C&C group plc

RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2015

Dublin, London, 13 May 2015: C&C Group plc ('C&C' or the 'Group'), a leading manufacturer, marketer and distributor of branded cider, beer, wine and soft drinks announces results for the year ended 28 February 2015.

Financial Overview

- Net revenue growth of 10.3% to €683.9million
- Operating profit[(i)] of €115million declined 9.2% but in line with stated guidance
- Solid performance in the core segments of Ireland and Scotland with operating profit[(i)(ii)] growth of 1.5% and 1.8% respectively
- Challenging trading environments in C&C Brands and in the US leading to a decline in profitability in both segments. One off impairment charge of €150million to US asset value reflects the rebased profit level
- Strong cash flow generation with pre-exceptional Free Cash Flow[(iii)] of €85.7million, equating to 61.3% of EBITDA[(iv)], representing an improvement of 9 ppts on prior year
- Strong balance sheet with Net Debt[(v)] to EBITDA[(iv)] at 1.1x after €30million of share buy backs
- A recommended final dividend increase of 22.8% to 7.0 cent per share. Full year dividend growth of 15% and a pay-out ratio of 42.3%; a level considered appropriate to the cash generative characteristics of the business

Operational Overview

- ***Core Segments: Ireland and Scotland***
  - Consolidation following Gleeson and Wallaces Express acquisitions delivered cost reduction in the year
  - Strong portfolio performance with growth in 'new brands' (*Heverlee, Caledonian, Clonmel 1650*) and third party partner brands
  - Passion for brands and quality reflected in awards for *Clonmel 1650* and *Tennent's Gluten Free 1885*
  - Increased FY2016 investment and support for *Tennent's* and *Bulmers* brands
  - Transformation of business models to brand led wholesaler with further progress planned for FY2016
- ***C&C Brands***
  - Repositioning of C&C Brands commenced in 4th quarter
  - Cost rationalisation plans announced
  - Focus on simplified business model and stabilisation
  - Finding a structural solution for the long term remains a priority
- ***North America***:
  - FY2015 was a year of significant investment for the Group
  - New cidery opened in August. Overall support and investment behind brands increased and there was considerable activity in NPD, including the launch of Gumption and Hopsation
  - Disruption effect of new entrants eased in the second half of the year
  - Assets are well invested and positioned to return to growth in a market anticipated to grow dynamically but with a more stable competitive landscape in FY2016
- ***Export***:
  - Distributor issues in Australia were resolved in the year
  - Excluding Australia, export volume was up 17%
  - Exports of Tennent's brand grew 37% in the year
  - Recent development of the cider category in Asia and Europe validates long term potential for cider
  - Resource and investment reshaped to enable the Group to better capitalise on the opportunity

For note references please see page 14

Stephen Glancey, C&C Group CEO, commented:

"Our core businesses in Ireland and Scotland, which represent 86% of operating profit(i), delivered modest earnings growth during the year. During the course of FY2015, we continued to make progress towards our objective of building leading brand-led distribution businesses in both of these regions. This model reinforces the sustainability of our earnings and cash generation capability which, in turn, drives our ability to create and sustain value for shareholders.

Our integration with Gleeson in Ireland has now completed and we are making solid progress with Wallaces Express. In addition, we continue to invest behind our iconic Bulmers and Tennent's brands.

Outside of our core segments, we have been restructuring and investing behind our market positions and brands to drive performance. During the year, we have consolidated our C&C Brands business; accelerated our product investment and development in the US; and, made exciting progress in new international markets.

Reflecting both the strength of our balance sheet and our free cash flow characteristics, we completed a €30 million share buyback in FY2015. Today, we announce an increased final dividend consistent with our commitment to provide certainty of value in the form of a progressive dividend stream. The medium term target is to increase the Group's payout ratio to closer to 50% of earnings.

In parallel, our objective is to continue to invest in the business to build durable value. We will continue to evaluate the available range of capital allocation opportunities to drive improved returns. Absent any significant capital allocation decisions, and to improve capital efficiency, we expect to move to a higher leverage multiple by the end of our FY2018 fiscal year with a target of approximately 2 times net debt to EBITDA within this time frame.

Operationally, FY2016 is a period of stabilisation and investment. We have made a decent start in the early part of the year."

RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2015

	FY2015	**% change**
Net revenue	€683.9m	10.3%
EBITDA(iv)	€139.9m	(7.2%)
Operating profit(i)	**€115.0m**	(9.2%)
Free cash flow*(iii)	**€85.7m**	9.2%
Free cash flow* /EBITDA (% conversion)	**61.3%**	
Adjusted diluted EPS(vi)	**27.2 cent**	(7.8%)
Dividend per share	**11.5 cent**	15.0%
Net debt(v)/EBITDA	**1.1x**	

** before cash outflow for exceptional items*

For note references please see page 14

About C&C Group plc

C&C Group plc is a manufacturer, marketer and distributor of branded cider and beer. The Group manufactures Bulmers, the leading Irish cider brand, Magners, the premium international cider brand, Gaymers cider and the Shepton Mallet Cider Mill range of English ciders, the Tennent's beer brand and the recently launched Clonmel 1650. C&C Group also owns Woodchuck and Hornsby's, two of the leading craft cider brands in the United States. The Group's Irish wholesaling subsidiary, Gleeson Group, manufactures Tipperary Water and Finches soft drinks. The Group also distributes a number of beer brands in Scotland, Ireland and Northern Ireland, primarily for Anheuser-Busch InBev, and owns Wallaces Express a Scottish drinks wholesaler.

Note regarding forward-looking statements

This announcement includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which C&C believe are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on pages 15 to 16 that could cause actual results to differ materially from those anticipated.

Conference Call Details | Analysts & Institutional Investors

C&C Group Plc will host a presentation for analysts and institutional investors, today, 13 May 2015, at 08.30am BST (03.30am ET) at Davy, Level 13, Dashwood House, 69 Old Broad Street, London EC2M 1QS.

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

Ireland	+353 1 696 8154
UK & Europe	+44 203 139 4830
USA	+1 718 873 9077

Pin Code: 29099017#

Conference Call Details | Media

Management will host a newswire conference call today at 07.30 BST which can be accessed using the dial-in details below.

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

Pin Code: 39287237#

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

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

Pin Code: 18379529#

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

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SEGMENTAL BUSINESS REVIEW

Ireland │ Operations review

	Ireland		
	FY2015	**FY2014**	**Change**
Constant Currency(ii)	**€m**	**€m**	**%**
Revenue	403.2	399.2	1.0%
Net revenue	286.9	293.1	(2.1%)
Operating profit(i)	59.1	58.2	1.5%
Operating margin (Net revenue)	20.6%	19.9%	
Volume – (kHL) EXCLUDING GLEESON	976	971	0.5%

IRELAND

The Group's LAD volumes in the Island of Ireland, excluding Gleeson, were up 0.5% during the year. Off-trade volume was up 2.8% whereas on-trade volume declined by 3.8%. Despite volume growth, net revenue declined 2.1%. Strong performance in off-trade resulted in a negative price/mix impact, although underlying rates remain healthy in both the on and off-trade. The timing of changes in a number of distribution agreements resulted in lower Gleeson revenues during the year. The Group delivered savings through ongoing integration and cost focus. As a consequence, operating profit(i) increased to €59.1million and operating margin increased to 20.6%.

Cider
In FY2015, cider net revenue in the Island of Ireland decreased by 7.5% of which volume accounted for 4.1% and price/mix for 3.4%. The cider category in Republic of Ireland performed below the wider LAD category partly due to the one-off impact of the exceptional summer on cider in the previous financial year. As a consequence Bulmers brand volume as a percentage of LAD slipped to 8.8% (from 9.2% the previous year)(vii). From a consumer and customer perspective the brand remains exceptionally strong with distribution at 95% in the on-trade and continued high scores in brand equity measures. During FY2015 we maintained marketing investment in the Bulmers brand and have recently launched an up-weighted FY2016 plan. The 'Not a Moment Too Soon' campaign has resonated exceptionally well with our target audience since it first aired on TV. The heavyweight campaign is structured around a programme of TV, radio, outdoor, cinema and digital advertising throughout the year.

Beer
Beer volumes were positive in the year with Tennent's, recent new product launches and ABI brands all doing well. The performance of the portfolio highlights the credential of the business for balancing and driving owned brands and third party partnership brands. Clonmel 1650, a premium Irish authentic lager brewed in the new craft brewery in Clonmel, was rolled out to over 500 targeted outlets across Ireland during the second half of the year. Encouraging rate of sale and growing distribution give reason to be optimistic on the outlook for the new brand. Clonmel 1650 and Heverlee have been particularly successful in gaining traction in Northern Ireland.

Gleeson
The Gleeson business has had a mixed year. Integration has significantly changed the business model in Ireland. The Irish business now services customers with one Island of Ireland sales force, from a new information technology platform and we are in the process of setting up a central telesales operation based in new offices in Belfast. Support functions have been consolidated and the restructured sales, marketing and finance functions have delivered cost savings in the year. There has been some pressure on Gleeson revenues as a consequence of gains and losses in distribution contracts. A number of brand owners made the decision earlier in the year to move to alternative distributors for competitive reasons. In the latter part of the year we won a number of new high quality contracts, most notably distribution rights for Corona lager in Ireland and a sizeable wine supply deal. Inevitably, there will be some volatility in revenue as old arrangements cease and new ones commence and the business continues to develop the operating model to mitigate the impact of revenue volatility.

For note references please see page 14

Scotland │ Operations Review

Constant Currency[ii]	Scotland FY2015 €m	FY2014 €m	Change %
Revenue	332.2	253.5	31.0%
Net revenue	223.6	138.5	61.4%
Operating profit[i]	39.2	38.5	1.8%
Operating margin (Net revenue)	17.5%	27.8%	
Volume – (kHL) EXCLUDING WALLACES EXPRESS	1,300	1,357	(4.2%)

SCOTLAND

Operating profits[i] in Scotland (including Wallaces Express) increased by 1.8% to €39.2million. The decline in operating margin is purely a function of moving from a branded model to a branded wholesale model where third party brands are sold at lower margins alongside own brands.

Operating profit growth would have been stronger had it not been for challenging trading conditions in the final quarter following the introduction of stricter "drink drive" legislation in Scotland. The Tennent's brand remains in robust health with a strong performance in both the on and off-trade channels. The Group increased brand investment on Tennent's in FY2015 and is planning a further increase in the next financial year.

Brands launched in recent years continue to make good progress. Caledonia Best, which has captured 22% of on-trade smooth draught ale since its launch[vii], grew 3.6% in the year. Equally, Heverlee, our authentic hand-crafted premium Belgian lager, continues to make great progress in Scotland with volume growth of 116% in the financial year.

Overall net revenue increased by 61.4% with the inclusion of Wallaces Express following acquisition.

Integrating the wider TCB and Wallaces Express business onto one platform has been a complex and time intensive process. Integration is well underway with sales force already merged, new information technology platform developed and a new distribution footprint established. A key element of the distribution footprint is an agreement with DHL, which will drive significant cost savings. The most important integration changes will take place in the next few months with the new information technology platform and new distribution platform fully implemented and the critical transition to a one stop customer service offering. Completion is anticipated by summer 2015. The resulting single platform will reinforce our customer centric, brand led wholesale model and will enable the business to optimise revenue performance in the medium term and deliver cost synergies in FY2016.

The Drygate craft brewery opened in Glasgow during the year. This is a joint venture with Williams Bros which facilitates participation in the craft arena. The joint venture is operated independently of the Wallaces TCB business.

New lending in the year was €5.6million, down from €11.2million in the prior year. The business will continue to invest new money in support of the independent free trade.

For note references please see page 14

C&C Brands │ Operations Review

Constant Currency(ii)	C&C Brands FY2015 €m	FY2014 €m	Change %
Revenue	182.0	212.6	(14.4%)
Net revenue	107.0	131.1	(18.4%)
- *Price/mix impact*			*(7.4%)*
- *Volume impact*			*(11.0%)*
Operating profit(i)	10.4	16.7	(37.7%)
Operating margin (Net revenue)	9.7%	12.7%	
Volume – (kHL)	1,435	1,613	(11.0%)

C&C BRANDS

The commercial environment in the C&C Brands segment remains challenging with intense competition as off-trade retailers fight for market share. This coupled with brand proliferation and range extensions on the supply side has led to a deflationary pricing environment and a squeeze on established brands. Our business has been impacted by these dynamics, experiencing a net sales revenue decline through volume and price/mix. As a consequence of operational gearing, volume and revenue performance has had a significant impact on the profitability of the business with operating profit(i) falling to €10.4million.

The Magners brand remains our key brand within C&C Brands but its performance has been affected by both retailer and competitive headwinds. Volume was down 14.1% and price/mix down 6.5% in the year. Consumer affinity for the brand remained strong with the brand regaining number one in premium apple cider in the off-trade(vii). However, economically the existing business model is not tenable. The business has therefore taken action to stabilise performance next year through cost reduction to support the competitiveness of the Magners brand. The Group will continue to focus on Magners as a value driver both domestically and internationally.

Performance of other brands in the portfolio was mixed. K Cider had a difficult year with volumes down 37% due to the loss of a key route to market customer. As we move into the new financial year, we have established a wider route to market base for K cider and volumes are recovering. There was an improvement in the performance of a number of our heritage brands. Across both the on and off-trade, Shepton Mallet Cider Mill branded volumes were down 1% versus a decline of 18% in the previous twelve months. At the same time, the brands moved into positive value growth in the off-trade after a period of re-branding and focus. The business is seeing some positive early signs in niche activity through the launch of Chaplin & Cork's, an awarding winning range of premium craft ciders.

The Group does not envisage any improvement in the competitive environment in the short to medium term and is therefore in the process of transitioning to a lower-cost operating model with a more focused brand portfolio approach. The first step in this process is rationalisation of the commercial cost base. This is now largely complete with a unified sales and marketing organisation assuming responsibility for the full brand portfolio in C&C Brands. This will deliver cost savings from the start of FY2016, and critically, will enable a more focussed approach to brand portfolio deployment. We will continue to review different strategic options for the long term.

For note references please see page 14

North America │ Operations Review

Constant Currency[ii]	FY2015 €m	North America FY2014 €m	Change %
Revenue	47.5	59.5	(20.2%)
Net revenue	45.3	56.9	(20.4%)
- *Price/mix impact*			*(2.8%)*
- *Volume impact*			*(17.6%)*
Operating profit[i]	1.5	10.9	(86.2%)
Operating margin (Net revenue)	3.3%	19.2%	
Volume – (kHL)	323	392	(17.6%)

NORTH AMERICA

United States

The cider category has experienced excellent growth with volume of 25.6million cases in calendar year 2014, up 54% on the previous year[vii]. For our cider business, however, the year was defined by severe market disruption as global and domestic brewers invested heavily to build a distribution footprint for their new brands. At the same time, a small but growing local craft cider movement has become a market feature. As a consequence our share of the category has come under pressure and Woodchuck brand depletions were down 15%.

During the year we have continued to invest in the US business. The new state of the art $34.5million cidery in Vermont was completed and is now in operation. The Woodchuck brand has been refreshed with new packaging and a new marketing campaign with activity focussed on selected States. The Group have also launched a number of innovative Woodchuck line extensions. The two most recent launches are Hopsation and Gumption and both have received positive feedback from distributors and consumers. In the last six months the Group has seen Woodchuck share of the key off-trade channel begin to improve in the month on month retail data[vii]. In addition, the distributor network has been stable and supportive during FY2015. These are encouraging signs as we move into FY2016.

Shipments of the Magners brand grew by 2% despite competitive pressure from new entrants. The brand now enjoys wider distribution across the United States which has helped deliver the volume growth. Blackthorn shipment volumes grew by 29% with a dry authentic English cider offering something different to the consumer. The Hornsby's brand continued to decline in the year as we focus on other brands in the portfolio.

Despite the number of new entrants to the category, the retail pricing environment has remained relatively stable with a price point similar to high end craft beer and well above the beer category average.

The business continued to invest in sales and marketing activities despite lower volumes with the combined investment now 27% of sales. At the same time, factory utilisation deteriorated due to the cessation of a major packaging contract towards the end of FY2014. The combined effect of volume decline, loss of contract packaging and increased investment in sales/marketing led to significant downward pressure on operating profit. The US asset is well invested, however, and as the competitive landscape stabilises any uplift in volume will flow through to bottom line profitability.

For note references please see page 14

Export │ Operations Review

Constant Currency[ii]	FY2015 €m	Export FY2014 €m	Change %
Revenue	21.6	22.1	(2.3%)
Net revenue	21.1	21.9	(3.7%)
- *Price/mix impact*			*(5.0%)*
- *Volume impact*			*1.3%*
Operating profit[i]	4.8	5.2	(7.7%)
Operating margin (Net revenue)	22.7%	23.7%	
Volume – (kHL)	155	153	1.3%

EXPORT

Export includes all markets outside of the UK, Ireland and North America. Volume in the Export segment grew by 1.3% relative to prior financial year. Overall performance was adversely impacted by Australia where shipment volumes declined 61% and net revenue declined by 70%. This was as a consequence of a difficult distributor transition with excess stock in the market limiting shipments and leading to price concessions to clear stock. The excess stock has now been cleared, shipments have resumed with a strong final quarter, and we have solid distribution platform with Bacardi Lion leading into FY2016.

Volumes excluding Australia grew by 17% with particular success in Europe where the business enjoyed 22% growth. This was driven by an excellent performance in Italy where volume increased by 57% driven by the Tennent's Extra brand. The Netherlands, Portugal and Germany contributed volume growth of 46%, 31% and 28% respectively.

Outwith Europe, the Group continued to develop its presence in Asia with volume growth of 39% excluding India. Thailand, Taiwan and Malaysia were the primary drivers of growth. The Group is also investing for the future, opening a regional office in Singapore and increasing commercial resource in the Asia region.

The Group is now exporting to over 50 countries with the top 3 accounting for circa 50% of sales.

During the year the Magners brand grew by 17% (excluding Australia) with double digit growth in Asia, Portugal and the Netherlands. The Tennent's brand grew by 37% with the uplift primarily coming from Italy.

The distributor transition in Australia impacted financial performance with FY2015 operating profit[i] of €4.8million being 7.7% lower than the previous year. Excluding Australia, the export markets achieved modest profit improvement year on year.

Over the last 12 months, the cider category has shown some signs of fulfilling its potential with dynamic growth in a number of new markets in Europe and Asia. The export market opportunity for the Group is growing in scale and we intend deploying additional resource in FY2016 to start capitalising on it.

For note references please see page 14

FINANCE REVIEW

	Year ended 28 February 2015 €m	Year ended 28 February 2014 €m	CC[ii] Year ended 28 February 2014 €m	Change %	CC - Change %
Net revenue	**683.9**	620.2	641.5	*10.3%*	*6.6%*
Operating profit[i]	**115.0**	126.7	129.5	*(9.2%)*	*(11.2%)*
Net finance costs	**(8.8)**	*(11.0)*			
Share of equity accounted investees' (loss)/profit after tax	**(0.1)**	*0.5*			
Profit before tax	**106.1**	116.2			
Income tax expense	**(14.6)**	(15.1)			
*Effective tax rate**	***13.7%***	*13.1%*			
Profit for the year attributable to equity shareholders[i]	**91.5**	101.1			
Adjusted diluted EPS[vi]	**27.2 cent**	29.5 cent		*(7.8%)*	
Dividend per Share	**11.5 cent**	10.0 cent		*15.0%*	
Dividend payout ratio	***42.3%***	*33.9%*			

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

C&C is reporting net revenue of €683.9million, operating profit[i] of €115.0million and adjusted diluted EPS[vi] of 27.2 cent. On a constant currency[ii] basis, net revenue increased 6.6% and operating profit[i] decreased 11.2%.

FINANCE COSTS, INCOME TAX AND SHAREHOLDER RETURNS

Net finance costs decreased to €8.8million (2014: €11.0million). This reflects a reduction in interest rates and the fact that drawn debt for the last two months of the year, post the negotiation of the Group's 2014 multi-currency facility, was predominately drawn in euro at more favourable interest rates than those payable under the 2012 facility when the bulk of the drawn debt was denominated in USD. Drawn debt for the period did not change materially from the prior year. Interest income in FY2015 was €0.2million greater than FY2014. Net finance costs are also inclusive of an unwind of discount on provisions charge of €0.9million (2014: €0.9million).

The income tax charge in the year excluding the charge in relation to exceptional items and equity accounted investees amounted to €14.6million. This represents an effective tax rate of 13.7%, an increase of 0.6 percentage points on the prior year. The Group has more profits taxed in the UK in the current year following the acquisition of Wallaces Express which has resulted in this increase year on year. The effective tax rate at 13.7% reflects the fact that the Group is established in Ireland's low tax environment, allowing the Group to avail of the 12.5% tax rate on profits generated in Ireland.

Subject to shareholder approval, the proposed final dividend of 7.0cent per share will be paid on 10 July 2015 to ordinary shareholders registered at the close of business on 22 May 2015. The Group's full year dividend will therefore amount to 11.5cent per share, a 15% increase on the previous year. The proposed full year dividend per share will represent a payout of 42.3% (FY2014: 33.9%) of the full year reported adjusted diluted earnings per share[vi]. This increase in both dividend per share and payout ratio reflects confidence in stability of earnings and cash generation capability of the core business.

A scrip dividend alternative will be available. Total dividends paid to ordinary shareholders in FY2015 amounted to €35.1million, of which €29.5million was paid in cash, €0.1million was released with respect to previously accrued LTIP (Part I) dividend entitlements where the related LTIP (Part I) were deemed to have lapsed in the current financial year, while €5.7million or 16% (FY2014: 10%) was settled by the issue of new shares.

In the current financial year, as part of the Group’s capital allocation approach the Group undertook share re-purchases. The Group invested €30.0million in on market share repurchases, purchasing 9,025,000 shares at an average price of €3.29. The Group’s UK stockbrokers, Investec, conducted the share re-purchase programme. All shares acquired are held as treasury shares. At the AGM held on 3 July 2014, shareholders granted the Company and its subsidiaries authority to make market purchases of up to 10% of its own shares.

EXCEPTIONAL ITEMS

FY2015 represented a year of revaluation, restructuring, integration and consolidation. Consequently costs of €173.4million were incurred, which due to their nature and materiality were classified as exceptional items for reporting purposes, a presentation which, in the opinion of the Board, provides a more helpful analysis of the underlying performance of the Group.

The main items which were classified as exceptional include:-

(a) Impairment of intangible assets: Brand values and goodwill are assessed for impairment on an annual basis by comparing the carrying value of the assets with their recoverable amounts using value in use computations. A review of the carrying value of all intangible asset values was completed during FY2015 and as a result of this review an impairment charge of €150million was taken with respect of the Group's intangible assets in the US. This represented a write down of 19% of the Group's intangible assets. The magnitude of the impairment charge is increased due to the strengthening of the dollar against the euro in the current financial year; a comparable impairment last year would have resulted in a charge of €122.7million.

(b) Restructuring costs: Restructuring costs of €2.8million comprising severance and other initiatives primarily arose from a reorganisation programme in England & Wales.

(c) Acquisition related costs: The Group completed the acquisition of Green Light Brands Ltd., Monuriki Drinks Ltd., and Monuriki Sales and Marketing Ltd. during the current financial year for €3.2million. These were external consultancy entities that provided sales and marketing services to the Group's Shepton Mallet Cider Mill business and its International Wines & Spirits division. A decision was taken to bring these entities in-house as part of a rationalisation initiative of the Group’s sales and marketing structure. The Group also incurred costs of €0.5million with respect of the Group's preliminary approach of the Spirit Pub Group.

(d) Revaluation of property, plant & equipment: In line with Group policy, an external valuation of the Group's property, plant & equipment was completed in FY2015. This resulted in a net revaluation loss of €10.5million accounted for in the income statement and a gain of €5.3million which was accounted for within other comprehensive income. Also during the year, in light of a material reduction in the utilisation levels of a bottling line located at the Group's Shepton Mallet cider manufacturing plant, a decision was taken to impair the bottling line by €3.3million.

(e) Impairment of investment in equity accounted investee: The Group impaired its investment in the Maclay Group plc as a result of the Maclay Group plc entering administration proceedings during the financial year. This resulted in an impairment of the Group’s investment of €2.0million and the impairment of related derivative financial instruments of €0.6million which were accounted for within finance expense.

(f) Integration costs: Integration costs of €2.2million were incurred in the financial year comprising professional and other related fees primarily attributed to the integration of the acquired Wallaces Express and Gleeson businesses with the Group's existing business.

(g) Profit on disposal of property, plant & equipment: A profit of €0.8million was realised following the disposal of land & buildings which were surplus to requirements.

BALANCE SHEET STRENGTH, DEBT MANAGEMENT AND CASHFLOW GENERATION

Balance sheet strength provides the Group with the financial flexibility to pursue its strategic objectives. It is Group policy to ensure that a medium/long term debt funding structure is in place to provide the Group with the financial capacity to promote the future development of the business and to achieve its strategic objectives.

During the current financial year the Group amended and updated its committed €450million multi-currency five year syndicated revolving loan facility. The facility agreement provides for a further €100million in the form of an uncommitted accordion facility and permits the Group to have additional indebtedness to a maximum of

€150million, giving the Group debt capacity of €700million. The debt facility matures on 22 December 2019. At 28 February 2015 net debt was €157.8million representing a net debt [v]:EBITDA[iv] ratio of 1.1x.

Brand values and goodwill are assessed for impairment on an annual basis by comparing the carrying value of the assets with their recoverable amounts using value-in-use computations. As outlined above an impairment with respect to the US business was taken in the current financial year. All other business segments had sufficient headroom. No reasonable movement in any of the underlying assumptions would result in an impairment in the Ireland, Scotland, C&C Brands or Export business segments.

Cash generation
Management reviews the Group's cash generating performance by measuring the conversion of EBITDA[iv] to Free Cash Flow[iii] as we consider that this metric best highlights the underlying cash generating performance of the continuing business.

The Group's performance during the year resulted in an EBITDA[iv] to Free Cash Flow[iii] conversion ratio of 58.8% (2014: 40.9%). A reconciliation of EBITDA to operating profit and a summary cash flow statement are set out on page 12.

Reconciliation of EBITDA(iv) to Operating (loss)/profit	2015	2014	2014 CC(ii)
	€m	€m	€m
Operating (loss)/profit	(58.4)	106.0	
Exceptional items	173.4	20.7	
Operating profit before exceptional items	115.0	126.7	129.5
Amortisation/depreciation	24.9	24.0	24.7
EBITDA (iv)	139.9	150.7	154.2

Cash flow summary	2015	2014
	€m	€m
EBITDA (iv)	139.9	150.7
Working capital	(8.4)	0.7
Advances to customers	(3.1)	(14.3)
Capital expenditure	(21.9)	(38.5)
Disposal proceeds	17.8	10.0
Net finance costs	(9.1)	(8.3)
Tax paid	(12.8)	(13.7)
Exceptional items paid	(3.4)	(16.9)
Pension contributions paid	(6.4)	(6.8)
Other*	(10.3)	(1.3)
Free cash flow(iii)	82.3	61.6
Free cash flow conversion ratio	58.8%	40.9%
- Exceptional cash outflow	*3.4*	*16.9*
- Free cash flow excluding exceptional cash outflow	*85.7*	*78.5*
- Free cash flow conversion ratio excluding exceptional cash outflow	61.3%	52.1%
Reconciliation to Group Condensed Cash Flow Statement		
Free cash flow(iii)	82.3	61.6
Proceeds from exercise of share options	1.0	5.0
Net proceeds from the sale of shares held by Employee Trust	-	1.2
Shares purchased under share buyback programme	(30.0)	-
Drawdown of debt	335.8	76.2
Repayment of debt	(337.6)	(57.3)
Payment of issue costs	(2.0)	-
Acquisition of business/deferred consideration paid	(13.6)	(8.6)
Acquisition of equity accounted investees	(0.5)	(12.0)
Dividends paid	(29.5)	(27.9)
Net increase in cash & cash equivalents	5.9	38.2

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

FOREIGN CURRENCY AND COMPARATIVE REPORTING

		FY2015	FY2014
Translation exposure	Euro:Stg£	£0.795	£0.846
	Euro:US$	$1.295	$1.334

As shown above, the effective rate for the translation of results from sterling currency operations was €1:£0.795 (year ended 28 February 2014: €1:£0.846) and from US dollar operations was €1:$1.295 (year ended 28 February 2014: €1:$1.334).

CONSTANT CURRENCY CALCULATION FOR YEAR ENDED 28 FEBRUARY 2015 – COMPARATIVE REPORTING

Comparisons for revenue, net revenue and operating profit for each of the Group's reporting segments are shown at constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's sterling and US dollar denominated subsidiaries by restating the prior year at FY2015 effective rates. Applying the realised FY2015 foreign currency rates to the reported FY2014 revenue, net revenue and operating profit rebases the comparatives as shown below.

	Year ended 28 February 2014 €m	FX Transaction €m	FX Translation €m	Year ended 28 February 2014 Constant currency comparative €m
Revenue				
Ireland	395.1	-	4.1	399.2
Scotland	238.2	-	15.3	253.5
C&C Brands	199.7	0.3	12.6	212.6
North America	57.8	-	1.7	59.5
Export	22.1	-	-	22.1
Total	**912.9**	**0.3**	**33.7**	**946.9**
Net revenue				
Ireland	289.7	-	3.4	293.1
Scotland	130.2	-	8.3	138.5
C&C Brands	123.2	0.3	7.6	131.1
North America	55.2	-	1.7	56.9
Export	21.9	-	-	21.9
Total	**620.2**	**0.3**	**21.0**	**641.5**
Operating profit[(i)]				
Ireland	58.6	(1.1)	0.7	58.2
Scotland	36.2	-	2.3	38.5
C&C Brands	15.9	(0.6)	1.4	16.7
North America	10.7	(0.1)	0.3	10.9
Export	5.3	(0.1)	-	5.2
Total	**126.7**	**(1.9)**	**4.7**	**129.5**

Notes to Preliminary Announcement

(i) Operating profit and profit for the year attributable to equity shareholders is before exceptional items.

(ii) On a constant currency basis; constant currency calculation is set out on page 13.

(iii) Free Cash Flow is a non GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. Free Cash Flow highlights the underlying cash generating performance of the on-going business. A reconciliation of FCF to Net Movement in Cash & Cash Equivalents per the Group's Cash Flow Statement is set out on page 12.

(iv) EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and equity accounted investees' (loss)/profit after tax. A reconciliation of the Group's operating (loss)/profit to EBITDA is set out on page 12.

(v) Net debt comprises borrowings (net of issue costs) less cash & cash equivalents.

(vi) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Please also see note 8 of the condensed financial statements on pages 31 to 32.

(vii) Per Nielsen/CGA/IRI Data.

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 are set out below. The Group considers that currently the most significant risks to its results and operations over the short term are (a) strategic failures, (b) levels of competition in Great Britain ("GB") and the United States and (c) failure to attract and retain high-performing employees.

Risks and uncertainties relating to strategic goals

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

Risks and uncertainties relating to revenue and profits

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

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

Consumer preference may change, new competing brands may be launched and competitors may increase their marketing or change their pricing policies. The Group has a programme of brand investment, innovation and product diversification to maintain and enhance the relevance of its products in the market.

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

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

Risks and uncertainties relating to costs and production

Input costs may be subject to volatility and inflation and the continuity of supply of raw materials may be affected by the weather and other factors. The Group seeks to mitigate some of these risks through long term or fixed price supply agreements. The Group does not seek to hedge its exposure to commodity prices by entering into derivative financial instruments.

Circumstances such as the loss of a production or storage facility or disruptions to its supply chains or critical IT systems may interrupt the supply of the Group's products.

Financial risks and uncertainties

The Group's reporting currency is the euro but it transacts in foreign currencies and consolidates the results of non-euro reporting foreign operations. Fluctuations in value between the euro and these currencies may affect the Group's revenues, costs and operating profits. The Group seeks to mitigate currency risks, where appropriate, through hedging and structured financial contracts to hedge a portion of its foreign currency transaction exposure. It has not entered into structured financial contracts to hedge its translation exposure on its foreign acquisitions.

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

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

The Group may be adversely affected by changes in government regulations affecting alcohol pricing, sponsorship or advertising, and product types. Within the context of supporting responsible drinking initiatives, the Group supports the work of its trade associations to present the industry's case to government.

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

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

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

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

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

GROUP CONDENSED INCOME STATEMENT
For the year ended 28 February 2015

		Year ended 28 February 2015			Year ended 28 February 2014		
		Before exceptional items	Exceptional items (note 6)	Total	Before exceptional items	Exceptional items (note 6)	Total
	Notes	€m	€m	€m	€m	€m	€m
Revenue	4	**986.5**	**-**	**986.5**	912.9	-	912.9
Excise duties		**(302.6)**	**-**	**(302.6)**	(292.7)	-	(292.7)
Net revenue	4	**683.9**	**-**	**683.9**	620.2	-	620.2
Operating costs		**(568.9)**	**(173.4)**	**(742.3)**	(493.5)	(20.7)	(514.2)
Operating profit/(loss)	4	**115.0**	**(173.4)**	**(58.4)**	126.7	(20.7)	106.0
Finance income		**0.2**	**-**	**0.2**	-	-	-
Finance expense		**(9.0)**	**(0.6)**	**(9.6)**	(11.0)	-	(11.0)
Share of equity accounted investees' profit/(loss) after tax		**(0.1)**	**0.1**	**-**	0.5	-	0.5
Profit/(loss) before tax		**106.1**	**(173.9)**	**(67.8)**	116.2	(20.7)	95.5
Income tax (expense)/credit		**(14.6)**	**1.4**	**(13.2)**	(15.1)	2.9	(12.2)
Profit/(loss) for the year attributable to equity shareholders		**91.5**	**(172.5)**	**(81.0)**	101.1	(17.8)	83.3
Basic earnings per share (cent)	8			**(24.5c)**			24.7c
Diluted earnings per share (cent)	8			**(24.5c)**			24.3c

GROUP CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 28 February 2015

	Notes	2015 €m	2014 €m
Other comprehensive income and expense:			
Items that may be reclassified to profit or loss in subsequent years:			
Foreign currency translation differences arising on the net investment in foreign operations		**76.3**	12.8
Foreign currency translation differences arising on foreign currency borrowings designated as net investment hedges		**(3.0)**	4.2
Gain on revaluation of property, plant & equipment		**5.3**	-
Deferred tax on gain on revaluation of property, plant & equipment		**(0.2)**	-
Net movement in cash flow hedging reserve		**-**	(1.4)
Deferred tax on cash flow hedges		**-**	0.2
Items that will not be reclassified to profit or loss in subsequent years:			
Actuarial loss on retirement benefit obligations	10	**(20.7)**	(6.4)
Deferred tax on actuarial loss on retirement benefit obligations		**2.6**	0.7
Net profit recognised directly within other comprehensive income		**60.3**	10.1
(Loss)/profit for the year attributable to equity shareholders		**(81.0)**	83.3
Comprehensive (expense)/income for the year attributable to equity shareholders		**(20.7)**	93.4

GROUP CONDENSED BALANCE SHEET
As at 28 February 2015

	Notes	2015 €m	2014 €m
ASSETS			
Non-current assets			
Property, plant & equipment		**218.9**	218.9
Goodwill & intangible assets		**652.2**	721.9
Equity-accounted investees		**0.9**	15.0
Retirement benefit obligations	10	**3.7**	1.4
Deferred tax assets		**5.0**	4.7
Derivative financial instruments		**-**	1.9
Trade & other receivables		**46.2**	40.9
		926.9	1,004.7
Current assets			
Inventories		**93.5**	72.2
Trade & other receivables		**148.2**	139.6
Derivative financial instruments		**-**	1.2
Cash & cash equivalents		**181.9**	162.8
		423.6	375.8
TOTAL ASSETS		**1,350.5**	1,380.5
EQUITY			
Equity share capital		**3.5**	3.5
Share premium		**122.5**	115.8
Other reserves		**141.8**	63.9
Treasury shares		**(39.8)**	(10.3)
Retained income		**545.2**	679.2
Total equity		**773.2**	852.1
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings		**339.7**	307.9
Derivative financial instruments		**0.2**	1.3
Retirement benefit obligations	10	**37.3**	22.8
Provisions		**8.4**	8.8
Deferred tax liabilities		**6.7**	6.6
		392.3	347.4
Current liabilities			
Interest bearing loans & borrowings		**-**	0.1
Derivative financial instruments		**-**	1.2
Trade & other payables		**176.1**	171.3
Provisions		**3.8**	2.7
Current tax liabilities		**5.1**	5.7
		185.0	181.0
Total liabilities		**577.3**	528.4
TOTAL EQUITY & LIABILITIES		**1,350.5**	1,380.5

GROUP CONDENSED CASHFLOW STATEMENT
For the year ended 28 February 2015

	2015	2014
	€m	€m
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit for the year attributable to equity shareholders	**(81.0)**	83.3
Finance income	**(0.2)**	-
Finance expense	**9.6**	11.0
Income tax expense	**13.2**	12.2
Impairment of intangible assets	**150.0**	-
Revaluation/impairment of property, plant & equipment	**13.8**	-
Impairment of investment in equity accounted investee	**2.0**	-
Depreciation of property, plant & equipment	**24.6**	23.8
Amortisation of intangible assets	**0.3**	0.2
Net (profit)/loss on disposal of property, plant & equipment	**(4.4)**	1.2
Share of equity accounted investees' profit after tax	**-**	(0.5)
Charge for equity settled share-based employee benefits	**0.2**	0.8
Pension contributions paid less amount charged to income statement	**(8.3)**	(6.3)
	119.8	125.7
(Increase)/decrease in inventories	**(6.3)**	3.6
Decrease/(increase) in trade & other receivables	**11.9**	(13.0)
Decrease in trade & other payables	**(15.6)**	(2.9)
Decrease in provisions	**(1.5)**	(1.3)
	108.3	112.1
Interest received	**0.2**	-
Interest and similar costs paid	**(9.3)**	(8.3)
Income taxes paid	**(12.8)**	(13.7)
Net cash inflow from operating activities	**86.4**	90.1
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(21.9)**	(38.5)
Net proceeds on disposal of property, plant & equipment	**17.8**	10.0
Acquisition of business	**(13.6)**	(8.6)
Acquisition of equity accounted investee(s)	**(0.5)**	(12.0)
Net cash outflow from investing activities	**(18.2)**	(49.1)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**1.0**	5.0
Net proceeds from sale of shares held by Employee Trust	**-**	1.2
Drawdown of debt	**335.8**	76.2
Repayment of debt	**(337.6)**	(57.3)
Payment of issue costs	**(2.0)**	-
Shares purchased under share buyback programme	**(30.0)**	-
Dividends paid	**(29.5)**	(27.9)
Net cash outflow from financing activities	**(62.3)**	(2.8)

Net increase in cash & cash equivalents	**5.9**	38.2
Cash & cash equivalents at beginning of year	**162.8**	121.0
Translation adjustment	**13.2**	3.6
Cash & cash equivalents at end of year	**181.9**	162.8

A reconciliation of cash & cash equivalents to net debt is presented in note 9.

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY
For the year ended 28 February 2015

	Equity share capital	Share premium	Capital redemption reserve	Capital reserve	Cash flow hedging reserve	Share-based payments reserve	Currency translation reserve	Revaluation reserve	Treasury shares	Retained income	Total
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
At 28 February 2013	3.4	107.9	0.5	24.9	1.2	7.6	10.6	3.8	(12.5)	632.3	779.7
Profit for the year attributable to equity shareholders	-	-	-	-	-	-	-	-	-	83.3	83.3
Other comprehensive income/(expense)	-	-	-	-	(1.2)	-	17.0	-	-	(5.7)	10.1
Total comprehensive income	-	-	-	-	(1.2)	-	17.0	-	-	77.6	93.4
Dividend on ordinary shares	-	3.0	-	-	-	-	-	-	-	(31.0)	(28.0)
Exercised share options	0.1	4.9	-	-	-	-	-	-	-	-	5.0
Reclassification of share-based payments reserve	-	-	-	-	-	(1.2)	-	-	-	1.2	-
Joint Share Ownership Plan	-	-	-	-	-	(0.1)	-	-	0.1	-	-
Sale of shares held by Employee Trust	-	-	-	-	-	-	-	-	2.1	(0.9)	1.2
Equity settled share-based payments	-	-	-	-	-	0.8	-	-	-	-	0.8
Total transactions with owners	0.1	7.9	-	-	-	(0.5)	-	-	2.2	(30.7)	(21.0)
At 28 February 2014	3.5	115.8	0.5	24.9	-	7.1	27.6	3.8	(10.3)	679.2	852.1
Loss for the year attributable to equity shareholders	-	-	-	-	-	-	-	-	-	(81.0)	**(81.0)**
Other comprehensive income/(expense)	-	-	-	-	-	-	73.3	5.3	-	(18.3)	**60.3**
Total comprehensive income/(expense)	-	-	-	-	-	-	73.3	5.3	-	(99.3)	**(20.7)**
Dividend on ordinary shares	-	5.7	-	-	-	-	-	-	-	(35.1)	**(29.4)**
Exercised share options	-	1.0	-	-	-	-	-	-	-	-	**1.0**
Reclassification of share-based payments reserve	-	-	-	-	-	(0.9)	-	-	-	0.9	**-**
Joint Share Ownership Plan	-	-	-	-	-	-	-	-	0.5	(0.5)	**-**
Shares purchased under share buy back programme	-	-	-	-	-	-	-	-	(30.0)	-	**(30.0)**
Equity settled share-based payments	-	-	-	-	-	0.2	-	-	-	-	**0.2**
Total transactions with owners	**-**	**6.7**	**-**	**-**	**-**	**(0.7)**	**-**	**-**	**(29.5)**	**(34.7)**	**(58.2)**
At 28 February 2015	**3.5**	**122.5**	**0.5**	**24.9**	**-**	**6.4**	**100.9**	**9.1**	**(39.8)**	**545.2**	**773.2**

NOTES TO THE PRELIMINARY ANNOUNCEMENT

1. BASIS OF PREPARATION

The financial information presented in this report has been prepared in accordance with the Listing Rules of the Irish Stock Exchange and the UK Listing Authority and the accounting policies that the Group has adopted under International Financial Reporting Standards (IFRS) as approved by the European Union and issued by the International Accounting Standards Board (IASB) for the financial year ended 28 February 2015.

2. STATUTORY ACCOUNTS

The financial information prepared in accordance with IFRSs as adopted by the European Union included in this report does not comprise "full group accounts" within the meaning of Regulation 40(1) of the European Communities (Companies: Group Accounts) Regulations, 1992 of Ireland insofar as such group accounts would have to comply with the disclosure and other requirements of those Regulations. Full statutory accounts for the year ended 28 February 2015 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 2014, 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 13 May 2015.

3. REPORTING CURRENCY

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

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

		2015	2014
Balance Sheet (closing rate):	Euro:Stg£	**£0.726**	£0.821
Income Statement (average rate):	Euro:Stg£	**£0.795**	£0.846
Balance Sheet (closing rate):	Euro:US$	**$1.121**	$1.370
Income Statement (average rate):	Euro:US$	**$1.295**	$1.334

4. SEGMENTAL REPORTING

The Group's business activity is the manufacturing, marketing and distribution of alcoholic drinks and five operating segments have been identified in the current period; Ireland, Scotland, C&C Brands, North America and Export.

The Group continually reviews and updates the manner in which it monitors and controls its financial operations resulting in changes in the manner in which information is classified and reported to the Chief Operating Decision Maker ("CODM"). The CODM, identified as the executive directors comprising Stephen Glancey, Kenny Neison and Joris Brams, assesses and monitors the operating results of segments separately via internal management reports in order to effectively manage the business and allocate resources.

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

The identified reporting segments are as follows:-

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

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

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

(iii) C&C Brands
This segment includes the results from sale of the Group's own branded products in England & Wales, principally Magners, Tennent's, Chaplin & Cork's and K Cider. It also includes the distribution of the Italian lager Menabrea and the production and distribution of private label cider products in England & Wales. The consolidated C&C Brands business is managed by one Managing Director and management team. (This segment was previously called England & Wales for the period ended 28 August 2014).

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

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

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

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

(a) Reporting segment disclosures

	2015			2014		
		Net	**Operating**		Net	Operating
	Revenue	**revenue**	**profit**	Revenue	revenue	profit
	€m	**€m**	**€m**	€m	€m	€m
Ireland	**403.2**	**286.9**	**59.1**	395.1	289.7	58.6
Scotland	**332.2**	**223.6**	**39.2**	238.2	130.2	36.2
C&C Brands	**182.0**	**107.0**	**10.4**	199.7	123.2	15.9
North America	**47.5**	**45.3**	**1.5**	57.8	55.2	10.7
Export	**21.6**	**21.1**	**4.8**	22.1	21.9	5.3
Total before exceptional items	**986.5**	**683.9**	**115.0**	912.9	620.2	126.7
Exceptional items (note 6)	**-**	**-**	**(173.4)***	-	-	(20.7)**
Total	**986.5**	**683.9**	**(58.4)**	912.9	620.2	106.0

* Of the exceptional loss in the current year, €1.7m loss relates to Ireland, €5.8m loss relates to Scotland, €13.3m loss relates to C&C Brands, €151.7m loss relates to North America and €0.9m loss remains unallocated.

** Of the exceptional loss in the prior year, €9.0m loss relates to Ireland, €1.5m loss relates to Scotland, €7.7m loss relates to C&C Brands, €1.9m loss relates to North America, €0.1m loss relates to Export and €0.5m loss remains unallocated.

Total assets for the period ended 28 February 2015 amounted to €1,350.5m (2014: €1,380.5m).

The impact of the reclassification of the financial results to 28 February 2014 as previously described is outlined below. This reclassification has no impact on the Revenue, Net revenue and Operating profit reported by the Group.

	Revenue €m	Net revenue €m	Operating profit €m
Ireland			
Previously reported – ROI	330.6	237.3	48.2
Impact of change	64.5	52.4	10.4
Current classification	395.1	289.7	58.6
Scotland			
Previously reported – Tennent's UK	216.2	103.6	34.6
Impact of change	22.0	26.6	1.6
Current classification	238.2	130.2	36.2
C&C Brands			
Previously reported – Cider UK	164.1	112.8	20.7
Impact of change	35.6	10.4	(4.8)
Current classification	199.7	123.2	15.9
North America			
Previously reported – (within International)	-	-	-
Impact of change	57.8	55.2	10.7
Current classification	57.8	55.2	10.7
Export			
Previously reported – International	79.9	77.1	16.0
Impact of change	(57.8)	(55.2)	(10.7)
Current classification	22.1	21.9	5.3
Third party brands			
Previously reported – Third party brands UK	122.1	89.4	7.2
Impact of change	(122.1)	(89.4)	(7.2)
Current classification	-	-	-

(b) Other operating segment information

	2015		2014	
	Capital expenditure €m	**Depreciation/ Amortisation/ Impairment €m**	Capital expenditure €m	Depreciation/ Amortisation/ Impairment €m
Ireland	**5.3**	**7.7**	3.7	6.2
Scotland	**7.5**	**9.5**	8.9	8.2
C&C Brands	**2.4**	**9.2**	7.2	7.9
North America	**6.6**	**151.3**	18.5	0.9
Export	**0.7**	**0.5**	1.5	0.8
Total	**22.5**	**178.2**	39.8	24.0

(c) Geographical analysis of revenue and net revenue

	Revenue		**Net revenue**	
	2015 €m	2014 €m	**2015 €m**	2014 €m
Ireland	**403.2**	395.1	**286.9**	289.7
Scotland	**332.2**	238.2	**223.6**	130.2
England & Wales	**182.0**	199.7	**107.0**	123.2
North America	**47.5**	57.8	**45.3**	55.2
Export	**21.6**	22.1	**21.1**	21.9
Total	**986.5**	912.9	**683.9**	620.2

The geographical analysis of revenue and net revenue is based on the location of the third party customers.

(d) Geographical analysis of non-current assets

	Ireland €m	**Scotland €m**	**C&C Brands €m**	**North America €m**	**Export €m**	**Total €m**
28 February 2015						
Property, plant & equipment	**64.8**	**77.4**	**39.3**	**31.6**	**5.8**	**218.9**
Goodwill & intangible assets	**156.3**	**145.1**	**191.3**	**143.5**	**16.0**	**652.2**
Equity-accounted investees	**-**	**0.9**	**-**	**-**	**-**	**0.9**
Retirement benefit obligations	**3.7**	**-**	**-**	**-**	**-**	**3.7**
Deferred tax assets	**5.0**	**-**	**-**	**-**	**-**	**5.0**
Trade & other receivables	**14.9**	**29.9**	**1.4**	**-**	**-**	**46.2**
Total	**244.7**	**253.3**	**232.0**	**175.1**	**21.8**	**926.9**

	Ireland €m	Scotland €m	C&C Brands €m	North America €m	Export €m	Total €m
28 February 2014						
Property, plant & equipment	66.4	75.4	49.4	22.2	5.5	218.9
Goodwill & intangible assets	156.2	121.6	188.0	242.2	13.9	721.9
Equity-accounted investees	-	15.0	-	-	-	15.0
Retirement benefit obligations	1.4	-	-	-	-	1.4
Deferred tax assets	3.7	-	-	1.0	-	4.7
Derivative financial instruments	-	1.4	-	-	0.5	1.9
Trade & other receivables	13.3	26.4	1.2	-	-	40.9
Total	241.0	239.8	238.6	265.4	19.9	1,004.7

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

5. CYCLICALITY OF OPERATIONS

Operating profit performance in the drinks industry is not characterised by significant cyclicality. Operating profit before exceptional items for the financial year ended 28 February 2015 was split H1: 60% and H2: 40%.

6. EXCEPTIONAL ITEMS

	2015 €m	2014 €m
Operating costs		
Impairment of intangible assets	**150.0**	-
Restructuring costs (net of a defined benefit pension scheme curtailment gain)	**2.8**	6.1
Acquisition related expenditure	**3.7**	1.1
Revaluation/impairment of property, plant & equipment	**13.8**	-
Impairment of investment in equity accounted investee	**2.0**	-
Integration costs including write off of redundant legacy IT assets	**2.2**	5.6
Redeployment of bottling line	**-**	7.4
Profit on disposal of property, plant & equipment	**(0.8)**	-
Other	**(0.3)**	0.5
	173.4	20.7
Finance expense – impairment of derivative financial instruments re investment in equity accounted investee	**0.6**	-
Foreign currency reclassified on deemed disposal of equity accounted investee	**(0.1)**	-
Total loss before tax	**173.9**	20.7
Income tax credit	**(1.4)**	(2.9)
Total loss after tax	**172.5**	17.8

(a) Impairment of intangible assets

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 annually or more frequently if there is an indication that their carrying amount(s) may not be recoverable, comparing the carrying value of the assets with their recoverable amount using value-in-use computations. In the current financial year, as a result of such a review, the Group impaired the value of its intangible assets with respect to the US business by €150.0m.

(b) Restructuring costs

Restructuring costs of €2.8m comprising severance and other initiatives in the current financial year primarily relate to severance costs arising from a reorganisation programme in England & Wales. In the prior financial year restructuring costs following the acquisition and integration of M. & J. Gleeson (Investments) Limited ("Gleeson") and its subsidiaries with the Group's existing business and cost cutting initiatives undertaken at the Group's manufacturing facilities resulted in an exceptional charge before tax of €6.7m. This charge was reduced by a defined benefit pension scheme curtailment gain of €0.6m due to the reduction in headcount numbers and the reclassification of these employees from active to deferred members. A curtailment gain arises where the value of the pension benefit of a deferred member is less than that of an active member.

(c) Acquisition related expenditure

The Group completed the acquisition of Green Light Brands Ltd., Monuriki Drinks Ltd., and Monuriki Sales and Marketing Ltd., (collectively referred to as "Green Light Brands") during the current financial year, on 19 January 2015, for €3.2m. Green Light Brands was an external consultancy entity that provided sales and marketing services to the Group's Shepton Mallet Cider Mill Brands while Monuriki had provided similar support to the Group's International Wines and Spirits business. A decision was taken to bring these entities in-house as part of a rationalisation initiative of the Group's sales and marketing structure. Also during the current financial year, the Group incurred €0.5m of costs directly attributable to the Group's preliminary approach of the Spirit Pub Group. In the prior financial year acquisition costs of €1.1m were incurred which were directly attributable to the acquisitions of Gleeson, Biofun and VHCC. These costs primarily related to professional fees directly incurred in relation to the completion of these acquisitions.

(d) Revaluation of property, plant & equipment

Property (comprising land and buildings) and plant & machinery are valued at fair value on the balance sheet and reviewed for impairment on an annual basis. During the financial year, the Group engaged external valuers Shane O'Beirne, RICS (VRS) Registered Valuer, BSc (Surv) Dip AVEA MSCSI MRICS and Brian Gilson, BSc (Surv) MSCSI MRICS. FCI Arb – Lisney to value its freehold properties at the Group's Clonmel site; David Fawcett, FRICS, IRRV (Hons) RICS Registered Valuer – Sanderson Weatherall to value its plant & machinery at the Group's Clonmel site, and, Timothy Smith BSc MRICS RICS Registered Valuer and Joseph Funtek BSc MRICS RICS Registered Valuer – Gerald Eve LLP to value the freehold property at the Shepton Mallet and Wellpark Brewery sites, Derek Elston FRCIS RICS Registered Valuer - Elston Sutton Industrial Appraisal Limited to value the plant and equipment at the Shepton Mallet and Wellpark Brewery sites and John Coto, Certified Machine & Equipment appraiser, Alliance Machinery & Equipment Appraisals to value the plant & machinery at the Group's Vermont site. This resulted in a net revaluation loss of €10.5m accounted for in the income statement and a gain of €5.3m accounted for within other comprehensive income. Also during the year, in light of a material reduction in the utilisation levels of a bottling line located at the Group's cider manufacturing plant at Shepton Mallet, used to bottle both own branded and third party branded product, a decision was taken to impair the bottling line by €3.3m.

(e) Impairment of investment in equity accounted investee

During the current financial year, the Group impaired its investment in the Maclay Group plc as a result of the Maclay Group plc entering administration proceedings during the financial year. This resulted in the impairment in the Group's investment of €2.0m and the impairment of derivative financial instruments of €0.6m which were accounted for within finance expense.

(f) Integration costs including write-off of redundant legacy IT assets

During the current financial year, the Group incurred external consultancy fees and other costs of €2.2m directly attributable to the integration of Wallaces Express and Gleeson with the Group's existing businesses. During the prior financial year, the Group incurred costs associated with the integration of the acquired Gleeson and VHCC businesses with the Group's existing business. In addition, during the prior financial year, the Group wrote off redundant IT assets as a consequence of streamlining its IT system requirements following the acquisition and integration of both the Gleeson and VHCC businesses with the Group's existing business.

(g) Redeployment of bottling line
In the prior financial year, a bottling line was redeployed from the Group's Clonmel cider manufacturing plant to its Shepton Mallet cider manufacturing plant and costs of €6.6m were incurred in this regard. As a result of this deployment an existing PET line with a value of €0.8m in Shepton Mallet became redundant and was written off.

(h) Profit on disposal of property, plant & equipment
In the current financial year the Group disposed of land & buildings which were surplus to requirements realising a profit of €0.8m.

(i) Other
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. As a result this stock was written back to operating profit at its recoverable value resulting in a gain of €0.3m (2014: €nil). During the prior financial year, the Group incurred costs of €0.8m in relation to upgrading its listing on the Official List of the UK Listing Authority from a standard listing to a premium listing. Also included within Other in the prior financial year was a release of €0.3m with respect to an excess exit provision following the expiration of an onerous lease which originally arose from the consolidation of the Group's Dublin offices in a previous financial year.

(j) Foreign currency reclassified on deemed disposal of equity accounted investee
On 18 March 2014, the Group announced the acquisition of the remaining 50% equity share capital of Wallaces Express Limited. Under IAS 28 *Investments in Associates and Joint Ventures* this necessitated the deemed disposal of the Group's initial 50% investment which was classified as an equity accounted investee and the recognition of the acquisition of control of the business under IFRS 3 *Business Combinations*. The Group had recognised €0.15m in the foreign currency reserve which was recycled to the income statement in the current financial year following this deemed disposal.

7. DIVIDENDS

	2015 €m	2014 €m
Dividends paid:		
Final: paid 5.7c per ordinary share in July 2014 (2014: 4.75c paid in July 2013)	**19.6**	16.3
Interim: paid 4.5c per ordinary share in December 2014 (2014: 4.3c paid in December 2013)	**15.5**	14.7
Total equity dividends	**35.1**	31.0
Settled as follows:		
Paid in cash	**29.5**	27.9
Accrued with respect to LTIP (Part I) dividend entitlements	**(0.1)**	0.1
Scrip dividend	**5.7**	3.0
	35.1	31.0

The Directors have proposed a final dividend of 7.0 cent per share (2014: 5.7 cent), to ordinary shareholders registered at the close of business on 22 May 2015, which is subject to shareholder approval at the Annual General Meeting, giving a proposed total dividend for the year of 11.5 cent per share (2014: 10.0 cent). Using the number of shares in issue at 28 February 2015 and excluding those shares for which it is assumed that the right to dividend will be waived, this would equate to a distribution of €23.6m (2014: €19.6m).

In order to achieve better alignment of the interest of share based remuneration award recipients with the interests of shareholders, shareholder approval was given at the 2012 AGM to a proposal that awards made in or after 2012 and that vest under the LTIP (Part I) incentive programme should reflect the equivalent value to that which accrues to shareholders by way of dividends during the vesting period. The current year charge for dividends of €35.1m is net of the release of an accrual of €0.1m with respect to LTIP (Part I) dividend entitlements which were accrued in previous years but for which the related LTIP (Part I) award was deemed to have lapsed in the current financial year and hence the related dividend entitlement lapsed. The prior year included a charge of €0.1million with respect to an accrual for LTIP (Part I) dividend entitlements.

Total dividends of 10.2 cent per ordinary share were recognised as a deduction from the retained income reserve in the year ended 28 February 2015 (2014: 9.05 cent).

Final dividends on ordinary shares are recognised as a liability in the financial statements only after they have been approved at an annual general meeting of the Company. Interim dividends on ordinary shares are recognised when they are paid.

8. EARNINGS PER SHARE

	2015 Number '000	2014 Number '000
Denominator computations		
Number of shares at beginning of year	**346,840**	344,332
Shares issued in lieu of dividend	**1,381**	664
Shares issued in respect of options exercised	**326**	1,844
Number of shares at end of year	**348,547**	346,840
Weighted average number of ordinary shares (basic)*	**331,075**	337,154
Adjustment for the effect of conversion of options	**5,731**	6,011
Weighted average number of ordinary shares, including options (diluted)	**336,806**	343,165

* excludes 16.5m treasury shares (2014: 7.6m)

Profit attributable to ordinary shareholders	**2015 €m**	2014 €m
Earnings as reported	**(81.0)**	83.3
Adjustment for exceptional items, net of tax (note 6)	**172.5**	17.8
Earnings as adjusted for exceptional items, net of tax	**91.5**	101.1
Basic earnings per share	**Cent**	Cent
Basic earnings per share	**(24.5)**	24.7
Adjusted basic earnings per share	**27.6**	30.0
Diluted earnings per share		
Diluted earnings per share	**(24.0)**	24.3
Adjusted diluted earnings per share	**27.2**	29.5

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 accounted for as treasury shares (at 28 February 2015: 16.5m shares; at 28 February 2014: 7.6m shares).

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

Employee share awards (excluding awards which were granted under plans where the rules stipulate that obligations must be satisfied by the purchase of existing shares), which are performance-based are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time and continuous employment. In accordance with IAS 33 *Earnings per Share*, these contingently issuable shares are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied as at the end of the reporting period (2,164,448 at 28 February 2015 and 1,367,350 at 28 February 2014). If dilutive other contingently issuable ordinary shares are included in diluted EPS based on the number of shares that would be issuable if the end of the reporting period was the end of the contingency period.

9. ANALYSIS OF NET DEBT

	1 March 2014	**Translation adjustment**	**Debt arising on acquisition**	**Cash flow**	**Non-cash changes**	**28 February 2015**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**
Group						
Interest bearing loans & borrowings	**308.0**	**34.9**	**-**	**(3.8)**	**0.6**	**339.7**
Cash & cash equivalents	**(162.8)**	**(13.2)**	**-**	**(5.9)**	**-**	**(181.9)**
	145.2	**21.7**	**-**	**(9.7)**	**0.6**	**157.8**

	1 March 2013	Translation adjustment	Debt arising on acquisition	Cash flow	Non-cash changes	28 February 2014
	€m	€m	€m	€m	€m	€m
Group						
Interest bearing loans & borrowings	244.4	(7.3)	51.5	18.9	0.5	308.0
Cash & cash equivalents	(121.0)	(3.6)	-	(38.2)	-	(162.8)
	123.4	(10.9)	51.5	(19.3)	0.5	145.2

The non-cash change to the Group's interest bearing loans and borrowings relate to the amortisation of issue costs of €0.6m (2014:€0.5m).

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

In December 2014, the Group amended and updated its committed €450m multi-currency five year syndicated revolving loan facility with seven banks, namely Bank of Ireland, Bank of Scotland, Barclays Bank, Danske Bank, HSBC, Rabobank, and Ulster Bank, repayable in a single instalment on 22 December 2019. The facility agreement provides for a further €100m in the form of an uncommitted accordion facility and permits the Group to avail of further financial indebtedness, excluding working capital and guarantee facilities, to a maximum value of €150m, subject to agreeing the terms and conditions with the lenders. Consequently the Group is permitted under the terms of the agreement, to have debt capacity of €700m of which €342.8m was drawn at 28 February 2015 (2014:

€309.6m was drawn under the Group's 2012 multi-currency facility). This 5 year multi-currency facility replaces the Group's previous multi-currency facility which was negotiated in February 2012 and which was due to mature in February 2017. Balances outstanding under the 2012 facility were deemed to have been repaid as part of the December 2014 refinancing with amounts simultaneously re-drawn under the amended facility.

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

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

The Group's multi-currency debt facility incorporates two financial covenants:

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

• Net debt/EBITDA: The ratio of net debt on each half year date to EBITDA for a period of 12 months ending on a half year date will not exceed 3.5:1

The Group complied with both covenants throughout the current and prior financial year.

10. RETIREMENT BENEFIT OBLIGATIONS

The Group operates a number of defined benefit pension schemes for certain employees, past and present, in the Republic of Ireland (ROI) and in Northern Ireland (NI), all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. The Group closed its defined benefit pension schemes to new members in April 2007 and only provides defined contribution pension schemes for employees joining the Group since that date. The Group provides permanent health insurance cover for the benefit of certain employees and separately charges this to the income statement.

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

There are no active members remaining in the Executive defined benefit pension scheme (2014: no active members). There are 73 active members, representing < 10% of total membership, in the ROI Staff defined benefit pension scheme (2014: 80 active members) and 4 active members in the NI scheme (2014: 5 active members). The Group's ROI defined benefit pension reform programme concluded during the financial year ended 29 February 2012 with the Pensions Board issuing a directive under Section 50 of the Pensions Act 1990 to remove the mandatory pension increase rule, which guaranteed 3% per annum increase to certain pensions in payment, and to replace it with guaranteed pension increases of 2% per annum for each year 2012 to 2014 and thereafter for all future pension increases to be awarded on a discretionary basis.

Actuarial valuations – funding requirements

Independent actuarial valuations of the defined benefit pension schemes are carried out on a triennial basis using the attained age method. The most recent actuarial valuations of the ROI schemes were carried out with an effective date of 1 January 2012 while the date of the most recent actuarial valuation of the NI scheme was 31 December 2011. These valuations are currently being updated and are due to be completed by September 2015. The actuarial valuations are not available for public inspection; however the results of the valuations are advised to members of the various schemes.

The funding requirements in relation to the Group's ROI defined benefit pension schemes are assessed at each valuation date and are implemented in accordance with the advice of the actuaries. Arising from the formal actuarial valuations of the main schemes on 1 January 2009 the schemes' independent actuary, Mercer (Ireland) Limited, submitted Actuarial Funding Certificates to the Pensions Board confirming that the Schemes did not satisfy the Minimum Funding Standard at that date. Given that the removal of guaranteed pension increases would not correct this situation, Funding Proposals including an updated actuarial valuation were submitted to, and approved by the Pensions Board on 23 February 2012, which the Directors believe will enable the schemes to meet the Minimum Funding Standard by 31 December 2016. The Funding Proposals commit the Group to contributions of 14% of Pensionable Salaries to fund future pension accrual of benefits (previously 38.1% of Pensionable Salaries), a deficit contribution of €3.4m and an additional supplementary deficit contribution of €1.9m which the Group reserves the right to reduce or terminate on consultation with the Trustees, if the Scheme Actuary advises that it is no longer required due to a correction in market conditions. Funding Proposals cover the period to 31 December 2016. However, they will cease at an earlier date if the scheme funding target is met before then. The actuaries advised that as at 31 December 2014 the schemes were on track to meet the minimum funding standard and risk reserve by 31 December 2016, the end of the Funding Proposal period.

Following the 2011 actuarial valuation of the NI defined benefit pension scheme, a Schedule of Contributions and Recovery Plan was agreed committing the Group to annual contributions of £0.4m which the Directors believe will enable the scheme to meet the Statutory Funding Objective by June 2015.

The schemes' independent actuary, Mercer (Ireland) Limited, has employed the projected unit credit method to determine the present value of the defined benefit obligations arising and the related current service cost.

At 28 February 2015, the retirement benefit obligations computed in accordance with IAS19 (R) *Employee Benefits* amounted to a net deficit of €33.6m gross of deferred tax (€37.3m deficit with respect to the ROI schemes and a €3.7m surplus with respect to the NI scheme) and €29.7m net of deferred tax (2014: €21.4m gross and €18.8m net of deferred tax).

The movement in the net deficit is as follows:-

	€m
Deficit at 1 March 2014	21.4
Employer contributions paid	(6.4)
Actuarial loss	20.7
Credit to the income statement	(1.9)
FX adjustment on retranslation	(0.2)
Net deficit at 28 February 2015	**33.6**
Comprising:	
ROI scheme retirement benefit deficit	37.3
NI scheme retirement benefit surplus	(3.7)
Net deficit at 28 February 2015	**33.6**

The increase in the deficit in the current financial year is primarily as a result of a reduction in the discount rate applied to liabilities: with respect to the ROI scheme the discount rates reduced from 3.4% - 3.6% at 28 February 2014 to 1.7% - 1.9% at 28 February 2015 while for the NI scheme the discount rate reduced from 4.4% at 28 February 2014 to 3.6% at 28 February 2015. The impact of this was partially offset by strong asset growth, inflation linked assumptions being more favourable (ROI: 1.5% compared to 2% in FY 2014 and NI: 3.1% compared to 3.3% in FY 2014) and employer contributions.

All other significant assumptions applied in the measurement of the Group's pension obligations at 28 February 2015 are broadly consistent with those as applied at 28 February 2014.

11. RELATED PARTY TRANSACTIONS

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

Group Transactions

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

Subsidiary undertakings

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

Equity accounted investees

On 22 March 2013, the Group acquired 50% of the equity share capital of Wallaces Express Limited, a wholesaler of beverages in Scotland. The Group subsequently acquired the remaining 50% equity share capital of Wallaces Express Limited on 18 March 2014. The Group accounts for Wallaces Express Limited as a related party from date of the initial 50% investment, on 22 March 2013, to date of deemed disposal of this investment and subsequent acquisition of Wallaces Express Limited on 18 March 2014.

A subsidiary of the Group holds a 33% investment in Shanter Inns Limited with which the Group trades. Transactions between the Group and Shanter Inns are disclosed below.

On 21 March, 2012, the Group acquired a 25% equity investment in Maclay Group plc. The Maclay Group plc went into administration during the current financial year and the Group consequently impaired its investment in this entity, however the Group continues to trade with Maclay Inns Limited (in administration), a 100% owned subsidiary of the Maclay Group plc (in administration) and continues to account for it as a related party.

On 28 November 2012, the Group invested £0.3m (€0.4m at date of payment) in Thistle Pub Company Limited, a joint venture with Maclay Group plc.

During the current financial year, the Group entered into a joint venture arrangement with Heather Ale Limited, run by the Williams brothers who are recognised as leading family craft brewers in Scotland, to form a new entity Drygate Brewing Company Limited. The joint venture, which is run independently of the joint venture partners existing businesses, operates a craft brewing and retail facility adjacent to Wellpark brewery. The total investment was €0.5m.

The Group also holds a 50% investment in Beck & Scott (Services) Limited (Northern Ireland) and a 45.61% investment in The Irish Brewing Company Limited (Ireland) following its acquisition of Gleeson. The Group traded with Beck & Scott (Services) Limited (Northern Ireland) during the financial year as outlined below. The Group had no transactions with The Irish Brewing Company Limited (Ireland) which is a non-trading entity.

Loans extended by the Group to equity accounted investees are considered trading in nature and are included within advances to customers in Trade & other receivables.

Details of transactions with equity accounted investees during the year and related outstanding balances at the year end are as follows:-

	Net Revenue		Balance outstanding	
	2015	2014	**2015**	2014
	€m	€m	**€m**	€m
Sale of Goods to Equity accounted investees:				
Wallaces Express Limited	**0.4**	18.0	**-**	2.5
Maclay Group plc	**2.2**	1.4	**0.1**	0.2
Thistle Pub Company Limited	**0.5**	0.2	**0.1**	-
Shanter Inns Limited	**0.1**	-	**-**	-
Beck & Scott (Services) Limited	**0.2**	-	**-**	-
	3.4	19.6	**0.2**	2.7

	Balance outstanding	
	2015	2014
	€m	€m
Loans to Equity accounted investees:		
Thistle Pub Company	**2.6**	1.3
Drygate Brewing Company Limited	**1.0**	-

	Purchases		Balance outstanding	
	2015	2014	**2015**	2014
	€m	€m	**€m**	€m
Purchase of Goods from Equity accounted investees:				
Wallaces Express Limited	**0.2**	6.6	**n/a**	1.3

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

Key management personnel

For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the Group has defined the term 'key management personnel', as its executive and non-executive Directors. Executive Directors participate in the Group's equity share award schemes and death in service insurance programme and in the case of UK resident executive Directors are covered under the Group's permanent health insurance programme. The Group also provides private medical insurance for UK resident executive Directors. No other non-cash benefits are provided. Non-executive Directors do not receive share-based payments or post employment benefits.

Details of key management remuneration are as follows:-

	2015	2014
	Number	Number
Number of individuals	**10**	9
	€m	€m
Salaries and other short term employee benefits	**2.4**	2.5
Post employment benefits	**0.3**	0.4

Equity settled share-based payments	**(0.6)**	0.3
Dividend income with respect of JSOP Interests	**0.5**	0.4
Total	**2.6**	3.6

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

Two of the Group's executive Directors were awarded Interests under the Group's Joint Share Ownership Plan (JSOP). When an award is granted to an executive under the Group's JSOP, its value is assessed for tax purposes with the resulting value being deemed to fall due for payment on the date of grant. Under the terms of the Plan, the executive must pay the Entry Price at the date of grant and, if the tax value exceeds the Entry Price, he must pay a further amount, equating to the amount of such excess, before a sale of the awarded Interests. The deferral of the payment of the further amount is considered to be an interest-free loan by the Company to the executive and a taxable benefit-in-kind arises, charged at the Revenue stipulated rates (Ireland 12.5% to 31 December 2012 and 13.5% from 1 January 2013, UK 4% to 5 April 2014 and 3.25% from 6 April 2014). The balances of the loans outstanding to the executive Directors in the context of the above as at 28 February 2015 and 28 February 2014 are as follows:

	28 February 2015 €'000	28 February 2014 €'000
Stephen Glancey	**111**	111
Kenny Neison	**83**	83
Total	**194**	194

The loans fall due for repayment prior to the sale of their awarded Interests.