C&C GROUP PLC
FINANCIAL RESULTS FOR SIX MONTHS ENDED 31 AUGUST 2009

Dublin, London, 8 October 2009: C&C Group plc ('C&C' or the 'Group'), a manufacturer, marketer and distributor of branded beverages in Ireland and the UK, today announces its interim results for the six months ended 31 August 2009.

Financial Review

- Revenue[(i)] for the period was €257.5m, down 10.5% (down 6.3% on a constant currency basis)
- Operating profit before exceptional items[(i)] at €57.4m, a decline of 13.6% (down 2.0% on a constant currency basis)
- Cider volumes level, with Spirits & Liqueurs volumes down 15%
- Operating margin of 22.3% declined 0.8 percentage points year-on-year (up 1.0 percentage points in constant currency)
- Adjusted basic EPS[(ii)] of 15.3 cent compared with 17.0 cent for the same period last year
- Interim dividend of 3 cent per share to be paid in December 2009
- Strong free cash flow (FCF) in the period of €53.4m representing 83% of EBITDA
- Delivering net debt[(iii)] reduction of 24% since last year end to €171.1m (1.7 times EBITDA)

Strategic & Operating Review

- On target to deliver objective of stabilised cider volumes in 2009/10
- Launch of Bulmers & Magners Pear within the period with separate advertising initiatives in Ireland & UK
- Review of cider pricing strategy across all markets
- Cost base and organisation structure aligned with current and expected trading environment - on target to deliver €5m of savings in the 2009/10 full year
- Deal completed on 28 Sept for the acquisition of Irish, Northern Irish & Scottish businesses of AB InBev for €205m (Stg£180m)
- Incremental marketing investment plans highlighted on 8 July are under review following the acquisition of Tennent's and weaker trading in August and September

Outlook

- Objective to pay dividend of 6 cent per share in 2009/10 – in line with previous guidance
- Against a challenging outlook for 2009/10, current operating profit guidance for the pre-acquisition business remains unchanged
- Operating profit performance for the acquired business will be provided in the next quarterly Interim Management Statement (expected to be issued in early January 2010)

(i) Continuing operations
(ii) Adjusted basic EPS excludes exceptional items
(iii) Net Debt comprises cash, borrowings net of issue costs and excludes the fair value of interest rate derivative financial instruments amounting to a liability of €5.8m (2008: €2.5m asset)

About C&C Group plc

C&C Group plc is a leading manufacturer, marketer and distributor of branded beverages in Ireland and the UK. C&C manufactures the leading Irish cider brand, Bulmers, and the premium international cider brand, Magners, for export to the United Kingdom, the United States and Continental Europe. C&C also recently acquired the Tennent's beer brand which is primarily sold in Scotland and Northern Ireland.

C&C also exports spirits and liqueurs, including the premium Irish whiskey brand, Tullamore Dew, to over 80 international markets. The company also distributes a number of beer brands in the Scottish, Irish and Northern Irish markets and niche spirits and liqueur brands across a number of international markets.

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SUMMARY RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2009

C&C is reporting revenue of €257.5m and an operating profit before exceptional items of €57.4m for the six months to 31 August 2009, basic earnings per share of 16.4 cent and adjusted basic earnings per share[(i)] of 15.3 cent.

Operating profit from continuing operations (before exceptional items) at €57.4m declined 2.0% in constant currency terms versus the corresponding prior period. Operating margin, on a constant currency basis, improved by 1.0 percentage point in the period to 22.3%.

In the period, the Group's cider volumes were unchanged on the comparative previous period while Spirits & Liqueurs volumes declined by 15%.

This level volume performance in cider reflects unchanged Bulmers volumes in Ireland year-on-year and a 2% decline in Magners volumes in Great Britain ('GB'). Growth of Magners volumes in Northern Ireland and, to a lesser extent, in the Rest of the World was sufficient to offset the 2% decline in GB and leave the Magners brand volumes level year on year. In both of the Group's core territories the market dynamic is one of continued off trade expansion relative to the on trade. C&Cs channel volume trends reflect this dynamic with off trade volume growth and on trade decline in both countries. The channel switch is one of the factors contributing to lower price yields, as is the price reduction in on trade pint bottles in Ireland and the repositioning of what is considered premium pricing in the GB off trade.

The Spirits & Liqueurs volume decline in the period is attributable to continuing de-stocking in our major markets. There are, however, some indications that this de-stocking process may be drawing to an end.

Despite the decline in revenue and operating profit, the Group's free cash flow (FCF) remains strong. FCF in the period was €53.4m compared to €47.0m in the prior year. The FCF outcome represents an EBITDA conversion of 83%, reflecting the low level of capital expenditure and improvements in working capital in the period.

The strong free cash flow generation resulted in a 24% reduction in the Group's net debt which at 31 August 2009 amounted to €171.1m, representing 1.7 times (annualised) EBITDA.

Re-Organisation and Cost Reduction Programme

During the previous financial year, the Group put in place a programme to better align its business structure, asset base and management team with current and expected business conditions. This included a re-organisation and re-structuring of the Group's operations in Clonmel, the Group's commercial structure in Ireland and a review of both the carrying value of the manufacturing facility in Clonmel and the stock holding of apple juice, all of which were accounted for in the results for the financial year ended 28 February 2009.

This programme is progressing as expected. Since the programme was announced, employment terms and conditions have been modified, headcount has been reduced by 120 and a pay freeze has been implemented with wage reductions implemented in certain areas. The programme is on track to deliver the expected €5m of savings in the current financial year. Modifications to the Group's procurement initiatives are also delivering incremental synergies and savings.

Exceptional Items

The Group recorded an exceptional gain of €3.8m before tax in the period, of which €3.1m is attributable to net pension curtailment gains and €0.7m to undesignated sterling hedge contracts accounted for in Finance Income.

Acquisition

On 27 August 2009, the Group announced that it had entered into a conditional agreement to acquire the businesses of AB Inbev in Ireland, Northern Ireland and Scotland for a total consideration of the euro equivalent of Stg£180 m (approximately €205 m). The principal assets of the business include the rights to Tennent's brands worldwide (subject to licence back of Tennent's Super and Tennent's Pilsner), the Wellpark Brewery in Glasgow and trade loans made to customers of the acquired businesses.

(i) Adjusted basic EPS excludes exceptional items

The acquisition was completed on 28 September 2009 following the receipt of unconditional approval from the Irish Competition Authority on 17 September 2009; approval from shareholders on 25 September 2009; and completion of the employee consultation process.

An experienced integration team was established ahead of the completion of the transaction and worked well with the AB Inbev integration team to ensure a smooth transfer on Day 1. The transitional operational arrangements agreed with AB Inbev are up and running and the process of integrating the acquired business is now underway.

Dividends & Dividend Policy

The Group's dividend guidance, as previously indicated, is to pay a dividend of no less than 6 cent per share for 2009/10. This is a level that the Board currently believes is sustainable against current prospects and the Group's capital requirements.

The Board is proposing a first half dividend of 3 cent per share to be paid on 10 December 2009 to shareholders on the Group's register at the close of business on 16 October 2009. A scrip alternative will also be offered.

Performance Review and Outlook

John Dunsmore, Group Chief Executive Officer, commented: *"Following a positive start to the first half, trading conditions in August and September have been more challenging. However, we remain on track to deliver on the objective of stabilised volumes and a full year operating profit outcome in line with our stated guidance."*

He added: *"We expressed our intention to invest an additional €8m (of incremental profit growth) behind the Group's cider brands. Following the acquisition of the Tennent's business, and in light of recent trading conditions we will now review overall marketing investment and deploy our marketing spend where we believe we can get the best returns for shareholders."*

Mr Dunsmore concluded: *"We are very pleased to have completed the acquisition of the Tennent's business. This transaction is an evolution of our stated strategy and clearly enhances the Group's position in the Long Alcoholic Drinks sector. Tennent's is a celebrated brand and is a compelling strategic fit for the Group to develop alongside Magners in Scotland and Northern Ireland. The acquisition presents a great opportunity to strengthen our route to market and broaden our product portfolio by combining our cider brands with some of the world's leading beer brands."*

OPERATIONS REVIEW

Summary

Revenue and Operating Profit[i] for the period ended 31 August 2009 declined by 10.5% and 13.6% respectively. At constant currency exchange rates[ii] the declines were 6.3% and 2.0% respectively. Operating margin, in constant currency, improved by 1.0 percentage points in the period to 22.3%.

Net Finance charges in the period declined €3.1m reflecting lower effective interest rates. The Group's effective tax rate, for continuing operations, was 10.5% compared with 10.6% in the prior year. Net profit before exceptional items declined by 8.9% in the period.

Summary Group Income Statement (before exceptional items) [i]

		6 months ended 31 August 2009[i]	6 months ended 31 August 2008 [i]	6 months ended 31 August 2008 (constant f/x) [ii]
Revenue	€m	257.5	287.7	274.9
Change year-on-year			*(10.5%)*	*(6.3%)*
Operating Profit [i]	€m	57.4	66.4	58.6
Change year-on-year			*(13.6%)*	*(2.0%)*
Operating Profit Margin		*22.3%*	*23.1%*	*21.3%*
Net Finance Charges	€m	(3.3)	(6.4)	
Taxation	€m	(5.7)	(6.4)	
Discontinued Operations	€m	-	(0.5)	
Net Profit before Exceptional Items.	€m	48.4	53.1	
Change year-on-year			*(8.9%)*	

(i) Continuing operations before exceptional items
(ii) Constant currency calculation is set out on page Page 13

Segmental Review

The Group currently manages and assesses operating performance under the following five business segments:

- Cider Republic Of Ireland (ROI)
- Cider Great Britain (GB)
- Cider Rest of World (ROW)
- Spirits & Liqueurs
- Distribution

Cider ROI

	6 months ended 31 August 2009 €m	6 months ended 31 August 2008 €m	6 months ended 31 August 2008 (constant f/x) [(i)] €m	Growth Vs. prior period (constant f/x)
Revenue	90.3	94.3	94.3	(4.2%)
Operating Profit	29.5	29.7	30.4	(3.0%)
Operating margin	32.7%	31.5%	32.2%	

Revenue for Cider in ROI of €90.3m declined 4.2% on the same period last year. Operating profit declined by 3.0% to €29.5m while operating margin improved by 0.5 percentage points to 32.7% (on a constant currency basis).

Bulmers cider volumes were level in the first half against the backdrop of a weak ROI Long Alcoholic Drinks (LAD) market and a challenging economic environment. The LAD[(ii)] market declined 11% in the 6 months to August 2009. This comprised a 14% decline in the on trade and a 4% decline in the off trade. Bulmers volume performance in the first 6 months of 2009/10 reflects the continuing market shift from on trade to off trade with volumes declining by 6% year on year in the on trade and increasing by 8% in the off trade. This represents good LAD market share gains for Bulmers in both channels of trade in the period.

During the first half, C&C took a number of steps to ensure the Group is positioned to compete effectively in tough market conditions comprising: a re-organisation of the sales force; the launch of Bulmers Pear; a 10% reduction in the wholesale price for Bulmers pint bottles into the on trade; and new country-specific advertising. C&C's launch of Bulmers Pear was well executed and volumes achieved over the summer were ahead of the original plans.

Constant currency operating margins have improved despite the dilution impact of volume shift from the on trade to off trade, the pint bottle price reduction in the on trade and an increase in marketing investment as a percentage of net sales revenue. This reflects the flow-through of reduced operating costs at Clonmel and softening pricing in some input material categories.

(i) *Constant currency calculation is set out on page 13*
(ii) *Market statistics are per Nielsen unless otherwise stated*

Cider GB

	6 months ended 31 August 2009 €m	6 months ended 31 August 2008 €m	6 months ended 31 August 2008 (constant f/x) [(i)] €m	Growth Vs. prior period (constant f/x)
Revenue	90.8	109.4	99.8	(9.0%)
Operating Profit	20.9	28.4	20.9	-
Operating margin	23.0%	26.0%	20.9%	

Revenue for Cider in GB of €90.8m declined 9% on the same period last year in constant currency. Operating profit remained level at €20.9m while operating margin increased by 2.1 percentage points to 23%, both in constant currency terms.

Magners cider volumes declined 2% during the first half of the year in a cider category that continues to exhibit resilient growth and where the off trade share of category continues to expand.

While Magners overall performance in GB is broadly consistent with the objective of stabilising volumes in the current year, the brand has continued to lose share in both channels over the last 12 months. Recent share performance trends in both channels show more encouraging signs, however, and the bi-month of June/July 2009 returned Magners to volume growth in the on trade for the first time since May 2007. Magners off trade volumes have grown 18% year on year in the first 6 months of 2009/10 compared to category volume growth in the off trade of 16% [(ii)]. Over the same period in the on trade the rate of decline for Magners volume has reduced to 12% compared to cider category growth of 2% for the 5 months to the end of July 2009.

Magners Pear has performed well following a successful launch in the period and is serving to enhance the overall performance of the brand, particularly in the on trade. Magners Draught continues to grow but at a slower rate than anticipated. Pint bottle performance in the on trade remains a key focus area for the business. June and July showed a significant year on year improvement in on trade pint bottles volumes but a difficult month in August across the trade serves to highlight the challenge in turning around the pint bottle performance.

Margins improved on a constant currency basis despite the increased weighting of off trade volumes. Reduced operating costs at Clonmel and input cost savings have helped to mitigate the impact of channel shift on margins. A reduced level of marketing investment is also a significant factor. Deflation in media spend and improvements in spend effectiveness have created the capability to successfully launch Pear and maintain appropriate investment in Original whilst reducing the overall percentage of net sales re-invested in marketing.

(i) *Constant currency calculation is set out on page 13*
(ii) *Market statistics are per Nielsen unless otherwise stated*

Cider ROW

	6 months ended 31 August 2009 €m	6 months ended 31 August 2008 €m	6 months ended 31 August 2008 (constant f/x) (i) €m	Growth Vs. prior period (constant f/x)
Revenue	19.6	21.0	19.9	(1.5%)
Operating Profit	1.9	(0.9)	(0.9)	-
Operating margin	9.7%	(4.3%)	(4.5%)	

Rest of the World cider is a combination of Northern Ireland and other territories outside the UK. Northern Ireland accounts for over 50% of the Magners volumes within the Rest of the World and almost the entire operating margin. The other principal territories are North America and Iberia.

In Northern Ireland, Magners volume growth of 15% has been achieved in the first 6 months of 2009/10 with a decline of 1% in the on trade and growth of 32% in the off trade. Excluding Northern Ireland, Magners volumes grew 2% in the first 6 months with a 6% growth in North America partially offset by a 6% decline in Iberia where the tourist trade has been poor in 2009.

Revenue dilution reflects off trade pricing pressures in Northern Ireland, the impact of sterling sourced volume on pricing in Iberia and the market volume mix effect on average revenues.

The decision to downscale marketing investment in Spain and Germany whilst reviewing the strategy for Internationalisation of cider is the key feature of the improved margins year on year.

(i) Constant currency calculation is set out on page 13

Spirits & Liqueurs

	6 months ended 31 August 2009 €m	6 months ended 31 August 2008 €m	6 months ended 31 August 2008 (constant f/x) [(i)] €m	Growth Vs. prior period (constant f/x)
Revenue	33.2	41.3	41.6	(20.2%)
Operating Profit	4.9	8.9	7.9	(38.0%)
Operating margin	14.8%	21.5%	19.0%	

Revenue for the Spirits & Liqueurs division of €33.2m declined 20.2% versus the prior year on a constant currency basis. Operating profit declined by 38.0% to €4.9 m while operating margin declined by 4.2 percentage points year on year, both in constant currency.

Overall shipment volumes in Spirits & Liqueurs declined 15% year on year in the first 6 months of 2009/10. The volume decline is attributable to continuing de-stocking across all of the Groups major markets and challenging consumer environments in some of the Eastern European markets where Tullamore Dew is well represented. The impact of de-stocking is highlighted through a comparison of the volumes depleted by distributors in-market to the volumes shipped by C&C. For the first 5 months of 2009/10 depletions were down 5% in comparison to shipments that were down 15% in the 6 months to August.

The revenue dilution in the first 6 months stems from the increased weighting of Carolans within the portfolio; the territorial mix of sales volumes where the more competitively priced US market has outperformed others; and some re-allocation of marketing spend to pricing support in markets where premium price positions have re-adjusted to reflect the consumer environment.

We have continued to invest in the brands during the downturn and margins have suffered as a consequence. There are, however, some indications from both recent shipment and depletion volume trends that the de-stocking process may now be drawing to an end and that volumes are beginning to stabilise.

(i) Constant currency calculation is set out on page 13

Distribution [(i)]

	6 months ended 31 August 2009 €m	6 months ended 31 August 2008 €m	6 months ended 31 August 2008 (constant f/x) [(ii)] €m	Growth Vs. prior period (constant f/x)
Revenue	23.6	21.7	19.3	22.3%
Operating Profit	0.2	0.3	0.3	-
Operating margin	0.8%	1.4%	1.6%	

Revenue for the Distribution division of €23.6m represents a 22.3% increase on the prior year on a constant currency basis.

The Group disposed of its Wines & Spirits distribution businesses in both the Republic of Ireland and Northern Ireland for a total consideration of €15.1m during the year ended 28 February 2009. The remaining business, which is based in Northern Ireland, comprises the distribution of Coors beer and a wholesaling operation that supports the route to market for Magners.

(i) *Continuing Operations before exceptional items*
(ii) *Constant currency is set out on page 13*

FINANCE REVIEW

Cash Generation

Free Cash Flow (FCF) for the 6 months ended 31 August 2009 amounted to €53.4m representing 83% of EBITDA compared with €47.0m in the corresponding prior period. The improved cash flow principally reflects:-

- an improvement in working capital,
- a reduction in the level of capital expenditure, and,
- an exceptional cash inflow arising from excess sterling hedge contracts of €4.5m.

The positive impact of the aforementioned factors was partially offset by:-

- a reduction in EBITDA of €11m, and,
- exceptional cash outflows of €16.9m relating to the restructuring programme announced in February 2009 and dilapidation costs settled on properties disposed of.

Summary cash flow, for the 6 months ended 31 August 2009, is set out below:

	6 months ended 31 August 2009 €m	6 months ended 31 August 2008 €m
EBITDA (i)	64.3	75.3
Capital expenditure	(4.2)	(9.0)
Working capital movement	12.7	(15.5)
	72.8	50.8
Exceptional items	(12.4)	3.5
Net finance charges / income tax paid	(7.0)	(7.3)
Free Cash Flow(ii) (FCF)	53.4	47.0
FCF/EBITDA	83%	62%

Key liquidity indicators

The Group continues to have a strong balance sheet, good cash generation capability and a committed debt facility of €430m, of which €310m was drawn as at 31 August 2009. The debt facility is subject to variable interest rates and is not due for renewal until May 2012. The Group's recent acquisition of the Irish, Northern Irish and Scottish businesses of AB Inbev UK Ltd was funded by a combination of existing cash resources and debt facilities.

Net debt at 31 August 2009 amounted to €171.1m, €55.1m better than at 28 February 2009 representing an improvement of 24.4%. The movement in net debt maybe analysed as follows:

	€m
Net debt(iii) at 1 March 2009	226.2
Free cash flow in period	(53.4)
Other	(1.7)
Net debt(iii) at 31 August 2009	171.1

(i) EBITDA includes both continuing and discontinued operations and excludes exceptional items
(ii) Free Cash Flow is before disposal proceeds and Financing Activities
(iii) Net debt comprises cash, borrowings net of issue costs and excludes the fair value of interest rate derivative financial instruments which amounted to a liability of €5.8m (2008: €2.5m asset)

The final dividend payment for the financial year ended 28 February 2009 of 3 cent per share was paid in September 2009 and was settled €6.5m in cash and €3.0m by way of the scrip alternative.

The Group remains in a strong position in relation to both its interest cover and Net debt:EBITDA ratios. At August 2009, net debt:EBITDA (annualised and excluding exceptional items) was 1.7 times compared with 1.9 times at February 2009 which is significantly lower than the 3.5 maximum level specified in the Group's banking covenants.

Finance costs, net of finance income and before exceptional items, for the first half at €3.3m were €3.1m lower than in the corresponding prior period reflecting a reduction in the effective interest rate from 4.2% to 2.6%. Interest for the 6 month period to 31 August 2009 was covered 13 times by EBITDA (2008: 12 times) being nearly four times the 3.5 minimum cover provided in the aforementioned banking covenants.

The Group has hedged a portion of its net debt for the next three years at base rates ranging from 3.6% to 4.6%. The hedged amounts range from €150m for 2009/10 to €50m for 2011/12.

Currency risk management

The Group currently has only a limited balance sheet translation exposure to fluctuations in exchange rates as the bulk of its net assets as well as its entire borrowings are denominated in euro. It is Group policy not to hedge this translation exposure. Currency transaction exposures arise mainly on Sterling and US Dollar receivables and the Group policy is to hedge an appropriate portion of this exposure for a period of up to 2 years ahead.

At 31 August 2009, the Group has approximately 67% of the forecasted net sterling exposure for the remaining 6 months of the financial year hedged at an average rate of 0.83 while 77% of the Group's forecasted US dollar exposure for the balance of the year has been hedged at an average rate of 1.39.

Comparative Reporting

Comparisons for Revenue and Operating Profit for each division in the Operations Review are shown at constant exchange rates for transactions in relation to the Group's operating divisions and for translation in relation to the Group's sterling denominated subsidiaries by restating the prior period at August 2009 effective rates. The comparative rates used for Revenue and Operating Profit are:

	Translation (Actual average rate)		**Transaction (Effective rate) (i)**	
	31 August 2009	**31 August 2008**	**31 August 2009**	**31 August 2008**
Revenue:				
Euro: Stg	0.88	0.79	0.79	0.72
Euro: $	-	-	1.42	1.45
Operating Profit:				
Euro: Stg	0.88	0.79	0.78	0.69
Euro: $	-	-	1.45	1.35

(i) The effective rate is after taking into account the impact of hedge contracts on operating profit

The impact of restating currency is as follows:

	Period ended 31 August 2008 Previously reported[(i)]	FX Transaction	FX Translation	**Period ended 31 August 2008 Constant currency comparative**
	€m	€m	€m	**€m**
Revenue				
Cider – ROI	94.3	-	-	**94.3**
Cider – GB	109.4	(9.6)	-	**99.8**
Cider - ROW	21.0	-	(1.1)	**19.9**
Spirits & Liqueurs	41.3	0.3	-	**41.6**
Distribution	21.7	-	(2.4)	**19.3**
Total	**287.7**	**(9.3)**	**(3.5)**	**274.9**
Operating Profit – before exceptional items				
Cider – ROI	29.7	0.7	-	**30.4**
Cider – GB	28.4	(7.5)	-	**20.9**
Cider - ROW	(0.9)	0.2	(0.2)	**(0.9)**
Spirits & Liqueurs	8.9	(1.0)	-	**7.9**
Distribution	0.3	-	-	**0.3**
Total	**66.4**	**(7.6)**	**(0.2)**	**58.6**

(i) Continuing operations

Special note regarding forward-looking statements

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

PRINCIPAL RISKS AND UNCERTAINTIES

Under Irish company law (Statutory Instrument 116.2005 European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005), the Group and Company are required to give a description of the principal risks and uncertainties which they face.

The Group identified the following risks and uncertainties in its Annual Report for the year ended 28 February 2009:

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

- The markets in which the Group operates are highly competitive and changing and include significant global participants. The entry of new competitors into the Group's markets, a change in the level of marketing undertaken by competitors or in their pricing policies, the consolidation of the Group's competitors and/or the introduction of new competing products or brands could have a material adverse effect on the Group's market share, sales volumes, revenue and profits.

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

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

- Poor weather may have an impact on the demand for the Group's principal product.

- The Group's operations involve the sale and purchase of goods denominated in currencies other than the Euro, principally pounds sterling and the US dollar. As a result, fluctuations between the value of the Euro and these currencies may have an adverse effect on the revenue and profits of the Group, and increases in interest rates, may impact revenue and profitability.

- The Group may not be able to fulfil the demand for its products due to circumstances such as the loss of a production or storage facility or disruptions to its supply chains. This would affect sales volumes and profitability.

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

- The Group is subject to stringent environmental, health and safety and food safety laws and regulations which could result in increased compliance or remediation costs which would adversely affect profitability. Additionally failures to comply with all legislation could lead to prosecutions and damage to the Group's brands and reputation.

- The Group is vulnerable to contamination of its products or base raw materials, whether accidental, natural or malicious. Contamination could result in recall of the Group's products, the Group being unable to sell its products, damage to brand image, negative consumer perception or civil or criminal liability, which could have a material adverse effect on the Group's reputation, sales volumes, revenue and profits.

The Group considers the general weakening of economic conditions in Great Britain and Ireland, particularly in the on-trade, as being the most significant risk to its results and operations for the remaining six months of the current financial year. The complex challenge presented by the integration of the Tennent's acquisition over the next 6 to 12 months adds the scale of these risks.

Statement of the directors responsibilities in respect of the half-yearly financial report

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

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

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

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

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

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

On behalf of the Board[(i)]

T. O'Brien
Chairman
8 October 2009

J.Dunsmore
Chief Executive Officer

(i)The Board of Directors is as disclosed in the Annual Report for the financial year ended 28 February 2009 with the exception of John Holberry who resigned from the Board on 31 August 2009.

Group condensed income statement
for the six months ended 31 August 2009

	Six months ended 31 August 2009			Six months ended 31 August 2008		
	Before exceptional items €m	**Exceptional items €m**	**Total €m**	Before exceptional items €m	Exceptional items €m	Total €m
Revenue	**257.5**	**-**	**257.5**	287.7	-	287.7
Operating costs	**(200.1)**	**2.2**	**(197.9)**	(221.3)	-	(221.3)
Operating profit	**57.4**	**2.2**	**59.6**	66.4	-	66.4
Finance income	**0.5**	**0.7**	**1.2**	0.6	5.0	5.6
Finance expense	**(3.8)**	**-**	**(3.8)**	(7.0)	-	(7.0)
Profit before tax	**54.1**	**2.9**	**57.0**	60.0	5.0	65.0
Income tax expense	**(5.7)**	**(0.3)**	**(6.0)**	(6.4)	(0.5)	(6.9)
Profit from continuing activities	**48.4**	**2.6**	**51.0**	53.6	4.5	58.1
Discontinued operations						
Profit/(loss) from discontinued activities	**-**	**0.9**	**0.9**	(0.5)	-	(0.5)
Profit for the period attributable to equity shareholders	**48.4**	**3.5**	**51.9**	53.1	4.5	57.6
Basic earnings per share (cent)			**16.4c**			18.4c
Diluted earnings per share (cent)			**16.3c**			18.3c
Continuing operations						
Basic earnings per share (cent)			**16.2c**			18.6c
Diluted earnings per share (cent)			**16.0c**			18.5c

Group condensed statement of other comprehensive income
for the six months ended 31 August 2009

	31 August 2009 €m	31 August 2008 €m
Income and expense recognised directly within equity:		
Exchange difference arising on the net investment in foreign operations	**0.1**	(0.2)
Net movement in cash flow hedge reserve	**(3.2)**	(5.7)
Deferred tax on cash flow hedges	**0.3**	0.1
Actuarial gains/(losses) on defined benefit pension obligations	**9.7**	(7.3)
Deferred tax on actuarial gains/(losses) on defined benefit pension obligations	**(1.3)**	0.7
Total income and expense recognised directly in equity	**5.6**	(12.4)
Profit for the period attributable to equity shareholders	**51.9**	57.6
Recognised income and expense for the period attributable to equity shareholders	**57.5**	45.2

Group condensed balance sheet
as at 31 August 2009

	Notes	**31-Aug-09**	31-Aug-08	28-Feb-09 (audited)
		€m	€m	€m
ASSETS				
Non-current assets				
Goodwill	8	**394.7**	394.7	394.7
Property, plant & equipment	9	**90.8**	225.1	95.7
Derivative financial assets		**-**	1.5	-
Deferred tax assets		**14.0**	3.3	15.0
		499.5	624.6	505.4
Current assets				
Inventories		**42.4**	62.6	44.5
Trade & other receivables		**75.0**	92.8	57.9
Derivative financial assets		**1.8**	20.2	11.6
Cash & cash equivalents		**138.2**	36.2	83.0
		257.4	211.8	197.0
Current assets held for sale		**-**	16.2	-
TOTAL ASSETS		**756.9**	852.6	702.4
EQUITY				
Equity share capital		**3.3**	3.1	3.3
Share premium		**66.6**	48.5	65.4
Other reserves	13	**26.7**	37.3	28.4
Treasury shares	13	**(15.9)**	-	(14.7)
Retained income	13	**227.6**	332.5	167.3
Total equity		**308.3**	421.4	249.7
LIABILITIES				
Non-current liabilities				
Interest bearing loans & borrowings	10	**309.3**	289.1	309.2
Derivative financial liabilities		**2.9**	0.2	3.3
Retirement benefit obligations	12	**34.3**	32.3	45.5
Provisions		**1.3**	0.7	1.3
Deferred tax liabilities		**-**	6.3	-
		347.8	328.6	359.3
Current liabilities				
Derivative financial liabilities		**3.0**	0.3	5.0
Trade & other payables		**88.7**	75.9	64.6
Provisions		**3.9**	8.2	20.8
Current income tax liabilities		**5.2**	12.0	3.0
		100.8	96.4	93.4
Current liabilities held for sale		**-**	6.2	-
Total liabilities		**448.6**	431.2	452.7
TOTAL EQUITY & LIABILITIES		**756.9**	852.6	702.4

Group condensed cash flow statement
for the six months ended 31 August 2009

	6 months ended 31 August 2009 €m	6 months ended 31 August 2008 €m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period attributable to equity shareholders	**51.9**	57.6
Finance income	**(1.2)**	(5.6)
Finance expense	**3.8**	7.0
Income tax expense	**6.0**	6.9
Depreciation of property, plant & equipment	**6.9**	9.4
Charge for share-based employee benefits	**1.1**	0.3
Restructuring / dilapidation charges paid during the period	**(16.9)**	-
Pension contributions paid less amount charged to income statement	**(1.6)**	(2.2)
	50.0	73.4
Decrease in inventories	**2.1**	9.1
Increase in trade & other receivables	**(18.4)**	(39.7)
Increase in trade & other payables	**26.4**	14.7
Decrease in provisions	**-**	(3.8)
	60.1	53.7
Interest received	**0.5**	0.6
Interest paid and similar costs	**(3.7)**	(6.4)
Settlement gain on derivative financial instruments	**4.5**	9.6
Income tax paid	**(3.8)**	(1.5)
Net cash inflow from operating activities	**57.6**	56.0
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	**(4.2)**	(9.0)
Net proceeds on disposal of subsidiaries	**1.7**	-
Net cash outflow from investing activities	**(2.5)**	(9.0)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from exercise of share options	**-**	0.5
Proceeds from issue of new shares under Joint Share Ownership Plan	**0.1**	-
Dividends paid	**-**	(43.8)
Net cash inflow/(outflow) from financing activities	**0.1**	(43.3)
Net increase in cash & cash equivalents	**55.2**	3.7
Cash & cash equivalents at beginning of period	**83.0**	32.7
Translation adjustment	**-**	(0.2)
Cash & cash equivalents at end of period	**138.2**	36.2

Group condensed statement of changes in equity for the six months ended 31 August 2009

	Equity share capital €m	Share premium €m	Other reserves: Capital redemption reserve €m	Capital reserve €m	Cash flow hedge reserve €m	Share-based payments reserve €m	Currency translation reserve €m	Revaluation reserve €m	Treasury shares €m	Retained income €m	2008 Total €m
At 29 February 2008	3.1	44.9	0.5	24.9	16.9	2.7	(1.5)	-	-	327.7	**419.2**
Total recognised income and expense for the period	-	-	-	-	(5.6)	-	(0.2)	-	-	51.0	**45.2**
Dividend on ordinary shares	-	3.1	-	-	-	-	-	-	-	(46.9)	**(43.8)**
Exercised share options	-	0.5	-	-	-	-	-	-	-	-	**0.5**
Transfer on exercise/lapse of share options	-	-	-	-	-	(0.7)	-	-	-	0.7	**-**
Equity settled share based payments	-	-	-	-	-	0.3	-	-	-	-	**0.3**
At 31 August 2008	**3.1**	**48.5**	**0.5**	**24.9**	**11.3**	**2.3**	**(1.7)**	**-**	**-**	**332.5**	**421.4**

	Equity share capital €m	Share premium €m	Other reserves: Capital redemption reserve €m	Capital reserve €m	Cash flow hedge reserve €m	Share-based payments reserve €m	Currency translation reserve €m	Revaluation reserve €m	Treasury shares €m	Retained income €m	2009 Total €m
At 28 February 2009	3.3	65.4	0.5	24.9	(2.2)	2.4	(3.1)	5.9	(14.7)	167.3	**249.7**
Total recognised income and expense for the period	-	-	-	-	(2.9)	-	0.1	-	-	60.3	**57.5**
Joint share ownership plan	-	1.2	-	-	-	0.1	-	-	(1.2)	**-**	**0.1**
Equity settled share based payments	-	-	-	-	-	1.0	-	-	-	**-**	**1.0**
At 31 August 2009	**3.3**	**66.6**	**0.5**	**24.9**	**(5.1)**	**3.5**	**(3.0)**	**5.9**	**(15.9)**	**227.6**	**308.3**

Notes to the financial report
for the six months ended 31 August 2009

1. Basis of preparation

The information in this document does not include all the disclosures required by International Financial Reporting Standards (IFRSs) in the annual financial statements and should be read in conjunction with the Group's annual financial statements in respect of the year ended 28 February 2009.

The interim financial information has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU. The accounting policies and methods of computation adopted in preparation of the financial information are, except as noted below, consistent with recognition and measurement requirements of IFRSs as endorsed by the EU Commission and those set out in the Group's consolidated financial statements for the year ended 28 February 2009.

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

The interim financial information for both the six months ended 31 August 2009 and the comparative six months ended 31 August 2008 are unaudited and have not been reviewed by the auditors. The financial information for the year ended 28 February 2009 represents an abbreviated version of the Group's financial statements for that year. Those financial statements contained an unqualified audit report and have been filed with the Registrar of Companies.

Changes in accounting policies

A number of changes in accounting policies arise in the current period from adoption of new or revised International Financial Reporting Standards as follows:

- IFRS 8 *Operating Segments*, which became effective from 1 January 2009, sets out the requirements for disclosure of financial and descriptive information about an entity's operating segments, its products and services, the geographical areas in which it operates and its major customers.
- IAS 23 *Borrowing costs* has been revised with effect from 1 January 2009. Consequently, the Group is now required to capitalise borrowing costs, to the extent that they are directly attributable to the acquisition, production and construction of a qualifying asset, as part of the cost of that asset. This change in accounting policy has had no impact on the Group's financial reporting to date as the Group currently had no qualifying assets in the period.
- IAS 1 *Presentation of financial statements* has been revised with effect from 1 January 2009. The standard introduces a "statement of comprehensive income" and effectively replaces the statement of recognised income and expense. The Group has adopted the "two separate" statements approach of presenting income and expense within an income statement as before and components of other comprehensive income within a statement of other comprehensive income.

The financial information is presented in euro, rounded to the nearest million.

The Board approved the financial report for the six months ended 31 August 2009 on 8 October 2009.

2. Prior year re-classification of trade incentives

In respect of the financial statements for the year ended 28 February 2009, and following a review of the classification of certain trade incentives the Directors considered it appropriate to account for these transactions as a deduction from revenue in line with the accounting treatment outlined in the accounting policy for revenue recognition, set out in the Annual Report.

In previous years, the Group classified these costs within Direct Brand Marketing costs in operating expenses. This classification amendment has no impact on the profit for the period or previous period or on the financial position (net assets) of the Group as reported.

The impact of the classification change on revenue and operating expenses on continuing operations in both years is shown below:

	31 August 2009			31 August 2008		
	Revenue	**Operating expenses**	**Operating profit**	Revenue	Operating expenses	Operating profit
As previously stated	**260.8**	**(203.4)**	**57.4**	292.8	(226.4)	66.4
Impact of change	**(3.3)**	**3.3**	**-**	(5.1)	5.1	-
As restated	**257.5**	**(200.1)**	**57.4**	287.7	(221.3)	66.4

3. Segmental analysis

C&C's business activity is the manufacturing, marketing and distribution of Alcoholic Drinks and comprises five main divisions: Cider ROI, Cider GB, Cider ROW, Spirits & Liqueurs and Distribution. This segmental analysis of the business corresponds with the Group's organisational structure, the nature of reporting lines to the Chief Operating Decision-Maker (as defined in IFRS 8 *Operating Segments)*, and the Group's internal reporting for the purpose of managing the business and assessing performance. It is consistent with the requirements of IFRS 8 *"Operating Segments"* which came into effect for accounting periods commencing on or after 1 January 2009.

Cider
Cider is the dominant division and for operational and reporting purposes it is analysed into the following three Reporting Segments:

- Republic of Ireland (ROI) where C&C manufactures and markets Bulmers and other tactical ciders,
- Great Britain (GB) where the Group's main interest is Magners Cider,
- Rest of the World (ROW) which comprises Magners Cider in all other markets including Northern Ireland, Iberia and USA.

Spirits & Liqueurs
This segment consists of four C&C owned brands: Tullamore Dew, an Irish whiskey, and three Liqueurs Carolans Irish Cream, Frangelico, and Irish Mist. All four brands are marketed internationally and distributed through a network of agencies.

Distribution
This segment relates mainly to the distribution of agency products and wholesaling to the licensed trade in Northern Ireland.

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

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

Analysis by reporting segment (continuing operations)

	31 August 2009			31 August 2008		
	Revenue €m	**Operating profit €m**	**Assets €m**	Revenue €m	Operating profit €m	Assets €m
Cider – ROI [(i)]	**90.3**	**29.5**	**373.7**	94.3	29.7	390.3
Cider – GB	**90.8**	**20.9**	**46.9**	109.4	28.4	54.9
Cider – ROW	**19.6**	**1.9**	**11.6**	21.0	(0.9)	12.1
Spirits & Liqueurs	**33.2**	**4.9**	**79.9**	41.3	8.9	87.1
Distribution	**23.6**	**0.2**	**10.7**	21.7	0.3	16.6
	257.5	**57.4**	**522.8**	287.7	66.4	561.0
Cider manufacturing plant	**-**	**-**	**80.1**			214.2
Deferred tax assets	**-**	**-**	**14.0**	-	-	3.3
Derivative financial assets	**-**	**-**	**1.8**	-	-	21.7
Cash & cash equivalents	**-**	**-**	**138.2**	-	-	36.2
Current assets held for resale	**-**	**-**	**-**	-	-	16.2
	257.5	**57.4**	**756.9**	287.7	66.4	852.6

(i) Goodwill has been allocated to ROI assets

Geographical analysis of revenue by country of destination	**31 August 2009 €m**	31 August 2008 €m
Republic of Ireland	**90.8**	95.5
United Kingdom	**125.9**	143.0
Rest of Europe	**20.0**	26.3
North America	**17.0**	17.3
Rest of World	**3.8**	5.6
	257.5	287.7

Cyclicality of interim results

Operating profit performance in the drinks industry is not characterised by significant cyclicality. Operating profit for continuing operations for the 6 month period to 31 August 2008 represented 66% of the full year profits.

4. Income tax charge

Interim period income tax is accrued based on the estimated average annual effective income tax rate of 10.5% (6 months ended 31 August 2008: 10.6%).

5. Exceptional items

	31 August 2009 €m	31 August 2008 €m
Retirement Benefit Obligations	**(3.1)**	-
Gain on mark to market of derivative financial instruments	**(0.7)**	(5.0)
	(3.8)	(5.0)

(a) Retirement Benefit Obligations

The exceptional gain in the period relates to a pension curtailment/settlement gain of €3.4m arising from the Group's restructuring programme which was announced in February 2009, and is reduced by the cost of providing pension benefit augmentations (€0.3m) to a small number of employees. There was insufficient information available at the year end for the actuary to accurately value the impact of the restructuring programme on the Group's retirement benefit obligations hence no accounting entries were posted to the Group's financial statements as at 28 February 2009.

(b) Gain on mark to market of derivative financial instruments

During the current financial period, the Group entered into hedge contracts to purchase sterling which were not designated as cash flow hedges and the increase in fair value from the date of contract to the date of maturity was accounted for within finance income. During the prior period, excess sterling hedges as a result of a shortfall in

expected sterling revenues gave rise to a gain of €5.0m, which was classified as an exceptional item within finance income. Both these gains were classified within exceptional items on the basis of materiality and the unforeseen circumstances giving rise to thereto.

The taxation implication of the exceptional item is a charge of €0.3m.

6. Discontinued operations

On 11 September 2008 and 26 February 2009, the Group completed the sale of its wine & spirit distribution businesses in the Republic of Ireland and Northern Ireland respectively. The results of these businesses are presented as discontinued operations for all periods presented and are shown separately from continuing operations. The assets and liabilities of the wine & spirit distribution business in the Republic of Ireland were segregated from other Group assets as held for sale at 31 August 2008 pending their de-recognition on disposal. No gain or loss was recognised in the Interim Report for the period ended 31 August 2008 in this regard.

Results of discontinued operations

	31 August 2009	31 August 2008
	€m	€m
Revenue	**-**	32.2
Expenses, net	**-**	(32.7)
Exceptional income	**0.9**	-
Results from discontinued operations before tax	**0.9**	(0.5)
Income tax expense	**-**	-
Profit/(loss) from discontinued operations (net of tax)	**0.9**	(0.5)

The exceptional income reported in the period relates to a curtailment gain on the Group's defined benefit pension schemes arising as a result of the disposal of the wine and spirits distribution business in the Republic of Ireland.

	31 August 2009	31 August 2008
Cash flows from discontinued activities	**€m**	€m
Net cash from operating activities	**-**	(4.1)
Net cash from investing activities	**1.7**	-
Net cash from financing activities	**-**	-
Net cash derived from/(used in) discontinued operations	**1.7**	(4.1)
Depreciation	**-**	-
Capital expenditure	**-**	-
Effect of disposal on financial position of the Group		
Inventories	**-**	3.1
Trade & other receivables	**-**	0.5
Trade & other payables	**-**	(0.3)
Net assets and liabilities disposed of	**-**	3.3
Assets and liabilities held for sale		
Inventories	**-**	6.8
Trade & other receivables	**-**	9.4
Trade & other payables	**-**	(6.2)
Net assets and liabilities held for sale	**-**	10.0

7. Earnings per ordinary share

Numerator for earnings per share	**Six months ended 31 August 2009 €m**	Six months ended 31 August 2008 €m
Profit attributable to equity shareholders	**51.9**	57.6
Adjustments for exceptional items net of tax	**(3.5)**	(4.5)
Earnings as adjusted for exceptional items net of tax	**48.4**	53.1
Continuing Operations		
Earnings from continuing operations as reported	**51.0**	58.1
Adjustments for exceptional items net of tax	**(2.6)**	(4.5)
Adjusted earnings from continuing operations	**48.4**	53.6
Discontinued Operations		
Earnings from discontinued operations as reported	**0.9**	(0.5)
Adjustments for exceptional items net of tax	**(0.9)**	-
Adjusted earnings from discontinued operations	**-**	(0.5)

Reconciliation of movement in issued ordinary shares	**Number of shares ‘000**	Number of shares ‘000
Number of shares at beginning of period	**328,583**	312,993
Shares issued in lieu of dividend	**-**	612
Shares issued in respect of options exercised	**-**	157
Shares issued and held in trust in respect of joint share ownership plan	**1,000**	-
Number of shares at end of period	**329,583**	313,762
Denominator for earnings per share		
Weighted average number of ordinary shares, excluding treasury shares (basic)	**315,783**	313,207
Adjustment for the effect of conversion of options	**2,439**	1,163
Weighted average number of ordinary shares, including options (diluted)	**318,222**	314,370

Earnings per share	**Cent**	Cent
Basic earnings per share	**16.4**	18.4
Adjusted basic earnings per share	**15.3**	17.0
Diluted earnings per share	**16.3**	18.3
Adjusted diluted earnings per share	**15.2**	16.9
Earnings per share from continuing operations	**Cent**	Cent
Basic earnings per share	**16.2**	18.6
Adjusted basic earnings per share	**15.3**	17.1
Diluted earnings per share	**16.0**	18.5
Adjusted diluted earnings per share	**15.2**	17.1
Earnings per share from discontinued operations	**Cent**	Cent
Basic earnings/(loss) per share	**0.3**	(0.2)
Adjusted basic earnings/(loss) per share	**-**	(0.2)
Diluted earnings/(loss) per share	**0.3**	(0.2)
Adjusted diluted earnings/(loss) per share	**-**	(0.2)

8. Goodwill

The value of goodwill in the Balance Sheet relating to both the Cider and Spirits & Liqueurs businesses was assessed for impairment at 31 August 2009. The Group, having performed the impairment testing, is satisfied that the carrying value of goodwill has not been impaired and is confident that there continues to be significant headroom in the recoverable amount of the related cash generating units as compared to their carrying value.

9. Property, plant & equipment

Acquisitions and disposals
During the six months ended 31 August 2009, the Group acquired assets with a cost of €4.2m (six months ended 31 August 2008: €9.0m).

Capital commitments
At 31 August 2009, the Group had entered into contracts to purchase property, plant & equipment that were outstanding at the period end totalling €2.1m (31 August 2008: €13.8m).

10. Borrowings

Maturity analysis	**31 August 2009 €m**	31 August 2008 €m	28 February 2009 €m
Non-current			
2-3 years	**309.3**	-	-
3-4 years	**-**	289.1	309.2
	309.3	289.1	309.2

Unamortised issue costs of €0.7m (28 February 2009: €0.8m, 31 August 2008: €0.9m) have been netted against outstanding bank loans.

11. Analysis of net debt

	Cash & cash equivalents €m	Interest rate swaps €m	Bank loans due after one year €m	Net debt €m
At 31 August 2008	(36.2)	(2.5)	289.1	250.4
At 1 March 2009	(83.0)	6.3	309.2	232.5
At 31 August 2009	**(138.2)**	**5.8**	**309.3**	**176.9**

The Group manages its borrowing ability by entering into committed borrowing agreements. The current debt facility is structured as a five year committed revolving loan agreement, which is denominated in euro, repayable on the fifth anniversary of the date of the agreement (8 May 2012) and is subject to variable Euribor interest rates, a portion of which has been converted to fixed rates using interest rate swaps. The undrawn committed facilities available to the Group as at 31 August 2009 amounted to €120m (31 August 2008: €140m).

12. Retirement benefit obligations

As disclosed in the Annual Report for the year ended 28 February 2009, the Group operates a number of defined benefit pension schemes for employees in the Republic of Ireland, all of which provide pension benefits based on final salary and the assets of which are held in separate trustee administered funds. Since the year end the Group has fulfilled its commitment to provide a defined benefit pension scheme for employees in Northern Ireland and has closed the Executive Defined Benefit Pension Scheme for future service accruals as of 1 July 2009.

	31 August 2009	31 August 2008
	€m	€m
Retirement benefit deficit at beginning of period	**45.5**	27.2
Current service cost	**1.7**	1.9
Past service cost	**0.3**	0.3
Curtailment gain	**(3.4)**	(1.9)
Actuarial (gains)/losses on defined benefit pension obligations	**(9.7)**	7.3
Company contributions	**(0.1)**	(2.5)
Retirement benefit deficit at end of period	**34.3**	32.3

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

All other significant assumptions applied in the measurement of the Group's pension obligations at 31 August 2009 are consistent with those as applied at 28 February 2009 and as set out in the Group's last Annual Report.

The actuarial losses incurred during the prior period principally related to a fall in the valuation of assets, partly offset by gains arising from a number of active liabilities becoming deferred which arose as a result of the reduction in employee numbers following the re-organisation programme announced in November 2007; changes in pensionable salaries; and increases in the long term bond yields which changed from 5.45% to 5.5% in relation to the Republic of Ireland scheme and from 6% to 6.5% in relation to the Northern Ireland scheme.

13. Other reserves

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

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

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

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

Treasury shares
This reserve arises when the Company issues equity share capital under its Joint Share Ownership Plan, which is held in trust by the Group's Employee Benefit Trust, the consideration paid is deducted from total shareholders' equity and classified as treasury shares on consolidation.

14. Dividend

A final dividend of 3 cent per ordinary share (2008: 6 cent) was paid to shareholders on 2 September 2009. An interim dividend of 3 cent per share is proposed on 317,561,426 ordinary shares amounting to €9.5m.

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

15. Related Parties

Transactions with key management personnel
For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the Group has defined the term "key management personnel", as its executive and non-executive directors.

Key management personnel receive compensation in the form of short-term employee benefits, post-employment benefits and equity compensation benefits. Key management personnel received total compensation of €2.0m for the six months ended 31 August 2009 (six months ended 31 August 2008: €3.0m).

16. Events after the Balance Sheet Date

On 27 August 2009, the Group announced that it had entered into a conditional agreement to acquire the Irish, Northern Irish and Scottish businesses of AB Inbev for a total consideration of £180m (€205.2m). The conditions precedent to the acquisition were satisfied and the transaction completed on 28 September 2009 following the receipt of unconditional approval from the Irish Competition Authority on 17 September 2009; approval from shareholders on 25 September 2009; and completion of the employee consultation process.

The principal assets of the businesses acquired include the rights to Tennent's brands worldwide (subject to a licence back of Tennent's Super and Tennent's Pilsner), the Wellpark Brewery in Glasgow and trade loans made to customers of the acquired business.

The acquisition will be financed from a combination of the Group's own cash resources and existing bank facilities.