FINANCIAL RESULTS FOR SIX MONTHS ENDED 31 AUGUST 2010

Dublin, London, 12 October 2010: 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 its half year results for the six months ended 31 August 2010.

Performance Highlights for the 6 months to 31 August 2010

- Magner's total volume grew 1.6% year on year.
  - Magner's returned to volume growth in Great Britain for the first time since 2007 (+0.7%).
  - Magner's export volumes grew 34.4%. Exports represented 12% of total Magner's volumes in the period.
  - Magner's Northern Ireland volumes declined by 20.6% as cross border activity subsided.
- Bulmer's volumes declined 3.4% year on year in a challenging Irish market.
- Gross revenue for the period increased by 106.7%[(i)] to €451.6 million.
  - Net revenue increased 73%[(i)] to €305.5 million.
  - Net revenue in the original cider business[(ii)] declined by 5.3%[(i)] to €144.3 million.
- Operating profit[(v)] for the period, including discontinued operations[(iii)], was €67.9 million.
  - Operating profit[(v)] for continuing operations increased 29.4%[(i)] to €63.4 million.
  - Operating profit[(v)] in the original cider business[(ii)] declined 1.8%[(i)] to €47.9 million.
  - Acquisitions contributed operating profit of €15.6 million[(iv)]; disposed Spirit business contributed[(v)] €4.5 million in the period.
- Group operating margin, as a consequence of new acquisitions, declined by 6.9 percentage points[(i)] to 20.8% of net revenue.
  - Original cider business[(ii)] operating margin improved by 1.2 percentage points[(i)] to 33.2%.
  - Operating margin of 13.1% for the Tennent's business in the period and 17.4% for the Tennent's brand.
  - Gaymer's operating margin of 5.8%, in line with expectation.
- Free cash flow[(vi)] in the period of €93.8 million representing 119% of EBITDA. Net cash surplus of €20.8 million at the half year.
- Adjusted basic EPS[(viii)] increased 11% to 17.0 euro cent. Adjusted diluted EPS for continuing operations increased by 10.8% to 15.4 euro cent.
- Proposed interim dividend increased by 10% to 3.3 euro cent per share.
- EBIT guidance for 2010/11 in line with market consensus in the range of €102- €106 million.

Strategic & Operating Highlights for the 6 months to 31 August 2010

- Disposal of the Spirits & Liqueurs business to William Grant & Sons Holdings Ltd for a gross consideration of €300 million.
- Integration of the acquired AB Inbev business in Northern Ireland and launch of the new Tennent's NI business unit.
- Integration of Gaymer's sales and marketing teams and launch of the new William Magner's business unit in Great Britain.
- Migration of Tennent's Scotland, William Magner's and Gaymer's onto new IT systems platforms. Exit from the Transitional Service Agreements with AB Inbev and Constellation Europe with minimal customer disruption.
- Synergy targets revised upwards to €8 million for 2010/11 and to €10 million for 2011/12 delivering total cost and revenue synergies of €18 million.
- New advertising launched in the UK for Magner's, in Scotland for Tennent's and in Ireland for Bulmer's Berry and Draught.
- Improvement in the original business operating margins through a continued drive towards a competitive cost base and focused procurement.

Financial Highlights – continuing operations

Financial Performance		6 months ended 31 August 2010	6 months ended 31 August 2009	Change	6 months ended 31 August 2009 *Constant Currency*	Change
Gross Revenue	*€m*	**€451.6**	**€224.3**	**101.3%**	**€218.5**	**106.7%**
Net Revenue	*€m*	**€305.5**	**€181.4**	**68.4%**	**€176.6**	**73.0%**
- Original cider business	*€m*	*€144.3*	*€157.9*	*(8.6%)*	*€152.4*	*(5.3%)*
- Third party brands	*€m*	*€12.5*	*€23.5*	*(46.8%)*	*€24.2*	*(48.3%)*
- Acquired businesses	*€m*	*€148.7*	-	-		
EBIT *(continuing operations before exceptional items)* (iv)	*€m*	**€63.4**	**€52.5**	**20.8%**	**€49.0**	**29.4%**
- Original cider business	*€m*	*€47.9*	*€52.3*	*(8.4%)*	*€48.8*	*(1.8%)*
- Third party brands	*€m*	*(€0.1)*	*€0.2*	*NM*	*€0.2*	*NM*
- Acquired businesses (vii)	*€m*	*€15.6*	-	-	-	-
Operating profit margin *(% of Net revenue)*	*%*	**20.8%**	**28.9%**	**(8.1ppt)**	**27.7%**	**(6.9ppt)**
- Original cider business	*%*	*33.2%*	*33.1%*	*0.1ppt*	*32.0%*	*1.2ppt*
- Acquired businesses	*%*	*10.5%*	-	-		
Adjusted Basic Earnings per Share	*cent*	**17.0**	**15.3**	**11.1%**		
Adjusted Diluted Earnings per Share	*cent*	**15.4**	**13.9**	**10.8%**		

Magner's and Bulmer's Volumes	
Magner's and Bulmer's Volumes	**(0.2%)**
- Bulmer Republic of Ireland	*(3.4%)*
- Magner Total	*1.6%*
- Magner GB	*0.7%*
- Magner Northern Ireland	*(20.6%)*
- Magner Rest of World	34.4%

Notes:

(i) On a constant currency basis, constant currency calculation is set out on page 13
(ii) Original cider business refers to the cider business in the ownership of C&C before the acquisition of Gaymer's. It excludes distribution activities.
(iii) The Spirits and Liqueurs business is classified as a Discontinued operation for the purpose of interim reporting
(iv) Group overheads have been allocated to the original cider Business. There is no allocation of group overhead to the disposed Spirits & Liqueurs business in the period and the €15.6m of EBIT from the acquired businesses is the contribution exclusive of any Group overhead allocation. The segmental analysis in Note 3 to the accounts includes an allocation of group overhead to the acquired businesses.
(v) before exceptional items
(vi) 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.
(vii) the acquired businesses relate to the Tennent's and Gaymer's businesses which were acquired from AB Inbev and Constellation Brands respectively during the year ended 28 February 2010
(viii) adjusted basic earnings per share relates to continuing activities and excludes exceptional items

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 the leading Irish cider brand, Bulmers, the premium international cider brand, Magners, for export to the UK, the US and Continental Europe, the Gaymers Cider Company range of branded and own label ciders and the Tennent's beer brand which is primarily sold in Scotland and Northern Ireland. The Group also distributes a number of beer brands in the Scottish, Irish and Northern Irish markets.

Note regarding forward-looking statements
This announcement includes forward-looking statements, including statements concerning 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.

Conference Call Details

Analysts & Institutional Investors

- C&C will host a presentation for analysts and institutional investors today, 12 October, at 08.30am BST (3.30am ET) in Andaz Hotel, Liverpool Street, London. 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 (0) 1 436 4265
  UK & Europe +44 (0) 208 817 9301
  USA +1 718 354 1226

- C&C will also host a second conference call today for analysts and institutional investors at 2.30pm BST (9.30am ET). Dial in details to access this conference call are outlined below:
  Ireland +353 (0) 1 436 4265
  UK & Europe +44 (0) 208 817 9301
  USA +1 718 354 1226

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, 12 October, at 7.30am BST. Dial in details to access this conference call are outlined below:
  Ireland +353 (0) 1 436 4265
  UK & Europe +44 (0) 208 817 9301

- C&C will also host a conference call for media today, 12 October, at 10.30am BST. Dial in details to access this conference call are outlined below:
  Ireland +353 (0) 1 486 0914
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SUMMARY RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2010

Economic conditions in the Group's core markets of Ireland and the UK remain unpredictable and challenging. Reported results were also affected by an adverse movement in C&C's sterling to euro conversion rate on the translation of foreign currency transactions. Currency forward contracts for the prior comparative period delivered an average sterling to euro effective translation rate of 0.78. This increased to 0.87 in the first six months of 2010/11. With the impact of currency removed, the underlying performance of the original cider business is robust and the new acquisitions made a solid contribution. Magner's continued its recovery trend in Great Britain and experienced encouraging export growth. With a strengthened business model and a healthy balance sheet the business is well positioned to continue investing in its brands and business with a view to developing long term sustainable growth.

Ireland: The weak consumer environment and continued migration of volumes from the on to off trade channel sustained pressure on sales revenues in the first six months. Bulmer's volume was down 3.4% and price deflation/channel mix removed a further 4.4% from net revenues. Trading patterns in the second quarter were also influenced by increased competition in the off trade around world cup promotional activity. Operating profits on a constant currency basis are down 8.6% in the period, in line with the revenue decline. Reduced input costs and the continued drive towards a competitive cost base have supported margins that remain level at 48% of net revenue, despite the pricing pressure. The difficulties facing the Irish consumer were recognised by the Group as was the need to proactively support both the trade and the consumer through investment in price. Wholesale pricing of draught Bulmer's was reduced in May 2010 and follows on from the on trade pint bottle reduction in June 2009. However, the investment in price has not been to the detriment of brand strength. Investment levels remain competitive and the successful launch of Bulmer's Berry in the period provided further stimulus for a brand that remains in good health.

Great Britain**:** In the 24 weeks to 7 August 2010 the cider category continued to grow. Both volume and value were up 4% on last year. Magner's volumes moved into growth (+0.7%) for the first time since 2007 and the target of holding share in a growing category remains the objective for 2010/11. Net revenues were down 5.8% in the period. Absorption of the 5% cider duty increase and a significant channel mix swing for Magner's account for most of this decline. In the period, Magner's sold 60% of its volume in the off trade, a weighting that is now proportionately in line with the category. The revenue decline was cushioned by a significant improvement in underlying operating margins from 22.7% to 27.2%. Earnings before interest and tax (EBIT) on a constant currency basis grew 13%. As with Ireland, improvements in operational costs and softer input prices were the major contributors to the margin enhancement. Brand activity in the period was intense with the launch of the new '*Method in the Magner's'* proposition supported by a high profile media campaign. Initial feedback on the campaign is good and brand health indicators have progressed positively.

Rest of the World: Following on from a strong second half in 2009/10, growth of Magner's exports accelerated in the first six months of 2010/11. North America and Australia were the biggest contributors to an encouraging 34% growth in the period. Exports represented 12% of the total Magner's brand volume. At this scale and with continued good growth, the Rest of the World activity can begin to provide some meaningful balance to the challenges in Ireland. Where appropriate, the Group will continue to re-invest earnings to build and sustain momentum in the export business.

Acquired Businesses: Integration of Tennent's and Gaymer's is now complete. The new IT systems platforms are operational and the transitional service agreements with Constellation and AB Inbev terminated at the end of September. The transformation undertaken by C&C in the past 12 months has been enormous and the minimal level of customer disruption during the process is a huge tribute to the success of the integration team. Notwithstanding the additional challenges of integration, the Group delivered solid results from the acquired businesses. The acquisitions contributed €15.6 million of EBIT in the first half. Of this, €12.6 million came from the Tennent's business. Margins for the Tennent's brand were encouraging at 17.4% and the brand grew share in both on trade channels of Scotland and Northern Ireland. Synergy targets for 2010/11 are already secure and plans are in place to deliver full annualised synergies of €18 million in 2011/2012. Over the next 18 months focus will increase on utilising the Tennent's route to market strength and the wider cider portfolio to maximise the development of Magner's. Initial progress on the commercial synergies is encouraging with the launch in Scotland of Magner's Golden Draught in the early part of the summer.

Disposal: The disposal of the Group's spirits & liqueurs business to William Grant & Sons Holdings Ltd completed on 1 July. This followed shareholder approval of the transaction at an EGM on 17 June. The activities have now been successfully separated and the new operational arrangements at Clonmel are running smoothly. During the four month period of C&C ownership, the business generated €4.5 million of EBIT.

Cash: Cash generation in the period was strong. Free Cash Flow conversion achieved 119% of EBITDA and the half year closed with a net cash surplus of €20.8 million. Payment of the final dividend in respect of the year ended 28 February 2010 amounting to €5.5 million in cash and €31 million of deferred consideration for the Tennent's acquisition fall into the second half but the underlying strength of the balance sheet is clear. This strength will provide stability in volatile markets and positions the Group well to invest further for growth and expansion. Proposed interim dividend increased by 10% to 3.3 cent.

Pensions: Economic uncertainty and the consequent lowering of bond yields contributed to a significant deterioration in the pension deficit over the last 6 months. The deficit has grown from €21.2 million in February to €49.7 million at the half year. The last actuarial valuation of 1 January 2009 highlighted the schemes failure to meet the Minimum Funding Standard and the Group has been working toward a Funding Proposal for the Pensions Board ahead of the 31 May 2011 submission deadline. Good progress has been made through consultation to reform the terms of the defined benefit pension scheme and to agree a comprehensive plan to redress the funding shortfall.

Performance Review & Outlook

John Dunsmore, C&C Group CEO, commented:

> *"Economic conditions in the Group's core markets of Ireland and the UK remain unpredictable and challenging. Consequently, we are appropriately cautious in our outlook.*
>
> *Despite the challenges, we are pleased to report the continued growth of the cider category in the UK and the return to modest volume growth for the Magner's brand for the first time since 2007. We are also pleased to confirm the successful integration of the Tennent's and Gaymer's businesses and a good first half performance from both acquisitions. Our newly strengthened position in the long alcohol drinks sector leaves us well placed to continue with the Magner's recovery.*
>
> *The Group's premium brands are in good health and it is re-assuring to see the development of Magners internationally begin to provide some protection against the current market challenges of Ireland.*
>
> *We remain confident of delivering to market consensus for operating profit in the range of €102-€106m[i] for 2010/11. Our strong underlying free cash flow and balance sheet will ensure the Group can continue to invest for growth, despite the difficult trading environment in our core markets.*

[1] *Inclusive of €4.5 million earnings from the Spirits and Liqueurs business*

DIVISIONAL REVIEW

Cider - Republic of Ireland (ROI)

Constant Currency[i]	6 months ended 31 August 2010 €m	6 months ended 31 August 2009 €m	Change %
Revenue	€78.9	€90.3	(12.6%)
Net Revenue	€58.1	€63.2	(8.1%)
- Price /Mix Impact			*(4.4%)*
- Volume Impact			*(3.7%)*
Operating Profit	€27.8	€30.4	(8.6%)
Operating Margin (Net Revenue)	47.8%	48.1%	
Volume – Bulmer (khl)	296.4	306.8	(3.4%)
Volume – Other (khl)	16.9	18.5	(8.6%)

The challenges facing the on trade in the ROI are well documented. From March through to August 2010, the LAD market was flat compared to the same period last year. The migration of consumption between channels continued however. The on trade was down 5% in comparison to off trade growth of 8%. Beer performance lifted in the second quarter as the major brands advertised and promoted heavily through the World Cup. Against this backdrop the total Bulmer's brand performance was robust. On trade volumes were almost back in line with the market at -6% and draught Bulmer's fared marginally better than the packaged format. Last years outperformance in the off trade was not sustained as the competition level intensified in the second quarter. Bulmer's growth of 3% in the off trade in 2009/10 dropped to a decline of 3.4% in the first half of 2010/11, albeit the comparatives are skewed by a very successful launch of Bulmer's Pear in the first half of last year.

Revenue decline of 12.6% is distorted by the duty reduction in November 2009. Net revenue excludes duty and provides greater clarity on the impact of underlying pressures on revenues in the ROI. More than half of the 8.1% decline in net revenue in the period is attributable to price. This is slightly better than the 5.4% price/mix decline recorded in 2009/10 but the relative improvement is more to do with the weighting of Bulmer's channel mix and should not be interpreted as an easing in trading conditions. Wholesale 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 significant factors contributing to the 4.4% price /mix impact on net revenues in the ROI.

Despite the price reductions, operating margin as a percentage of net revenue was in line with the prior year. The benefit from continued focus on operational efficiency and softer input costs has been passed through to the customer and consumer.

Brand investment behind Bulmer's remains at a competitive level in the ROI and the health measures for the brand are moving in a positive direction. The successful launch of Bulmer's Berry in the period has extended the brand range and built on the momentum injected by the Bulmer's Pear launch in 2009. The current TV advertising campaign has been adapted to incorporate both Berry and Draught formats and continues to deliver encouraging feedback scores.

The performance of the new beer portfolio is in line with expectations. In due course, it is anticipated that the profits from beer will provide a meaningful contribution to the objective of earnings protection in the ROI.

(i) On a constant currency basis, constant currency calculation is set out on page 13

Cider - Great Britain (GB)

Constant Currency[i]	Magners 6 months ended 31 August 2010 €m	 6 months ended 31 August 2009 €m	 Change %	Gaymers Brands 6 months ended 31 Aug 2010	GB Cider 6 months ended 31 Aug 2010
Revenue	€82.1	€84.0	(2.3%)	€90.4	€172.5
Net Revenue	€67.2	€71.3	(5.8%)	€51.8	€119.0
- Price /Mix Impact			*(6.5%)*		
- Volume Impact			*0.7%*		
Operating Profit	€18.3	€16.2	13.0%	€3.0	€21.3
Operating Margin (Net Revenue)	27.2%	22.7%		5.8%	17.9%
Volume – (khl)	454	451	0.7%	959	1,413

During the 24 weeks to 7 August 2010, volume in the GB cider category grew by 4%. By channel of trade, the world cup appears to have contributed to a widening differential in trends. The off trade grew by 8% and the on trade declined by 3%. The AC Nielsen/CGA stats show a decline for Magner's in the on trade of 6% and growth in the off trade of 14% for the 24 weeks to August 7. The channel mix is even more pronounced for C&C when looking at volumes shipped in the period. However, Magner's retained its premium price positioning.

For the full year 2009/10, Magner's volumes were split 50/50 between the on and off trade. In the first half of 2010/11, close to 60% of volumes shipped were to the off trade. This swing in channel activity accounts for more than half of the 6.5% price/mix reduction in the net revenue line. The decision to absorb the 5% duty increase was also a significant factor in the period. To an extent, both of these issues are peculiar to C&C and the AC Nielsen data to 7 August 2010 provides validation of this point. Confirming, as it does, that the retail value of the GB cider category grew by 4% and in line with volume growth.

Excluding the impact of foreign currency movements, operating margins increased by 4.5 percentage points to 27.2%. This improvement has not been to the detriment of investment in the brand. The weighting of category growth towards the off trade did require a re-allocation of some marketing spend into promotional activity price support. The level of investment behind the *'Method in the Magners'* campaign was in line with plan, and considerable in scale. The brand returned to the top of the long alcohol drinks table that tracks 'Share of Voice' for above the line television media spend. More importantly, the feedback on the new campaign has been encouraging to date. The positive improvement in the brand health measures suggests that the investment has been effective.

As is the case in the ROI operating segment, the major factor contributing to the margin improvement in GB is in the cost of goods line. Softer input prices and continued focus on operational competitiveness in Ireland have more than insulated gross margins from the net revenue decline. Operating profits on a constant currency basis grew by 13% as a consequence.

The performance of the Gaymer's portfolio is covered in the review of acquisitions[ii] on page 9.

(i) On a constant currency basis, constant currency calculation is set out on page 13

(ii) The acquired businesses relate to the Tennent's and Gaymer's businesses which were acquired from AB Inbev and Constellation Brands respectively during the year ended 28 February 2010

Cider - Rest of World

CIDER ROW Constant Currency[i]	6 months ended 31 August 2010 €m	6 months ended 31 August 2009 €m	Change %
Net Revenue	€11.8	€8.8	34.0%
- Price /Mix Impact			*(0.4%)*
- Volume Impact			*34.4%*
Operating Profit	€1.9	€0.4	375%
Operating Margin (Net Revenue)	16.1%	4.5%	
Volume – (khl)	67.9	50.5	34.4%

Rest of World cider includes Magner's sales in all markets outside of Great Britain, Northern Ireland and the Republic of Ireland.

Volumes in the six months to 31 August grew 34.4% versus the comparative prior period. Presently, the largest markets for C&C are North America, Australia and Iberia, accounting for over 75% of total volumes shipped. North America and Australia together delivered 64% of the total export volume growth in the period.

In North America, additional sales resource has enabled a wider distribution of the brand and latest depletion data is encouraging. In Australia, there is evidence of a growing momentum in the cider category and Magner's has enjoyed a share of the growth over the last 6 months.

Operating margins at 16.1% are reasonable for this stage of the growth cycle, accommodating a development level of marketing investment that remains close to 25% of net revenue. Where appropriate, the business will continue to re-invest earnings upside in maintaining and building upon the current momentum enjoyed in Magner's exports.

(i) On a constant currency basis, constant currency calculation is set out on page 13

Acquired Businesses [i]

	6 months ended 31 August 2010				
	Tennents Brand €m	**Distribution Agreement €m**	**Total Tennents Business €m**	**Gaymers €m**	**Total Acquisitions €m**
Net Revenue	€59.6	€36.8	€96.4	€51.8	€148.2
Operating Profit [1]	€10.4	€2.2	€12.6	€3.0	€15.6
Operating Margin [1]	17.4%	6.0%	13.1%	5.8%	10.5%
Volumes – khl	820	201		959	

[1] *Operating profit and margins are calculated on a contribution basis, Group overheads have not been allocated to these figures. The segmental operating profit analysis as set out in note 3 to these Interim Results includes an allocation of Group overheads to the operating profit generated by the acquired businesses.*

In the 6 month period, around 90% of Tennent's volume was sold in GB, 8% in Northern Ireland and 2% in the ROI. Despite the challenging trading conditions in both Scotland and Northern Ireland, the brand performed well in the on trade and continues to extend its leadership position in the lager category. The on trade performance was underpinned by a range of initiatives. Brand investment in the period increased dramatically to over 12% of net revenue. Tennent's advertising is back on television for the first time in 6 years and the shirt sponsorship of both Glasgow Celtic and Rangers football clubs provided some fresh stimulation for the brand in trade. Loan finance and the availability of capital to support publicans with renovation and expansion plans has proven to be a useful lever to build distribution. New account gains in both Scotland and Northern Ireland are promising.

In the off trade, Tennent's lost market share in the period and the focus remains on rebuilding value and a price position that is sustainable in the long term.

Despite having significantly increased investment behind Tennent's, operating margins were 17.4% for the first 6 months of the year as the impact of cost synergies begin to flow through. The Distribution Agreement margins are considerably lower at 6.0% This is in line with expectations as the volume comprises licensed ABI brands that incur royalty charges and a range of third party factored brands. The volumes under the Distribution Agreements are almost entirely on trade where the combined pressures of underlying channel decline and pricing gap to the off trade are squeezing wholesaler margins on this type of activity.

In the ROI, the beer portfolio is at a very early stage of development. Initial focus is predominantly around Tennent's and Beck's Vier. All profits have been re-invested behind the brands.

The overall contribution from the Tennent's acquisition has been encouraging in the first six months and there are early indications that the route to market strength in Scotland will prove to be positive for the development of Magner's.

The Gaymer's acquisition is also delivering to plan with an operating profit contribution of €3 million in the first six months of the year and good growth in the Gaymer's brand. The newly integrated commercial team was launched as Magners GB in September. Focus has now switched from managing integration and the separation from Constellation to developing a cider portfolio strategy.

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

FINANCIAL REVIEW

C&C is reporting revenue of €451.6 million, net revenue of €305.5 million, operating profit before exceptional items of €63.4 million, including discontinued operations operating profit before exceptional items is €67.9 million, and adjusted basic earnings per share of 17.0 cent for the six months to 31 August 2010. The Group finished the period in a very strong financial position recording net cash of €20.8 million at 31 August 2010 and Free Cash Flow of €93.8 million.

Financing Costs

Finance costs, net of finance income and before exceptional items, for the six month period ended 31 August 2010, at €4.8 million was up €1.5 million on the corresponding prior period reflecting an increase in average debt levels of c. €150 million. In line with market movements the effective interest rate declined from 2.6% for the six months ended 31 August 2009 to 1.8% for the current six month period. Interest cover for the 12 months ended 31 August 2010 is 13.2 times (31 August 2009: 13 times), , nearly four times the 3.5 minimum required by the banking covenants.

Exceptional Items

This Group recognised an exceptional profit of €225.2 million relating to the disposal of its Spirits & Liqueurs business and an exceptional cost of €3.9 million before tax relating to severance and other integration costs arising from the integration of the recently acquired Tennent's beer brand and the Gaymer Cider Company businesses and other cost cutting initiatives implemented during the financial period.

Taxation

In line with IAS 34 *Interim Reporting* the interim tax rate of 14% reflects the current estimate of the full year effective income tax rate. The increase in the rate from the 6 month period ended 31 August 2009 (10.5%) reflects the increased level of UK generated earnings.

Pensions

In compliance with IFRS, the net assets and actuarial liabilities of the various defined benefit pension schemes operated by Group companies, computed in accordance with IAS 19 *Employee Benefits*, are included on the face of the Group balance sheet under retirement benefit obligations. At 31 August 2010, the retirement benefit obligations on the IAS 19 basis amounted to €49.7 million (28 February 2010: €21.2 million). The significant deterioration in the pension deficit during the period arose predominantly as a result of the reduction in discount rate assumptions used.

Following the most recent actuarial valuation completed on 1 January 2009 and the schemes' failure to meet the Minimum Funding Standard, the Group is committed to submitting a Funding Proposal to the Pensions Board before the deadline of 31 May 2011 with the objective of putting the scheme in a position to satisfy the funding standard over an agreed term. The Group is currently undertaking a consultation process with members to achieve defined benefit pension reform.

Dividends & Dividend Policy

No dividend was paid during the six month period ended 31 August 2010. The final dividend of 3 cent per share for the financial year ended 28 February 2010 was paid to shareholders on 1 September 2010 resulting in a full year dividend for that financial year of 6 cent per share. The dividend was settled €5.5 million in cash and €4.0 million by way of the scrip alternative.

The board has declared an interim divided of 3.3 cent per share for payment on 13 December 2010 to shareholders registered at the close of business on 22 October 2010. Dividends declared after the balance sheet date are not recognised as a liability at the balance sheet date. A scrip alternative will also be offered.

Cash Generation

Free Cash Flow (FCF) for the 6 months ended 31 August 2010 amounted to €93.8 million representing 119% of EBITDA compared with €53.4 million in the corresponding prior period. The improved cash flow principally reflects:

- operating profit growth;
- lower restructuring costs, and;
- a one off positive working capital benefit arising from the timing of cashflows transferring to the Group from AB Inbev under the transitional services agreement.

The positive impact of the aforementioned factors was partially offset by an increased investment in capital expenditure.

Summary cash flow, for the 6 months ended 31 August 2010, is set out below:

	6 months ended 31 August 2010 €m	**6 months ended 31 August 2009 €m**
EBITDA [i]	**78.8**	64.3
Capital expenditure	**(11.8)**	(4.2)
Working capital movement	**38.8**	12.7
	105.8	72.8
Exceptional items	**(4.5)**	(12.4)
Net finance charges / tax paid	**(7.5)**	(7.0)
Free Cash Flow[ii] (FCF)	**93.8**	53.4
FCF/EBITDA	**119%**	83%

Key liquidity indicators

Following the disposal of the Group's Spirits & Liqueurs business to William Grant & Sons Holdings Limited for a gross consideration of €300 million, strong cash generating capability and a low capital investment requirement the Group had net cash excluding the fair value of interest rate derivative financial liabilities of €24.7 million at 31 August 2010; if interest rate derivative financial liabilities are included the net cash position reduces to €20.8 million.

In addition, the Group has a committed euro debt facility of €185 million which is not due for repayment until May 2012 and a sterling debt facility which is repayable in instalments commencing on 30 June 2010 and with a final repayment date of 30 June 2011.

The movement in net debt/(cash) is analysed as follows:

	€m
Net debt[iii] at 1 March 2010	364.9
Free cash flow in period	(93.8)
Proceeds on disposal of the Spirits & Liqueurs business	(299.0)
Other	3.2
Net cash[iii] at 31 August 2010	(24.7)

(i) EBITDA is earnings before interest, tax, depreciation and amortisation charges, includes both continuing and discontinued operations and excludes exceptional items

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

(iii) Net debt/(cash) comprises cash, borrowings net of issue costs and excludes the fair value of interest rate derivative financial instruments which amounted to a liability of €3.9m (2009: €5.8m liability)

Financial risk management

The financial risks that the Group is exposed to include interest rate movements and foreign currency exchange risks.

Interest rate and debt management

The Group's debt is denominated in Euro and Sterling and is based on floating interest rates. It is Group policy to hedge an appropriate portion of this risk and at 31 August 2010 the Group had €100 million of its euro debt converted to fixed rates through the use of interest rate swap agreements. Future interest rate exposure on drawn debt is partially hedged at the following interest rates (excluding margin):

Expiring on 28 February 2011	€50m at a fixed rate of 3.45%
Expiring on 31 August 2012	€50m at a fixed rate of 4.57%

Cash deposits are all invested on a short term basis with banks who are members of the Group's banking syndicate.

Currency risk management

The Group has both a transaction and translation exposure to movements in foreign currency rates. It is Group policy not to hedge its translation exposure. The effective rate for the translation of results from foreign currency subsidiaries was €1:£0.85 (2009: €1:£0.88) and the effective rate for the translation of foreign currency transactions was €1:£0.87 (2009: €1:£0.78). Currency transaction exposures arise mainly on Sterling transactions and the Group policy is to hedge an appropriate portion of this exposure for a period of up to 2 years ahead.

The principal foreign currency forward contracts in place at 31 August 2010 were:

FY2011		
Stg£ Amount	Million	15.0
Average fwd rate	Euro:Stg£	0.90
FY2012		
Stg£ Amount	Million	10.0
Average fwd rate	Euro:Stg£	0.82

All currency hedges are based on forecasted exposures and meet the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* to qualify as cash flow hedges.

Comparative Reporting

Comparisons for Revenue and Operating Profit for each division in the Operations Review are shown at constant exchange rates for transactions in relation to the Group's operating divisions and for translation in relation to the Group's sterling denominated subsidiaries by restating the prior period at August 2010 effective rates. The impact of restating currency is as follows:

	Period ended 31 August 2009 Previously reported(i)	**FX Transaction**	**FX Translation**	**Period ended 31 August 2009 Constant currency comparative**
	€m	€m	€m	**€m**
Revenue				
Cider – ROI	90.3	-	-	**90.3**
Cider – GB	90.8	(6.8)	-	**84.0**
Cider – NI	10.8	-	0.3	**11.1**
Cider – ROW	8.8	-	-	**8.8**
Third Party Brands	23.6	-	0.7	**24.3**
Total	**224.3**	**(6.8)**	**1.0**	**218.5**
Net Revenue				
Cider – ROI	63.2	-	-	**63.2**
Cider – GB	77.1	(5.8)	-	**71.3**
Cider – NI	8.8	-	0.3	**9.1**
Cider – ROW	8.8	-	-	**8.8**
Third Party Brands	23.5	-	0.7	**24.2**
Total	**181.4**	**(5.8)**	**1.0**	**176.6**
Operating Profit – before exceptional items				
Cider – ROI	29.5	0.9	-	**30.4**
Cider – GB	20.9	(4.7)	-	**16.2**
Cider – NI	1.6	0.1	0.1	**1.8**
Cider – ROW	0.3	0.1	-	**0.4**
Third Party Brands	0.2	-	-	**0.2**
Total	**52.5**	**(3.6)**	**0.1**	**49.0**

(i) Continuing operations

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

The Group identified the following risks and uncertainties in its Annual Report for the year ended 28 February 2010:

- Demand for the Group's products is strongly influenced by economic conditions in its principal markets of Ireland, the United Kingdom, and to a lesser extent the US and Eastern Europe. A prolonged recession in these markets could have an adverse impact on Group sales and profitability.

- The success of the Group will partly depend on successfully integrating the operations and technologies of the newly acquired Tennent's and Gaymer's businesses into that of the existing businesses; and achieving revenue and cost synergies in the combined businesses. This integration process is complex and may take longer than anticipated, and some of the anticipated synergies may not materialise. Additionally the Group is partially reliant on third parties for the successful integration of IT systems.

- The markets in which the Group operates are highly competitive and changing and include significant global participants. 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, the 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 sells its products to on-trade and off-trade multiples, and also wholesalers for resale to on-trade outlets. Any consolidation of the Group's customers could increase the buying and negotiating strength of these customers, which could force the Group to lower its prices, with a material adverse effect on the Group's revenue and profits. The decline in the number of, and revenue from, on-trade premises in Ireland and the United Kingdom, and the general increase in the relative size of the off-trade versus the on-trade, may impact profitability.

- Consumer preferences may change and demand for existing products may decline or be replaced by other products, and unless the Group addresses these changes through introducing new products, sales volumes and profitability may decline.

- 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 may have an adverse effect on the revenue and profits of the Group. Increases in interest rates may also impact profitability.

- 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 affect sales volumes and profitability.

- The Group may be adversely affected by government regulations including changes in excise duty on cider in the UK and Ireland and restrictions on alcohol advertising.

- 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. Additionally failures to comply with all legislation could lead to prosecutions and damage to the Group's brands and reputation.

- The Group is vulnerable to contamination of its products or base raw materials, whether accidental, natural or malicious. Contamination could result in 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.

All the risks identified in the Annual Report for the year ended 28 February 2010 are deemed to remain of relevance for the six month period to 28 February 2011 with the following updated comments;

- The Group has now successfully integrated the operations and technologies of the Tennent's and Gaymers businesses with the existing business.
- Following the disposal of the Group's Spirits & Liqueurs business to William Grant & Sons Holdings Limited the Group's exposure to the US economy and the US dollar has significantly reduced.

The Group continues to consider the impact of the general weak economic conditions on its markets in Great Britain and Ireland as being the most significant risk to its results and operations over the short term.

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

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

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

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

  (a) *Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) *Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007*, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

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

On behalf of the Board[(i)]

Sir B. Stewart
Chairman
12 October 2010

J. Dunsmore
Chief Executive Officer

(i)The Board of Directors is as disclosed in the Annual Report for the financial year ended 28 February 2010 with the exception of Tony O'Brien who retired from the Board on 5 August 2010.

Group condensed income statement
for the six months ended 31 August 2010

	Notes	**Six months ended 31 August 2010**			Six months ended 31 August 2009 (Restated)		
		Before exceptional items €m	**Exceptional items €m**	**Total €m**	Before exceptional items €m	Exceptional items €m	Total €m
Revenue	3	**451.6**	**-**	**451.6**	224.3	-	224.3
Excise duties		**(146.1)**	**-**	**(146.1)**	(42.9)	-	(42.9)
Net revenue		**305.5**	**-**	**305.5**	181.4	-	181.4
Operating costs		**(242.1)**	**(3.9)**	**(246.0)**	(128.9)	2.2	(126.7)
Operating profit	3	**63.4**	**(3.9)**	**59.5**	52.5	2.2	54.7
Finance income		**0.5**	**-**	**0.5**	0.5	0.7	1.2
Finance expense		**(5.3)**	**-**	**(5.3)**	(3.8)	-	(3.8)
Profit/(loss) before tax		**58.6**	**(3.9)**	**54.7**	49.2	2.9	52.1
Income tax expense	4	**(8.2)**	**0.5**	**(7.7)**	(5.1)	(0.3)	(5.4)
Profit/(loss) from continuing activities		**50.4**	**(3.4)**	**47.0**	44.1	2.6	46.7
Discontinued operations							
Profit from discontinued activities	6	**3.9**	**225.2**	**229.1**	4.3	0.9	5.2
Profit for the period attributable to equity shareholders		**54.3**	**221.8**	**276.1**	48.4	3.5	51.9
Basic earnings per share (cent)	7			**86.4c**			16.4c
Diluted earnings per share (cent)	7			**84.2c**			16.3c
Continuing operations							
Basic earnings per share (cent)	7			**14.7c**			14.8c
Diluted earnings per share (cent)	7			**14.3c**			14.7c

Group condensed statement of comprehensive income
for the six months ended 31 August 2010

	31 August 2010	31 August 2009
	€m	€m
Other comprehensive income and expense		
Exchange differences arising on net investments in foreign operations	**20.6**	0.1
Net movement in cash flow hedging reserve	**1.4**	(3.2)
Deferred tax on cash flow hedges	**-**	0.3
Actuarial (losses)/gains on defined benefit pension obligations	**(28.5)**	9.7
Deferred tax on actuarial (losses)/gains on defined benefit pension obligations	**3.6**	(1.3)
Total other comprehensive (expense)/income	**(2.9)**	5.6
Profit for the period attributable to equity shareholders	**276.1**	51.9
Comprehensive income and expense for the period attributable to equity shareholders	**273.2**	57.5

Group condensed balance sheet
as at 31 August 2010

	Notes	**31-August-10**	31-August-09	28-February-10 (audited)
		€m	€m	€m
ASSETS				
Non-current assets				
Goodwill & intangible assets	8	**468.4**	394.7	507.7
Property, plant & equipment	9	**191.3**	90.8	187.2
Deferred tax assets		**15.9**	14.0	12.3
Trade & other receivables		**20.5**	-	19.8
		696.1	499.5	727.0
Current assets				
Inventories		**46.2**	42.4	54.7
Trade & other receivables		**150.8**	75.0	125.8
Derivative financial assets		**0.1**	1.8	-
Cash & cash equivalents		**263.1**	138.2	113.5
		460.2	257.4	294.0
TOTAL ASSETS		**1,156.3**	756.9	1,021.0
EQUITY				
Equity share capital		**3.3**	3.3	3.3
Share premium		**77.5**	66.6	77.1
Other reserves	13	**55.1**	26.7	33.1
Treasury shares	13	**(17.4)**	(15.9)	(21.3)
Retained income		**489.8**	227.6	237.2
Total equity		**608.3**	308.3	329.4
LIABILITIES				
Non-current liabilities				
Interest bearing loans & borrowings	10	**184.6**	309.3	461.7
Derivative financial liabilities		**2.2**	2.9	2.2
Retirement benefit obligations	12	**49.7**	34.3	21.2
Provisions		**6.8**	1.3	4.2
Deferred tax liabilities		**4.6**	-	4.6
		247.9	347.8	493.9
Current liabilities				
Interest bearing loans & borrowings	10	**53.8**	-	16.7
Derivative financial liabilities		**3.2**	3.0	4.6
Trade & other payables		**230.2**	88.7	164.0
Provisions		**3.6**	3.9	8.4
Current tax liabilities		**9.3**	5.2	4.0
		300.1	100.8	197.7
Total liabilities		**548.0**	448.6	691.6
TOTAL EQUITY & LIABILITIES		**1,156.3**	756.9	1,021.0

Group condensed cash flow statement
for the six months ended 31 August 2010

	6 months ended 31 August 2010 €m	6 months ended 31 August 2009 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period attributable to equity shareholders	**276.1**	51.9
Finance income	**(0.5)**	(1.2)
Finance expense	**5.3**	3.8
Income tax expense	**8.3**	6.0
Depreciation of property, plant & equipment	**10.9**	6.9
Exceptional profit from discontinued activities, after tax	**(224.8)**	-
Restructuring/dilapidation charges paid during the period	**-**	(16.9)
Charge for share-based employee benefits	**1.8**	1.1
Pension contributions paid less amount charged to income statement	**-**	(1.6)
	77.1	50.0
Decrease in inventories	**3.9**	2.1
Increase in trade & other receivables	**(33.5)**	(18.4)
Increase in trade & other payables	**67.8**	26.4
Decrease in provisions	**(2.2)**	-
	113.1	60.1
Interest received	**0.1**	0.5
Interest paid and similar costs	**(4.6)**	(3.7)
Settlement gain on derivative financial instruments	**-**	4.5
Income tax paid	**(3.0)**	(3.8)
Net cash inflow from operating activities	**105.6**	57.6
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(11.8)**	(4.2)
Net proceeds received on disposal of subsidiaries	**299.0**	1.7
Net cash inflow/(outflow) from investing activities	**287.2**	(2.5)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**0.4**	**-**
Proceeds from issue of new shares under Joint Share Ownership Plan	**-**	0.1
Repayment of debt	**(245.0)**	-
Net cash (outflow)/inflow from financing activities	**(244.6)**	0.1
Net increase in cash & cash equivalents	**148.2**	55.2
Cash & cash equivalents at beginning of period	**113.5**	83.0
Translation adjustment	**1.4**	-
Cash & cash equivalents at end of period	**263.1**	138.2

Group condensed statement of changes in equity
for the six months ended 31 August 2010

			Other reserves								
	Equity share capital €m	**Share premium €m**	**Capital redemption reserve €m**	**Capital reserve €m**	**Cash flow hedge reserve €m**	**Share-based payments reserve €m**	**Currency translation reserve €m**	**Revaluation reserve €m**	**Treasury shares €m**	**Retained income €m**	**2009 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 period attributable to equity shareholders	-	-	-	-	-	-	-	-	-	51.9	51.9
Other comprehensive income	-	-	-	-	(2.9)	-	0.1	-	-	8.4	5.6
Total	3.3	65.4	0.5	24.9	(5.1)	2.4	(3.0)	5.9	(14.7)	227.6	307.2
Joint share ownership plan	-	1.2	-	-	-	0.1	-	-	(1.2)	-	0.1
Equity settled share based payments	-	-	-	-	-	1.0	-	-	-	-	1.0
At 31 August 2009	3.3	66.6	0.5	24.9	(5.1)	3.5	(3.0)	5.9	(15.9)	227.6	308.3
Profit for the period attributable to equity shareholders	-	-	-	-	-	-	-	-	-	21.6	21.6
Other comprehensive income	-	-	-	-	(0.6)	-	5.7	-	-	6.2	11.3
Total	3.3	66.6	0.5	24.9	(5.7)	3.5	2.7	5.9	(15.9)	255.4	341.2
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	-	5.4	-	-	-	0.6	-	-	(5.4)	-	0.6
Equity settled share based payments	-	-	-	-	-	1.5	-	-	-	-	1.5
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 period attributable to equity shareholders	-	-	-	-	-	-	-	-	-	276.1	276.1
Other comprehensive expense	-	-	-	-	1.4	-	20.6	-	-	(24.9)	(2.9)
Total	3.3	77.1	0.5	24.9	(4.3)	4.8	23.3	5.9	(21.3)	488.4	602.6
Exercise of share options	-	0.4	-	-	-	-	-	-	-	-	0.4
Reclassification of share-based payment reserve	-	-	-	-	-	(1.4)	-	-	-	1.4	-
Joint share ownership plan	-	-	-	-	-	(0.4)	-	-	3.9	-	3.5
Equity settled share based payments	-	-	-	-	-	1.8	-	-	-	-	1.8
At 31 August 2010	**3.3**	**77.5**	**0.5**	**24.9**	**(4.3)**	**4.8**	**23.3**	**5.9**	**(17.4)**	**489.8**	**608.3**

Notes to the financial report
for the six months ended 31 August 2010

1. Basis of preparation

The Group Condensed Interim Financial Statements should be read in conjunction with the Group's annual financial statements in respect of the year ended 28 February 2010 as they do not include all the financial statement disclosures required by International Financial Reporting Standards (IFRSs).

The interim financial information 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 financial information 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 2010.

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

The interim financial information for both the six months ended 31 August 2010 and the comparative six months ended 31 August 2009 are unaudited and have not been reviewed by the auditor. The financial information for the year ended 28 February 2010 represents an abbreviated version of the Group's financial statements for that year. Those financial statements contained an unqualified audit report and have been filed with the Registrar of Companies.

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

	6 months ended 31 August 2010	**6 months ended 31 August 2009**	**Year ended 28 February 2010**
Balance Sheet (closing rate)	0.827	0.88	0.897
Income Statement (average rate)	0.854	0.88	0.887

2. Accounting policies

The accounting policies and methods of computation adopted in the preparation of the Group's Condensed Interim Financial Statements are consistent with those applied in the Annual Report for the financial year ended 28 February 2010 and are described in those financial statements on pages 55 to 63.

Following changes in excise duty rates in Great Britain and Ireland, the Directors considered it appropriate to change the layout of the Income Statement separately highlighting the value of Revenue net of excise duties (Net revenue) to enhance the visibility and understanding of the underlying Net revenue performance of the Group. All comparative amounts have been restated.

3. Segmental analysis

C&C's business activity is the manufacturing, marketing and distribution of Alcoholic Drinks and following the disposal of the Group's Spirits & Liqueurs division comprises seven operating segments: Cider Republic of Ireland ('ROI'), Cider Great Britain ('GB'), Cider Northern Ireland ('NI'), Cider Rest of World ('ROW'), Tennent's Great Britain ('GB'), Tennent's Ireland and Third Party Brands. The basis of segmentation differs from that presented in the Group's Annual Report for the year ended 28 February 2010 in that Cider Northern Ireland is now considered a separate reportable segment. This basis corresponds with the Group's organisation structure, the 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 purpose of managing the business, assessing performance and allocating resources. All comparative amounts have been restated to reflect the new basis of segmentation.

The identified business segments are described below:-

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

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

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

(iv) Cider ROW
This segment includes the Group's cider products, principally Magners, in all territories outside of Ireland and Great Britain.

(v) Tennents GB
This segment includes the results of the Group's 'owned' beer brand – Tennents.

(vi)Tennents Ireland
This segment includes the results of the Group's 'owned' beer brand – Tennents.

(vii) Third Party Brands
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.

Inter-segmental revenue is not material in reviewing the segmental performance and accordingly it has been omitted from the segmental disclosure.

Finance income/expense and income tax are managed on a centralised basis and are not allocated between operating segments for internal reporting purposes and accordingly these have been omitted from the segmental analysis below.

Segmental revenue and operating profit is presented below in respect of the Group's continuing business while the relevant information in relation to the Group's discontinued Spirits & Liqueurs business in set out in note 6.

Analysis by reporting segment (continuing operations)

	31 August 2010			31 August 2009 (restated)		
	Revenue	**Net revenue**	**Operating profit**	Revenue	Net revenue	Operating profit
	€m	**€m**	**€m**	€m	€m	€m
Cider – ROI[i]	**78.9**	**58.1**	**27.8**	90.3	63.2	29.5
Cider – GB	**172.5**	**119.0**	**21.3**	90.8	77.1	20.9
Cider – NI	**8.9**	**7.2**	**2.1**	10.8	8.8	1.6
Cider – ROW	**11.8**	**11.8**	**1.9**	8.8	8.8	0.3
Tennents GB	**108.2**	**46.1**	**6.4**	-	-	-
Tennents Ireland	**15.1**	**13.5**	**2.7**	-	-	-
Third Party Brands	**56.2**	**49.8**	**1.2**	23.6	23.5	0.2
	451.6	**305.5**	**63.4**	224.3	181.4	52.5
Unallocated items:						
Exceptional (expense)/income	**-**	**-**	**(3.9)**	-	-	2.2
	451.6	**305.5**	**59.5**	224.3	181.4	54.7

Total assets for the period ended 31 August 2010 amounted to €1,156.3 million (2009: €756.9 million).

Geographical analysis of revenue by country of destination (continuing operations)	31 August 2010	31 August 2009
	€m	€m
Republic of Ireland	**86.5**	90.3
United Kingdom	**353.3**	125.3
Rest of Europe	**4.9**	4.2
North America	**4.1**	2.9
Rest of World	**2.8**	1.6
	451.6	224.3

Cyclicality of interim results

Although the Group's cider divisions are impacted by seasonal fluctuations in demand with demand highest during the summer months, operating profit performance in the drinks industry is not characterised by significant cyclicality. Operating profit for the first half is considered to represent approximately 60% of the full year's anticipated operating profit performance.

4. Income tax charge

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 14% (6 months ended 31 August 2009: 10.5%). The increase in the estimated average annual effective income tax rate is attributed to the increased level of profits subject to UK corporation tax rates.

5. Exceptional items

		31 August 2010	31 August 2009
		€m	€m
Integration costs		**1.9**	-
Restructuring costs		**2.1**	-
Retirement Benefit Obligations	- continuing operations	**(0.1)**	(2.2)
	- discontinued operations	**(0.4)**	(0.9)
Gain on mark to market of derivative financial instruments		**-**	(0.7)
		3.5	(3.8)

(a) Integration costs

During the prior year, the Group completed the acquisition of the Tennent's beer brands and the UK cider assets of Constellation Brands Inc and commenced the process of integrating these businesses with the Group's existing business. The integration of the businesses and the migration of Tennent's Scotland, Magners GB and Gaymer's onto new IT systems platforms were completed during the period allowing the Group to exit from the two Transitional Service Agreements with AB Inbev and Constellation Europe. The related costs incurred during the period have been classified as exceptional on the basis of materiality.

(b) Restructuring costs

Restructuring costs, comprising severance and other initiatives arising from cost cutting initiatives implemented during the period and the integration of the acquired businesses, resulted in an exceptional charge before taxation of €2.1 million (2009: €nil).

(c) Retirement benefit obligations

The exceptional gain in the current period relates to a defined benefit pension scheme curtailment gain arising as a result of the Group's disposal of the Spirits & Liqueurs business to William Grant & Sons Holdings Limited (€0.4 million) and restructuring in Northern Ireland following the integration of the acquired business (€0.1 million).

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

(d) Gain on mark to market of derivative financial instruments
During the prior period, the Group had hedge contracts to purchase sterling which were not designated as cash flow hedges and accounted for the increase in fair value from the date of contract to the date of maturity as an exceptional item within finance income.

The taxation implication of the exceptional items is a credit of €0.5 million (31 August 2009: €0.3 million charge).

6. Discontinued operations

During the period, the Group completed the disposal of its Spirits & Liqueurs division to William Grant & Sons Holdings Limited for a gross cash consideration of €300 million on 1 July 2010.

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

Results of discontinued operations

	31 August 2010	31 August 2009
	€m	€m
Revenue	**21.3**	33.2
Expenses, net	**(16.8)**	(28.3)
Exceptional income	**0.4**	0.9
Results from discontinued operations before tax	**4.9**	5.8
Income tax expense	**(0.6)**	(0.6)
Profit from discontinued operations after tax	**4.3**	5.2
Profit arising on disposal	**224.8**	-
Total profit from discontinued operations after tax	**229.1**	5.2

The exceptional income reported in both the current and prior period relates to curtailment gains on the Group's defined benefit pension schemes arising as a result of the disposal of the Spirits & Liqueurs business and the disposal of the Group's Republic of Ireland wine and spirits distribution business in September 2008 to a subsidiary of DCC plc respectively. There was insufficient information available during the financial year ended 28 February 2009 for the actuary to accurately value the impact of the disposal on the Group's retirement benefit obligations and hence no accounting entries were posted to the Group's financial statements in that year.

	31 August 2010	31 August 2009
Cash flows from discontinued activities	**€m**	€m
Net cash from operating activities	**(2.3)**	(1.4)
Net cash from investing activities	**296.1**	-
Net cash derived from/(used in) discontinued operations	**293.8**	(1.4)
Depreciation	**0.1**	0.4

Effect of disposal on financial position of the Group		
Property plant & equipment	**52.2**	53.8
Inventories	**6.5**	7.2
Derivative financial assets	**-**	0.3
Trade & other receivables	**16.9**	18.9
Derivative financial liabilities	**(3.0)**	-
Trade & other payables	**(4.3)**	(6.6)
Net assets and liabilities disposed of	**68.3**	73.6

Consideration receivable	**302.1**	-
Costs of disposal payable	**(6.0)**	-
Net proceeds receivable	**296.1**	-
Fair value of derivative financial liabilities transferred to income statement	**(3.0)**	-
Profit arising on disposal	**224.8**	-

Consideration receivable includes a working capital settlement (estimated at €2.1 million) to reflect the variance between the level of working capital disposed of and that considered 'normalised' as set out in the Share Disposal Agreement while costs of disposal payable includes an accrual for costs not yet paid of €5.0 million.

7. Earnings per ordinary share

	Six months ended 31 August 2010 €m	Six months ended 31 August 2009 €m
Earnings as reported	**276.1**	51.9
Adjustments for exceptional items, net of tax	**(221.8)**	(3.5)
Earnings as adjusted for exceptional items, net of tax	**54.3**	48.4
	Number '000	Number '000
Number of shares at beginning of period	**334,068**	328,583
Shares issued in respect of options exercised	**162**	-
Shares issued and held in trust in respect of joint share ownership plan	**-**	1,000
Number of shares at end of period	**334,230**	329,583
Weighted average number of ordinary shares, excluding treasury shares (basic)	**319,471**	315,783
Adjustment for the effect of conversion of options	**8,277**	2,439
Weighted average number of ordinary shares, including options (diluted)	**327,748**	318,222
Basic earnings per share	**Cent**	Cent
Basic earnings per share	**86.4**	16.4
Adjusted basic earnings per share	**17.0**	15.3
Diluted earnings per share		
Diluted earnings per share	**84.2**	16.3
Adjusted diluted earnings per share	**16.6**	15.2
Continuing Operations	**€m**	€m
Earnings from continuing operations as reported	**47.0**	46.7
Adjustments for exceptional items, net of tax	**3.4**	(2.6)
Adjusted earnings from continuing operations, net of tax	**50.4**	44.1
Basic earnings per share	**Cent**	Cent
Basic earnings per share	**14.7**	14.8
Adjusted basic earnings per share	**15.8**	14.0
Diluted earnings per share		
Diluted earnings per share	**14.3**	14.7

Adjusted diluted earnings per share	**15.4**	13.9

Discontinued Operations	**€m**	€m
Earnings from discontinued operations as reported	**229.1**	5.2
Adjustments for exceptional items, net of tax	**(225.2)**	(0.9)
Adjusted earnings from discontinued operations, net of tax	**3.9**	4.3

Basic earnings per share	**Cent**	Cent
Basic earnings per share	**71.7**	1.6
Adjusted basic earnings per share	**1.2**	1.4
Diluted earnings per share		
Diluted earnings per share	**69.9**	1.6
Adjusted diluted earnings per share	**1.2**	1.4

Basic earnings per share is calculated by dividing the profit attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased/issued by the Company and held as treasury shares (at 31 August 2010: 12.6 million shares; at 31 August 2009: 13.8 million 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 324,534 at 31 August 2010 and 2,439,210 at 31 August 2009) 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.

In addition, the potentially dilutive impact of 4,390,268 (31 August 2009: 2,414,900) employee share options have been excluded from the diluted earnings per share calculation on the basis that they are anti-dilutive as at 31 August 2010.

8. Goodwill & intangible assets

	Goodwill €m	**Brands €m**	**Other intangible assets €m**	**Total €m**
Cost				
At 1 March 2009 and 31 August 2009	394.7	-	-	394.7
At 1 March 2010	424.0	82.1	1.6	**507.7**
Disposal of Spirits & Liqueurs business	(49.6)	-	-	**(49.6)**
Purchase price adjustment	0.8	-	-	**0.8**
Currency retranslation	2.5	6.9	0.1	**9.5**
At 31 August 2010	**377.7**	**89.0**	**1.7**	**468.4**
Amortisation	-	-	-	-
Net Book Value at 31 August 2010	**377.7**	**89.0**	**1.7**	**468.4**

During the year ended 28 February 2010, the group acquired the Tennents beer brands and a number of cider brands, including Gaymers, Blackthorn and Olde English from AB Inbev and Constellation Brands Inc respectively which were valued at fair value on acquisition in accordance with the requirements of IFRS 3. 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. Accordingly the Directors believe that it is appropriate that the brands be treated as having indefinite lives for accounting purposes.

Other intangible assets comprise 20 year distribution rights for third party beer products and are subject to amortisation on a straight line basis over the length of the distribution arrangements. The amortisation charge for the period ended 31 August 2010 is less than €0.1 million (31 August 2009: nil).

The carrying value of brands and goodwill in the Balance Sheet were assessed for impairment at 31 August 2010. The Group, having performed the impairment testing, is satisfied that the carrying value of brands and goodwill has not been impaired and is confident that there continues to be significant headroom in the recoverable amount of the related cash generating units compared to their carrying value.

9. Property, plant & equipment

Acquisitions and disposals
During the six months ended 31 August 2010, the Group acquired assets with a cost of €11.8 million (six months ended 31 August 2009: €4.2 million). There were no disposals of property, plant & equipment during the period.

Capital commitments
At 31 August 2010, the Group had entered into contracts to purchase property, plant & equipment that were outstanding at the period end totalling €1.6 million (31 August 2009: €2.1 million).

Impairment
The carrying value of items of property, plant & equipment are reviewed for impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. No impairment charges have been recorded in the six month period ended 31 August 2010.

10. Borrowings

Maturity analysis	**31 August 2010 €m**	31 August 2009 €m	28 February 2010 €m
Current			
Unsecured bank loans repayable by instalment	**53.8**	-	16.7
Non-current			
Unsecured bank loans repayable by bullet repayment on maturity (8 May 2012)	**184.6**	309.3	461.7
	238.4	309.3	478.4

Unamortised issue costs of €1.0 million (28 February 2010: €1.8 million, 31 August 2009: €0.7 million) have been netted against outstanding bank loans.

11. Analysis of net debt/(cash)

	Cash & cash equivalents €m	**Interest rate swaps €m**	**Bank loans due after one year €m**	**Net debt/(cash) €m**
At 31 August 2009	(138.2)	5.8	309.3	176.9
At 1 March 2010	(113.5)	4.9	478.4	369.8
At 31 August 2010	**(263.1)**	**3.9**	**238.4**	**(20.8)**

The Group manages its borrowing ability by entering into committed borrowing agreements. The Group currently has two committed debt facilities in place:-

- A euro five year committed revolving loan facility, repayable on the fifth anniversary of the date of the agreement (8 May 2012), subject to variable Euribor interest rates plus a margin, the level of which is dependent on the net debt:EBITDA ratio which for the period ended 31 August 2010 was 55bps (period ended 31 August 2009: 35bps), a portion of which has been hedged to fixed rates using interest rate swaps.

  Under the facility agreement the net proceeds from the disposal of part of the Group's business, in excess of an agreed deminimus, must be applied to repay outstanding loans and the available committed facility reduced by that amount unless such proceeds arose from a non-core element of the business and are reinvested within 12 months from the date of disposal. A portion of the net disposal proceeds (€245 million) arising from the Group's disposal of the Spirits & Liqueurs business was used to repay debt and the available committed facility was reduced by the same amount.

  The Group's euro loan facility is fully drawn at 31 August 2010 (31 August 2009: €120 million undrawn).

- A sterling committed revolving loan facility repayable in instalments commencing on 30 June 2010 and with a final repayment date of 30 June 2011. The facility is subject to variable Libor interest rates plus a margin of 275bps. At 31 August 2010, the Group had drawn £45 million under this facility and had an available undrawn facility of £9 million.

All bank loans are guaranteed by a number of the Group's subsidiary undertakings. The loan facilities 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 a half year date will not be less than 3.5:1. Interest cover for the 12 months ended 31 August 2010 is 13.2 times (31 August 2009: 13 times).
- 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 Group is in a net cash position as at 31 August 2010, the Net debt:EBITDA for the 12 months ended 31 August 2009 was 1.7:1)

The undrawn committed facilities available to the Group, which are subject to a commitment fee of 50% of the margin payable, as at 31 August 2010 amounted to £9 million (2009: €120 million).

12. Retirement benefit obligations

As disclosed in the Annual Report for the year ended 28 February 2010, the Group operates a number of defined benefit pension schemes for employees in the Republic of Ireland and Northern Ireland, all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group provides permanent health insurance cover for the benefit of its employees and separately charges this to the income statement.

The actuary, Mercer Human Consulting, to the defined benefit schemes in the Republic of Ireland completed an actuarial valuation as at 1 January 2009 and submitted an Actuarial Funding Certificate to the Pensions Board confirming that the Scheme did not satisfy the Minimum Funding Standard at that date. The Group is obliged to present a Funding Proposal by 31 May 2011 to the Pensions Board outlining the actions the Trustee and Group have agreed to take with the objective of putting the Scheme in a position to satisfy the funding standard.

Movement on the deficit for the period was as follows:-

	31 August 2010	31 August 2009
	€m	€m
Retirement benefit deficit at beginning of period	**21.2**	45.5
Current service cost	**0.6**	0.9
Net finance cost	**0.8**	0.8
Past service cost	**-**	0.3
Curtailment gain	**(0.5)**	(3.4)
Actuarial losses /(gains)	**28.5**	(9.7)
Group contributions	**(0.9)**	(0.1)
Retirement benefit deficit at end of period	**49.7**	34.3

The defined benefit pension schemes' assets and liabilities have been marked-to-market as at 31 August 2010 to reflect fair value of assets and changes in assumptions by the schemes' actuaries. The assumption changes relate to discount rates applied and Northern Ireland salary inflation (reduced from 4.45% to 4.2%). All other significant assumptions applied in the measurement of the Group's pension obligations at 31 August 2010 are consistent with those as applied at 28 February 2010 and as set out in the Group's last Annual Report.

The actuarial losses incurred in the period under review and the increase in the retirement benefit deficit is primarily driven by a reduction in discount rates. The discount rate used to value the liabilities for the Northern Ireland scheme decreased from 5.75% to 5.0%, while the discount rate used for the Republic of Ireland schemes reduced from 5.4% to 4.4%. The overall actuarial loss on liabilities was €32.6 million, of which €31.3 million was due to the reduction in discount rates with the remaining €1.3 million due to an experience loss. The actuarial loss on liabilities was partially offset by an actuarial gain on assets of €4.1 million due to asset returns earned being greater than those expected.

The actuarial gains incurred during the prior period arose predominantly as a result of asset returns earned being significantly greater than those expected resulting in an actuarial gain of €14.6 million; this was partially reduced by an overall actuarial loss on liabilities which was driven by the reduction in discount rates. The discount rate used to value the liabilities for the Northern Ireland scheme decreased from 6.5% to 5.5%, while the discount rate used for the Republic of Ireland schemes reduced from 5.5% to 5.3%. In addition the salary inflation assumption for the Republic of Ireland decreased from 3.5% to 3.0%, which reduced the overall actuarial loss on liabilities.

13. Other reserves

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

Cash flow hedge reserve
The hedging reserve comprises 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 comprises amounts expensed in the income statement in connection with share option grants under the Group's Executive Share Option Scheme and Long Term Incentive Plan and interests awarded under the Group's Joint Share Ownership Plan falling within the scope of IFRS 2 *Share-based Payment* less any exercises or lapses of such share options.

Currency translation reserve
The translation reserve comprises all foreign exchange differences from 1 March 2004, arising from the translation of the net assets of the Group's non-euro denominated operations, including the translation of the profits of such operations from the average exchange rate for the period to the exchange rate at the balance sheet date as adjusted for foreign currency borrowings and other derivatives designated as net investment hedges.

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 for these shares is deducted from total shareholders' equity and classified as treasury shares on consolidation.

14. Dividend

A final dividend of 3 cent per ordinary share (2009: 3 cent) was paid to shareholders on 1 September 2010. An interim dividend of 3.3 cent per share is proposed on 335,724,467 ordinary shares amounting to €11.1 million.

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

15. Related parties

The principal related party relationships requiring disclosure are as identified in the 2010 Annual Report and pertain to the existence of subsidiaries, transactions with these entities entered into by the Group and the identification and compensation of key management personnel. There have been no 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 2011.

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.

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and equity compensation benefits. Key management personnel received total compensation of €2.1m for the six months ended 31 August 2010 (six months ended 31 August 2009: €2.0m).

John Dunsmore and Stephen Glancey each exercised their interests in 1,706,666 ordinary shares (being one third of their restricted interest in 5,120,000 ordinary shares held under the C&C Joint Share Ownership Plan that vested on the first anniversary of acquisition) on 21 June 2010 at a value of €3.29. The shares were purchased by their respective wives.

16. Events after the balance sheet date

There were no material events subsequent to the Balance Sheet date (31 August 2010) which would require disclosure in this report.

17. Board approval

The Board approved the financial report for the six months ended 31 August 2010 on 12 October 2010.

18. Distribution of interim report

This report is available on the Group's website (candcgroupplc.ie). Details of the Scrip Dividend Offer in respect of the interim 2011 financial year dividend will be posted to shareholders on 3 November 2010.