C&C Group Annual Report 2017

c&c group plc

About C&C Group

C&C Group is a premium drinks company which owns, manufactures, markets and distributes branded cider, beer, wine, soft drinks and bottled water.

C&C Group's brands include: Bulmers, the leading Irish cider brand; Tennent's, the leading Scottish beer brand; Magners, the premium international cider brand; Tipperary Water; Finches soft drinks; as well as a range of niche, premium and craft ciders and beers.

C&C Group also owns and manufactures Woodchuck, a leading craft cider brand in the United States.

C&C Group manufactures and distributes a number of 3rd party international beer brands in Scotland, Ireland and Northern Ireland.

C&C is also a leading drinks wholesaler in Scotland and Ireland, where it operates under the Tennent's and C&C Gleeson brands respectively.

C&C Group is headquartered in Dublin and its manufacturing operations are based in Co. Tipperary, Ireland; Glasgow, Scotland; and Vermont, US. C&C Group plc is listed on the Irish and London Stock Exchanges.

This report includes forward-looking statements, including statements concerning current expectations about future financial performance and economic and market conditions which C&C Group believes are reasonable. However, these statements are neither promises nor guarantees, but are subject to risks and uncertainties, including those factors discussed on pages 19 to 21 that could cause actual results to differ materially from those anticipated.

Contents

The design of this annual report takes its inspiration from the work of contemporary muralist and graffiti artist James Earley and his packaging design for Outcider–our new cider launched in the Republic of Ireland in March 2017. Earley's packaging design was inspired by the contrasting environments of Dublin's Docklands; a landscape that blends man-made and natural elements, with the colour palette influenced by his family's heritage in stained glass windows and his own graffiti background.

View this report online
candcgroupplc.com or
candc.annualreport17.com

Financial Highlights

Profitability

Net Revenue ▼
€559.5m
decreased by 15.6%

Operating Profit ▼
€95.0m
before exceptional items down 7.9%

Operating Margin ▲
17.0%
before exceptional items up 1.4 ppts

Adjusted Diluted Earnings Per Share ▼
23.8 cent
per share down 1.7%

Cash

Free Cash Flow Conversion ▼
53%
before exceptional items

Shareholder Return

Proposed Final Dividend ▲
9.37 cent
per share an increase of 5%
delivering 5% growth in full year dividend
to 14.33 cent per share

Read more in the Group Chief Financial Officer's Review on **page 37**

Business & Strategy

The past 12 months have yet again demonstrated the fundamental strengths of your Company in the face of challenging conditions both in terms of the macro economic environment and competitive activity.

Read more in the Chairman's Statement on **page 12**

After a challenging FY2016, the Group's key markets and trading performance was stable over the course of this year. We returned our three key brands to volume growth of +2.6% (FY2016: -6.4%), successfully completed a major rationalisation programme and continued to grow our Premium portfolio and Export business.

Read more in the Group Chief Executive Officer's Review on **page 22**

in this section

Strong Positions in Home Markets...

Ireland

No.1 cider brand in Ireland

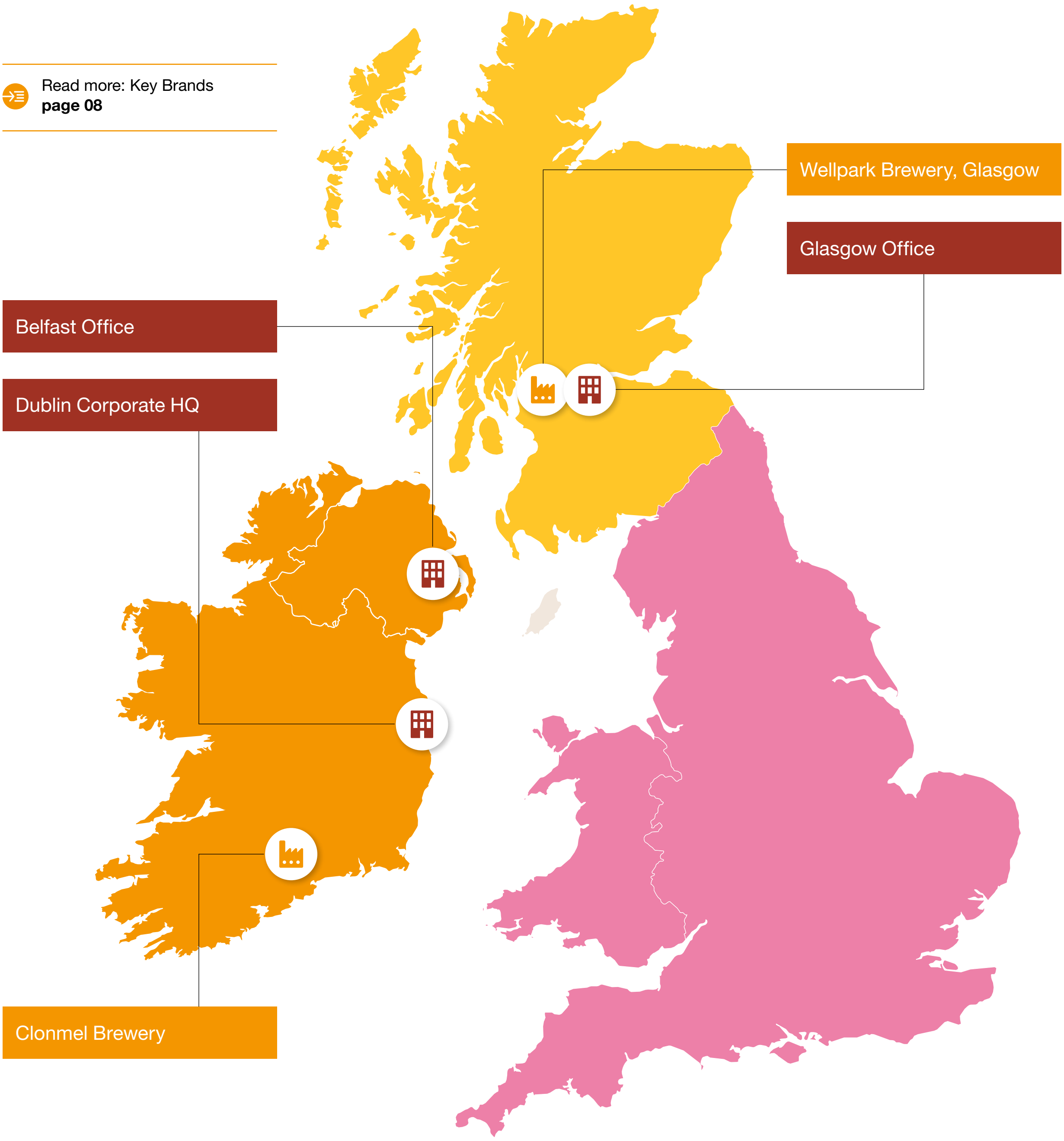
Scotland

No.1 drink by sales in Scotland

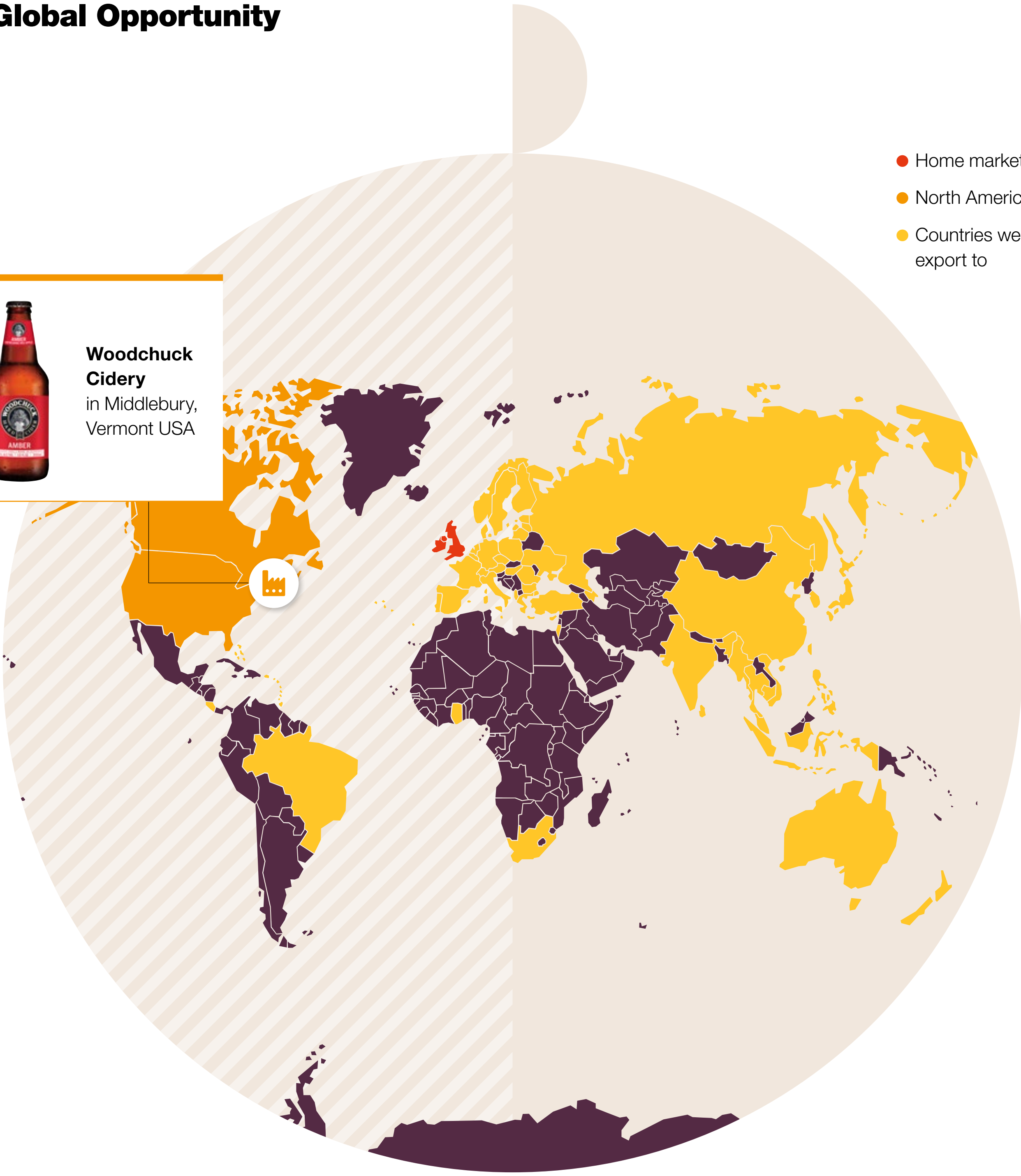
England & Wales

No. 2 apple cider brand in UK

Read more: Key Brands
page 08



...Global Opportunity



- Home markets
- North America
- Countries we export to

Woodchuck Cidery
in Middlebury, Vermont USA

Exporting to over 60 markets globally

- Albania
- Andorra
- Australia
- Austria
- Azerbaijan
- Bahamas
- Belgium
- Bermuda
- Brazil
- Bulgaria
- British Virgin Islands
- Cambodia
- Canada
- Cayman Islands
- China
- Costa Rica
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Ghana
- Gibraltar
- Greece
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- Malaysia
- Malta
- Myanmar
- Netherlands
- New Zealand
- Norway
- Philippines
- Poland
- Portugal
- Puerto Rico
- Qatar
- Romania
- Russia
- Singapore
- South Africa
- South Korea
- Spain
- Sri Lanka
- St. Lucia
- St. Maarten
- Sweden
- Switzerland
- Taiwan
- Thailand
- Trinidad & Tobago
- Turkey
- UAE
- Ukraine
- United Kingdom
- US
- US Virgin Islands
- Vietnam

Brand Portfolio Highlights

Key Brands

Read more page 08

Ireland

Scotland

C&C Brands

Premium & Craft

Read more page 09

Ireland

Scotland

C&C Brands

Other Owned Brands

Read more page 10

Ireland

Scotland

C&C Brands

Wholesale & Distribution

Read more page 11

Ireland

C&C GLEESON
BRANDS THAT DELIVER

Including distribution rights for certain AB InBev beer brands such as Stella Artois, Beck's, Corona.

Scotland

TENNENT'S
ESTD 1556

Including distribution rights for certain AB InBev beer brands such as Stella Artois, Beck's, Corona, Budweiser.

Wines, spirits, soft drinks

Read more page 11

Brands

Legend

- Core brands
- Premium brands
- Other owned brands
- Wholesale & distribution
- Wines, spirits, soft drinks

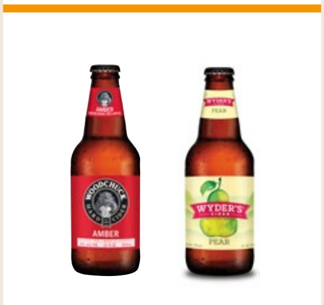
Geographical

Legend

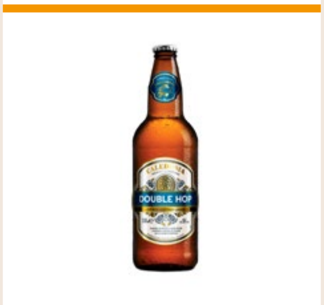
- Ireland
- Scotland
- C&C Brands
- North America
- Export

Read more: Operations Review on **page 28**

North America



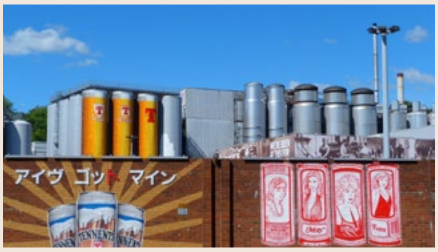
Export



Our Production Facilities

Clonmel Cidery, Ireland

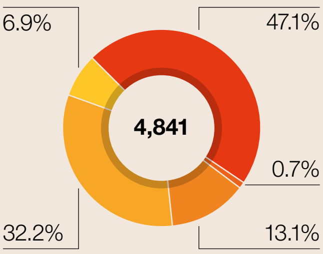
Wellpark Brewery, Scotland



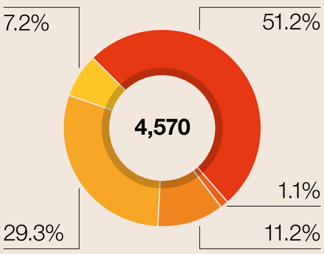
Woodchuck Cidery, USA

Volumes (khl)

FY16

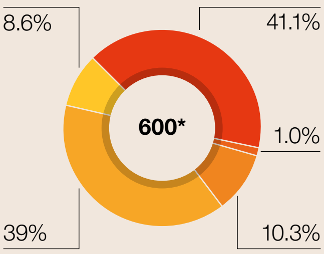


FY17

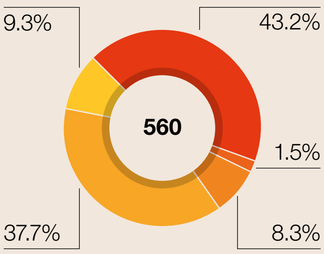


Net Sales Revenues (€m)

FY16

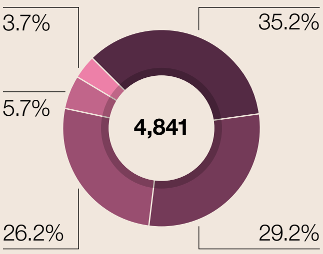


FY17

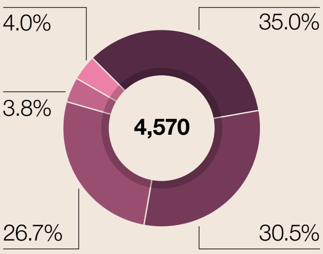


Volumes (khl)

FY16

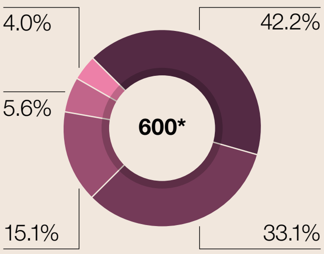


FY17

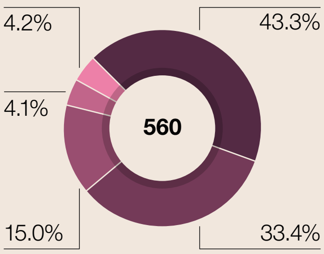


Net Sales Revenues (€m)

FY16



FY17



* FY16 Net sales revenues adjusted for constant currency and US adjustment following the Pabst transaction.

Brand Portfolio
Key Brands

Magners

- Transformed cider in the UK in 2005
- No. 2 apple cider brand in GB market
- Now exported to over 50 countries worldwide

Magners is a premium, traditional blend of Irish cider with a crisp, refreshing flavour and a natural authentic character. Also in the range is **Magners Dark Fruit** which offers cider drinkers a fruitier alternative to draught apple. The 4% ABV fruit cider has notes of jammy berries and sharp blackcurrants.

Tennent's

- No.1 drink by sales in Scotland
- On the bar in 8 out of 10 pubs
- Almost 2 in every 3 pints of lager sold in Scotland
- Highest rate of sale of any beer brand in the UK

Tennent's Lager is brewed to the highest standards to create a lager with a crisp taste and refreshingly clean finish. Tennent's has been made with pride in the heart of Glasgow since 1885, but is famous far beyond its home city. Tennent's Lager is Scotland's best-selling lager.

Tennent's Black T is a premium lager using the finest natural ingredients, including 100% Scottish barley. It is a golden lager with a well-rounded flavour and a distinct smooth maltiness.

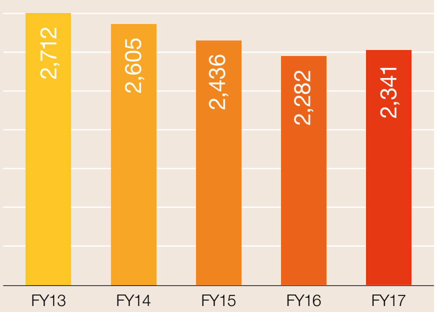
Bulmers

- No.1 cider brand in Ireland
- Available in 95% of Irish pubs
- 80 years of heritage and provenance
- No. 3 LAD brand in ROI

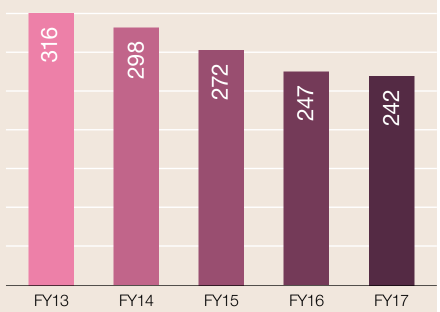
Bulmers Original is a premium, traditional blend of Irish cider with an authentic clean and refreshing taste.

Outcider by Bulmers launched March 2017 is a new sweet cider with plenty of edge and just the right balance of bitter and sweet Irish apples.

Core Brands Volumes (khl)



Core Brands Net Sales Values (€m)*



* All numbers are on a constant currency basis and FY2016 is also restated for the US adjustment (see Note (i) on page 36).

Brand Portfolio
Premium and Craft

Our growing portfolio of Premium and Craft Beers and Ciders serves the consumer's increasing demand for diversity, newness and taste.

These are premium products commanding premium prices and support our key brand propositions.

We are targeting that Premium and Craft represent 5% of branded volumes over the medium-term (FY2017: 2%) through a combination of in-house innovation and partnership with International and local/craft brands.

In-house Innovation

Heverlee is a premium Belgian Beer, which is endorsed by the Abbey of the order of Prémontré, in the town of Heverlee in Leuven.

Chaplin & Cork's is an award winning range of exquisite ciders made using pure juice from the finest English cider apples. The range includes Somerset Gold and Somerset Reserve.

International Agency

Menabrea is from Northern Italy and is matured gently in the perfect temperature of cave cellars for a taste of superior clarity. This pale lager is well balanced between citrus, bitter tones and floral, fruity undertones giving a consistent and refined flavour. It has a complicated malty, hoppy taste with an exceptional head retention due to the quality of our ingredients and maturation process.

Pabst Blue Ribbon is brewed in the finest traditions of an American Premium Lager dating back to 1844.

Local Craft

Whitewater Brewery was established in 1996 on the third generation family farm amidst the spectacular Mourne Mountain range in the north of Ireland. Its range of beers includes Maggie's Leap, Belfast Ale and Belfast Black.

The Five Lamps Dublin Brewery was originally set up in early 2012 beside Dublin's iconic Five Lamps. Its first beer, 5 Lamps Dublin Lager, was launched in September 2012. The range now includes Liberties Pale Ale, Monto Red Ale and Blackpitts Stout.

Drygate is the UK's first experiential Craft Brewery and is situated beside the Wellpark Brewery in Glasgow. The core Drygate range includes Bearface Lager, Outaspace Apple Ale, Gladeye IPA, Ax Man Rye IPA and the recently launched gluten-free Drygate Pilsner, as well as a regular series of unique and experimental brews.

Brand Portfolio
Other Owned Brands

Ireland Beer Brands

Roundstone Irish Ale is a fine ale in the Irish tradition, brewed from 100% malted barley and a blend of three types of hops to deliver a gentle yet distinctive caramelly maltiness.

Clonmel 1650, named after one of the most historic events in the town of Clonmel, is a fine example of a pilsner style lager with a slightly fruity estery nose and a subtle hoppy character.

Scottish Beer Brands

Caledonia Best is a modern, distinctive ale that is balanced, sweet and smooth, with a malty roast flavour and a pleasant hoppy bitterness.

Caledonia Premium Bottled ales are a range of ales designed to meet a variety of drinking occasions. By combining the Highland water of Loch Katrine with the finest Scottish malted barley, hops and yeast we have created a family of beers that are unmistakably Scottish.

English Cider Brands

Blackthorn is a West Country legend and one of the country's best known and widely drunk ciders due to its secret blend of bittersweet English cider apples. The range includes **Blackthorn Gold, Blackthorn Dry** and **Black 'n Black**.

K cider is a full strength, premium cider expertly pressed with a unique blend of English cider apples to deliver a full bodied flavour and rich golden colour.

Ye Olde English is a traditional medium dry cider made using a unique blend of dessert and cider apples to deliver a deliciously refreshing taste.

Addlestones is a naturally cloudy premium cider that is twice fermented but never filtered to deliver its unique, smooth taste.

Gaymers is a clean, crisp, easy drinking medium cider made using the finest English apples.

Other English cider brands include **Natch, Special VAT** and **Taunton Traditional**.

American Cider Brands

Woodchuck Hard Cider is a premium hard cider handcrafted in Vermont from the highest quality ingredients while offering an innovative range of ciders. **Gumption** is the newest style in our Woodchuck family and pairs the fresh juice of common eating apples with dry European bittersweet cider apples. The bold packaging and active lifestyle delivers a new energy to the Woodchuck brand family.

Wyder's Hard Cider was formulated in 1987 by cider master Ian Wyder and is now available throughout the central and western United States.

Brand Portfolio
Wholesale & Distribution

Brand-led wholesale in Ireland and Scotland

In common with other brewers, the Group complements its branded business with third-party drinks wholesaling, own-label and agency distribution in its key domestic markets of Ireland and Scotland.

This wholesale and agency activity supports our branded businesses by broadening the portfolio of drinks we can offer to our on and off-trade customers and deepens our level of understanding and engagement with the trade. Wholesale and agency also leverage the Group's existing procurement, sales, marketing and distribution infrastructure to provide incremental revenue and profit through overhead absorption.

Our principal agency business is the AB InBev beer portfolio which we distribute in Ireland and Scotland (excluding Budweiser in the Republic of Ireland). AB InBev's range of World beers includes Becks, Stella Artois, Budweiser, Bud Light and Corona and is highly complementary to our Magners, Bulmers and Tennent's brands and our emerging Premium and Craft portfolio.

Brand Portfolio
Wines, Spirits And Soft Drinks

Wine & Spirit Brands

The Group's portfolio of wine and spirit brands sold in the on-trade includes the **Oliver & Greg's** and **Moondarra** wine brands, **Odessa Vodka** and **Squires Gin**.

The Group also distributes a number of wine brands in the Republic of Ireland including **Santa Rita** and **Yellow Tail**.

Soft Drinks

Tipperary Pure Irish Water is proudly bottled at source in Tipperary.

Finches is a range of premium soft drinks in orange and other flavours produced in Ireland with pure natural spring water.

JWV+ is made from natural mineral water. It contains a range of health intrinsics and is targeted at consumers looking for tasty refreshing alternatives to the traditional soft drink and bottled water offering.

Chairman's Statement

OPERATING RESULTS

The past 12 months have yet again demonstrated the fundamental strengths of your Company in the face of challenging conditions both in terms of the macro economic environment and competitive activity. Clearly our trading and financial performance has been affected by a period of considerable currency volatility. Competition within the International beverage sector has impacted also on our local markets with increased pressure on price and margin.

In spite of this, the Company has delivered a solid set of results and has made considerable progress in the volume performance of its key brand franchises. These, after all, are the income generators of the future. We have also made strategic progress through expanding our distribution agreements with AB InBev.

In the year we up-weighted our investment in the Magners brand in the UK, delivering double-digit volume growth against a market that was marginally down. In Ireland, since the year end we have launched a range extension to our Bulmers portfolio and early indications are positive from this initiative. Again provenance is at the heart of that initiative, which is not an attribute that can be readily emulated. Other initiatives with Heverlee, Menabrea, Caledonia and Five Lamps have illustrated our capacity to innovate and broaden our appeal to consumers of whatever age or background.

It is not a time to adopt a defensive posture in the face of undoubted market challenge. Our short-term financial results may be pressured but there remains significant opportunity for the business. Brand building is at our core and premium portfolios will continue to deliver, in our view, a real return for shareholders over the longer term. This can only be achieved however, from an appropriately competitive base. As a consequence, we took the difficult decision to reduce our workforce across operations in Ireland, Scotland and in the C&C Brands business. We recognise these changes are difficult for our people and have worked hard to re-deploy affected employees in Ireland at our Clonmel site. In securing a buyer for our assets in Shepton there was also an opportunity to sustain employment for some of those affected. We now have a manufacturing and sales infrastructure that is well-invested, highly flexible and efficient and capable of competing effectively in today's marketplace.

ECONOMIC AND INDUSTRY BACKGROUND

It would be foolhardy not to expect the volatility of market conditions to continue. The political background in our markets in Europe and indeed further afield is still uncertain. However, it cannot be much more volatile than the conditions faced over the last 12 months and your business has navigated these waters with a good degree of resilience.

We will continue to invest in our brands and the recently agreed partnership arrangements in England and Wales with AB InBev, the world's largest brewer, provides third-party validation of our brand strategy. The continued consolidation amongst our customers illustrates the merits of such a partnership.

Long term consumer trends in our principal markets are towards lower alcohol consumption overall, but with increased demand for diversity, choice and taste. This can present challenges, but also opportunities to drive value from brands such as ours through premiumisation and innovation.

CAPITAL ALLOCATION

Our capital allocation and dividend policy are relatively well known. Recognising our continued financial strength and strong cash generation, we propose to pay a final dividend of 9.37 cent per share subject to shareholder approval. This will bring the Group's full year dividend to 14.33 cents, an increase year on year of 5%.

Clearly our objective is to seek investment opportunities which will enhance the return for our shareholders and build upon the strategic strength of the Group. If such opportunities are not immediately in prospect, then we have previously advised that we would use available finance to buy back shares, particularly where the price was attractive. During the past year we have spent €23.2 million buying back shares at an average price of €3.73, contributing to a 6.9% reduction in our weighted average number of shares year on year. In addition, we have purchased a further €18.7 million of shares since the year end.

The Board's intention is to continue this philosophy given that it was established not as a short term proposition but as part of our longer term prospectus.

The major strategic decisions taken to rationalise our manufacturing footprint, increase brand investment in Ireland and extend our partnership arrangements with AB InBev should all bear fruit in the year and years to come.

Read more about Governance on **pages 58 to 69**

Our guidance is medium term target leverage of 2x Net Debt/EBITDA. We anticipate we will move towards this level during the course of FY2018 through a combination of our progressive dividend policy, acquisitions and/or share buybacks.

GOVERNANCE & CORPORATE RESPONSIBILITY

The Board and senior management team are committed to maintaining the highest standards of governance and ethical behaviour throughout the business. A statement of our main Governance principles and practice is provided on pages 58 to 69 and reflect the requirements of the 2014 UK Corporate Governance Code and the Irish Corporate Governance Annex.

We take corporate responsibility seriously and our Corporate Responsibility Statement on pages 42 to 50 sets out our work this year in this area. Recognising the importance of shareholder engagement, I have also recently completed a series of meetings, focused principally on corporate governance, with a number of the Group's largest institutional shareholders – a practice which I now engage in annually. Consistent with the principles of the UK Corporate Governance Code, I have ensured that feedback from these meetings has been shared with the Board as a whole.

PEOPLE

It is with much sadness that I have to report that Rory Macnamara who joined the Board in January 2016 passed away in December after a short illness. Rory made an inimitable and valued contribution to the Board during his all too brief time as a Director.

As part of our commitment to Board refreshment and development, Jim Clerkin was appointed as a non-executive Director in April 2017. Jim brings a wealth of experience and knowledge of the global drinks industry to the Board. We look forward to his contribution in the years ahead.

The programme of Board refreshment is an ongoing one where the objective is not only to balance skills but provide continuity and fresh perspective.

CONCLUSION

We remain cautious about the consumer environment in our key markets of the UK and Ireland. Currency and political volatility are a challenge for consumers and companies alike. The volume momentum regenerated in our core brands during the past year does give us continuing impetus. The major strategic decisions taken to rationalise our manufacturing footprint, increase brand investment in Ireland and extend our partnership arrangements with AB InBev should all bear fruit in the year and years to come. Together with the continued hard work, expertise and determination of our people, we look forward to further progress in the current year.

Sir Brian Stewart
Chairman

Business Model

In Scotland and Ireland our ambition is to be the pre-eminent brand-led wholesale drinks supplier to the licensed on and off-trade. Our platforms in both territories provide: an unrivalled range across our Core, Premium, Agency and 3rd Party Brands; enhanced customer service; and comprehensive geographic coverage. We firmly believe this is the right model to meet the needs of both customers and consumers, who are increasingly demanding authentic, differentiated local brands as well as global reach.

		Meeting customer needs
Core Brands All own brands	Bulmers Original, Magners Original, Tennent's (T)	"Must-have" local brands
Premium and Craft Portfolio Predominantly own brands or craft JVs	Heverlee, Menabrea, Drygate Brewing Co, Pabst Blue Ribbon Est. 1844, Five Lamps Dublin Brewery	Craft and premium consumer experimentation
Other Owned Brands Owned local and specialty brands	Clonmel 1650, Caledonia, Roundstone Irish Ale	Local, niche and specialty brands
World Premium Brands 3rd party brands distributed under contract, primarily AB InBev brands	Stella Artois, Beck's, Budweiser, Corona Extra	Access to global brands
Wholesale All 3rd party brands bought-in	Soft Drinks, Wines, Spirits, Cider, Beer	"One-stop shop"

Revenue Generation and Earnings Growth

- In our core geographies of Ireland and Scotland, we seek revenue generation through a full-service, brand-led wholesale model predominantly focused on our own range of brands and meeting customers needs. In the rest of Great Britain we focus on cider market share expansion and our growing premium portfolio. Internationally we focus on volume and value growth in established markets and seeding new markets in Asia & Africa.
- We seek to make brand innovations at low cost and exploit niche and premium markets.
- We seek earnings growth through revenue generation, cost control and margin improvement.

Cash Generation

- Our core businesses are strongly cash generative. We therefore focus on cash. We critically review the value for money of all brand and capital investment. Our current emphasis is on investment in brands and innovation to drive revenue and market share. Group management relentlessly drive to reduce costs – in production, distribution and commercial overheads.

Engagement

- We engage with our workforce and incentivise them to ensure alignment with shareholders.
- Local management are incentivised with financial targets relevant to their local business unit.
- Where necessary, we are prepared to buy in expertise on a margin-sharing basis.

Strategic Capital

- We seek local expansion in our core territories. Potential acquisitions must complement our business and meet our strategic objectives.
- We are prepared to make larger transformational acquisitions, and we are ready to seize opportunities as they arise due to the strength of our Balance Sheet.
- We will make disposals where they will enhance shareholder value.
- In the absence of capital investment opportunities we will return surplus cash to our shareholders.

Social Responsibility

- Throughout the Group we seek to operate compliantly with the law and as good corporate citizens.

Group Strategy

Our long term strategy is to build a sustainable international, cider-led, multi-beverage business through a combination of organic growth and selective acquisitions.

Strategic pillars	Medium term strategic goals
Enhance value of key brands	Brand and product investment to build value of key brands over the long term
Grow Premium and Craft portfolio	Leverage key brand strength and market position to grow our portfolio of Premium and Craft brands
Brand-led drinks wholesaler in key markets	Deliver unrivalled portfolio strength, value and service to the Scottish and Irish on-trade and off-trade
Rigorous focus on costs and efficiencies	Ongoing commitment to delivering operational efficiencies and cost control
International growth	Grow international volumes of our key brands through strategic alliances
Capital allocation to enhance growth and shareholder returns	Selective acquisitions to fuel sustainable, profitable growth and/or cash returns to shareholders

Financial characteristics

Resilient high margins

Cash generation and Balance Sheet strength

EPS growth and cash returns

Achievements during FY2017

- Up-weighted investment in our key brand assets of Magners, Bulmers and Tennent's, returning them to volume growth of +2.6% in their key markets. Direct brand marketing across these three key brands rose to 9.5% (FY2016: 8.4%) of net sales value with a further 4.0% (FY2016: 3.4%) invested in new founts.
- Re-launched and re-positioned the Magners Original brand in the UK with new packaging and a comprehensive marketing campaign under the "Hold True" tag line. Launched Outcider from Bulmers, a new sweeter tasting cider targeting a more youthful audience.

- The Premium and Craft portfolio (which includes Chaplin & Cork's, Heverlee, Menabrea, Pabst as well as our local craft businesses Five Lamps, Dowds Lane, Drygate and Whitewater) grew volume by 60%.
- Premium and craft now accounts for 2% of our own brand volume, 3% of own brand revenue and is starting to make a meaningful contribution to bottom-line given the premium price points and attractive margins.

- The Group complements its branded business with third-party drinks wholesaling, own-label and agency distribution in its key domestic markets of Ireland and Scotland.
- We are working through the challenges and complexities of running fully integrated brand-led wholesale businesses and the increased focus delivered improved performance in the second half of the year. Significant new client wins in Scotland helped stabilise volume and customer numbers by the year end, giving increased confidence for the year ahead.

- We closed our plant at Borrisoleigh in Ireland and sold our cidery and bottling operations at Shepton Mallet in England. The activities at both sites were transferred to our Clonmel site. These changes were essential for the Group, improving our utilisation rates at our key sites to mid-70's percent and ensuring the cost competitiveness of our products.
- The site rationalisation savings helped to successfully deliver the €15m of cost reductions announced in March 2016. The cost savings facilitated incremental investment in marketing and price support to further strengthen our core brand domestic positions.

- The Group enjoyed another good year of progress in its international business, with volumes during the year up + 3.9% (FY2016: +14.8%).
- The International team delivered a strong performance in the more established markets of Western Europe, with volumes +14% in the region. The Tennent's brand performed well in Export, increasing volume by +17% . It now accounts for c.30% of the Group's international division.

- Our Balance Sheet remains in robust health with a net debt to EBITDA ratio of 1.55x at the year end. This is after paying out €66m in dividends and share buybacks, increased net capex of €16m (including €17m on the new PET line at Clonmel) and investing an additional €12m in our trade lending books in Northern Ireland.
- Our guidance is medium term target leverage of 2x Net Debt/EBITDA. We anticipate we will move towards this level during the course of FY2018 through a combination of our progressive dividend policy, acquisitions and/or share buybacks.

Strategic priorities for FY2018

CORE OBJECTIVE

Our core strategic objective is to deliver earnings growth.

STRATEGIC PRIORITIES

Existing businesses

- to strengthen core brands and develop a portfolio of differentiated premium brands to capitalise on niche, craft and specialist opportunities
- to leverage integrated brand-led wholesale platforms in Ireland and Scotland to drive revenue growth and reduce costs
- successfully imbed our new distribution relationship with AB InBev for our cider portfolio in the UK, to grow volume and value in our core cider brands
- to grow international volumes and earnings through distribution partnerships

Capital allocation

- after increased investment in FY2017 maintain the strong cash conversion characteristics of the business
- to move towards target leverage of 2x Net Debt/EBITDA which provides flexibility to take advantage of consolidation opportunities
- to return value to shareholders in the absence of strategic opportunities

Corporate responsibility

- targeting further sustainability improvements across the Group
- focusing our social responsibility agenda on engagement in the community
- achieving a continuous improvement in workforce health and safety

Key Performance Indicators

Strategic Priority	KPI	Definition (see also financial definitions on pages 177 and 178)	FY2017 performance	FY2018 Focus	Links to other Disclosures
To enhance earnings growth	Operating Profit	Operating profit (before exceptional items)	FY15 €115.0m FY16 €103.2m FY17 €95.0m	To seek continuing growth, through revenue enhancement, acquisition synergies and cost control	Group CFO Review **page 37**
	Operating Margin	Operating profit (before exceptional items), as a percentage of net revenue	FY15 16.8% FY16 15.6% FY17 17.0%		
To enhance earnings growth	Adjusted diluted earnings per share	Attributable earnings before exceptional items divided by the average number of shares in issue as adjusted for the dilutive impact of equity share awards	FY15 27.2c FY16 24.2c FY17 23.8c	To achieve adjusted diluted EPS growth in real terms	Group CFO Review **page 37**
To generate strong cash flows	Free Cash Flow	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	FY15 €82.3m FY16 €113.4m FY17 €54.3m	To generate improved operating cash flows	Group CFO Review **page 39**
	Free Cash Flow Conversion Ratio	The conversion ratio is the ratio of free cash flow as a percentage of EBITDA before exceptional items	FY15 58.8% FY16 92.5% FY17 49.4%		Group CFO Review **page 39**
To ensure the appropriate level of financial gearing and profits to service debt	Net debt: EBITDA	The ratio of net debt (Net debt comprises borrowings (net of issue costs) less cash) to Adjusted EBITDA	FY15 1.13x FY16 1.33x FY17 1.55x	Move towards medium term target of 2.0 times Net Debt/EBITDA	Group CFO Review **page 38**
To deliver sustainable shareholder returns	Progressive dividend/ return to shareholders	Total dividend per share paid and proposed in respect of the financial year in question	FY15 11.50c FY16 13.65c FY17 14.33c	The Group will continue to seek to enhance shareholder returns	Chairman's Statement **page 12**
	Dividend Payout Ratio	Dividend cover is Dividend/ Adjusted diluted EPS	FY15 42.3% FY16 56.4% FY17 60.2%		
To achieve the highest standards of environmental management	Reduction in CO^2 emissions	Tonnes of CO^2 emissions[1]	FY15 37,955t FY16 45,071t FY17 41,228t	To achieve best practice across the Group, including acquired businesses	Corporate Responsibility Report **page 47**
To achieve the highest standards of environmental management	Waste recycling	Tonnes of waste sent to landfill[2]	FY15 27t FY16 24t FY17 16t	To achieve best practice across the Group, including acquired businesses	
To ensure safe and healthy working conditions	Workplace safety accident rate	The number of injuries that resulted in lost-work days, per 100,000 hours working time in production facilities[2]	FY15 0.68 FY16 0.42 FY17 0.56	To achieve best practice across the Group, including acquired businesses	Corporate Responsibility Report **page 49**

1. Clonmel, Wellpark and Vermont in FY2015. FY2016 and FY2017 includes the Gleeson and Wallaces Express businesses.
2. Clonmel, Wellpark and Shepton Mallet

Principal Risks and Uncertainties

The principal risks and uncertainties which have the potential to have a material impact upon the Group's long-term performance and achievement of strategy are set out below.

These represent the Board's view of the principal risks at this point in time. There may be other matters that are not currently known to the Board or are currently considered of low likelihood which could arise and give rise to material consequences.

Risks and Uncertainties	Mitigation
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	
Consumers may shift away from larger brands towards more localised, premium and niche products.	Through diversification, innovation and strategic partnerships, we are developing our product portfolio to enhance our offering of niche and premium products to satisfy changing consumer requirements.
Seasonal fluctuations in demand, especially an unseasonably bad summer in Ireland could materially affect demand for the Group's cider products.	The Group seeks to mitigate this risk through geographical and brand diversification.
Consumer preference may change in our core geographies, 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. For instance, as part of this programme, Outcider was launched in Ireland in FY2017. The Group also operates a brand-led model in our core geographies with a comprehensive range to meet consumer needs.
The GB off-trade and increasingly the GB on-trade continues to be highly competitive, driven by consumer pressure, customer buying power, consolidation and vertical integration of distribution channels and the launch of heavily-invested competing products.	The Group seeks to mitigate the impact on volumes and margins through developing a focused portfolio approach, innovation, strategic partnerships, such as the distribution arrangement that the Group entered into with AB InBev in GB in FY2017, the introduction of brand propositions that are in tune with shifting consumer and customer needs and through seeking cost efficiencies.
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.
The Group is reliant on the performance of its distribution partners for the distribution of its products in international markets and the UK.	The Group mitigates these risks by continuously monitoring the performance of its distribution partners and having agreements with appropriate protections in place in relation to inadequate performance.

Principal Risks And Uncertainties
(continued)

Risks and Uncertainties	Mitigation
Risks and Uncertainties Relating to Revenue and Profits	
Key strategic partnerships may not be renewed or may be renewed on less favourable terms.	The Group seeks to mitigate this risk by managing its relationship with its key strategic partners and by putting long-term arrangements in place in relation to termination and renewal.
Risks and Uncertainties Relating to Costs, Systems and Operations	
Input costs may be subject to volatility and inflation and the continuity of supply of raw materials may be affected by the weather and other factors.	The Group seeks to mitigate some of these risks through long-term or fixed price supply agreements. The Group does not seek to hedge its exposure to commodity prices by entering into derivative financial instruments.
Circumstances such as the loss of a production or storage facility or disruptions to its supply chains or critical IT systems may interrupt the supply of the Group's products.	The Group seeks to mitigate the operational impact of such an event through business continuity plans, which are tested regularly to ensure that interruptions to the business are prevented or minimised and that data is protected from unauthorised access, contingency planning, including involving the utilisation of third party sites and the adoption of fire safety standards and disaster recovery protocols. The Group seeks to mitigate the financial impact of such an event through business interruption and other insurances.
Increased levels of cybercrime represent a threat to the Group's businesses and may lead to business disruption or loss of data. The Group is exposed to the risk of external parties gaining access to Group systems to deliberately disrupt business, steal information or commit fraud. Theft of data relating to employees, business partners or customers may result in a regulatory breach and impact the reputation of the Group.	The Group has a number of IT security controls in place including gateway firewalls, intrusion prevention systems, security incident monitoring and virus scanning. The Group's approach is one of ongoing enhancement of controls as threats evolve with the target being to align controls, and in particular to implement any new services or changes to the environment, with reference to the ISO 27001 international standard. The Group also has a suite of information security policies in place.
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 including, in the case of Sterling, resulting from the UK vote to leave the European Union, 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 an enhanced transfer value exercise which the Group conducted in FY2016 and FY2017 in relation to its Irish defined benefit pension schemes.
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 seeks to mitigate this risk by playing an active role in industry bodies and engaging with governmental tax and regulatory authorities. In Ireland, we engage with the Government in relation to excise duty reductions in support of domestic producers. In the UK, the Group is a board member of the National Association of Cider Makers and a steering committee member of the all-party Parliamentary beer group. In the US, we are active in the United States Association of Cider Makers.

Risks and Uncertainties	Mitigation
Fiscal, Regulatory and Political Risks and Uncertainties	
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.
The UK vote to leave the European Union has created significant uncertainty about the near term outlook and prospects for the UK, Ireland and European Union economies. While the economic effect of the UK leaving the European Union is uncertain, it could have the effect of negatively impacting the UK, Irish and European Union economies and currencies and the financial performance of the Group, reducing demand in the Group's markets and increasing business costs including through the application of additional tariffs and transaction taxes on the Group's products and raw materials. With our reporting currency as the Euro, the Group is exposed to the translation impact of a weaker Sterling.	The Board and management will continue to consider the impact on the Group's businesses, monitor developments and play a role in influencing the UK, Irish and Scottish Governments to help ensure a manageable outcome for our businesses. In FY2017, we contributed to a House of Lords study on the implications of the UK vote to leave the European Union on UK and Irish relations and are also working closely with the Food and Drink Federation in Ireland and the European Cider Association in relation to the implications of the UK vote for our businesses. On an ongoing basis, we seek, where appropriate, to mitigate currency risk through hedging and structured financial contracts and take appropriate action to help mitigate the consequences of any decline in demand in its markets.
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 Chief Executive Officer's Review

OVERVIEW

FY2017 has been a period of significant activity for the Group. While trading remained tough, we invested in and delivered volume growth across our core brands; completed a major rationalisation of our production foot print; drove efficiencies across the business; continued to grow our Premium portfolio and export business; and secured an important new long term distribution arrangement with AB InBev. After this year of consolidation, we are in materially better shape to meet the ongoing challenges and opportunities within our industry.

GROUP FINANCIAL PERFORMANCE

After a challenging FY2016, the Group's key markets and trading performance was stable over the course of this year. We returned our three key brands to volume growth of +2.6% (FY2016: -6.4%), successfully completed a major rationalisation programme and continued to grow our Premium portfolio and Export business. Revenue from our key brands was €242 million (FY2016: €247 million[(i)]) with the benefit of volume growth offset by competitive pricing and mix pressures, particularly for Magners. Total revenue for the Group was €559m down -6.9%[(i)] reflecting weakness in our wholesale, own label and US activity. The Group returned to operating profit growth in the second half of the year on a constant currency basis, benefiting from an improving trading performance and the cost savings arising from our site rationalisation programme. Full year Group operating profits[(iii)] of €95 million (FY2016: €95 million[(i)]) were flat year-on-year on a constant currency basis. The devaluation of sterling following the UK's vote to leave the European Union had a negative (€7.8m) impact on reported Group operating profits year-on-year. Adjusted diluted earnings per share was 23.8c (FY2016: 21.9c) up 8.7%.

We continued to invest in our brands and our manufacturing capabilities, with an up-weighted marketing campaign for Magners and a new PET line at our cidery in Clonmel. Even with these investments, the balance sheet remains strong, ending the year at 1.55x Net Debt[(vi)]/EBITDA[(ii)]. Our preference remains to invest in the business and adjacent assets but in the absence of value accretive deals during the year, we returned €66 million capital to shareholders through share buybacks and increased dividend. The buyback activity reduced our weighted average number of shares by 6.9% during the year.

SECTOR BACKDROP

Globally, cider remains a relatively small but fast growing category, a key beneficiary of shifting consumer tastes towards sweeter, natural, gluten free products and authentic, local brands. Global cider volume growth is running at 5% per annum[(xiii)].

The global beverages space is in a period of profound structural change, both in terms of evolving consumer tastes around the world and the corporate landscape addressing this market. In developed markets, the consumer is shifting away from global, homogeneous brands in favour of local brands with provenance, taste and quality. Increased consumer experimentation is fuelling a proliferation of craft brands, offering more established brewers an opportunity to premiumise their portfolios. We are well-placed to capitalise on these trends through our authentic 'Local Champion' brands–Tennent's, Bulmers and Magners–and our growing Premium portfolio. The return of inflation in the UK, whilst putting a squeeze on disposable incomes, is presenting a firmer pricing environment for the first time in many years.

The corporate sector remains in a consolidation phase. With the completion of the SAB Miller/AB InBev global merger during the year, the focus has shifted towards anti-trust divestitures attracting the Asian brewers and other new bidders into European beverages as well as smaller, inter-regional combinations that can ally high quality brand assets with strong market positions.

STRATEGY

The Group is well placed to benefit from the evolving trends in our sector and our strategy in domestic and international markets remains unchanged. In Scotland and Ireland, we combine leading local brands with unrivalled production and distribution capabilities. These strong brand/geographic combinations provide the platform from which we can deliver long term value from our key brand assets as well as build out our portfolio through targeted brand investment, product innovation, agency wins and acquisitions.

Internationally, given our size and scale, our model is to partner with local brewers and distributors. In Magners we have one of the truly international cider assets currently sold in over 50 countries and growing in territories as diverse as Russia, Spain and Thailand. The export potential of Magners is based on solid domestic foundations.

The clear momentum behind the Magners brand in the UK, provided the right foundations for entering into a new distribution partnership with AB InBev.

The brand is the Number 2 in apple cider and gaining share in the UK, the world's largest cider market. It is a testament to the quality of the Magners brand and the interest in the international cider opportunity that we have attracted some of the world's leading brewers and distributors to the Magners stable. Our range of partners now incorporates Thai Bev, San Miguel, Pabst Brewing Company and, as of December 2016, AB InBev who are handling the sales and marketing of Magners and our other cider brands in Great Britain, alongside their leading beer portfolio.

KEY BRANDS

During the year, we up-weighted investment in our key brand assets of Magners, Bulmers and Tennent's, returning them to volume growth in their key markets. Direct brand marketing across these three key brands rose to 9.5% (FY2016: 8.4%) of net sales value, with a further 4.0% (FY2016: 3.4%) invested in new founts.

Magners

In Spring/Summer 2016 we re-launched and re-positioned the Magners Original brand in the UK with new packaging and a comprehensive marketing campaign under the "Hold True" tag line. Our activity spanned across TV, Radio, Social Media and Experiential. Brand volumes responded positively, up 11% in the UK for the year in a cider market that was (0.5%)[vii] lower. After a period of intense competitor activity in recent years, the cider category showed evidence of rationalisation with Magners emerging as one of the clear winners. Having consolidated our position within the apple cider category in FY2017, we launched Magners Dark Fruit in April 2017, appealing to consumers' desire for variety and innovation in the flavoured cider segment.

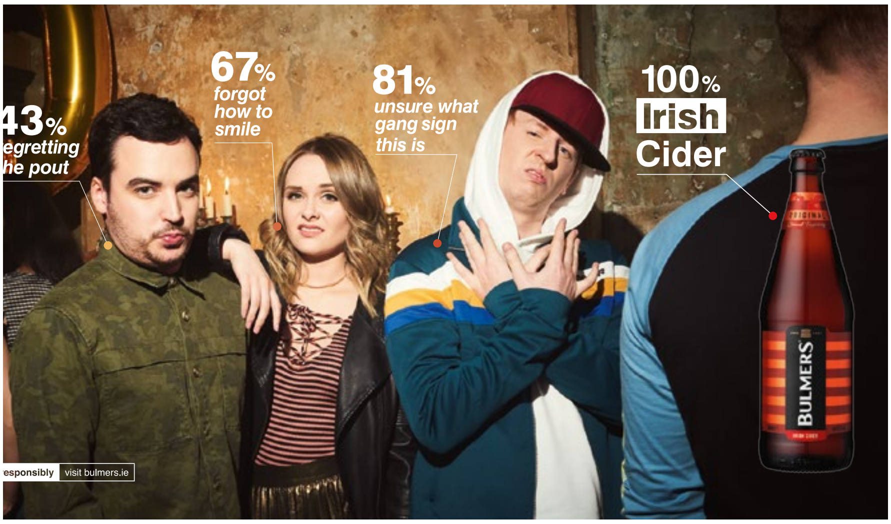
The clear momentum behind the Magners brand in the UK, provided the right foundations for entering into a new distribution partnership with AB InBev. The cider relationship with AB InBev covers our portfolio in Great Britain as of 1 March 2017. Whilst it is still early days in the expanded relationship, we are confident that Magners will continue to grow volume and value within their strong beer portfolio and distribution infrastructure.

Internationally, Magners saw continued strong growth in Europe (+12%), opened new markets in Africa and Asia and returned to growth toward the end of the fourth quarter in the US. Globally, Magners brand volume growth was +7.5% for the year (FY2016: -6%).

Bulmers

Bulmers returned to volume growth in Ireland, up +3% for the year (FY2016: -13%). in a LAD market that grew +2%[viii]. Cider is experiencing growth well-ahead of the overall market with volumes +6%[viii], boosted by better summer weather and product innovation. Against this market backdrop we are investing in both new product development and a re-enforcement of the core brand equity. In March 2017, we launched Outcider from Bulmers, a new sweeter tasting cider targeting a more youthful audience. We also are up-weighting our marketing investment behind the Bulmers brand with the new "100% Irish" advertising campaign, supported by refreshed livery and packaging. Competitor activity continues to target Bulmers taps in high volume city centre bars with a resultant loss of share in the smaller draught segment, but Bulmers remains in a very positive position, enjoying a 62% share of the category (FY2016: 65%)[viii]. The incremental investment this year gives us reason to be confident in the brand taking its fair share of the resurgent interest in cider.

Group Chief Executive Officer's Review
(continued)



Premium now accounts for 2% of our own brand volume, 3% of own brand revenue and is starting to make a meaningful contribution to bottom-line given the premium price points and attractive margins.

Tennent's
In Scotland, the trends in LAD improved following the prior year difficulties when tighter drink driving legislation reduced on trade consumption. Scottish beer volumes were flat(vii) versus a GB beer market that was -1%(vii). Global Tennent's volumes were level year-on-year and up +0.4% in the Independent Free Trade (IFT) channel in Scotland. The Tennent's brand affinity scores remain 13% ahead of its nearest rival(ix) and it remains very much at the heart of our brand-led wholesale model. Our margin in Tennent's improved through the year after a weak start and a more inflationary environment provides opportunity for further progress in FY2018. Tennent's also enjoyed double-digit volume growth in our export markets and is becoming an increasingly important contributor to our international story.

GROWING PREMIUM AND CRAFT PORTFOLIO

The Group made further progress during the year in growing and developing our portfolio of Premium and Craft beers and ciders. The portfolio (which includes Chaplin & Cork's, Heverlee, Menabrea and Pabst as well as our local craft businesses Five Lamps, Dowds Lane, Drygate and Whitewater) grew volume by 60%. Premium now accounts for 2% of our own brand volume, 3% of own brand revenue and is starting to make a meaningful contribution to bottom-line given the premium price points and attractive margins. Our ambition is to grow this portfolio to 5% of Group branded volumes over the medium term through a combination of in-house product development, new agency wins and partnering with leading local craft brewers. In Ireland & Scotland this Premium and Craft portfolio complements our leading brands, providing our on-trade and off-trade customers with the breadth of variety and choice demanded by modern consumers. Equally, these fledgling brands benefit from being part of the Group's unrivalled distribution footprint. This distribution reach provides not only broad market access but the customer proximity and feedback that is vital to the development of young exciting brands.

Heverlee, our premium Belgian lager, reached the milestone of 20,000 HL per annum across the UK and Ireland. It is the No.1 imported beer in Northern Ireland(viii) and the second fastest growing premium beer in Scotland. Menabrea, our Italian premium lager, continued its growth in Ireland and Scotland and achieved major UK-wide listings in both the national grocery and casual dining segments. We also launched the iconic US beer brand Pabst Blue Ribbon in the UK, focused initially on the student and Millennials market.

INTERNATIONAL GROWTH

The Group enjoyed another year of progress in its international business, albeit enforced distributor changes in Australia and India held back overall export volume growth during the year to +3.9% (FY2016: +14.8%).

The global growth opportunity in cider is well documented and underpinned by its fresh, natural image and its sweeter, "easy to drink" taste. This combination is attracting new consumers to the category, including younger and female drinkers, and in markets without a strong cider tradition. Global cider volumes are estimated to have increased by +5.8% CAGR(xiii) between 2010–2015 and are forecast to grow at +4.7% CAGR(xiii) over the subsequent 5 years. This year the International team delivered a strong performance in the more established markets of Western Europe, with volumes +14% in the region.

The Tennent's brand performed well in export, increasing volume by +17%.

It now accounts for c.30% of the Group's international division. The performance reflects sustained growth in established territories such as Italy and South Korea and a promising first year for South Africa.

Our export model of manufacturing in Ireland and Scotland and partnering with high quality local distribution partners remains unchanged. Positioning as a premium import at premium prices helps preserve 20%+ operating margins in export markets. During the year, new distributor relationships in Asia and Africa helped seed these markets with the Magners brand, albeit at a scale currently limited in terms of Group volume.

OPERATIONAL EFFICIENCY AND COST REDUCTION

We made important changes to our production and distribution footprint during the year as part of our ongoing commitment to operational efficiency. We closed our plant at Borrisoleigh in Ireland and sold our cidery and bottling operations at Shepton Mallet in England for €19m. The activities at both sites were transferred to our Clonmel site. We worked hard with affected employees and were pleased to be able to offer the majority continuing employment both within and outside the Group. However, some redundancies were unavoidable and it is a credit to the hard-work and professionalism of all colleagues involved that the transition was completed by December 2016 with minimal disruption to production and client service. Overall headcount reduced by 282 in the year. These changes were essential for the Group, improving our utilisation rates at our key sites to mid-70's percent and ensuring the cost competitiveness of our products. Manufactured volumes per head are up 24% in the year.

The site rationalisation programme and our new distribution agreement with AB InBev will enable us to increase over time the proportion of direct supply to customers and reduce our footprint of distribution centres in the UK by the end of FY2018. Together with the Group-wide overhead reduction activity the site rationalisation savings helped to successfully deliver the €15m of cost reductions announced in March 2016.

The cost savings facilitated incremental investment in marketing and price support to further strengthen our core brand domestic positions.

Our production site at Clonmel, Co. Tipperary in Ireland is now amongst the most flexible and well-invested manufacturing and packaging facilities in Europe. It is the centre for all our cider production for Bulmers and Magners and our portfolio of premium and secondary cider brands. We also brew our Irish beer brands on-site and manufacture our Finches soft drinks range and Tipperary Water. Following the investment of €17m in a new PET line during the year, Clonmel now has the full range of multi-beverage packaging capabilities with keg, bottle, can and plastic lines. The Tennent's Brewery at Wellpark in Glasgow remains the home of the Group's beer production in the UK. Again utilisation and efficiency measures were enhanced during the year. It is a testament to the quality and efficiency of our brewing operations at Wellpark that we secured increased contract manufacturing and packaging volumes from AB InBev under a new 5-year deal and also from a number of third parties. Our US operations completed the move to new manufacturing facilities in Vermont. Given the continued declines in the cider category in the US a programme is underway to attract additional contract manufacturing and packaging volumes.

Having completed the extensive rationalisation programme with minimal disruption, we now look forward to a period of operational stability where we can enjoy the benefits from our well invested, efficient and flexible manufacturing sites. Our streamlined operational set-up should ensure we are well positioned to innovate, land new business, compete on price where necessary and guarantee the quality of our multi-beverage range.

WHOLESALE DISTRIBUTION AND AGENCY

In common with other brewers, the Group complements its branded business with third-party drinks wholesaling, own-label and agency distribution in its key domestic territories of Ireland and Scotland.

This wholesale and agency activity supports our branded businesses by broadening the portfolio of drinks we can offer to our on and off-trade customers and deepens our level of understanding and engagement with the trade. Wholesale and agency also leverage the Group's existing procurement, sales, marketing and distribution infrastructure to provide incremental revenue and profit through overhead absorption.

Our principal agency business is the AB InBev beer portfolio which we distribute in Ireland and Scotland (excluding Budweiser in the Republic of Ireland). AB InBev's range of world beers includes Beck's, Stella Artois, Budweiser, Bud Light and Corona and is highly complementary to our Magners, Bulmers and Tennent's brands and our emerging Premium and craft portfolio.

Trading in our wholesale and own-label businesses was disappointing during the year, particularly in the first half. Wholesaling is highly competitive, price sensitive and in both Ireland and Scotland we lost both volume and accounts. Wholesale and own label volume was down 194kHL (or 14%) in the year and revenue declined by €23m (or 10%). Approximately half the drop is due to the loss of some very low margin own-label contracts in Ireland and in the UK, following on from the closure of Shepton Mallet. We are working through the challenges and complexities of running fully integrated brand-led wholesale businesses and the increased focus improved performance in the second half of the year. Significant new client wins in Scotland helped stabilise volume and customer numbers by the year end, giving increased confidence for the year ahead.

Despite the complexities and the challenges to date, we remain fully convinced that brand-led wholesale models are right for C&C in Scotland and Ireland. Our ambition remains to be the pre-eminent brand-led wholesaler in Scotland and Ireland with unrivalled range, enhanced customer service and geographic coverage. We aim to be the supplier of choice to the licensed on and off-trade. We have lost more business than we would have liked in the past few years but believe we now have the stability and trading strategies in place to regain share over time.

Group Chief Executive Officer's Review
(continued)

The AB InBev beers performed well for C&C during the year with Corona once again proving to be the star performer. The extended AB InBev distribution partnership signed in December 2016 reaffirms our long-term distribution rights to their current and future beer portfolio. As part of this agreement, we traded some of the value we derive from distributing their beer brands in Ireland and Scotland for value we will derive from AB InBev distributing our cider brands in the UK. The reciprocal commercial arrangement should work well for both parties, playing to each other's mutual strengths across the territories and the complementary nature of the joint portfolio. The five year extension of brewing arrangements for AB InBev brands in our Glasgow site further cements the relationship.

STRONG BALANCE SHEET AND CAPITAL ALLOCATION

Our balance sheet remains in robust health with a net debt(vi) to EBITDA(ii) ratio of 1.55x at the year end. The Group finished the year with a net debt(vi) position of €171 million (FY2016: €163 million) marginally ahead of last year. This is after returning €66 million in dividends and share buybacks, increased net capex (excluding exceptionals) of €16 million (including €17 million on the new PET line at Clonmel) and investing an additional €12 million in our trade-lending books in Northern Ireland. The latter follows a drive to raise awareness amongst our target accounts of the Group's lending product, particularly in geographic areas where we are currently under-represented. The trade lending model is popular across the trade in Scotland and Ireland. It provides publicans with relatively cheap and accessible finance and, for the brewer, the distribution secured helps deliver attractive returns, consumer visibility and traction for existing and developing brands. Our returns hurdle for trade loans is 15% RoIC. Actual returns have been comfortably above this level in recent years.

With trade lending and capex at such elevated levels during the year, free cashflow conversion (pre-exceptionals) at 53% (FY2016: 103%) of EBITDA(ii) was below our recent trends. With these items returning to more normalised levels next year we expect a swift return to our long term guidance range of 60–70%. Working capital was a €1m inflow slightly behind the previous years underlying position due to a partial stock build in Ireland over the year end to support our new packaging and product launch activity in March 2017. As highlighted at our Capital Markets Day in March 2016, working capital and cash conversion in FY2016 benefited from a €24m receivables securitisation agreement and €16m of other one-off working capital initiatives. While there were no corresponding initiatives in FY2017, we will explore further options through the current financial year to optimise balance sheet efficiency and release cash for the benefit of shareholders. The Group's overall cash position benefited from the sale in the year of the Shepton Mallet site and bottling line in the year for c.€19m, as part of our site rationalisation programme. These cash receipts are treated as exceptional and are excluded from the above cash conversion analysis.

Ultimately, the Group's balance sheet and cash generation profile provide the firepower needed to invest in our brands and assets and the flexibility to acquire assets or return capital as appropriate. Looking forward, our production facilities are well-invested and we do not anticipate annual capex requirements beyond €10–15 million.

Our guidance is medium term target leverage of 2x Net Debt(vi)/EBITDA(ii). We anticipate we will move towards this level during the course of FY2018 through a combination of our progressive dividend policy, acquisitions and/or share buybacks. Since the year end we have made the acquisition of a small craft cider business and spent €18.7m on share buybacks.

Ultimately, the Group's balance sheet and cash generation profile provide the firepower needed to invest in our brands and assets and the flexibility to acquire assets or return capital as appropriate.

PEOPLE

At C&C the model that we operate is that the Board allocates resources and assesses performance of the business divisions with the support of a head office of not more than 20 people, whilst each business division is equipped with the relevant people assets to ensure that we operate effectively in the market. Accordingly, each of our businesses has a local MD who has the associated capability to implement the agreed strategy and make day to day operational decisions for that business. In areas like procurement, planning and manufacturing, we seek to optimise our capability and run on a functional basis.

Our remuneration philosophy focuses on stakeholder participation through equity participation, to align employee interests with those of shareholders. Management remain largely incentivised through equity and we have employee-wide schemes in Ireland and the UK with significant participation levels amongst eligible employees. Bonus arrangements for managers and employees focus on local objectives that are relevant for the creation of long term sustainable shareholder value. All employees have the opportunity of participating in performance related bonus schemes.

During the year, we continued our investment in the next generation of leaders in the business by arranging for a small number of high performing managers from across the Group to undertake the London Business School's accelerated development programme.

On a sad note, our Director, Rory Macnamara, passed away earlier this year. While Rory was a director of C&C for an all too brief period, he made a considerable contribution to the Board during that time and we will greatly miss his valuable insight.

CORPORATE RESPONSIBILITY

Over the last 12 months we have continued to develop our Corporate Social Responsibility (CSR) agenda. This includes implementing a number of initiatives that are industry-leading. Taking an active lead on CSR and working with our communities and stakeholders is essential to our business.

We punch well above our weight in terms of leading public policy on responsible drinking. During the year, we became the first drinks company in the UK to include the Chief Medical Officer's new responsible drinking guidelines on packaging. It is one of our key principles that consumers should be given information about our products at the time of consumption in order to help manage their relationship with alcohol. We are proud of this initiative which we launched jointly with the Scottish Chief Medical Officer.

Based on our belief that consumers should be given sufficient information about what they are consuming, we took the decision to voluntarily display calorie information on our packaging in the UK and Ireland.

Another example of how we aim to help communities is through our support of minimum unit pricing. Governments now have plans for this important initiative in Scotland, Ireland and Northern Ireland. We believe that minimum unit pricing is an important step in tackling irresponsible consumption of alcohol and, as such, we remain highly supportive of its implementation.

We focus our CSR efforts on activities that benefit our local areas and work hard to ensure we have a positive impact on the communities in which we operate. A significant part of this is our approach to charitable activities where we support a wide range of charities particularly those that have a local impact in relation to our operating facilities

We are extremely proud of the work of the Tennent's Training Academy, which has now provided over 34,000 courses having a very positive impact on the quality and expertise within the Scottish hospitality trade.

We support a wide range of charitable causes across the Group, big and small. These range from activities linked to our brands such as the "Celtic Cash for Goals" initiative and Tipperary Water partnering with the Irish national child protection charity, the ISPCC; to lower profile but equally important charitable activity such as our support for KidsOut, our partnership with CLIC Sargent in Northern Ireland and our support of the "Voice-Over" charity in Glasgow.

We are extremely proud of the work of the Tennent's Training Academy, which has now provided over 34,000 courses having a very positive impact on the quality and expertise within the Scottish hospitality trade.

We also support a diverse range of sporting events and activities through our partnerships with the city marathons in Dublin and Cork, our sponsorship of the Tipperary hurling and football championships, our partnership with the Irish Football Association in Northern Ireland and of course our partnership with Glasgow Celtic FC.

The Group has also delivered a great range of environmental initiatives. During the last year we reduced our energy consumption at our manufacturing sites by 3% per hectolitre and, once again, our two largest production sites sent no waste to landfill.

Our commitment to the environment is central to our business. We are a producer that relies on high-quality agricultural products. We pressed 83,000 tonnes of fruit last year across our manufacturing sites and we continue to source all of our malt used in our Wellpark Brewery from Scottish farmers.

I am personally very proud of the work undertaken by employees to ensure that we nurture our environment and the communities in which we operate.

Group Chief Executive Officer's Review
(continued)

Review by Operating Segment
Ireland

From a macro perspective, key economic measurements continued to improve in Ireland during the year.

After a strong start, growth in both the overall LAD market and the cider category in Ireland slowed in the second half of the financial year. LAD volume for the full year was +2% (H1: +5%) and the cider category saw volume grow +6%[viii] (H1: +9%)[viii]. The performance of cider was buoyed by better summer weather, as well as new product development helping to expand the category and bring in new millennial consumers. Cider is now ahead of where it was two years ago both in absolute scale and as a percentage of LAD consumption. Pricing was reasonably stable across both on and off-trade channels.

Undoubtedly, the trade enjoyed a strong early summer as both the Northern Ireland and Republic of Ireland football teams progressed from the group stages of the European Championships.

By contrast, July was poor across the industry. Volumes improved again in August, helped by some better weather.

Constant Currency[i]	FY2017 €m	FY2016 €m	Change %
Revenue	338.9	347.3	(2.4%)
Net revenue	242.3	252.5	(4.0%)
— Price /mix impact			2.5%
— Volume impact			(6.5%)
Operating profit[iii]	48.6	46.9	3.6%
Operating profit margin	20.1%	18.6%	1.5 ppts
Volume (kHL)	1,599	1,711	(6.5%)
— of which Bulmers	409	398	2.8%

The second half was impacted by the absence of the Rugby World Cup which was in last year's comparatives and trading was more volatile through the key Christmas trading period.

OPERATING PERFORMANCE

After a challenging FY2016, our priorities in Ireland for FY2017 were to stabilise trading and return our key brands to volume growth. With Bulmers recording positive volume growth of +2.8% and operating profits[iii] for the Ireland segment up 3.6% in the period, we succeeded in creating a stable platform from which to launch our Brand and New Product Development plans in FY2018.

The positive Bulmers volume performance reflected category growth and was principally driven by a strong performance in packaged, especially pint bottle (+14%) in the on-trade. The market share trends of recent periods continued through this year with Bulmers broadly holding share in packaged in the on-trade and off-trade but ceding some share in draught. On-trade share is now at 85% (MAT–Feb16: 91%) and overall Bulmers share is 62% (MAT–Feb16: 65%)(viii).

In the year, we completed an extensive review of the Bulmers brand and the competitive threat it is facing from new entrants in Ireland. The results have given us confidence in the underlying strength of the brand and informed the investment we are now making in both the Bulmers brand equity and new product development.

Our key focus for FY2018 is to take advantage of the growing popularity of cider and re-build share, particularly amongst the new generation of consumers entering the category. Accordingly, in March 2017, we launched Outcider from Bulmers, a new sweeter-tasting cider targeting a more youthful audience. Our distribution network enabled us to quickly reach 90%+ distribution in the off-trade and we are rolling out in the on-trade. We are also up-weighting our marketing investment behind the Bulmers brand with the new "100% Irish" advertising campaign and refreshed its branding and packaging from March 2017.

The Group's premium portfolio made further progress in Ireland with Heverlee volumes up strongly (+44%) to over 10kHL, the brand doing particularly well in Northern Ireland where it consolidated its position as the No.1 import lager[vii] and benefited from our increased trade lending activity. Our craft offerings within the Group (Five Lamps and Whitewater) also continued to make good progress.

Our premium mainstream brands Tennent's and Magners brands grew by +3% and +4% respectively, cementing their positions as the No.2 lager and No.1 cider brands, in Northern Ireland(viii). Our Irish beers Clonmel 1650 and Roundstone Irish Ale also grew strongly (+21%), again driven predominantly by take-up in the North of Ireland, where the benefits of expanded trade lending are evident across the portfolio.

Wholesale volume was down 3.5% on a like-for-like basis (excluding the impact of two discontinued contracts). As discussed above, this reflects the price competitiveness in the market and a reduction in active customer numbers during the year. This masks a strong performance in our wine distribution business which grew by 8.9%, driven primarily by the off-trade channel.

FINANCIAL PERFORMANCE

Year-on-year volume and revenue performance in Ireland was adversely impacted by discontinuation of two low margin distribution and own label contracts in FY2016. In aggregate, these two contracts accounted for c. 100kHl of volume, €10.6 million of revenue in FY2016 but with a limited contribution to operating profits. Excluding these discontinued contracts, the Irish segment's total volume would have been -1% and revenue flat year-on-year. Bulmers revenue was up year-on-year as a consequence of the volume growth but unfavourable pack and channel mix towards the off-trade limited the margin benefit.

Overall operating profits[iii] in Ireland were up 3.6% reflecting improved weighting in favour of branded activity and cost savings coming through in the second half of the year enhancing margins.

Group Chief Executive Officer's Review
(continued)

Scotland

The Scottish economy is lagging the rest of the UK, with Scottish GDP contracting in Q4 2016 and flat for the full year compared to +1.8% growth in the UK as a whole.

Unemployment is rising, partly due to challenges in the oil sector and consumer confidence is more subdued than in our other domestic businesses. Beer volume was flat in Scotland for the financial year, having been +1% in the first half. This follows the prior year's high single digit decline in on-trade consumption linked to the tightening of drink-driving legislation.

OPERATIONAL PERFORMANCE

After a positive first half, Tennent's brand volume performance softened during the second half of the year, in line with the broader trade. In the Independent Free Trade in Scotland Tennent's was up 0.2% in the year (H1: +2%) and still gaining share. Including off-trade and national accounts, overall volume for Tennent's in the Scotland segment was -1.3% year-on-year (H1: Flat).

Constant Currency(i)	FY2017 €m	FY2016 €m	Change %
Revenue	285.0	296.6	(3.9%)
Net revenue	186.6	198.5	(6.0%)
— Price /mix impact			(4.6%)
— Volume impact			(1.4%)
Operating profit(iii)	32.6	33.3	(2.1%)
Operating profit margin	17.5%	16.8%	0.7ppts
Volume (kHL)	1,394	1,414	(1.4%)
— of which Tennent's	1,019	1,032	(1.3%)

Rate performance in Tennent's, however, improved significantly in the second half reflecting a moderation in the competitive pricing pressures as the volatility caused by the drink-driving legislation annualised and pricing firmed. We have continued this momentum on rate in Tennent's into the new financial year.

Brand affinity scores for Tennent's were up again over the course of the year to 57% (MAT Feb16: 56%), some 13%[ix] ahead of the nearest rival. We continued to invest in the brand through our digital media "Wellpark" campaign, T5 five-a-side football and our various sports sponsorship platforms. Brand salience scores, particularly amongst the 18–24 age group, have responded encouragingly. The broad appeal of Tennent's is underscored by its success and enduring popularity even in Scotland's high-end 'Platinum' outlets, where it has outsold by a 2-to-1 ratio Craft and World lagers combined.

To address consumers growing appetite for a range of high-quality and distinctive ale flavours we launched a range of 'Caledonia' premium bottled beers, including Outpost IPA, Double Hop and Hopscotch. Each of the great tasting 5% ABV brews has its own unique flavour profile and is available in 500ml bottles across the UK and export markets.

In Premium, Heverlee and Menabrea had another year of strong volume growth and both brands are achieving real traction in the Scottish on-trade. We launched Pabst into the Scottish trade, targeted at the Millennials market. Drygate, our joint venture with local craft brewers, Williams Bros Brewing, achieved 10kHL and is now exceeding original brewery capacity.

As in Ireland, our Scottish wholesale business lost some ground during the year and was responsible for 7.7kHl and €5.5 million (£4.6 million) respectively, of the volume and revenue declines experienced across the Scotland segment. In the year, we looked to rationalise the tail of our smaller, uneconomic customers. Accordingly, the number of outlets purchasing wholesale products is down on last year, but had stabilised and started to move up by year end. Rate of sale remained steady year-on-year. Several product and pricing initiatives are underway which, together with some major account wins towards the end of the year, should stabilise volume and value performance in FY2018.

FINANCIAL PERFORMANCE

Net revenue was down 6.0% to €186.6 million reflecting our weaker rate performance in Tennent's in H1 and wholesale volume and value tracking below last year. Operating margin was up 2.3ppts in the second half as the benefit of cost savings flowed through. Margin for the year was 17.5%, delivering operating profit[iii] of €32.6m, 2.1% down on last year.

Group Chief Executive Officer's Review
(continued)

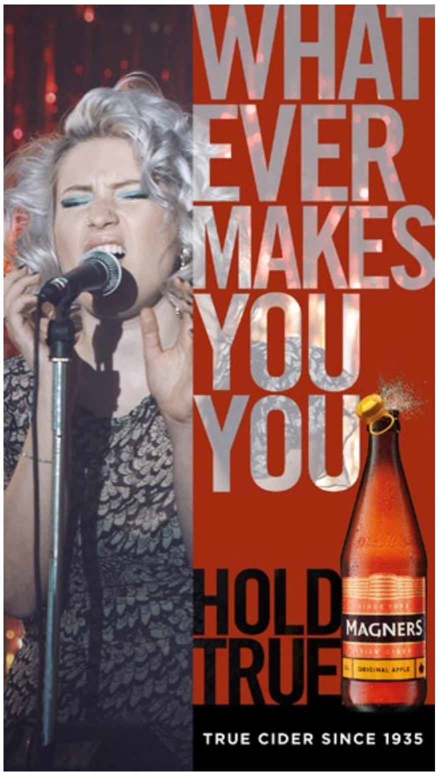
C&C Brands

The macroeconomic backdrop in the United Kingdom was broadly positive during the year with consumer confidence and spending remaining robust despite the uncertainty caused by the European Union referendum result.

More recently this picture has started to change. The return of inflation has not been matched by wage growth and is expected to put a squeeze on disposable incomes over the next 12–18 months. Retail spending fell in Q1-2017 for the first time since 2013. The overall cider category was down in the period with volume -0.5%[x]. The on-trade was in moderate growth, buoyed by city-centres and growth in casual dining

The GB cider market remains the largest in the world, with London a key opinion forming city from a global perspective. The continued success of Magners in the UK is therefore important not just to our domestic business, but our international ambitions for the brand.

Constant Currency(i)	FY2017 €m	FY2016 €m	Change %
Revenue	145.9	154.5	(5.6%)
Net revenue	83.8	90.6	(7.5%)
— Price /mix impact			(3.0%)
— Volume impact			(4.5%)
Operating profit(iii)	7.3	9.3	(21.5%)
Operating margin	8.7%	10.3%	(1.6ppts)
Volume (kHL)	1,216	1,273	(4.5%)
— of which Magners	485	430	12.8%



OPERATIONAL PERFORMANCE

Over the past five years, the Magners brand has demonstrated its consumer resilience through a period of significant and disruptive competitor brand launches. The more recent backdrop is one of retailer led range rationalisation in LAD and a lessening of competitor activity in cider. Against this backdrop, we took the decision to up-weight our investment behind Magners in FY2017 to build positive momentum in volume and share. The market response to the Magners "Hold True" campaign has been impressive with brand family volume +12.8% within the C&C Brands segment and +11% across the UK as a whole. Our share of cider is up 59bpts at 6.4% for the full year (MAT Feb16: 5.8%)[xi]. Magners Original consolidated its position as the No.2 brand in apple[vii], gaining share alongside other local brands at the expense of the market leader and the international brewers. Our brand health check data suggests that our marketing investment this year has put the brand back on the radar of our target audience and instilled our core message of Magners' authenticity.

The momentum behind Magners was helpful in our discussions with AB InBev regarding distribution rights for the C&C cider portfolio in the UK. This agreement was concluded and announced in December 2016 and marks an exciting next stage in the development of the Magners brand. Magners and our other cider brands will benefit greatly from AB InBev's best-in-class distribution capabilities in the UK off-trade and from being marketed alongside AB InBev's leading portfolio of beers. The ongoing consolidation activity currently taking place across retailers in the on and off-trade further reinforces the strategic rationale for the AB InBev partnership.

Our premium propositions in cider and beer (Chaplin & Cork's, Menabrea and Heverlee) more than increased volume by 60% in the year. Menabrea made good progress in the licensed restaurant trade and secured its first grocery multiple listing. This should help underpin brand awareness and volume growth going forward.

The performance of our portfolio of local English cider brands was more challenging with price deflation and retailer-led range rationalisation impacting more heavily on these secondary and tertiary brands. The transfer of cider production from Shepton Mallet to Clonmel also resulted in the discontinuation of certain low margin, own-label contracts. Taken together these two issues account for 120kHl of lost volume and c.€6 million (£5 million) of lost revenue within the C&C Brands division.

FINANCIAL PERFORMANCE

The brand re-positioning of Magners through the 'Hold True' campaign successfully delivered volume and share gains. However, the associated investment in price support and shift in pack mix, as we came more in line with the competitive set having previously over-indexed in glass, had a negative impact on yield and margin. Together with the incremental investment in marketing, this meant the strong volume performance in Magners did not translate through to revenue or profit growth in the year under review. Net revenue and operating profit[iii] were down in the period, at €83.8 million and €7.3 million respectively. Looking forward, with continued volume momentum, pack mix more in line with consumption trends, marketing spend returning to normalised levels and the benefits of the AB InBev partnership, we are confident in stronger profit conversion in FY2018.

Group Chief Executive Officer's Review
(continued)

North America

Constant Currency and adjusted for the Pabst transaction[i]	FY2017 €m	FY2016 €m	Change %
Revenue	24.5	36.9	(33.6%)
Net revenue	23.1	34.7	(33.4%)
— Price /mix impact			0.2%
— Volume impact			(33.6%)
Operating profit(iii)	0.7	0.6	16.7%
Operating margin	3.0%	1.7%	1.3ppts
Volume (kHL)	176	265	(33.6%)

After a period of explosive growth and competitor activity between 2010–2015 (CAGR: +44%), the cider category in the US started to reverse in mid-2015[xii].

The negative trend continued through the current financial year with cider volume down 17.6%[xii] over calendar year 2016. More recent data suggests the negative run-rate has moderated to c.10–11% and cider is maintaining its share of the overall beer category at c.1.3%[xii]. It is clear that the focus for many consumers, retailers and distributors has switched into new adjacent categories of alcoholic soft drinks, flavoured malt beverages and fruit beer. The sweetness of these propositions has no doubt taken some consumers, temporarily at least, out of the cider category. Another feature of the market is the relative success of imports and local/regional brands over national US brands.

OPERATING PERFORMANCE
The long term distribution partnership between our US subsidiary, the re-named, Green Mountain Beverages ("GMB") and the Pabst Brewing Company ("PBC"), took effect from 1 March 2016. Focus in the first six months was on transitioning GMB's sales and marketing operations into the Pabst distribution platform and integrating our domestic US and import cider brands into their broader portfolio. We also jointly developed a new regional, super premium brand –Vermont Cider Co. for the New England market and introduced new branding and packaging for existing brands in the portfolio. We are satisfied that we now have the partner and infrastructure in place to deliver long term market share recovery, but FY2017 was a period of transition for C&C against a backdrop of negative category trends. Those trends are unlikely to change in the short term and visibility on recovery of the category is low at this point.

Operationally, we are focused on building our pipeline of contract manufacturing and packaging opportunities to improve utilisation rates and reduce manufacturing variances.

FINANCIAL PERFORMANCE
Total volume was down 33.6% in the year reflecting the overall declines in the US cider market and the inevitable disruption from moving to the new partnership arrangements with PBC. Despite the decline in volume and revenue in the period, reported operating profit[iii] was broadly flat at €0.7m (FY2016: €0.6m), with PBC sharing in the downsides from reduced activity. The near term volatility in the category pushes out the prospects of Pabst being able to deliver a meaningful recovery in the short to medium term. While there is no loss of belief or enthusiasm for the long term prospects of cider in the US or in the quality of the Vermont assets, we have prudently decided to review the carrying values of our US business. As a result of this review an impairment charge of €129.4 million was taken with respect of the Group's tangible and intangible assets in the US. Following this impairment, the carrying value of our Vermont business is €45m.

It has been a challenging period for the category and our business but it is not unreasonable to believe that once the category is through these short term cyclical challenges, it will resume its long term growth trend. Past experiences in both the UK and the US suggests that the 'sweet' fads will run their course and the attributes that draw consumers to cider–natural, authentic, fruit based, craft–will ensure a return to positive territory.

Export

Constant Currency (i)	FY2017 €m	FY2016 €m	Change %
Revenue	23.8	24.4	(2.5%)
Net revenue	23.7	24.4	(2.9%)
— Price /mix impact			(6.8%)
— Volume impact			3.9%
Operating profit(iii)	5.8	5.3	9.4%
Operating profit margin	24.5%	21.7%	2.8ppts
Volume (kHL)	185	178	3.9%
— of which Magners	100	99	1.0%
— of which Tennent's	54	46	17.4%

Export markets for C&C are all markets outside of the UK, Ireland and North America.

Our strategy is to build volume through our portfolio of authentic British and Irish cider and beer brands across Europe, Asia/Pacific and Africa. The model is to partner with local distributors, to position the brands as premium/import and retain all production in our domestic manufacturing facilities, utilising surplus capacity and reducing capital employed.

We enjoyed another strong year in EMEA, our largest and most established sales territory. The region delivers c.82% of the division's volume and was up +14% with good performances from more established markets such as Spain and France where Magners was +5% and +21% respectively, and Tennent's was up +43% and +105%. Tennent's continues to perform well in Italy as a speciality/premium lager (32kHL). New territories also performed well with Eastern Europe now over 10kHl, including Magners as the first draft cider available in the nascent but fast growing Russian cider market. We continued to seed selected African markets, reaching 12kHL in only our second year with Tennent's quickly gaining traction in South Africa.

In Asia/Pacific, our new agreements with ThaiBev in Singapore, San Miguel in Thailand and Taiwan and San Miguel Mahou in India are bedding in and are delivering growth. These are still nascent cider markets and the contribution to Group volume and revenue remains small. However, our partners are sizeable, high quality regional players, with a demonstrable interest and understanding of the category. Our opportunity and focus rests in extending these arrangements to other fast growth markets in the region. Distributor disruption in Australia and with a previous distributor in India resulted in the loss of 13.1kHL (7.1%) of cider volumes, dragging back volume, revenue and profit performance for the region and the Export division.

Our Export volume is now 185 kHL. We distribute to 60 markets around the world delivering an operating margin of 24.5%. We see opportunities for growth in all regions through building on our existing relationships and establishing a presence in new territories. We have seen real traction in both the Magners and Tennent's brands in a broad range of overseas markets. Both brands have the key attributes of heritage, provenance and quality and carry excellent export potential as premium import propositions.

Group Chief Executive Officer's Review
(continued)

CURRENT TRADING AND OUTLOOK

The current financial year has started satisfactorily. The outlook for consumer spending is moderating across all our territories but the return of inflation is presenting a firmer pricing opportunity. We believe the enduring nature of our brands and products, plus the quality and efficiency of our operations ensure we can trade successfully in this environment. Each of our three key brands has had its challenges in recent years, but through continued investment and hard work they have weathered these storms. We believe they are now in a position to build on the robust volume performance of last year to deliver revenue and value growth in FY2018.

It is early days in the launch of Outcider in Ireland and the Bulmers brand re-fresh, but we are pleased with the market reception to both campaigns so far. We have had a positive reaction from the off-trade and are in roll-out to the on-trade, before the next phase of marketing focused on outdoor, social media and activation. Subject to satisfactory weather through Spring/Summer we expect another good year for the cider category in Ireland and our additional €4 million investment behind Bulmers is a margin investment in the current year to build further momentum and an improved share performance for the brand.

In Scotland, we are cautious on overall consumption and anticipate volume in the IFT will remain in modest decline for the year. Our opportunity in FY2018 is to continue to deliver an improved value performance in Tennent's and further grow our premium portfolio. We have made a solid start on both fronts with new client wins and the new Tennent's founts having an impact.

In C&C Brands, our cider brands transferred to AB InBev in two tranches on 1st February and 1st March, with minimal disruption. Initial feedback from the market is positive and the strategic logic for the combination is stronger than ever. Collectively, we have set ourselves ambitious targets for the partnership, but are confident the Magners brand can continue the volume momentum achieved last year. The amended terms of our distribution agreement for AB InBev's beers in Scotland and Ireland came into effect from 1st January 2017. These will inevitably take some of our AB InBev agency volume and associated revenue and margin out of Scotland and Ireland in FY2018, but will be compensated by an improving contribution from cider in C&C Brands. We have chosen to delay the full transfer of physical distribution until the end of this year, which will push some of the synergistic benefits of the partnership into FY2019.

In North America, the Magners brand is showing signs of recovery but the continued declines in the overall cider category will limit the progress we can expect from the Pabst partnership in the near term. The business is stable and the increased focus on contract opportunities will help cover overheads. The brighter spots within the US cider market are Import and Regional and our portfolio is well placed to take advantage of these. We remain convinced of the strength and commercial logic of our combined PBC/GMB platform and its ability to recover share and volume when the category stabilises.

Export has made a satisfactory start to the year. We are nearing completion of the switch of our Australian distributor to Coca-Cola Amatil (our existing New Zealand distributor). We are seeing good category development progress in Asia Pacific, Europe and Africa and it is clear we have a brand portfolio that resonates with international audiences. The long term prospects therefore remain very positive. Our priorities will be to consolidate our distribution network on larger high quality regional players that can help us reduce volatility and drive sustainable growth in volumes across multiple territories.

Stephen Glancey
Group Chief Executive Officer

Notes to the Group Chief Executive Officer's Review

(i) FY2016 comparative adjusted for constant currency (FY2016 translated at FY2017 F/X rates) and North America revenues to be on a like for like basis with the current financial year (as though the Pabst arrangement had also been in operation for the whole of FY2016). The like-for-like adjustment on North American revenues is arising from Pabst partnership: Under the terms of the trading arrangement with Pabst Brewing company ("PBC") which came into effect on 1st March 2016, C&C's reported revenues now comprise Cost of Goods Sold at production cost plus a royalty payment representing one-third of the gross profit of the partnership. C&C contributes one-third of marketing spend. All sales costs are borne by PBC. The like-for-like adjustment for our US revenues would have the effect of reducing our reported revenues for the comparative period (FY2016) by €10.6m had the partnership been in effect from 1st March 2015.

(ii) EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and equity accounted investees' loss after tax. A reconciliation of the Group's operating (loss)/ profit to EBITDA is set out on page 38.

(iii) Operating profit and profit/finance expense for the year attributable to equity shareholders is before exceptional items.

(iv) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Please also see note 9 of the financial statements.

(v) Free Cash Flow ('FCF') is a non GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. FCF highlights the underlying cash generating performance of the ongoing business. A reconciliation of FCF to Net Movement in Cash & Cash Equivalents per the Group's Cash Flow Statement is set out on page 39.

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

(vii) Off-trade: Nielsen Scantrack 52wks to 27.02.17; on-trade: CGA OPMS MAT to 20.02.17.

(viii) Nielsen Ireland databases to End Feb17.

(ix) Rolling MAT February 2017 Brand Affinity Scores ("Drunk by people like me" – Total sample).

(x) GB Total Cider Off-trade: Nielsen Scantrack 52wks to 27.02.17; on-trade: CGA OPMS MAT to 20.02.17.

(xi) UK apple cider market by volume – MAT to Feb17 (Nielsen Scantrack 52wks to 27.02.17; on-trade: CGA OPMS MAT to 20.02.17).

(xii) The Beer Institute Quarterly Cider Domestic & Import Volumes – calendar 2016.

(xiii) Canadean: Global Cider Data – June 2015

Group Chief Financial Officer's Review

RESULTS FOR THE YEAR

C&C is reporting net revenue of €559.5 million, operating profit[i] of €95.0 million and adjusted diluted EPS[ii] of 23.8 cent. On a constant currency basis and after adjusting our North America prior year results to be on a like for like basis with the current financial year (as though the Pabst arrangement had been operational in FY2016)[iii], net revenue decreased 6.9% and operating profit[i] decreased 0.4%.

The Group revenue decline of 6.9%[iii] was influenced by the loss of lower margin wholesale and own label activity and the restructured partnership arrangements with Pabst Brewing Company in the US. Revenue from our key brands stabilised in the year with the benefit of volume growth broadly offset by varied negative pricing dynamics. Collectively, our three core brands of Bulmers, Magners and Tennent's returned to volume growth and the own brand portfolio performance was further boosted by good growth in our Super Premium range.

Operating profit[i] for the Group at €95.0m was down 0.4% on a constant currency basis. Operating profit in the second half of the year benefited from improved trading performance and the impact of cost savings arising from our rationalisation programme came through. We continued to invest in our brands and our manufacturing capabilities, with an up-weighted marketing campaign for Magners and a new PET line at our cidery in Clonmel.

EPS[ii] of 23.8c was up 8.7%[iii] on FY2016. EPS also reflected the impact of the share buyback activity in both this and the prior financial year.

The key financial performance indicators are set out on page 18.

ACCOUNTING POLICIES

As required by European Union (EU) law, the Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, which comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC); applicable Irish law and the Listing Rules of the Irish Stock Exchange and the UK Listing Authority. Details of the basis of preparation and the significant accounting policies are outlined on pages 103 to 115.

FINANCE COSTS, INCOME TAX AND SHAREHOLDER RETURNS

Net finance cost was €7.8 million for the year (2016: €8.6 million). The finance cost benefited from favourable interest rates and the pricing structure of the existing multi-currency debt facility. Net finance costs included the unwind of a discount on provisions charge of €0.8 million (2016: €0.8 million).

The income tax charge in the year was €13.0 million. This excludes the credit in relation to exceptional items and represents an effective tax rate of 14.9%, an increase of 0.3 percentage points on the prior year. The Group is established in Ireland and as a result it benefits from the 12.5% tax rate on profits generated in Ireland. The increase in the effective tax rate was as a result of a greater proportion of overall profits subject to taxation coming from outside of Ireland in FY2017.

Subject to shareholder approval, the proposed final dividend of 9.37 cent per share will be paid on 14 July 2017 to ordinary shareholders registered at the close of business on 26 May 2017. The Group's full year dividend will therefore amount to 14.33 cent per share, a 5% increase on the previous year. The proposed full year dividend per share will represent a pay-out of 60.2% (FY2016: 56.4%) of the full year reported adjusted diluted earnings per share[ii]. This increase in both the dividend per share and payout ratio reflects our confidence in the cash generation capability of the business and the underlying stability of core earnings.

A scrip dividend alternative will be available. Total dividends paid to ordinary shareholders in FY2017 amounted to €43.0 million, of which €34.9 million was paid in cash and €8.1 million or 18.8% (FY2017: 12.1%) was settled by the issue of new shares.

In addition to increased dividends, we invested €23.2 million (including commission and related costs) in market share

Group Chief Financial Officer's Review
(continued)

buybacks, purchasing 6.14 million of our own shares at an average price of €3.73. Our stockbrokers, Investec, conducted the share buyback programme. All shares acquired during the current financial year were subsequently cancelled.

Exceptional items

Costs of €150.1 million were charged in FY2017 which, due to their nature and materiality, were classified as exceptional items for reporting purposes. In the opinion of the Board, this presentation 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 asset

To ensure that goodwill and brands considered to have an indefinite useful economic life are not carried at a value 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. The reviews compare the carrying value of the assets with their recoverable amount using value-in-use computations. In the current financial year, the review resulted in an impairment of €106.6 million in the value of our intangible assets with respect to the North American business segment. In the US, the cider category remains in double digit decline and the Group's US cider brands are lagging behind the category. Whilst we believe that the category will recover in the long-term and we remain committed to being part of the recovery story, recent performance has been disappointing. In the short to medium term the outlook is negative with a lack of visibility on when momentum will return. As a consequence we have rebased our profit expectations and terminal growth rate for the US business, leading to the impairment charge in the current financial year. All other segments had sufficient headroom in their carrying values.

(b) Restructuring costs

Restructuring costs of €12.7 million were incurred in the year. This comprised of severance costs of €7.2 million and other costs of €5.5 million. Severance costs primarily arose from the reduction in headcount as a consequence of the rationalisation of the Group's manufacturing footprint and other smaller reorganisation programmes. Other costs of €5.5 million are directly associated with the restructure of the Group's production sites and include site closure costs.

(c) Revaluation/impairment of property, plant & equipment

In the current financial year we engaged external valuers to value our properties in Vermont, resulting in an revaluation loss of €17.7 million in respect to the land and buildings and a revaluation loss of €5.1 million with respect to the plant and equipment which were accounted for in the Income Statement. In addition we took the decision to market value some of our assets in Borrisoleigh, Ireland (€1.5 million) that were deemed surplus to requirements and impair an element of the Group's IT system (€1.5 million) post the closure of Shepton Mallet.

(d) Onerous lease

A review was completed of the carrying value of our onerous lease obligations during the year. The onerous lease provision carried forward relates to two leases for warehousing facilities acquired as part of the acquisition of the Gaymers cider business in 2010. The review took into account updated discount rates and the latest estimate of remaining associated costs less economic value. This resulted in an increase in the provision of €6.8 million with respect to the two pre-existing onerous leases. The relevant leases will expire in 2017 and 2026. A further onerous lease provision of €0.2 million was recognised in the current financial year in relation to our US business. This lease will expire in 2018.

(e) Acquisition related expenditure

We incurred costs of €0.9 million associated with the assessment and consideration of strategic opportunities during the year.

(f) Net profit on disposal of property, plant & equipment

Disposal of land & buildings and plant & machinery realised a net profit of €2.9 million during the year. The disposals related to assets that were surplus to requirement post the site rationalisation and consolidation programme.

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 our policy to ensure that a medium/long-term debt funding structure is in place to provide us with the financial capacity to promote the future development of the business and to achieve its strategic objectives.

The Group has a €450 million multi-currency five year syndicated revolving loan facility. The facility agreement provides for a further €100 million in the form of an uncommitted accordion facility and permits the Group to have additional indebtedness to a maximum of €150 million, giving the Group debt capacity of €700 million. The debt facility matures on 22 December 2019. At 28 February 2017 net debt(iv) was €170.6 million, representing a net debt:EBITDA(v) ratio of 1.55:1.

Cash generation

Management reviews the Group's cash generating performance by measuring the conversion of EBITDA(v) to Free Cash Flow(vi) 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(v) to Free Cash Flow(vi) conversion ratio pre exceptional costs of 53%. A reconciliation of EBITDA(v) to operating (loss)/profit is set out below.

A summary cash flow statement is set out in Table 2 on page 39.

Table 1–Reconciliation of EBITDA(v) to Operating (loss)/profit

	2017 €m	2016 €m
Operating (loss)/ profit	(55.1)	64.8
Exceptional items	150.1	38.4
Operating profit before exceptional items	95.0	103.2
Amortisation/ depreciation	15.0	19.4
EBITDA(v)	110.0	122.6

Table 2–Cash flow summary

	2017 €m	2016 €m
EBITDA(v)	**110.0**	122.6
Working capital	**0.6**	50.1
Advances to customers	**(12.4)**	(1.1)
Net finance costs	**(6.5)**	(5.7)
Tax paid	**(6.9)**	(10.2)
Pension contributions paid	**(3.4)**	(6.5)
Capital expenditure	**(22.7)**	(9.7)
Disposal proceeds property plant & equipment	**6.9**	0.5
Exceptional disposal proceeds property plant & equipment	**18.7**	-
Exceptional items paid	**(22.7)**	(13.0)
Other*	**(7.3)**	(13.6)
Free cash flow(vi)	**54.3**	113.4
Free cash flow conversion ratio	**49.4%**	92.5%
Free cash flow(vi)	**54.3**	113.4
— *Exceptional cash outflow*	**22.7**	13.0
— *Exceptional cash inflows*	**(18.7)**	-
— *Exceptional cash net outflow*	**4.0**	13.0
Free cash flow excluding exceptional cash outflow	**58.3**	126.4
Free cash flow conversion ratio excluding exceptional cash outflow	**53.0%**	103.1%
Reconciliation to Group Condensed Cash Flow Statement		
Free cash flow(vi)	**54.3**	113.4
Net proceeds from exercise of share options/equity Interests	**0.8**	0.5
Shares purchased under share buyback programme	**(23.2)**	(76.6)
Drawdown of debt	**138.7**	25.0
Repayment of debt	**(134.0)**	(0.1)
Acquisition of business/deferred consideration paid	**-**	(3.3)
Net cash outflow re acquisition of equity accounted investees	**(1.5)**	-
Dividends paid	**(34.9)**	(34.8)
Net increase in cash & cash equivalents	**0.2**	24.1

***** Other relates to share options add back, pensions credited to operating profit, net profit on disposal of property, plant & equipment and recovery of previously impaired investment in equity accounted investee.

Notes to the Group Chief Financial Officer's Review

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

(ii) Adjusted basic/diluted earnings per share ('EPS') excludes exceptional items. Please also see note 9 of the financial statements.

(iii) FY2016 comparative adjusted for constant currency (FY2016 translated at FY2017 F/X rates) and North America revenues to be on a like for like basis with the current financial year (as though the Pabst arrangement had also been in operation for the whole of FY2016). The like-for-like adjustment on North American revenues is arising from Pabst partnership: Under the terms of the trading arrangement with Pabst Brewing company ("PBC") which came into effect on 1st March 2016, C&C's reported revenues now comprise Cost of Goods Sold at production cost plus a royalty payment representing one-third of the gross profit of the partnership. C&C contributes one-third of marketing spend. All sales costs are borne by PBC. The like-for-like adjustment for our US revenues would have the effect of reducing our reported revenues for the comparative period (FY2016) by €10.6m had the partnership been in effect from 1st March 2015. See table above.

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

(v) EBITDA is earnings before exceptional items, finance income, finance expense, tax, depreciation, amortisation charges and equity accounted investees' profit after tax. A reconciliation of the Group's operating (loss)/ profit to EBITDA is set out on page 38.

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

Group Chief Financial Officer's Review
(continued)

RETIREMENT BENEFITS

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

In the prior financial year, the Group commenced an offering to deferred members of its two ROI defined benefit pension schemes to transfer out of the schemes, giving the deferred member greater control and flexibility over their pension arrangements. This offering concluded in the current financial year. In total 119 deferred members availed of the offer and have transferred out of the scheme. The closing liability of the two ROI defined benefit schemes as at 28 February 2017 is a deficit of €22.3 million. The NI defined benefit pension scheme is reporting a surplus of €4.5 million as at 28 February 2017.

We finalised the actuarial valuations of the defined benefit schemes in FY2016. As a result of these updated valuations, new funding arrangements were put in place. For the staff defined benefit pension scheme, these arrangements committed the Group to funding contributions at 22% of pensionable salaries per annum to meet the cost of future service benefits for active members in addition to a lump sum deficit funding contribution of €1.2 million per annum until the next valuation date. There is no funding requirement with respect to the Group's Executive defined benefit pension scheme in 2017. The funding requirement will be reviewed again as part of the next triennial valuation in January 2018. The 2014 actuarial valuation of the NI defined benefit pension scheme confirmed it was in surplus and the scheme remains in surplus.

There are 4 active members in the NI scheme and 62 active members (less than 10% of total membership) in the ROI schemes.

At 28 February 2017, the retirement benefits computed in accordance with IAS 19(R) *Employee Benefits* amounted to a net deficit of €17.8 million gross of deferred tax (€22.3m deficit with respect to the ROI schemes and a €4.5m surplus with respect to the NI scheme) and €15.9 million net of deferred tax (FY2016: €28.0 million gross and €24.9 million net of deferred tax).

The movement in the deficit is as follows:

	€m
Deficit at 1 March 2016	28.0
Employer contributions paid	(3.4)
Actuarial gain	(3.6)
Credit to the Income Statement	(3.6)
FX adjustment on retranslation	0.4
Net deficit at 28 February 2017	17.8

The decrease in the deficit from €28.0 million to €17.8 million is primarily driven by the employer contributions of €3.4 million, a credit to the Income Statement of €3.6 million primarily arising from a settlement gain with respect to deferred members who opted to transfer out of the defined benefit pension schemes, and a €3.6 million net gain arising from favourable returns on plan assets partially offset by the negative effects of lower discount rates on liabilities. All other significant assumptions applied in the measurement of pension obligations at 28 February 2017 are broadly consistent with those as applied at 29 February 2016.

FINANCIAL RISK MANAGEMENT

The most significant financial market risks facing the Group continue to include foreign currency exchange rate risk, commodity price fluctuations, interest rate risk and creditworthiness risk in relation to its counterparties.

The Board of Directors set the treasury policies and objectives of the Group, the implementation of which are monitored by the Audit Committee. There has been no significant change during the financial year to the Board's approach to the management of these risks. Details of both the policies and control procedures adopted to manage these financial risks are set out in detail in note 22 to the financial statements.

Currency risk management

The reporting currency and the currency used for all planning and budgetary purposes is the Euro. However, as the Group transacts in foreign currencies and consolidates the results of non-Euro reporting foreign operations, it is exposed to both transaction and translation currency risk.

Currency transaction exposures primarily arise on the Sterling, US, Canadian and Australian Dollar denominated sales of our Euro subsidiaries. We seek to minimise this exposure, when economically viable to do so, by maximising the value of subsidiary foreign currency input costs and creating a natural hedge. When the remaining net exposure is material, we manage it by hedging an appropriate portion for a period of up to two years ahead. Forward foreign currency contracts may be used to manage this risk in a non-speculative manner when the Group's net exposure exceeds certain limits as set out in the Group's treasury policy. There were no outstanding forward foreign currency contracts as at the year end date.

The effective rate for the translation of results from Sterling currency operations was €1:£.8342 (year ended 29 February 2016: €1:£0.7281) and from US Dollar operations was €1:$1.1011 (year ended 29 February 2016: €1:$1.1018).

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 FY2017 effective rates.

We have also restated our FY2016 North America prior year results to be on a like for like basis with the current financial year (as though the Pabst arrangement had been operational in FY2016). The Pabst arrangement changes fundamentally the revenue and net revenue of the North America segment and therefore for transparency we are restating FY2016 on a like for like basis.

Applying the realised FY2017 foreign currency rates to the reported FY2016 revenue, net revenue and operating profit(iii) and restating North America's FY2016 revenue and net revenue figures as outlined above rebases the comparatives as shown below.

Table 3–Constant Currency Comparatives

	Year ended 29 February 2016 €m	FX transaction €m	FX translation €m	Adjustment re North America €m	Year ended 29 February 2016 adjusted comparative €m
Revenue					
Ireland	358.1	-	(10.8)	**-**	**347.3**
Scotland	339.8	-	(43.2)	**-**	**296.6**
C&C Brands	177.0	-	(22.5)	**-**	**154.5**
North America	47.5	-	-	**(10.6)**	**36.9**
Export	24.5	(0.1)	-	**-**	**24.4**
Total	**946.9**	**(0.1)**	**(76.5)**	**(10.6)**	**859.7**
Net revenue					
Ireland	261.6	-	(9.1)	**-**	**252.5**
Scotland	227.4	-	(28.9)	**-**	**198.5**
C&C Brands	103.8	-	(13.2)	**-**	**90.6**
North America	45.3	-	-	**(10.6)**	**34.7**
Export	24.5	(0.1)	-	**-**	**24.4**
Total	**662.6**	**(0.1)**	**(51.2)**	**(10.6)**	**600.7**
Operating profit(i)					
Ireland	49.0	0.5	(2.6)	**-**	**46.9**
Scotland	37.9	0.2	(4.8)	**-**	**33.3**
C&C Brands	10.5	0.1	(1.3)	**-**	**9.3**
North America	0.6	-	-	**-**	**0.6**
Export	5.2	0.1	-	**-**	**5.3**
Total	**103.2**	**0.9**	**(8.7)**	**-**	**95.4**

COMMODITY PRICE AND OTHER RISK MANAGEMENT

The Group is exposed to commodity price fluctuations, and manages this risk, where economically viable, by entering into fixed price supply contracts with suppliers. We do not directly enter into commodity hedge contracts. The cost of production is also sensitive to variability in the price of energy, primarily gas and electricity. Our policy is to fix the cost of a certain level of energy requirement through fixed price contractual arrangements directly with its energy suppliers.

The Group seeks to mitigate risks in relation to the continuity of supply of key raw materials and ingredients by developing trade relationships with key suppliers.

We have over 60 long-term apple supply contracts with farmers in the west of England and have an agreement with malt farmers in Scotland for the supply of barley.

In addition, the Group enters into insurance arrangements to cover certain insurable risks where external insurance is considered by management to be an economic means of mitigating these risks.

Kenny Neison
Group Chief Financial Officer

Corporate Responsibility

HIGHLIGHTS

We are supporting the implementation of minimum unit pricing in Scotland, the Republic of Ireland and Northern Ireland.

We display calorie information on our packaging in the UK and Ireland.

We became the first and are currently the only drinks company in the UK to communicate the Chief Medical Officer's new responsible drinking guidelines on packaging.

We are working with Governmental bodies, Drinkaware and police forces on initiatives to improve the safety of the night time economy.

The Tennent's Training Academy provides high quality hospitality industry training, now having trained over 34,000 people.

We have made significant charitable contributions at local and national level.

Efficiencies at our manufacturing sites have meant that our energy consumption per hectolitre fell by 3%.

Our two largest production sites, Clonmel and Wellpark, sent zero waste to landfill.

Health and Safety programmes have delivered a significant reduction in the number of injuries resulting in lost-work days.

Our commitment to the environment and agriculture is extremely high. During the last 12 months we pressed over 83,000 tonnes of fruit.

We pay the appropriate and required level of tax in the different countries we operate in and remit substantial amounts of alcohol duty.

INTRODUCTION

Ensuring that the Group operates in an environmentally and socially responsible way is one of our key values. We operate a range of policies that ensure we deliver the demands of our stakeholders.

COMMUNITY ENGAGEMENT

It is important to us that we operate as good citizens in our communities. We focus our efforts on activities that benefit our local areas. We work hard to ensure we have a positive impact on the communities in which we operate. A significant part of this is our approach to charitable activities where we support a wide range of charities particularly those that have a local impact in relation to our operating facilities.

The Group takes its responsibilities as a corporate citizen seriously. This includes respecting and complying with local tax laws and paying the required levels of tax in the different countries where we operate. We claim the allowances and deductions that we are properly entitled to, for instance, on the investment and employment that we bring to our communities. We benefit from having always been an Irish company, established in the Republic of Ireland's low tax environment, with our major cider production unit located in Clonmel and the Group headquartered in Dublin. The majority of the Group's profits are earned in the Republic of Ireland and the UK, which both have competitive corporation tax rates compared with the European average. In the Republic of Ireland and the UK we remit substantial amounts of duty on alcohol production.

IRELAND

We support a diverse range of sporting and live music events as well as charities and community projects across Ireland.

Our partnerships with sporting events include horse racing, endurance events and the city marathons in Dublin and Cork. In 2016, we also became the sponsor of the Tipperary hurling and football championships, covering all adult grades.

In the Republic of Ireland, our presence at music festivals is widespread including the Bulmers Forbidden Fruit Festival, Body & Soul and Metropolis along with more local events such as Beatyard, the Kilkenny Trad Festival, the Junction Festival in Clonmel and Bulmers Live at Leopardstown.

Tennent's has also partnered with the Irish Football Association in Northern Ireland supporting football at both a national and local level. We also support a number of live music events including Belsonic and Vital, which is Northern Ireland's biggest music festival. The annual sponsorship of this and other live music events by Tennent's helps bring world-class musicians to Northern Ireland.

In the Republic of Ireland, we continue to use our brands to raise money for local charities. Tipperary Kidz water has partnered with the ISPCC (the Irish Society for the Prevention of Cruelty to Children), Ireland's national child protection charity. Tipperary Kidz water is providing a crucial platform for the ISPCC, putting the ISPCC Childline phone number into the hands of children by incorporating it on our Tipperary Kidz water bottles. We will donate €20,000 to the charity this year to support their freephone number, text number, online chat system, school outreach programme and their campaigning for children's rights, all run by professionally trained ISPCC staff and volunteers.

In Northern Ireland, we have partnered with CLIC Sargent (Cancer & Leukemia in Children). CLIC Sargent is the UK's leading cancer charity for children, young people and their families. Their care teams have been providing specialist support across the UK for many years. This partnership runs until August 2017 with a targeted fundraising amount of £20,000. We have organised numerous activities throughout the year including donating 2,000 of our limited edition Irish Football Association glasses to CLIC Sargent to sell on their charity eBay shop. To date, the glasses have raised over £12,000 for the charity. Other revenue streams include our drinks fridge in the office and numerous raffles over the Christmas period. There will be more activity coming through the year, including a charity sky dive.

Corporate Responsibility
(continued)

A key charitable initiative is the Goals for Charity campaign between Glasgow Celtic FC and Magners Irish cider where we donated £150 to the Celtic Charity Foundation for every goal scored by Celtic, which raised approximately £18,500 in the 2016/2017 season.

We are extremely proud to support the Tony O'Brien scholarship in honour of our late Chairman, Tony O'Brien. This scholarship helps young people from Tony's home county of Kilkenny to attend the Quinn School of Business in University College Dublin and has been an outstanding success with the tenth Tony O'Brien scholarship having been awarded in September 2016.

We support a number of local schools by providing student work experience opportunities at our Clonmel production site for students in technical and manufacturing subjects as well as places in our marketing, finance and customer service departments in Dublin and Belfast.

SCOTLAND

We have a broad range of charitable activities including KidsOut Scotland where we organised a charitable dinner that raised over £50,000 and our support of PUBAID which highlights the charitable work carried out by UK pubs and which sees £100m raised annually. A key charitable initiative is the Goals for Charity campaign between Glasgow Celtic FC and Magners Irish cider where we donated £150 to the Celtic Charity Foundation for every goal scored by Celtic, which raised approximately £18,500 in the 2016/2017 season. This donation enabled Magners, the Tennent's Training Academy and the Celtic Charity Foundation to develop a programme to support 12 long-term unemployed adults to take part in a 10-week course focussed on developing skills in the hospitality industry as a gateway to securing future employment.

In conjunction with the Celtic Charity Foundation, we also have selected schools from disadvantaged areas in Glasgow, such as St. Mungo's Primary School in Glasgow's East End, to help encourage learning with outside activities. Through the Celtic Foundation, we funded a trim trail for their playground to help children interact during their school breaks. Working with KidsOut Scotland, we also helped fund a school trip for the children this summer to visit Blair Drummond Safari Park. Our intention is to develop this programme further with other schools across Glasgow. We also assisted local parishes in the East End of Glasgow, with funding for a visit to a Christmas pantomime for children in the parishes and a dinner for the elderly including supplying soft drinks.

We recently pledged support to a charity called "Voice-Over", based in Glasgow, which supports immigrants by embarking upon the social enterprise of providing translation services. We are helping this charity with funding, advice and translation requests. Our work with "Voice-Over" is an example of how we aim to use our charitable activity to help those affected by poverty and inequality in the local community.

We provide valuable support to those setting out on a career in the pub and hospitality industry. The Tennent's Training Academy, which offers a wide range of training programmes with nationally recognised qualifications in all aspects of the hospitality industry, has now trained over 35,000 people. The Tennent's Training Academy has expanded its operations and now provides a wider range of courses than ever before. We also have four modern apprentices currently working at Wellpark.

The Tennent's Training Academy also supports dozens of initiatives that underpin Tennent's ongoing commitment to benefit the community in which we operate. Examples include: the Yes Chef programme training six ex-offenders to become chefs; and Chefs For Christmas, which is a two week training programme in the Cookery School to help unemployed people access jobs as chefs and also to help address the shortage of chefs in the industry. We also supported the Together with Assisted Support Needs Schools Programme, which is a 35 week programme focusing on cooking and food safety, and provided front of house and customer service to Wellpark Picnic where we hosted local families at the Wellpark Brewery for a free picnic.

ENGLAND

While we ceased operation at the cider mill in Shepton Mallet during the last 12 months, we arranged for the sale of the facility as a going concern safeguarding the jobs of 24 employees. Our commitment to the agricultural environment and apple growers of England is undiminished and we support Somerset Orchards by participating in the "Keep Somerset Orchards Alive" project.

NORTH AMERICA

In FY2017, we donated over $20,000 to local charities and provided in-kind services to several non-profit industry associations. Survivorship NOW, a cancer survivor and supporter organisation, received our largest contribution at $10,000. We also donated $5,000 to the Vermont Foodbank by participating in a "pick for your neighbour" event, where our staff pick apples for the Foodbank and we reimbursed the orchard to cover the cost of the apples. Additionally we contributed $3,000 to the apples to iPods campaign which encourages Vermont children to search Vermont orchards for a chance to find an iPod, encouraging both healthy outdoor activities and healthy eating.

We have also upheld our commitment to our local orchard partners as well as the State and National Cider Associations. We sit and volunteer on the board of directors for the Vermont Tree Fruit Growers Association, the Vermont Cider Makers Association and the United States Association of Cider Makers. We host annual meetings for the University of Vermont's outreach to apple growers, and provide in-kind donations of marketing materials, digital marketing, consumer education and technical expertise to promote overall cider awareness.

We have a long term commitment to sourcing local apples. We are two years into a three year study to promote the sustainable growth of cider specific apples in Vermont by using less inputs and sprays on the orchard and paying a fair price to farmers to grow cider specific apples. The study involves 40 acres of orchard that is managed using cider specific techniques. We have provided funding for this initiative through $200,000 in payments per year for these specialty cider apples and through a $200,000 loan to the orchard to purchase additional cider acreage.

BUSINESS SUPPORT

When it comes to obtaining finance as a licensed trade operator, going through the traditional avenues of banks and building societies is becoming increasingly difficult. Nurturing and maintaining the on-trade is a key priority in particular for our business and we offer a range of financial supports in this regard. We can provide everything from small loans for repairs all the way up to larger sums for major refurbishments or to purchase new premises. Over the last six years, we have invested over £45m into the Scottish on-trade and over £31m into the on-trade in Northern Ireland.

Over the last five years, the Group has also demonstrated its willingness to support local entrepreneurs and job creation though the provision of seed capital for a number of small breweries and businesses such as the Whitewater Brewery and Five Lamps.

HEVERLEE

Heverlee is created in association with the Abbey of the Order of Premontre (known as Park Abbey) and is inspired by the beers first brewed by the monks in medieval times. The Abbey lies just outside Leuven and is the largest of its kind in Belgium, founded in 1129. Today, every pint of Heverlee sold supports the major multi-million Euro restoration of Park Abbey ensuring Heverlee is as bound to the Abbey's future as we are indebted to its past.

RESPONSIBLE DRINKING

Public Policy Leadership

For a relatively small drinks company, we punch well above our weight in terms of leading public policy on responsible drinking. We have influenced at a local, national and international level in relation to minimum unit pricing. We are currently the only drinks organisation carrying the UK Chief Medical Officer's new responsible drinking guidelines on our packaging in the UK. We also offer zero alcohol alternatives to all our main brands in the UK. The need to ensure that communities are well educated and protected in terms of their relationship with our products is central to our business.

We are members of the National Association of Cider Makers (NACM), which works closely with apple growers and the agricultural communities in cider regions in the UK, and we have a seat on the board of the organisation. This working relationship puts us at the heart of many

In January 2016, the Chief Medical Officer of the UK published new responsible drinking guidelines. To date, we are the only drinks company in the UK to include the new guidelines on our packaging.

Corporate Responsibility
(continued)

UK Government discussions relating to the responsible use of alcohol. The NACM is also engaged with tax and regulatory departments and opinion-forming bodies having an interest in cider and alcohol generally.

Within Europe, we are corporate members and key influencers within the European Cider and Fruit Wine Association (AICV). Working with these and other organisations enables us to press for consistency in cider definitions across the world, which is important for our global expansion aspirations.

UK Chief Medical Officer Drinking Guidelines
In January 2016, the Chief Medical Officer of the UK published new responsible drinking guidelines. To date, we are the only drinks company in the UK to include the new guidelines on our packaging. It is one of our key principles that consumers should be given information about alcohol products at the time of consumption in order to help manage their relationship with alcohol. We launched the new responsible drinking guidelines on our packaging in a joint announcement with the Scottish Chief Medical Officer.

Nutrition
Stemming from our belief that consumers should be given information about what they are consuming in order to make their own informed choices, we took the decision to voluntarily display calorie information on our packaging in the UK and Ireland.

Our products are relatively low in sugar content with our leading cider brands containing less sugar than their key competitors and with Tennent's lager only containing trace levels of sugar. In Australia, Magners Blonde, a low carb version of Magners, has 85% lower carbohydrates than other ciders and no added sugar.

These pioneering initiatives are further proof of our commitment to ensuring a sustainable relationship between ourselves, our products and our communities.

Drinkaware
We are funders of Drinkaware, which performs the valuable role of equipping consumers with information about their drinking. We also promote Drinkaware on our packaging and advertising materials. For the last 12 months, we have been leading Drinkaware's "devolved nations group" in order to ensure that Drinkaware messaging remains relevant to the differing health agenda of the devolved parts of the UK.

Best Bar None
As part of our strategy of focusing on local customers and consumers with responsible drinking messages and activity, we are a member of the Best Bar None scheme. The aim of this scheme is to improve the night time economy of many Scottish high streets, making them safer and more enjoyable places to be.

Business Rates
Our Scottish business has entered into a partnership with one of Scotland's leading chartered surveyors to seek to protect, as much as possible, the licensed trade from the impact of the recent rating revaluation in the UK. We have secured a preferential fee scale from the consultancy to assist any customers who wish to pursue an appeal against a rates increase. The feedback from our customers has been very positive and they welcome the support Tennent's has facilitated for them.

Minimum Unit Pricing
The Scottish Government has passed legislation to introduce minimum pricing for alcohol. During 2016, this legislation was the subject of a Scottish Court of Session ruling whereby the judges confirmed that the introduction of minimum unit pricing was compatible with EU law. However, following an appeal by the Scotch Whisky Association to the High Court in London, the implementation of this legislation has been delayed. We believe that minimum unit pricing is an important step in tackling irresponsible consumption of alcohol and, as such, we remain highly supportive of its implementation.

We are also supporting the Republic of Ireland and Northern Ireland Governments in their plans to implement minimum unit pricing.

Brexit
Over the next couple of years, we will play a role in influencing UK, Irish and Scottish Governments and the EU to help ensure a manageable outcome for our businesses resulting from Brexit. In FY2017, we contributed to a House of Lords study on the implications of Brexit for UK and Irish relations and are also working closely with the Food and Drink Federation in Ireland and the European Cider Association in relation to the implications of Brexit for our businesses.

Responsible Drinking Initiatives
We are committed to promoting responsible drinking in all the markets in which we operate. In addition to adhering to the relevant guidelines and legislation, we have also implemented a number of additional programmes to promote responsible drinking.

The Irish Government is finalising its new Alcohol Bill, which includes many far-reaching initiatives to tackle the harm created by the misuse of alcohol in Ireland. This includes the introduction of minimum unit pricing, restrictions on advertising and improvements in health labelling. We have welcomed these initiatives as we believe that it is important to balance consumers' relationships with alcohol in order to maintain a sustainable business.

We also expanded the distribution for our 0% version of Tennent's, Hee Haw, and, as part of our plan to have a wide range of alcohol free alternatives, we launched Magners 0% alcohol cider during the year.

We have further developed our non-alcoholic product range, with increased marketing and promotion behind the Finches, Tipperary and JWV+ brands in Ireland.

ENVIRONMENTAL IMPACT & ENERGY

Our operations teams in each of the Group's manufacturing facilities continue to actively work on reducing our impact on the environment. Their focus is to reduce the consumption of energy, water and other raw materials as well as the amount of waste going to landfill and greenhouse gas (GHG) emissions. We also actively continue to review mechanisms whereby we can increase transportation efficiency.

FY2017 was a year of major restructuring of our manufacturing facilities and footprint. The rationalisation of our manufacturing footprint brought increased activity in both Wellpark and Clonmel during the peak production season. The process of commissioning across multiple production lines did impact the overall level of energy consumption in our Clonmel facility but this must be viewed in the light of the increased level of activity.

Despite these challenges, the total electricity used per hectolitre of product produced in our manufacturing sites reduced by a further 3% from FY2016, and similarly water consumption reduced by 10% year-on-year. This was as a result of the continuing benefits from our significant investment in the cooling plant vessels at Wellpark, the upgrading of the lighting in a number of areas to more energy efficient units and the consolidation of production within our two main production sites. The consumption of natural gas per hl produced did increase by 10% in the year. This was despite improvements in performance at Clonmel, Wellpark and Borrisoleigh with the rundown of production activities at Shepton Mallet negatively impacting the overall Group performance.

Our manufacturing site at Clonmel continues to be accredited with the Environmental Management Standard ISO 14001; and to the Irish Energy Management Standard IS EN 16001:2009, the ISO 50001:2011 Energy Management Standard and works closely with the Sustainable Energy Authority of Ireland (SEAI). These standards require us to demonstrate the systematic management of energy leading to a decline in GHG emissions. Our environmental management systems at Wellpark are aligned with

Clonmel and continued to meet their regulatory targets in FY2017. In the UK, we continue to avail of the Government's small emitters opt out scheme. This resulted in the site receiving a silver award from Keep Scotland Beautiful, who audit public and private sector sites on their impact on the environment and contribution to the local community.

CARBON CONSUMPTION

The Group continuously monitors the impact of its operations on the climate and we look to reduce our GHG emissions. We assess and manage climate change related risks and opportunities, including the impact on the availability and security of our sources of raw materials, such as aquifers, orchards and maltings.

The Group has participated in the Carbon Disclosure Project (CDP) Supply Chain Programme for a number of years, and CO_2 emissions for the Group are evaluated annually. The Group has historically scored highly in the CDP Ireland Report, showing disclosure scores which are amongst the best in its sector. Scope 1 and 2 CO_2 emissions in FY2017 are broken down across our manufacturing sites as follows:

Clonmel:	9,191 tonnes
Shepton Mallet:	5,022 tonnes
Wellpark:	17,204 tonnes
Vermont:	3,182 tonnes
Others:	6,629 tonnes

These emissions figures include the impact of the increased production volumes at our Wellpark and Clonmel facilities in FY2017.

The €1 million investment we made at Wellpark in FY2015 to improve energy efficiency is continuing to deliver year-on-year improvements and to reduce GHG emissions.

The €1 million investment we made at Wellpark in FY2015 to improve energy efficiency is continuing to deliver year-on-year improvements and to reduce GHG emissions. Further investment has been made to the distribution fleet in Scotland with replacement trucks being equipped with new Euro 6 compliant diesel engines, which will ensure a further reduction in GHG emissions in the years to come.

In Ireland and the UK, through our commitment to rural development, we support orchard growers who manage over 2,000 hectares of orchards for apples used directly in the production of our cider.

We ensure compliance with national packaging regulations for our products placed into the marketplace. In Ireland, we also continue to recover and recycle CO_2 produced by the cider fermentation process and use it to carbonate our products.

WASTE

We have systems in place across all manufacturing sites working towards maximising the recycling of waste we produce and hence minimise what we send to landfill.

In FY2017, both Clonmel and Wellpark sent zero process waste to landfill. This was due to general waste reduction, increased waste stream segregation allowing more recycling, manual sorting of residual general waste to remove any recyclable materials and then sending the residue to a Refuse Derived Fuel (RDF) facility where electricity is generated.

Corporate Responsibility
(continued)

In particular, we work with all of our growers to ensure that appropriate methods are used to harvest apples. In FY2017, we commenced the process of repeated annualised audits of our contracted growers to ensure standards are being applied.

WATER

At all the Group's manufacturing sites, water preservation and management is an important business consideration and we continue to monitor the usage of water per hectolitre of finished product from each manufacturing facility and across our supply chain. Each year the Group participates in the CDP Water Disclosure initiative in the Republic of Ireland and the UK.

In FY2017, our total water usage at our Clonmel, Shepton Mallet and Wellpark sites reduced by 10% compared with FY2016. This is equivalent to 3.2 hectolitres of water used per hectolitre (hl/hl) of product produced, which is significantly better than the recognised industry benchmark of 4 hl/hl. In Clonmel, a number of initiatives were implemented during the year resulting in a 40% improvement in water usage per hectolitre of product produced.

Across the Group, we continue with our projects on brewery condensate recovery, reclaiming pasteuriser and bottle rinse water, fruit processing, and minimising plant and process cleaning systems. We also recover biogas from our anaerobic waste water treatment plant in Clonmel for use as fuel in our boilers.

PROCUREMENT

Our procurement and technical services teams actively review and assess our suppliers' track record in environmental management, health and safety, sustainability and corporate social responsibility through our tendering processes and ongoing supplier reviews. This ensures that corporate social responsibility is part of sourcing decisions and sourcing strategies for new suppliers. This also allows us to develop a consistent approach to relationship management and supplier segmentation on supplier diversity, with an open dialogue encouraging best practice sharing and innovation that can be applied more widely.

We do not condone and will not knowingly participate in any form of human exploitation, including slavery and people trafficking. We refuse to work with any suppliers or service providers who knowingly participate in such practices or who cannot demonstrate to us sufficient controls to ensure that such practices are not taking place in their supply chains. Our approach is reflected in our Sustainable and Ethical Procurement Policy, which we circulate to suppliers. We also carry out diligence audits and checks on our suppliers to ensure that they have in place and adhere to appropriate ethical policies.

In particular, we work with all of our growers to ensure that appropriate methods are used to harvest apples. In FY2017, we commenced the process of repeated annualised audits of our contracted growers to ensure standards are being applied.

We seek to support suppliers of our key raw materials such as barley and wheat through entering into long-term supply arrangements with them. We take account of broader outputs such as the impact on sustainability, profit, cash flow, reputation, environmental and social impacts in order to create shared value across the supply chain.

We also leverage the expertise and capabilities of our suppliers to ensure C&C optimises the materials we use and reduces our impact on the environment.

GREEN PRODUCTION

During the year, we processed 80,000 tonnes of apples and 3,600 tonnes of pears in our milling operations across the Group, which level of production was in line with the previous year.

We have long term contractual arrangements to continue to process fruit in the UK at the Shepton Mallet facility. During the year, the last phase of our five year orchard planting scheme was concluded.

We encourage sustainable agricultural practices and the preservation of biodiversity. In the UK, we are actively involved in the NACM which takes the lead in adopting and working to sustainable principles both in the physical and social environment, and carries out annual climate change assessments. The NACM is the first drinks trade body to work with Business in the Community (BITC) to address sustainability, and we have worked with the pomology and technical experts in the NACM to develop our sustainability agenda.

During the year, we undertook major expansion at our Clonmel site, with a 35,000 man hour construction project being successfully achieved with no lost time accidents reported.

At our cider mill in Vermont we take part in "cow power" which means that we pay a premium on the electricity used and this premium is used to help dairy farmers install methane digesters turning manure into power. We also use a "solar orchard" which is a 26 array solar project providing sustainable electricity and diversification for local farmers. Both of these projects are good examples of how we are working in an innovative manner to safeguard energy supply.

EMPLOYEES

Developing, engaging and rewarding employees fairly is fundamental to the success of our business and also to the relationships that we have with the local communities in which we work.

We are an equal opportunities employer. We aim to create a working environment in which all individuals are able to make the best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit. We have a formal equal opportunities policy that commits us to promoting equality of opportunity for all our staff and job applicants. For our operations in Northern Ireland this includes adherence to the MacBride Principles. Our policy states that we do not discriminate on the basis of age, disability, marital status, ethnicity, creed, sex or sexual orientation. The policy also requires our staff to treat customers, suppliers and the wider community in accordance with these principles as well.

Health and wellbeing of employees

While, in comparison to FY2016, the total number of lost time accidents increased during FY2017, the trend demonstrates a positive reduction over a longer timeframe.

The consolidation of our operating facilities brought increased activity to our facilities at Wellpark and Clonmel during the peak production season. During the year, we undertook major expansion at our Clonmel site, with a 35,000 man hour construction project being successfully achieved with no lost time accidents reported. The site achieved zero lost time accidents for the last five months of FY2017. Safety performance, training in safe manual handling and fork lift truck refresher training was also maintained at Borrisoleigh and Shepton Mallet during a challenging period at these sites.

At Wellpark, we re-launched our safety programme, which encourages safety interventions and resulted in a net improvement in safety behaviours overall. Our team manager safety training programme was recognised by the accrediting body (REHIS) as being best in Scotland for the second year running. Wellpark also commenced a programme of improving the working environment by fitting new technology lighting into the small pack warehouse and improving equipment access using bespoke platforms in the bottling hall. These developments will bring increased benefits in terms of safety, hygiene and a reduction in energy use.

The continuation of our health and safety days has had a significant impact regarding the engagement of employees. The key driver for this initiative is to ensure that employees are aware of the extent to which they can positively contribute to manufacturing health and safety and that they also have responsibility in this regard. This has partly been driven through the use of external health and safety consultants whose lives have all unfortunately been materially impacted by significant health and safety incidents. These sessions are being followed up at local level with interventions to keep this key message front of mind.

This increased level of engagement is also resulting in many more hazards being identified (and hence remedied) within the workplace, which helps with longer term performance improvements.

Corporate Responsibility
(continued)

There has been a focus on the continued development of management capability within the commercial and operations areas where various programmes have been undertaken to develop both people management and leadership skills.

Employee Support
We aim to develop and lead highly motivated teams who have relevant and up to date skills. In FY2017, we undertook a range of activities to support the continued development of our employees.

As part of our continuing commitment to leadership development, during the year we arranged for a small number of high performing managers from across the Group to undertake the London Business School's accelerated development programme.

In our C&C Gleeson business in Ireland, there were a number of areas of focus. An employee communications forum was established and meets quarterly. This forum facilitates two way communication and dialogue on key messages, strategy and performance as well as creating an opportunity for ideas and suggestions from employees to be heard. Feedback from our employees is positive and they believe it has resulted in an improvement in communications in the business. In addition, we have sought to establish a high performance culture through increased emphasis on the line of sight between business objectives and individual KPIs and targets for our employees with appropriate rewards for achievement. This is supported by the provision of training to our people managers. We also encourage our employees to realise their full potential and have created various advancement opportunities, in particular within our sales team where a number of our sales representatives have advanced to become key account managers.

On the Operations side of our business in Ireland, FY2017 was a period of transition in relation to the movement of product and people from the Borrisoleigh site to the Clonmel manufacturing facility. All affected employees in Borrisoleigh were given the opportunity to transfer to our Clonmel site and a significant investment has been made in training those who wished to transfer for their new roles in our state of the art manufacturing facility.

In the UK, there have been a range of training and development activities across the business over the past 12 months. There has been a focus on the continued development of management capability within the commercial and operations areas where various programmes have been undertaken to develop both people management and leadership skills. There has also been investment in various industry relevant training initiatives for sales, marketing and our operations population. In addition, the business has supported the development of graduates through the CIMA accountancy qualification as well as a number of apprenticeship programmes.

Governance

We, as a Board, and a Company, take corporate governance very seriously, and consider that good conduct is the basis of good performance.

Read more in the Directors' Statement of Corporate Governance on **page 58**

in this section

Board of Directors

BOARD COMMITTEES

Audit Committee
Emer Finnan
(Chairman)
Vincent Crowley
Richard Holroyd

Nomination Committee
Sir Brian Stewart
(Chairman)
Breege O'Donoghue
Richard Holroyd

Remuneration Committee
Breege O'Donoghue
(Chairman)
Stewart Gilliland
Richard Holroyd

Senior Independent Director
Richard Holroyd

1. SIR BRIAN STEWART*

Chairman

Brian Stewart (72) was appointed as a non-executive Director of the Group and as a member of the Nomination Committee in March 2010. He was appointed as Chairman of the Group in August 2010. He is a former Chairman of Standard Life plc and of Miller Group plc and a former Chairman and former Chief Executive of Scottish & Newcastle plc.

2. STEPHEN GLANCEY

Group Chief Executive Officer

Stephen Glancey (56) was appointed Group Chief Executive Officer in 2012. Prior to that, he was appointed Chief Operating Officer in November 2008 and Group Finance Director in May 2009. He qualified as a chartered accountant and was previously the Group Operations Director of Scottish & Newcastle plc.

3. KENNY NEISON

Group Chief Financial Officer

Kenny Neison (47) was appointed Chief Financial Officer in 2012. He joined the Group in November 2008 and was appointed to the Board as Group Strategy Director and Head of Investor Relations in November 2009. He qualified as a chartered accountant and has previously held a number of senior financial positions in Scottish & Newcastle plc, including UK Finance Director and Finance Director for Western Europe.

4. JORIS BRAMS

Managing Director, International division

Joris Brams (48) was appointed as Managing Director of the Group's International division in 2012 and was appointed to the Board in October 2012. He was previously Group Operations Director at Puratos Group, a Belgian company supplying the bakery, patisserie and chocolate sectors in more than 100 countries. He previously served as Group Technical and Development Director at Scottish & Newcastle plc and, prior to that, he held a number of commercial roles at Alken-Maes Breweries. He brings significant experience of international transactions as well as having production, supply-chain management and procurement expertise. He is a non-executive director of Democo NV, a Belgian construction company.

5. JIM CLERKIN*

Jim Clerkin (62) was appointed as a non-executive Director of the Company in April 2017. Jim has over 30 years' experience in the beer, wine and spirits industries and is the President and Chief Executive of Moët Hennessy North America. Jim joined Moët Hennessy in 2008 as Executive Vice President and Chief Operating Officer USA. Prior to joining Moët Hennessy, Jim held roles in Guinness and Diageo, including terms as Managing Director of Gilbeys of Ireland, President of Diageo North America's Western Division, and President of Allied Domecq North America. Jim's career began in Ireland where he progressed through the ranks at Guinness to become Executive Sales Director and a member of the Board of Directors. Jim brings a wealth of experience and knowledge of the global drinks industry to the Board.

6. VINCENT CROWLEY*

Vincent Crowley (62) was appointed as a non-executive Director of the Company in January 2016 and as a member of the Audit Committee in March 2016. He was previously both COO and CEO of Independent News and Media plc, a leading media company which, during his tenure, had operations and investments in Australia, India, Ireland, New Zealand, South Africa and the UK. He also served as CEO and subsequently as a non-executive Director of APN News & Media, a media company listed in Australia and New Zealand. He initially worked with KPMG in Ireland. He is currently Executive Chairman of Altas Investments plc, Chairman of Newsbrands Ireland and a non-executive Director of Grafton Group plc. Vincent brings considerable domestic and international business experience across a number of sectors to the Board.

7. EMER FINNAN*

Emer Finnan (48) was appointed as a non-executive Director of the Company in May 2014 and became Chairman of the Audit Committee in July 2015. She is a Partner and Senior Managing Director of Kildare Partners, a private equity firm based in London and Dublin, where she is responsible for investment origination. After qualifying as a chartered accountant with KPMG, she worked in investment banking at Citibank and ABN AMRO in London and then NCB Stockbrokers in Dublin. In 2005 she joined EBS Building Society in Ireland, becoming its Finance Director in early 2010. In September 2012, Emer re-joined NCB Stockbrokers to lead a financial services team in Ireland. She joined Kildare Partners in 2013. She brings considerable financial expertise to the Board.

8. STEWART GILLILAND*

Stewart Gilliland (60) was appointed as a non-executive Director of the Company and a member of the Remuneration Committee in April 2012. From 2006 to 2010 he was Chief Executive Officer of Müller Dairy (UK) Ltd. Prior to that, he held positions at Whitbread Beer Company and at Interbrew SA in markets including the UK and Ireland, Europe and Canada. He is currently Chairman of Booker Group plc and Curious Drinks Limited and Senior Independent Director of Mitchells & Butlers plc. He is also a Director of Nature's Way Foods Limited. He brings significant experience of the long alcohol drinks sector in international markets.

9. RICHARD HOLROYD*

Richard Holroyd (70) was appointed as a non-executive Director of the Company in 2004 and is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. He was previously the managing director of Colman's of Norwich and head of the global marketing futures department of Shell International. He has served as non-executive Director of several companies in the UK and continental Europe and was a member of the UK Competition Commission from September 2001 to April 2010. Richard Holroyd has many years' experience in the fast moving consumer goods sector.

10. BREEGE O'DONOGHUE*

Breege O'Donoghue (72) was appointed as a non-executive Director of the Company in 2004. She was appointed the Chairman of the Remuneration Committee in December 2012 and is a member of the Nomination Committee. Breege retired as an executive director of Penneys/Primark in September 2016 and continues to represent that company in an ambassadorial role. She is Chair of the Design & Crafts Council of Ireland, a member of the Outside Appointments Board of the Code of Standards and Behaviour for the Civil Service, a trustee of IBEC and a non-executive Director of Shaws Department Store, and was previously Chair of the Labour Relations Commission and a Director of An Post and Aer Rianta. Breege has many years' experience in the Irish and international retail sector.

For information on independence of the Directors, please see Directors' Statement of Corporate Governance on pages 58 to 69.

* Non-executive Director

DAVID JOHNSTON

Company Secretary

David Johnston joined the Group in November 2014 as Company Secretary. Prior to that, he was Group General Counsel and Company Secretary for Paddy Power plc. After qualifying as a solicitor, David worked initially for McCann FitzGerald, one of Ireland's leading law firms and subsequently for O2 Ireland, where he was Chief Legal Counsel and Company Secretary.

Directors' Report

The Directors present the annual report and audited consolidated financial statements of the Group for the year ended 28 February 2017.

PRINCIPAL ACTIVITIES

The Group's principal trading activity is the production, marketing and selling of cider and beer, wine, soft drinks and bottled water.

There has been no material change in the nature of the business of the Group.

RESULTS

For the year ended 28 February 2017, the Group reported Revenue of €818.1 million (2016: €946.9 million) and Net Revenue of €559.5 million (2016: €662.6 million). Operating profit before exceptional items amounted to €95 million (2016: €103.2 million).

The financial results for the year ended 28 February 2017 are set out in the Group Income Statement on page 96. Comprehensive reviews of the financial and operating performance of the Group are set out in the Group Chief Executive Officer's Review on pages 22 to 36.

DIVIDENDS

An interim dividend of 4.96 cent per share for the year ended 28 February 2017 was paid on 16 December 2016. Subject to approval at the Annual General Meeting, it is proposed to pay a final ordinary dividend of 9.37 cent per share for the year ended 28 February 2017 to shareholders who are registered at close of business on 26 May 2017.

BOARD OF DIRECTORS

The names, functions and date of appointment of the current Directors, who give the responsibility statement on page 90, are as follows:

Director	Function	Appointment
Sir Brian Stewart	Chairman	2010
Stephen Glancey	Group Chief Executive Officer	2008
Kenny Neison	Group Chief Financial Officer	2009
Joris Brams	Executive Director	2012
Jim Clerkin	Non-executive Director	2017
Vincent Crowley	Non-executive Director	2016
Emer Finnan	Non-executive Director	2014
Stewart Gilliland	Non-executive Director	2012
Richard Holroyd	Non-executive Director	2004
Breege O'Donoghue	Non-executive Director	2004

Jim Clerkin was appointed as a Director of the Company with effect from 1 April 2017. Rory Macnamara was a Director until 17 December 2016.

INTERESTS OF DIRECTORS AND COMPANY SECRETARY

Information in relation to the beneficial and non-beneficial interests in the share capital of Group companies held by the Directors and Company Secretary who held office at 28 February 2017 is contained within the Report of the Remuneration Committee on Directors' Remuneration on page 77.

RESEARCH AND DEVELOPMENT

Certain Group undertakings are engaged in ongoing research and development aimed at improving processes and expanding product ranges.

FURTHER INFORMATION ON THE GROUP

The information required by section 327 of the Companies Act, 2014 to be included in this report with respect to:

(a) the review of the development and performance of the business and future developments is set out in the Group Chief Executive Officer's Review on pages 22 to 36 and the Strategic Report on pages 14 to 21;

(b) the principal risks and uncertainties which the Company and the Group faces are set out in the Strategic Report on pages 19 to 21;

(c) the key performance indicators relevant to the business of the Group, including environmental and employee matters, are set out in the Strategic Report on page 18 and in the Group Chief Financial Officer's review on pages 37 to 41; and further information in respect of environmental and employee matters is set out in the Report on Corporate Responsibility on pages 42 to 50;

(d) the financial risk management objectives and policies of the Company and the Group, including the exposure of the Company and the Group to financial risk, are set out in the Group Chief Financial Officer's Review on pages 37 to 41 and note 22 to the financial statements.

The Group's Viability Statement is contained in the Directors' Statement on Corporate Governance on page 69.

ACCOUNTING RECORDS

The measures taken by the Directors to secure compliance with the requirements of Sections 281 to 285 of the Companies Act, 2014 with regard to the keeping of adequate accounting records are to employ accounting personnel with appropriate expertise and to provide adequate resources to the finance function. The books of account of the Company are maintained at Group offices in Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702.

POLITICAL DONATIONS

No political donations were made by the Group during the year that require disclosure in accordance with the Electoral Acts, 1997 to 2002.

CORPORATE GOVERNANCE

In accordance with Section 1373 of the Companies Act, 2014, the corporate governance statement of the Company for the year, including the main features of the internal control and risk management systems of the Group, is contained in the Directors' Statement on Corporate Governance on pages 58 to 69.

AUDIT COMMITTEE

In accordance with Section 167 of the Companies Act, 2014, the Company has an established Audit Committee. Further information on the Audit Committee, is contained in the Directors' Statement on Corporate Governance on pages 58 to 69.

DIRECTORS' REMUNERATION

The Report of the Remuneration Committee on Directors' Remuneration, including the Company's policy on Directors' remuneration, is set out on pages 70 to 89.

SUBSTANTIAL HOLDINGS

As at 28 February 2017 and 17 May 2017, details of interests over 3% in the ordinary share capital carrying voting rights which have been notified to the Company are:

As far as the Company is aware, other than as stated below, no other person or company had at 28 February 2017 or 17 May 2017 an interest in 3% or more of the Company's share capital carrying voting rights.

SHARE PRICE

The price of the Company's ordinary shares as quoted on the Irish Stock Exchange at the close of business on 28 February 2017 was €3.87 (29 February 2016: €3.446). The price of the Company's ordinary shares ranged between €3.415 and €4.18 during the year.

AUDITOR

During the year, a formal external audit tender process was undertaken by the Audit Committee on the Board's behalf, following which the Board selected EY as the external auditor for the Group for the year ending 28 February 2018. A resolution to formally approve the appointment of EY as external auditors will be put to Shareholders at the AGM on 6 July 2017. KPMG, Chartered Accountants will resign as external auditors to the Group.

ISSUE OF SHARES AND PURCHASE OF OWN SHARES

At the Annual General Meeting held on 7 July 2016, the Directors received a general authority to allot shares. A limited authority was also granted to Directors to allot shares for cash otherwise than in accordance with statutory pre-emption rights. Resolutions will be proposed at the Annual General Meeting to be held on 6 July 2017 to allot shares to a nominal amount which is equal to approximately one-third of the issued ordinary share capital of the Company. In addition, resolutions will also be proposed to allow the Directors allot shares for cash otherwise than in accordance with statutory pre-emption rights up to an aggregate nominal value which is equal to approximately 5% of the nominal value of the issued share capital of the Company, and in the event of a rights issue, and a further 5% of the nominal value of the issued share capital of the Company for the purposes of an acquisition or a specified capital investment. If granted, these authorities will expire at the conclusion of the Annual General Meeting in 2018 and the date 18 months after the passing of the resolution, whichever is the earlier.

The Directors have currently no intention to issue shares pursuant to these authorities except for issues of ordinary shares under the Company's share option plans and the Company's scrip dividend scheme. At the Annual General Meeting held on 7 July 2016 authority was granted to purchase up to 10% of the Company's Ordinary Shares (the "Repurchase Authority"). As at the date

	No. of ordinary shares held as notified at 28 February 2017	% at 28 February 2017	No. of ordinary shares held as notified at 17 May 2017	% at 17 May 2017
Southeastern Asset Management, Inc.	47,619,717	15.04%	53,896,229	17.31%
Brandes Investment Partners, L.P.	22,220,337	7.02%	25,136,335	8.07%
Franklin Templeton Institutional, LLC	22,010,380	6.95%	15,334,980	4.92%
FMR LLC	21,941,431	6.93%	21,941,431	7.05%
Investec Asset Management Limited	16,403,623	5.18%	16,403,623	5.27%
Wellington Management Company, LLP	15,772,229	4.98%	10,776,402	3.46%
Setanta Asset Management Limited	15,056,875	4.76%	15,056,875	4.83%
LSV Asset Management	9,961,411	3.15%	8,888,058	Less than 3%

Directors' Report
(continued)

of this Report, the Group has purchased 1.87% of the Company's Ordinary Shares pursuant to the Repurchase Authority.

The Group spent €23.2m (2016: €76.6m) (including commission and related costs) in the year under review in purchasing 6,139,438 of the Company's Ordinary Shares.

Special resolutions will be proposed at the Annual General Meeting to be held on 6 July 2017 to renew the authority of the Company, or any of its subsidiaries, to purchase up to 10% of the Company's Ordinary Shares in issue at the date of the Annual General Meeting and in relation to the maximum and minimum prices at which treasury shares (effectively shares purchased and not cancelled) may be re-issued off-market by the Company. If granted, the authorities will expire on the earlier of the date of the Annual General Meeting in 2018 and the date 18 months after the passing of the resolution. The minimum price which may be paid for shares purchased by the Company shall not be less than the nominal value of the shares and the maximum price will be 105% of the average market price of such shares over the preceding five days. The Directors will only exercise the power to purchase shares if they consider it to be in the best interests of the Company and its shareholders.

As at the date of this report, options to subscribe for a total of 4,163,226 Ordinary Shares are outstanding, representing 1.34% of the Company's total voting rights. If the authority to purchase Ordinary Shares were used in full, the options would represent 1.49% of the Company's total voting rights.

DILUTION LIMITS AND TIME LIMITS

All employee share plans with the exception of the Joint Share Ownership Plan, which was specifically approved by shareholders in December 2008, contain the share dilution limits recommended in institutional guidance, namely that no awards shall be granted which would cause the number of Shares issued or issuable pursuant to awards granted in the ten years ending with the date of grant (a) under any discretionary or executive share scheme adopted by the Company (other than the Joint Share Ownership Plan) to exceed 5%, and (b) under any employees' share scheme adopted by the Company (other than the Joint Share Ownership Plan) to exceed 10%, of the ordinary share capital of the Company in issue at that time.

In the ten year period up to the date of this report, commitments to issue new shares or re-issue treasury shares under discretionary share schemes (net of lapsed and forfeited commitments and excluding the Joint Share Ownership Plan) amounted to 2.40% of the Company's issued ordinary share capital as at the date of this report. No additional commitments to issue shares have been made under non-discretionary schemes.

THE EUROPEAN COMMUNITIES (TAKEOVER BIDS (DIRECTIVE 2004/25/EC)) REGULATIONS 2006

Structure of the Company's share capital

At 17 May 2017 the Company has an issued share capital of 320,467,301 ordinary shares of €0.01 each and an authorised share capital of 800,000,000 ordinary shares of €0.01 each.

At 28 February 2017, the trustee of the C&C Employee Trust held 2,911,545 ordinary shares of €0.01 each in the capital of the Company, including shares held jointly by it under the terms of the C&C Joint Share Ownership Plan (further information on which is contained in note 4 (Share-Based Payments) to the financial statements). Shares held by the trustee of the C&C Employee Trust are accounted for as if they were treasury shares. These shares are, however, included in the calculation of Total Voting Rights for the purposes of Regulation 20 of the Transparency (Directive 2004/109/EC) Regulations 2007 ("TVR Calculation").

As at 28 February 2017, a subsidiary of the Group held 9,025,000 shares in the Company, which were acquired under the authority granted to the Company and its subsidiaries to purchase up to 10% of the Company's ordinary shares approved at the 2016 Annual General Meeting. These shares are not included in the TVR Calculation and are accounted for as treasury shares.

Details of employee share schemes, and the rights attaching to shares held in these schemes, can be found in note 4 (Share-Based Payments) to the financial statements and the Report of the Remuneration Committee on Directors' Remuneration on pages 70 to 89. Details of the rights attaching to shares issued under the Joint Share Ownership Plan are set out in note 4 (Share-Based Payments) to the financial statements.

The Company has no securities in issue conferring special rights with regard to control of the Company.

Details of persons with a significant holding of securities in the Company are set out on page 55.

Rights and obligations attaching to the Ordinary Shares

All Ordinary Shares rank pari passu, and the rights attaching to the Ordinary Shares (including as to voting and transfer) are as set out in the Company's Articles of Association ("Articles"). A copy of the Articles may be obtained on request to the Company Secretary.

Holders of Ordinary Shares are entitled to receive duly declared dividends in cash or, when offered, additional Ordinary Shares. In the event of any surplus arising on the occasion of the liquidation of the Company, shareholders would be entitled to a share in that surplus pro rata to their holdings of Ordinary Shares.

Holders of Ordinary Shares are entitled to receive notice of and to attend, speak and vote in person or by proxy, at general meetings having, on a show of hands, one vote, and, on a poll, one vote for each Ordinary Share held. Procedures and deadlines for entitlement to exercise, and exercise of, voting rights are specified in the notice convening the general meeting in question. There are no restrictions on voting rights except in the circumstances where a "Specified Event" (as defined in the Articles) shall have occurred and the Directors have served a restriction notice on the shareholder. Upon the service of such restriction notice, no holder of the shares specified in the notice shall, for so long as such notice shall remain in force, be entitled to attend or vote at any general meeting, either personally or by proxy.

Holding and transfer of Ordinary Shares

The Ordinary Shares may be held in either certificated or uncertificated form (through CREST). Save as set out below, there is no requirement to obtain the approval of the Company, or of other shareholders, for a transfer of Ordinary Shares. The Directors may decline to register (a) any transfer of a partly-paid share to a person of whom they do not approve, (b) any transfer of a share to more than four joint holders, and (c) any transfer of a certificated share unless accompanied by the share certificate and such other evidence of title as may reasonably be required. The registration of transfers of shares may be suspended at such times and for such periods (not exceeding 30 days in each year) as the Directors may determine.

Transfer instruments for certificated shares are executed by or on behalf of the transferor and, in cases where the share is not fully paid, by or on behalf of the transferee. Transfers of uncertificated shares may be effected by means of a relevant system in the manner provided for in the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 (the "CREST Regulations") and the rules of the relevant system. The Directors may refuse to register a transfer of uncertificated shares only in such circumstances as may be permitted or required by the CREST Regulations.

Rules concerning the appointment and replacement of the Directors and amendment of the Company's Articles

Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than two or more than 14. Subject to that limit, the shareholders in general meeting may appoint any person to be a Director either to fill a vacancy or as an additional Director. The Directors also have the power to co-opt additional persons as Directors, but any Director so co-opted is under the Articles required to be submitted to shareholders for re-election at the first Annual General Meeting following his or her co-option.

The Articles require that at each Annual General Meeting of the Company one-third of the Directors retire by rotation. However, in accordance with the recommendations of the UK Corporate Governance Code, the Directors have resolved they will all retire and submit themselves for re-election by the shareholders at the Annual General Meeting to be held this year.

The Company's Articles may be amended by special resolution (75% majority of votes cast) passed at general meeting.

Powers of Directors

Under its Articles, the business of the Company shall be managed by the Directors, who exercise all powers of the Company as are not, by the Companies Acts or the Articles, required to be exercised by the Company in general meeting.

The powers of Directors in relation to issuing or buying back by the Company of its shares are set out above under "Issue of Shares and Purchase of Own Shares".

DIRECTORS COMPLIANCE STATEMENT (MADE IN ACCORDANCE WITH SECTION 225 OF THE COMPANIES ACT, 2014)

The Directors acknowledge that they are responsible for securing compliance by the Company with its relevant obligations as are defined in the Companies Act, 2014 (the 'Relevant Obligations'). The Directors confirm that they have drawn up and adopted a compliance policy statement setting out the Company's policies that, in the Directors' opinion, are appropriate to the Company with respect to compliance by the Company with its relevant obligations. The Directors further confirm the Company has put in place appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with its relevant obligations including reliance on the advice of persons employed by the Company and external legal and tax advisers as considered appropriate from time to time and that they have reviewed the effectiveness of these arrangements or structures during the financial year to which this report relates.

RELEVANT AUDIT INFORMATION

In accordance with Section 330 of the Companies Act, 2014, the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

MISCELLANEOUS

Certain of the Group's borrowing facilities include provisions that, in the event of a change of control of the Company, could oblige the Group to repay the facilities. Certain of the Company's customer and supplier contracts and joint venture arrangements also contain provisions that would allow the counterparty to terminate the agreement in the event of a change of control of the Company. The Company's Executive Share Option Scheme and Long-Term Incentive Plan each contain change of control provisions which allow for the acceleration of the exercise of share options/awards in the event of a change of control of the Company.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occurs because of a takeover bid in excess of their normal contractual entitlement.

ANNUAL GENERAL MEETING

Your attention is drawn to the letter to shareholders and the notice of meeting accompanying this report which set out details of the matters which will be considered at the Annual General Meeting.

Signed
On behalf of the Board

Sir Brian Stewart
Chairman

Stephen Glancey
Group Chief Executive Officer

17 May 2017

Directors' Statement of Corporate Governance

Dear Shareholder

We, as a Board, and a Company, take corporate governance very seriously and consider that good conduct is the basis of good performance. The Board sets the tone for the rest of the Company. We believe that effective governance is the foundation of a successful and sustainable organisation and should be based upon an appropriate level of oversight, clear communication and a commitment to transparency. Governance is the framework within which we focus on the health and growth of the business.

In this report we provide an overview of our corporate governance practices, describing how the main principles of the UK Corporate Governance Code and Irish Annex are applied throughout the year. Information is given about the Board, its members and committees, and their work. An overview of the Company's internal controls is also given.

We have continued our focus on Board succession in the year and, in that context, Jim Clerkin was appointed to the Board in April 2017. In considering Board appointments, we continue to have regard to the degree of diversity of experience and background of the Board.

Rory Macnamara who joined the Board in January 2016 sadly passed away on 17 December 2016. Rory made an inimitable and valued contribution to the Board during his all too brief time as a Director.

We are complying this year with the edition of the UK Corporate Governance Code published by the Financial Reporting Council in September 2014 (the 'UK Code') and the Irish Corporate Governance Annex (the 'Irish Annex'). The UK Code is publicly available from the Financial Reporting Council's website, www.frc.co.uk.

Sir Brian Stewart
Chairman
17 May 2017

COMPLIANCE STATEMENT

C&C Group plc is incorporated and resident in Ireland and is subject to Irish company law. It has a primary listing on the Irish Stock Exchange ('ISE') and a listing in the Premium Listing segment of the Official List of the United Kingdom Listing Authority ('UKLA') and its shares are quoted on the ISE and the London Stock Exchange ('LSE'). C&C Group plc also has a Level 1 American Depository Receipt (ADR) programme.

The Directors are committed to maintaining high standards of corporate governance and to reviewing governance best-practice on a continuing basis to ensure that we adapt and evolve in what is an environment of constant change.

The Group has complied with the provisions of the UK Code and Irish Annex throughout the period under review. This Corporate Governance statement describes the Group's policy on corporate governance during the financial year ended 28 February 2017.

BOARD OF DIRECTORS

Role

The Board is responsible for the oversight, leadership and control of the Group and its long-term success. There is a formal schedule of matters reserved to the Board for decision. This includes approval of Group strategic plans, annual budgets, financial statements, significant contracts and capital expenditure items, major acquisitions and disposals, changes to capital structure, circulars, Board appointments, and the review of the Group's corporate governance arrangements and system of internal control, and approval of policies including corporate responsibility and health and safety. The Board is also responsible for instilling the appropriate culture, values and behaviour throughout the Group. The Directors acknowledge that they are responsible for the proper stewardship of the Group's affairs, both on an individual and collective basis. The matters and agenda reserved for Board consideration reflect this responsibility.

The roles of the Chairman and the Group Chief Executive Officer are separate with a clear division of responsibility between them, which is set out in writing and which has been approved by the Board. The Chairman has responsibility for the management of the Board, the performance of Directors and their induction, development and performance evaluation, ensuring there are effective relations with shareholders and for the AGM. The Chief Executive is responsible, within the authority limits delegated by the Board, for business strategy and management, investment and financing, risk management and controls, timely reporting, making recommendations on remuneration policy and on the appointment of executive directors, setting Group HR policies and leading the communications programme with shareholders.

The Board delegates responsibility for the management of the Group through the Group Chief Executive Officer to executive management. The Board also delegates some of its responsibilities to Board Committees, details of which are set out below. The responsibilities of the Chairman are covered in detail below.

The Chief Executive has full day-to-day operational and profit responsibility for the Group and is accountable to the Board for all authority delegated to executive management. His overall brief is to execute agreed strategy, to co-ordinate and maintain the continued profitability of the Group and to oversee senior management responsible for the day-to-day running of the business.

Non-executive Directors are expected to constructively challenge management proposals and to examine and review management performance in meeting agreed objectives and targets. In addition, they are expected to draw on their own specific experience and knowledge in respect of any challenges facing the Group and in relation to the development of proposals on strategy.

Individual Directors may seek independent professional advice at the Company's expense where they judge it necessary to discharge their responsibilities as Directors.

The Group has a policy in place which indemnifies the Directors in respect of certain legal actions taken against them.

Board Composition, Membership and Renewal

The primary purpose of the Board is to help create and maintain the conditions which promote the long term success of the business for the benefit of both shareholders and the wider stakeholder base. In order to do so effectively, the Board requires members with a broad range of skills and experience and the ability to both support and challenge the executive management.

The Board believes that the current Directors bring the necessary range of skills, knowledge and experience so as to provide leadership, control and oversight of management while contributing to the development and implementation of the Group's strategy. The biographical details of the current Directors are set out on pages 52 and 53. The Board regards the number of non-executive Directors currently appointed to the Board as sufficient to ensure effective oversight of the Group's management and to enable its Committees to operate without undue reliance on individual non-executive Directors.

While the Board's current composition includes a strong balance of skills and experience, the Board recognises the positive impact new appointments can bring to the Group. As such, the Board is committed to an ongoing programme for Board refreshment and renewal, with a particular focus on diversity and industry experience. In pursuing its programme for Board refreshment, the Nomination Committee is cognisant that finding and recruiting Directors with the skills and experience needed to challenge the breadth of the Group's business can require a longer lead time.

Consistent with that commitment to Board refreshment and development, Jim Clerkin was appointed as a non-executive Director in April 2017. Jim brings a wealth of experience and knowledge of the global drinks industry to the Board. This follows the appointment of Vincent Crowley and Rory Macnamara as non-executive Directors in 2016 and the retirement of John Hogan and Anthony Smurfit in 2016 as part of the ongoing programme of Board refreshment. Our Board continues to include an appropriate balance of longer serving and more recently appointed Directors, with diverse backgrounds and experience. This serves to bring fresh thinking to the Board yet preserves a proportion of the membership with an in-depth understanding of the challenges and opportunities facing the business, all of which provides the platform for fruitful discussions with the management team.

Board Independence

In line with the UK Code, it is Board policy that at least half the Board, excluding the Chairman, shall consist of independent non-executive Directors. The Board has reviewed its composition and has determined that of the Directors as at the date of this report, Emer Finnan, Richard Holroyd, Breege O'Donoghue, Stewart Gilliland, Jim Clerkin and Vincent Crowley are independent.

The independence of Board members is considered annually. In determining the independence of non-executive Directors, the Board considered the principles relating to independence contained in the UK Code and the guidance provided by a number of shareholder voting agencies. Those principles and guidance address a number of factors that might appear to affect the independence of Directors, including former service as an executive of the Group, extended service to the Board and cross-directorships. However, they also make clear that a Director may be considered independent notwithstanding the presence of one or more of these factors. This reflects the Board's view that independence is determined by a Director's character and judgment. The Board considers that each of the non-executive Directors brings independent judgment to bear.

Given their length of service, the Board conducted a particularly thorough review of the continued independence of Richard Holroyd and Breege O'Donoghue. Subsequent to that assessment, the Board is satisfied that neither Richard's nor Breege's independence has been compromised by their length of service. As part of this assessment, the Board considered their concurrent tenure with the executive directors, as well as their continuing performance in scrutinising management decisions. The Board also recognises that their professional

Directors' Statement of Corporate Governance
(continued)

experience and long-term perspective on the Group's business is hugely valuable to the work of the Board.

As set out in the table below, each has served on the Board concurrently with the Group's Chief Executive Officer, the longest serving executive Director, for 8.5 years. The Board recognises the principles of the Code and guidelines on tenure but is satisfied that the objectivity, judgment and independence of each of the Directors, and the Board as a whole, is not compromised by any individual's tenure on the Board.

	Independent/Non-Independent	Tenure (Years)	Concurrent Tenure* (Years)
Sir Brian Stewart	Independent (Chairman)	7	7
Jim Clerkin	Independent	0.1	0.1
Vincent Crowley	Independent	1.5	1.5
Joris Brams	Non-Independent (Executive)	4.5	4.5
Emer Finnan	Independent	3	3
Stewart Gilliland	Independent	5	5
Stephen Glancey	Non-Independent (Executive)	8.5	8.5
Richard Holroyd	Independent	13	8.5
Kenny Neison	Non-Independent (Executive)	7.5	7.5
Breege O'Donoghue	Independent	13	8.5

*Note: Concurrent tenure means tenure on the Board concurrently with the Group's Chief Executive Officer, the longest serving executive Director.

Chairman
Sir Brian Stewart has been Chairman of the Group since August 2010. The Chairman is responsible for the efficient and effective working of the Board. He is responsible for ensuring that the Board considers the key strategic issues facing the Group and that the Directors receive accurate, timely, relevant and clear information. He also ensures that there is effective communication with shareholders and that the Board is apprised of the views of the Group's shareholders. As part of this process, the Chairman partakes annually in a series of meetings, focused solely on corporate governance, with a number of the Group's largest institutional shareholders.

Senior Independent Director
Richard Holroyd is the Group's Senior Independent Director. He is available to shareholders who have concerns for which contact through the normal channels of Chairman, Group Chief Executive Officer or Group Chief Financial Officer has failed to resolve or for which such contact is inappropriate. He is also available to meet shareholders on request.

Audit Committee Financial Expert
The Audit Committee has determined that Emer Finnan, who also chairs the Committee, is the Audit Committee financial expert. Emer is a qualified chartered accountant and has recent and relevant financial expertise.

Company Secretary
David Johnston is the Company Secretary. All Directors have access to the Company Secretary, who is responsible to the Board for ensuring that Board procedures are complied with. The appointment and removal of the Company Secretary is a matter for the Board.

Appointment, Retirement and Re-election
The non-executive Directors are engaged under the terms of letters of appointment, details of which are set out in the Report of the Remuneration Committee on Directors' Remuneration. Copies of the letters of appointment are available on request from the Company Secretary.

The Company's Articles of Association require that at least one-third of the Directors subject to rotation shall retire by rotation at the Annual General Meeting in every year. Directors appointed by the Board must also submit themselves for election at the first annual general meeting following their appointment. However, in accordance with the recommendations of the UK Code, the Directors have resolved that they will all retire and submit themselves for re-election by the shareholders at the Annual General Meeting this year.

Induction and Development
A comprehensive tailored induction programme is arranged for each new Director. The aim of the programme is to provide the Director with a detailed insight into the Group. The programme involves meeting with the Chairman, Group Chief Executive Officer, Group Chief Financial Officer, Company Secretary and key senior executives. It covers areas such as strategy and development, organisation structure, succession planning, financing, corporate responsibility and compliance, investor relations and risk management. The Board receives regular updates from its external legal and other advisers in relation to regulatory and accounting developments. Throughout the year, Directors meet with key executives and meet with local management teams, and a site visit for all Board Directors to one of the Group's operations facilities is normally scheduled annually.

Newly-appointed members of the Audit Committee will meet with the key members of the external audit, internal audit and finance teams. New members of the Remuneration Committee will meet with the Committee's remuneration consultants in the year of their appointment to the Committee.

External non-executive directorships
The Board recognises that there can be benefit if executive Directors accept a non-executive directorship with other companies to broaden their skills, knowledge and experience. Joris Brams is currently a non-executive director at Democo NV, a Belgian construction company.

Apart from him, currently none of the executive Directors has such an appointment. The Remuneration Committee determines whether Directors should be permitted to retain any fees paid in respect of such appointments. The Remuneration Committee has determined that Joris Brams is permitted to retain fees from his appointment.

Meetings
During the period under review there were seven scheduled meetings of the Board and a further two short notice meetings. Details of Directors' attendance at these meetings are set out in the table on page 67. Several ad hoc meetings without notice were held during the year for share allotment and other administrative matters in accordance with the Board's procedures. In addition, the members of the Board met without the executive Directors present to provide an opportunity for non-executive Directors and the Chairman to assess their performance, and a further meeting of the non-executive Directors led by the Senior Independent Director was held without the Chairman being present to assess the Chairman's performance.

The Chairman sets the agenda for each meeting in consultation with the Group Chief Executive Officer and the Company Secretary. The agenda and Board papers, which provide the Directors with relevant information to enable them to fully consider the agenda items in advance, are circulated prior to each meeting. Directors are encouraged to participate in debate and constructive challenge. While Directors are expected to attend all scheduled meetings, in the event a Director is unable to attend a meeting, his or her view on all agenda items is sought and conveyed to the Chairman in advance of the meeting. In addition, following the meeting, matters discussed and decisions made at the meeting are conveyed to the Director.

Performance evaluation
The Board recognises the importance of a formal and rigorous evaluation of the performance of the Board and its Committees. The Chairman conducts an annual review of corporate governance and the operation and performance of the Board and its Committees. In the year under review the Chairman has reviewed the performance of individual Directors and, within the remit of the Nomination Committee, succession planning, identifying in this process the experience and qualities required by the Group for the future implementation of its strategy.

The Chairman conducts one to one discussions each year with each Director to assess his or her individual performance. Performance is assessed against a number of criteria, including his or her contribution to Board and Committee meetings; time commitments; contribution to strategic developments; and relationships with other Directors and management.

The Senior Independent Director and the other non-executive Directors review the Chairman's performance and the Board's performance each year, the results being reported back to the Chairman with any recommendations.

In 2015, the Board also engaged an external advisor to complete an independent evaluation of the performance and effectiveness of the Board and each of the Committees. This evaluation is in line with the recommendations of the UK Code which requires an external Board evaluation to be conducted at least once every three years. The company engaged to perform the evaluation has no business connection or relationship with the Group, its directors or senior management.

Accountability
The Board is committed to providing a fair, balanced and understandable assessment of the Company's position and prospects.

Responsibility for reviewing the Group's internal financial control, financial risk management systems and risk evaluation procedures and monitoring the integrity of the Group's financial statements has been delegated by the Board to the Audit Committee. Details of how these responsibilities were discharged is set out in the Audit Committee Report on pages 63 to 66.

The Board receives regular updates from the Chair of the Audit Committee.

Directors' Statement of Corporate Governance
(continued)

Remuneration
Details of remuneration paid to Directors (executive and non-executive) are set out in the Report of the Remuneration Committee on Directors' Remuneration on pages 70 to 89.

Non-executive Directors are remunerated by way of a Director's fee. Additional fees are also payable to the Chairman of the Audit Committee, Chairman of the Remuneration Committee and to the Senior Independent Director. Non-executive Directors' fees and additional fees payable to Committee Chairmen and the Senior Independent Director have not been increased since 2008.

It is Board policy that non-executive Director remuneration does not comprise any performance-related element and, therefore, non-executive Directors are not eligible to participate in the Group's bonus schemes, option plans or share award schemes. Non-executive Directors' fees are not pensionable and non-executive Directors are not eligible to join any Group pension plans. Executive Directors' remuneration is inclusive of any Director's fee.

The current limit under the Articles on Directors' ordinary remuneration (i.e. directors' fees, not including executive remuneration) is €1,000,000, pursuant to a resolution passed at the 2013 Annual General Meeting.

The report of the Remuneration Committee will be presented to shareholders for the purposes of a non-binding advisory vote at the Annual General Meeting on 6 July 2017. While there is no legal obligation for the Group to put such a resolution to a vote of shareholders at the Annual General Meeting, the Board recognises that such resolutions are now considered good governance practice.

Share ownership and dealing
The Company has share ownership guidelines for the executive Directors to ensure the interests of executive Directors are aligned with those of shareholders. In summary, the guidelines are that the current market value of shares in the Company held by the relevant Director should be at least two times salary for the Group Chief Executive Officer and one times salary for other executive Directors. If share ownership guidelines are not met, then individuals must retain up to 50% of vested share awards (net of tax). Further information including details of Directors' shareholdings is set out on page 77.

The Group has a policy on dealing in shares that applies to all Directors. Under this policy, Directors are required to obtain clearance from the Chairman (or in the case of the Chairman himself, from the Senior Independent Director) before dealing. Directors are prohibited from dealing in the Company's shares during closed periods and at any other time when the individual is in possession of inside information.

COMMITTEES
The Board has established three permanent committees to assist in the execution of its responsibilities. These are the Audit Committee, the Nomination Committee and the Remuneration Committee. The current membership of each committee is set out on page 52. Attendance at meetings held is set out in the table on page 67.

Each of the permanent Board Committees has terms of reference under which authority is delegated to them by the Board. These terms of reference are available on the Company's website www.candcgroupplc.com. Minutes of all Committee meetings are circulated to the entire Board.

The Chairman of each Committee attends the Annual General Meeting and is available to answer questions from shareholders.

The Board has also established a Disclosure Committee comprising the Chairman, the Group Chief Executive Officer, the Group Chief Financial Officer and the Company Secretary. The Head of Investor Relations may also participate where required. The main responsibilities of the Disclosure Committee include:
- determining whether information constitutes inside information;
- determining if information requires immediate disclosure or if disclosure can be legitimately delayed;
- determining a consistent approach and policy to disclosure;
- reviewing and approving material announcements;
- monitoring leaks, rumours, speculation and market expectations, and taking appropriate action;
- monitoring the materiality of any variance between the Group's performance and its own forecasts.

Ad hoc committees are formed from time to time to deal with other specific matters.

THE AUDIT COMMITTEE

Message from the Chairman of the Audit Committee

Dear Shareholder

On behalf of the Board, I am pleased to report on the work of the Audit Committee for the financial year ended 28 February 2017.

During the year, the Committee oversaw the tender of the Company's external audit contract. Due to EU transition rules, KPMG's length of tenure prevented them from acting as auditors beyond FY2017. Following the tender process, the Board, on the recommendation of the Committee, appointed EY as the Group's external auditor from FY2018 onwards. On behalf of the Committee, I would like to acknowledge and thank KPMG for their contribution to the Group, as external auditors since 2004.

The Committee also received and reviewed a number of internal audit reports, reviewed and approved reports in relation to the Group's financial performance and engaged with the external auditor. One of our principal duties is to review the report of the external auditor on the year end audit and to consider and approve key accounting treatments together with underlying financial judgments and assumptions. Full details are included later in this report.

The members of the Committee, all independent non-executive Directors, each contribute their own financial experience to the Committee's work. We are glad to record the full and continuing co-operation of the executive team in support of the Committee's work.

Yours sincerely

Emer Finnan
Chairman of the Audit Committee

Composition and Meetings

The constitution of the Audit Committee requires that its membership shall consist only of independent, non-executive Directors. The members are Emer Finnan (Chairman), Richard Holroyd and Vincent Crowley. As set out on page 60, the Audit Committee has determined that Emer Finnan, who also chairs the Committee, is the Audit Committee financial expert.

The Committee meets a minimum of four times a year. During the period under review it met eight times. Attendance at meetings held is set out in the table on page 67.

The Group Chief Financial Officer attends Audit Committee meetings as appropriate, while the internal auditor and the external auditor attend as required and have direct access to the Audit Committee Chairman. The Group Head of Finance is the secretary of the Audit Committee.

Constitution and terms of reference

The role, responsibilities, authority and duties of the Audit Committee are set out in written terms of reference. The current terms of reference are available under the Board Committees section of the Group's website at www.candcgroupplc.com.

The Audit Committee's responsibilities include:

- monitoring the integrity, truth and fairness of the financial statements of the Group, including the Annual Report, interim report, interim management statements, preliminary results and other formal announcements relating to the Group's financial performance, and reviewing significant financial reporting judgements contained in them;
- ensuring that the information presented in the financial statements of the Group and other announcements is fair, balanced and understandable and provides the information necessary for the Company's shareholders to assess the Group's performance, business model and strategy and advising the Board accordingly;
- monitoring the statutory audit of the annual and consolidated accounts;
- reviewing the adequacy and effectiveness of the Group's internal financial controls and risk management systems;
- reviewing the effectiveness of the Group's internal audit function;
- reviewing the adequacy and security of the Group's arrangements for its employees raising concerns, its procedures for detecting fraud, the Group's systems and controls for the prevention of bribery, and the Group's whistleblowing arrangements;

Directors' Statement of Corporate Governance
(continued)

- making recommendations to the Board in relation to the appointment and removal of the Group's external auditor, their remuneration and terms of engagement;
- evaluating the performance of the external auditor including their independence and objectivity;
- reviewing the annual internal and external audit plans and reviewing the effectiveness and findings of the external audit with the external auditor;
- ensuring compliance with the Group's policy on the provision of non-audit services by the external auditor;
- reporting to the Board on how it has discharged its responsibilities; and
- reviewing the annual financial statements of the pension funds where not reviewed by the Board as a whole.

The Committee undertakes, in conjunction with the Chairman of the Board, an annual assessment of its performance and a review of the Committee's constitution and terms of reference.

The activities undertaken by the Committee in fulfilling its key responsibilities in respect of the year ended 28 February 2017 are set out below.

Financial Statements
In respect of the year ended 28 February 2017 the Audit Committee reviewed:
- the Trading Update issued in July 2016;
- the Financial Report for the six months ended 31 August 2016;
- the trading update for the twelve months to 28 February 2017, issued in March 2017;
- the preliminary results announcement and the Annual Report and financial statements for the year ended 28 February 2017.

In particular the Committee addressed the going concern status of the Company and the matters referred to in the Financial Review contained in the 2017 Annual Report. It reviewed the audit plan and post-audit report from the external auditor identifying any accounting or judgemental issues requiring its attention.

In carrying out these reviews, the Committee considered:
- the consistency of, and any changes to, accounting policies both on a year-on-year basis and across the Group;
- whether the Group had applied appropriate accounting policies and practices and made appropriate estimates and judgements, taking into account the views of the external auditor;
- the methods used to account for significant or unusual transactions where different approaches are possible;
- whether the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy;
- the clarity and completeness of disclosures and compliance with relevant financial reporting standards and corporate governance and regulatory requirements; and
- the significant areas in which judgement had been applied in preparation of the financial statements in accordance with the accounting policies.

The significant issues considered by the Committee in relation to the accounts for the year to 28 February 2017 and how these were addressed are outlined below. Each of these areas received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the Committee.

Goodwill & intangible assets impairment testing
The Committee considered the carrying value of goodwill and intangible assets as at the year end date to assess whether or not it exceeded the expected recoverable amounts for these assets. In particular the Committee considered the value-in-use financial models, including sensitivity analysis, used to support the valuation and the key assumptions and judgments used by management underlying these models. The key assumptions used in the financial models and consequently the key focus areas for the Committee relate to future volume, net revenue and operating profit, the growth rate in perpetuity and the discount rate applied to the resulting cash flows. The Committee considered the outcome of the financial models and found the methodology to be robust, and in all instances concluded that the outcome was appropriate, including the recognition and magnitude of an impairment charge with respect to the capitalised brands in the US business. In all other segments the Committee considered the level of headroom and the sensitivity analysis applied to the key assumptions and concluded that the carrying values were appropriate.

Valuation of property, plant & equipment
The Group values its land and buildings and plant machinery at market value/depreciated replacement cost (DRC) and consequently carries out an annual valuation. The Group engages external valuers to value the Group's property, plant and machinery at a minimum every three years or as at the date of acquisition for assets acquired as part of a business acquisition. The Group completed an external valuation in the current financial year at its Vermont site. An internal assessment was completed for the remainder of the Group's assets.

In assessing the reasonableness of the external and internal valuations, the Committee reviewed the key assumptions and judgments underlying the valuations, in particular, focus was given to the impact of gross replacement cost price movements, depreciation rates reflecting age of asset and physical and functional obsolescence and forecast utilisation levels across the Group's production sites included in the valuation. The Committee is satisfied that the carrying values are appropriate.

Internal control and risk management systems
The Group's system of internal control and risk management is described below.

The terms of reference of the Audit Committee require it to conduct an annual assessment of internal financial controls and financial risk management systems. The risks facing the Group are reviewed regularly by the Audit Committee with executive management. Specific annual reviews of the risks and fundamental controls of each business unit are undertaken. The results and recommendations are reported to and analysed by the Audit Committee and a programme for action agreed with the business units. In carrying out these responsibilities during the year, the Committee reviewed reports issued by both the internal audit function and the external auditor and held regular discussions with the Head of Internal Audit and representatives of the external auditor. The Committee also reviewed the outcome of an assessment of the Group's internal financial controls which had been coordinated by the internal audit function.

Internal Audit
The Committee is responsible for monitoring and reviewing the operation and effectiveness of the internal audit function including its focus, plans, activities and resources.

The Group's internal audit function reports to the Audit Committee and the Audit Committee has approved its terms of reference. The Group's internal auditor is engaged on a programme of work, which includes, inter alia, maintaining the Group's risk register and examining the fundamental controls of the Group. During the year, the Committee reviewed and approved the internal audit plan for the year.

The Committee received regular reports from the Head of Internal Audit summarising findings of the team's work and the responses from management to deal with the findings. The Committee monitors progress on the implementation of the action plans on significant findings to ensure these are completed satisfactorily.

External Auditor
The Committee manages the relationship with the Group's external auditors on behalf of the Board. The Committee carries out an annual assessment of the external auditor including a review of the external auditor's internal policies and procedures for maintaining independence and objectivity and consideration of their approach to audit quality. The external auditor is professionally required to rotate the audit partner responsible for the Group audit every five years and this rotation took place in FY2017 with a new partner being appointed to the Group.

External audit process
The Committee also reviewed and approved the external audit plan as presented by the external auditor and assessed the qualifications and expertise of their resources. The Committee also reviewed the external auditor's engagement letter and recommended the level of remuneration of the external auditor to the Board having reviewed the scope and nature of the work to be performed. The Committee assessed the effectiveness of the external audit process by monitoring performance against the agreed audit plan and noting the results of post-audit interviews with management and the Audit Committee Chairman.

Length of service of auditors
KPMG has been the external auditor of the Company and the Group since the Company's formation and flotation in 2004. In line with guidance within the UK Code and the recent EU Directive 2014/56/EU of the European Parliament and Council passed by the European Parliament and transposed into Irish Law in 2016 in respect of audit reforms and audit tendering, the Group conducted a formal tender process in FY2017. As a result of the transition rules under the EU Directive, KPMG's length of tenure prevented them from acting as auditors beyond the year ended 28 February 2017. The Board following a recommendation from the Committee, decided to appoint a new audit firm to complete the Group audit for the financial year ended 28 February 2018. The tender process concluded with a recommendation by the Committee to the Board to appoint EY as the Group's external auditor from FY2018 onwards. This recommendation was accepted by the Board. A resolution proposing the appointment of EY will be presented to shareholders at the Group's AGM in July 2017. The tender process undertaken to appoint a new auditor was rigorous and involved written submissions and presentations from each of the invited firms.

Hiring of former employees of auditor
In order to ensure the independence and objectivity of the external auditor, the prior approval of the Audit Committee is required before any individual is appointed to a senior managerial position in the Group, if such individual has within three years prior to such proposed appointment been employed by the external auditor.

Non-Audit Services by auditor
The Group has a policy in place governing the provision of non-audit services by the external auditor in order to ensure that the external auditor's objectivity and independence is safeguarded.

Under this policy the auditor is prohibited from providing non-audit services if the auditor:
- may, as a result, be required to audit its own firm's work;
- would participate in activities that would normally be undertaken by management;
- would be remunerated through a "success fee" structure or have some other mutual financial interest with the Group;
- would be acting in an advocacy role for the Group.

Other than above, the Company does not impose an automatic ban on the external auditor providing non-audit services. However, the external auditor is only permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence and objectivity, if it has the skill, competence and integrity to carry out the work and it is considered by the Audit Committee to be the most appropriate to undertake such work in the best interests of the Group. The engagement of the external auditor to provide non-audit services must be approved in advance by the Audit Committee or entered into pursuant to pre-approved policies and procedures established by the Audit Committee and approved by the Board.

The nature, extent and scope of non-audit services provided to the Group by the external auditor and the economic

Directors' Statement of Corporate Governance
(continued)

importance of the Group to the external auditor are also monitored to ensure that the external auditor's independence and objectivity is not impaired. The Audit Committee has adopted a policy that, except in exceptional circumstances with the prior approval of the Audit Committee, non-audit fees paid to the Group's auditor should not exceed 100% of audit fees in any one financial year.

During the year, KPMG provided non-audit advisory services, being advice on taxation and other related matters. In approving KPMG to provide these services the Committee was of the opinion that KPMG's knowledge of the Group was an important factor. The Committee was also satisfied that the fees paid to KPMG for non-audit work did not compromise their independence or integrity. Details of the amounts paid to KPMG during the year for audit and other services are set out in note 2 to the financial statements.

Whistle-blowing procedures
In line with best practice, the Group supports an independent and confidential whistle-blowing service which allows all employees to raise any concerns about business practice in a confidential manner.

THE NOMINATION COMMITTEE

Composition and Meetings
The Nomination Committee is chaired by the Group Chairman and its constitution requires it to consist of a majority of independent, non-executive Directors. The members during the year were Sir Brian Stewart (Chairman), Breege O'Donoghue and Richard Holroyd.

The Committee meets a minimum of twice a year and met twice in the year ended 28 February 2017. Attendance at meetings held is set out in the table on page 67. In addition, several ad hoc meetings were held to progress initiatives.

Constitution and terms of reference
The Nomination Committee's current terms of reference are available under the Board Committees section of the Group's website at www.candcgroupplc.com. The Nomination Committee's responsibilities include:

- reviewing the structure, size and composition of the Board (including the balance of skills, experience, independence, knowledge and diversity (including gender)) and making recommendations regarding any changes;
- overseeing succession planning for the Board and senior management and the leadership needs of the organisation;
- responsibility for the identification of suitable candidates for appointment to the Board;
- making recommendations to the Board on membership of Board Committees.

Main activities during the year
During the period under review the Nomination Committee considered:

- potential candidates for recruitment as non-executive Directors and recommended the appointment of Jim Clerkin to the Board;
- longer-term succession planning for non-executive Directors, recognising the need for ongoing Board refreshment and renewal and the need for independence and diversity on the Board;
- succession plans for executive Directors and senior management.

Diversity
The Nomination Committee and the Board recognise the importance of ensuring diversity (including gender) and the key role that a diversified Board plays in ensuring effectiveness. Suitable candidates are selected on the basis of their relevant experience, employment background, skills, knowledge and insight, having due regard for the benefits of diversity to the Board.

The Committee and the Board further realise that diversity extends beyond the Board and in this regard seeks to ensure that all recruitment decisions are fair and non-discriminatory.

Independent consultants
The Nomination Committee is empowered to use the services of independent consultants to facilitate the search for suitable candidates for appointment as non-executive Directors.

During the year, Spencer Stuart, an independent executive search firm, assisted in the search process for non-executive Director candidates with relevant experience and skills and provided assistance in relation to the appointment of Jim Clerkin. Spencer Stuart has no other connection with the Group.

THE REMUNERATION COMMITTEE

The Remuneration Committee comprises solely of independent, non-executive Directors. The Chairman was Breege O'Donoghue, and the other members were Richard Holroyd and Stewart Gilliland.

The Remuneration Committee meets at least twice a year. During the period under review the Remuneration Committee met four times. Attendance at meetings held is set out in the table on page 67.

The Remuneration Committee's terms of reference, which are available on the C&C website www.candcgroupplc.com, include:

- determining and agreeing with the Board the framework or broad policy for the remuneration packages of the Chairman, Group Chief Executive Officer and other executive Directors, the Company Secretary and any other designated members of the executive management.
- within the terms of the agreed policy and in consultation with the Chairman and/or Group Chief Executive Officer, as appropriate, determining the total individual remuneration package of each of the above persons, including bonuses, incentive payments and share options or other share awards;
- reviewing and having regard to the remuneration trends across the Group;
- approving the design of, and determining targets for, any performance related pay schemes and the total annual payments made under such schemes;
- reviewing the design of all share incentive plans and the performance targets to be used;
- ensuring that contractual terms on termination, and any payments made, are fair, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- overseeing any major changes in employee benefits structures throughout the Group.

ATTENDANCE AT MEETINGS OF THE BOARD AND ITS COMMITTEES

Attendance at Board meetings and Board committee meetings during the year was as set out in the table below.

In the attendance table below the numerator in each fraction represents the number of meetings actually attended by each Director in respect of the Board and each Board committee of which he or she was a member, whilst the denominator represents the number of such meetings that the Director was scheduled to attend.

In addition, the non-executive Directors including the Chairman met to evaluate the performance of the executive Directors, and the non-executive Directors, led by the Senior Independent Director, without the Chairman present, met to evaluate the performance of the Chairman. Several ad hoc meetings were held during the year for administrative matters in accordance with the Board's procedures.

	Scheduled Board Meetings	Short Notice Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings
Sir Brian Stewart	7/7	2/2		2/2	
Joris Brams	7/7	1/2			
Vincent Crowley	7/7	2/2	6/7		
Emer Finnan	7/7	2/2	8/8		
Stewart Gilliland	7/7	2/2			4/4
Stephen Glancey	7/7	2/2			
Richard Holroyd	7/7	2/2	8/8	2/2	4/4
Rory Macnamara	1/6	1/1	3/6		
Kenny Neison	7/7	2/2			
Breege O'Donoghue	6/7	2/2		2/2	4/4
Anthony Smurfit	0/1		1/1		

COMMUNICATIONS WITH SHAREHOLDERS

The Group attaches considerable importance to shareholder communications and has an established investor relations programme.

There is regular dialogue with institutional investors with presentations given to investors at the time of the release of the Group's first half and full year financial results and when other significant announcements are made. A trading update was issued in July 2016 and a trading statement was issued in March 2017. The Group also hosted a Capital Markets Day for investors in March 2016. The Board is briefed regularly on the views and concerns of institutional shareholders. The Chairman has recently completed a series of meetings, focused solely on corporate governance, with a number of the Group's largest institutional shareholders.

The Group's website, www.candcgroupplc.com, provides the full text of the Annual Report and financial statements, the Interim Report and other releases. News releases are also made available immediately after release to the Stock Exchange. Presentations given to investors and at conferences are also made available on the Company's website.

General Meetings

The Companies Act, 2014 provides for two types of shareholder meetings: the Annual General Meeting ('AGM') with all other meetings being called extraordinary general meetings ('EGM').

The Company must hold a general meeting in each year as its AGM in addition to any other general meetings held in that year. Not more than 15 months may elapse between the date of one AGM and the next. An AGM was held on 7 July 2016, and this year's AGM will be held on 6 July 2017. The Directors may at any time call an EGM. EGMs may also be convened on the requisition of members holding not less than five per cent of the voting share capital of the Company.

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy and entitled to vote shall be a quorum.

Only those shareholders registered on the Company's register of members at the prescribed record date, being a date not more than 48 hours before the general meeting to which it relates, are entitled to attend and vote at a general meeting.

Resolutions of the general meeting must be passed by the majority of votes cast (ordinary resolution) unless the Companies Act, 2014 or the Company's Articles of Association provide for 75% majority of votes cast (special resolution). The Company's Articles of Association provide that the Chairman has a casting vote in the event of a tie.

Directors' Statement of Corporate Governance
(continued)

Any shareholder who is entitled to attend, speak and vote at a general meeting is entitled to appoint a proxy to attend, speak and vote on his or her behalf. A proxy need not be a member of the Company.

At meetings, unless a poll is demanded, all resolutions are determined on a show of hands, with every shareholder who is present in person or by proxy having one vote. On a poll every shareholder who is present in person or by proxy shall have one vote for each share of which he/she is the holder. A shareholder need not cast all votes in the same way. At the meeting, after each resolution has been dealt with, details are given of the level of proxy votes lodged for and against that resolution and also the level of votes withheld on that resolution.

The Company's AGM gives shareholders the opportunity to question the Directors. The Company must answer any question a member asks relating to the business being dealt with at the meeting unless answering the question would interfere unduly with the preparation for the general meeting or the confidentiality and business interests of the Company, or the answer has already been given on a website in the form of an answer to a question, or it appears to the Chairman of the meeting that it is undesirable in the interests of good order of the meeting that the question be answered.

The business of the Company is managed by the Directors who may exercise all the powers of the Company unless they are required to be exercised by the Company in general meeting. Matters reserved to shareholders in general meeting include the election of Directors; the payment of dividends; the appointment of the external auditor; amendments to the Articles of Association; measures to increase or reduce the share capital; and the authority to issue shares.

MEMORANDUM AND ARTICLES OF ASSOCIATION

The Company's Memorandum of Association sets out the objects and powers of the Company. The Articles of Association detail the rights attaching to each share class; the method by which the Company's shares can be purchased or reissued; the provisions which apply to the holding of and voting at general meetings; and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers. Any amendment of the Company's Articles of Association requires the passing of a special resolution.

Further details in relation to the purchase of the Company's own shares are included in the Directors' Report.

CORPORATE RESPONSIBILITY

As part of its overall remit of ensuring that effective risk management policies and systems are in place, the Board examines the significance of environmental, social and governance (ESG) matters to the Group's business and it has ensured that the Group has in place effective systems for managing and mitigating ESG risks. It also examines the impact that such risks may have on the Group's short and long term value, as well as the opportunities that ESG issues present to enhance value. The Board receives the necessary information to make this assessment in regular reports from the executive management.

Corporate responsibility is embedded throughout the Group. Group policies and activities are summarised on pages 42 to 50 and the Group's corporate responsibility report is available on the Group's website www.candcgroupplc.com.

INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control, for reviewing its effectiveness and for confirming that there is a process for identifying, evaluating and managing the significant risks affecting the achievement of the Group's strategic objectives. The process which has been in place for the entire period and up to the date the financial statements were approved accords with the FRC Guidance published in September 2014 and involves the Board considering the following:

- the nature and extent of the key risks facing the Group;
- the likelihood of these risks occurring;
- the impact on the Group should these risks occur;
- the actions being taken to manage these risks to the desired level.

The key elements of the internal control system in operation are as follows:

- clearly defined organisation structures and lines of authority;
- corporate policies for financial reporting, treasury and financial risk management, information technology and security, project appraisal and corporate governance;
- annual budgets for all business units, identifying key risks and opportunities;
- monitoring of performance against budgets on a weekly basis and reporting thereon to the Board on a periodic basis;
- an internal audit function which reviews key business processes and controls; and
- an audit committee which approves plans and deals with significant control issues raised by internal or external audit.

This system of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss. The terms of reference of the Audit Committee require it to monitor the effectiveness of the Group's internal financial controls and risk management systems and at least annually carry out a review of the effectiveness of these systems. The risks facing the Group are reviewed regularly by the Audit Committee with the executive management team. Specific annual reviews of the risks and fundamental controls of each business unit are undertaken on an ongoing basis, the results and recommendations of which are reported to and analysed by the Audit Committee with a programme for action agreed by the business units.

The preparation and issue of financial reports, including consolidated annual financial statements is managed by the Group Finance function with oversight from the Audit Committee. The key features of the Group's internal control procedures with regard to the preparation of consolidated financial statements are as follows:

- the review of each operating division's period end reporting package by the Group Finance function;
- the challenge and review of the financial results of each operating division with the management of that division by the Group Chief Financial Officer;
- the review of any internal control weaknesses highlighted by the external auditor by the Group Chief Financial Officer, Head of Internal Audit and the Audit Committee; and the follow up of any critical weaknesses to ensure issues highlighted are addressed.

The Directors confirm that, in addition to the monitoring carried out by the Audit Committee under its terms of reference, they have reviewed the effectiveness of the Group's risk management and internal control systems up to and including the date of approval of the financial statements. This review had regard to all material controls, including financial, operational and compliance controls that could affect the Group's business. The Directors considered the outcome of this review and found the systems satisfactory.

The Directors also confirm that they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency or liquidity. As description of the Principal Risks and Uncertainties faced by the Group and how these risks are being managed and mitigated is set out on pages 19 to 21.

VIABILITY STATEMENT

For the purposes of assessing the future prospects of the Group, the Directors have selected a three year timeframe and have carried out a forward looking assessment of the Group's viability based on this timeframe. The assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite and the Group's Principal Risks and Uncertainties and how these are identified, managed and mitigated.

This assessment is based on a number of cautious assumptions concerning macro growth and stability in our key markets particularly in the context of forecasted volume growth and margins. It will be reviewed regularly by the Board through presentations from senior management on the performance of the respective business units, the assessment of market opportunities and the consideration by the Board of its ability to fund its strategic ambitions.

In making this assessment, the Directors have considered the resilience of the Group, taking account of its current position and the Group's Principal Risks and Uncertainties and the Group's ability to manage those risks. The risks have been identified using a top down and bottom up approach, and their potential impact was assessed having regard to the effectiveness of controls in place to manage each risk. The Directors also noted that borrowings under the five year syndicated revolving loan facility will fall due for repayment in December 2019 and that, as part of standard practice, the Board will consider refinancing options in advance of this date.

Based on this assessment the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

GOING CONCERN

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group Chief Financial Officer's Review on pages 37 to 41. A description of the business of the Group is set out in the Group Chief Executive Officer's Review on page 22 to 36. The principal risks and uncertainties facing the Group are set out in this report on pages 19 to 21.

An explanation of the basis on which the Group generates and preserves value over the longer term (the business model) and the strategy for delivering its objectives are set out in the Group Chief Executive Officer's review on pages 22 to 36. A statement of the Group's strategy is set out on pages 16 and 17. The Group's long-term strategy is to build a sustainable cider-led multi-beverage business through a combination of organic growth and selective acquisitions. The Group's business model seeks growth through brand/market combination combining brand investment with a focus on local markets.

The Group has significant revenues, a large number of customers and suppliers across different geographies, and considerable financial resources. For these reasons, the Directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future, being twelve months from the date of approval of the financial statements. Consequently they continue to adopt the going concern basis in preparing the financial statements

Report of the Remuneration Committee on Directors' Remuneration

Dear Shareholder

On behalf of the Board, I am pleased to present the Report on Directors' remuneration for the financial year ended 28 February 2017. As we included the full Policy Report in the FY2015 report and accounts and no changes are proposed to that policy, we have included those aspects of the Policy Report that we think shareholders will find most useful; the full Policy Report is included on pages 66 to 78 of the FY2015 annual report and accounts, which is available on www.candcgroupplc.com. We will again be submitting the Annual Report on Remuneration to shareholders for an advisory vote at the Company's 2017 AGM. Last year, the Annual Report on Remuneration received the support of over 80% of the votes cast. We hope that shareholders will demonstrate their support again this year.

FY2017 KEY DECISIONS AND INCENTIVE OUT-TURN

Salaries for the executive Directors were increased by 1% for FY2017, although shareholders will recall that prior to FY2017, the Group Chief Executive Officer and Group Chief Financial Officer did not receive a salary increase for the seven previous years.

The executive Directors' incentive remuneration opportunities for FY2017 were determined in accordance with the policy adopted at the 2015 AGM, with the first awards being made during FY2017 under the new incentive plans approved by shareholders at the 2015 AGM as follows:

	Opportunity	Performance Measures	Out-turn
Annual Bonus	80% of salary (compared to a maximum under the policy of 100%)	When setting the bonus targets for FY2017, as set out on page 76, the Committee included two targets, stretching adjusted operating profit (75% of the opportunity) and cash conversion (25% of the opportunity). This is in line with the previous year and continues to recognise the importance of cash generation, which provides us with the flexibility to make appropriate investments for growth, to maintain our progressive dividend policy and to return cash to shareholders.	The threshold level of performance for both the adjusted operating profit and the cash conversion element of the bonus was not achieved and no bonus is therefore payable. Further details are included on page 76.
Long-Term Incentives awarded in the year	LTIP: 100% of salary	As set out on page 78: EPS growth (33% of the opportunity) Free Cash Flow Conversion (33% of the opportunity) Return on Capital Employed (33% of the opportunity)	Performance will be assessed over the three year period ending with FY2019.
	ESOS: 150% of salary	As set out on page 78, EPS growth.	
Long term incentives vesting in respect of performance in FY2017	LTIP (Part 1): 100% of salary for Stephen Glancey and Kenny Neison 200% of salary for Joris Brams	As set out on page 78, 25% based on relative TSR and 75% on EPS growth.	The performance measures for the awards granted in June 2014 were not met and the awards did not vest.
	ESOS: 150% of salary	As set out on page 78, EPS growth.	

FY2018 ARRANGEMENTS

We have set out below a summary of our remuneration arrangements for FY2018. Further detail is included in the implementation section on pages 73 to 74.

During the year the Committee considered the ongoing appropriateness of the remuneration arrangements and specifically the performance targets. The Committee has made some adjustments to the performance targets for the ESOS to ensure they continued to be stretching and relevant in a challenging environment. The Committee in particular reviewed the vesting schedule for the ESOS and, having taken into account the views expressed by some shareholders in this regard, reduced the level of vesting at threshold from 50% to 25% whilst balancing this against the stretch in the EPS targets. The Committee considers that this change, together with the change to performance targets, maintains an appropriate balance between performance and reward.

At a glance summary of our executive Director remuneration arrangements for FY2018

Salary	Benefits and Pensions	Bonus
• The executive Directors' salaries have been increased by 1% for FY2018, which is in line with the average increase across the wider workforce.	• No changes are proposed to the type of benefits provided. • No changes will be made to the level of pension provision.	• The maximum bonus opportunity will be 80% of salary, compared to a policy maximum of 100%. • Vesting will be based on stretching performance conditions based on adjusted operating profit (75%) and cash conversion (25%). • See page 73.

Long term incentives

- Awards will be granted in the form of LTIP (100% of salary) and ESOS (150% of salary).
- Vesting will be subject to performance measures based on EPS, ROCE and cash conversion, and subject to an additional performance underpin. Targets are set by reference to challenging internal budgets and external forecasts.
- A vesting schedule, rather than cliff vesting, will continue to apply to the ESOS awards.
- See page 74.

I hope you will find this directors' remuneration report clear in showing our responsible approach to executive remuneration and the way in which it reflects our overall strategy.

Yours sincerely

Breege O'Donoghue
Chairman of the Remuneration Committee

Report of the Remuneration Committee on Directors' Remuneration
(continued)

INTRODUCTION

COMMITTEE AND ADVISERS

Composition

The Committee of the Board consists solely of independent non-executive Directors.

During the year ended 28 February 2017 the Chairman of the Committee was Breege O'Donoghue. Other members of the Committee were Richard Holroyd and Stewart Gilliland.

Terms of reference of Committee

The Committee's terms of reference are available on the Company's website www.candcgroupplc.com and are summarised on page 66.

Advice and Consultation

The Chairman of the Board and the Group Chief Executive Officer are fully consulted on remuneration proposals but neither is present when his own remuneration is discussed.

The Committee has access to external advice from remuneration consultants on compensation when necessary. During the year ended 28 February 2017 the Committee obtained advice from Deloitte LLP who were appointed by the Committee. Deloitte's fees for this advice amounted to £14,040 charged on a time or fixed fee basis.

Deloitte is a member of the UK Remuneration Consultants Group and, as such, voluntarily operates under its code of conduct. To safeguard objectivity, protocols are established to cover the basis for contact with executive management and to avoid potential conflict arising from other client relationships. The Committee is satisfied that the remuneration advice provided by Deloitte is objective and independent. Deloitte did not provide any other services during the year.

The Committee has also obtained advice from:
David Johnston, Company Secretary
Sarah Riley, Group Director of Human Resources.

SHAREHOLDERS' VIEWS

The Committee is committed to open and transparent dialogue with shareholders and consults with shareholders and governance bodies on proposals relating to remuneration structures.

IMPLEMENTATION OF THE REMUNERATION POLICY FOR THE YEAR ENDING 28 FEBRUARY 2018

The full Policy Report is included on pages 66 to 78 of the FY2015 annual report and accounts, which is available on www.candcgroupplc.com, and we have included on pages 83 to 89 those aspects of the Policy Report that we think shareholders will find most useful. Information on how the Company intends to implement the policy for the financial year ending 28 February 2018 is set out below.

EXECUTIVE DIRECTORS

Structure

The fundamental structure of the remuneration of Stephen Glancey, Kenny Neison and Joris Brams remains unchanged from the previous year. There are no changes to the maximum rate of the annual bonus, the ESOS and LTIP opportunity or the rate of the cash allowance in lieu of pension or benefits in kind.

Base salaries

The Company's approach on base salary continues to be to provide a fixed remuneration component which reflects the experience and capabilities of the individual in the role, the demonstrated performance of the individual in the role, and which is competitive in the markets in which the Company operates.

Under their service contracts, the base salaries of Stephen Glancey and Kenny Neison are expressed and payable in pounds Sterling. The base salary of Joris Brams is expressed and payable in Euro.

The salary levels of executive Directors are normally reviewed together with those of senior management annually. The salary levels were reviewed in respect of FY2018 and an increase of 1% has been awarded, reflecting the average increase across the wider workforce.

The base salaries are as follows:

Year ended February	2017	2018
Stephen Glancey	£590,850 (€708,283*)	£596,759 (€715,367*)
Kenny Neison	£424,200 (€508,511*)	£428,442 (€513,596*)
Joris Brams	€369,822	€373,520

* At the average exchange rate in FY2017.

Benefits

The executive Directors receive a cash allowance of 7.5% of base salary in lieu of benefits such as a company car. The Group provides death-in-service cover of four times' annual base salary and permanent health insurance (or reimbursement of premiums paid into a personal policy). Directors may also benefit from medical insurance under a Group policy (or the Group will reimburse premiums).

Annual bonus

The Committee has reviewed the performance measures and targets for the annual bonus to ensure that they remain appropriately stretching in the current environment and continue to be aligned with the business strategy.

For FY2018, the Committee has approved a bonus scheme for executive Directors by reference to Group adjusted operating profit (75% of the overall opportunity) and cash conversion (25% of the overall opportunity), under which executive Directors will be entitled to a bonus of 30% of salary for on target performance, and a further bonus on a tapering basis in respect of performance above this level up to a maximum of 80% of base salary.

The Company is not disclosing the actual Group bonus profit and cash conversion targets prospectively as, in the opinion of the Board, these targets are commercially sensitive. The Board believes that disclosure of this commercially sensitive information could adversely impact the Company's competitive position by providing competitors with insight into the Company's business plans and expectations. However, the Company will disclose how the bonus pay out delivered relates to performance against targets on a retrospective basis when the details of the performance targets are no longer considered commercially sensitive, as shown on page 76 in relation to the FY2017 annual bonus.

Report of the Remuneration Committee on Directors' Remuneration
(continued)

Long Term Incentives
Long term incentive awards for FY2018, will be granted on the following basis.

Element	Quantum	Performance Measure*	Performance Targets	
ESOS	150% of base salary	Compound Annual Growth in Underlying EPS over the three year performance period FY2018, FY2019 and FY2020	**Compound Annual Growth in Underlying EPS**	**Vesting**
			2% per annum	25%
			6% per annum	100%
LTIP	100% of base salary	Compound Annual Growth in Underlying EPS over the three year performance period FY2018, FY2019 and FY2020 (33% of the award)	**Compound Annual Growth in Underlying EPS**	**Vesting**
			3% per annum	25%
			8% per annum	100%
		Free Cash Flow Conversion (33% of the award)	**Free Cash Flow Conversion**	**Vesting**
			65%	25%
			75%	100%
		Return On Capital Employed (33% of the award)	**ROCE**	**Vesting**
			9.3%	25%
			10%	100%

* Notwithstanding the extent to which the performance targets set out above are satisfied, an award or option will only vest to the extent the Committee is satisfied that the improvement in the underlying financial performance of the Company over the performance period warrants the degree of vesting.

For the purposes of these performance conditions, the measures will be determined as follows.

Underlying EPS	Adjusted earnings per share as disclosed in the Company's annual report and accounts.
Free Cash Flow Conversion	Free Cash Flow: cash from operating activities net of capital investment cash outflows which form part of investing activities. Free Cash Flow Conversion: Free Cash Flow / EBITDA excluding exceptional items. Measured as an average over the three years.
Return On Capital Employed	Operating Profit / Asset Base Asset Base: Net assets (total assets less total liabilities) excluding debt (based on an average of the start of the financial year and end of the financial year figures). Based on achievement in the final year of the performance period.

Pensions
No executive Director accrues any benefits under a defined benefit pension scheme. Under their service contracts executive Directors other than Joris Brams will receive a cash payment of 25% of base salary, in order to provide their own pension benefits.

NON-EXECUTIVE DIRECTORS
The fees paid to non-executive Directors are set at a level to attract individuals with the necessary experience and ability to make a significant contribution to the Group. The annual fees for the Non-executive Directors including additional fees for the Senior Independent Director and Committee Chairmen, all of which are unchanged from FY2017, are as follows:

	Year ended 28 February 2018
Chairman	€230,000
Non-executive Director	€65,000
Senior Independent Director	€10,000
Chairman of the Audit Committee	€25,000
Chairman of the Remuneration Committee	€20,000

ANNUAL REPORT ON REMUNERATION FOR THE YEAR ENDED 28 FEBRUARY 2017

The following parts of the Remuneration Report are subject to audit and have been audited.

DIRECTORS' REMUNERATION

Details of the remuneration for each Director who served during the year ended 28 February 2017 are given below. The comparative figures included for last year have been presented on a consistent basis with the current year.

The valuation methodologies used in this report are those required by the 2013 UK Regulations on remuneration disclosure, which we have chosen to apply on a voluntary basis, and are different from those applied within the financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Further details on the valuation methodologies applied are set out in the notes relating to columns (a) to (f) below. Details of the overall Directors' remuneration charged to the Group income statement are shown in notes 3 and 26 to the financial statements.

SINGLE TOTAL FIGURE OF REMUNERATION (AUDITED)

The table below reports the total remuneration receivable in respect of qualifying services by each Director during the year ended 28 February 2017 and the prior year.

	Salary/fees (a)		Further amount (b)		Taxable benefits (c)		Annual Bonus (d)		Long term incentives (e)		Pension related benefits (f)		Total	
Year ended February	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Executive Directors														
Joris Brams	370	366	0	0	28	27	0	73	0	0	0	0	398	466
Stephen Glancey*	708	803	111	0	56	65	0	161	0	0	177	201	1,052	1,230
Kenny Neison*	509	576	83	0	40	47	0	115	0	0	127	144	759	882
Sub-total	**1,587**	**1,745**	**194**	**0**	**124**	**139**	**0**	**349**	**0**	**0**	**304**	**345**	**2,209**	**2,578**

*The remuneration for Stephen Glancey and Kenny Neison was translated from Sterling using the average exchange rate for the relevant year.

	Salary/fees (a)		Further amount (b)		Taxable benefits (c)		Annual Bonus (d)		Long term incentives (e)		Pension related benefits (f)		Total	
Non-executive Directors														
Vincent Crowley	65	11	0	0	0	0	0	0	0	0	0	0	65	11
Emer Finnan*	90	82	0	0	0	0	0	0	0	0	0	0	90	82
Stewart Gilliland	65	65	0	0	0	0	0	0	0	0	0	0	65	65
John Hogan**	0	73	0	0	0	0	0	0	0	0	0	0	0	73
Richard Holroyd	75	75	0	0	0	0	0	0	0	0	0	0	75	75
Rory Macnamara***	54	11	0	0	0	0	0	0	0	0	0	0	54	11
Breege O'Donoghue	85	85	0	0	0	0	0	0	0	0	0	0	85	85
Anthony Smurfit**	4	65	0	0	0	0	0	0	0	0	0	0	4	65
Sir Brian Stewart	230	230	0	0	0	0	0	0	0	0	0	0	230	230
Sub-total	**668**	**697**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**668**	**697**
Total	**2,255**	**2,442**	**194**	**0**	**124**	**139**	**0**	**349**	**0**	**0**	**304**	**345**	**2,877**	**3,275**

* The fees paid to Emer Finnan for the year ending 29 February 2016 reflect her appointment as Chairman of the Audit Committee from July 2015.
** John Hogan resigned as a Director 29 February 2016 and Anthony Smurfit resigned on 23 March 2016.
***Rory Macnamara was a Director until December 2016 and his fees for the year ending 28 February 2017 reflect his acting as a director from March to December 2016.

Report of the Remuneration Committee on Directors' Remuneration
(continued)

NOTES TO THE REMUNERATION TABLE

Column (a) Salaries and fees

(1) The amounts shown are the amounts earned in respect of the financial year.

(2) In addition to the amounts shown above, pursuant to a contract for services effective as of 1 April 2014 between C&C IP Sàrl ('CCIP') and Joris Brams BVBA ('JBB'), (a company wholly owned by Joris Brams and family), CCIP paid fees in FY2017 of €91,550 to JBB in respect of brand development services provided by JBB to CCIP in relation to Belgian products.

Column (b) Further amount

This reflects the amount paid to Stephen Glancey and Kenny Neison (the "Participating Directors") in respect of their interests under the Joint Share Ownership Plan ("JSOP") as referenced in column (c) below.

In addition, as referred to on page 75 of the FY2016 Report of the Remuneration Committee on Directors' Remuneration, in order to allow for the orderly wind-up of the JSOP and the continued alignment of the interests of the Participating Directors with the interests of shareholders, during the year the Participating Directors received a dividend equivalent payment in respect of the FY2016 final dividend and the FY2017 interim dividend on their JSOP shares. The dividend equivalent payments were in lieu of real dividends paid to the Participating Directors in previous years in relation to their JSOP shares. The payment of dividend equivalents in lieu of real dividends does not result in any increase in the overall cost to the Company. The total amount of the payments to the Participating Directors in FY2017 was €343,537 in the case of Mr Glancey and € 257,652 in the case of Mr Neison. As their JSOP interests were realised by the Participating Directors in December 2016, there will be no further dividend equivalent payments to them.

Column (c) Benefits

(1) The executive Directors received a cash allowance of 7.5% of base salary. The Group provided death-in-service cover of four times annual base salary and permanent health insurance (or reimbursement of premiums paid into a personal policy). Stephen Glancey and Kenny Neison also availed of medical insurance under a Group policy.

(2) When an award is granted to an executive under the 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 paid the Entry Price at the date of grant and, if the tax value of the award (i.e. the initial unrestricted market value) exceeds the Entry Price, the executive 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 UK HM Revenue and Customs stipulated rates (4.0% for the period up to and including 5 April 2014, 3.25% for the period from 6 April 2014 to 5 April 2015 and 3.0% for the period from 6 April 2015). The resulting loans by the Company to the executive Directors are required to be disclosed under the Companies Act 2014. The balances of the loans outstanding to the executive Directors as at 28 February 2017 and 29 February 2016 are as follows:

	28 February 2017 €'000	29 February 2016 €'000
Stephen Glancey	Nil	111
Kenny Neison	Nil	83
Total	Nil	194

Under the terms of the Plan, when the further amount is paid, the Company compensates the executive for the obligation to pay this further amount by paying him an equivalent amount, which is, however, subject to income tax and social security in the hands of the executive. During the financial year ended 28 February 2017, Stephen Glancey paid a further amount of €110,934 and Kenny Neison paid a further amount of €83,200, so that each of them repaid the full balance of his loan which was outstanding at 29 February 2016. The Company compensated Mr Glancey and Mr Neison by paying an amount (subject to deductions of tax and social security) equal to the applicable further amount. The compensation is disclosed under Further Amount in column (b) of the table.

Column (d) Annual Bonus

(1) The amounts shown are the total bonus earned under the annual bonus scheme in respect of the financial year.

(2) For the year ended 28 February 2017, the annual bonus for executive Directors was based on performance against a Group adjusted operating profit target (75%) and a cash conversion target (25%). The maximum bonus opportunity was 80% of salary. Target bonus was 30% of salary (37.5% of the maximum opportunity). Further details of how the bonuses earned relate to performance are provided in the table below. As the adjusted operating profits targets are considered to be commercially sensitive, and recognising that no bonus was earned in respect of that element, the Company has not disclosed details of these targets. However, in future if a bonus is earned by reference to the adjusted operating profit measure, the Company will disclose details of the targets on a retrospective basis.

	Performance Targets			
Measure	'Target'	'Maximum'	Actual Performance	Bonuses earned (percentage of salary)
Adjusted Operating Profit	Budget	110% of Budget	Below Target	The Operating Profit element of the bonus is not payable as the target has not been achieved
Cash Conversion	65%	75%	53.0%	The Cash Conversion element of the bonus is not payable as the target has not been achieved.

Column (e) Long term incentives
(1) The amounts shown in respect of long term incentives are the values of awards where final vesting is determined as a result of the achievement of performance measures or targets relating to the financial year and is not subject to achievement of further measures or targets in future financial years.

(2) For the year ended 28 February 2017, no amounts will vest in respect of the LTIP (Part I) and ESOS awards granted in June 2014 to Stephen Glancey, Kenny Neison and Joris Brams. The performance conditions for these awards are detailed in note 4 (Share-Based Payments) and the Remuneration Committee has determined that threshold performance has not been met under any of the measures and accordingly the awards have lapsed.

Column (f) Pensions related benefits
No executive Director accrued any benefits under a defined benefit pension scheme. Under their service contracts, executive Directors, other than Joris Brams, received a cash payment of 25% of base salary in order to provide their own pension benefits as disclosed in column (f) of the table.

FORMER DIRECTORS AND PAYMENTS FOR LOSS OF OFFICE

No payments were made to past Directors during the year ended 28 February 2017 in respect of services provided to the Company as a Director.

There were no payments made to Directors for loss of office during the year ended 28 February 2017.

DIRECTORS' SHAREHOLDINGS AND SHARE INTERESTS

Shareholding guidelines
The Company has introduced a shareholding guideline for the current executive Directors. The Group Chief Executive Officer is expected to maintain a personal shareholding of at least two times' salary. For the other executive Directors, this has been set at one times' salary. Executive Directors are expected to retain 50% of the after tax value of vested share awards until at least the shareholding guideline has been met.

Stephen Glancey's and Kenny Neison's shareholdings in the Company, as set out below, currently represents as at the date of this report approximately 21 times and 13 times their respective base salary. Joris Brams' shareholding in the Company, as set out below, represents as at the date of this report approximately 86% of salary.

Directors' Interests in Share Capital of the Company (Audited)
The interests of the Directors and the Company Secretary in office at 28 February 2017 in the share capital of Group companies at the beginning of the year (or date of appointment if later) and the end of the year were:

	28 February 2017 Total	1 March 2016 (or date of appointment if later) Total
Directors		
Joris Brams	91,477	91,477
Vincent Crowley	10,000	0
Emer Finnan	0	0
Stephen Glancey	4,170,603	5,120,000[1]
Stewart Gilliland	12,000	12,000
Richard Holroyd	50,093	48,646
Kenny Neison	1,849,482	2,561,530[1]
Breege O'Donoghue	65,967	64,957
Sir Brian Stewart	200,000	200,000
Total	6,449,622	8,098,610
Company Secretary		
David Johnston	0	0

1 The interests of Stephen Glancey and Kenny Neison at 1 March 2016 include Interests in shares acquired and jointly held with the trustees of the C&C Employee Benefit Trust under the Company's Joint Share Ownership Plan ("JSOP"), which at 1 March 2016 comprised 3,413,334 shares in respect of Stephen Glancey and 2,560,000 shares in respect of Kenny Neison. Stephen Glancey and Kenny Neison realised their interests under the Joint Share Ownership Plan in December 2016. In respect of Stephen Glancey, 2,463,937 of the shares held in co-ownership transferred to his sole ownership and 949,397 shares representing the trustee's interest in the shares held in co-ownership in accordance with the terms of the JSOP transferred to the trustees of the JSOP. In respect of Kenny Neison 1,847,952 shares of the shares previously held in co-ownership transferred to his sole ownership and 712,048 shares representing the trustee's interest in the shares held in co-ownership in accordance with the terms of the JSOP transferred to the trustees of the JSOP.

There was no movement in the Directors' or the Company Secretary's interests in C&C Group plc ordinary shares between 28 February 2017 and 17 May 2017.

Report of the Remuneration Committee on Directors' Remuneration
(continued)

SHARE INCENTIVE SCHEME INTERESTS AWARDED DURING YEAR

The table below sets out the scheme interests awarded to executive Directors' and the Company Secretary during the year ended 28 February 2017, each of which is subject to performance conditions as set out below measured over a performance period from 1 March 2016 to 28 February 2019.

Executive Director	Type of award	Maximum opportunity	Number of shares	Face value (at date of grant)3	% of maximum opportunity vesting at threshold
Stephen Glancey	ESOS[1]	150% of base salary	268,337	€1,084,350	N/A[1]
Stephen Glancey	LTIP[2]	100% of base salary	178,891	€722,899	25%
Kenny Neison	ESOS[1]	150% of base salary	192,652	€778,507	N/A[1]
Kenny Neison	LTIP[2]	100% of base salary	128,435	€519,006	25%
Joris Brams	ESOS[1]	150% of base salary	132,711	€536,285	N/A[1]
Joris Brams	LTIP[2]	100% of base salary	88,474	€357,523	25%

(1) The ESOS awards were granted in the form of market value share options over €0.01 ordinary shares in C&C Group plc. The ESOS awards have an exercise price of €4.18 per share being the closing price on the dealing day before the date of grant and are subject to the following performance condition.

Performance condition	Performance target	% of element vesting
Compound annual growth in Underlying EPS over the three year performance period FY2017, FY2018 and FY2019	3%	50%
	6%	100%

(2) The LTIP awards were granted in the form of nil cost options over €0.01 ordinary shares in C&C Group plc. The LTIP awards are subject to the following three performance conditions:

Performance condition	Weighting	Performance target	% of element vesting
Compound annual growth in Underlying EPS over the three year performance period FY2017, FY2018 and FY2019	33%	3%	25%
		8%	100%
Free Cash Flow Conversion	33%	65%	25%
		75%	100%
Return on Capital Employed	33%	9.3%	25%
		10%	100%

Notwithstanding the extent to which the performance targets set out above are satisfied, an award or option will only vest to the extent the Committee is satisfied that the improvement in the underlying financial performance of the Company over the performance period warrants the degree of vesting.

Definitions are in line with those provided on page 74.

(3) The face value of awards is based on the number of shares under award multiplied by the closing share price on the date of grant being €4.041.

DIRECTORS' INTERESTS IN OPTIONS (AUDITED)

Interests in options over ordinary shares of €0.01 each in C&C Group plc

	Date of grant	Exercise price	Scheme	Exercise period	Total at 1 March 2016	Awarded in year	Exercised in year	Lapsed in year	Total at 28 February 2017
Directors									
Joris Brams									
	27/6/14	€ 0.00	LTIP (Part I)	27/6/17 - 26/6/20	158,476			(158,476)	Nil
	27/6/14	€4.621	ESOS	27/6/17 - 26/6/21	118,857			(118,857)	Nil
	2/7/15	€0.00	LTIP (Part I)	2/7/18 - 1/7/21	105,127				105,127
	2/7/15	€3.483	ESOS	2/7/18 - 1/7/22	157,691				157,691
	12/5/16	€ 0.00	LTIP	12/5/19- 11/5/26	Nil	88,474			88,474
	12/5/16	€4.18	ESOS	12/5/19- 11/5/26	Nil	132,711			132,711
				Total	**540,151**	**221,185**		**(277,333)**	**484,003**
Stephen Glancey									
	26/5/10	€ 3.205	ESOS	26/5/13 - 25/5/17	234,100				234,100
	29/2/12	€ 0.00	LTIP (Part I)	1/3/15 - 28/2/18	28,773				28,773
	27/6/14	€ 0.00	LTIP (Part I)	27/6/17 - 26/6/20	158,443			(158,443)	Nil
	27/6/14	€4.621	ESOS	27/6/17 - 26/6/21	237,664			(237,664)	Nil
	2/7/15	€0.00	LTIP (Part I)	2/7/18 - 1/7/21	237,028				237,028
	2/7/15	€3.483	ESOS	2/7/18 - 1/7/22	355,543				355,543
	12/5/16	€ 0.00	LTIP	12/5/19- 11/5/26	Nil	178,891			178,891
	12/5/16	€4.18	ESOS	12/5/19- 11/5/26	Nil	268,337			268,337
				Total	**1,251,551**	**447,228**		**(396,107)**	**1,302,672**

Report of the Remuneration Committee on Directors' Remuneration
(continued)

	Date of grant	Exercise price	Scheme	Exercise period	Total at 1 March 2016	Awarded in year	Exercised in year	Lapsed in year	Total at 28 February 2017
Kenny Neison									
	26/5/10	€ 3.205	ESOS	26/5/13 - 25/5/17	140,500				140,500
	29/2/12	€ 0.00	LTIP (Part I)	1/3/15 - 28/2/18	20,658				20,658
	27/6/14	€ 0.00	LTIP (Part I)	27/6/17 - 26/6/20	113,753			(113,753)	Nil
	27/6/14	€4.621	ESOS	27/6/17 - 26/6/21	170,630			(170,630)	Nil
	2/7/15	€0.00	LTIP (Part I)	2/7/18 - 1/7/21	170,174				170,174
	2/7/15	€3.483	ESOS	2/7/18 - 1/7/22	255,261				255,261
	12/5/16	€ 0.00	LTIP	12/5/19- 11/5/26	Nil	128,435			128,435
	12/5/16	€4.18	ESOS	12/5/19- 11/5/26	Nil	192,652			192,652
				Total	**870,976**	**321,087**		**(284,383)**	**907,680**
David Johnston									
	2/7/15	€0.00	LTIP (Part I)	2/7/18 - 1/7/21	45,937				45,937
				Total	**45,937**				**45,937**

Key: ESOS - Executive Share Option Scheme; LTIP (Part I) - Long Term Incentive Plan (Part I); LTIP – Long Term Incentive Plan approved in 2015

No price was paid for any award of options. The price of the Company's ordinary shares as quoted on the Irish Stock Exchange at the close of business on 28 February 2017 was €3.87 (29 February 2016 €3.446). The price of the Company's ordinary shares ranged between €3.415 and €4.18 during the year.

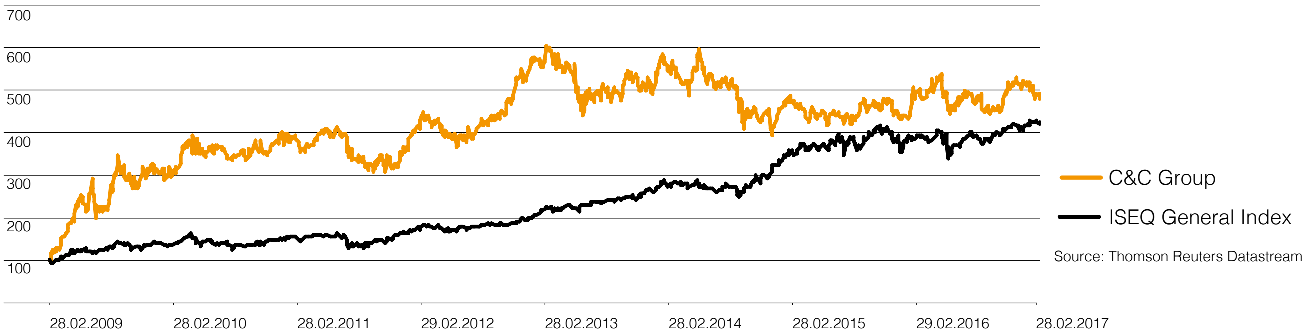
There was no movement in the interests of the Directors in options over C&C Group plc ordinary shares between 28 February 2017 and 17 May 2017.

The following sections of the Remuneration Report are not subject to audit.

PERFORMANCE GRAPH AND TABLE

This graph shows the value, at 28 February 2017, of €100 invested in the Company on 28 February 2009 compared to the value of €100 invested in the ISEQ General Index. The relevant index has been selected as a comparator because the Company is a member of that index.

Total shareholder return



CHIEF EXECUTIVE OFFICER

Eight Year Record

The following table sets out information on the remuneration of the Chief Executive Officer for the eight years to 28 February 2017:

		Total Remuneration €'000	Annual Bonus (as % of maximum opportunity)	Long term incentives vesting (as % of maximum number of shares)
FY2010	John Dunsmore (note)	5,525	Nil	100%
FY2011	John Dunsmore	989	Nil	100%
FY2012	John Dunsmore (to 31/12/11)	1,126	75%	100%
FY2012	Stephen Glancey (from 1/1/12)	956	75%	100%
FY2013	Stephen Glancey	1,321	Nil	100%
FY2014	Stephen Glancey	1,152	18.75%	7%
FY2015	Stephen Glancey	980	Nil	Nil
FY2016	Stephen Glancey	1,230	25%	Nil
FY2017	Stephen Glancey	1,052	Nil	Nil

The amounts set out in the above table were translated from Sterling based on the average exchange rate for the relevant year
Note: FY2010 includes vesting of awards over a number of years

John Dunsmore retired as Chief Executive Officer on 31 December 2011 and Stephen Glancey was appointed with effect from 1 January 2012, having previously been Chief Operating Officer. The salary, benefits and bonus figures are calculated for the period in office.

Change in CEO's remuneration

The table below sets out in relation to salary, taxable benefits and annual bonus the percentage change in remuneration for the Chief Executive Officer for the financial year ended 28 February 2017 compared with the previous financial year.

	Change in Total Remuneration	Change in Base Salary	Change in Taxable Benefits	Change in Annual Bonus
Chief Executive Officer	(15%)	1%	Nil%	See note*

* The Chief Executive Officer received a bonus of 20% of salary in FY2016 and no bonus in FY2017.

Report of the Remuneration Committee on Directors' Remuneration
(continued)

Employees' Pay Comparison
Information on employee remuneration is given in note 3 to the financial statements. The ratio of the average remuneration of executive Directors to the average remuneration of the employees of the Group (excluding Directors) was 16:1 (FY2016: 19.1).

External appointments
The Board released Joris Brams to serve on the Board of Democo as a non-executive Director. He received and retained an annual fee of €5,000 in FY2017 in respect of this role.

Service contacts and letters of appointment
Service Contracts
Each of the executive Directors is employed on a service contract. Details of the service contracts of the executive Directors in office during the year are as follows:

	Contract date	Notice period	Unexpired term of contract
Stephen Glancey	9 November 2008, amended 28 February 2012	12 months	n/a
Kenny Neison	9 November 2008, amended 28 February 2012	12 months	n/a
Joris Brams	1 September 2012, amended as of 1 April 2014	12 months	n/a

C&C IP Sàrl ('CCIP') entered into a contract for services effective as of 1 April 2014 with Joris Brams BVBA ('JBB'), (a company wholly owned by Joris Brams and family), under which JBB agreed to provide to CCIP brand development services in relation to Belgian products and CCIP agreed to pay monthly fees totaling €91,550 on an annual basis.

Letters of appointment
Each of the non-executive Directors in office during the financial year was appointed by way of a letter of appointment. Each appointment was for an initial term of three years, renewable by agreement (but now subject to annual re-election by the members in General Meeting). The letters of appointment for each non-executive Director who will be proposed for re-appointment at the 2017 AGM are dated as follows:

Non-executive Director	Date of letter of appointment
Sir Brian Stewart	10 February 2010
Emer Finnan	4 April 2014
Stewart Gilliland	17 April 2012
Richard Holroyd	26 April 2004
Breege O'Donoghue	26 April 2004
Vincent Crowley	23 November 2015
Jim Clerkin	1 April 2017

The letters of appointment are each agreed to be terminable by either party on one month's notice and do not contain any pre-determined compensation payments in the event of termination of office or employment.

DIRECTORS' REMUNERATION POLICY

This part of the report sets out extracts from the Group's policy on Directors' remuneration, as included in the FY2015 Annual Report and Accounts and approved by shareholders on an advisory basis at the 2015 AGM (from when it took effect). We have included in this part of the report those aspects of the policy that we think shareholders will find most useful; the full Policy Report is included on pages 66 to 78 of the FY2015 annual report and accounts, which is available on www.candcgroupplc.com. We have also amended the text of the policy as included in the FY2015 Annual Report and Accounts to update date specific references and remove references to legacy arrangements such as the old ESOS and LTIP (Part 1) under which awards will no longer be granted.

GENERAL STATEMENT OF POLICY

The main aim of the Group's policy on Directors' remuneration is to attract, retain and motivate Directors of the calibre required to promote the long term success of the Group. The Committee therefore seeks to ensure that Directors are properly, but not excessively, remunerated and motivated to perform in the best interests of shareholders, commensurate with ensuring shareholder value.

The Committee seeks to ensure that executive Directors' remuneration is aligned with shareholders' interests and the Group's strategy. Share awards are therefore seen as the principal method of long term incentivisation. Executive Directors are incentivised on a range of equity share structures, notably the significant share ownership held by Stephen Glancey and Kenny Neison facilitated in part by their interests in the JSOP, which have now been realised. Similar principles are applied for senior management, several of whom have material equity holdings in the Company.

Annual performance-related rewards aligned with the Group's key financial, operational and strategic goals and based on stretching targets are a further component of the total executive remuneration package. For senior management, mechanisms are tailored to local requirements.

The Group seeks to bring transparency to executive Directors' reward structures through the use of cash allowances in place of benefits in kind. In setting executive Directors' remuneration, the Committee has regard to pay levels and conditions applicable to other employees across the Group.

FUTURE POLICY TABLE

Executive Directors' remuneration

Element	Salary
Purpose and link to strategy	Purpose is to attract, recruit and retain Directors of the necessary calibre.
Operation	Salary levels are determined by the Committee taking into account factors including: • scope and responsibilities of the role; • experience and individual performance; • overall business performance; • prevailing market conditions; • pay in comparable companies, principally in the global beverage sector; and • overall risk of non-retention.
Opportunity	Executive Directors are entitled to an annual review of their salary, but there is no entitlement to receive any increase. The Committee may award salary increases to take account of individual circumstances such as: • increases or changes in scope and responsibility; • to reflect the executive Director's development and performance in the role; or • alignment to market level. In awarding increases, the Committee will have regard to the outcome of pay reviews for employees as a whole.
Performance metrics	Not applicable.

Report of the Remuneration Committee on Directors' Remuneration
(continued)

Element	Benefits/cash allowance in lieu
Purpose and link to strategy	Purpose is to attract, recruit, and retain Directors of the necessary calibre.
Operation	The Group seeks to bring transparency to Directors' reward structures through the use of cash allowances in place of benefits in kind. The cash allowance can be applied to benefits such as a company car and health benefits. Group benefits such as death in service insurance are also made available. Other benefits may be provided based on individual circumstances including housing or relocation allowances, travel allowance or other expatriate benefits. Benefits and allowances are reviewed alongside salary.
Opportunity	The Committee has not set an absolute maximum on the levels of benefits that may be awarded since this will depend upon the circumstances applicable to the relevant Director as well as the cost of any third party suppliers. The value of the cash allowance/benefit is set at a level which the Committee considers appropriate against the market and provides sufficient level of benefit based on individual circumstances.
Performance metrics	Not applicable.

Element	Pension/cash allowance in lieu
Purpose and link to strategy	Purpose is to attract, recruit and retain Directors of the necessary calibre.
Operation	The Group seeks to bring transparency to Directors' reward structures through the use of cash allowances in place of pension scheme participation, the allowance being either paid direct or into a personal pension plan. No executive Director accrues any benefits under a defined benefit pension scheme. All cash allowances are reviewed alongside salary.
Opportunity	Maximum cash allowance is 30% of salary. The value awarded is set at a level which the Committee considers appropriate against the market and provides sufficient level of benefit based on individual circumstances.
Performance metrics	Not applicable.

Element	Annual bonus
Purpose and link to strategy	Rewards performance against annual financial, operational and strategic business targets which support the strategic direction of the Company and align the interests of executives with shareholders.
Operation	A discretionary scheme under which executive Directors are entitled to receive a variable reward contingent upon the achievement of performance targets. The structure and value of the bonus scheme and the applicable performance measures are subject to annual approval by the Committee. Any pay-out is determined by the Committee after the year end, based on performance against the relevant targets. The Committee has discretion to vary the bonus pay-out should any formulaic output not reflect the Committee's assessment of overall business performance. The Committee has discretion to apply deferral to part of any bonus earned in the year and for such amount to be deferred into shares for a period of up to two years. Malus and clawback provisions will apply to the annual bonus. See the 'Malus and clawback' section below for more details. The Committee reserves the right to vary, amend, replace or discontinue the bonus scheme at any time depending on business needs and/or financial viability or as appropriate by reference to any changes in corporate structure during the financial year.
Opportunity	Maximum opportunity is 100% of base salary. However, for FY2018 executive Directors are entitled to a maximum bonus opportunity of 80% of base salary.
Performance metrics	Measures and targets are set annually reflecting the Company's strategy and aligned with key financial, operational, strategic and/or individual objectives. Targets, whilst stretching, do not encourage inappropriate business risks to be taken. The relevant measures and the respective weightings may vary each year based upon the Company's priorities. If applicable, as the bonus is subject to performance measures, any deferred bonus is not subject to further performance conditions.

Element	Share-based rewards – new long term incentive plans
Purpose and link to strategy	To incentivise executive Directors to execute the Group's business strategy over the longer term and align their interests with those of shareholders to achieve a sustained increase in shareholder value.
Operation	A new Long Term Incentive Plan ("LTIP") and a new Executive Share Option Scheme ("ESOS") were adopted following shareholder approval at the 2015 AGM. Subject to the plan limits set out below the Committee has the discretion to determine the appropriate mix of LTIP and ESOS awards each year in the context of the Company's business cycle and its future growth plans save where the executive has a contractual entitlement. Malus and clawback provisions will apply to both the LTIP and the ESOS. See the "Malus and clawback" section below for more details. Awards are usually made annually by the Committee following the release of full year financial results but can be made after release of the interim results and exceptionally at other times.

Report of the Remuneration Committee on Directors' Remuneration
(continued)

Element	Share-based rewards – new long term incentive plans
Opportunity	If awards are made under both the LTIP and the ESOS in respect of the same financial year the overall maximum, other than in exceptional circumstances, will be capped at 250% of salary. In exceptional circumstances the maximum combined LTIP and ESOS award in respect of any financial year is 500% of salary.
Performance metrics	The vesting of awards is subject to the satisfaction of performance conditions set by the Committee. Performance conditions are selected that are aligned to the Company's strategy and with shareholders' interests. The performance measures chosen are reviewed regularly to ensure they remain relevant. The relevant measures, targets and weightings may vary each year based upon the Company's priorities. Options lapse if the performance target threshold is not met in the relevant testing period and there is no retesting.

Element	(a) ESOS
Purpose and link to strategy	To incentivise executive Directors to execute the Group's business strategy over the longer term and align their interests with those of shareholders to achieve a sustained increase in shareholder value.
Operation	The Committee may grant options to acquire shares in the Company at a market related exercise price. The Committee has discretion to grant ESOS awards to reward sustained value creation by averaging the value of the shares at grant and the point of exercise across an extended period of up to six months. The vesting of options is subject to meeting a specific performance target set by the Committee and measured over a period of three years. Options will not normally be exercisable until after the assessment of the performance condition following the end of the performance period. Options vest early on a change of control (or other relevant event), taking into account the performance conditions. Options may be adjusted in the event of a variation of share capital in accordance with the scheme rules. The Committee has the discretion to grant ESOS options as tax-advantaged options, as permitted by the UK Revenue authorities, and allows grants of options over shares with a market value of up to the value prescribed by the applicable tax legislation (currently £30,000) to be made on a tax efficient basis to employees who are UK taxpayers. Tax-advantaged options will be subject to the same performance conditions as non-tax-advantaged options.
Opportunity	The maximum ESOS award is 150% of base salary in respect of any financial year if granted in combination with a LTIP award equal to 100% of salary. Other than in exceptional circumstances the limit on ESOS awards would be 300% of salary if no LTIP awards are granted in respect of the same financial year. This is subject to the overall exceptional circumstances limit set out above.
Performance metrics	See page 78 and note 4 to the financial statements for details of the performance conditions for FY2017.

Element	(b) LTIP
Purpose and link to strategy	To incentivise executive Directors to execute the Group's business strategy over the longer term and align their interests with those of shareholders to achieve a sustained increase in shareholder value.
Operation	Under the LTIP, awards of conditional shares, restricted stock or nil cost or nominal cost options (or similar cash equivalent) can be made. The vesting of awards is subject to meeting specific performance targets set by the Committee and measured over a period of three years. Awards will not normally vest until after the assessment of the performance condition following the end of the performance period. The Committee may decide that a participant has a right to 'dividend equivalents' whereby the participant receives additional value equivalent to that which accrues to shareholders by way of dividends that would have been paid on the underlying shares during the vesting period. This value can be paid as cash or shares. Awards vest early on a change of control (or other relevant event) taking into account the performance conditions and pro-rating for time, although the Committee has discretion not to apply time pro-rating. Awards may be adjusted in the event of a variation of share capital in accordance with the scheme rules.
Opportunity	The maximum LTIP award is 100% of base salary in respect of any financial year if granted in combination with an ESOS award equal to 150% of salary. The maximum LTIP award is 150% of base salary in respect of any financial year if no ESOS award is granted in respect of the same financial year. This is subject to the overall exceptional circumstances limit set out above.
Performance metrics	See page 78 and note 4 to the financial statements for details of the performance conditions for FY2017. Performance conditions will be attached to the LTIP awards by taking into account the business priorities prevailing at the time of grant and the Company's strategy. Such conditions may include, but are not limited to, EPS growth and cash conversion and return on capital.

Element	Share-based rewards – all-employee plans
Purpose and link to strategy	To align the interests of eligible employees with those of shareholders through share ownership.
Operation	(See schemes described below)
Opportunity	For tax-advantaged plans the maximum opportunity set by the rules or adopted by the Committee will be in line with or below the statutory limits.
Performance metrics	No performance conditions would usually be required in tax-advantaged plans.

Report of the Remuneration Committee on Directors' Remuneration
(continued)

Element	(a) Irish APSS/ UK SIP
Purpose and link to strategy	To align the interests of eligible employees with those of shareholders through share ownership.
Operation	The C&C Profit Sharing Scheme is an all-employee share scheme and has two parts. Part A relates to employees in ROI and has been approved by the Irish Revenue Commissioners (the Irish APSS). Part B relates to employees in the UK and is a HMRC qualifying plan of free, partnership, matching or dividend shares (or cash dividends) with a minimum three year vesting period for matching shares (the UK SIP). UK resident executive Directors are eligible to participate in Part B only. There is currently no equivalent plan for Directors resident outside of Ireland or the UK.
Opportunity	Under the Company's UK SIP the current maximum subscription is £750 per annum with entitlement to matching shares of £750 per annum. However, the Committee reserves the right to increase the maximum to the statutory limits.
Performance metrics	No performance conditions are attached to awards under the Irish APSS or the UK SIP.

Non-executive Directors' remuneration

Element	Non-executive Director fees
Purpose and link to strategy	Sole element of non-executive Director remuneration is set at a level that reflects market conditions and is sufficient to attract individuals with appropriate knowledge and experience.
Operation	Fees paid to non-executive Directors are determined and approved by the Board as a whole. The Committee recommends the remuneration of the Chairman to the Board. Fees are reviewed from time to time and adjusted to reflect market positioning and any change in responsibilities. Non-executive Directors receive a basic fee and an additional fee for further duties (for example chairmanship of a committee or senior independent Director responsibilities). Non-executive Directors are not eligible to participate in the annual bonus plan or share-based schemes and do not receive any benefits (including pension) other than fees in respect of their services to the Company. Non-executive Directors may be eligible to receive certain benefits as appropriate such as the use of secretarial support, travel costs or other benefits that may be appropriate.
Opportunity	Fees are based on the level of fees paid to non-executive Directors serving on Boards of similar-sized Irish and UK-listed companies and the time commitment and contribution expected for the role. The Articles of Association provide that the ordinary remuneration of Directors (i.e. Directors' fees, not including executive remuneration) shall not exceed a fixed amount or such other amount as determined by an ordinary resolution of the Company. The current limit was set at the Annual General Meeting held in 2013, when it was increased to €1.0 million in aggregate.
Performance metrics	Not applicable.

Malus and clawback

In line with the UK Corporate Governance Code malus and clawback provisions will apply to all elements of performance-based variable remuneration (i.e. annual bonus, the ESOS and LTIP approved by shareholders at the 2015 AGM) for the executive Directors with effect from 1 March 2016. The circumstances in which malus and clawback will be applied are if there has been in the opinion of the Committee a material mis-statement of the Group's published accounts; or the Committee reasonably determines that a participant has been guilty of gross misconduct. The clawback provisions will apply for a period of two years following the end of the performance period.

DISCRETION TO DEPART FROM POLICY

Share schemes and other incentives

The Committee recognises the importance of ensuring that the outcomes of the Group's executive pay arrangements properly reflect the Group's overall performance over the performance period. It is the Committee's intention that the mechanistic application of performance conditions relating to awards will routinely be reviewed to avoid outcomes which could be seen as contrary to shareholders' expectations.

To the extent provided for in accordance with any relevant amendment power under the rules of the share plans or in the terms of any performance condition, the Committee may alter the performance conditions relating to an award or option already granted if an event occurs (such as a material acquisition or divestment or unexpected event) which the Committee reasonably considers means that the performance conditions would not, without alteration, achieve their original purpose. The Committee will act fairly and reasonably in making the alteration so that the performance conditions achieve their original purpose and the thresholds remain as challenging as originally imposed. The Committee will explain and disclose any such alteration in the next remuneration report.

Legacy payments

The Committee reserves the right to make any remuneration payment or any payment for loss of office without the need to consult with shareholders or seek their approval, notwithstanding that it is not in line with the policy set out above, where the terms of the payment were agreed either:

- before the policy came into effect; or
- at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

For these purposes: the term 'payment' includes any award of variable remuneration; in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Minor changes

The Committee may, without the need to consult with shareholders or seek their approval, make minor changes to this policy to aid in its operation or implementation taking into account the interests of shareholders.

This report was approved by the Board and signed on its behalf by

Breege O'Donoghue
Chairman of the Remuneration Committee
17 May 2017

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. Under that law, the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU, and have elected to prepare the Company financial statements in accordance with the requirements of the Companies Act 2014 and Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'), issued by the Financial Reporting Council in the UK and promulgated by the Institute of Chartered Accountants in Ireland.

The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position and performance of the Group. The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing each of the Group and Company financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the Group financial statements comply with IFRS as adopted by the EU and as regards the Company, comply with FRS 101 together with the requirements of the Companies Act 2014; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also required by the Transparency (Directive 2004/109/ EC0 Regulations 2007) and the interim Transparency Rules of the Irish Financial Services Regulatory Authority to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company, and which will enable them to ensure that the financial statements of the Group are prepared in accordance with applicable IFRS as adopted by the European Union and comply with the provisions of the Companies Act 2014, and, as regards to the Group financial statements, Article 4 of the European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005 (the 'IAS Regulation'). They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website ('www.candcgroupplc.com'). Legislation in Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT AS REQUIRED BY THE TRANSPARENCY DIRECTIVE AND UK CORPORATE GOVERNANCE CODE

Each of the Directors, whose names and functions are listed on pages 52 and 53 of this Annual Report, confirm that, to the best of each person's knowledge and belief:

- The Group Financial Statements, prepared in accordance with IFRS as adopted by the European Union and the Company financial statements prepared in accordance with FRS 101, as applied in accordance with the Companies Act 2014, give a true and fair view of the assets, liabilities, financial position of the Group and Company at 28 February 2017 and of the profit or loss of the Group for the year then ended;
- The Directors' report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, provides the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Signed
On behalf of the Board

Sir Brian Stewart
Chairman

Stephen Glancey
Group Chief Executive Officer

Financial Statements

in this section

Independent Auditor's Report to the Members of C&C Group plc

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1. OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of C&C Group plc for the year ended 28 February 2017 set out on pages 96 to 176 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group and Company Statement of Changes in Equity, and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and, as regards the Company financial statements, as applied in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101") and the provisions of the Companies Act 2014. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

In our opinion:
- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 28 February 2017 and of its loss for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 28 February 2017;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

In arriving at our audit opinion above on the Group financial statements, the risks of material misstatement that had the greatest effect on our Group audit were as follows:

Impairment assessment of intangible assets contained in the Group's North America operating segment – Year end balance of €35.4 million after impairment charge of €106.6m (2016: Year end balance of €147.1million)

Refer to page 64 (Audit Committee Report), page 108 (accounting policy) and note 12 to the financial statements.

The risk

As detailed in the accounting policy note on page 108, impairment testing of intangible assets and goodwill is performed annually by the Group or more frequently if there is an indication that the carrying amount may not be recoverable.

During the current year, an impairment charge of €106.6 million was recorded against the carrying value of these assets. There is a risk that the impairment charge has not been appropriately calculated and that the carrying value of the remaining assets assigned to the Group's North American operating segment may not be recovered from future cashflows.

There is inherent uncertainty involved in preparing forecasts and discounted future cash flow reports for this purpose and significant judgement is involved in relation to the assumptions used in the Group's impairment model for the purposes of assessing the carrying value of the assets.

Our response

In this area, our audit procedures included, amongst others,
- assessing the appropriateness of management's identification of cash generating units ("CGUs") within the Group's North American operating segment and the allocation of intangible assets, which are largely brands arising from acquisitions, to these CGUs;
- evaluating the key assumptions and methodologies used by the Group, in particular those relating to volumes, revenue, operating profit and the discount rate and terminal growth rate applied to the forecasted cash flows in the model;
- considering the appropriateness of management's key assumptions based on the FY2018 budget, most recent financial results and other external data;
- checking the mathematical accuracy of management's model;
- considering the historical accuracy of the Group's forecasts;

We also performed similar procedures, to those outlined above, in relation to management's assessment of the carrying value of intangible assets and goodwill allocated to the Group's other operating segments and the related disclosures.

We considered, at an overall level, the difference between the market capitalisation of the Group and the book value of its net assets which indicated that the market capitalisation exceeded the book value by €686 million at 28 February 2017.

Carrying value of Property, Plant and Equipment ('PP&E') – €146.2 million (2016: €190.3 million)
Refer to page 64 (Audit Committee Report), pages 108 to 109 (accounting policy) and note 11 to the financial statements.

The risk
The Group carries its land and buildings and plant and machinery at fair value. The freehold land and buildings in Ireland, Portugal and the US and certain assets in Scotland are valued using a market approach. The Group's remaining land and buildings assets in the UK, and its plant and machinery in Ireland, the UK and the US are valued using the Depreciated Replacement Cost (DRC) method.

During the current year, the US land and buildings and plant and equipment were subject to independent expert valuations. The valuation of the Group's remaining assets were determined internally by management and significant judgement is exercised in determining the appropriate assumptions underlying the valuation, including amongst others, market based assumptions, plant replacement costs and plant utilisation levels. The majority of these assets were last subject to external valuations as at 28 February 2015.

There is inherent uncertainty involved in preparing valuations when there is a lack of comparable transactions in the market and benchmark data for similar assets in similar locations given the specialised nature of the Group's assets.

Our response
In relation to the external valuation performed on the US land and buildings, we inspected the valuation report in order to assess the integrity of the data and key assumptions underpinning the valuation. We considered whether the key assumptions were consistent with external market information. We also assessed the independence and qualification of the valuer.

In relation to the remaining land and buildings and plant and equipment, which was internally valued by management, our audit procedures included assessing and challenging the key input assumptions underpinning the valuations. We considered whether the assumptions were consistent with external market information, where available and the basis for changes to the assumptions since the date of the last external valuation.

3. OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The materiality for the Group financial statements as a whole was set at €4 million (2016: €4.75 million). This has been calculated using a benchmark of 5% of Group profit before taxation excluding exceptional items, which we have determined, in our professional judgement, to be one of the principal benchmarks within the financial statements relevant to members of the Company in assessing financial performance.

We report to the Audit Committee all corrected and uncorrected misstatements identified through our audit in excess of €200,000 (2016: €250,000), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

The structure of the Group's finance function is such that certain transactions and balances are accounted for by the Group finance team, with the remainder accounted for in the operating units. We performed audit procedures, including those in relation to the significant risks set out above, on those transactions and balances accounted at operating unit and Group level. In relation to the Group's operating units, audits for Group reporting purposes were performed at each of the key operating units of the Group. These audits covered 99.9% of Group revenue, 99.8% of Group loss before tax and 99.8% of Group total assets.

The audits undertaken for Group reporting purposes at the key operating units of the Group were all performed to component materiality levels set by the Group audit team. These component materiality levels were set individually and ranged from €0.7 million to €3 million.

Detailed audit instructions were sent by the Group audit team to the auditors in all of the Group's key operating units. These instructions covered the significant audit areas that should be covered by these audits (which included the relevant risks of material misstatement detailed above) and set out the information required to be reported to the Group audit team. Members of the Group audit engagement team, including the Group Engagement Partner, attended the closing meetings for each of the significant operating components in person or by telephone at which the findings from the business unit audit were discussed with local and Group management. Members of the Group audit engagement team and the Group Engagement Partner attended the closing meeting at which the findings from all operating unit audits were discussed with the Group's Chief Financial Officer and senior members of the Group finance team as well as findings arising from procedures performed by the Group audit team.

Independent Auditor's Report to the Members of C&C Group plc
(continued)

4. WE HAVE NOTHING TO REPORT ON THE DISCLOSURES OF PRINCIPAL RISKS

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' statement of Principal Risks and Uncertainties on pages 19 to 21, concerning the principal risks, their management, and based on that, the directors assessment and expectations of the Group's continuing operations over 3 years to 2020; and
- the disclosures in the accounting policies to the financial statements concerning the use of the going concern basis of accounting.

5. WE HAVE NOTHING TO REPORT IN RESPECT OF THE MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

ISAs (UK and Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report and financial statements as a whole that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified any inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider the annual report is fair, balanced and understandable and provides the information necessary for shareholders to assess the entity's position and performance, business model and strategy; or
- the Report of the Audit Committee does not appropriately disclose those matters that we communicated to the Audit Committee.

The Listing Rules of the Irish Stock Exchange require us to review:

- the directors' statement, set out on page 69, in relation to going concern and longer-term viability;
- the part of the Directors' Statement on Corporate Governance on pages 58 to 62 relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the provisions of the Irish Corporate Governance Annex specified for our review; and
- certain elements of disclosures to shareholders by the Board in the Report on Directors' Remuneration.

In addition, the Companies Act requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

6. OUR CONCLUSIONS ON OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACT 2014 ARE SET OUT BELOW

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statement are in agreement with the accounting records.

In our opinion, the information given in the Directors' Report is consistent with the financial statements and the description in the Directors' Statement of Corporate Governance of the main features of the internal control and risk management systems in relation to the process for preparing the Group financial statements is consistent with the Group financial statements.

In addition, we report in relation to information given in the Corporate Governance statement on pages 58 to 69 that:

- based on knowledge and understanding of the Company and its environment obtained in the course of the audit, no material misstatements in the information identified above have come to our attention.
- based on our work undertaken in the course of our audit, in our opinion:
  - the description of the main features of the internal control and risk management systems in relation to the voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006, and specified by the Companies Act 2014 for our consideration, are consistent with the financial statements and have been prepared in accordance with the Companies Act 2014.
  - The Corporate Governance statement contains the information required by the Companies Act 2014.

BASIS OF OUR REPORT, RESPONSIBILITIES AND RESTRICTIONS ON USE

As explained more fully in the Statement of Directors' Responsibilities set out on page 90, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group and Company financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK and Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing our audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK and Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expenses as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

17 May 2017
Colm O'Sé
for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2

Group Income Statement
For the year ended 28 February 2017

	Notes	Year ended 28 February 2017 Before exceptional items €m	Exceptional items (note 5) €m	Total €m	Year ended 29 February 2016 Before exceptional items €m	Exceptional items (note 5) €m	Total €m
Revenue	1	**818.1**	**-**	**818.1**	946.9	-	946.9
Excise duties		**(258.6)**	**-**	**(258.6)**	(284.3)	-	(284.3)
Net revenue	1	**559.5**	**-**	**559.5**	662.6	-	662.6
Operating costs	2	**(464.5)**	**(150.1)**	**(614.6)**	(559.4)	(38.4)	(597.8)
Operating profit/(loss)	1	**95.0**	**(150.1)**	**(55.1)**	103.2	(38.4)	64.8
Finance income	6	**0.1**	**-**	**0.1**	0.2	-	0.2
Finance expense	6	**(7.9)**	**-**	**(7.9)**	(8.8)	-	(8.8)
Share of equity accounted investees' profit after tax	5	**-**	**-**	**-**	-	0.1	0.1
Profit/(loss) before tax		**87.2**	**(150.1)**	**(62.9)**	94.6	(38.3)	56.3
Income tax (expense)/credit	7	**(13.0)**	**3.0**	**(10.0)**	(13.8)	4.9	(8.9)
Profit/(loss) for the year attributable to equity shareholders		**74.2**	**(147.1)**	**(72.9)**	80.8	(33.4)	47.4
Basic earnings per share (cent)	9			**(23.5)**			14.4
Diluted earnings per share (cent)	9			**(23.5)**			14.2

Group Statement of Comprehensive Income
For the year ended 28 February 2017

	Notes	2017 €m	2016 €m
Other Comprehensive Income:			
Items that may be reclassified to Income Statement in subsequent years:			
Foreign currency translation differences arising on the net investment in foreign operations	6	**(17.8)**	(20.9)
Foreign currency reserve recycled to Income Statement on deemed disposal of equity accounted investee	6	**-**	(0.1)
Reversal of previously recognised gain on revaluation of property, plant and equipment	11	**(2.1)**	-
Items that will not be reclassified to Income Statement in subsequent years:			
Actuarial gain/(loss) on retirement benefits	21	**3.6**	(5.1)
Deferred tax (charge)/credit on actuarial gain/(loss) on retirement benefits	20	**(0.4)**	0.6
Net loss recognised directly within Other Comprehensive Income		**(16.7)**	(25.5)
(Loss)/profit for the year attributable to equity shareholders		**(72.9)**	47.4
Comprehensive (expense)/income for the year attributable to equity shareholders		**(89.6)**	21.9

Group Balance Sheet
As at 28 February 2017

	Notes	2017 €m	2016 €m
ASSETS			
Non-current assets			
Property, plant & equipment	11	**144.5**	180.0
Goodwill & intangible assets	12	**530.3**	644.1
Equity accounted investees	13	**2.4**	0.3
Retirement benefits	21	**4.5**	4.7
Deferred tax assets	20	**3.2**	4.4
Trade & other receivables	15	**49.6**	46.0
		734.5	879.5
Current assets			
Assets held for resale	11	**1.7**	10.3
Inventories	14	**85.8**	85.9
Trade & other receivables	15	**78.5**	94.1
Cash & cash equivalents		**187.6**	197.3
		353.6	387.6
TOTAL ASSETS		**1,088.1**	1,267.1
EQUITY			
Equity share capital	23	**3.3**	3.3
Share premium	23	**136.9**	127.8
Other reserves	23	**99.1**	121.0
Treasury shares	23	**(38.0)**	(39.2)
Retained income		**337.1**	471.8
Total equity		**538.4**	684.7
LIABILITIES			
Non-current liabilities			
Interest bearing loans & borrowings	18	**358.6**	361.1
Retirement benefits	21	**22.3**	22.7
Provisions	17	**7.7**	6.3
Deferred tax liabilities	20	**6.0**	5.5
		394.6	395.6
Current liabilities			
Interest bearing loans & borrowings	18	**-**	0.2
Retirement benefits	21	**-**	10.0
Trade & other payables	16	**144.1**	160.9
Provisions	17	**6.5**	12.6
Current tax liabilities		**4.5**	3.1
		155.1	186.8
Total liabilities		**549.7**	582.4
TOTAL EQUITY & LIABILITIES		**1,088.1**	1,267.1

On behalf of the Board

Sir B Stewart
Chairman Group

S Glancey
Chief Executive Officer

17 May 2017

Group Cash Flow Statement
For the year ended 28 February 2017

	Notes	2017 €m	2016 €m
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the year attributable to equity shareholders		**(72.9)**	47.4
Finance income		**(0.1)**	(0.2)
Finance expense		**7.9**	8.8
Income tax expense		**10.0**	8.9
Profit on share of equity accounted investee		**-**	(0.1)
Revaluation/impairment of property, plant & equipment		**25.8**	16.0
Recovery of previously impaired investment in equity accounted investee		**(0.5)**	-
Impairment of intangible assets		**106.6**	-
Depreciation of property, plant & equipment		**14.7**	19.1
Amortisation of intangible assets		**0.3**	0.3
Net profit on disposal of property, plant & equipment		**(3.9)**	(0.2)
Charge for equity settled share-based payments		**0.7**	0.5
Pension contributions paid plus amount credited to Income Statement		**(7.0)**	(11.0)
		81.6	89.5
(Increase)/decrease in inventories		**(2.9)**	4.3
Decrease in trade & other receivables		**4.0**	45.9
Decrease in trade & other payables		**(13.3)**	(8.2)
(Decrease)/increase in provisions		**(4.6)**	7.0
		64.8	138.5
Interest received		**0.1**	0.2
Interest and similar costs paid		**(6.6)**	(5.9)
Income taxes paid		**(6.9)**	(10.2)
Net cash inflow from operating activities		**51.4**	122.6
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		**(22.7)**	(9.7)
Net proceeds on disposal of property, plant & equipment		**25.6**	0.5
Acquisition of business	10	**-**	(3.3)
Net cash outflow re acquisition of equity accounted investees	13	**(1.5)**	-
Net cash inflow/(outflow) from investing activities		**1.4**	(12.5)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from exercise of share options/equity Interests		**1.0**	0.5
Drawdown of debt		**138.7**	25.0
Repayment of debt		**(134.0)**	(0.1)
Shares purchased to satisfy share option entitlements		**(0.2)**	-
Shares purchased under share buyback programme		**(23.2)**	(76.6)
Dividends paid		**(34.9)**	(34.8)
Net cash outflow from financing activities		**(52.6)**	(86.0)
Net increase in cash & cash equivalents		**0.2**	24.1
Cash & cash equivalents at beginning of year		**197.3**	181.9
Translation adjustment		**(9.9)**	(8.7)
Cash & cash equivalents at end of year		**187.6**	197.3

A reconciliation of cash & cash equivalents to net debt is presented in note 19 to the financial statements.

Group Statement of Changes in Equity
For the year ended 28 February 2017

	Equity share capital €m	Share premium €m	Other undenominated reserve €m	Capital reserve €m	Share-based payments reserve €m	Currency translation reserve €m	Revaluation reserve €m	Treasury shares €m	Retained income €m	Total €m
At 28 February 2015	3.5	122.5	0.5	24.9	6.4	100.9	9.1	(39.8)	545.2	773.2
Profit for the year attributable to equity shareholders	-	-	-	-	-	-	-	-	47.4	47.4
Other comprehensive expense	-		-	-	-	(21.0)	-	-	(4.5)	(25.5)
Total comprehensive (expense)/income	-	-	-	-	-	(21.0)	-	-	42.9	21.9
Dividend on ordinary shares	-	4.8		-	-	-	-	-	(39.6)	(34.8)
Exercised share options	-	0.5		-	-	-	-	-	-	0.5
Reclassification of share-based payments reserve	-	-	-	-	(0.5)	-	-	-	0.5	-
Joint Share Ownership Plan	-	-	-	-	-	-	-	0.6	(0.6)	-
Shares purchased under share buyback programme and subsequently cancelled	(0.2)	-	0.2	-	-	-	-	-	(76.6)	(76.6)
Equity settled share-based payments	-	-	-	-	0.5	-	-	-	-	0.5
Total transactions with owners	(0.2)	5.3	0.2	-	-	-	-	0.6	(116.3)	(110.4)
At 29 February 2016	3.3	127.8	0.7	24.9	6.4	79.9	9.1	(39.2)	471.8	684.7
Loss for the year attributable to equity shareholders	-	-	-	-	-	-	-	-	(72.9)	**(72.9)**
Other comprehensive (expense)/income	-	-	-	-	-	(17.8)	(2.1)	-	3.2	**(16.7)**
Total comprehensive expense	-	-	-	-	-	(17.8)	(2.1)	-	(69.7)	**(89.6)**
Dividend on ordinary shares	-	8.1	-	-	-	-	-	-	(43.0)	**(34.9)**
Exercised share options	-	0.8	-	-	-	-	-	-	-	**0.8**
Reclassification of share-based payments reserve	-	-	-	-	(2.0)	-	-	-	2.0	**-**
Joint Share Ownership Plan	-	0.2	-	-	(0.7)	-	-	1.2	(0.8)	**(0.1)**
Shares purchased under share buyback programme and subsequently cancelled	-	-	-	-	-	-	-	-	(23.2)	**(23.2)**
Equity settled share-based payments	-	-	-	-	0.7	-	-	-	-	**0.7**
Total transactions with owners	-	9.1	-	-	(2.0)	-	-	1.2	(65.0)	**(56.7)**
At 28 February 2017	**3.3**	**136.9**	**0.7**	**24.9**	**4.4**	**62.1**	**7.0**	**(38.0)**	**337.1**	**538.4**

Company Balance Sheet
As at 28 February 2017

	Notes	2017 €m	2016 €m
ASSETS			
Non-current assets			
Financial assets	13	**979.3**	978.6
Trade & other receivables	15	**0.7**	1.2
		980.0	979.8
Current assets			
Trade & other receivables	15	**335.5**	238.7
Cash & cash equivalents		**-**	-
		335.5	238.7
TOTAL ASSETS		**1,315.5**	1,218.5
EQUITY			
Equity share capital	23	**3.3**	3.3
Share premium	23	**838.6**	829.7
Other reserves	23	**3.8**	6.2
Retained income		**188.4**	105.5
Total equity		**1,034.1**	944.7
LIABILITIES			
Current liabilities			
Trade & other payables	16	**281.4**	273.8
Total liabilities		**281.4**	273.8
TOTAL EQUITY & LIABILITIES		**1,315.5**	1,218.5

On behalf of the Board

Sir B Stewart
Chairman Group

S Glancey
Chief Executive Officer

17 May 2017

Company Statement of Changes in Equity
For the year ended 28 February 2017

	Equity share capital €m	Share premium €m	Other undenominated reserve €m	Share-based payments reserve €m	Retained income €m	Total €m
Company						
At 28 February 2015	3.5	824.4	0.5	5.5	221.9	1,055.8
Loss for the year attributable to equity shareholders	-	-	-	-	(0.7)	(0.7)
Total	-	-	-	-	(0.7)	(0.7)
Dividend on ordinary shares	-	4.8	-	-	(39.6)	(34.8)
Exercised share options	-	0.5	-	-	-	0.5
Shares purchased under share buyback programme and subsequently cancelled	(0.2)	-	0.2	-	(76.6)	(76.6)
Reclassification of share-based payments reserve	-	-	-	(0.5)	0.5	-
Equity settled share-based payments	-	-	-	0.5	-	0.5
Total	(0.2)	5.3	0.2	-	(115.7)	(110.4)
At 29 February 2016	3.3	829.7	0.7	5.5	105.5	**944.7**
Profit for the year attributable to equity shareholders	-	-	-	-	146.0	**146.0**
Total	-	-	-	-	146.0	**146.0**
Dividend on ordinary shares	-	8.1	-	-	(43.0)	**(34.9)**
Exercised share options	-	0.8	-	-	-	**0.8**
Shares purchased under share buyback programme and subsequently cancelled	-	-	-	-	(23.2)	**(23.2)**
Reclassification of share-based payments reserve	-	-	-	(3.1)	3.1	**-**
Equity settled share-based payments	-	-	-	0.7	-	**0.7**
Total	-	8.9	-	(2.4)	(63.1)	**(56.6)**
At 28 February 2017	**3.3**	**838.6**	**0.7**	**3.1**	**188.4**	**1,034.1**

Statement of Accounting Policies
For the year ended 28 February 2017

SIGNIFICANT ACCOUNTING POLICIES

C&C Group plc (the 'Company') is a company incorporated and tax resident in Ireland. The Group's financial statements for the year ended 28 February 2017 consolidate the individual financial statements of the Company and all subsidiary undertakings (together referred to as "the Group") together with the Group's share of the results and net assets of equity accounted investees for the period ended 28 February 2017.

The Company and Group financial statements, together the "financial statements", were authorised for issue by the Directors on 17 May 2017.

The accounting policies applied in the preparation of the financial statements for the year ended 28 February 2017 are set out below. These have been applied consistently for all periods presented in these financial statements and by all Group entities.

STATEMENT OF COMPLIANCE

The Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), which comprise standards and interpretations approved by the International Accounting Standards Board (IASB), as adopted by the EU and as applied in accordance with Companies Acts 2014. The individual financial statements of the Company have been prepared in accordance with FRS 101 Reduced Disclosure Framework ("FRS 101") which permits a company that publishes its Company and Group financial statements together to take advantage of the exemption in Section 304 of the Companies Act 2014 from presenting its individual profit and loss account and cash flow statement to the Annual General Meeting and from filing it with the Register of Companies.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:
- A cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of Key Management Personnel.

As the consolidated financial statements of the Company include the equivalent disclosures, the Company has also taken exemptions under FRS 101 available in respect of the following disclosures:
- IFRS 2 'Share-Based Payments' in respect of group settled share-based payments;
- Certain disclosures required by IAS 36 'Impairment of Assets' in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 3 'Business Combinations' in respect of business combinations undertaken by the Company.

Changes in accounting policies and disclosures

IFRSs as adopted by the EU applied by the Company and Group in the preparation of these financial statements are those that were effective for accounting periods ending on or before 28 February 2017. The IASB have issued the following standards, policies, interpretations and amendments which were effective for the Group for the first time in the year ended 28 February 2017:
- Annual Improvements to IFRSs 2012-2014 cycle
- IFRS 11: Accounting for acquisitions of interests in Joint Operations;
- IAS 16 & IAS 38: Acceptable methods of depreciation/ amortization;
- IAS 16: Property, Plant and Equipment and IAS 41: Bearer Plants;
- IAS 27: Equity method in Separate Financial Statements;
- IAS 1: Disclosure initiative ;
- IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the consolidation exception.

The adoption of the above and interpretations and amendments did not have a significant impact on the Group's Consolidated Financial Statements.

Statement of Accounting Policies For the year ended 28 February 2017
(continued)

New standards and interpretations not yet adopted
A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 28 February 2017, and have not been applied in preparing these consolidated financial statements.

These following new standards, amendments and interpretations are either not expected to have a material impact on the consolidated financial statements once applied or are still under assessment by the Group.

Accounting standard/interpretation (Effective date)
(a) Not expected to have a material impact on the consolidated financial statements:
- Annual Improvements to IFRSs 2014-2016 cycle* (effective for the Group's 2018 Consolidated Financial Statements)
- IFRS 2: Classification and measurement of share based payments* (effective for the Group's 2019 Consolidated Financial Statements)
- IAS 7: Disclosure initiative* (effective for the Group's 2018 Consolidated Financial Statements)
- IAS 12: Recognition of deferred tax assets for unrealised losses* (effective for the Group's 2018 Consolidated Financial Statements)

(b) Subject to ongoing assessment by the Group:
- IFRS 15, Revenue from Contracts with Customers (effective for the Group's 2019 Consolidated Financial Statements)
- IFRS 9, Financial Instruments (effective for the Group's 2019 Consolidated Financial Statements)
- IFRS 16 Leases* (effective for the Group's 2020 Consolidated Financial Statements)

* Not yet EU Endorsed

IFRSs as adopted by the EU applied by the Company and Group in the preparation of these financial statements are those that were effective for accounting periods ending on or before 28 February 2017. The accounting policies adopted are consistent with those of the previous year except for the new and amended IFRS and IFRIC interpretations adopted by the Group and Company in these financial statements.

BASIS OF PREPARATION
The Group and the individual financial statements of the Company are prepared on the going concern and historical cost basis except for the measurement at fair value of intangible assets acquired on the acquisition of a company or business, retirement benefits, the revaluation of certain items of property, plant & equipment, share options at date of grant and derivative financial instruments. The accounting policies have been applied consistently by Group entities and for all periods presented.

The financial statements are presented in Euro millions to one decimal place.

The preparation of financial statements in conformity with IFRSs as adopted by the EU requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Group and Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements relate primarily to:
- the determination of the fair value and the useful economic life of assets & liabilities, and intangible assets acquired on the acquisition of a company or business (note 10),
- the determination of carrying value of land (note 11),
- the determination of carrying value or depreciated replacement cost, useful economic life and residual values in respect of the Group's buildings, plant & machinery (note 11),
- the assessment of goodwill and intangible assets for impairment (note 12), and
- accounting for retirement benefits (note 21).

These are discussed in more detail in the accounting policies and/or notes to the financial statements as referenced above. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

BASIS OF CONSOLIDATION

The Group's financial statements consolidate the financial statements of the Company and all subsidiary undertakings together with the Group's share of the results and net assets of equity accounted investees for the period ended 28 February 2017.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

On 30 April 2004, the Group, previously headed by C&C Group International Holdings Limited, underwent a re-organisation by virtue of which C&C Group International Holdings Limited's shareholders in their entirety exchanged their shares for shares in C&C Group plc, a newly formed company, which then became the ultimate parent company of the Group. Notwithstanding the change in the legal parent of the Group, this transaction has been accounted for as a reverse acquisition and the consolidated financial statements are prepared on the basis of the new legal parent having been acquired by the existing Group except that the capital structure shown is that of the legal parent.

(ii) Investments in associates and jointly controlled entities (equity accounted investees)

The Group's interests in equity accounted investees comprise interests in associates. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and Other Comprehensive Income of equity accounted investees, until the date on which significant influence or joint control ceases.

(iii) Transactions eliminated on consolidation

All inter-company balances and transactions, including unrealised gains arising from inter-group transactions, have been eliminated in full. Unrealised losses are eliminated in the same manner as unrealised gains except to the extent that they provide evidence of impairment.

(iv) Company Financial Statements

Investments in subsidiaries are carried at cost less provision for impairment. Dividend income is recognised when the right to receive payment is established.

REVENUE RECOGNITION

Revenue comprises the fair value of goods supplied to external customers exclusive of inter-company sales and value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives. Provision is made for returns where appropriate. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, that it can be reliably measured, and that the significant risks and rewards of ownership of the goods have passed to the buyer. This is normally deemed to occur on delivery except in the case of international customers where it is normally deemed to occur on despatch.

EXCISE DUTY

Excise duty is levied at the point of production in the case of the Group's manufactured products and at the point of importation in the case of imported products in the relevant jurisdictions in which the Group operates. As the Group's manufacturing and warehousing facilities are Revenue approved and registered excise facilities, the excise duty liability generally crystallises on transfer of product from duty in suspense to duty paid status which normally coincides with the point of sale.

NET REVENUE

Net revenue is defined by the Group as Revenue less Excise duty. Excise duties, which represent a significant proportion of Revenue, are set by external regulators over which the Group has no control and are generally passed on to the consumer, consequently the Directors consider that the disclosure of Net Revenue enhances the transparency and provides a more meaningful analysis of underlying sales performance.

Statement of Accounting Policies For the year ended 28 February 2017
(continued)

EXCEPTIONAL ITEMS
The Group has adopted an accounting policy and Income Statement format that seeks to highlight significant items of income and expense within the Group results for the year. The Directors believe that this presentation provides a more helpful analysis. Such items may include significant restructuring and integration costs, significant past service and curtailment gains/costs realised under the Group's defined benefit pension schemes, profits or losses on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, significant impairment of assets, acquisition related costs and unforeseen gains/losses arising on derivative financial instruments. The Directors use judgement in assessing the particular items which by virtue of their scale and nature are disclosed in the Income Statement and related notes as exceptional items.

FINANCE INCOME AND EXPENSES
Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in the Income Statement. Interest income is recognised as it accrues in the Income Statement, using the effective interest method.

Finance expenses comprise interest expense on borrowings, interest expense on sale of trade receivables, bank guarantee fees, amortisation of borrowing issue costs, changes in the fair value of financial assets or liabilities which are accounted for at fair value through the Income Statement, losses on hedging instruments that are recognised in the Income Statement, gains or losses relating to the effective portion of interest rate swaps hedging variable rate borrowings, ineffective portion of changes in the fair value of cash flow hedges, impairment losses recognised on financial assets and unwinding the discount on provisions. All borrowing costs are recognised in the Income Statement using the effective interest method.

RESEARCH AND DEVELOPMENT
Expenditure on research that is not related to specific product development is recognised in the Income Statement as incurred.

Expenditure on the development of new or substantially improved products or processes is capitalised if the product or process is technically feasible and commercially viable.

GOVERNMENT GRANTS
Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and all attaching conditions have been complied with.

Capital grants received and receivable by the Group are credited to government grants and are amortised to the Income Statement on a straight-line basis over the expected useful lives of the assets to which they relate.

Revenue grants are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

DISCONTINUED OPERATIONS
A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which; represents a separate major line of business or geographic area of operations; is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and Other Comprehensive Income is re-presented as if the operation had been discontinued from the start of the comparative year.

SEGMENTAL REPORTING
Operating segments are reported in a manner consistent with the internal organisational and management structure of the Group and the internal financial information provided to the Chief Operating Decision-Maker (the executive Directors comprising Stephen Glancey, Kenny Neison and Joris Brams) who is responsible for the allocation of resources and the monitoring and assessment of performance of each of the operating segments. The Group has determined that it has five reportable operating segments.

The analysis by segment includes both items directly attributable to a segment and those, including central overheads that are allocated on a reasonable basis to those segments in internal financial reporting packages.

FOREIGN CURRENCY TRANSLATION

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro, which is the presentation currency of the Group and both the presentation and functional currency of the Company.

Transactions in foreign currencies are translated into the functional currency of each entity at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets carried at historic cost are not subsequently retranslated. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into functional currencies at the foreign exchange rate ruling at that date. Foreign exchange movements arising on translation are recognised in the Income Statement with the exception of all monetary items designated as a hedge of a net investment in a foreign operation, which are recognised in the consolidated financial statements in Other Comprehensive Income until the disposal of the net investment, at which time they are recognised in the Income Statement for the year.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Euro at the foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Euro at the average exchange rate for the financial period where that represents a reasonable approximation of actual rates. Foreign exchange movements arising on translation of the net investment in a foreign operation, including those arising on long-term intra group loans for which settlement is neither planned nor likely to happen in the foreseeable future and as a consequence are deemed quasi equity in nature, are recognised directly in Other Comprehensive Income in the consolidated financial statements in the foreign currency translation reserve. The portion of exchange gains or losses on foreign currency borrowings or derivatives used to provide a hedge against a net investment in a foreign operation that is designated as a hedge of those investments, is recognised directly in Other Comprehensive Income to the extent that they are determined to be effective. The ineffective portion is recognised immediately in the Income Statement for the year.

Any movements that have arisen since 1 March 2004, the date of transition to IFRS, are recognised in the currency translation reserve and are recycled through the Income Statement on disposal of the related business. Translation differences that arose before the date of transition to IFRS as adopted by the EU in respect of all non-Euro denominated operations are not presented separately.

BUSINESS COMBINATIONS

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment or more frequent if there is an indication that the carrying amount may not be recoverable. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Statement of Accounting Policies For the year ended 28 February 2017
(continued)

GOODWILL
Goodwill is the excess of the fair value of the consideration paid over the fair value of the identifiable assets, liabilities and contingent liabilities in a business combination and relates to the future economic benefits arising from assets that are not capable of being individually identified and separately recognised.

As at the date of acquisition any goodwill acquired is allocated to each operating segment (which may comprise more than one cash generating unit) expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the operating segment to which the goodwill relates. These operating segments represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Where goodwill forms part of an operating segment and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the proportion of the business segment retained.

INTANGIBLE ASSETS (OTHER THAN GOODWILL) ARISING ON BUSINESS COMBINATIONS
An intangible asset, which is a non-monetary asset without a physical substance, is capitalised separately from goodwill as part of a business combination at cost (fair value at date of acquisition) to the extent that it is probable that the expected future economic benefits attributable to the asset will flow to the Group and that its fair value can be reliably measured. Acquired brands and other intangible assets are deemed to be identifiable and recognised when they are controlled through contractual or other legal rights, or are separable from the rest of the business, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying values of intangible assets considered to have an indefinite useful economic life are reviewed for indicators of impairment regularly and are subject to impairment testing on an annual basis unless events or changes in circumstances indicate that the carrying values may not be recoverable and impairment testing is required earlier.

The amortisation charge on intangible assets considered to have finite lives is calculated to write-off the book value of the asset over its useful life on a straight-line basis on the assumption of zero residual value. The useful lives of the Group's intangible assets are as follows:

• ABI Distribution rights	20 years
• Trade relationship re Wallaces acquisition	10 years
• Trade relationship re Gleeson acquisition	15 years

PROPERTY, PLANT & EQUIPMENT
Property (comprising land and buildings) is recognised at estimated fair value with the changes in the value of the property reflected in Other Comprehensive Income, to the extent it does not reverse previously recognised losses, or as an impairment loss in the Income Statement to the extent it does not reverse previously recognised revaluation gains. The fair value is based on estimated market value at the valuation date, being the estimated amount for which a property could be exchanged in an arm's length transaction, to the extent that an active market exists. Such valuations are determined based on benchmarking against comparable transactions for similar properties in similar locations as those of the Group or on the use of valuation techniques including the use of market yields on comparable properties. If no active market exists or there are no other observable comparative transactions, the fair value may be determined using a valuation technique known as a Depreciated Replacement Cost approach.

Plant & machinery is carried at its revalued amount. In view of the specialised nature of the Group's plant & machinery and the lack of comparable market-based evidence of similar plant sold, upon which to base a market approach of fair value, the Group uses a Depreciated Replacement Cost approach to determine a fair value for such assets.

Depreciated Replacement Cost is assessed, firstly, by the identification of the gross replacement cost for each class of plant & machinery. A depreciation factor derived from both the physical and functional obsolescence of each class of asset, taking into account estimated residual values at the end of the life of each class of asset, is then applied to the gross replacement cost to determine the net replacement cost. An economic obsolescence factor, which is derived based on current and anticipated capacity or utilisation of each class of plant & machinery as a function of total available production capacity, is applied to determine the Depreciated Replacement Cost.

Motor vehicles & other equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant & equipment have different useful lives, they are accounted for as separate items (major components) of property, plant & equipment. Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group.

Property, plant & equipment, other than freehold land and assets under construction, which are not depreciated, were depreciated using the following rates which are calculated to write-off the value of the asset, less the estimated residual value, over its expected useful life:

Land and Buildings	
Land	n/a
Buildings - ROI, US, Portugal, Wallaces Express	2% straight-line
Buildings – UK (excluding Wallaces Express)	2% reducing balance

Plant and Machinery	
Storage tanks	10% reducing balance
Other plant & machinery	15-30% reducing balance

Motor vehicles and other equipment	
Motor vehicles	15% straight-line
Other equipment incl returnable bottles, cases and kegs	5-25% straight-line

The residual value and useful lives of property, plant & equipment are reviewed and adjusted if appropriate at each reporting date to take account of any changes that could affect prospective depreciation charges and asset carrying values. When determining useful economic lives, the principal factors the Group takes into account are the intensity at which the assets are expected to be used, expected requirements for the equipment and technological developments.

On disposal of property, plant & equipment the cost or valuation and related accumulated depreciation and impairments are removed from the Balance Sheet and the net amount, less any proceeds, is taken to the Income Statement and any amounts included within the revaluation reserve transferred to the retained income reserve.

The carrying amounts of the Group's property, plant & equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying amount of an asset or its cash generation unit exceeds its recoverable amount (being the greater of fair value less costs to sell and value in use). Impairment losses are debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in the revaluation reserve account in respect of that asset with the remaining balance recognised in the Income Statement.

A revaluation surplus is credited directly to Other Comprehensive Income and accumulated in equity under the heading of revaluation reserve, unless it reverses a revaluation decrease on the same asset previously recognised as an expense, where it is first credited to the Income Statement to the extent of the previous write down.

Statement of Accounting Policies For the year ended 28 February 2017
(continued)

INVENTORIES
Inventories are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in acquiring the inventories and bringing them to their present location and condition and is based on the first-in first-out principle.

In the case of finished goods and work in progress, cost includes direct production costs and the appropriate share of production overheads plus excise duties, where appropriate. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to complete the sale.

Provision is made for slow-moving or obsolete stock where appropriate.

PROVISIONS
A provision is recognised in the Balance Sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value at an appropriate rate if the effect of the time value of money is deemed material. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount. The increase in the provision due to the passage of time is recognised in the Income Statement within finance expense.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable. Provisions are not recognised for future operating losses, however, provisions are recognised for onerous contracts where the unavoidable cost exceeds the expected benefit.

Due to the inherent uncertainty with respect to such matters, the value of each provision is based on the best information available at the time, including advice obtained from third party experts, and is reviewed by the Directors on a periodic basis with the potential financial exposure reassessed. Revisions to the valuation of a provision are recognised in the period in which such a determination is made and such revisions could have a material impact on the financial performance of the Group.

LEASES
Where the Group has entered into lease arrangements on land & buildings the lease payments are allocated between land & buildings and each component is assessed separately to determine whether it is a finance or operating lease.

Finance leases, which transfer to the Group substantially all the risks and rewards of ownership of the leased asset, are recognised in property, plant & equipment at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Income Statement as part of finance expense.

Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognised as an expense in the Income Statement on a straight-line basis over the lease term.

RETIREMENT BENEFITS
The Group operates a number of defined contribution and defined benefit pension schemes.

Obligations to the defined contribution pension schemes are recognised as an expense in the Income Statement as the related employee service is received. Under these schemes, the Group has no obligation, either legal or constructive, to pay further contributions in the event that the fund does not hold sufficient assets to meet its benefit commitments.

The liabilities and costs associated with the Group's defined benefit pension schemes, all of which are funded and administered under trusts which are separate from the Group, are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the reporting date. The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields, at the reporting date, on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. The fair value of scheme assets is based on market price information, measured at bid value for publicly quoted securities.

The resultant defined benefit pension net surplus or deficit is shown within either current liabilities, non-current assets or non-current liabilities on the face of the Group Balance Sheet and comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. The assumptions (disclosed in note 21) underlying these valuations are updated at each reporting period date based on current economic conditions and expectations (discount rates, salary inflation and mortality rates) and reflect any changes to the terms and conditions of the post retirement pension plans. The deferred tax liabilities and assets arising on pension scheme surpluses and deficits are disclosed separately within deferred tax assets or liabilities, as appropriate.

When the benefits of a defined benefit scheme are improved, the portion of the increased benefit relating to the past service of employees is recognised as an expense immediately in the Income Statement.

The expected increase in the present value of scheme liabilities arising from employee service in the current period is recognised in arriving at operating profit or loss together with the net interest expense/(income) on the net defined benefit liability/(asset). Differences between the actual return on plan assets and the interest income, experience gains and losses on scheme liabilities, together with the effect of changes in the current or prior assumptions underlying the liabilities are recognised in Other Comprehensive Income. The amounts recognised in the Income Statement and Statement of Other Comprehensive Income and the valuation of the defined benefit pension net surplus or deficit are sensitive to the assumptions used. While management believe that the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect the valuation of retirement benefits and expenses recognised in future accounting periods.

Company

The Company has no direct employees and is not the sponsoring employer for any of the Group's defined benefit pension schemes. There is no stated policy within the Group in relation to the obligations of Group companies to contribute to scheme deficits. Group companies make contributions to the schemes as requested by the sponsoring employers.

SHARE-BASED PAYMENTS

The Group operates a number of Share Option Schemes, Performance Share Plans and cash settled award schemes, listed below:-

- Executive Share Option Scheme (the 'ESOS'),
- Long-Term Incentive Plan (Part I) (the 'LTIP (Part I)'),
- Joint Share Ownership Plan (the 'JSOP'),
- Restricted Share Award Scheme,
- Recruitment and Retention Plan,
- Long-term Incentive Plan (Part II) (the 'LTIP (Part II)'), and
- Partnership and Matching Share Schemes.

Equity settled share-based payment transactions

Group share schemes allow certain employees to acquire shares in the Company. The fair value of share entitlements granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity, while the cost of acquiring shares on the open market to satisfy the Group's obligations under the Partnership and Matching Share Schemes is recognised in the Income Statement as incurred.

Statement of Accounting Policies For the year ended 28 February 2017
(continued)

To date, share options granted by the Company under the ESOS and share entitlements (represented by nominal cost options) granted under the LTIP (Part II) are subject to non-market vesting conditions only.

An element of the share entitlements (represented by nominal-cost options) granted by the Company under the LTIP (Part I), the Recruitment and Retention Plan and the Restricted Share Award Scheme and some of the Interests granted under the Joint Share Ownership Plan are subject to market vesting conditions with or without non-market vesting conditions whilst the remainder are subject to non-market vesting conditions only, the details of which are set out in note 4. Market conditions are incorporated into the calculation of fair value of share/Interest entitlements as at the grant date. Non-market vesting conditions are not taken into account when estimating such fair value.

The expense for the share entitlements shown in the Income Statement is based on the fair value of the total number of entitlements expected to vest and is allocated to accounting periods on a straight-line basis over the vesting period. The cumulative charge to the Income Statement at each reporting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. It is reversed only where entitlements do not vest because all non-market performance conditions have not been met or where an employee in receipt of share entitlements leaves the Group before the end of the vesting period and forfeits those options in consequence. Awards with market based performance conditions are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. No reversal is recorded for failure to vest as a result of market conditions not being met.

The proceeds received by the Company net of any directly attributable transaction costs on the vesting of share entitlements met by the issue of new shares are credited to share capital and share premium when the share entitlements are exercised. Amounts included in the share-based payments reserve are transferred to retained income when vested options are exercised, forfeited post vesting or lapse.

The dilutive effect of outstanding options, to the extent that they are to be settled by the issue of new shares and to the extent that the vesting conditions would have been satisfied if the end of the reporting period was the end of the contingency period, is reflected as additional share dilution in the determination of diluted earnings per share.

Cash settled share-based payment transactions
The fair value of the amount payable to employees in respect of share appreciation rights that are settled in cash is recognised as an expense in the Income Statement with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to the payment. The liability is re-measured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes are recognised as an employee benefit expense in the Income Statement.

INCOME TAX
Current tax expense represents the expected tax amount to be paid in respect of taxable income for the current year and is based on reported profit and the expected statutory tax rates, reliefs and allowances applicable in the jurisdictions in which the Group operates. Current tax for the current and prior years, to the extent that it is unpaid, is recognised as a liability in the Balance Sheet.

Deferred tax is provided on the basis of the Balance Sheet liability method on all temporary differences at the reporting date. Temporary differences are defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are expected to apply in the period in which the asset is recovered or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are recognised for all temporary differences except where they arise from:-
- the initial recognition of goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit or loss nor the taxable profit or loss at the time of the transaction, or,
- temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary difference is subject to the Group's control and it is probable that a reversal will not be recognised in the foreseeable future.

Deferred tax assets in respect of deductible temporary differences are recognised only to the extent that it is probable that taxable profits or taxable temporary differences will be available against which to offset these items. The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. The recognition of deferred tax assets is based on management's judgement and estimate of the most probable amount of future taxable profits and taking into consideration applicable tax legislation in the relevant jurisdiction. The carrying amounts of deferred tax assets are subject to review at each reporting date and are reduced to the extent that future taxable profits are considered to be insufficient to allow all or part of the deferred tax asset to be utilised.

Deferred tax and current tax are recognised as a component of the tax expense in the Income Statement except to the extent that they relate to items recognised directly in Other Comprehensive Income or equity (for example, certain derivative financial instruments and actuarial gains and losses on defined benefit pension schemes), in which case the related tax is also recognised in Other Comprehensive Income or equity.

The Group is subject to income tax in a number of jurisdictions, and judgement is required in determining the worldwide provision for taxes. There are many transactions and calculations during the ordinary course of business, for which the ultimate tax determination is uncertain and the complexity of the tax treatment may be such that the final tax charge may not be determined until a formal resolution has been reached with the relevant tax authority which may take extended time periods to conclude. The ultimate tax charge may, therefore be different from that which initially is reflected in the Group's consolidated tax charge and provision and any such differences could have a material impact on the Group's income tax charge and consequently financial performance. The determination of the provision for income tax is based on management's understanding of the relevant tax law and judgement as to the appropriate tax charge, and management believe that all assumptions and estimates used are reasonable and reflective of the tax legislation in jurisdictions in which the Group operates. Where the final tax charge is different from the amounts that were initially recorded, such differences are recognised in the income tax provision in the period in which such determination is made.

FINANCIAL INSTRUMENTS

Trade & other receivables

Trade receivables are initially recognised at fair value (which usually equals the original invoice value) and are subsequently measured at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. Movements in provisions are recognised in the Income Statement. Bad debts are written-off against the provision when no further prospect of collection exists.

Cash & cash equivalents

Cash & cash equivalents in the Balance Sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts that are repayable on demand and form part of the Group's cash management are included as a component of cash & cash equivalents for the purpose of the statement of cash flows.

Advances to customers

Advances to customers, which can be categorised as either an advance of discount or a repayment/annuity loan conditional on the achievement of contractual sales targets, are initially recognised at fair value, amortised to the Income Statement (and classified within sales discounts as a reduction in revenue) over the relevant period to which the customer commitment is made, and subsequently carried at amortised cost less an impairment allowance. Where there is a volume target the amortisation of the advance is included in sales discounts as a reduction to revenue. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the agreement with the customer. The amount of the provision is determined by the difference between the asset's carrying amount and the present value of the estimated future cash flows or recognition of the estimated amortisation of advances.

Trade & other payables

Trade & other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

Statement of Accounting Policies For the year ended 28 February 2017
(continued)

Interest-bearing loans & borrowings
Interest-bearing loans & borrowings are recognised initially at fair value less attributable transaction costs and are subsequently measured at amortised cost with any difference between the amount originally recognised and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest rate basis. Where the early refinancing of a loan results in a significant change in the present value of the expected cash flows, the original loan is de-recognised and the replacement loan is recognised at fair value.

Derivative financial instruments
Where deemed appropriate, the Group uses derivative financial instruments (principally interest rate swaps and forward foreign exchange contracts) to hedge its exposure to interest rate and foreign exchange risks arising from operational and financing activities. The Group does not enter into speculative transactions.

Derivative financial instruments are measured at fair value at each reporting date. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current market interest and currency exchange rates where relevant and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity and credit profiles and equates to the market price at the balance sheet date.

Gains or losses on re-measurement to fair value are recognised immediately in the Income Statement except where derivatives are designated and qualify for cash flow hedge accounting in which case recognition of any resultant gain or loss is recognised through Other Comprehensive Income.

Derivative financial instruments entered into by the Group are for the purposes of hedge accounting classified as cash flow hedges which hedge exposure to fluctuations in future cash flows derived from a particular risk associated with a recognised asset, liability, a firm commitment or a highly probable forecast transaction.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised liability, a firm commitment or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised as a separate component of Other Comprehensive Income with the ineffective portion being reported in the Income Statement. The associated gains or losses that had previously been recognised in Other Comprehensive Income are transferred to the Income Statement contemporaneously with the materialisation of the hedged transaction, except when a firm commitment or forecast transaction results in the recognition of a non-financial asset or a non-financial liability, in which case the cumulative gain or loss is removed from Other Comprehensive Income and included in the initial measurement of the asset or liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, is terminated or exercised, or no longer qualifies for hedge accounting. For situations where the hedging instrument no longer qualifies for hedge accounting, the cumulative gain or loss on the hedging instrument that remains recognised directly in equity from the period when the hedge was effective shall remain separately recognised in equity until the expected forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in Other Comprehensive Income is transferred to the Income Statement in the period.

Net investment hedging
Any gain or loss on the effective portion of a hedge of a net investment in a foreign operation using a foreign currency denominated monetary liability is recognised in Other Comprehensive Income while the gain or loss on the ineffective portion is recognised immediately in the Income Statement. Cumulative gains and losses remain in Other Comprehensive Income until disposal of the net investment in the foreign operation at which point the related differences are transferred to the Income Statement as part of the overall gain or loss on disposal.

SHARE CAPITAL/PREMIUM

Ordinary shares are classified as equity instruments. Incremental costs directly attributable to the issuance of new shares are shown in equity as a deduction from the gross proceeds.

Treasury shares

Equity share capital issued under its Joint Share Ownership Plan, which is held in trust by an Employee Trust is classified as treasury shares on consolidation until such time as the Interests vest and the participants acquire the shares from the Trust or the Interests lapse and the shares are cancelled or disposed of by the Trust.

Own shares acquired under share buyback programme

The cost of ordinary shares purchased by a subsidiary of the Group on the open market is recorded as a deduction from equity on the face of the Group Balance Sheet. When these shares are cancelled, an amount equal to the nominal value of any shares cancelled is included within other undenominated capital fund and the cost is deducted from retained earnings.

Dividends

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.

COMPANY FINANCIAL ASSETS

The change in legal parent of the Group on 30 April 2004, as disclosed in detail in that year's annual report, was accounted for as a reverse acquisition. This transaction gave rise to a financial asset in the Company's accounts, which relates to the fair value at that date of its investment in subsidiaries. Financial assets are reviewed for impairment if there are any indications that the carrying value may not be recoverable.

Share options granted to employees of subsidiary companies are accounted for as an increase in the carrying value of the investment in subsidiaries and the share-based payment reserve.

Notes forming part of the financial statements

1. SEGMENTAL REPORTING

The Group's business activity is the manufacturing, marketing and distribution of alcoholic and soft drinks. Five operating segments have been identified in the current and prior financial periods; 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.

The identified business segments are as follows:-

(i) Ireland
This segment includes the financial results from sale of own branded products in the Island of Ireland, principally Bulmers, Tennent's, Magners, Clonmel 1650, Heverlee, Roundstone Irish Ale, Finches and Tipperary Water. It also includes the financial results from beer and wines and 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.

(ii) Scotland
This segment includes the results from sale of the Group's own branded products in Scotland, with Tennent's, Heverlee, Caledonia Premium Bottled Ales, Caledonia Best and Magners the principal brands. It also includes the financial results from third party brand distribution and wholesaling in Scotland following the acquisition of the Wallaces Express wholesale business.

(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.

(iv) North America
This segment includes the results from sale of the Group's cider and beer products, principally Woodchuck, Wyders, Magners, Blackthorn, Hornsby's and Tennent's in the United States and Canada.

(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, Great Britain 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.

1. SEGMENTAL REPORTING (CONTINUED)

(a) Reporting segment disclosures

	2017			2016		
	Revenue €m	Net revenue €m	Operating profit €m	Revenue €m	Net revenue €m	Operating profit €m
Ireland	**338.9**	**242.3**	**48.6**	358.1	261.6	49.0
Scotland	**285.0**	**186.6**	**32.6**	339.8	227.4	37.9
C&C Brands	**145.9**	**83.8**	**7.3**	177.0	103.8	10.5
North America	**24.5**	**23.1**	**0.7**	47.5	45.3	0.6
Export	**23.8**	**23.7**	**5.8**	24.5	24.5	5.2
Total before exceptional items	**818.1**	**559.5**	**95.0**	946.9	662.6	103.2
Exceptional items (note 5)	**-**	**-**	**(150.1)***	-	-	(38.4)**
Total	**818.1**	**559.5**	**(55.1)**	946.9	662.6	64.8

* Of the exceptional loss in the current year, €10.3m relates to Ireland, €1.2m relates to Scotland, €7.9m relates to C&C Brands, €129.8m relates to North America and €0.9m remains unallocated.
** Of the exceptional loss in the prior year, €12.9m relates to Ireland, €4.5m relates to Scotland, €19.7m relates to C&C Brands, €1.1m relates to North America and €0.2m relates to Export.

Total assets for the period ended 28 February 2017 amounted to €1,088.1m (2016: €1,267.1m).

(b) Other operating segment information

	2017		2016	
	Capital expenditure €m	Depreciation /amortisation / impairment €m	Capital expenditure €m	Depreciation / amortisation / impairment €m
Ireland	**20.3**	**8.1**	6.0	7.5
Scotland	**2.1**	**5.3**	1.7	6.7
C&C Brands	**-**	**2.2**	0.2	2.7
North America	**2.8**	**108.4**	0.4	2.0
Export	**0.6**	**0.6**	0.5	0.5
Total	**25.8**	**124.6**	8.8	19.4

(c) Geographical analysis of revenue and net revenue

	Revenue		Net revenue	
	2017 €m	2016 €m	2017 €m	2016 €m
Ireland	**338.9**	358.1	**242.3**	261.6
Scotland	**285.0**	339.8	**186.6**	227.4
England and Wales*	**145.9**	177.0	**83.8**	103.8
US and Canada**	**24.5**	47.5	**23.1**	45.3
Other***	**23.8**	24.5	**23.7**	24.5
Total	**818.1**	946.9	**559.5**	662.6

* England and Wales reflects the C&C Brands segment.
** US and Canada reflects the North America segment.
***Other reflects the Export segment, being all other geographical locations excluding Ireland, Great Britain, the US and Canada.

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

Notes forming part of the financial statements
(continued)

1. SEGMENTAL REPORTING (CONTINUED)

(d) Geographical analysis of non-current assets

	Ireland	Scotland	England and Wales*	US and Canada**	Other***	Total
	€m	€m	€m	€m	€m	€m
28 February 2017						
Property, plant & equipment	**70.3**	**58.0**	**0.3**	**9.9**	**6.0**	**144.5**
Goodwill & intangible assets	**156.1**	**126.4**	**187.2**	**44.6**	**16.0**	**530.3**
Equity accounted investees	**0.3**	**0.3**	**-**	**1.8**	**-**	**2.4**
Retirement benefits	**4.5**	**-**	**-**	**-**	**-**	**4.5**
Deferred tax assets	**3.2**	**-**	**-**	**-**	**-**	**3.2**
Trade & other receivables	**20.6**	**25.6**	**1.2**	**1.8**	**0.4**	**49.6**
Total	**255.0**	**210.3**	**188.7**	**58.1**	**22.4**	**734.5**

	Ireland	Scotland	England and Wales*	US and Canada**	Other***	Total
	€m	€m	€m	€m	€m	€m
29 February 2016						
Property, plant & equipment	60.3	67.1	16.1	30.8	5.7	180.0
Goodwill & intangible assets	156.2	135.6	189.2	147.1	16.0	644.1
Equity accounted investees	-	0.3	-	-	-	0.3
Retirement benefits	4.7	-	-	-	-	4.7
Deferred tax assets	4.4	-	-	-	-	4.4
Trade & other receivables	15.0	29.7	1.3	-	-	46.0
Total	240.6	232.7	206.6	177.9	21.7	879.5

* England and Wales reflects the C&C Brands segment.
** US and Canada reflects the North America segment.
***Other reflects the Export segment, being all other geographical locations excluding Ireland, Great Britain, the US and Canada.

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.

2. OPERATING COSTS

	2017 Before exceptional items €m	2017 Exceptional items (note 5) €m	2017 Total €m	2016 Before exceptional items €m	2016 Exceptional items (note 5) €m	2016 Total €m
Raw material cost of goods sold/bought in finished goods	**274.4**	**-**	**274.4**	335.7	-	335.7
Inventory write-down/(recovered) (note 14)	**2.9**	**-**	**2.9**	3.8	-	3.8
Employee remuneration (note 3)	**65.7**	**7.2**	**72.9**	85.2	14.5	99.7
Direct brand marketing	**28.2**	**-**	**28.2**	34.6	-	34.6
Other operating, selling and administration costs	**64.0**	**13.4**	**77.4**	65.6	7.9	73.5
Depreciation (note 11)	**14.7**	**-**	**14.7**	19.1	-	19.1
Amortisation (note 12)	**0.3**	**-**	**0.3**	0.3	-	0.3
Net profit on disposal of property, plant & equipment	**(1.0)**	**(2.9)**	**(3.9)**	(0.2)	-	(0.2)
Research and development costs	**0.1**	**-**	**0.1**	0.1	-	0.1
Auditors remuneration	**0.9**	**-**	**0.9**	0.9	-	0.9
Impairment of intangible assets (note 12)	**-**	**106.6**	**106.6**	-	-	-
Revaluation/impairment of property, plant & machinery (note 11)	**-**	**25.8**	**25.8**	-	16.0	16.0
Operating lease rentals:						
- land & buildings	**5.2**	**-**	**5.2**	5.8	-	5.8
- plant & machinery	**1.1**	**-**	**1.1**	1.0	-	1.0
- other	**8.0**	**-**	**8.0**	7.5	-	7.5
Total operating expenses	**464.5**	**150.1**	**614.6**	559.4	38.4	597.8

(a) Auditor remuneration: The remuneration of the Group's statutory auditor, being the Irish firm of the principal auditor of the Group, KPMG, Chartered Accountants is as follows:-

	2017 €m	2016 €m
Audit of the Group financial statements	**0.4**	0.4
Tax advisory services	**0.3**	0.3
Total	**0.7**	0.7

The audit fee for the audit of the financial statements of the Company was less than €0.1m in the current and prior financial year. Amounts paid to other KPMG offices in relation to subsidiary undertakings in the current financial year was €0.2m (2016: €0.2m).

Notes forming part of the financial statements
(continued)

3. EMPLOYEE NUMBERS & REMUNERATION COSTS

The average number of persons employed by the Group (including executive Directors) during the year, analysed by category, was as follows:-

	2017 Number	2016 Number
Sales & marketing	**238**	385
Production & distribution	**848**	1,090
Administration	**239**	260
Total	**1,325**	1,735

The actual number of persons employed by the Group as at 28 February 2017 was 1,201 (29 February 2016: 1,483).

The aggregate remuneration costs of these employees can be analysed as follows:-

	2017 €m	2016 €m
Wages, salaries and other short-term employee benefits	**59.4**	77.7
Restructuring costs (note 5)	**7.2**	14.5
Social welfare costs	**6.4**	7.3
Retirement benefits – defined benefit schemes (note 21)	**(3.6)**	(4.5)
Retirement benefits – defined contribution schemes, including pension related expenses	**2.7**	4.1
Equity settled share-based payments (note 4)	**0.7**	0.5
Cash settled share-based payments (note 4)	**-**	(0.1)
Partnership & matching share schemes (note 4)	**0.1**	0.2
Charged to the Income Statement	**72.9**	99.7
Actuarial (gain)/loss on retirement benefits recognised in Other Comprehensive Income (note 21)	**(3.6)**	5.1
Total employee benefits	**69.3**	104.8

Directors' remuneration

	2017 €'m	2016 €'m
Directors' remuneration (note 26)	**3.6**	3.6

In addition to the amounts disclosed above, during the year, a Group subsidiary paid fees for services to Joris Brams BVBA (a company wholly owned by Joris Brams and family) see further details disclosed in note 26 Related Party Transactions.

4. SHARE-BASED PAYMENTS

Equity settled awards

In April 2004, the Group established an equity settled **Executive Share Option Scheme (ESOS 2004)** under which options to purchase shares in C&C Group plc are granted to certain executive Directors and members of management. Under the terms of the scheme, the options were exercisable at the market price prevailing at the date of the grant of the option. Options have been granted under this scheme in each year between 2004 and 2015. A number of options granted under the scheme in FY2011 have vested but have not yet been exercised. In the current financial year options awarded in June 2014 were deemed to be not capable of achieving their performance targets and consequently they were deemed to have lapsed in accordance with IFRS 2 *Share-Based Payment*. Options granted in July 2015 will be exercisable in July 2018 subject to meeting the following performance conditions. In addition to continued employment, the options are subject to meeting a specific performance target relating to growth in earnings per share (EPS). EPS is calculated using earnings per share before exceptional items, as disclosed in the financial statements of the Group, subject to any further adjustments approved by the Remuneration Committee. If adjusted EPS growth is 3% per annum over the performance period, 50% of the awards vest and if adjusted EPS growth is 6% per annum or more over the performance period (i.e. 3 years from date of grant), the award vests in full. There will be straight-line vesting between both points and no reward for below threshold performance. If after the relevant three year period (i.e. 3 years from date of grant) the performance target is not met, the options lapse.

In July 2015 a **new Executive Share Option Scheme (ESOS 2015)** was adopted following shareholder approval at the AGM. Options were granted in May 2016 under this new scheme. The vesting of the May 2016 awards, in addition to continuous employment, is based on compound annual growth in underlying EPS over the three year performance period FY2017-FY2019. If compound annual growth in underlying EPS over the performance period is 3% per annum then 50% of the awards vest. If the compound annual growth in underlying EPS over the performance period is 6% per annum then 100% of the awards vest. There is straight-line vesting between both points and no reward for below threshold performance.

In April 2004, the Group established a **Long-Term Incentive Plan (Part I) (LTIP 2004 (Part I))** under the terms of which options to purchase shares in C&C Group plc are granted at nominal cost to certain executive Directors and members of management. A number of options granted under the scheme in FY2012 have vested but have not yet been exercised. In the current financial year the options granted in June 2014 were deemed to be not capable of achieving their performance targets and consequently they were deemed to have lapsed in accordance with IFRS 2 *Share-Based Payment*. Options granted in July 2015 are subject to the following performance conditions:

- With regard to 25% of the award, a performance condition relating to total shareholder return ("TSR") applies and achievement of a financial underpin as mentioned below. 30% of this part of the award vests if the Group's TSR over a three year period equals the median TSR of a comparator group; 100% of this part of the award vests if the Group's TSR over a three year period equals or exceeds the TSR of the upper quartile of the comparator group; for performance between the median and the upper quartile there is straight-line pro-rating between 30% and 100%. None of this part of the award vests if the Group's TSR over a three year period is less than the median TSR of a comparator group. In respect of the TSR condition, a financial underpin applies; the growth in the Group's earnings per share (EPS) over the three year period must be 4% or more per annum over the same period; alternatively the Remuneration Committee must be satisfied that the Group's underlying financial performance warrants that level of vesting; otherwise the award lapses. EPS is calculated using earnings per share before exceptional items, as disclosed in the financial statements of the Group, subject to any further adjustments approved by the Remuneration Committee.
- With regard to the remaining 75% of the award, a performance condition relating to growth in EPS applies. 30% of this part of the award vests if the Group's aggregate EPS in a three year period achieves 4% per annum compound growth. 100% of this part of the award vests if the Group's aggregate EPS in a three year period achieves 10% per annum compound growth. There is straight-line pro-rating between 30% and 100% vesting for performance between 4% and 10% per annum compound growth. None of this part of the award vests if the growth in the Group's aggregate EPS in a three year period is less than 4% per annum.

In July 2015 a new **Long-Term Incentive Plan (Part I) (LTIP 2015 (Part I))** was adopted following shareholder approval at the AGM. Options were granted in May 2016 and October 2016 under this new scheme. The awards are subject to the following three performance conditions:

- 33% of the award is subject to the performance condition that the average annual EPS growth is 3% in which case 25% of this element of the award would vest. If the average annual EPS growth is 8% then 100% of this element of the award would vest.
- 33% of the award is subject to the performance condition that the Free Cash Flow Conversion ratio ('FCF') of the Group (excluding the impact of exceptional items) would be 65% conversion at which case 25% of this element of the award would vest. If the FCF was 75% then 100% of this element of the award would vest.
- 33% of the award is subject to a Return on Capital Employed ('ROCE') target. If the ROCE is 9.3% then 25% of this element of the award would vest. If the ROCE was 10% then 100% of this element of the award would vest.

Notes forming part of the financial statements
(continued)

4. SHARE-BASED PAYMENTS (CONTINUED)

In all three components of the award above there is straight-line vesting between both points and no reward for below threshold performance.

If awards are made under both the ESOS 2015 and the LTIP 2015 (Part I) in respect of the same financial year the overall maximum award, other than in exceptional circumstances, will be capped at 250% of salary. In exceptional circumstances the maximum combined ESOS 2015 and LTIP 2015 (Part I) award in respect of any financial year is 500% of salary.

In December 2008, the Group established a **Joint Share Ownership Plan (JSOP)** whereby certain executive Directors and members of management were eligible to participate in the Plan at the discretion of the Remuneration Committee. Under this plan, Interests in the form of a restricted Interest in ordinary shares in the Company were awarded to executive Directors and key members of senior management on payment upfront to the Company of an amount equal to 10% of the initial issue price of the shares on the acquisition of the Interest. The participants are also required to pay a further amount if the tax value of their Interest exceeds the price paid. When the further amount is paid, the Company compensates the participant for the obligation to pay this further amount by paying him an equivalent amount, which is, however, subject to income tax in the hands of the participant.

The vesting of Interests granted were subject to the following conditions. All of the Interests were subject to a time and service vesting condition with one-third of the Interest in the shares vesting on each of the first, second and third anniversary of acquisition, subject to continued employment only. In addition, half of the Interests in the shares were subject to a pre-vesting share price target. In order to benefit from those Interests the Company's share price must have been greater than €2.50 for 13,800,000 of the Interests initially awarded, and €4.00 for an additional 2,200,000 of the Interests initially awarded, for at least 20 days out of 40 consecutive dealing days during the five-year period commencing on the date of acquisition of the Interest. All the Interests have now vested or lapsed.

When an Interest vests, the trustees may, at the request of the participant and on payment of the further amount, if relevant, transfer shares to the participant of equal value to the participant's Interest or the shares may be sold by the trustees, who will account to the participant for the difference between the sale proceeds (less expenses) and the Hurdle Value (balancing 90% of the acquisition price on the acquisition of the Interest).

In June 2010, the Group established a **Recruitment and Retention Plan** under the terms of which options to purchase shares in C&C Group plc at nominal cost are granted to certain members of management, excluding executive Directors.

The performance conditions and/or other terms and conditions for awards granted under this plan are specifically approved by the Board of Directors at the time of each individual award, following a recommendation by the Remuneration Committee.

In May 2012 and May 2013, awards of 1,036,255 and 252,672 respectively, were granted under the Recruitment and Retention Plan subject to continuous employment and the performance condition that the Company's TSR must grow by not less than 25% between 17 May 2012 and 16 May 2014 for the May 2012 awards and between 16 May 2013 and 15 May 2015 for the May 2013 awards. Awards would have vested in full if the growth in TSR was at least 50% over that period and the Remuneration Committee were satisfied that the extent to which the award vested was appropriate given the general financial performance of the Group over the performance period. Where TSR growth was between 25% and 50% the percentage of the award that vested was calculated on a straight-line basis between 25% and 100%. Options awarded in May 2012 were deemed to have only partially achieved their performance conditions and consequently 65% of the outstanding awards lapsed. Options granted in May 2013 were deemed to be not capable of achieving their performance conditions and consequently the outstanding awards have now lapsed in accordance with IFRS 2 *Share-Based Payment*.

In May 2014 awards of 823,233 were granted under the Recruitment and Retention Plan subject to continuous employment. Of these awards, 547,382 are subject to continued employment and the achievement of annual performance targets related to the business unit to which each recipient is aligned to. Options will vest in May 2017 on achievement of these conditions. Also in May 2014, an award of 92,111 was made subject to continued employment only and this award vested in May 2016 and an award of 183,740 was also made subject to continued employment only to vest in May 2017.

4. SHARE-BASED PAYMENTS (CONTINUED)

In July 2015, 74,956 awards were granted and 490,387 awards were granted in October 2015 under the Recruitment and Retention plan. Of the July 2015 awards, all are subject to continued employment and the achievement of annual performance targets related to the business unit to which each recipient is aligned to. On achievement of both conditions the awards granted will vest in June 2017. Of the October 2015 awards, all are subject to continued employment and the achievement of specific performance targets related to the business unit to which each recipient is aligned to and also specific performance targets related to the specific role of each recipient. Each award has its own vesting period ranging from May 2016 to October 2018.

In the current financial year, 193,817 awards were granted in May 2016 under the Recruitment and Retention plan. All of these awards are subject to continued employment and the achievement of performance targets relating to the business unit to which each recipient is aligned to. Each award has its own vesting period ranging from October 2017 to October 2018.

Obligations arising under the Restricted Share Award Scheme and the Recruitment and Retention Plan will be satisfied by the purchase of existing shares on the open market. On settlement, any difference between the amount included in the Share-based payment reserve account and the cash paid to purchase the shares is recognised in retained income via the Statement of Changes in Equity.

In November 2011, the Group set up **Partnership and Matching Share Schemes** for all ROI and UK based employees of the Group under the approved profit sharing schemes referred to below. Under these schemes, employees can invest in shares in C&C Group plc (partnership shares) that will be matched on a 1:1 basis by the Company ("matching shares") subject to Revenue approved limits. Both the partnership and matching shares are held on behalf of the employee by the Scheme trustee, Capita Corporate Trustees Limited. The shares are purchased on the open market on a monthly basis at the market price prevailing at the date of purchase with any remaining cash amounts carried forward and used in the next share purchase. The shares are held in trust for the participating employee, who has full voting rights and dividend entitlements on both partnership and matching shares. Matching shares may be forfeited and/or tax penalties may apply if the employee leaves the Group or removes their partnership shares within the Revenue-stipulated vesting period. The Revenue stipulated vesting period for matching shares awarded under the ROI scheme is three years and under the UK scheme is five years.

The Group held 227,275 matching shares (454,550 partnership and matching) in trust at 28 February 2017 (2016: 298,202 matching shares (596,404 partnership and matching shares held)).

Cash-settled awards

In December 2012, the Group granted 150,786 cash-settled awards on terms equivalent to the rules of the Recruitment and Retention Plan. The awards were subject to continued employment and performance conditions linked to the achievement of annual performance targets with respect to the business unit to which the participant is aligned to. The operating profit targets were deemed not to have been achieved however and consequently the awards have now lapsed in accordance with IFRS 2 *Share-Based Payment*.

In July 2013, the Group granted 28,279 cash-settled awards on terms equivalent to the rules of the Recruitment and Retention Plan but subject to a time and service vesting condition only. The awards vested in July 2016.

In May 2014, the Group granted 16,723 cash-settled awards on terms equivalent to the rules of the Recruitment and Retention Plan. The awards are subject to continued employment and performance conditions linked to the achievement of performance targets with respect to the business unit to which the participant is aligned to. These awards will vest in May 2017 on the achievement of these conditions.

Award valuation

The fair values assigned to the ESOS options granted were computed in accordance with a Black Scholes valuation methodology; the fair value of options awarded under the LTIP (Part I) and Recruitment and Retention Plan were computed in accordance with the stochastic model for the TSR element and the Black Scholes model for the EPS element; and the fair value of the Interests awarded under the JSOP and the Restricted Share Award Plan were computed using a Monte Carlo simulation model.

As per IFRS 2 *Share-based Payment*, market based vesting conditions, such as the LTIP (Part I) and Recruitment and Retention Plan TSR condition and the share price target conditions in the JSOP and the Restricted Share Award Plan, have been taken into account in establishing the fair value of equity instruments granted. Non-market or performance related conditions were not taken into account in establishing the fair value of equity instruments granted, instead these non-market vesting conditions are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately the amount recognised for time and services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest, unless the failure to vest is due to failure to meet a market condition.

Notes forming part of the financial statements
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4. SHARE-BASED PAYMENTS (CONTINUED)

The main assumptions used in the valuations for equity settled share-based payment awards were as follows:-

	LTIP (Part I) options granted Oct 2016	Recruitment & Retention Plan May 2016	LTIP (Part I) options granted May 2016	ESOS options granted May 2016	Recruitment & Retention Plan October 2015	Recruitment & Retention Plan July 2015	LTIP (Part I) options granted July 2015	ESOS options granted July 2015
Fair value at date of grant	€3.48	€3.71 - €3.84	€4.041	€0.4245	€3.27-€3.53	€3.159	€1.7131 - €3.435	€0.4904
Exercise price	-	-	-	€4.18	-	-	-	€3.483
Risk free interest rate	-	0.33%-0.44%	-	0.5%	-	-	-	1.46%
Expected volatility	-	21.53%-23.5%	-	23.68%	-	-	-	23.77%
Expected term until exercise	3 years	1.5 - 2.5years	3 years	3 years	0.6-3 years	2.5 years	3 years	5 years
Dividend yield	-	3.38%	-	3.38%	3.19%	3.35%	-	3.35%

Expected volatility is calculated by reference to historic share price movements prior to the date of grant over a period of time commensurate with the expected term until exercise. The dividends which would be paid on a share reduces the fair value of an award since, in not owning the underlying shares, a recipient does not receive the dividend income on these shares. For LTIP (Part I) awards, the participants are entitled to receive dividends, and therefore the dividend yield has been set to zero to reflect this.

The main assumptions used in the valuations of cash-settled share-based payment awards were as follows:-

	Granted May 2014
Fair value at date of grant	€4.04
Exercise price	-
Main assumptions used in determining the fair value at date of grant:	
Expected term until exercise	3 years
Dividend yield	2.31%

4. SHARE-BASED PAYMENTS (CONTINUED)

Details of the share entitlements and share options granted under these schemes together with the share option expense are as follows:-

Grant date	Vesting period	Number of options/ equity Interests granted	Number outstanding at 28 February 2017	Grant price €	Market value at date of Grant €	Fair value at date of grant €	Expense / (income) in Income Statement 2017 €m	2016 €m
Executive Share Option Scheme (ESOS 2004)								
26 May 2010	3 years	803,900	374,600	3.21	3.21	1.21	**-**	-
21 July 2010	3 years	2,944,400	369,700	3.32	3.32	1.16	**-**	-
27 June 2014	3 years	527,151	527,151	4.621	4.56	1.01	**-**	(0.1)
2 July 2015	3 years	768,495	768,495	3.48	3.48	0.4904	**(0.1)**	0.1
Executive Share Option Scheme (ESOS 2015)								
12 May 2016	3 years	593,700	593,700	4.18	4.041	0.4245	**0.1**	-
Long-Term Incentive Plan 2004 (Part I)								
29 February 2012	3 years	328,448	49,431	-	3.61	1.84-3.46	**-**	-
27 June 2014	3 years	539,894	539,894	-	4.56	2.53-4.56	**-**	(0.4)
2 July 2015	3 years	558,266	558,266	-	3.48	1.71-3.44	**(0.4)**	0.4
Long-Term Incentive Plan 2015 (Part I)								
12 May 2016	3 years	395,800	395,800	-	4.041	4.041	**0.4**	-
28 Oct 2016	3 years	41,389	41,389	-	3.48	3.48	**-**	-
Joint Share Ownership Plan (JSOP)								
18 December 2008	1-3 years	12,800,000	-	1.15	1.315	0.16-0.21	**-**	-
03 June 2009	1-3 years	1,000,000	1,000,000	1.15	2.32	1.01-1.09	**-**	-
17 December 2009	1-3 years	2,200,000	250,000	2.47	2.76	0.11-0.16	**-**	-
Recruitment & Retention Plan								
17 May 2012	2-3 years	1,036,255	49,953	-	3.525	0.58-0.59	**-**	-
16 May 2013	2-3 years	252,672	-	-	4.76	0.96	**-**	(0.2)
21 May 2014	1-3 years	823,233	233,757	-	4.34	1.91-4.19	**-**	0.5
2 July 2015	0.6-3 years	74,956	-	-	3.435	3.16	**0.1**	0.1
30 October 2015	2 years	490,387	84,274	-	3.60	3.27-3.53	**0.2**	0.1
12 May 2016	1.5-2.5years	193,817	193,817	-	4.041	3.71-3.84	**0.4**	-
		26,372,763	**6,030,227**				**0.7**	0.5
Cash-settled awards								
21 December 2012	1-3 years	150,786	-	-	4.52	4.24	**-**	(0.1)
21 May 2014	3 years	16,723	16,723	-	4.34	4.04	**-**	-
		167,509	**16,723**				**-**	(0.1)
Partnership and Matching Share Schemes								
			454,550*				**0.1**	0.2

* Includes both partnership and matching shares.

Notes forming part of the financial statements
(continued)

4. SHARE-BASED PAYMENTS (CONTINUED)

The amount charged to the Income Statement includes a credit of €0.8m (2016: €0.7m), being the reversal of previously expensed charges on equity settled option schemes where the non-market performance conditions were deemed no longer likely to be achieved.

A summary of activity under the Group's equity settled share option schemes and JSOP together with the weighted average exercise price of the share options is as follows:-

	2017		2016	
	Number of options/ equity Interests	Weighted average exercise price €	Number of options/ equity Interests	Weighted average exercise price €
Outstanding at beginning of year	**12,110,887**	**1.38**	12,473,849	1.33
Granted	**1,224,706**	**2.03**	1,892,104	1.41
Exercised	**(6,499,177)**	**1.07**	(260,732)	1.76
Forfeited/lapsed	**(806,189)**	**0.76**	(1,994,334)	1.03
Outstanding at end of year	**6,030,227**	**1.93**	12,110,887	1.38

The aggregate number of share options/equity Interests exercisable at 28 February 2017 was 2,093,685 (2016: 8,421,621).

The unvested share options/equity Interests outstanding at 28 February 2017 have a weighted average vesting period outstanding of 1.2 years (2016: 1.5 years). The weighted average contractual life of vested and unvested share options/equity Interests is 2.7 years (2016: 2.0 years).

The weighted average market share price at date of exercise of all share options/equity Interests exercised during the year was €3.73 (2016: €3.69); the average share price for the year was €3.76 (2016: €3.63); and the market share price as at 28 February 2017 was €3.87 (29 February 2016: €3.45).

5. EXCEPTIONAL ITEMS

	2017 Total €m	2016 Total €m
Operating costs		
Impairment of intangible asset	**106.6**	-
Restructuring costs	**12.7**	18.2
Revaluation/impairment of property, plant & equipment	**25.8**	16.0
Onerous lease	**7.0**	-
Acquisition related expenditure	**0.9**	0.7
Net profit on disposal of property, plant & equipment	**(2.9)**	-
Integration costs	**-**	3.0
Other	**-**	0.5
	150.1	38.4
Foreign currency reclassified on deemed disposal of equity accounted investee	**-**	(0.1)
Total loss before tax	**150.1**	38.3
Income tax credit	**(3.0)**	(4.9)
Total loss after tax	**147.1**	33.4

(a) Impairment of intangible asset

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 Group's North American business segment by €106.6m as outlined in more detail in note 12.

(b) Restructuring costs

Restructuring costs of €12.7m were incurred in the current financial year (2016: €18.2m). These restructuring costs comprised of severance costs of €7.2m (2016: €14.5m) primarily arising from the Group's previously announced consolidation of its production sites in Borrisoleigh and Shepton Mallet into the Group's manufacturing site in Clonmel and the consequential reduction in staff numbers as a result of this consolidation and other smaller reorganisation programmes during the year across the Group. Other costs of €5.5m (2016: €3.7m) are directly associated with the restructure of the Group's production sites and included costs from the closure of the Group's operations in Borrisoleigh and Shepton Mallet until their final disposal and other costs directly associated with the closures.

(c) Revaluation/impairment 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 current financial year, the Group engaged external valuers, Lawrence K. Martin, MAI, Certified General Real Estate Appraiser - Martin Appraisal Services, Inc. to value the land and buildings at the Group's Vermont site and John Coto, Certified Machine & Equipment Appraiser, Alliance Machinery & Equipment Appraisals to value the plant and machinery at the Group's Vermont site. Using the valuation methodologies as outlined in note 11, this resulted in a revaluation loss of €17.7m with respect to the land and buildings and a revaluation loss of €5.1m with respect to the plant and machinery which was accounted for in the Income Statement. Also during the current financial year the Group took the decision to market value some of our assets at Borrisoleigh, Ireland, which resulted in the booking of an impairment charge of €1.5m and we took a decision to impair an element of the Group's IT system by €1.5m post the closure of Shepton Mallet.

Notes forming part of the financial statements
(continued)

5. EXCEPTIONAL ITEMS (CONTINUED)

During the prior financial year, the Group engaged external valuers Timothy Smith, BSc MRICS, RICS Registered Valuer and Daniel Tompkinson BSc MRICS RICS Registered Valuer - Gerald Eve LLP to value the land and buildings at the Shepton Mallet site; Derek Elston FRCIS RICS Registered Valuer - Elston Sutton Industrial Appraisal Limited to value the plant and equipment at the Shepton Mallet site; Ronan Diamond RICS Registered Valuer (VRS) BSc (Hons) Dip MSCSI MRICS and Brian Gilson RICS Registered Valuer (VRS) Dip Prop Inv MSCSI MRICS FCI Arb - Lisney to value the freehold property at the Borrisoleigh site; and Don Meghen - Lisney to value the plant & machinery at Borrisoleigh. This resulted in a revaluation loss of €16.0m accounted for in the Income Statement.

(d) Onerous lease

During the current financial year the Group reviewed the carrying value of its onerous lease provision to take into account the latest estimate of associated costs less economic value with regard to the two pre-existing onerous leases up until their final disposal. The discount rate applied to the liability was also re-assessed. This resulted in an increase in the provision of €6.8m. This element of the onerous lease provision relates to two onerous leases in relation to warehousing facilities acquired as part of the acquisition of the Gaymers cider business in 2010. These onerous leases will expire in 2017 and 2026 respectively.

The Group also recognised an onerous lease with regard to a surplus facility at its US business of €0.2m in the current financial year. This lease will expire in 2018.

(e) Acquisition related expenditure

In the current financial year the Group incurred professional fees of €0.9m (2016:€0.7m) associated with the assessment and consideration of strategic opportunities by the Group during the year.

(f) Net profit on disposal of property, plant & equipment

In the current financial year the Group disposed of land & buildings and plant & machinery which were surplus to requirements arising from the Group's consolidation of its production facilities realising a net profit of €2.9m.

(g) Integration costs

During the prior financial year the Group incurred costs of €3.0m primarily in relation to the continued integration of the previously acquired Wallaces Express with the Group's existing Scottish business.

(h) Other

During the prior financial year the Group incurred costs of €0.5m in relation to a one-off shortage in a key process gas. The business was forced to limit production for a period and incur additional costs in sourcing gas due to a plant failure at its key supplier.

(i) Foreign currency reclassified on deemed disposal of equity accounted investee

In the prior financial year, on 3 August 2015, the Group acquired the remaining equity share capital of Thistle Pub Company Limited. This purchase followed the acquisition of an initial stake in the business in November 2012. Under IAS 28 *Investments in Associates and Joint Ventures* this necessitated the deemed disposal of the Group's initial 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 recognised a cumulative gain of €0.1m in the foreign currency reserve from date of initial investment which was recycled to the Income Statement following the deemed disposal.

6. FINANCE INCOME AND EXPENSE

	2017 €m	2016 €m
Recognised in Income Statement		
Finance income:		
Interest income	**(0.1)**	(0.2)
Total finance income	**(0.1)**	(0.2)
Finance expense:		
Interest expense	**6.5**	7.6
Other finance expense	**0.6**	0.4
Unwinding of discount on provisions	**0.8**	0.8
Total finance expense	**7.9**	8.8
Net finance expense	**7.8**	8.6

	2017 €m	2016 €m
Recognised directly in Other Comprehensive Income		
Foreign currency translation differences arising on the net investment in foreign operations	**(17.8)**	(20.9)
Foreign currency reserve recycled to Income Statement on deemed disposal of equity accounted investee	**-**	(0.1)
Net expense recognised directly in Other Comprehensive Income	**(17.8)**	(21.0)

7. INCOME TAX

(a) Analysis of charge in year recognised in the Income Statement

	2017 €m	2016 €m
Current tax:		
Irish corporation tax	**3.2**	1.7
Foreign corporation tax	**6.1**	6.9
Adjustment in respect of previous years	**(0.9)**	(0.1)
	8.4	8.5
Deferred tax:		
Irish	**0.5**	1.4
Foreign	**0.5**	(1.0)
Adjustment in respect of previous years	**0.6**	-
	1.6	0.4
Total income tax expense recognised in Income Statement	**10.0**	8.9
Relating to continuing operations		
- continuing operations before exceptional items	**13.0**	13.8
- continuing operations exceptional items	**(3.0)**	(4.9)
Total	**10.0**	8.9

Notes forming part of the financial statements
(continued)

7. INCOME TAX (CONTINUED)

The tax assessed for the year is different from that calculated at the standard rate of corporation tax in the Republic of Ireland, as explained below.

	2017 €m	2016 €m
(Loss)/profit before tax	**(62.9)**	56.3
Less: Group's share of equity accounted investees' profit after tax	**-**	(0.1)
Adjusted (loss)/profit before tax	**(62.9)**	56.2
Tax at standard rate of corporation tax in the Republic of Ireland of 12.5%	**(7.9)**	7.0
Actual tax charge is affected by the following:		
Expenses not deductible for tax purposes	**16.7**	0.7
Adjustments in respect of prior years	**(0.3)**	(0.1)
Income taxed at rates other than the standard rate of tax	**(0.5)**	(0.7)
Other differences	**1.0**	0.4
Non-recognition of deferred tax assets	**1.0**	1.6
Total income tax	**10.0**	8.9

(b) Deferred tax recognised directly in Other Comprehensive Income

	2017 €m	2016 €m
Deferred tax arising on movement in retirement benefits	**0.4**	(0.6)

(c) Factors that may affect future charges

Future income tax charges may be impacted by changes to the corporation tax rates and/or changes to corporation tax legislation in force in the jurisdictions in which the Group operates.

8. DIVIDENDS

	2017 €m	2016 €m
Dividends paid:		
Final: paid 8.92c per ordinary share in July 2016 (2016: 7.0c paid in July 2015)	**27.7**	23.6
Interim: paid 4.96c per ordinary share in December 2016 (2016: 4.73c paid in December 2015)	**15.3**	16.0
Total equity dividends	**43.0**	39.6
Settled as follows:		
Paid in cash	**34.9**	34.8
Scrip dividend	**8.1**	4.8
	43.0	39.6

The Directors have proposed a final dividend of 9.37 cent per share (2016: 8.92 cent), to ordinary shareholders registered at the close of business on 26 May 2017, which is subject to shareholder approval at the Annual General Meeting, giving a proposed total dividend for the year of 14.33 cent per share (2016: 13.65 cent). Using the number of shares in issue at 28 February 2017 and excluding those shares for which it is assumed that the right to dividend will be waived, this would equate to a distribution of €29.5m.

Total dividends of 13.88 cent per ordinary share were recognised as a deduction from the retained income reserve in the year ended 28 February 2017 (2016: 11.73 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.

9. EARNINGS PER ORDINARY SHARE

Denominator computations

	2017 Number '000	2016 Number '000
Number of shares at beginning of year	**329,158**	348,547
Shares issued in lieu of dividend	**2,209**	1,312
Shares issued in respect of options exercised	**318**	146
Share repurchased and subsequently cancelled	**(6,139)**	(20,847)
Number of shares at end of year	**325,546**	329,158
Weighted average number of ordinary shares (basic)*	**310,431**	329,044
Adjustment for the effect of conversion of options	**995**	5,316
Weighted average number of ordinary shares, including options (diluted)	**311,426**	334,360

* Excludes 11.9m treasury shares (2016: 16.4m).

Notes forming part of the financial statements
(continued)

9. EARNINGS PER ORDINARY SHARE (CONTINUED)

Profit attributable to ordinary shareholders

	2017 €m	2016 €m
Earnings as reported	**(72.9)**	47.4
Adjustment for exceptional items, net of tax (note 5)	**147.1**	33.4
Earnings as adjusted for exceptional items, net of tax	**74.2**	80.8

	Cent	Cent
Basic earnings per share		
Basic earnings per share	**(23.5)**	14.4
Adjusted basic earnings per share	**23.9**	24.6
Diluted earnings per share		
Diluted earnings per share	**(23.5)***	14.2
Adjusted diluted earnings per share	**23.8**	24.2

* Due to the reported loss for the year the basic and adjusted earnings per share are the same.

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 2017: 11.9m shares; at 29 February 2016: 16.4m 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 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 (note 4)), 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 (3,424,695 at 28 February 2017 and 2,244,908 at 29 February 2016). 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.

10. BUSINESS COMBINATIONS

Acquisition of businesses

During the prior financial year, on 3 August 2015, the Group announced the acquisition of the remaining equity share capital of Thistle Pub Company Limited. This purchase followed the acquisition of an initial stake in the business in November 2012. As outlined in further detail in note 13, under IAS 28 *Investments in Associates and Joint Ventures* this necessitated the deemed disposal of the Group's initial 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*.

10. BUSINESS COMBINATIONS (CONTINUED)

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

Thistle Pub Company Limited - year ended 29 February 2016

	Initial value assigned €m	Adjustment to initial fair value €m	Revised fair value €m
Property, plant & equipment	6.2	-	6.2
Inventories	0.1	-	0.1
Trade & other receivables	0.2	(0.2)	-
Trade & other payables	(3.6)	(0.2)	(3.8)
Interest bearing loans & borrowings	(2.4)	-	(2.4)
Net identifiable assets and liabilities acquired	0.5	(0.4)	0.1
Satisfied by:			
Cash consideration (paid in prior financial year)			0.1

Post acquisition impact

The post acquisition impact of the Thistle Pub Company Limited acquisition completed during the prior financial year on Group operating profit for the prior financial year was as follows:-

	2016 €m
Revenue	2.9
Excise duties	-
Net revenue	2.9
Operating costs	(2.5)
Operating profit	0.4
Finance expense	(0.2)
Profit before tax	0.2
Income tax expense	-
Result from acquired business	0.2

The Thistle Pub Company business was acquired on 3 August 2015. The business made a profit of €0.2m in the period since acquisition to 29 February 2016. The revenue, net revenue and operating profit of the Group for the financial year ended 29 February 2016 determined in accordance with IFRS as though the acquisitions effected during that year had been at the beginning of that year would therefore not have been materially different from that reported.

All intra group balances, transactions, income and expenses are eliminated on consolidation in accordance with IFRS 10 *Consolidated Financial Statements.*

Also in the prior financial year the Group paid €3.2m with respect to Green Light Brands which the Group had acquired in FY2015.

Acquisition of equity accounted investees

Details of the Group's investments in equity accounted investees in the current and prior financial year are outlined in note 13.

Notes forming part of the financial statements
(continued)

11. PROPERTY, PLANT & EQUIPMENT

	Freehold land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Group				
Cost or valuation				
At 1 March 2015	121.2	211.4	73.5	406.1
Translation adjustment	(4.4)	(7.0)	(4.1)	(15.5)
Additions	0.4	4.0	4.4	8.8
Disposals	-	-	(2.2)	(2.2)
Revaluation/impairment of property, plant & equipment	(6.9)	(9.1)	-	(16.0)
Acquisition of business Thistle Pub Company (note 10)	5.1	1.1	-	6.2
At 29 February 2016	115.4	200.4	71.6	387.4
Translation adjustment	**(3.0)**	**(5.1)**	**(3.8)**	**(11.9)**
Additions	**0.1**	**19.3**	**6.4**	**25.8**
Disposals	**(11.5)**	**(22.5)**	**(2.0)**	**(36.0)**
Revaluation/impairment of property, plant & equipment	**(18.2)**	**(6.1)**	**(1.5)**	**(25.8)**
At 28 February 2017	**82.8**	**186.0**	**70.7**	**339.5**
Depreciation				
At 1 March 2015	12.9	122.7	51.6	187.2
Translation adjustment	(0.6)	(3.9)	(2.8)	(7.3)
Disposals	-	-	(1.9)	(1.9)
Charge for the year	2.1	10.3	6.7	19.1
At 29 February 2016	14.4	129.1	53.6	197.1
Translation adjustment	**(0.6)**	**(2.7)**	**(3.0)**	**(6.3)**
Disposals	**(2.7)**	**(8.1)**	**(1.4)**	**(12.2)**
Charge for the year	**1.6**	**7.5**	**5.6**	**14.7**
At 28 February 2017	**12.7**	**125.8**	**54.8**	**193.3**
Net book value				
At 28 February 2017	**70.1**	**60.2**	**15.9**	**146.2**
At 29 February 2016	101.0	71.3	18.0	190.3

Classified within:

	2017	2016
Non-current assets: Property, plant and equipment	**144.5**	180.0
Current assets: Assets held for resale	**1.7**	10.3
	146.2	190.3

No depreciation is charged on freehold land which had a book value of €12.9m at 28 February 2017 (29 February 2016: €16.2m).

11. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

Valuation of freehold land, buildings and plant & machinery - 28 February 2017

In the current financial year, the Group engaged the following external valuers to value the Group's land & buildings and plant & machinery at Exchange street, Middlebury, Vermont, U.S.A.;

- Lawerence K. Martin, MAI, Certified General Real Estate Appraiser - Martin Appraisal Services, Inc. to value the land and buildings, and;
- John Coto, Certified Machinery/Equipment Appraiser, Alliance Machinery & Equipment Appraisals, to value the Plant & Machinery.

The "Appraisal" reports were completed in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP).

The result of the external valuations as at 28 February 2017, was a revaluation loss with respect to the Group's land and buildings of €17.7m and a revaluation loss with respect to the Group's plant and machinery of €5.1m. Both were recognised as an expense to the Income Statement as there was no previously recognised gain in the revaluation reserve against which to offset.

In addition the Group impaired an element of its IT equipment that became redundant as a consequence of the rationalization of the Group's manufacturing footprint resulting in an impairment of €1.5m and the Group also took the decision to market value some of our assets in Ireland resulting in an impairment of €1.5m.

For all other freehold land & buildings and plant & machinery assets held by the Group an internal valuation was completed by the Directors as at 28 February 2017. As part of their valuation assessment, the Directors considered the following factors and their impact in determining year end valuation of the Group's property, plant & equipment:-

- market fluctuations of land and industrial property prices since the date of the last external valuation,
- fluctuations driven by market commodity prices, of the gross replacement cost of property, plant & machinery,
- projected asset utilisation rates based on FY2018 budgeted/forecasted production volumes,
- changes to functional and physical obsolescence of plant & machinery beyond that which would normally be expected, and continued appropriateness of the assumed useful lives of property, plant & machinery.

Having considered the above variables, the Directors estimate that the changes arising from market fluctuations and anticipated utilisation rates would not result in a material change to the valuation of the carrying value of these items of property, plant & equipment and hence no adjustment to their carrying value was deemed necessary.

Also in the current financial year, the Group disposed of assets which had a previously recognised revaluation gain in the revaluation reserve of €2.1m. The loss on disposal in the current financial year was offset in the first instance again this previously recognised revaluation gain and the remaining loss was booked in operating profit.

Valuation of freehold land, buildings and plant & machinery - 29 February 2016

In the prior financial year, the Group engaged the following external valuers to value the land & buildings and plant & machinery at the Group's facilities in Shepton Mallet, UK and Borrisoleigh, Ireland;

- Timothy Smith, BSc MRICS, RICS Registered Valuer and Daniel Tompkinson BSc MRICS RICS Registered Valuer - Gerald Eve LLP to value the land and buildings at the Shepton Mallet site;
- Derek Elston FRCIS RICS Registered Valuer - Elston Sutton Industrial Appraisal Limited to value the plant and equipment at the Shepton Mallet site;
- Ronan Diamond RICS Registered Valuer (VRS) BSc (Hons) Dip MSCSI MRICS and Brian Gilson RICS Registered Valuer (VRS) Dip Prop Inv MSCSI MRICS FCI Arb - Lisney to value the freehold property at the Borrisoleigh site; and
- Don Meghen - Lisney to value the plant & machinery at Borrisoleigh.

Notes forming part of the financial statements
(continued)

11. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

These valuations were in accordance with the requirements of the RICS Valuation - Professional Standards, January 2014 edition and the International Valuation Standards.

The Fair Value of operational land & buildings and plant & machinery in Shepton Mallet was based on the Depreciated Replacement Cost approach in light of the lack of comparative market transactions and on the market approach for the non-operational land & buildings and plant & machinery. The valuation of the land & buildings and plant & machinery in Borrisoleigh was on the basis of market value. Market value is defined as ‘the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date’. The market approach was considered to be the most appropriate valuation approach for the non-operational assets in Shepton Mallet, and the assets held in Borrisoleigh, as the Group has announced consolidation of its production sites in Borrisoleigh and Shepton Mallet into the Group’s manufacturing site in Clonmel.

In view of the specialised nature of Shepton Mallet operational land & buildings and plant & machinery, a Depreciated Replacement Cost approach was used to assess as Fair Value. IAS 16 *Property, Plant and Equipment* prescribes that where there is no market based evidence of Fair Value because of the specialist nature of the item of property, plant and equipment and the item is rarely sold, except as part of a continuing business, an entity may need to estimate Fair Value using an income or a Depreciated Replacement Cost approach to valuation.

The result of these external valuations, as at 29 February 2016, was a decrease in the value of land and buildings of €6.9m which was expensed to the Income Statement as there was no previously recognised gain in the revaluation reserve against which to offset. The value of plant and machinery decreased by €9.1m as a result of this valuation which was expensed to the Income Statement as there was no previously recognised gain in the revaluation reserve against which to offset.

On the acquisition of Thistle Pub Company the valuation of the land and buildings was on the basis of market value. In April 2016, land and buildings were disposed of for a value consistent with their carrying value as at 29 February 2016.

For all other freehold land & buildings and plant & machinery assets held by the Group an internal valuation was completed by the Directors as at 29 February 2016 and no adjustment to their carrying value was deemed necessary as a result of this internal valuation.

Useful Lives

The following useful lives were attributed to the assets:-

Asset category	Useful life
Tanks	30 - 35 years
Process equipment	20 years
Bottling & packaging equipment	15 - 20 years
Process automation	10 years
Buildings	50 years

	Land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Net book value				
Carrying value at 28 February 2017 post revaluation	**70.1**	**60.2**	**15.9**	**146.2**
Carrying value at 28 February 2017 pre revaluation	**88.3**	**66.3**	**17.4**	**172.0**
Loss on revaluation	**(18.2)**	**(6.1)**	**(1.5)**	**(25.8)**
Classified within:				
Income Statement	**(18.2)**	**(6.1)**	**(1.5)**	**(25.8)**

11. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

	Land & buildings €m	Plant & machinery €m	Motor vehicles & other equipment €m	Total €m
Net book value				
Carrying value at 29 February 2016 post revaluation	101.0	71.3	18.0	190.3
Carrying value at 29 February 2016 pre revaluation	107.9	80.4	18.0	206.3
Loss on revaluation	(6.9)	(9.1)	-	(16.0)
Classified within:				
Income Statement	(6.9)	(9.1)	(16.0)	

Fair value hierarchy

The valuations of land & buildings and plant & machinery are derived using data from sources which are not widely available to the public and involve a degree of judgement. For these reasons, the valuations of the Group's land & buildings and plant & machinery are classified as 'Level 3' as defined by IFRS 13 *Fair Value Measurement*, and as illustrated below:

	Carrying amount €m	Quoted prices Level 1 €m	Significant observable Level 2 €m	Significant unobservable Level 3 €m
Recurring measurements				
Freehold land & buildings measured at market value	**39.9**	-	-	**39.9**
Freehold land & buildings measured at depreciated replacement cost	**30.2**	-	-	**30.2**
Plant & machinery	**60.2**	-	-	**60.2**
At 28 February 2017	**130.3**	-	-	**130.3**

Measurement techniques

The Group used the following techniques to determine the fair value measurements categorised in Level 3:

- Land & buildings in Ireland, US, Wallaces Express and Portugal and plant & machinery located in Portugal and Borrisoleigh, and all assets held for resale, are valued using a market value approach. The market value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
- Land & buildings and plant & machinery in the UK, and plant & machinery located in Ireland and the US have been valued using the depreciated replacement cost approach. Depreciated replacement cost is assessed, firstly, by the identification of the gross replacement cost for each class of asset at each of the Group's plants. A depreciation factor derived from both the physical and functional obsolescence of each class of asset, taking into account estimated residual values at the end of the life of each class of asset, is then applied to the gross replacement cost to determine the net replacement cost. An economic obsolescence factor, which is derived based on current and anticipated capacity or utilisation of each plant and machinery asset, at each of the Group's plants, as a function of total available production capacity, is applied to determine the depreciated replacement cost.

Notes forming part of the financial statements
(continued)

11. PROPERTY, PLANT & EQUIPMENT (CONTINUED)

Unobservable inputs

The significant unobservable inputs used in the market value measurement of land and buildings is as follows:

Valuation technique	Significant unobservable inputs	Range of unobservable inputs - Land ('000)	Range of unobservable inputs - Buildings	Relationship of unobservable inputs to fair value
Comparable market transactions	Price per square foot/acre			The higher the price per square foot/acre, the higher the fair value.
	Republic of Ireland	€13 – €29 per hectare	€47 – €257 per square meter	
	United States	$25 – $70 per acre	$7– $50 per square foot	
	United Kingdom	£300 to £350 per acre	£10 to £65 per square foot	

The significant unobservable inputs used in the depreciated cost measurement of land & buildings and plant & machinery are as follows:-

Gross replacement cost adjustment	Increase in gross replacement cost of plant and machinery of 0% (2016: 0%), based on management's judgment supported by discussions with valuers
Economic obsolescence adjustment factor	Economic obsolescence, considered on an asset by asset basis, for each plant, ranging from 0% to 100% (2016: 0% to 100%). The weighted average obsolescence factor by site is as follows: Cidery, Ireland - 59%; Brewery Scotland - 64% and Cidery, United States - 54%
Physical and functional obsolescence adjustment factor	Adjustment for changes to physical and functional obsolescence - nil (2016: nil)

The carrying value of plant & machinery in the Group which is valued on the depreciated replacement cost basis, would increase/(decrease) by €3.0m if the economic obsolescence adjustment factor was increased/(decreased) by 5%. If the gross replacement cost was increased/(decreased) by 2% the carrying value of the Group's plant & machinery would increase/(decrease) by €1.2m.

The carrying value of freehold land & buildings which is valued on the depreciated replacement cost basis, would increase/(decrease) by €1.5m if the economic obsolescence adjustment factor was increased/(decreased) by 5%. The estimated carrying value of the same land & buildings would increase/(decrease) by €0.6m if the gross replacement cost was increased/(decreased) by 2%.

The carrying value of freehold land & buildings located in Ireland, the US, Wallaces Express and Portugal would increase/(decrease) by €2.0m if the comparable open market value increased/(decreased) by 5%.

Assets held for resale

As at 28 February 2017, the Group holds property, plant and equipment of €1.7m (FY2016: €10.3m) as assets held for resale which is comprised of land & buildings of €1.0m and plant & machinery of €0.7m.

Company

The Company has no property, plant & equipment.

12. GOODWILL & INTANGIBLE ASSETS

	Goodwill €m	Brands €m	Other intangible assets €m	Total €m
Cost				
At 28 February 2015	487.1	310.9	5.0	803.0
Translation adjustment	(3.4)	(4.2)	(0.2)	(7.8)
At 29 February 2016	483.7	306.7	4.8	795.2
Translation adjustment	**(3.3)**	**(3.4)**	**(0.2)**	**(6.9)**
At 28 February 2017	**480.4**	**303.3**	**4.6**	**788.3**
Amortisation and impairment				
At 28 February 2015	76.2	73.8	0.8	150.8
Amortisation charge for the year	-	-	0.3	0.3
At 29 February 2016	76.2	73.8	1.1	151.1
Amortisation charge for the year	**-**	**-**	**0.3**	**0.3**
Impairment charge for the year	**-**	**106.6**	**-**	**106.6**
At 28 February 2017	**76.2**	**180.4**	**1.4**	**258.0**
Net book value				
At 28 February 2017	**404.2**	**122.9**	**3.2**	**530.3**
At 29 February 2016	407.5	232.9	3.7	644.1

Goodwill

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

	Ireland €m	Scotland €m	C&C Brands €m	North America €m	Export €m	Total €m
Cost						
At 28 February 2015	154.5	54.6	176.6	9.2	16.0	410.9
Translation adjustment	-	(2.4)	(1.0)	-	-	(3.4)
At 29 February 2016	154.5	52.2	175.6	9.2	16.0	407.5
Translation adjustment	**-**	**(2.4)**	**(0.9)**	**-**	**-**	**(3.3)**
At 28 February 2017	**154.5**	**49.8**	**174.7**	**9.2**	**16.0**	**404.2**

Goodwill consists both of goodwill capitalised under Irish GAAP which at the transition date to IFRS was treated as deemed cost and goodwill that arose on the acquisition of businesses since that date which was capitalised at cost and subsequently at fair value and represents the synergies arising from cost savings and the opportunity to utilise the extended distribution network of the Group to leverage the marketing of acquired products.

Notes forming part of the financial statements
(continued)

12. GOODWILL & INTANGIBLE ASSETS (CONTINUED)

In line with IAS 36 *Impairment of Assets* goodwill is allocated to each operating segment (which may comprise more than one cash generating unit) which is expected to benefit from the combination synergies. These operating segments represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

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

Brands

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

	Scotland €m	C&C Brands €m	North America €m	Total €m
At 28 February 2015	88.1	14.7	134.3	237.1
Translation adjustment	(6.7)	(1.1)	3.6	(4.2)
At 29 February 2016	81.4	13.6	137.9	232.9
Translation adjustment	**(6.4)**	**(1.1)**	**4.1**	**(3.4)**
Impairment charge for the year	**-**	**-**	**(106.6)**	**(106.6)**
At 28 February 2017	**75.0**	**12.5**	**35.4**	**122.9**

Capitalised brands include the Tennent's beer brands and the Gaymers cider brands acquired during the financial year ended 28 February 2010 and the Vermont Hard Cider Company cider brands and Waverley wine brands acquired during the financial year ended 28 February 2013.

The Tennent's, Gaymers and Vermont Hard Cider Company brands were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 (2004) *Business Combinations* by independent professional valuers. The Waverley wine brands were valued at cost.

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

No intangible assets were acquired by way of government grant, there is no title restriction on any of the capitalised intangible assets and no intangible assets are pledged as security. There are no contractual commitments in relation to the acquisition of intangible assets at year end.

12. GOODWILL & INTANGIBLE ASSETS (CONTINUED)

Other intangible assets

Other intangible assets have been attributed to reporting segments (as identified under IFRS 8 *Operating Segments*) as follows:-

	Ireland €m	Scotland €m	Total €m
Cost			
At 28 February 2015	2.0	3.0	5.0
Translation adjustment	-	(0.2)	(0.2)
At 29 February 2016	2.0	2.8	4.8
Translation adjustment	**-**	**(0.2)**	**(0.2)**
At 28 February 2017	**2.0**	**2.6**	**4.6**
Amortisation			
At 28 February 2015	0.2	0.6	0.8
Amortisation charge for the year	0.1	0.2	0.3
At 29 February 2016	0.3	0.8	1.1
Amortisation charge for the year	**0.1**	**0.2**	**0.3**
At 28 February 2017	**0.4**	**1.0**	**1.4**
Net book value			
At 28 February 2017	**1.6**	**1.6**	**3.2**
At 29 February 2016	1.7	2.0	3.7

Other intangible assets comprise the fair value of trade relationships acquired as part of the acquisition of Wallaces Express during FY2015, the Gleeson trade relationships acquired during FY2014 and 20 year distribution rights for third party beer products acquired as part of the acquisition of the Tennent's business during FY2010. These were valued at fair value on the date of acquisition in accordance with the requirements of IFRS 3 (2004) *Business Combinations* by independent professional valuers. The intangible assets have a finite life and are subject to amortisation on a straight-line basis. The amortisation charge for the year ended 28 February 2017 with respect to intangible assets was €0.3m (2016: €0.3m).

Impairment testing

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

As permitted by IAS 36 *Impairment of Assets*, the value of the Group's intangible assets (goodwill and brands) has been allocated to groups of cash generating units (referred to in this note as a business segment), which are not larger than an operating segment determined in accordance with IFRS 8 *Operating Segments*. These business segments represent the lowest levels within the Group at which the associated goodwill and indefinite life brands are monitored for management purposes.

The recoverable amount is calculated in respect of each business segment using value-in-use computations based on estimated future cash flows discounted to present value using a discount rate appropriate to each cash generating unit and terminal values calculated on the assumption that cash flows continue in perpetuity.

Notes forming part of the financial statements
(continued)

12. GOODWILL & INTANGIBLE ASSETS (CONTINUED)

The key assumptions used in the value-in-use computations are:-

- Expected volume, net revenue and operating profit growth rates - cash flows for each business segment are based on detailed financial budgets and plans, formally approved by the Board, for years one to three; these cash flows are extrapolated out for years four and five;
- Long-term growth rate - cash flows after the first five years were extrapolated using a long-term growth rate, on the assumption that cash flows for the first five years will increase at a nominal growth rate in perpetuity;
- Discount rate.

The key assumptions were based on management assessment of anticipated market conditions for each business segment. A terminal growth rate of 0% -1.75% (2016: 1.25%-1.75%) in perpetuity was assumed based on an assessment of the likely long-term growth prospects for the sectors and geographies in which the Group operates. The resulting cash flows were discounted to present value using a range of discount rates between 6.1%-8.5% (2016: 6.5%-9.8%); these rates are in line with the Group's estimated pre-tax weighted average cost of capital for the three main geographies in which the Group operates (Ireland, Great Britain and North America), arrived at using the Capital Asset Pricing Model as adjusted for asset and country specific factors.

In formulating the budget and three year plan the Group takes into account historical experience, an appreciation of its core strengths and weaknesses in the markets in which it operates and external factors such as macro economic factors, inflation expectations by geography, regulation and expected changes in regulation (such as expected changes to duty rates and minimum pricing), market growth rates, sales price trend, competitor activity, market share targets and strategic plans and initiatives.

The Group has performed the detailed impairment testing calculations by business segment with the following discount rates being applied:

Market	Discount rate 2017	Discount rate 2016	Terminal growth rate 2017	Terminal growth rate 2016
Ireland	**8.5%**	9.8%	**1.25%**	1.25%
Scotland	**6.5%**	6.5%	**1.25%**	1.25%
C&C Brands	**6.1%**	6.5%	**1.25%**	1.25%
North America	**6.7%**	6.7%	**0.00%**	1.75%
Export	**6.7%**	6.7%	**1.75%**	1.75%

The impairment testing carried out at 28 February 2017 identified headroom in the recoverable amount of all of the Group's Goodwill & intangible assets excluding North America. The impairment testing carried out at 29 February 2016 identified headroom in the recoverable amount of all of the Group's Goodwill & intangible assets.

In the current financial year, the impairment testing carried out by the Group led to an impairment charge of €106.6m with respect to the Group's North American business segment. This has resulted in the write-down of the carrying value of the associated brand of €106.6m.

In the US, the cider category remains in double digit decline and the Group's US cider brands are lagging behind the category. The outcome of the "Spring Sets" negotiations were not as originally envisaged with new account wins significantly behind expectation. As a consequence the Group has rebased its profit expectations and terminal growth rate for the US business and this has resulted in the impairment charge in the current financial year. All other segments had sufficient headroom in the current and prior financial year.

In the current financial year the Group commenced a long-term partnership agreement in the US with Pabst Brewing Company ("Pabst") for the sale and distribution of the Group's cider brands within the US. Under the terms of the partnership, Pabst has an option to acquire C&C Group's US Cider Brands and related assets, subject to any shareholder and regulatory approval. The option is exercisable from 2017. Consideration, which is not to be below US$150.0m, will be determined at the time of the exercise of the option.

Sensitivity analysis

In the current financial year the impairment testing carried out as at 28 February 2017 identified headroom in the recoverable amount of the brands and goodwill compared to their carrying values in all business segments excluding North America. The testing identified an impairment charge in North America of €106.6m.

The key sensitivities for the impairment testing are net revenue and operating profit assumptions, discount rates applied to the resulting cash flows and the expected long-term growth rates.

12. GOODWILL & INTANGIBLE ASSETS (CONTINUED)

The value-in-use calculations indicate significant headroom in respect of the Ireland, Scotland and Export operating segments. In the case of the C&C Brands, the level of headroom is in excess of €80m.

For C&C Brands, an increase and a decrease in the operating profit assumption applied by 2.5% would impact the headroom by €7.7m. An increase in the discount rate assumption by 0.25% would decrease the headroom by €16.3m and a decrease by 0.25% would increase the headroom by €18.1m. An increase in the terminal growth rate assumption by 0.25% would increase the headroom by €14.9m and a decrease by 0.25% would decrease the headroom by €13.5m.

The Group concludes that no reasonable movement in any of the underlying assumptions would result in a further material impairment in any of the Group's business segments except for North America as noted below.

For North America segment, an increase and a decrease in the operating profit assumption applied by 2.5% would impact the headroom/ impairment charge by €1.3m. An increase in the discount rate assumption by 0.25% would increase the impairment by €1.8m and a decrease in the discount rate by 0.25% would increase the headroom by €2m. An increase in the terminal growth rate assumption by 0.25% would increase the headroom by €1.5m and a decrease in the terminal value growth rate by 0.25% would increase the impairment charge by €1.4m.

13. EQUITY ACCOUNTED INVESTEES/FINANCIAL ASSETS

(a) Equity accounted investees - Group

	Drygate Brewing Company Limited €m	Thistle Pub Company €m	Canadian Investment €m	Whitewater Brewing Company Limited €m	Total €m
Investment in equity accounted investees					
Carrying amount at 1 March 2015	0.4	0.5	-	-	0.9
Reclassification of loan note	-	(0.4)	-	-	(0.4)
Share of (loss)/profit after tax	(0.1)	0.1	-	-	-
Impairment of financial liability on disposal	-	(0.2)	-	-	(0.2)
Carrying amount at 29 February 2016	0.3	-	-	-	0.3
Purchase price paid	**-**	**-**	**1.7**	**0.3**	**2.0**
Translation adjustment	**-**	**-**	**0.1**	**-**	**0.1**
Carrying amount at 28 February 2017	**0.3**	**-**	**1.8**	**0.3**	**2.4**

Whitewater Brewing Company Limited

In the current financial year, on 20 December 2016, the Group acquired 25% of the equity share capital of Whitewater Brewing Company Limited, an Irish Craft brewer for £0.3m (€0.3m).

Canadian Investment

Also in the current financial year, on 11 May 2016, the Group acquired 14% of the equity share capital of a Canadian Company, for CAD$2.5m (€1.7m euro equivalent on date of investment, €1.8m euro equivalent at balance sheet date).

Drygate Brewing Company Limited

In FY2015, 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 financial result for the current financial year attributable to the Group was less than €0.1m (2016: loss of €0.1m).

Maclay Group plc

On 21 March 2012, the Group acquired a 25% equity investment in Maclay Group plc. The Maclay Group plc went into administration during FY2015 and accordingly the Group fully impaired its investment and related derivative financial instruments in this entity as at 28 February 2015. During the current financial year the Group recovered €0.5m as part of the administration process.

Notes forming part of the financial statements
(continued)

13. EQUITY ACCOUNTED INVESTEES/FINANCIAL ASSETS (CONTINUED)

Thistle Pub Company Limited

On 3 August 2015, the Group acquired the remaining equity share capital of Thistle Pub Company Limited. This purchase followed the acquisition of an initial stake in the business in November 2012. Under IAS 28 *Investments in Associates and Joint Ventures* this necessitated, in the prior financial year, the deemed disposal of the Group's initial 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 a profit of €0.1m being the financial result for the prior financial year, to date of deemed disposal, attributable to the Group. Also in the prior financial year the Group reclassified €0.4m of loan notes which inadvertently had been classified as part of the initial investment and derecognized the Group's financial liability of €0.2m with respect to its initial investment in the business on its deemed disposal. In addition the Group had recognised €0.1m in the foreign currency reserve which was recycled to the Income Statement following the deemed disposal.

Other

The Group also has an equity investment in Shanter Inns Limited, Beck & Scott (Services) Limited (Northern Ireland) and The Irish Brewing Company Limited (Ireland). The value of these investments is less than €0.1m in the current and prior financial year.

(b) Financial Assets - Company

	2017 €m	2016 €m
Equity investment in subsidiary undertakings at cost		
At beginning of year	**978.6**	978.1
Capital contribution in respect of share options granted to employees of subsidiary undertakings	**0.7**	0.5
At end of year	**979.3**	978.6

The total expense of €0.7m (2016: €0.5m) attributable to equity settled awards granted to employees of subsidiary undertakings has been included as a capital contribution in financial assets.

In the opinion of the Directors, the shares in the subsidiary undertakings are worth at least the amounts at which they are stated in the Balance Sheet. Details of subsidiary undertakings are set out in note 27.

14. INVENTORIES

	2017 €m	2016 €m
Group		
Raw materials & consumables	**39.7**	36.9
Finished goods & goods for resale	**46.1**	49.0
Total inventories at lower of cost and net realisable value	**85.8**	85.9

Inventory write-down recognised as an expense within operating costs amounted to €2.9m (2016: €3.8m). The level of inventory write-down in the current financial year is primarily as a result of the write off of raw materials and packaging stocks that became obsolete in the process of consolidating the Group's production sites. The inventory write-down in the prior financial year is primarily as a result of the write-off of finished goods and packaging stocks in the Group's US business due to rebranding which took place during the prior financial year, and the write-off of obsolete stock in various locations.

15. TRADE & OTHER RECEIVABLES

	Group 2017 €m	Group 2016 €m	Company 2017 €m	Company 2016 €m
Amounts falling due within one year:				
Trade receivables	**49.4**	69.6	**-**	-
Amounts due from Group undertakings	**-**	-	**335.1**	238.2
Advances to customers	**9.1**	7.0	**-**	-
Prepayments and other receivables	**20.0**	17.5	**0.4**	0.5
	78.5	94.1	**335.5**	238.7
Amounts falling due after one year:				
Advances to customers	**49.2**	46.0	**-**	-
Prepayments and other receivables	**0.4**	-	**0.7**	1.2
	49.6	46.0	**0.7**	1.2
Total	**128.1**	140.1	**336.2**	239.9

Amounts due from Group undertakings includes a combination of interest free and interest bearing loans and receivables are all repayable on demand.

The aged analysis of trade receivables and advances to customers analysed between amounts that were neither past due nor impaired and amounts past due at 28 February 2017 and 29 February 2016 were as follows:-

	Gross 2017 €m	Impairment 2017 €m	Gross 2016 €m	Impairment 2016 €m
Group				
Neither past due nor impaired	**95.0**	**-**	102.2	-
Past due:-				
Past due 0-30 days	**5.5**	**(0.1)**	9.4	(0.3)
Past due 31-120 days	**6.3**	**(0.1)**	8.5	(2.0)
Past due 121-365 days	**5.2**	**(4.1)**	8.2	(3.4)
Past due more than one year	**11.4**	**(11.4)**	8.2	(8.2)
Total	**123.4**	**(15.7)**	136.5	(13.9)

All trade & other receivables and advances to customers are monitored on an on-going basis for evidence of impairment and assessments are undertaken for individual accounts. A provision for impairment with respect to trade and other receivables is created where the Group expects it may not be able to collect all amounts due in accordance with the original terms of the agreement with the customer. An impairment provision is created in relation to advances to customers considered receivable in a period outside that originally contracted. Balances included in the impairment provision are generally written off when there is no expectation of recovery.

Trade receivables are on average receivable within 26 days (2016: 30 days) of the balance sheet date, are unsecured and are not interest bearing.

Notes forming part of the financial statements
(continued)

15. TRADE & OTHER RECEIVABLES (CONTINUED)

The movement in the allowance for impairment in respect of trade receivables and advances to customers during the year was as follows:-

	2017 €m	2016 €m
Group		
At beginning of year	**13.9**	12.6
Recovered during the year	**(1.6)**	(2.1)
Provided during the year	**5.6**	5.2
Written off during the year	**(1.6)**	(1.1)
Translation adjustment	**(0.6)**	(0.7)
At end of year	**15.7**	13.9

16. TRADE & OTHER PAYABLES

	Group		Company	
	2017 €m	2016 €m	2017 €m	2016 €m
Trade payables	**61.9**	72.4	**-**	-
Payroll taxes & social security	**4.0**	2.9	**-**	-
VAT	**6.3**	6.5	**-**	-
Excise duty	**16.0**	15.7	**-**	-
Accruals	**55.9**	63.4	**0.3**	0.5
Amounts due to Group undertakings	**-**	-	**281.1**	273.3
Total	**144.1**	160.9	**281.4**	273.8

Amounts due to Group undertakings include a combination of interest free and interest bearing loans and are payable on demand.

The Group's exposure to currency and liquidity risk related to trade & other payables is disclosed in note 22.

Company

The Company has entered into financial guarantee contracts to guarantee the indebtedness of the liabilities of certain of its subsidiary undertakings. As at 28 February 2017, the Directors consider these to be in the nature of insurance contracts and do not consider it probable that the Company will have to make a payment under these guarantees and as such discloses them as a contingent liability as detailed in note 25.

17. PROVISIONS

	Restructuring 2017 €m	Onerous lease 2017 €m	Other 2017 €m	Total 2017 €m	Total 2016 €m
At beginning of year	**10.7**	**8.0**	**0.2**	**18.9**	12.2
Translation adjustment	**-**	**(0.7)**	**-**	**(0.7)**	(1.2)
Charged during the year	**12.7**	**7.0**	**0.1**	**19.8**	18.3
Unwind of discount on provisions	**-**	**0.8**	**-**	**0.8**	0.8
Utilised during the year	**(21.9)**	**(2.7)**	**-**	**(24.6)**	(11.2)
At end of year	**1.5**	**12.4**	**0.3**	**14.2**	18.9
Classified within:					
Current liabilities				**6.5**	12.6
Non-current liabilities				**7.7**	6.3
				14.2	18.9

Restructuring

The restructuring provision utilised and charged during the current financial year primarily relates to severance costs arising from the prior year announcement of the Group's consolidation of its production sites in Borrisoleigh and Shepton Mallet into the Group's manufacturing site in Clonmel and the consequential reduction in head count as a result of this consolidation and other smaller reorganisation programmes during the year across the Group. Also included were costs incurred from the closure of the Group's operations in Borrisoleigh and Shepton Mallet until their final disposal and other costs directly associated with the closure.

Onerous leases

The onerous lease provision carried forward relates to two onerous leases in relation to warehousing facilities acquired as part of the acquisition of the Gaymers cider business in 2010. In the current financial year the provision was reassessed to take into account the latest estimate of associated costs less economic value with regard to these two existing onerous leases up until their final disposal. The discount rate applied to the liability was also re-assessed. This resulted in an increase in the provision of €6.8m. These onerous leases will expire in 2017 and 2026 respectively.

The Group also recognised an onerous lease with regard to a surplus facility at its US business of €0.2m in the current financial year. This lease will expire in 2018.

Other

Other provisions relate to a provision for the Group's exposure to employee and third party insurance claims. Under the terms of employer and public liability insurance policies, the Group bears a portion of the cost of each claim up to the specified excess. The provision is calculated based on the expected portion of settlement costs to be borne by the Group in respect of specific claims arising before the Balance Sheet date.

Notes forming part of the financial statements
(continued)

18. INTEREST BEARING LOANS & BORROWINGS

Group	2017 €m	2016 €m
Current assets		
Unsecured bank loans repayable by one repayment on maturity	**(0.4)**	(1.0)
Non-current liabilities		
Unsecured bank loans repayable by one repayment on maturity	**358.6**	359.3
Secured bank loans repayable in instalments*	**-**	1.8
Total non-current liabilities	**358.6**	361.1
Current liabilities		
Secured bank loans repayable in instalments*	**-**	0.2
Total borrowings	**358.2**	360.3

* Acquired in the prior financial year on acquisition of Thistle Pub Company Limited and the outstanding balance was repaid in full in the current financial year.

Outstanding non-current unsecured bank loans are net of unamortised issue costs which are being amortised to the Income Statement over the remaining life of the Group's multi-currency facility. The value of unamortised issue costs at 28 February 2017 was €1.1m (2016: €2.1m) of which €0.7m is netted against non-current unsecured liabilities (2016: €1.1m) and €0.4m is shown as a current asset on the Balance Sheet (2016: €1.0m).

Terms and debt repayment schedule

	Currency	Nominal rates of interest	Year of maturity	2017 Carrying value €m	2016 Carrying value €m
Unsecured bank loans repayable by one repayment on maturity	Multi	Euribor/Libor + 1.2%	2019	**359.3**	360.4
Secured bank loan repayable in instalments*	GBP	Libor + 3.0 %	-	**-**	2.0
				359.3	362.4

* Acquired in the prior financial year on acquisition of Thistle Pub Company Limited and the outstanding balance was repaid in full in the current financial year.

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 €359.3m was drawn at 28 February 2017 (2016: €360.4m).

18. INTEREST BEARING LOANS & BORROWINGS (CONTINUED)

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 drawn under the Group's multi-currency revolving loan facility 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 such non-current bank loans under the Group's multi-currency revolving loan facility 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.

In addition during the prior financial year, the Group acquired debt of €2.0m following the acquisition of Thistle Pub Company Limited. This was repaid in full in the current financial year.

Further information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in note 22.

19. ANALYSIS OF NET DEBT

	1 March 2016 €m	Translation adjustment €m	Debt arising on acquisition €m	Cash Flow, net €m	Non-cash changes €m	28 February 2017 €m
Group						
Interest bearing loans & borrowings	**360.3**	**(7.8)**	**-**	**4.7**	**1.0**	**358.2***
Cash & cash equivalents	**(197.3)**	**9.9**	**-**	**(0.2)**	**-**	**(187.6)**
	163.0	**2.1**	**-**	**4.5**	**1.0**	**170.6**

*Interest bearing loans & borrowings at 28 February 2017 are net of unamortised issue costs of €1.1m of which €0.4m is classified on the balance sheet as a current asset.

	1 March 2015 €m	Translation Adjustment €m	Debt arising on acquisition €m	Cash Flow, net €m	Non-cash changes €m	29 February 2016 €m
Group						
Interest bearing loans & borrowings	339.7	(7.7)	2.4	24.9	1.0	360.3*
Cash & cash equivalents	(181.9)	8.7	-	(24.1)	-	(197.3)
	157.8	1.0	2.4	0.8	1.0	163.0

*Interest bearing loans & borrowings at 29 February 2016 are net of unamortised issue costs of €2.1m of which €1.0m is classified on the balance sheet as a current asset.

The non-cash change to the Group's interest bearing loans and borrowings in the current and prior financial years relate to the amortisation of issue costs of €1.0m (2016: €1.0m).

Notes forming part of the financial statements
(continued)

19. ANALYSIS OF NET DEBT (CONTINUED)

	1 March 2016 €m	Cash Flow €m	Non-cash changes €m	28 February 2017 €m
Company				
Prepaid issue costs	**(1.6)**	**-**	**0.5**	**(1.1)***
Cash & cash equivalents	**-**	**-**	**-**	**-**
	(1.6)	**-**	**0.5**	**(1.1)**

*Prepaid issues costs at 28 February 2017 amounted to €1.1m of which €0.4m is classified as a current asset on the balance sheet.

	1 March 2015 €m	Cash Flow €m	Non-cash changes €m	29 February 2016 €m
Company				
Prepaid issue costs	(2.0)	-	0.4	(1.6)
Cash & cash equivalents	-	-	-	-
	(2.0)	-	0.4	(1.6)

The Company is an original borrower under the terms of the Group's revolving credit facility but is not a borrower in relation to the Group's drawn debt as at 28 February 2017 or 29 February 2016. As outlined in further detail in note 25, the Company, together with a number of its subsidiaries, gave a letter of guarantee to secure its obligations in respect of debt drawn by the Group under the terms of the Group's revolving credit facility agreement. The Company's prepaid issue costs relate to issue costs with respect to the Group's 2014 revolving credit facility; the amortisation of such issue costs was €0.5m in the current financial year (2016: €0.4m).

20. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

	2017			2016		
	Assets €m	Liabilities €m	Net assets/ (liabilities) €m	Assets €m	Liabilities €m	Net assets/ (liabilities) €m
Group						
Property, plant & equipment	**-**	**(2.2)**	**(2.2)**	-	(1.3)	(1.3)
Intangible assets	**-**	**(3.0)**	**(3.0)**	-	(3.3)	(3.3)
Retirement benefits	**2.7**	**(0.8)**	**1.9**	4.0	(0.9)	3.1
Trade related items & losses	**0.5**	**-**	**0.5**	0.4	-	0.4
	3.2	**(6.0)**	**(2.8)**	4.4	(5.5)	(1.1)

The Group has not recognised deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and the realisation of these temporary differences and it is unlikely that the temporary differences will reverse in the foreseeable future. The aggregate amount of temporary differences applicable to investments in subsidiaries and equity accounted investees in respect of which deferred tax liabilities have not been recognised is immaterial on the basis that the participation exemptions and foreign tax credits should be available such that no material temporary differences arise. There are no other unrecognised deferred tax liabilities.

20. RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

In addition, no deferred tax asset has been recognised in respect of certain tax losses incurred by the Group on the basis that the recovery is considered unlikely in the foreseeable future. The cumulative value of such tax losses is €21.1m. In the event that sufficient taxable profits arise in the relevant jurisdictions in future years, these losses may be utilised. The vast majority of these losses are due to expire in 2035.

Company

The company had no deferred tax assets or liabilities at 28 February 2017 or at 29 February 2016.

Analysis of movement in net deferred tax assets/(liabilities)

	1 March 2016 €m	Recognised in Income Statement €m	Recognised in Other Comprehensive Income €m	Translation adjustment €m	28 February 2017 €m
Group					
Property, plant & equipment: ROI	**(0.6)**	**0.3**	**-**	**-**	**(0.3)**
Property, plant and equipment: other	**(0.7)**	**(1.3)**	**-**	**0.1**	**(1.9)**
Provision for trade related items	**0.4**	**0.1**	**-**	**-**	**0.5**
Intangible assets	**(3.3)**	**0.1**	**-**	**0.2**	**(3.0)**
Retirement benefits	**3.1**	**(0.8)**	**(0.4)**	**-**	**1.9**
	(1.1)	**(1.6)**	**(0.4)**	**0.3**	**(2.8)**

	1 March 2015 €m	Recognised in Income Statement €m	Recognised in Other Comprehensive Income €m	Translation adjustment €m	29 February 2016 €m
Group					
Property, plant & equipment: ROI	(0.6)	-	-	-	(0.6)
Property, plant and equipment: other	(2.3)	1.5	-	0.1	(0.7)
Provision for trade related items	0.4	-	-	-	0.4
Intangible assets	(3.1)	(0.5)	-	0.3	(3.3)
Retirement benefits	3.9	(1.4)	0.6	-	3.1
	(1.7)	(0.4)	0.6	0.4	(1.1)

21. RETIREMENT BENEFITS

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 March 2006 and provides only defined contribution pension schemes for employees joining the Group since that date. The Group provides permanent health insurance cover for the benefit of certain employees and separately charges this to the Income Statement.

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.

Notes forming part of the financial statements
(continued)

21. RETIREMENT BENEFITS (CONTINUED)

There are no active members remaining in the Executive defined benefit pension scheme (2016: no active members). There are 62 active members, representing less than 10% of total membership, in the ROI Staff defined benefit pension scheme (2016: 63 active members) and 4 active members in the NI defined benefit pension scheme (2016: 4 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 2015 and thereafter for all future pension increases to be awarded on a discretionary basis.

In the prior financial year, the Group offered deferred members of its two ROI defined benefit pension schemes an opportunity to transfer out of the schemes, giving the deferred member greater control and flexibility over their pension arrangements. This offer concluded in the current financial year. In total 119 deferred members availed of the offer and have transferred out of the scheme. The closing liability of the two ROI defined benefit pension schemes as at 28 February 2017 is a deficit of €22.3m. The NI defined benefit pension scheme is reporting a surplus of €4.5m as at 28 February 2017.

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 defined benefit pension schemes were carried out with an effective date of 1 January 2015 while the date of the most recent actuarial valuation of the NI defined benefit pension scheme was 31 December 2014. 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 the Group has committed to contributions of 22% of pensionable salaries along with a deficit contribution of €1.2m per annum until the next valuation date for the Group's Staff defined benefit pension scheme. There is no funding requirement with respect to the Group's Executive defined benefit pension scheme in 2017. The funding requirement will be reviewed again as part of the next triennial valuation in January 2018. The 2014 actuarial valuation of the NI defined benefit pension scheme confirmed it was in surplus and the scheme remains in surplus.

The Group is exposed to a number of risks in relation to the funding position of these schemes, namely:-

Asset volatility: It is the Group's intention to pursue a long-term investment policy that emphasises investment in secure monetary assets to provide for the contractual benefits payable to members. The investment portfolio has exposure to equities, other growth assets and fixed interest investments, the returns from which are uncertain and may fluctuate significantly in line with market movements. Assets held are valued at fair value using bid prices where relevant.

Discount rate: The discount rate is the rate of interest used to discount post-employment benefit obligations and is determined by reference to market yields at the balance sheet date on high quality corporate bonds with a currency and term consistent with the currency and estimated term of the Group's post employment benefit obligations. Movements in discount rates have a significant impact on the value of the schemes' liabilities.

Longevity: The value of the defined benefit obligations is influenced by demographic factors such as mortality experience and retirement patterns. Changes to life expectancy have a significant impact on the value of the schemes' liabilities.

Method and assumptions

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.

The financial assumptions that have the most significant impact on the results of the actuarial valuations are those relating to the discount rate used to convert future pension liabilities to current values and the rate of inflation/salary increase. These and other assumptions used to determine the retirement benefits and current service cost under IAS19(R) *Employee Benefits* are set out below.

21. RETIREMENT BENEFITS (CONTINUED)

Mortality rates also have a significant impact on the actuarial valuations, as the number of deaths within the scheme have been too small to analyse and produce any meaningful scheme-specific estimates of future levels of mortality, the rates used have been based on the most up-to-date mortality tables, (the S2PMA CMI 2013 (males) and S2PFA CMI 2013 (females) for the ROI schemes and SPA07M year of birth tables with CMI 2014 projections for the NI scheme) with age ratings and loading factors to allow for future mortality improvements. These tables conform to best practice. The growing trend for people to live longer and the expectation that this will continue has been reflected in the mortality assumptions used for this valuation as indicated below. This assumption will continue to be monitored in light of general trends in mortality experience. Based on these tables, the assumed life expectations on retirement are:-

		ROI		NI	
		2017	2016	2017	2016
Future life expectations at age 65		No. of years	No. of years	No. of years	No. of years
Current retirees – no allowance for future improvements	Male	**23.8**	23.7	**22.9**	22.8
	Female	**25.8**	25.7	**25.0**	24.9
Future retirees – with allowance for future improvements	Male	**25.0**	24.9	**25.0**	24.9
	Female	**27.1**	26.9	**27.3**	27.2

Scheme liabilities:-

The average age of active members is 47 and 52 years for the ROI Staff and the NI defined benefit pension schemes respectively (the Executive defined benefit pension scheme has no active members), while the average duration of liabilities ranges from 15 to 23 years.

The principal long-term financial assumptions used by the Group's actuaries in the computation of the defined benefit liabilities arising on pension schemes as at 28 February 2017 and 29 February 2016 are as follows:-

	2017		2016	
	ROI	NI	ROI	NI
Salary increases	**0.00%-2.5%**	**3.7%**	0.0%-2.5%	3.4%
Increases to pensions in payment	**1.5%**	**1.8%**	1.5%	1.7%
Discount rate	**1.70%-1.95%**	**2.6%**	1.95%-2.15%	3.9%
Inflation rate	**1.5%**	**3.3%**	1.5%	3.0%

A reduction in discount rate used to value the schemes' liabilities by ¼% would increase the valuation of liabilities by €10.2m while an increase in inflation/salary increase expectations of ¼% would increase the valuation of liabilities by €10.1m. The sensitivity is calculated by changing the individual assumption while holding all other assumptions constant.

The pension assets and liabilities on the following pages have been prepared in accordance with IAS19(R) *Employee Benefits*.

Notes forming part of the financial statements
(continued)

21. RETIREMENT BENEFITS (CONTINUED)
a. Impact on Group Income Statement

	2017 ROI €m	2017 NI €m	2017 Total €m	2016 ROI €m	2016 NI €m	2016 Total €m
Analysis of defined benefit pension expense:						
Current service cost	**1.1**	**-**	**1.1**	1.0	0.1	1.1
Past service gain	**-**	**-**	**-**	(0.8)	-	(0.8)
Gain on settlement	**(5.1)**	**-**	**(5.1)**	(5.4)	-	(5.4)
Interest cost on scheme liabilities	**4.0**	**0.2**	**4.2**	4.2	0.3	4.5
Interest income on scheme assets	**(3.4)**	**(0.4)**	**(3.8)**	(3.5)	(0.4)	(3.9)
Total income recognised in Income Statement	**(3.4)**	**(0.2)**	**(3.6)**	(4.5)	-	(4.5)

Analysis of amount recognised in Other Comprehensive Income:

	2017 ROI €m	2017 NI €m	2017 Total €m	2016 ROI €m	2016 NI €m	2016 Total €m
Actual return on scheme assets	**(13.2)**	**(2.3)**	**(15.5)**	4.4	0.1	4.5
Expected interest income on scheme assets	**3.4**	**0.4**	**3.8**	3.5	0.4	3.9
Experience gains and losses on scheme liabilities	**(1.8)**	**-**	**(1.8)**	7.5	(0.5)	7.0
Effect of changes in assumptions on scheme liabilities	**7.7**	**2.2**	**9.9**	(9.7)	(0.6)	(10.3)
Total (income)/expense	**(3.9)**	**0.3**	**(3.6)**	5.7	(0.6)	5.1
Scheme assets	**176.7**	**11.8**	**188.5**	184.8	10.3	195.1
Scheme liabilities	**(199.0)**	**(7.3)**	**(206.3)**	(217.5)	(5.6)	(223.1)
Deficit in scheme	**(22.3)**	**-**	**(22.3)**	(32.7)	-	(32.7)*
Surplus in scheme	**-**	**4.5**	**4.5**	-	4.7	4.7

*Prior year pension liability of €32.7m is classified on the face of the Balance Sheet in current liabilities (€10.0m) and non-current liabilities (€22.7m).

21. RETIREMENT BENEFITS (CONTINUED)

b. Impact on Group Balance Sheet

The retirement benefits (deficit)/surplus at 28 February 2017 and 29 February 2016 is analysed as follows:-

Analysis of net pension deficit:

	2017			2016		
	ROI	NI	Total	ROI	NI	Total
	€m	€m	€m	€m	€m	€m
Bid value of assets at end of year:						
Equity*	**49.4**	**5.9**	**55.3**	49.1	5.3	54.4
Bonds	**86.5**	**5.9**	**92.4**	84.5	5.0	89.5
Property	**11.5**	**-**	**11.5**	10.6	-	10.6
Cash	**0.5**	**-**	**0.5**	0.2	-	0.2
Alternatives	**28.8**	**-**	**28.8**	40.4	-	40.4
	176.7	**11.8**	**188.5**	184.8	10.3	195.1
Actuarial value of scheme liabilities	**(199.0)**	**(7.3)**	**(206.3)**	(217.5)	(5.6)	(223.1)
(Deficit)/surplus in the scheme	**(22.3)**	**4.5**	**(17.8)**	(32.7)	4.7	(28.0)
Related deferred tax asset/(liability)	**2.7**	**(0.8)**	**1.9**	4.0	(0.9)	3.1
Net pension (deficit)/surplus	**(19.6)**	**3.7**	**(15.9)**	(28.7)	3.8	(24.9)

* The defined benefit pension schemes have a passive self investment in C&C Group plc of €nil (2016: €nil).

The alternative investment category includes investments in various asset classes including equities, commodities, currencies and funds. The investments are managed by fund managers.

Reconciliation of scheme assets

	2017			2016		
	ROI	NI	Total	ROI	NI	Total
	€m	€m	€m	€m	€m	€m
Assets at beginning of year	**184.8**	**10.3**	**195.1**	192.6	10.7	203.3
Movement in year:						
Translation adjustment	**-**	**(0.9)**	**(0.9)**	-	(0.8)	(0.8)
Expected interest income on scheme assets, net of pension levy	**3.4**	**0.4**	**3.8**	3.5	0.4	3.9
Actual return less interest income on scheme assets	**9.8**	**1.9**	**11.7**	(7.9)	(0.5)	(8.4)
Employer contributions	**3.1**	**0.3**	**3.4**	5.8	0.7	6.5
Member contributions	**0.2**	**-**	**0.2**	0.2	-	0.2
Benefit payments	**(24.6)**	**(0.2)**	**(24.8)**	(9.4)	(0.2)	(9.6)
Assets at end of year	**176.7**	**11.8**	**188.5**	184.8	10.3	195.1

The expected employer contributions to fund defined benefit scheme obligations for year ending 28 February 2018 is €1.4m.

Notes forming part of the financial statements
(continued)

21. RETIREMENT BENEFITS (CONTINUED)

The scheme assets had the following investment profile at the year end:-

	2017 ROI	2017 NI	2016 ROI	2016 NI
Equities	**28%**	**50%**	26%	51%
Bonds	**49%**	**50%**	46%	49%
Property	**7%**	**-**	6%	-
Cash	**-**	**-**	-	-
Alternatives	**16%**	**-**	22%	-
	100%	**100%**	100%	100%

Reconciliation of actuarial value of scheme liabilities

	2017 ROI €m	2017 NI €m	2017 Total €m	2016 ROI €m	2016 NI €m	2016 Total €m
Liabilities at beginning of year	**217.5**	**5.6**	**223.1**	229.9	7.0	236.9
Movement in year:						
Translation adjustment	**-**	**(0.5)**	**(0.5)**	-	(0.5)	(0.5)
Current service cost	**1.1**	**-**	**1.1**	1.0	0.1	1.1
Past service gain	**-**	**-**	**-**	(0.8)	-	(0.8)
Gain on settlement	**(5.1)**	**-**	**(5.1)**	(5.4)	-	(5.4)
Interest cost on scheme liabilities	**4.0**	**0.2**	**4.2**	4.2	0.3	4.5
Member contributions	**0.2**	**-**	**0.2**	0.2	-	0.2
Actuarial loss/(gain) immediately recognised in equity	**5.9**	**2.2**	**8.1**	(2.2)	(1.1)	(3.3)
Benefit payments	**(24.6)**	**(0.2)**	**(24.8)**	(9.4)	(0.2)	(9.6)
Liabilities at end of year	**199.0**	**7.3**	**206.3**	217.5	5.6	223.1

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's multinational operations expose it to various financial risks in the ordinary course of business that include credit risk, liquidity risk, commodity price risk, currency risk and interest rate risk. This note discusses the Group's exposure to each of these financial risks and summarises the risk management strategy for managing these risks. The note is presented as follows:-

(a) Overview of the Group's risk exposures and management strategy
(b) Financial assets and liabilities as at 28 February 2017/29 February 2016 and determination of fair value
(c) Market risk
(d) Credit risk
(e) Liquidity risk

(a) Overview of the Group's risk exposures and management strategy

The most significant financial market risks that the Group is exposed to include foreign currency exchange rate risk, commodity price fluctuations, interest rate risk and financial counterparty creditworthiness. The most significant change during the financial year to the financial risks faced by the Group is the potential impact of Brexit and the Group and the Board continues to monitor and manage this and all financial risks faced by the Group very closely.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. This is executed through various committees to which the Board has delegated appropriate levels of authority. An essential part of this framework is the role undertaken by the Audit Committee, supported by the internal audit function, and the Group Chief Financial Officer. The Board, through its Committees, has reviewed the internal control environment and the risk management systems and process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks will be managed effectively. The Board has embedded these structures and procedures throughout the Group and considers them to be a robust and efficient mechanism for creating a culture of risk awareness at every level of management.

The Group's risk management programme seeks to minimise the potential adverse effects, arising from fluctuations in financial markets, on the Group's financial performance in a non speculative manner at a reasonable cost when economically viable to do so. The Group achieves the management of these risks in part, where appropriate, through the use of derivative financial instruments. All derivative financial contracts entered into in this regard are in liquid markets with credit rated parties. Treasury activities are performed within strict terms of reference that have been approved by the Board. The Board had no derivative financial instruments in the current or prior financial periods.

(b) Financial assets and liabilities

The carrying and fair values of financial assets and liabilities by measurement category were as follows:-

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Group				
28 February 2017				
Financial assets:				
Cash & cash equivalents	**187.6**	**-**	**187.6**	**187.6**
Trade receivables	**49.4**	**-**	**49.4**	**49.4**
Advances to customers	**58.3**	**-**	**58.3**	**58.3**
Financial liabilities:				
Interest bearing loans & borrowings	**-**	**(358.2)**	**(358.2)**	**(359.3)**
Trade & other payables	**-**	**(144.1)**	**(144.1)**	**(144.1)**
Provisions	**-**	**(14.2)**	**(14.2)**	**(14.2)**
	295.3	**(516.5)**	**(221.2)**	**(222.3)**

Notes forming part of the financial statements
(continued)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Group				
29 February 2016				
Financial assets:				
Cash & cash equivalents	197.3	-	197.3	197.3
Trade receivables	69.6	-	69.6	69.6
Advances to customers	53.0	-	53.0	53.0
Financial liabilities:				
Interest bearing loans & borrowings	-	(360.3)	(360.3)	(362.4)
Trade & other payables	-	(160.9)	(160.9)	(160.9)
Provisions	-	(18.9)	(18.9)	(18.9)
	319.9	(540.1)	(220.2)	(222.3)

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Company				
28 February 2017				
Financial assets:				
Amounts due from Group undertakings	**335.1**	**-**	**335.1**	**335.1**
Financial liabilities:				
Amounts due to Group undertakings	**-**	**(281.1)**	**(281.1)**	**(281.1)**
Trade & other payables	**-**	**(0.3)**	**(0.3)**	**(0.3)**
	335.1	**(281.4)**	**53.7**	**53.7**

	Other financial assets €m	Other financial liabilities €m	Carrying value €m	Fair value €m
Company				
29 February 2016				
Financial assets:				
Amounts due from Group undertakings	238.2	-	238.2	238.2
Financial liabilities:				
Amounts due to Group undertakings	-	(273.3)	(273.3)	(273.3)
Trade & other payables	-	(0.5)	(0.5)	(0.5)
	238.2	(273.8)	(35.6)	(35.6)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Determination of Fair Value

Set out below are the main methods and assumptions used in estimating the fair values of the Group's financial assets and liabilities. There is no material difference between the fair value of financial assets and liabilities falling due within one year and their carrying amount as due to the short-term maturity of these financial assets and liabilities their carrying amount is deemed to approximate fair value.

Short-term bank deposits and cash & cash equivalents

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

Advances to customers

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

Trade & other receivables/payables

The nominal amount of all trade & other receivables/payables after provision for impairment is deemed to reflect fair value at the balance sheet date with the exception of provisions and amounts due from Group undertakings after more than one year which are discounted to fair value.

Interest bearing loans & borrowings

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

(c) Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group enters into derivative financial contracts, when deemed economically viable to do so, to mitigate risks arising in the ordinary course of business from foreign exchange rate and interest rate movements, and also incurs financial liabilities, in order to manage these market risks. The Group carries out all such transactions within the Treasury policy as set down by the Board of Directors. The Group had no derivative financial instruments in the current or prior financial periods.

Commodity price risk

The Group is exposed to variability in the price of commodities used in the production or in the packaging of finished products, such as apple concentrate, glass, barley, aluminium, polymer, wheat and sugar/glucose. Commodity price risk is managed, where economically viable, through fixed price contracts with suppliers incorporating appropriate commodity hedging and pricing mechanisms. The Group does not directly enter into commodity hedge contracts. The cost of production is also sensitive to variability in the price of energy, primarily gas and electricity. It is Group policy to fix the cost of a certain level of its energy requirement through fixed price contractual arrangements directly with its energy suppliers.

Currency risk

The Company's functional and reporting currency and that of its share capital is Euro. The Euro is also the Group's reporting currency and the currency used for all planning and budgetary purposes. The Group is exposed to currency risk in relation to sales and purchase transactions by Group companies in currencies other than their functional currency (transaction risk), and fluctuations in the Euro value of the Group's net investment in foreign currency (Sterling and US Dollar) denominated subsidiary undertakings (translation risk). Currency exposures for the entire Group are managed and controlled centrally. The Group seeks to minimise its foreign currency transaction exposure when economically viable by maximising the value of its foreign currency input costs and creating a natural hedge.

In addition, the Group has a number of long-term US Dollar and Sterling intra group loans for which settlement is neither planned nor likely to happen in the foreseeable future, and as a consequence of which are deemed quasi equity in nature and are therefore part of the Group's net investment in its foreign operations. The Group does not hedge the translation exposure arising on the translation of the profits of foreign currency subsidiaries.

Notes forming part of the financial statements
(continued)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The net currency gains and losses on transactional currency exposures are recognised in the Income Statement and the changes arising from fluctuations in the Euro value of the Group's net investment in foreign operations are reported separately within Other Comprehensive Income.

The currency profile of the Group and Company's financial instruments subject to transactional exposure as at 28 February 2017 is as follows:-

Group	Euro €m	Sterling €m	USD €m	CAD/AUD €m	Not at risk €m	Total €m
Cash & cash equivalents	**1.1**	**3.9**	**1.0**	**0.6**	**181.0**	**187.6**
Trade receivables	**-**	**0.8**	**0.2**	**0.5**	**47.9**	**49.4**
Advances to customers	**-**	**-**	**-**	**-**	**58.3**	**58.3**
Interest bearing loans & borrowings	**-**	**-**	**-**	**-**	**(358.2)**	**(358.2)**
Trade & other payables	**(0.4)**	**(4.5)**	**(0.1)**	**-**	**(139.1)**	**(144.1)**
Provisions	**-**	**-**	**-**	**-**	**(14.2)**	**(14.2)**
Gross currency exposure	**0.7**	**0.2**	**1.1**	**1.1**	**(224.3)**	**(221.2)**

The Group had no outstanding forward foreign currency contracts in place at 28 February 2017 (2016: €nil).

Company	Sterling €m	Not at risk €m	Total €m
Net amounts due to Group undertakings	**(20.4)**	**74.4**	**54.0**
Accruals	**-**	**(0.3)**	**(0.3)**
Total	**(20.4)**	**74.1**	**53.7**

The currency profile of the Group and Company's financial instruments subject to transactional exposure as at 29 February 2016 is as follows:-

Group	Euro €m	Sterling €m	USD €m	CAD/AUD €m	Not at risk €m	Total €m
Cash & cash equivalents	4.6	2.8	0.7	2.8	186.4	197.3
Trade & other receivables	1.8	1.0	0.2	0.5	66.1	69.6
Advances to customers	-	-	-	-	53.0	53.0
Interest bearing loans & borrowings	-	-	-	-	(360.3)	(360.3)
Trade & other payables	(0.7)	(7.0)	-	(0.1)	(153.1)	(160.9)
Provisions	-	-	-	-	(18.9)	(18.9)
Gross currency exposure	5.7	(3.2)	0.9	3.2	(226.8)	(220.2)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

Company	Sterling €m	Not at risk €m	Total €m
Net amounts due to Group undertakings	(24.6)	(10.5)	(35.1)
Accruals	-	(0.5)	(0.5)
Total	(24.6)	(11.0)	(35.6)

A 10% strengthening in the Euro against Sterling and the Australian, Canadian and US Dollars, based on outstanding financial assets and liabilities at 28 February 2017, would have a €0.3m negative impact on the Income Statement. A 10% weakening in the Euro against Sterling, and the Australian, Canadian and US Dollars would have a €0.3m positive effect on the Income Statement. This analysis assumes that all other variables, in particular interest rates, remain constant.

Interest rate risk
The interest rate profile of the Group and Company's interest-bearing financial instruments at the reporting date is summarised as follows:-

	Group		Company	
	2017 €m	2016 €m	2017 €m	2016 €m
Variable rate instruments				
Interest bearing loans & borrowings	**(359.3)**	(362.4)	**-**	-
Cash & cash equivalents	**187.6**	197.3	**-**	-
	(171.7)	(165.1)	**-**	-

The Group and Company's exposure to interest rate risk arises principally from its long-term debt obligations.

Financial instruments: Cash flow hedges
The Group had no outstanding cash flow hedges as at 28 February 2017 or 29 February 2016.

(d) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade receivables, its cash advances to customers, cash & cash equivalents including deposits with banks and derivative financial instruments contracted with banks. The Group has an indirect exposure to European Sovereigns via its defined benefit pension scheme investment portfolio. In the context of the Group's operations, credit risk is mainly influenced by the individual characteristics of individual counterparties and is not considered particularly concentrated as it primarily arises from a wide and varied customer base; there are no material dependencies or concentrations of individual customers which would warrant disclosure under IFRS 8 *Operating Segments*.

Notes forming part of the financial statements
(continued)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables and advances to customers based on experience, customer track records and historic default rates. Generally, individual 'risk limits' are set by customer and risk is only accepted above such limits in defined circumstances. A strict credit assessment is made of all new applicants who request credit-trading terms. The utilisation and revision, where appropriate, of credit limits is regularly monitored. Impairment provision accounts are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amount is considered irrecoverable and is written off directly against the trade receivable/advance to customer. The Group also manages credit risk through the use of a receivables purchase arrangement, for an element of its trade receivables. Under the terms of this arrangement, the Group transfers the credit risk, late payment risk and control of the receivables sold. The total receivables sold at 28 February 2017 was €53.4m.

Advances to customers are generally secured by, amongst others, rights over property or intangible assets, such as the right to take possession of the premises of the customer. Interest rates calculated on repayment/annuity advances are generally based on the risk-free rate plus a margin, which takes into account the risk profile of the customer and value of security given. The Group establishes an allowance for impairment of customers advances that represents its estimate of potential future losses.

From time to time, the Group holds significant cash balances, which are invested on a short-term basis and disclosed under cash & cash equivalents in the Balance Sheet. Risk of counterparty default arising on short-term cash deposits is controlled within a framework of dealing primarily with banks who are members of the Group's banking syndicate, and by limiting the credit exposure to any one of these banks or institutions. Management does not expect any counterparty to fail to meet its obligations.

The Company also bears credit risk in relation to amounts owed by Group undertakings and from guarantees provided in respect of the liabilities of wholly owned subsidiaries as disclosed in note 25.

The carrying amount of financial assets, net of impairment provisions represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:-

	Group		Company	
	2017	2016	2017	2016
	€m	€m	€m	€m
Trade receivables	**49.4**	69.6	**-**	-
Advances to customers	**58.3**	53.0	**-**	-
Amounts due from Group undertakings	**-**	-	**335.1**	238.2
Cash & cash equivalents	**187.6**	197.3	**-**	-
	295.3	319.9	**335.1**	238.2

The ageing of trade receivables and advances to customers together with an analysis of movement in the Group impairment provisions against these receivables are disclosed in note 15. The Group does not have any significant concentrations of risk.

(e) Liquidity risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due. Liquid resources are defined as the total of cash & cash equivalents. The Group finances its operations through cash generated by the business and medium term bank credit facilities; the Group does not use off-balance sheet special purpose entities as a source of liquidity or financing.

The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or committed bank facilities to meet all debt obligations as they fall due. To achieve this, the Group (a) maintains adequate cash or cash equivalent balances; (b) prepares detailed 3 year cash projections; and (c) keeps refinancing options under review. In addition, the Group maintains an overdraft facility that is unsecured.

In December 2014, the Group updated and amended 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 €359.3m was drawn at 28 February 2017 (2016: €360.4m).

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's 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

Compliance with these debt covenants is monitored continuously.

The Group's main liquidity risk relates to maturing debt, however this risk is considered low at year end given the current facility extends to December 2019 as outlined above.

At the year end, the Group had net debt, net of unamortised issue costs, of €170.6m (29 February 2016: €163.0m), with a Net debt/ EBITDA ratio of 1.55:1.

The following are the contractual maturities of financial liabilities, including interest payments-

Group	Carrying amount €m	Contractual cash flows €m	6 months or less €m	6-12 months €m	1-2 years €m	Greater than 2 years €m
2017						
Interest bearing loans & borrowings	**(358.2)**	**(374.3)**	**(2.7)**	**(2.7)**	**(5.3)**	**(363.6)**
Trade & other payables	**(144.1)**	**(144.1)**	**(144.1)**	**-**	**-**	**-**
Provisions	**(14.2)**	**(15.4)**	**(3.8)**	**(2.8)**	**(0.9)**	**(7.9)**
Total contracted outflows	**(516.5)**	**(533.8)**	**(150.6)**	**(5.5)**	**(6.2)**	**(371.5)**
2016						
Interest bearing loans & borrowings	(360.3)	(384.4)	(3.0)	(3.0)	(6.0)	(372.4)
Trade & other payables	(160.9)	(160.9)	(160.9)	-	-	-
Provisions	(18.9)	(22.6)	(12.2)	(1.1)	(0.9)	(8.4)
Total contracted outflows	(540.1)	(567.9)	(176.1)	(4.1)	(6.9)	(380.8)

Company						
2017						
Amounts due to Group undertakings	**(281.1)**	**(281.1)**	**(281.1)**	**-**	**-**	**-**
Trade & other payables	**(0.3)**	**(0.3)**	**(0.3)**	**-**	**-**	**-**
Total contracted outflows	**(281.4)**	**(281.4)**	**(281.4)**	**-**	**-**	**-**
2016						
Amounts due to Group undertakings	(273.3)	(273.3)	(273.3)	-	-	-
Trade & other payables	(0.5)	(0.5)	(0.5)	-	-	-
Total contracted outflows	(273.8)	(273.8)	(273.8)	-	-	-

Notes forming part of the financial statements
(continued)

23. SHARE CAPITAL AND RESERVES SHARE CAPITAL

	Authorised number	Allotted and called up Number	Authorised €m	Allotted and called up €m
At 28 February 2017				
Ordinary shares of €0.01 each	**800,000,000**	**325,546,201***	**8.0**	**3.3**
At 29 February 2016				
Ordinary shares of €0.01 each	800,000,000	329,157,714**	8.0	3.3
At 28 February 2015				
Ordinary shares of €0.01 each	800,000,000	348,547,138***	8.0	3.5

* Inclusive of 11.9m treasury shares.
** Inclusive of 16.4m treasury shares.
*** Inclusive of 16.5m treasury shares.

All shares in issue carry equal voting and dividend rights.

Following shareholder approval at the Annual General Meeting on 27 June 2012, where Interests under the Joint Share Ownership Plan have vested and if the participant is a continuing employee and so agrees, the participant is entitled to dividends on the relevant Plan Shares in proportion to his economic interest. The Trustees of the Employee Trust are entitled to the dividends otherwise but have waived their entitlement. In the year to 28 February 2017, dividends of less than €0.1m were paid to Plan participants (2016: €0.4m).

Reserves
Group

	Allotted and called up Ordinary Shares		Ordinary Shares held by the Trustee of the Employee Trust*	
	2017 '000	2016 '000	2017 '000	2016 '000
As at 1 March	**329,158**	348,547	**7,354**	7,473
Shares issued in lieu of dividend	**2,209**	1,312	**-**	-
Shares issued in respect of options exercised	**318**	146	**-**	-
Shares cancelled following share buyback programme	**(6,139)**	(20,847)	**-**	-
Shares disposed of or transferred to Participants	**-**	-	**(4,442)**	(119)
As at 28 (29) February	**325,546****	329,158**	**2,912**	7,354

*1.7m shares are held in the sole name of the Trustee of the Employee Trust (2016: 0.1m).
** Includes 9.025m shares bought by the Group during the financial year ended 28 February 2015 which continue to be held as Treasury shares.

Movements in the year ended 28 February 2017

In July 2016, 1,067,162 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.95476 per share, instead of part or all the cash element of their final dividend entitlement for the year ended 29 February 2016. In December 2016, 1,142,613 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.44324 per share, instead of part or all the cash element of their interim dividend entitlement for the year ended 28 February 2017. During the current financial year 318,150 ordinary shares were issued on the exercise of share options for a net consideration of €0.8m.

23. SHARE CAPITAL AND RESERVES SHARE CAPITAL (CONTINUED)

All shares held by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust which were neither cancelled nor disposed of by the Trust at 28 February 2017 continue to be included in the treasury share reserve. During the financial year, 130,513 shares were sold by the Trustees and are no longer accounted for as treasury shares and 4,311,889 shares were transferred to participants on exercise of their entitlements under the Group's Joint Share Ownership Plan and therefore are also no longer accounted for as treasury shares.

Also during the current financial year, as part of the Group's capital management strategy, the Group invested €23.2m in an on-market share buyback programme (inclusive of commission and related costs) in which it repurchased and subsequently cancelled 6,139,438 of the Group's shares. This was in accordance with shareholder authority granted at the Group's AGM, in July 2016, to make market purchases of up to 10% of its own shares.

Movements in the year ended 29 February 2016

In July 2015, 663,539 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.68 per share, instead of part or all the cash element of their final dividend entitlement for the year ended 28 February 2015. In December 2015, 647,937 ordinary shares were issued to the holders of ordinary shares who elected to receive additional ordinary shares at a price of €3.67 per share, instead of part or all the cash element of their interim dividend entitlement for the year ended 29 February 2016. During the financial year 146,000 ordinary shares were issued on the exercise of share options for a net consideration of €0.5m.

All shares held by Kleinwort Benson (Guernsey) Trustees Limited as trustees of the C&C Employee Trust which were neither cancelled nor disposed of by the Trust at 29 February 2016 continue to be included in the treasury share reserve. During the financial year, 119,244 shares were sold by the Trustees and therefore are no longer accounted for as treasury shares.

Also during the prior financial year, as part of the Group's capital management strategy, the Group invested €76.6m (inclusive of commission and related costs) in an on-market share buyback programme in which it repurchased and subsequently cancelled 20,846,900 of the Group's shares.

Share premium - Group

The change in legal parent of the Group on 30 April 2004, as disclosed in detail in that year's annual report, was accounted for as a reverse acquisition. This transaction gave rise to a reverse acquisition reserve debit of €703.9m, which, for presentation purposes in the Group financial statements, has been netted against the share premium in the Consolidated Balance Sheet.

Share premium - Company

The share premium, as stated in the Company Balance Sheet, represents the premium recognised on shares issued and amounts to €838.6m as at 28 February 2017 (2016: €829.7m). The current financial year movement relates to the exercise of share options, and the issuance of a scrip dividend to those who elected to receive additional ordinary shares in place of a cash dividend.

Other undenominated reserve and capital reserve

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. The current and prior financial year movement relates to the on-market share buyback programme undertaken by the Group during both periods as outlined in further detail below.

Share-based payment reserve

The reserve relates to amounts expensed in the Income Statement in connection with share option grants falling within the scope of IFRS 2 *Share-Based Payment*, plus amounts received from participants on award of Interests under the Group's Joint Share Ownership Plan, less reclassifications to retained income following exercise/forfeit post vesting or lapse of such share options and Interests, as set out in note 4.

Currency translation reserve

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

Notes forming part of the financial statements
(continued)

23. SHARE CAPITAL AND RESERVES SHARE CAPITAL (CONTINUED)

Revaluation reserve

Since 2009 the Group has completed a number of external valuations on its property, plant and equipment. Gains arising from such revaluations are posted to the Group's revaluation reserve. Any decreases in the value of the Group's property, plant and equipment as a result of external or internal valuations are recognised in the Income Statement except where there had been a previously recognised gain in the revaluation reserve as a result of the same asset, in which case, the gain is eliminated from the revaluation reserve to offset the loss in the first instance.

The movement in the current financial year is the removal of a previously recognised gain on an element of the Group's property, plant and equipment which was disposed of during the year.

Treasury shares

Included in this reserve is where the Company issues equity share capital under its Joint Share Ownership Plan, which is held in trust by the Group's Employee Trust. The consideration paid, 90% by a Group company and 10% by the participants, in respect of these shares is deducted from total shareholders' equity and classified as treasury shares on consolidation until such time as the Interests vest and the participant acquires the shares from the Trust or the Interests lapse and the shares are cancelled or disposed of by the Trust. Also included in the reserve is the purchase of 9,025,000 of the Company's own shares in the financial year ended 28 February 2015 at an average price of €3.29 per share under the Group's share buyback programme.

The current year movement in the reserve relates to Interests under the Joint Share Ownership Plan being acquired by participants from the Trust.

Capital management

The Board's policy is to maintain a strong capital base so as to safeguard the Group's ability: to continue as a going concern for the benefit of shareholders and stakeholders; to maintain investor, creditor and market confidence; and, to sustain the future development of the business through the optimisation of the value of its debt and equity shareholding balance.

The Board considers capital to comprise long-term debt and equity. There are no externally imposed requirements with respect to capital with the exception of a financial covenant in the Group's debt facilities which limits the Net debt:EBITDA ratio to a maximum of 3.5 times. This financial covenant was complied with throughout the year.

The Board periodically reviews the capital structure of the Group, considering the cost of capital and the risks associated with each class of capital. The Board approves any material adjustments to the capital structure in terms of the relative proportions of debt and equity. In order to maintain or adjust the capital structure, the Group may issue new shares, dispose of assets to reduce debt, alter dividend policy by increasing or reducing the dividend paid to shareholders, return capital to shareholders and/or buyback shares. In respect of the financial year ended 28 February 2017, the Company paid an interim dividend on ordinary shares of 4.96c per share (2016: 4.73c per share) and the Directors propose, subject to shareholder approval, that a final dividend of 9.37c per share (2016: 8.92c per share) be paid, bringing the total dividend for the year to 14.33c per share (2016: 13.65c per share).

In addition, as part of the Group's capital management strategy, the Group participated in a share buyback programme during the financial year. At the AGM held on 7 July 2016, shareholders granted the Group authority to make market purchases of up to 10% of its own shares.

The Group invested €22.9m (€23.2m including commission and related fees) as part of this on-market buyback programme, purchasing 6,139,438 of the Company's shares at an average price of €3.73. The Group's stockbrokers, Investec, conducted the share buyback programme. All shares acquired as part of the share buyback programme in the current financial year were subsequently cancelled by the Group. In the prior financial year, the Group invested €75.7m (€76.6m including commission and related fees) as part of this on-market share buyback programme, purchasing 20,846,900 of the Company's shares at an average price of €3.63. All shares acquired were subsequently cancelled by the Group. In the financial year ended 28 February 2015, a subsidiary of the Group invested €30.0m as part of an on-market share buyback programme, purchasing 9,025,000 of the Company's shares at an average price of €3.29. All shares acquired as part of this share buyback programme in the prior financial year are held as Treasury shares.

The Group monitors debt capital on the basis of interest cover and by the ratio of Net debt:EBITDA before exceptional items. In December 2014, the Group updated and amended its committed €450m multi-currency five year syndicated revolving facility with 7 banks which is repayable in a single instalment on 22 December 2019.

23. SHARE CAPITAL AND RESERVES SHARE CAPITAL (CONTINUED)

Company Income Statement

In accordance with Section 304 of the Companies Act 2014, the Income Statement of the Company has not been presented separately in these consolidated financial statements. A profit of €146.0m (2016: €0.7m loss) was recognised in the individual Company Income Statement of C&C Group plc.

24. COMMITMENTS

(a) Capital commitments

At the year end, the following capital commitments authorised by the Board had not been provided for in the financial statements:-

	2017 €m	2016 €m
Contracted	**0.3**	11.8
Not contracted	**12.9**	10.1
	13.2	21.9

The contracted capital commitments at 28 February 2017 primarily relates to improvements to the Wellpark visitor centre. Commitments at 29 February 2016 primarily relate to commitments at the Group's manufacturing facilities in Clonmel as a result of the announced consolidation of production sites across the Group during the prior financial year and the consequential announced investment in enhancing packaging and logistics capabilities at the Group's Clonmel site.

(b) Commitments under operating leases

Future minimum rentals payable under non-cancellable operating leases at the year end are as follows:-

	2017				2016			
	Land & buildings €m	Plant & machinery €m	Other €m	Total €m	Land & buildings €m	Plant & machinery €m	Other €m	Total €m
Payable in less than one year	**3.9**	**0.6**	**10.0**	**14.5**	5.5	0.8	6.2	12.5
Payable between 1 and 5 years	**7.0**	**1.2**	**22.7**	**30.9**	8.2	2.0	15.3	25.5
Payable greater than 5 years	**7.6**	**-**	**1.3**	**8.9**	9.7	-	-	9.7
	18.5	**1.8**	**34.0**	**54.3**	23.4	2.8	21.5	47.7

The land & buildings operating lease commitments primarily relate to two leases of warehousing facilities in the UK acquired as part of the acquisition of the Gaymers cider business in 2010. These leases are due to expire in 2017 and 2026 respectively. A related onerous lease provision is included in Provisions – note 17. The other operating lease commitments primarily relate to on trade assets across the Group.

Notes forming part of the financial statements
(continued)

24. COMMITMENTS (CONTINUED)

(c) Other commitments

At the year end, the value of contracts placed for future expenditure was:-

2017	Apple concentrate €m	Glass €m	Marketing €m	Barley €m	Aluminium €m	Polymer €m	Wheat €m	Sugar/ glucose €m	Natural gas	Total* €m
Payable in less than one year	**0.7**	**4.5**	**2.2**	**6.9**	**1.6**	**0.3**	**0.7**	**10.2**	**0.8**	**27.9**
Payable between 1 and 5 years	**-**	**-**	**3.5**	**13.2**	**-**	**-**	**-**	**-**	**-**	**16.7**
	0.7	**4.5**	**5.7**	**20.1**	**1.6**	**0.3**	**0.7**	**10.2**	**0.8**	**44.6**

*Commitment obligations range from between 1 month to 60 months.

2016	Apple concentrate €m	Glass €m	Marketing €m	Barley €m	Aluminium €m	Polymer €m	Wheat €m	Sugar/ glucose €m	Natural gas €m	Total €m
Payable in less than one year	1.7	5.0	3.8	7.2	7.5	-	0.3	11.8	-	37.3
Payable between 1 and 5 years	0.4	-	3.3	21.1	-	-	-	1.6	-	26.4
	2.1	5.0	7.1	28.3	7.5	-	0.3	13.4	-	63.7

25. GUARANTEES AND CONTINGENCIES

Where the Group or subsidiaries enters into financial guarantee contracts to guarantee the indebtedness of other companies or joint ventures and associates within the Group, the Group/subsidiaries considers these to be insurance arrangements and accounts for them as such. The Group/subsidiary treats the guarantee contract as a contingent liability until such time as it becomes probable that it will be required to make a payment under the guarantee.

As outlined in note 18, the Group has a multi-currency loan facility in place at year end, which it re-negotiated in December 2014. The Company, together with a number of its subsidiaries, gave a letter of guarantee to secure its obligations in respect of these loans. The actual loans outstanding at 28 February 2017 amounted to €359.3m (2016: €360.4m).

During the financial year ended 28 February 2015, a subsidiary of the Group entered into guarantees in favour of HSBC Bank plc, HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited whereby it guaranteed drawn debt plus interest charges by Drygate Brewing Company Limited to HSBC Bank PLC of up to £540,000 and to HSBC Asset Finance (UK) and HSBC Equipment Finance Limited of up to £225,000 in aggregate. The guarantees reduce on a pound for pound basis to the extent of capital repayments in respect of the drawn debt and any amounts realised by the bank pursuant to any security provided in respect of the debt. The Guarantee with respect to HSBC Bank plc expires on the earlier of eleven years and three months from the date on which the guarantee became effective, the secured liabilities are repaid, or by mutual agreement with HSBC Bank plc. The Guarantees with HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited expire after the secured liabilities are repaid, or by mutual agreement with HSBC Asset Finance (UK) Limited and HSBC Equipment Finance Limited respectively.

25. GUARANTEES AND CONTINGENCIES (CONTINUED)

Also during the financial year ended 28 February 2015, a subsidiary of the Group entered into a guarantee with Ulster Bank Limited whereby it guaranteed repayment of a loan plus interest and charges, to a maximum value of €1,150,000, which was drawn by one of its customers. The guarantee expires on the earlier of three years from the date of the first drawdown or the date on which the customer discharges its liability in its entirety.

During the 2014 financial year, a subsidiary of the Group entered into a guarantee in favour of Bank of Scotland plc whereby it guaranteed repayment of a five year term loan facility of up to €1,000,000 made by Bank of Scotland plc to a customer of a subsidiary of C&C Group plc, together with interest and other charges due under the facility and account charges.

During the 2011 financial year, a subsidiary of the Group entered into a guarantee with Clydesdale Bank plc whereby it guaranteed £250,000 plus interest and charges of the drawn debt of one of its customers. The guarantee expires on the earlier of: 10 years from the date on which the guarantee becomes effective; or the secured liabilities are repaid; or by mutual agreement with Clydesdale Bank plc.

Invest Northern Ireland funding, in the form of an employment grant of €0.2m was received during the 2015 financial year. Enterprise Ireland funding of €1.0m has previously been received towards the costs of implementing developmental projects. Scottish Enterprise Board funding of €0.3m had previously been received under the terms of its Regional Selective Assistance Scotland Scheme. All of these funds are fully repayable should the recipient subsidiary of the Group at any time during the term of the agreements be in breach of the terms and conditions of the agreements. The agreements terminate five years from date of the last receipt of funding which in the case of Invest Northern Ireland funding is September 2019 and Enterprise Ireland funding is March 2018. The Scottish Enterprise Board funding terms and conditions expired in July 2016.

Under the terms of the Sale and Purchase Agreement with respect to disposal of the Group's Northern Ireland wholesaling business in the year ended 29 February 2012, the Group has a maximum aggregate exposure of £4.3m in relation to warranties. The time limit for notification of all claims with respect to these warranties expired on 3 February 2013, with the exception of any claim relating to tax where the time limit is seven years from the transaction date and is due to expire on 3 August 2018.

Pursuant to the provisions of Section 357 of the Companies Act 2014, the Company has guaranteed the liabilities of certain of its subsidiary undertakings incorporated in the Republic of Ireland for the financial year to 28 February 2017 and as a result such subsidiaries are exempt from certain filing provisions.

26. 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.

(a) 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. A listing of all subsidiaries is provided in note 27. 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 IFRS 10 *Consolidated Financial Statements*.

Equity accounted investees

In the current financial year, on 20 December 2016, the Group acquired 25% of the equity share capital of Whitewater Brewing Company Limited ("Whitewater"), an Irish Craft brewer for £0.3m (€0.3m euro equivalent at date of transaction). Also in the current financial year, on 11 May 2016, the Group acquired 14% of the equity share capital of a Canadian Company, for CAD$2.5m (€1.7m euro equivalent on date of investment). Details of transactions between the Group and both Whitewater and the Canadian Company, from date of investment, are disclosed below.

Notes forming part of the financial statements
(continued)

26. RELATED PARTY TRANSACTIONS (CONTINUED)

During the financial year ended 28 February 2015, 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. Details of transactions during the current and prior financial year and outstanding year end balances are disclosed below.

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. Transactions between the Group and Beck & Scott (Services) Limited (Northern Ireland) are disclosed below. The Group had no transactions with The Irish Brewing Company Limited (Ireland) which is a non-trading entity.

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

On 28 November 2012, the Group acquired an equity investment in Thistle Pub Company Limited, a joint venture with Maclay Group plc. The Group subsequently acquired the remaining equity share capital of the Thistle Pub Company Limited business in the prior financial year on 3 August 2015. The Group therefore accounted for Thistle Pub Company Limited as a related party in the prior financial year up to the date of the deemed disposal of its initial investment and subsequent acquisition of 100% Thistle Pub Company Limited on 3 August 2015.

On 21 March 2012, the Group acquired a 25% equity investment in Maclay Group plc. The Maclay Group plc went into administration during the financial year ended 28 February 2015 and the Group consequently impaired its investment in this entity. The Group continued to trade with Maclay Inns Limited (in administration), a 100% owned subsidiary of the Maclay Group plc (in administration) in the prior financial year and details of transactions are disclosed below. In the current financial year the Group did not trade with Maclay Inns Limited however did receive an interim distribution of €0.5m as part of the administration process.

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 (note 15).

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	
	2017	2016	2017	2016
	€m	€m	€m	€m
Sale of goods to equity accounted investees:				
Beck & Scott (Services) Limited (Northern Ireland)	**0.2**	-	**-**	-
Drygate Brewing Company Limited	**0.2**	0.3	**0.1**	0.1
Maclay Group plc	**-**	0.8	**-**	-
Thistle Pub Company Limited	**n/a**	0.4	**n/a**	-
Shanter Inns Limited	**-**	0.3	**-**	-
	0.4	1.8	**0.1**	0.1

26. RELATED PARTY TRANSACTIONS (CONTINUED)

	Balance outstanding 2017 €m	Balance outstanding 2016 €m
Loans to equity accounted investees:		
Canadian Investment	**1.8**	-
Whitewater Brewing Company Limited	**0.7**	-
Drygate Brewing Company Limited	**0.7**	2.1
Shanter Inns Limited	**-**	0.1
	3.2	2.2

	Purchases 2017 €m	Purchases 2016 €m	Balance outstanding 2017 €m	Balance outstanding 2016 €m
Purchase of goods from equity accounted investees:				
Whitewater Brewing Company Limited	**0.1**	-	**-**	n/a
Drygate Brewing Company Limited	**0.6**	0.1	**0.2**	0.1
	0.7	0.1	**0.2**	0.1

All outstanding trading 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.

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 (note 4) 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:-

	2017 Number	2016 Number
Number of individuals	**10**	10

	€m	€m
Salaries and other short-term employee benefits	**2.4**	2.9
Post employment benefits	**0.3**	0.3
Equity settled share-based payments	**0.1**	-
Further amount re exercise of JSOP Interests	**0.2**	-
Dividend equivalent payment with respect to JSOP Interests	**0.6**	-
Dividend income with respect of JSOP Interests (note 23)	**-**	0.4
Total	**3.6**	3.6

Notes forming part of the financial statements
(continued)

26. RELATED PARTY TRANSACTIONS (CONTINUED)

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 an exercise/sale of the awarded Interests. The deferral of the payment of the further amount was considered to be an interest-free loan by the Company to the executive and a taxable benefit-in-kind arose, charged at the Revenue stipulated rates (Ireland 13.5% from 1 January 2013 and UK 3.25% to 5 April 2015 and 3.0% from 6 April 2015). In the current financial year the Group's executive Directors exercised their JSOP Interests and paid the further amount on exercise. Under the terms of the Plan, when the further amount is paid, the Company compensates the executive for the obligation to pay this further amount by paying him an equivalent amount, which is however, subject to income tax and social security in the hands of the executive. This compensation is disclosed in the table above under Further amount.

The balances of the loans outstanding to the executive Directors in the context of the above as at 28 February 2017 and 29 February 2016 are as follows:-

	28 February 2017 €'000	29 February 2016 €'000
Stephen Glancey	-	111
Kenny Neison	-	83
Total	-	194

The highest amount due during the year, with respect to these loans, were the amounts outstanding as at 29 February 2016.

Also during the year and pursuant to a contract for services effective as of 1 April 2014 between C&C IP Sàrl ('CCIP') and Joris Brams BVBA ('JBB'), (a company wholly owned by Joris Brams and family), CCIP paid fees of €91,550 to JBB in respect of brand development services provided by JBB to CCIP in relation to Belgian products.

(b) Company

The Company has a related party relationship with its subsidiary undertakings. Details of the transactions in the year between the Company and its subsidiary undertakings are as follows:-

	2017 €m	2016 €m
Dividend income	**149.0**	-
Expenses paid on behalf of and recharged by subsidiary undertakings to the Company	**(3.1)**	(2.9)
Equity settled share-based payments for employees of subsidiary undertakings	**0.7**	0.5
Drawdown of cash funding and other cash movements with subsidiary undertakings	**(89.1)**	(111.1)

27. SUBSIDIARY UNDERTAKINGS

Trading subsidiaries	Notes	Nature of business	Class of shares held as at 28 February 2017 (100% unless stated)
Incorporated and registered in Republic of Ireland			
Bulmers Limited	(a) (n)	Cider	Ordinary
C&C Financing DAC	(b) (n) (o)	Financing company	Ordinary
C&C Group International Holdings Limited	(a) (n) (o)	Holding company	Ordinary & Convertible
C&C Group Irish Holdings Limited	(a) (n) (o)	Holding company	Ordinary
C&C Group Sterling Holdings Limited	(b) (n)	Holding company	Ordinary
C&C (Holdings) Limited	(a) (n)	Holding company	Ordinary
C&C Management Services Limited	(a) (n)	Provision of management services	6% Cumulative Preference, 5% Second Non-Cumulative Preference & Ordinary Stock
Cantrell & Cochrane Limited	(a) (n)	Holding company	Ordinary
Latin American Holdings Limited	(b) (n)	Holding company	Ordinary
M&J Gleeson & Co u.c.	(b) (n)	Wholesale of drinks	Ordinary
Tennent's Beer Limited	(a) (n)	Beer	Ordinary
The Annerville Financing Company u.c.	(a) (n)	Financing company	Ordinary
The Five Lamps Dublin Beer Company Limited	(b)	Beer	Ordinary (87.5%)
Tipperary Pure Irish Water (Sales) u.c. (formerly Tipperary Natural Mineral Water (Sales))	(b) (n)	Water	Ordinary
Wm. Magner Limited	(a) (n)	Cider	Ordinary
Wm. Magner (Trading) Limited	(a) (n)	Financing company	Ordinary
Incorporated and registered in Northern Ireland			
C&C Holdings (NI) Limited	(c)	Holding company	Ordinary
Gleeson N.I. Limited	(c)	Wholesale of drinks	Ordinary
Tennent's NI Limited	(c)	Cider and beer	Ordinary & 3.25% Cumulative Preference
Incorporated and registered in England and Wales			
C&C Management Services (UK) Limited	(e)	Provision of management services	Ordinary
Magners GB Limited	(e)	Cider and beer	Ordinary
Incorporated and registered in Scotland			
Macrocom (1018) Limited	(g)	Investment	Ordinary
Tennent Caledonian Breweries UK Limited	(f)	Beer and cider	Ordinary
Tennent Caledonian Breweries Wholesale Limited	(g)	Wholesale of drinks	Ordinary
Wallaces Express Limited	(g)	Holding company	Ordinary
Wellpark Financing Limited	(f)	Financing company	Ordinary
Incorporated and registered in Luxembourg			
C&C IP Sàrl	(h)	Licensing activity	Class A to J Units
C&C IP (No. 2) Sàrl	(h)	Licensing activity	Class A to J Units
C&C Luxembourg Sàrl	(h)	Holding and financing company	Class A to J Units
Incorporated and registered Portugal			
Biofun - Produtos Biológicos Do Fundão Limitada	(i)	Ingredients	Ordinary
Frontierlicious Limitada	(i)	Orchard management	Ordinary
Incredible Prosperity Limitada	(i)	Orchard management	Ordinary

Notes forming part of the financial statements
(continued)

27. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Trading subsidiaries	Notes	Nature of business	Class of shares held as at 28 February 2017 (100% unless stated)
Incorporated and registered in Delaware, US			
Green Mountain Beverages Management Corporation, Inc	(j)	Licensing activity	Common Stock
Vermont Hard Cider Company Holdings, Inc.	(j)	Holding company	Common Stock
Vermont Hard Cider Company, LLC	(j)	Cider	Membership Units
Wm. Magner, Inc.	(j)	Cider	Common Stock
Incorporated and registered in Singapore			
C&C International (Asia) Pte. Ltd.	(l)	Sales & Marketing	Ordinary
Non-trading subsidiaries			
Incorporated and registered in Republic of Ireland			
C&C Agencies Limited	(a) (n)	Non-trading	Ordinary
C&C Brands Limited	(a) (n)	Non-trading	Ordinary
C&C Gleeson Group Pension Trust Limited	(b)(n)	Non-trading	Ordinary
C&C Group Pension Trust Limited	(a) (n)	Non-trading	Ordinary
C&C Group Pension Trust (No. 2) Limited	(a) (n)	Non-trading	Ordinary
C&C Profit Sharing Trustee Limited	(a) (n)	Non-trading	Ordinary
Ciscan Net Limited	(a) (n)	Non-trading	Ordinary & A Ordinary
Cooney & Co. u.c.	(b) (n)	Non-trading	Ordinary
Cravenby Limited	(a) (n)	Non-trading	Ordinary
Crystal Springs Water Company Limited	(b) (n)	Non-trading	Ordinary
Dowd's Lane Brewing Company Limited	(a) (n)	Non-trading	Ordinary
Edward and John Burke (1968) Limited	(a) (n)	Non-trading	Ordinary & A Ordinary
Findlater (Wine Merchants) Limited	(a) (n)	Non-trading	Ordinary & A Ordinary
Fruit of the Vine Limited	(a) (n)	Non-trading	Ordinary
Gleeson Logistic Services Limited	(b) (n)	Non-trading	Ordinary
Gleeson Management Services u.c.	(b) (n)	Non-trading	Ordinary
Gleeson Wines & Spirits Limited	(b) (n)	Non-trading	Ordinary
Greensleeves Confectionery Limited	(b) (n)	Non-trading	Ordinary, 12% Cumulative Convertible Redeemable Preference & 3% Cumulative Redeemable Convertible Preference
J.L. O'Brien Clonmel u.c.	(b) (n)	Non-trading	Ordinary
M.& J. Gleeson (Investments) Limited	(b) (n)	Non-trading	Ordinary
M&J Gleeson Nominees Limited	(b) (n)	Non-trading	Ordinary & Preference
M. and J. Gleeson (Manufacturing) Company u.c.	(b) (n)	Non-trading	Ordinary
M and J Gleeson (Manufacturing) Company Holdings Limited	(b) (n)	Non-trading	Ordinary & Non-Voting Ordinary
M and J Gleeson and Company Holdings Limited	(b) (n)	Non-trading	Ordinary
M & J Gleeson Property Development Limited	(b) (n)	Non-trading	Ordinary
Magners Irish Cider Limited	(a) (n)	Non-trading	Ordinary
Sceptis Limited	(a) (n)	Non-trading	Ordinary
Showerings (Ireland) Limited	(a) (n)	Non-trading	Ordinary
Tennmel Limited	(b) (n)	Non-trading	Ordinary & A-E Non-Voting
Thwaites Limited	(a) (n)	Non-trading	A & B Ordinary
Tipperary Natural Mineral Water Company Holdings Limited	(b) (n)	Non-trading	Ordinary
Tipperary Natural Mineral Water (Sales) Holdings Limited	(b) (n)	Non-trading	Ordinary
Tipperary Pure Irish Water u.c.	(a) (n)	Non-trading	Ordinary
Vandamin Limited	(a) (n)	Non-trading	A & B Ordinary

27. SUBSIDIARY UNDERTAKINGS (CONTINUED)

Trading subsidiaries	Notes	Nature of business	Class of shares held as at 28 February 2017 (100% unless stated)
Incorporated and registered in Northern Ireland			
C&C 2011 (NI) Limited	(c)	Non-trading	Ordinary
C&C Profit Sharing Trustee (NI) Limited	(c)	Non-trading	Ordinary
Incorporated and registered in Scotland			
Thistle Pub Company Limited	(d)	Non-trading	Ordinary
Incorporated and registered in England and Wales			
Gaymer Cider Company Limited	(e)	Non-trading	Ordinary
Green Light Brands Limited	(m) (p)	Dissolved	Ordinary
Monuriki Drinks Limited	(m) (p)	Dissolved	Ordinary
Monuriki Sales & Marketing Limited	(m) (p)	Dissolved	Ordinary
Incorporated and registered in Germany			
Wm. Magner GmbH	(k) (q)	Dissolved	Ordinary

Notes
(a) - (q)
The address of the registered office of each of the above companies is as follows:
(a) Annerville, Clonmel, Co. Tipperary, E91 NY79, Ireland.
(b) Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702, Ireland.
(c) 15 Dargan Road, Belfast, BT3 9LS, Northern Ireland.
(d) Argyll House, Quarrywood Court, Livingston, West Lothian, EH54 6AX, Scotland.
(e) Ashford House, Grenadier Road, Exeter, Devon EX1 3LH, England.
(f) Wellpark Brewery, 161 Duke St, Glasgow, G31 1JD, Scotland.
(g) Crompton Way, North Newmoor Industrial Estate, Irvine, Strathclyde, KA11 4HU, Scotland.
(h) L-2132 Luxembourg, 18 Avenue Marie-Therese, Luxembourg.
(i) Quinta Da Ferreira De Baxio, Castelo Branco, Fundão Parish, 6230 610 Salgueiro, Portugal.
(j) 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808, US.
(k) Hans-Stießberger-Strae 2b, 885540 Haar, Germany.
(l) 143, Cecil Street, #03-01, GB Building, Singapore – 069542.
(m) Kilver Street, Shepton Mallet, Somerset, BA4 5ND, England.
(n) Companies covered by Section 357, Companies Act 2014 guarantees (note 25).
(o) Immediate subsidiary of C&C Group plc.
(p) Dissolved on 6 December 2016.
(q) Wm Magner GmbH was liquidated on 12 April 2016.

EQUITY ACCOUNTED INVESTEES

Company Name		Nature of business	Class of shares and % held
Beck & Scott (Services) Limited (Northern Ireland)	(a)	Wholesale of drinks	Ordinary, 50%
Canadian Investment (Canada)	(b)	Brewing	14%
Drygate Brewing Company Limited (Scotland)	(c)	Brewing	B Ordinary, 49%
Maclay Group plc (Scotland)	(d)	In Administration	B Ordinary & B Preference, 25%
The Irish Brewing Company Limited (Ireland)	(e)	Non-trading	Ordinary, 45.61%
Shanter Inns Limited (Scotland)	(f)	Public houses	Ordinary, 33%
Whitewater Brewing Co. Limited (Northern Ireland)	(g)	Brewing	25%

(a) - (g)
The address of the registered office of each of the above equity accounted investees is as follows:
(a) Unit 1, Ravenhill Business Park, Ravenhill Road, Belfast, BT6 8AW, Northern Ireland.
(b) Ontario, Canada.
(c) 85 Drygate, Glasgow, G4 0UT, Scotland.
(d) G1 Building, 5 George Square, Glasgow, G2 1DY, Scotland.
(e) Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702, Ireland.
(f) 230 High Street, Ayr, KA7 1RQ, Scotland.
(g) 40 Tullyframe Road, Kilkeel, Newry, County Down, BT34 4RZ.

Notes forming part of the financial statements
(continued)

28. POST BALANCE SHEET EVENTS

No significant events affecting the Group have occurred since the year end which would require disclosure or amendment of the financial statements.

29. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Directors on 17 May 2017.

Financial Definitions

Adjusted earnings	Profit for the year attributable to equity shareholders as adjusted for exceptional items
Company	C&C Group plc
Constant Currency	Prior year revenue, net revenue and operating profit for each of the Group's reporting segments is restated to constant exchange rates for transactions by subsidiary undertakings in currencies other than their functional currency and for translation in relation to the Group's non-Euro denominated subsidiaries by revaluing the prior year figures using the current year effective foreign currency rates
DWT	Dividend Withholding Tax
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation charges excluding the Group's share of equity accounted investees' profit/(loss) after tax
Adjusted EBITDA	EBITDA as adjusted for exceptional items
EBIT	Earnings before Interest and Tax
Adjusted EBIT	EBIT as adjusted for exceptional items
Effective tax rate (%)	Income and deferred tax charges relating to continuing activities before the tax impact of exceptional items calculated as a percentage of Profit before tax for continuing activities before exceptional items and excluding the Group's share of equity accounted investees' profit/(loss) after tax
EPS	Earnings per share
EU	European Union
Exceptional	Significant items of income and expense within the Group results for the year which by virtue of their scale and nature are disclosed in the income statement and related notes as exceptional items
Free Cash Flow	Free Cash Flow is a non-GAAP measure that comprises cash flow from operating activities net of capital investment cash outflows which form part of investing activities. Free Cash Flow highlights the underlying cash generating performance of the ongoing business
GB	Great Britain (i.e. England, Wales and Scotland)
Group	C&C Group plc and its subsidiaries
HL	Hectolitre (100 Litres)
	kHL = kilo hectolitre (100,000 litres)
	mHL = millions of hectolitres (100 million litres)
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards as adopted by the EU
Interest cover	Calculated by dividing the Group's EBITDA excluding exceptional items and discontinued activities by the Group's interest expense, excluding issue cost write-offs, fair value movements with respect to derivative financial instruments and unwind of discounts on provisions, of the same period
Export	Sales in territories outside of Ireland, Great Britain and North America
LAD	Long Alcoholic Drinks

Financial Definitions
(continued)

Net debt/(cash)	Net debt/(cash) comprises cash and borrowings net of unamortised issue costs
Net debt/EBITDA	A measurement of leverage, calculated as the Group's interest-bearing debt less cash & cash equivalents, divided by its EBITDA excluding exceptional items and discontinued activities. The net debt to EBITDA ratio is a debt ratio that shows how many years it would take for the Group to pay back its debt if net debt and EBITDA are held constant
Net revenue	Net Revenue is defined by the Group as Revenue less Excise duty. Excise duties, which represent a significant proportion of Revenue, are set by external regulators over which the Group has no control and are generally passed on to the consumer, consequently the Directors consider that the disclosure of Net Revenue enhances the transparency and provides a more meaningful analysis of underlying sales performance
NI	Northern Ireland
Off-trade	All venues where drinks are sold for off-premise consumption including shops, supermarkets and cash & carry outlets selling alcohol for consumption off the premises
On-trade	All venues where drinks are sold at retail for on-premise consumption including pubs, hotels and clubs selling alcohol for consumption on the premises
Operating profit	Profit earned from the Group's core business operations before net financing and income tax costs and excluding the Group's share of equity accounted investees' profit/(loss) after tax. In line with the Group's accounting policies certain items of income and expense are separately classified as exceptional items on the face of the Income Statement
PPE	Property, plant & equipment
Revenue	Revenue comprises the fair value of goods supplied to external customers exclusive of intercompany sales and value added tax, after allowing for discounts, rebates, allowances for customer loyalty and other pricing related allowances and incentives
ROI	Republic of Ireland
TSR	Total Shareholder Return
UK	United Kingdom (Great Britain and Northern Ireland)
US	United States of America
US Adjustment	FY2016 North America revenues have been restated to be on a like for like basis with the current financial year (as though the Pabst arrangement had also been in operation for the whole of FY2016). The like-for-like adjustment on North American revenue and net revenue is arising from Pabst partnership: Under the terms of the trading arrangement with Pabst Brewing company ("PBC") which came into effect on 1st March 2016, C&C's reported revenues and net revenues now comprise Cost of Goods Sold at production cost plus a royalty payment representing one-third of the gross profit of the partnership. C&C contributes one-third of marketing spend. All sales costs are borne by PBC. The like-for-like adjustment for our US revenues and net revenues would have the effect of reducing our reported revenues/net revenues for the comparative period (FY2016) by €10.6m had the partnership been in effect from 1st March 2015.

Shareholder and Other Information

C&C Group plc is an Irish registered company. Its ordinary shares are quoted on the Irish and London Stock Exchanges (ISIN: IE00B010DT83 SEDOL: B010DT8).

C&C Group plc also has a Level 1 American Depository Receipts (ADR) programme for which Deutsche Bank acts as depository (symbol CCGGY). Each ADR share represents three C&C Group plc ordinary shares.

The authorised share capital of the Company at 28 February 2017 was ordinary 800,000,000 ordinary shares at €0.01 each. The issued share capital at 28 February 2017 was 325,546,201 ordinary shares of €0.01 each.

CREST

C&C Group plc is a member of the CREST share settlement system. Therefore transfers of the Company's shares takes place through the CREST settlement system. Shareholders have the choice of holding their shares in electronic form or in the form of share certificates. Shareholders should consult their stockbroker if they wish to hold their shares in electronic form.

SHARE PRICE DATA	2017	2016
Share price at 28 (29) February	€3.870	€3.446
	Number	Number
No of Shares in issue at 28 (29) February	325,546,201	329,157,714
Market capitalization	€1,225m	€1,103m
Share price movement during the financial year		
-high	€4.180	€4.071
-low	€3.415	€3.310

DIVIDEND PAYMENTS

The Company may, by ordinary resolution declare dividends in accordance with the respective rights of shareholders, but no dividend shall exceed the amount recommended by the Directors. The Directors may also declare and pay interim dividends if they believe they are justified by the profits of the Company available for distribution.

An interim dividend of 4.96 cent per share was paid in respect of ordinary shares on 16 December 2016.

A final dividend of 9.37 cent, if approved by shareholders at the 2017 Annual General Meeting, will be paid in respect of ordinary shares on 14 July 2017 to shareholders on the record on 26 May 2017. A scrip alternative will be offered to shareholders.

Dividend Withholding Tax ('DWT') must be deducted from dividends paid by an Irish resident company, unless a shareholder is entitled to an exemption and has submitted a properly completed exemption form to the Company's Registrars. DWT applies to dividends paid by way of cash or by way of shares under a scrip dividend scheme and is deducted at the standard rate of income tax (currently 20%). Non-resident shareholders and certain Irish companies, trusts, pension schemes, investment undertakings, companies resident in any member state of the European Union and charities may be entitled to claim exemption from DWT. DWT exemption forms may be obtained from the Irish Revenue Commissioners website: http://www.revenue.ie/en/tax/dwt/forms/index.html. Shareholders should note that DWT will be deducted from dividends in cases where a properly completed exemption form has not been received by the relevant record date. Shareholders who wish to have their dividend paid direct to a bank account, by electronic funds transfer, should contact Capita Registrars to obtain a mandate form. Tax vouchers will be sent to the shareholder's registered address under this arrangement.

CREST members

Shareholders who hold their shares via CREST will automatically receive dividends in Euro unless they elect otherwise.

Non-CREST members

Shareholders who hold their shares in certificate form will automatically receive dividends in Euro with the following exceptions:
- Shareholders with an address in the United Kingdom (UK) will automatically receive dividends in Sterling,
- Shareholders who had previously elected to receive dividends in a particular currency will continue to receive dividends in that currency.

Shareholders who wish to receive dividends in a currency other than that which will automatically be used should contact the Company's Registrars.

Shareholder and Other Information
(continued)

ELECTRONIC COMMUNICATIONS

Following the introduction of the Transparency Regulations 2007, and in order to promote a more cost effective and environmentally friendly approach, the Company provides the Annual Report electronically to shareholders via the Group's website and only sends a printed copy to those who specifically request one. Shareholders who wish to alter the method by which they receive communications should contact the Company's registrar. All shareholders will continue to receive printed proxy forms, dividend documentation, shareholder circulars, and, where the Company deems it appropriate, other documentation by post.

FINANCIAL CALENDAR	Date
Annual General Meeting	6 July 2017
Ex-dividend date	25 May 2017
Record date for dividend	26 May 2017
Latest date for receipt of elections and mandates	28 June 2016
Payment date for final dividend	14 July 2017
Interim results announcement	October 2017
Interim dividend payment	December 2017
Financial year-end	28 February 2018

COMPANY SECRETARY AND REGISTERED OFFICE

David Johnston, C&C Group plc
Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702
Tel: +353 1 506 3900

REGISTRARS

Shareholders with queries concerning their holdings, dividend information or administrative matters should contact the Company's registrars:
Capita Asset Services, Shareholder solutions (Ireland)
2 Grand Canal Square, Dublin 2, D02 A342
Tel: +353 1 553 0050
Fax: +353 1 224 0700
Email: enquiries@capita.ie

AMERICAN DEPOSITARY RECEIPTS (ADR)

Shareholder with queries concerning their ADR holdings should contact:
Deutsche Bank Trust Company Americas
C/o American Stock Transfer & Trust Company, 6201 15th Avenue, Brooklyn, NY 11219.
Tel: Toll free +1 866 706 8374
International +1 718 921 8137
Email: DB@amstock.com

INVESTOR RELATIONS

FTI Consulting
10 Merrion Square, Dublin 2, D02 DW94

PRINCIPAL BANKERS

Bank of Ireland
Bank of Scotland
Barclays Bank
Danske Bank
HSBC
Rabobank
Ulster Bank

SOLICITORS

McCann FitzGerald
Riverside One, Sir John Rogerson's Quay, Dublin 2, D02 X576

STOCKBROKERS

Davy
49 Dawson Street, Dublin 2, D02 PY05

Investec Bank plc
2 Gresham Street, London, EC2V 7QP

AUDITOR

KPMG
Chartered Accountants
1 Stokes Place, St. Stephen's Green, Dublin 2, D02 DE03

WEBSITE

Further information on C&C Group plc is available at www.candcgroupplc.com

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Bulmers House, Keeper Road, Crumlin, Dublin 12, D12 K702.
www.candcgroupplc.com