trade. In Scotland, retail volumes expanded through distribution and were up 1% year on year. This was in line with the beer market and 2 percentage points ahead of the lager category. In the off trade, retail volumes were down 7% in the year to March with unit pricing improving by 5%. In Northern Ireland, on trade distribution gains helped lift the Tennent's brand back to market leadership by volume of lager sold. In the off trade channel, the focus remains on rebuilding value and a price position that is commensurate with the strength of the brand. Operating margins on Tennent's of 20.3% are trending up from 17.4% at the half year.

Operating margins for third party brands of 8.7% are understandably lower than the Tennent's brand margin. As part of the Tennent's portfolio offering, however, the third party brands have enjoyed the benefit of outlet gains and the volume performance was robust during the year.

In ROI, there are encouraging signs for the new beer portfolio. The focus in FY2010/11 was building distribution for Tennent's and the rest of the portfolio. Most of the profits generated were re-invested in the brands. It is anticipated that in FY2011/12 the beer portfolio will begin to contribute more meaningfully to earnings in ROI.

The contribution from the Tennent's acquisition is pleasing and there are early indications that the route to market strength in Scotland will prove to be positive for the development of Magners. Market share for Magners in the on trade in Scotland increased to 21.6% on annual growth of 13%. This compares very favourably to the overall GB position, where Magners on trade market share is 13.4%. The Scottish on trade cider category also grew ahead of the GB Market.

The contribution from the Gaymers business is slightly below that expected at the time of acquisition. The growth and relative weighting of the Gaymers brand within the portfolio improved margins slightly from the half year. However, the scale of high volume, low margin activity and the linked sensitivity to pricing weighs heavily on the overall economics of the business at this point in time. The separation of the Gaymers business from Constellation was a challenge to commercial focus during the year but the successful integration with the Magners business should provide the right platform for exploiting the extended portfolio to the benefit of Magners.

(i) the acquired businesses relate to the Tennent's and Gaymers businesses which were acquired from AB InBev and Constellation Brands respectively during the year ended 28 February 2010

FINANCIAL REVIEW

Cash generation

Management reviews the Group's cash generating performance by measuring the conversion of EBITDA to Free Cash Flow as it highlights the underlying cash generating performance of the on-going business.

The Group ended the year with a strong EBITDA to Free Cash Flow^(iv) conversion ratio of 84.6% (2010: 103.4%) reflecting:

- a one-off positive working capital benefit arising from the timing of cashflows transferred to the Group from AB InBev under the transitional services agreement,
- the Group's on-going focus on working capital management, and,
- the well invested nature of the Group's manufacturing and brewing facilities which means that capital investment will continue at low levels for the foreseeable future.

The net debt position benefited from both this and the net cash inflow from investing activities (excluding capital investment) of €263.2 million which reduced the Group's net debt position from €364.9 million to €6.3 million.

The reduction in Free Cash Flow from the exceptionally high EBITDA conversion rate for the year ended 28 February 2010 is driven by a number of factors including:-

- increased capital expenditure due to the instalation of a new IT system (JD Edwards) in the Tennent's business;
- increased taxation payments reflecting higher UK tax liabilities as a result of the full year ownership of the Tennent's and Gaymers businesses, and the year on year impact of an exceptional tax refund received during the financial year ended 28 February 2010 in relation to the receipt of R&D tax credits for the financial years ended 28 February 2005 to 29 February 2008;
- reduced cash inflow from working capital management as the prior year working capital cash inflow benefited from the timing of the acquisitions as discussed below.

The free cash inflow in the financial year ended 28 February 2010 principally reflected low capital investment, a reduction in financing costs driven by a fall in variable interest rates and a positive working capital contribution primarily from the timing of the acquisition of the Tennent's and Gaymers cider businesses which yielded a working capital inflow of €30.0 million in Tennent's, partly offset by a working capital outflow in the Gaymers cider business of €4.2 million, as no Trade receivables were transferred on acquisition.

The Group continued to maintain its focus on cash and working capital management and had anticipated that it would be debt neutral at the year end, but higher than originally anticipated cash outflows in relation to integration and restructuring costs resulted in the Group retaining a net debt position, albeit at the low level of €6.3 million/0.07 times EBITDA (calculated in line with the facility agreements), at the year end.

A summary cash flow statement for the year ended 28 February 2011 is set out below:-

	2011 €m	2010 €m
Inflows		
Operating profit ⁽ⁱ⁾	105.0	89.5
Amortisation/depreciation	21.3	16.8
EBITDA⁽ⁱⁱ⁾	126.3	106.3
Outflows		
Working capital	31.5	38.0
Net capital expenditure	(21.1)	(5.4)
Other	(0.9)	(4.3)
	135.8	134.6
Net finance costs	(7.1)	(7.0)
Tax paid	(8.4)	(4.7)
Exceptional items paid ⁽ⁱⁱⁱ⁾	(13.5)	(13.0)
Free cash flow^(iv)	106.8	109.9
FCF/EBITDA	84.6%	103.4%

(i) includes discontinued activities but excludes exceptional items

(ii) EBITDA: Earnings before exceptional items, interest, tax, depreciation and amortisation

(iii) Exceptional payments include severance and other pay related costs arising as a result of the restructuring programme of €5.1 million (2010: €14.2 million) and costs associated with the integration programme of €8.4 million. The prior year figure also includes settlement costs relating to the disposal of the Soft Drinks business of €3.3 million and is net of €4.5 million cash received on settlement of surplus Sterling forward contracts.

(iv) Free Cash Flow is a non-GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. Free Cash Flow highlights the underlying cash generating performance of the ongoing business.

Net Debt

The receipt of a gross cash consideration of €300.0 million following the disposal of the Group's Spirits & Liqueurs business enabled the Group to significantly reduce its net debt position by the year end with net debt reducing from €364.9 million at 28 February 2010 to €6.3 million at 28 February 2011 leaving the Group well placed to support continued business investment and take advantage of any acquisition or development opportunities which may arise.

The movement in Net debt is set out below:

	<u>€m</u>
Net Debt⁽ⁱ⁾ at 1 March 2010	364.9
Free Cash Flow in period	(106.8)
Dividends paid	12.1
Cost of acquisitions	31.7
Net proceeds received on disposal of subsidiaries	(294.9)
Other	<u>(0.7)</u>
Net Debt⁽ⁱ⁾ at 28 February 2011	<u>6.3</u>

(i) Net Debt is net of prepaid issue costs of €0.3million (2010: €1.8million) and excludes the fair value of SWAP instruments amounting to a liability of €2.0 million (2010: €4.9 million)

The Group's debt is primarily denominated in euro, subject to floating interest rates and a bullet repayment on maturity. A sterling denominated committed revolving facility was negotiated in November 2009, subject to variable interest rates and repayable by instalment, the final of which is due on 30 June 2011. This sterling facility, currently £30.0 million, which is fully drawn will be repaid from existing cash resources. The available euro facility of €185.0 million, of which €100.0 million is drawn, is due to expire in May 2012. It is the intention of the Group to review its debt structure and to contract a new facility in advance of this date.

Under the terms of the debt facility agreements, the Group is subject to two financial covenants, interest cover and Net Debt:EBITDA. Interest cover, being a measure of the ability of a company to meet interest payments on outstanding debt, remains very strong at 17.8 times, being in excess of five times the 3.5 times minimum cover provided in the Group's banking covenants. Net debt/EBITDA ratio, being a measure of the ability of a company to pay off its incurred debt, reduced to 0.07 times (maximum level specified in the aforementioned banking covenants is 3.5 times and calculated in accordance with the terms of the agreements) following debt reduction and reflects the Group's extremely low levels of net debt.

Finance Charges

The average interest rate on the Group's debt was 2.5% (2010: 2.0%) reflecting the ongoing low level of variable interest rates, the average annual one month euribor rate was 0.64% marginally lower than the equivalent rate of 0.66% for the 12 month period ended 28 February 2010. The marginal increase versus the 2010 effective rate is reflective of the increased weighting of debt subject to fixed as opposed to variable interest rates, a consequence of the disposal of the Group's Spirits & Liqueurs business and the subsequent repayment of debt. The average interest rate attributable to interest rate hedges increased from 3.6% for the financial year ended 28 February 2010 to 4.0% for the year ended 28 February 2011.

Future interest rate exposure is partially hedged at the following interest rates (excluding margin):

Amount €m	Fixed interest rate
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Retirement Benefit Obligations

The movement in the valuation of defined benefit pension fund deficits, calculated in accordance with the relevant accounting standards and amounting to €15.3 million gross and €13.3 million net of deferred tax at 28 February 2011 (2010: €21.2 million gross and €18.4 million net of deferred tax) is as follows:

	€m
Deficit at 1 March 2010	21.2
Translation adjustment	0.1
Employer contributions paid	(6.6)
Actuarial gains	(0.2)
Charge to the income statement	0.8
Deficit at 28 February 2011	15.3

The reduction in the value of the Group's retirement benefit obligation is largely as a result of the recognition of the annual employer contribution. The charge to the income statement benefited from the recognition of a curtailment gain of €2.0 million arising from the reclassification of active members to deferred members following the Group's disposal of its Spirits & Liqueurs business and the restructuring of the Group's Irish business.

All other significant assumptions applied in the measurement of the Group's pension obligations at 28 February 2011 are consistent with those as applied at 28 February 2010 and as set out in the Group's last Annual Report.

The last actuarial valuation of 1 January 2009 highlighted the Republic of Ireland schemes' failure to meet the Minimum Funding Standard, and, although the Irish Pensions Board deferred the deadline for the submission of funding recovery plans and applications for benefit reductions until further clarification is received from the Government in relation to their plans for pension reform, the Group is continuing to work with the pension scheme Trustees to implement pension reform with the objective of managing the Group's funding risk, making the schemes sustainable and placing them in a position to satisfy the funding standard.

Foreign Exchange and Comparative Reporting

The Group has both a transaction and translation exposure to movements in foreign currency rates. The effective rate for the translation of results from foreign currency subsidiaries was €1:£0.85 (FY2010: €1:£0.89) and the effective rate for the translation of foreign currency revenue/net revenue transactions was €1:£0.86 (FY2010: €1:£0.82) resulting in an effective rate of €1:£0.88 (FY2010: €1:£0.82) at operating profit level.

The Group policy is to hedge an appropriate portion of its foreign currency transaction exposure for a period of up to 2 years ahead. The principal foreign currency forward contracts in place at 28 February 2011 are:

		FY 2012
Sterling amount	(m)	20.0
Average forward rate	(Euro:Stg)	0.84

Comparisons for revenue, net revenue and operating profit for each of the Group's operating segments are shown at constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's sterling denominated subsidiaries by restating the prior year at FY 2011 effective rates. Applying the realised FY 2011 FX rates to the reported FY 2010 revenue, net revenue and operating profit rebases the comparatives as follows:-

	Year ended 28 February 2010 ⁽ⁱ⁾ €m	FX Transaction €m	FX Translation €m	Year ended 28 February 2010 Constant currency comparative €m
Revenue				
Cider – ROI	153.0	-	-	153.0
Cider – GB	149.0	(7.1)	0.2	142.1
Cider – NI	18.5	-	0.7	19.2
Cider – Export	15.7	0.5	-	16.2
Tennent's GB	70.7		3.5	74.2
Tennent's Ireland	10.3		0.4	10.7
Third party brands	73.6	-	3.5	77.1
Total	490.8	(6.6)	8.3	492.5
Net revenue				
Cider – ROI	107.6	-	-	107.6
Cider – GB	122.8	(6.2)	0.1	116.7
Cider – NI	15.1	-	0.6	15.7
Cider – Export	15.7	0.5	-	16.2
Tennent's GB	31.1	-	1.5	32.6
Tennent's Ireland	6.3	-	0.3	6.6
Third party brands	64.1	-	3.0	67.1
Total	362.7	(5.7)	5.5	362.5
Operating profit – before exceptional items				
Cider – ROI	44.3	(0.1)	-	44.2
Cider – GB	19.7	(4.0)	-	15.7
Cider – NI	2.9	-	0.1	3.0
Cider – Export	1.5	-	-	1.5
Tennent's GB	2.2	-	0.1	2.3
Tennent's Ireland	1.5	-	0.1	1.6
Third party brands	2.7	-	0.2	2.9
Total	74.8	(4.1)	0.5	71.2

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

Responsibility Statement on Preliminary Announcement, in accordance with the Transparency Regulations

Each of the directors, whose names and functions are listed in the appendix to this document confirm that, to the best of his or her knowledge and belief:

- the financial information set out on pages 18 to 32 has been extracted from the Group financial statements, prepared in accordance with IFRSs as adopted by the EU, which give a true and fair view of the assets, liabilities and financial position of the Group at 28 February 2011 and its profit for the year then ended;
- the financial information set out on pages 18 to 32 contains all the information that would be required to be disseminated in the condensed financial statements of a half-yearly financial report; and
- the commentary contained in the Preliminary Announcement on pages 4 to 14 includes a fair review of the development and performance of the business and the position of the Group. A description of the principal risks and uncertainties that the Group faces (pages 16 and 17) and details of any related party transactions (page 31) are also included.

On behalf of the Board

Sir B. Stewart
Director

J. Dunsmore
Director

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

The principal risks and uncertainties faced by the Group's businesses are set out below:

- Demand for the Group's products and the pricing of products are influenced by economic conditions in the Group's principal markets. Prolonged economic weakness in these markets, inflation and government austerity measures may affect consumer spending and confidence, which could have an adverse impact on Group sales volumes, revenue and profits. The Group seeks to mitigate these risks through careful forecasting and regular monitoring of market conditions and their impact on the Group's profitability and by maximising operating efficiency.
- The decline in the number of, and revenue from, on-trade premises in Ireland and the United Kingdom, and the increase in the size of the off-trade relative to the on-trade, may adversely impact revenue and profits. Financial difficulties within the customer base, particularly in the on-trade where the Group has exposure through trade loans and advances of discounts, may also adversely impact revenue and profits. The Group monitors the level of its exposure carefully.
- An increase in the buying and negotiating strength of the Group's customers through gains in market share or consolidation could force the Group to lower its prices, with an adverse effect on the Group's revenue and profits. The Group seeks to offset this risk by developing new markets and customers for its products and through product innovation.
- The entry of new competitors into the Group's markets, a change in the level of marketing undertaken by competitors or in their pricing policies, consolidation of the Group's competitors and/or the introduction of new competing products or brands could have a material adverse effect on the Group's market share, sales volumes, revenue and profits. The Group has a programme of brand investment to maintain and enhance the market position of its products.
- Consumer preferences may change and demand for existing products may decline or be replaced by other products affecting sales volumes, revenue and profitability. The Group seeks to respond to changes in consumer preferences through a programme of product innovation and the renovation of established brands, to retain existing customers and to recruit new ones.
- The Group's cider divisions are impacted by seasonal fluctuations in demand, with demand highest during the summer months. An unseasonably bad summer, particularly in Ireland and the UK, could have an adverse impact on the Group's sales volumes, revenue and profits.
- The Group's operations involve the sale and purchase of goods denominated in currencies other than the euro, principally pounds sterling and the US dollar. As a result, fluctuations between the value of the euro and these currencies could have an adverse effect on the value of the Group's reported revenue and profits. Increases in interest rates may also impact profitability. The Group seeks to mitigate these risks through currency and interest rate hedging and structured financial contracts to hedge a portion of the Group's foreign currency transaction exposure and to fix a portion of the Group's variable rate interest exposure.
- Volatility and continued inflationary effects linked to input costs could have an adverse impact on profitability or continuity of supply of raw materials and ingredients to the Group. The weather and other factors may affect the availability of raw materials. The Group seeks to mitigate some of these risks through trade relationships with suppliers and by entering into fixed price supply agreements. The Group does not seek to hedge its exposure to commodity prices by entering into derivative financial instruments.

- The Group may not be able to fulfil the demand for its products due to circumstances such as the loss of a production or storage facility or disruptions to its supply chains. This would adversely affect sales volumes, revenue and profits. The Group seeks to mitigate the financial impact of such an event through business interruption and other insurances, and the operational impact by the availability of multiple production facilities, and through fire safety standards and disaster recovery protocols.
- The Group may be adversely affected by changes in government regulations including changes in excise duty or taxation on cider and beer in the UK, Ireland and other territories, or restrictions on alcohol pricing or advertising. Within the context of supporting responsible drinking initiatives, the Group supports the work of its trade associations to present the industry's case to government.
- The Group's operations are subject to extensive regulation. The Group is subject to stringent environmental, health and safety and food safety laws and regulations which could result in increased compliance or remediation costs which would adversely affect profitability. For the purposes of competition law certain of the market segments in the principal jurisdictions in which the Group is active could be considered concentrated, restricting the ability of the Group to take advantage of acquisition and other opportunities. Additionally, failures to comply with all legislation could lead to prosecutions and damage to the Group's brands and reputation. The Group has in place a permanent compliance monitoring function addressing these issues and provides training to its employees.
- The Group is vulnerable to contamination of its products or base raw materials, whether accidental, natural or malicious. Contamination could result in a recall of the Group's products, the Group being unable to sell its products, damage to brand image, negative consumer perception or civil or criminal liability, which could have a material adverse effect on the Group's reputation, sales volumes, revenue and profits. The Group has established protocols and procedures for incident management and product recall and mitigates the financial impact by appropriate insurance cover.
- The Group's continued success is dependent on the ongoing services of its executive Directors and senior employees and on its continued ability to attract highly qualified personnel. The loss of, or the inability to recruit, senior personnel could have an adverse effect on the Group's ability to run its business and, accordingly, its revenue and profits. The Group seeks to adequately reward, motivate and retain its senior personnel through appropriate remuneration policies and the Remuneration Committee's terms of reference require it to make recommendations on remuneration to the Board.
- Whilst relations with employees are generally good, work stoppages or other industrial action may have a material adverse effect on the Group's ability to manufacture its products and, accordingly, on the Group's revenue and profits. The Group seeks to ensure good employee relations through engagement and dialogue.
- The solvency of the Group's defined benefit pension schemes may be affected by a fall in the value of their investments. The liability structure of the pension obligations will be subject to 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 is consulting with members and trustees of the schemes to achieve a reform of these obligations.

The Group considers that currently the most significant risks to its results and operations over the short term are (a) the decline in the size of the on-trade and the switch in consumer purchasing to the off-trade and (b) the entry of new competitors and new competing products in the Group's principal markets.

Group condensed income statement

For the year ended 28 February 2011

	Notes	Year ended 28 February 2011			Year ended 28 February 2010 (restated)		
		Before exceptional items €m	Exceptional items (note 4) €m	Total €m	Before exceptional items €m	Exceptional items (note 4) €m	Total €m
Revenue	3	789.7	-	789.7	490.8	-	490.8
Excise duties		(260.1)	-	(260.1)	(128.1)	-	(128.1)
Net revenue	3	529.6	-	529.6	362.7	-	362.7
Operating costs		(429.1)	(12.0)	(441.1)	(287.9)	(3.5)	(291.4)
Operating profit	3	100.5	(12.0)	88.5	74.8	(3.5)	71.3
Finance income		1.2	-	1.2	2.0	-	2.0
Finance expense		(10.6)	-	(10.6)	(9.2)	-	(9.2)
Profit before tax		91.1	(12.0)	79.1	67.6	(3.5)	64.1
Income tax expense		(11.1)	2.9	(8.2)	(7.3)	0.9	(6.4)
Profit from continuing operations		80.0	(9.1)	70.9	60.3	(2.6)	57.7
Discontinued operations							
Profit from discontinued operations		4.0	225.5	229.5	13.1	2.7	15.8
Profit for the year attributable to equity shareholders		84.0	216.4	300.4	73.4	0.1	73.5
Basic earnings per share (cent)	6			93.4c			23.2c
Diluted earnings per share (cent)	6			91.0c			22.7c
Continuing operations							
Basic earnings per share (cent)	6			22.0c			18.2c
Diluted earnings per share (cent)	6			21.5c			17.8c

Group condensed statement of comprehensive income
For the year ended 28 February 2011

	2011 €m	2010 €m
Other comprehensive income and expense:		
Exchange difference arising on net investment hedges and the net investment in foreign operations	13.2	5.8
Net movement in cash flow hedging reserve	4.4	(4.1)
Deferred tax on cash flow hedges	(0.5)	0.6
Actuarial gains on retirement benefit obligations	0.2	16.7
Deferred tax on actuarial gains on retirement benefit obligations	-	(2.1)
Net income recognised directly within other comprehensive income	17.3	16.9
Profit for the year attributable to equity shareholders	300.4	73.5
Comprehensive income for the year attributable to equity shareholders	317.7	90.4

Group condensed balance sheet

As at 28 February 2011

	2011 €m	2010 €m
ASSETS		
Non-current assets		
Property, plant & equipment	187.2	187.2
Goodwill & intangible assets	466.3	507.7
Deferred tax assets	8.7	12.3
Trade & other receivables	20.0	19.8
	682.2	727.0
Current assets		
Inventories	40.7	54.7
Trade & other receivables	105.5	125.8
Derivative financial assets	0.4	-
Cash & cash equivalents	128.7	113.5
	275.3	294.0
TOTAL ASSETS	957.5	1,021.0
EQUITY		
Equity share capital	3.4	3.3
Share premium	86.3	77.1
Other reserves	52.9	33.1
Treasury shares	(17.4)	(21.3)
Retained income	518.5	237.2
Total equity	643.7	329.4
LIABILITIES		
Non-current liabilities		
Interest bearing loans & borrowings	99.8	461.7
Derivative financial liabilities	0.7	2.2
Retirement benefit obligations	15.3	21.2
Provisions	11.5	4.2
Deferred tax liabilities	5.9	4.6
	133.2	493.9
Current liabilities		
Interest bearing loans & borrowings	35.2	16.7
Derivative financial liabilities	1.4	4.6
Trade & other payables	139.1	164.0
Provisions	4.2	8.4
Current tax liabilities	0.7	4.0
	180.6	197.7
Total liabilities	313.8	691.6
TOTAL EQUITY & LIABILITIES	957.5	1,021.0

Group condensed cash flow statement

For the year ended 28 February 2011

	2011 €m	2010 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year attributable to equity shareholders	300.4	73.5
Finance income	(1.2)	(2.0)
Finance expense	10.6	9.2
Income tax expense	8.8	8.0
Depreciation of property, plant & equipment	21.2	16.8
Amortisation of intangible assets	0.1	-
Profit on disposal of subsidiary undertakings	(224.7)	-
Profit on disposal of property, plant & equipment	-	(0.1)
Exceptional profit from discontinued operations	(0.9)	(2.7)
Charge for share-based employee benefits	4.0	2.5
Pension contributions paid less amount charged to income statement	(4.9)	(6.7)
	113.4	98.5
Decrease in inventories	8.8	8.3
Decrease/(increase) in trade & other receivables	9.0	(11.3)
Increase in trade & other payables	15.4	40.0
Decrease in provisions	(3.2)	(13.0)
	143.4	122.5
Interest received	1.2	1.4
Interest and similar costs paid	(8.3)	(8.4)
Settlement gain on derivative financial instruments	-	4.5
Income taxes paid	(8.4)	(4.7)
	127.9	115.3
Net cash inflow from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(21.1)	(5.6)
Sale of property, plant & equipment	-	0.2
Acquisition of businesses	(31.7)	(237.7)
Proceeds on disposal of subsidiary undertakings	294.9	2.1
	242.1	(241.0)
Net cash inflow/(outflow) from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	1.2	0.8
Proceeds from issue of new shares/exercise of Interests under Joint Share Ownership Plan	3.6	0.7
New bank loans drawn down	-	171.0
Repayment of debt	(348.2)	-
Issue costs paid	-	(1.4)
Dividends paid	(12.1)	(14.7)
	(355.5)	156.4
Net cash (outflow)/inflow from financing activities		
Net increase in cash & cash equivalents	14.5	30.7
Cash & cash equivalents at beginning of year	113.5	83.0
Translation adjustment	0.7	(0.2)
	128.7	113.5
Cash & cash equivalents at end of year		

Group condensed statement of changes in equity
For the year ended 28 February 2011

	Equity Share Capital €m	Share Premium €m	Capital Redemption Reserve €m	Capital Reserve €m	Cash flow Hedging Reserve €m	Share- based Payments Reserve €m	Currency Translation Reserve €m	Revaluation Reserve €m	Treasury Shares €m	Retained Income €m	Total €m
At 1 March 2009	3.3	65.4	0.5	24.9	(2.2)	2.4	(3.1)	5.9	(14.7)	167.3	249.7
Profit for the year attributed to equity shareholders	-	-	-	-	-	-	-	-	-	73.5	73.5
Other comprehensive income	-	-	-	-	(3.5)	-	5.8	-	-	14.6	16.9
Total	3.3	65.4	0.5	24.9	(5.7)	2.4	2.7	5.9	(14.7)	255.4	340.1
Dividend on ordinary shares	-	4.3	-	-	-	-	-	-	-	(19.0)	(14.7)
Exercised share options	-	0.8	-	-	-	-	-	-	-	-	0.8
Reclassification of share-based payments reserve	-	-	-	-	-	(0.8)	-	-	-	0.8	-
Joint Share Ownership Plan	-	6.6	-	-	-	0.7	-	-	(6.6)	-	0.7
Equity settled share-based payments	-	-	-	-	-	2.5	-	-	-	-	2.5
At 28 February 2010	3.3	77.1	0.5	24.9	(5.7)	4.8	2.7	5.9	(21.3)	237.2	329.4
Profit for the year attributed to equity shareholders	-	-	-	-	-	-	-	-	-	300.4	300.4
Other comprehensive income	-	-	-	-	3.9	-	13.2	-	-	0.2	17.3
Total	3.3	77.1	0.5	24.9	(1.8)	4.8	15.9	5.9	(21.3)	537.8	647.1
Dividend on ordinary shares	-	8.1	-	-	-	-	-	-	-	(20.2)	(12.1)
Exercised share options	0.1	1.1	-	-	-	-	-	-	-	-	1.2
Reclassification of share-based payments reserve	-	-	-	-	-	(0.9)	-	-	-	0.9	-
Joint Share Ownership Plan	-	-	-	-	-	(0.4)	-	-	3.9	-	3.5
Equity settled share-based payments	-	-	-	-	-	4.0	-	-	-	-	4.0
At 28 February 2011	3.4	86.3	0.5	24.9	(1.8)	7.5	15.9	5.9	(17.4)	518.5	643.7

NOTES TO THE PRELIMINARY ANNOUNCEMENT

1. Basis of preparation

The financial information, from the Group condensed income statement to Note 10 inclusive, of this Preliminary Announcement, has been extracted from the Group financial statements for the year ended 28 February 2011 and is presented in euro millions to one decimal place. The financial information presented in this report has been prepared in accordance with the Listing Rules of the Irish Stock Exchange and the accounting policies that the Group has adopted for the financial year ended 28 February 2011.

2. Prior year reclassification

To enhance the transparency and understanding of the underlying net revenue performance of the Group and to mirror reporting practice within the drinks industry, the Directors considered it appropriate to highlight separately the value of Revenue net of excise duties (Net revenue) and consequently amended the classification of excise duty in the income statement. Excise duties represent a significant portion of Revenue, are set by external regulators over which the Group has no control and are generally passed on to the consumer, on this basis the disclosure of Net revenue provides a more meaningful analysis of underlying revenue performance. In the previous financial years, the Group classified excise duty costs within operating costs.

This classification amendment has no impact on the profit for the financial year or the previous financial year or on the financial position (net assets) of the Group as reported. The impact of the classification change on operating costs on continuing operations in both years is shown below:

	2011		2010	
	Operating costs	Operating profit	Operating costs	Operating profit
	€m	€m	€m	€m
Previous classification	701.2	88.5	419.5	71.3
Impact of change	(260.1)	-	(128.1)	-
Current classification	441.1	88.5	291.4	71.3

3. Segmental reporting

The Group's business activity is the manufacturing, marketing and distribution of Alcoholic Drinks and seven operating segments have been identified; Cider Republic of Ireland ('ROI'), Cider Great Britain ('GB'), Cider Northern Ireland ('NI'), Cider Export (previously Cider Rest of World ('ROW')), Tennent's Great Britain ('GB'), Tennent's Ireland and Third Party Brands (previously Distribution). The basis of segmentation differs from that presented in the prior year in that Cider Northern Ireland and Tennent's Ireland are now considered separate reportable segments. This basis corresponds with the Group's organisation structure, the current year nature of reporting lines to the Chief Operating Decision-Maker (as defined in IFRS 8 *Operating Segments*) and the Group's internal reporting for the purposes of managing the business, assessing performance and allocating resources. All comparative amounts have been restated to reflect the new basis of segmentation.

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

The identified business segments are as follows:-

(i) Cider ROI

This segment includes the results from sale of the Group's cider products in the Republic of Ireland, principally Bulmers.

(ii) Cider GB

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

(iii) Cider NI

This segment includes the results from sale of the Group's cider products in Northern Ireland, with Magners the principal brand.

(iv) Cider Export (previously Cider ROW)

This segment includes the results from sale of the Group's cider products, principally Magners, in all territories outside of the Republic of Ireland, Northern Ireland and Great Britain.

(v) Tennent's GB

This segment includes the results from sale of the Group's 'owned' beer brand - Tennent's in Great Britain. This operating segment, together with Tennent's Ireland below were reported as Tennent's Beer in the financial statements for the year ended 28 February 2010.

(vi) Tennent's Ireland

This segment includes the results from sale of the Group's 'owned' beer brand - Tennent's in the Republic of Ireland and Northern Ireland.

(vii) Third Party Brands (previously Distribution)

This segment relates to wholesaling to the licensed trade in Northern Ireland and the distribution of agency products, including AB InBev brands in the Republic of Ireland, Northern Ireland and Scotland.

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

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

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

(a) Operating segment disclosures

	2011			2010		
	Revenue	Net revenue	Operating profit	Revenue	Net revenue	Operating profit
	€m	€m	€m	€m	€m	€m
Cider – ROI	136.4	100.0	43.7	153.0	107.6	44.3
Cider – GB	284.6	195.2	27.0	149.0	122.8	19.7
Cider – NI	15.7	12.6	3.1	18.5	15.1	2.9
Cider – Export	21.5	21.5	2.7	15.7	15.7	1.5
Tennent's GB	198.8	85.7	13.4	70.7	31.1	2.2
Tennent's Ireland	28.4	17.8	5.1	10.3	6.3	1.5
Third party brands	104.3	96.8	5.5	73.6	64.1	2.7
<hr/>						
Continuing operations	789.7	529.6	100.5	490.8	362.7	74.8
Discontinued operations – Spirits & Liqueurs	20.9	20.9	4.5	78.0	78.0	14.7
Total before unallocated items	810.6	550.5	105.0	568.8	440.7	89.5
<hr/>						
Unallocated items:						
Exceptional items (note 4)	-	-	(11.1)*	-	-	(0.8)**
Total	810.6	550.5	93.9	568.8	440.7	88.7

*The unallocated exceptional items exclude the profit on disposal of discontinued activities of €224.7m (note 4). Of the exceptional items in the current year, €0.9m relates to Cider ROI, €6.8m to Cider GB, €0.4m to Cider NI, €0.2m to Cider Export, €3.7m to Tennent's GB and an exceptional income of €0.9m relates to discontinued operations.

** Of the exceptional items in the prior year, €0.1m relates to Cider ROI, €0.4m to Cider GB, €0.4m to Cider Export, €0.2m to Third party brands, €2.4m to Tennent's GB and an exceptional income of €2.7m relates to discontinued operations.

(b) Other operating segment information

	2011		2010	
	Capital expenditure €m	Depreciation €m	Capital expenditure €m	Depreciation €m
Cider – ROI	1.7	4.6	1.0	5.2
Cider – GB	5.2	8.9	3.0	7.4
Cider – NI	0.1	0.3	0.3	0.6
Cider – Export	-	0.4	0.3	0.3
Tennent's GB	10.9	5.6	0.3	2.1
Tennent's Ireland	1.3	1.2	0.7	0.5
Third party brands	-	0.1	-	0.1
Total – continuing operations	19.2	21.1	5.6	16.2
Discontinued operations – Spirits & Liqueurs	-	0.1	0.1	0.6
Total	19.2	21.2	5.7	16.8

(c) Geographical analysis of revenue, net revenue and non-current assets – continuing business

	Revenue		Net revenue		Non-current assets	
	2011 €m	2010 €m	2011 €m	2010 €m	2011 €m	2010 €m
Republic of Ireland	151.4	156.7	109.8	109.9	73.3	85.2
UK	616.8	318.4	398.3	237.1	133.9	121.8
Rest of Europe	6.5	5.7	6.5	5.7	-	-
North America	8.5	5.6	8.5	5.6	-	-
Rest of World	6.5	4.4	6.5	4.4	-	-
Total	789.7	490.8	529.6	362.7	207.2	207.0

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

4. Exceptional items

	2011			2010		
	Continuing operations €m	Discontinued operations €m	Total €m	Continuing operations €m	Discontinued operations €m	Total €m
Restructuring costs	4.9	-	4.9	3.8	-	3.8
Retirement benefit obligations	(1.1)	(0.9)	(2.0)	(2.2)	(0.9)	(3.1)
Recovery of previously impaired inventory	(0.2)	-	(0.2)	-	-	-
Costs associated with integrating acquired businesses	8.4	-	8.4	1.9	-	1.9
Profit from discontinued operations	-	(224.7)	(224.7)	-	(1.8)	(1.8)
Total before tax	12.0	(225.6)	(213.6)	3.5	(2.7)	0.8
Income tax expense	(2.9)	0.1	(2.8)	(0.9)	-	(0.9)
Total after tax	9.1	(225.5)	(216.4)	2.6	(2.7)	(0.1)

(a) Restructuring costs

Restructuring costs, comprising severance and other initiatives arising from both cost cutting initiatives implemented during the financial year and the integration of the acquired businesses, resulted in an exceptional charge before taxation of €4.9m (2010: €3.8m).

(b) Retirement benefit obligations

The exceptional gain of €2.0m in the current financial year relates to defined benefit pension scheme curtailment gains arising as a result of: the Group's disposal of its Spirits & Liqueurs business to William Grant & Sons Holdings Limited and the reclassification of these employees from active to deferred members (€0.9m); restructuring initiatives in Northern Ireland following the integration of the acquired business (€0.1m); and a cost reduction programme in the Group's cider manufacturing facility in Clonmel, Co Tipperary (€1.0m). A curtailment gain arises where the value of the pension benefit of a deferred member is less than that of an active member, this occurs when the long term salary increase assumption is greater than the long term inflation expectation.

The exceptional gain in the prior year also relates to a defined benefit pension scheme curtailment gain of €3.4m which arose from the Group's restructuring programme announced in February 2009, as reduced by the cost of providing pension augmentations (€0.3m) to a smaller number of employees.

(c) Recovery of previously impaired inventory

During the financial year ended 28 February 2009, the Group's stock holding of apple juice at circa 36 months of forecasted future sales was deemed excessive in light of anticipated future needs, forward purchase commitments and useful life of the stock on hand, accordingly the Group recorded an impairment charge in relation to excess apple juice stocks. During the current financial year, some of the previously impaired juice stocks were recovered and used by the Group's acquired Gaymers cider business. As a result this stock was written back to operating profit at its recoverable value.

(d) Costs associated with integrating the acquired businesses

During the financial year ended 28 February 2010, the Group completed the acquisition of the Tennent's and Gaymers businesses and commenced the process of integrating these with the Group's existing business. The costs associated with integrating these businesses have been classified as exceptional on the basis of materiality. These costs primarily relate to external consultant fees and remuneration costs of employees directly involved in the integration process together with the costs associated with the implementation of the new IT systems platform, which in accordance with IAS 16 *Property, Plant and Equipment* and in the opinion of management, were not appropriate for capitalisation within Property, plant & equipment in the balance sheet.

(e) Profit from discontinued operations, net of tax

On 1 July 2010, the Group completed the disposal of its Spirits & Liqueurs division to William Grant & Sons Holdings Limited for a gross cash consideration of €300.0m realising a profit of €224.7m.

During the prior year, the Group settled all amounts outstanding in relation to dilapidation costs on the properties disposed of as part of the disposal of the Soft Drinks business in 2008 and released the excess provision to the income statement. The provision was originally classified as exceptional when it was charged through the income statement.

5. Dividends

	2011 €m	2010 €m
Dividends paid		
Final: paid 3.0c per ordinary share in September 2010 (2010: 3.0c paid in September 2009)	9.5	9.5
Interim: paid 3.3c per ordinary share in December 2010 (2010: 3.0c paid in December 2009)	10.7	9.5
Total equity dividends	20.2	19.0
Settled as follows:		
Paid in cash	12.1	14.7
Scrip dividend	8.1	4.3
	20.2	19.0

The Directors have proposed a final dividend of 3.3c per share (2010: 3.0c), which is subject to shareholder approval at the Annual General Meeting, giving a proposed total dividend for the year of 6.6c per share (2010: 6.0c).

Dividends of 6.3c were recognised as a deduction from the retained income reserve in the year ended 28 February 2011 (2010: 6.0c).

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

6. Earnings per ordinary share

	Number '000	Number '000
Denominator computations		
Number of shares at beginning of year	334,068	328,583
Shares issued in lieu of dividend	2,538	1,852
Shares issued in respect of options exercised	590	433
Shares issued and held in trust in respect of joint share ownership plan	-	3,200
Number of shares at end of year	337,196	334,068
Weighted average number of ordinary shares (basic)*	321,579	316,763
Adjustment for the effect of conversion of options	8,492	7,000
Weighted average number of ordinary shares, including options (diluted)	330,071	323,763
<i>*excludes 12.6m treasury shares (2010:16.0m)</i>		
Profit attributable to ordinary shareholders		
	2011 €m	2010 €m
Earnings as reported	300.4	73.5
Adjustment for exceptional items, net of tax (note 4)	(216.4)	(0.1)
Earnings as adjusted for exceptional items, net of tax	84.0	73.4
Basic earnings per share		
Basic earnings per share	Cent	Cent
Adjusted basic earnings per share	93.4	23.2
	26.1	23.2
Diluted earnings per share		
Diluted earnings per share	91.0	22.7
Adjusted diluted earnings per share	25.4	22.7
Continuing operations		
	€m	€m
Earnings from continuing operations as reported	70.9	57.7
Adjustment for exceptional items, net of tax (note 4)	9.1	2.6
Earnings from continuing operations as adjusted for exceptional items, net of tax	80.0	60.3
Basic earnings per share		
Basic earnings per share	Cent	Cent
Adjusted basic earnings per share	22.0	18.2
	24.9	19.0
Diluted earnings per share		
Diluted earnings per share	21.5	17.8
Adjusted diluted earnings per share	24.2	18.6
Discontinued operations		
	€m	€m
Earnings from discontinued operations as reported	229.5	15.8
Adjustment for exceptional items, net of tax (note 4)	(225.5)	(2.7)
Earnings from discontinued operations as adjusted for exceptional items, net of tax	4.0	13.1
Basic earnings per share		
Basic earnings per share	Cent	Cent
Adjusted basic earnings per share	71.4	5.0
	1.2	4.1
Diluted earnings per share		
Diluted earnings per share	69.5	4.9
Adjusted diluted earnings per share	1.2	4.0

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased/issued by the Company and held as treasury shares on the basis that these shares do not rank for dividend (at 28 February 2011: 12.6m shares; at 28 February 2010: 16.0m shares).

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period of the year that the options were outstanding.

Employee share options, which are performance-based, are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. In accordance with IAS 33 *Earnings per Share*, these contingently issuable shares (totalling 324,487 at 28 February 2011 and 551,100 at 28 February 2010) are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied as at the end of the reporting period. Vesting of certain Interests awarded under the Joint Share Ownership Plan (totalling 750,000 at 28 February 2011 and 1,100,000 at 28 February 2010) is also contingent upon satisfaction of specified performance conditions and these have also been excluded from the computation of diluted earnings per share.

7. GOODWILL & INTANGIBLE ASSETS

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 1 March 2009	394.7	-	-	394.7
Arising on acquisition	29.4	80.2	1.5	111.1
Translation adjustment	(0.1)	1.9	0.1	1.9
At 28 February 2010	424.0	82.1	1.6	507.7
Fair value adjustment	2.4	-	-	2.4
Disposal	(49.6)	-	-	(49.6)
Translation adjustment	1.3	4.5	0.1	5.9
At 28 February 2011	378.1	86.6	1.7	466.4
Amortisation	-	-	(0.1)	(0.1)
Net book value at 28 February 2011	378.1	86.6	1.6	466.3

Goodwill

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

	Cider - ROI €m	Cider - GB €m	Cider - NI €m	Cider Export €m	Spirits & Liqueurs €m	Tennent's - GB €m	Tennent's - Ireland €m	Total €m
Cost								
At 1 March 2009	116.5	187.1	19.6	21.9	49.6	-	-	394.7
Arising on acquisition	-	3.7	-	-	-	22.9	2.8	29.4
Translation adjustment	-	-	-	-	-	(0.1)	-	(0.1)
At 28 February 2010 *	116.5	190.8	19.6	21.9	49.6	22.8	2.8	424.0
Disposal	-	-	-	-	(49.6)	-	-	(49.6)
Fair value adjustment	-	6.7	-	-	-	(4.3)	-	2.4
Translation adjustment	-	0.5	-	-	-	0.8	-	1.3
At 28 February 2011	116.5	198.0	19.6	21.9	-	19.3	2.8	378.1

*Goodwill at 1 March 2009 and 28 February 2010 has been attributed to the current operating segments as outlined in note 3.

Goodwill at 1 March 2009 consisted entirely of goodwill capitalised under Irish GAAP which at the transition date to IFRS was treated as deemed cost.

Goodwill that arose on the acquisition of the Tennent's and Gaymer Cider businesses during the previous financial year was capitalised at cost and represents the synergies arising from cost savings and the opportunity to utilise the extended distribution network of the Group to leverage the marketing of the Group's acquired products. This goodwill was attributed to the operating segments; Cider - GB and Tennent's Beer (comprising Tennent's GB and Tennent's Ireland). No goodwill was attributed to the Third party brands segment as the Group considered that the goodwill generated on acquisition of the Tennent's business from AB inBev is considered to be derived from purchased brands.

The requirement of IAS 36 *Impairment of Assets* that the operating segments to which goodwill is allocated should not be larger than an operating segment determined in accordance IFRS 8 *Operating Segments* and the inclusion of Cider NI and Tennent's Ireland as separate operating segments in the current financial year has resulted in the reporting of an element of goodwill previously classified within Cider Export (previously Cider ROW) and Tennent's Beer as Cider – NI (€19.6m) and Tennent's Ireland (€2.8m) respectively.

As permitted under IFRS 3 (2004) *Business Combinations*, the provisional valuations assigned to the assets and liabilities acquired were amended resulting in an increase to the value of goodwill of a net €2.4m. The amendments to the originally assigned fair values giving rise to this adjustment relate to increased costs of acquisition of €0.8m, a net reduction of €4.7m in the fair value of trade receivables and accruals and the recognition of an onerous lease provision of €6.3m.

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

Brands

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

	Cider - GB	Tennent's GB	Tennent's Ireland	Total
	€m	€m	€m	€m
At 1 March 2009	-	-	-	-
Arising on acquisition	10.9	61.0	8.3	80.2
Translation adjustment	(0.1)	1.8	0.2	1.9
At 28 February 2010	10.8	62.8	8.5	82.1
Translation adjustment	0.6	3.4	0.5	4.5
At 28 February 2011	11.4	66.2	9.0	86.6

During the year ended 28 February 2010, the Group acquired the Tennent's beer brands and a number of cider brands, including Gaymers, Blackthorn and Olde English. The acquired brands were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 *Business Combinations* by independent professional valuers.

In line with IAS 36 *Impairment of Assets*, and as discussed above, €8.3m of the fair value of the Tennent's beer brand attributed to Tennent's Ireland is now reported within that operating segment.

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

Other intangible assets

Other intangible assets, acquired by the Group during the previous financial year, comprise 20 year distribution rights for third party beer products. These were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 *Business Combinations* by independent professional valuers. Other intangible assets have finite lives and are subject to amortisation on a straight line basis over the length of the distribution arrangements. The amortisation charge for the year ended 28 February 2011 is €0.1m (2010: less than €0.1m).

Impairment testing

To ensure that goodwill and brands considered to have an indefinite useful economic life are not carried at above their recoverable amount, impairment reviews are performed comparing the carrying value of the assets with their recoverable amount using value-in-use computations. Impairment testing is performed annually or more frequently if there is an indication that the carrying amount may not be recoverable.

For goodwill, the recoverable amount is calculated in respect of each business segment (which may comprise of more than one cash generating unit). The business segments represents the lowest levels within the Group at which the associated goodwill and indefinite life brands are monitored for management purposes and are not larger than the reported segments determined in accordance with IFRS 8 *Operating Segments*.

Value-in-use is the recoverable amount calculated on the basis of estimated future cash flows discounted to present value and terminal values calculated on the assumption that cash flows continue in perpetuity. The key assumptions used in the value-in-use computations are the revenue and operating profit growth rates, the perpetuity growth rate and the discount rate applied to the estimated future cash flows.

The forecasted cash flows for each business segment are based on detailed financial budgets, formally approved by the Board, for year one, management's projected cash flows for the following four years and a terminal value on the assumption that cash flows for the first five years will increase at a nominal growth rate in perpetuity. Management forecasts are based on an assessment of anticipated market conditions for each segment equating to an average EBIT growth rate of 1% (2010: 1%) per annum for all segments. A nominal growth rate of 2.5% (2010: 2.5%) in perpetuity was assumed based on an assessment of the likely long term growth prospects for the sectors in which the Group operates. The resulting cash flows were discounted to present value using a range of discount rates between 8%-12% (2010: 12%).

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

Sensitivity analysis

The impairment testing carried out at 28 February 2011 identified significant headroom in the recoverable amount of the brands and goodwill compared to their carrying values in all business segments. The key sensitivities for the impairment testing are revenue and operating profit growth assumptions, discount rates applied to the resulting cashflows and the expected long term growth rates. No reasonable adjustments to the assumptions underlying the impairment testing models applied would result in any foreseeable risk of an impairment arising.

8. Analysis of net debt

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

	1 March 2009 €m	Translation adjustment €m	Cash flow €m	Non-cash changes €m	28 February 2010 €m
Interest bearing loans & borrowings	309.2	(0.8)	169.6	0.4	478.4
Cash & cash equivalents	(83.0)	0.2	(30.7)	-	(113.5)
	226.2	(0.6)	138.9	0.4	364.9
Interest rate swaps	6.3	-	4.3	(5.7)	4.9
	232.5	(0.6)	143.2	(5.3)	369.8

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

The Group has in place a euro five year committed revolving loan facility, repayable on 8 May 2012, which is subject to variable Euribor interest rates plus a margin, the level of which is dependent on the net debt:EBITDA ratio and which for the period ended 28 February 2011 was 35bps. The Group may select an interest period of one, two, three or six months.

Under the facility agreement, net proceeds arising from the disposal of part of the Group's business, in excess of an agreed de minimis, must be applied to repay outstanding loans. Accordingly, a portion of the net disposal proceeds (€245.0m) arising from the

Group's disposal of its Spirits & Liqueurs business was used to part repay the facility and the available committed facility was cancelled by the same amount. In addition, voluntary repayments of €55.0m and €30.0m were completed in January and February 2011 respectively from surplus cash resources.

The total euro facility available to the Group at 28 February 2011 was €185.0m of which €100.0m was drawn (28 February 2010: €430.0m facility - fully drawn).

The Group also has in place a sterling committed revolving loan facility, repayable by instalment with a final repayment date of 30 June 2011. The facility is subject to variable Libor interest rates plus a margin of 275bps. Under the facility agreement, the Group may select an interest period of three or six months. At 28 February 2011 the available facility of £30.0m (2010: £60.0m of which £45.0m drawn) was fully drawn, £15.0m was repaid in the year. The drawn facility will be repaid from existing cash resources on maturity.

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

The Group's debt facilities incorporate two financial covenants:

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

The undrawn committed facilities available to the Group, which are subject to a commitment fee of 50% of the margin payable, amounted to €85.0m at 28 February 2011 (2010: £15.0m).

Unamortised issue costs of €0.3m (2010: €1.8m) have been netted against outstanding bank loans and are being amortised to the income statement on an effective interest rate basis.

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

9. Related party transactions

Identity of related parties

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

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

Key management personnel

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

Details of the remuneration key management are as follows:-

	2011 Number	2010 Number
Number of individuals	11	12
	€m	€m
Salaries and other short term employee benefits	2.4	2.2
Post employment benefits	0.4	0.4
Cash settled long term incentive plan	-	0.1
Equity settled share-based payments	1.4	1.0
Total	4.2	3.7

Tony O'Brien, who resigned from the Board on 5 August 2010, has been included in the headcount numbers. Sir Brian Stewart, who succeeded Tony O'Brien as Chairman of the Group, was formally elected as a non-executive Director on 5 August 2010 following his appointment to the Board on 9 March 2010.

Executive Directors, Brendan Dwan and John Holberry, who resigned from the Board on 1 May 2009 and 31 August 2009 respectively, are included in the prior year headcount and disclosure of remuneration charged to the income statement.

John Dunsmore is a non-executive Director and Chairman of the Remuneration Committee of Fuller Smith & Turner Plc, a company with which the Group has a trading relationship.

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

10. Post Balance Sheet Event

The Group has conditionally agreed to dispose of its wholesaling business in Northern Ireland (Quinns of Cookstown) for an undisclosed consideration, subject to employee consultation. This business was not held for sale as at 28 February 2011 and has not been accounted for as such.

11. Statutory Accounts

The financial information prepared in accordance with IFRSs as adopted by the European Union included in this report does not comprise "full group accounts" within the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations, 1992 of Ireland insofar as such group accounts would have to comply with the disclosure and other requirements of those Regulations. Full statutory accounts for the year ended 28 February 2011 prepared in accordance with IFRS, upon which the auditors have given an unqualified report, have not yet been filed with the Registrar of Companies. Full accounts for the year ended 28 February 2010, prepared in accordance with IFRS and containing an unqualified audit report have been delivered to the Registrar of Companies.

The information included has been extracted from the Group's financial statements, which have been approved by the Board of Directors on 18 May 2011.

Appendix
List of Directors

Sir Brian Stewart (UK) (Chairman) *
John Dunsmore (CEO, UK) (Chief Executive Officer)
John Burgess (UK) *
Liam FitzGerald *
Stephen Glancey (UK) (Group Operating Officer and Group Finance Director)
John Hogan *
Richard Holroyd (UK) *
Philip Lynch *
Kenny Neison (UK) (Strategy Director)
Breege O'Donoghue *

* non-executive