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 29 February 2016 set out on pages 98 to 184 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 29 February 2016 and of its profit 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 29 February 2016;
- 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

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

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 intangibles and goodwill contained in the North America operating segment – Year end balance of €147.1 million (2015: Year end balance of €143.5 million after impairment charge of €150 million recorded in the prior year)

Refer to pages 65 and 66 (Audit Committee Report), page 110 (accounting policy) and note 12 to the financial statements.

The risk

As detailed in the accounting policy note on page 110, an impairment review of intangible assets and goodwill is performed annually by the Group. During the prior year an impairment charge of €150 million was recorded against the carrying value of these assets. There is a risk that the carrying value of the intangible assets and goodwill in the North America operating segment may not be recovered from future cashflows. There is inherent uncertainty involved in preparing forecasts and discounted future cash flow projections for this purpose and significant judgement is involved in relation to the assumptions used in the Group's goodwill impairment model for the purposes of assessing the carrying value of the assets.

Our response

In this area, our audit procedures included, amongst others, reviewing the appropriateness of management's identification of cash generating units ("CGUs") within the North America operating segment and the allocation of intangible assets, which are largely brands arising from acquisitions, to these CGUs, evaluating the assumptions and methodologies used by the Group, in particular those relating to revenue growth, operating profit and the discount rate and terminal growth rate applied to the forecasted cash flows in the model. We compared the Group's assumptions with externally derived data as well as our own assessment in relation to key inputs into the model. We challenged the sensitivity analysis performed by management and performed our own sensitivity analysis in relation to the key assumptions. We also assessed whether the disclosures in note 12 presented the Group's assumptions in relation to goodwill impairment and whether sensitivities of the outcome of the impairment assessment appropriately reflected the risks inherent in the valuation of goodwill.

We also performed similar procedures, to those outlined above, 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 the difference between the market capitalisation of the Group and the book value of the Group's net assets which indicated that the market capitalisation exceeded the book value by €426 million at 29 February 2016 (2015: €573 million).

Carrying value of Property, Plant and Equipment ('PP&E') – €190.3 million (2015: €218.9 million)
Refer to pages 65 and 66 (Audit Committee Report), pages 111 to 112 (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 North America and certain assets in the UK 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 prior year the fair value of the majority of the Group's PP&E assets were determined by independent external property and plant valuation experts whilst certain assets were subject to internal valuations.

Such valuations were determined internally in the current year 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.

During the year the Group announced the closure and proposed disposal of certain of its facilities in Ireland and England. The Group has engaged independent property experts to value these assets.

There is inherent uncertainty involved in preparing valuations when there is a lack of liquidity 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 land and buildings and plant and machinery internally valued by management, our audit procedures included assessing and challenging the key assumptions underpinning the valuations. We considered whether the assumptions were consistent with external market information, where available.

In relation to the Group's land and buildings and plant and machinery which was valued externally, we inspected the valuation reports performed by the external valuation experts, in order to assess the integrity of the data and key assumptions underpinning the valuations. We challenged the assumptions underlying the valuations prepared by the valuers and considered whether the assumptions were consistent with external market information, where available. We also assessed the independence and qualifications of the valuers.

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 €4.75 million (2015: €5.5 million). This has been calculated using a benchmark of 5% of Group profit before taxation as normalised for non-recurring 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 believe that materiality for the financial statements as a whole is more appropriately determined based on profit before tax excluding exceptional items which, based on the Group's exceptional items accounting policy set out on page 108, reflects a measure of profit before tax excluding items of income and expenditure which, by virtue of their scale and nature, are separately highlighted by the Group in its financial reporting.

We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit in excess of €250,000 (2015: €275,000), 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 for at operating unit and Group level. In relation to the 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 profit 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 €0.6 million to €3.6 million.

Detailed audit instructions were sent to all the auditors in all of the identified locations. 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 results of 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 results of all operating units were discussed with the Group's Chief Financial Officer and senior members of the Group finance team.

One subsidiary was not in scope for Group reporting purposes. For this subsidiary, we performed other procedures to confirm there were no significant risks of material misstatements to the Group financial statements.

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 24, 25 and 26, concerning the principal risks, their management, and based on that statement, the directors' assessment and expectations of the Group's continuing operations over 3 years to 2019;
- the disclosures in the significant 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 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 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 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 71, in relation to going concern;
- the part of the Directors' Statement on Corporate Governance on pages 60 to 64 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 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 statements 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 60 to 71 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 pages 91 and 92, 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.

11 May 2016
Cliona Mullen
for and on behalf of

KPMG

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