Straight talking, Forward thinking, Results driven.

BARR

A.G. BARR p.l.c.
Interim Report
July 2014

Overview

Accounts

We are a branded soft drinks business making, marketing and selling some of the U.K.'s best loved soft drinks brands.

5.4%
Turnover increase

13.1%
Increase in underlying earnings per share*

£11.2m
Free cash flow

£19.0m
Profit before tax (pre-exceptional items)

Growing our brands across the U.K.

Head Office
01 Cumbernauld

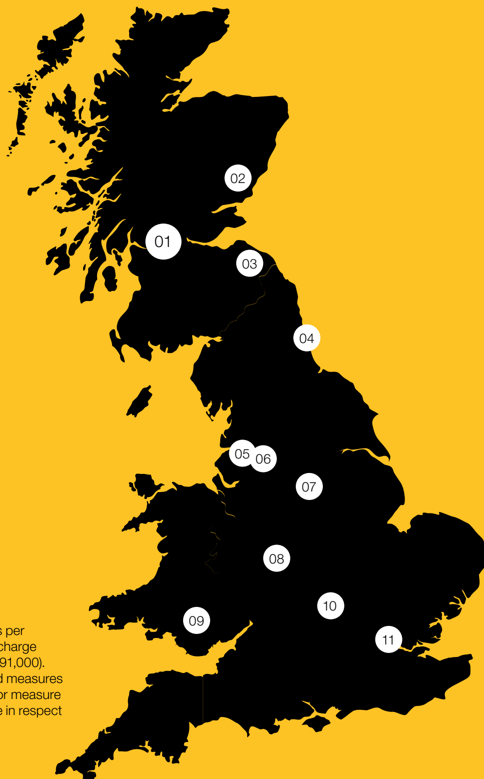
Sales and Administration Offices
01 Cumbernauld
05 Middlebrook

Sales Branch
04 Newcastle
06 Moston
07 Sheffield
08 Wednesbury
11 Walthamstow

Supply Chain Sites
01 Cumbernauld
02 Forfar
03 Pitcox
09 Tredegar
10 Milton Keynes

Our Brands
IRN-BRU, Rubicon, Barr Brands, KA, Strathmore, Simply, Tizer, D'N'B, St. Clement's, Findlays, Abbott's.

Partnership Brands
Rockstar, Snapple.



* Underlying earnings per share exclude the effect of exceptional items after tax on the basic earnings per share calculation. In the six months to 27 July 2014 these exceptional items after tax represented a charge of £2,011,000 (28 July 2013: a charge of £3,035,000, year ended 26 January 2014: a charge of £2,991,000). The term 'underlying' is not defined in IFRS and therefore may not be comparable with similarly titled measures reported by other companies. Underlying measures are not intended as a substitute for, or a superior measure to, IFRS measures. Reconciliations of underlying measures to IFRS measures for earnings per share in respect of each period are provided in the earnings per share note (note 10).

Interim Statement

"We have delivered a strong start to the current year... we remain confident in the long term potential of the business."

A.G. BARR has continued to outperform the soft drinks market and we are pleased to report continued strong growth in both sales and profit in the period. This is a particularly good result when account is taken of the strong prior year comparative performance of the business. This progress has been achieved by the consistent and successful execution of our growth strategy in what remains a very competitive and challenging retail, consumer and regulatory environment.

Trading

Total revenue was £135.7m for the 6 months ended 27 July 2014, which is an increase of 5.4%. Volume in the period grew by 6.2%, with the Strathmore water brand contributing significantly to this strong volume performance. In value terms, carbonates grew by 4.5% and still drinks by 6.3%.

The total soft drinks market, as measured by Nielsen, grew by 0.8% in value terms, with a volume decline of 1.2%. The market has progressively weakened across the reporting period, partially reflecting strong weather-driven trading in the early summer months of the prior year.

Our well balanced channel approach insulates us to a degree from the current challenges in the retail landscape but we have also continued to increase investment in our brands, people and assets to ensure we can win in this increasingly complex and volatile marketplace.

Our investment in our brands has been significant and consistently increasing over recent years and this year is no different. Alongside our sustained growth in brand investment, we have continued our long term drive to improve efficiency in our asset base and we have also benefited from a more stable raw material cost environment, allowing us to further invest in increased levels of marketing, innovation and consumer promotional activity.

In the period, we have seen our gross margins and operating margins improve by around 100bps as we benefited from the efficiencies related to volume growth and improved cost control.

Pre-exceptional profit before tax of £19.0m was delivered. Stripping out the benefit of £0.6m related to the early termination of our Orangina contract with the recently formed Lucozade Ribena Suntory Group, our pre-exceptional profit before tax was £18.4m, a growth of 11.0% over the prior year.

Driven by the execution of our long term development strategy, we have delivered a well balanced growth profile in the period, with value growth of 6.5% in England and Wales, 4.5% in Scotland and 4.9% internationally.

All of our core brands have grown ahead of the market, with Strathmore water in double digit growth benefiting from increased distribution, innovation and further sector growth.

The Glasgow 2014 Commonwealth Games provided us with a great platform for much of our brand building actions across our portfolio of core brands – IRN-BRU, Rubicon, Barr and Strathmore. We not only provided all of the venues and athletes with these brands on an exclusive basis but Strathmore was also highly visible on the 'field of play' across all of the Games venues.

The 'BORN TO SUPPORT' campaign for the IRN-BRU brand was executed on-pack, in all media channels and in store, not just during the Games but across the whole of the reporting period. The brand received unrivalled media coverage during the Games and reinforced its unique status in consumer drinks repertoires when the national media focus was on Glasgow.

The Games were hugely successful in overall terms and we are delighted to have played our part. Our brand building activities across the period have continued to build long term consumer loyalty and increased levels of awareness for all of our core brands.

Innovation has also played an important role in our performance, with the development and launch of a number of new products in the period – Rubicon Coconut Water, IRN-BRU ice cream and BARR XTRA Cola, all of which provide further strength to our portfolio.

A major part of our recent asset investment has been in our new site at Milton Keynes. We have made excellent progress in optimising Phase I of our investment in this site and have announced plans for Phase II, with the introduction of carton packaging capacity at the site. Associated with this investment is the planned closure of our Tredegar site, announced in May 2014, which will cease operations in early 2015. We are especially grateful for the continued professional approach of all of the team at Tredegar at this difficult time.

Exceptional charges amounting to £2.5m have been incurred in the first half of the year. Following a number of organisational structural changes that were announced last year, some £0.7m of redundancy related costs have been incurred in the six months to 27 July 2014 in our finance, telesales and supply chain operations. In addition, as a consequence of the planned closure of the Tredegar site, we have recognised £1.0m of redundancy related costs and an impairment charge of £1.4m in relation to the site and assets. A pension curtailment credit of £0.5m has been recognised to reflect the decrease in the number of employees within the defined benefit pension scheme.

Balance Sheet

The Group continues to benefit from a strong balance sheet. In the 6 months ended 27 July 2014 net assets increased to £156.8m.

Property, plant, equipment assets and intangible assets have increased by £1.6m, reflecting the continued investment in our asset base. Capital expenditure during the period amounted to £4.6m, a combination of normal operational replacement, continued investment in commercial assets and expansionary projects.

The first IRN-BRU pop-up store in Glasgow's Merchant City
The Commonwealth Games took place in Glasgow between the 23 July and the 3 August. As the Official Soft Drink of Glasgow 2014 Commonwealth Games, IRN-BRU developed and ran a whole suite of activities which created visibility to millions of consumers both throughout the U.K and the wider Commonwealth audience. In addition to a 27m long IRN-BRU Forth Road Bridge in the Opening Ceremony, the brand had its first pop up retail shop in Glasgow City Centre. The shop, made out of old shipping containers, attracted over 130,000 visitors over just 12 days. Throughout the last few weeks our 'Born to Support' advertising campaign ran on TV, social media, outdoor posters, in store and on pack.

Expansionary projects have included the refurbishment of a recently purchased office facility to establish a centralised Finance Service Centre, together with the initial expenditure (£2.4m) associated with the Business Process Redesign ('BPR') Project. The BPR project will fundamentally improve our core business processes and replace the supporting information technology footprint.

The strong trading performance across June and July has led to an increase in working capital requirements. This was further exacerbated by the timing of the half year end being 27 July, with significant balances receivable at the end of the calendar month. This decreased materially post the period end and we expect that, in line with previous experience, these working capital balances will unwind as we progress through the year. Inventory has remained broadly in line with levels reported last year although our inventory holding period has reduced by 3.4%, offsetting the increase in trading activity. Towards the end of the year we would expect inventory levels to increase as we build our holding ahead of the planned Tredegar site closure and the implementation of our BPR project in the first quarter of 2015/16.

The Group continues to benefit from low leverage, having repaid £15m of bank facilities towards the end of the last financial year. Net debt at 27 July 2014 stood at £3.7m, slightly behind the year end closing position, having paid the final dividend in June, but £12.1m lower than the July 2013 position. Current leverage of net debt to EBITDA is below 0.2 times.

Free cashflow of £11.2m was generated in the 6 month period. This was £6.9m less than in the comparable period in the prior year, arising from the increased working capital requirements referred to above which were partially offset by a 12% increase in EBITDA and receipts from the disposal of a distribution site.

Dividend

The Board has declared an interim dividend of 3.11 pence per share, payable on 17 October 2014 to shareholders on the register on 3 October 2014. This represents an increase on the prior year of 10.1%, reflecting the Board's confidence in the current financial position and the future performance of the Group.

Board Update

As previously announced we are delighted that Stuart Lorimer is expected to take up the role of Finance Director in December 2014 after a 22 year career at Diageo. John Nicolson, currently Deputy Chairman, will succeed Ronnie Hanna as Chairman at the end of December 2014. This succession planning process is now well underway.

Current Trading and Outlook

We have delivered a strong start to the current year. We expect the market conditions under which we operate to remain both dynamic and challenging. The lack of underlying market volume growth will continue to make trading competitive across all channels. The summer weather, after a good start in July, struggled to match the previous year's high temperatures and August developed into a more subdued period of both weather and resultant market performance. Despite tough weather driven comparatives, based on our well invested brands, strong operating model and excellent business momentum, we remain confident in the long term potential of the business.

Ronald G. Hanna
Chairman
23 September 2014

Roger A. White
Chief Executive

Team Strathmore Athlete and Gold medallist Libby Clegg and her running partner Mikail Huggins

During July and August, as official water supplier of the Glasgow 2014 Commonwealth Games, the brand achieved unprecedented exposure to consumers, both at the event in Glasgow and also on a national basis through broadcast and print media. The brand campaign, 'Do More with Strathmore', encouraged the public to get active, using Commonwealth Games athletes as inspiration.

Launch of Rubicon Coconut Water

As the number one brand in exotic juice drinks, Rubicon continued to be at the forefront of innovation and consumer trends with the introduction of Rubicon Coconut Water in April 2014 in both a 330ml resealable carton and a 1 litre carton. Coconut Water is one of the fastest growing segments of the soft drinks market.

Consolidated Condensed Income Statement

	Note	6 months ended 27 July 2014 Before exceptional items £000	Exceptional items (note 8) £000	Total £000	6 months ended 28 July 2013 Before exceptional items £000	Exceptional items (note 8) £000	Total £000
Revenue	6	**135,703**	**–**	**135,703**	128,698	–	128,698
Cost of sales		**(72,529)**	**(2,325)**	**(74,854)**	(70,061)	(881)	(70,942)
Gross profit	6	**63,174**	**(2,325)**	**60,849**	58,637	(881)	57,756
Other income		**747**	**–**	**747**	–	–	–
Operating expenses		**(44,756)**	**(218)**	**(44,974)**	(41,725)	(2,479)	(44,204)
Operating profit	8	**19,165**	**(2,543)**	**16,622**	16,912	(3,360)	13,552
Finance income		**46**	**–**	**46**	12	–	12
Finance costs		**(183)**	**–**	**(183)**	(323)	–	(323)
Profit before tax		**19,028**	**(2,543)**	**16,485**	16,601	(3,360)	13,241
Income tax expense	9	**(4,202)**	**532**	**(3,670)**	(3,503)	325	(3,178)
Profit attributable to equity holders		**14,826**	**(2,011)**	**12,815**	13,098	(3,035)	10,063
Earnings per share (p)							
Basic earnings per share	10	**12.83**	**(1.74)**	**11.09**	11.34	(2.62)	8.72
Diluted earnings per share	10	**12.77**	**(1.74)**	**11.03**	11.30	(2.61)	8.69

Consolidated Condensed Income Statement
Continued

	Note	Year ended 26 January 2014 Before exceptional items £000	Exceptional items (note 8) £000	Total £000
Revenue	6	254,085	–	254,085
Cost of sales		(137,929)	(1,039)	(138,968)
Gross profit	6	116,156	(1,039)	115,117
Operating expenses		(77,675)	(2,762)	(80,437)
Operating profit	8	38,481	(3,801)	34,680
Finance income		159	–	159
Finance costs		(545)	–	(545)
Profit before tax		38,095	(3,801)	34,294
Income tax expense	9	(6,925)	810	(6,115)
Profit attributable to equity holders		31,170	(2,991)	28,179
Earnings per share (p)				
Basic earnings per share	10	27.02	(2.59)	24.43
Diluted earnings per share	10	26.92	(2.58)	24.34

Consolidated Condensed Statement of Comprehensive Income

	6 months ended 27 July 2014 £000	6 months ended 28 July 2013 £000	Year ended 26 January 2014 £000
Profit for the period	**12,815**	10,063	28,179
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit pension plans (note 17)	**(2,660)**	9,940	3,002
Deferred tax movements on items taken direct to equity	**22**	(2,583)	(2,368)
Current tax movements on items taken direct to equity	**544**	–	1,181
Items that will be or have been reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges	**(294)**	(478)	(2,130)
Deferred tax movements on items above	**59**	129	469
Other comprehensive income for the period, net of tax	**(2,329)**	7,008	154
Total comprehensive income attributable to equity holders of the parent	**10,486**	17,071	28,333

Consolidated Condensed Statement of Changes in Equity

	Share capital £000	Share premium account £000	Share options reserve £000	Cash flow hedge reserve £000	Retained earnings £000	Total £000
At 26 January 2014	4,865	905	1,826	(534)	148,174	155,236
Profit for the period	–	–	–	–	12,815	12,815
Other comprehensive income	–	–	–	(235)	(2,094)	(2,329)
Total comprehensive income for the period	–	–	–	(235)	10,721	10,486
Company shares purchased for use by employee benefit trusts (note 18)	–	–	–	–	(1,214)	(1,214)
Proceeds on disposal of shares by employee benefit trusts (note 18)	–	–	–	–	1,164	1,164
Recognition of share-based payment costs	–	–	470	–	–	470
Transfer of reserve on share award	–	–	(463)	–	463	–
Deferred tax on items taken direct to reserves	–	–	136	–	–	136
Dividends paid	–	–	–	–	(9,455)	(9,455)
At 27 July 2014	4,865	905	1,969	(769)	149,853	156,823

Consolidated Condensed Statement of Changes in Equity
Continued

	Share capital £000	Share premium account £000	Share options reserve £000	Cash flow hedge reserve £000	Retained earnings £000	Total £000
At 26 January 2013	4,865	905	1,861	1,127	121,890	130,648
Profit for the period	–	–	–	–	10,063	10,063
Other comprehensive income	–	–	–	(349)	7,357	7,008
Total comprehensive income for the period	–	–	–	(349)	17,420	17,071
Company shares purchased for use by employee benefit trusts (note 18)	–	–	–	–	(1,612)	(1,612)
Proceeds on disposal of shares by employee benefit trusts (note 18)	–	–	–	–	1,044	1,044
Recognition of share-based payment costs	–	–	512	–	–	512
Transfer of reserve on share award	–	–	(632)	–	632	–
Deferred tax on items taken direct to reserves	–	–	(96)	–	–	(96)
Dividends paid	–	–	–	–	(28)	(28)
As at 28 July 2013	4,865	905	1,645	778	139,346	147,539

Consolidated Condensed Statement of Changes in Equity
Continued

	Share capital £000	Share premium account £000	Share options reserve £000	Cash flow hedge reserve £000	Retained earnings £000	Total £000
At 26 January 2013	4,865	905	1,861	1,127	121,890	130,648
Profit for the year	–	–	–	–	28,179	28,179
Other comprehensive income	–	–	–	(1,661)	1,815	154
Total comprehensive income for the year	–	–	–	(1,661)	29,994	28,333
Company shares purchased for use by employee benefit trusts (note 18)	–	–	–	–	(2,290)	(2,290)
Proceeds on disposal of shares by employee benefit trusts (note 18)	–	–	–	–	1,079	1,079
Recognition of share-based payment costs	–	–	595	–	–	595
Transfer of reserve on share award	–	–	(687)	–	687	–
Deferred tax on items taken direct to reserves	–	–	57	–	–	57
Current tax on items taken direct to reserves	–	–	–	–	118	118
Dividends paid	–	–	–	–	(3,304)	(3,304)
At 26 January 2014	4,865	905	1,826	(534)	148,174	155,236

Consolidated Condensed Statement of Financial Position

	Note	As at 27 July 2014 £000	As at 28 July 2013 £000	As at 26 January 2014 £000
Non-current assets				
Intangible assets	12	**76,349**	74,234	74,107
Property, plant and equipment	13	**74,688**	75,210	76,314
Derivative financial instruments	14	**–**	26	–
Retirement benefit surplus	17	**–**	6,478	–
		151,037	155,948	150,421
Current assets				
Inventories		**16,115**	16,122	16,046
Trade and other receivables		**74,535**	62,257	47,475
Derivative financial instruments	14	**–**	981	–
Cash and cash equivalents		**11,281**	14,163	12,932
		101,931	93,523	76,453
Total assets		**252,968**	249,471	226,874
Current liabilities				
Loans and other borrowings	16	**–**	14,975	–
Trade and other payables		**63,341**	53,983	40,964
Derivative financial instruments	14	**914**	15	667
Provisions	15	**1,100**	502	396
Current tax		**3,172**	3,478	3,122
		68,527	72,953	45,149
Non-current liabilities				
Loans and other borrowings	16	**14,931**	15,000	15,000
Derivative financial instruments	14	**47**	7	–
Deferred tax liabilities		**10,854**	13,972	11,378
Retirement benefit obligations	17	**1,786**	–	111
		27,618	28,979	26,489
Capital and reserves attributable to equity holders				
Share capital		**4,865**	4,865	4,865
Share premium account		**905**	905	905
Share options reserve		**1,969**	1,645	1,826
Cash flow hedge reserve		**(769)**	778	(534)
Retained earnings		**149,853**	139,346	148,174
		156,823	147,539	155,236
Total equity and liabilities		**252,968**	249,471	226,874

Consolidated Condensed Cash Flow Statement

	6 months ended 27 July 2014 £000	6 months ended 28 July 2013 £000	Year ended 26 January 2014 £000
Operating activities			
Profit for the period	**16,485**	13,241	34,294
Adjustments for:			
Interest receivable	**(46)**	(12)	(159)
Interest payable	**183**	323	545
Depreciation of property, plant and equipment	**3,347**	3,187	6,445
Impairment of property, plant and equipment	**1,365**	–	–
Amortisation of intangible assets	**126**	126	253
Share-based payment costs	**470**	512	595
(Gain)/loss on sale of property, plant and equipment	**(35)**	3	(86)
Operating cash flows before movements in working capital	**21,895**	17,380	41,887
(Increase)/decrease in inventories	**(69)**	4,690	4,766
(Increase)/decrease in receivables	**(27,060)**	(14,459)	323
Increase in payables	**21,730**	15,704	2,680
Difference between employer pension contributions and amounts recognised in the income statement	**(963)**	(6)	(172)
Cash generated by operations	**15,533**	23,309	49,484
Tax on profit paid	**(3,383)**	(3,816)	(7,696)
Net cash from operating activities	**12,150**	19,493	41,788
Investing activities			
Acquisition of intangible assets	**(2,368)**	–	–
Purchase of property, plant and equipment	**(2,198)**	(8,944)	(13,423)
Proceeds on sale of property, plant and equipment	**487**	14	142
Interest received	**24**	10	44
Net cash used in investing activities	**(4,055)**	(8,920)	(13,237)
Financing activities			
New loans received	**15,000**	10,000	10,000
Loans repaid	**(15,000)**	(5,000)	(20,000)
Bank arrangement fees paid	**(80)**	(40)	(40)
Purchase of Company shares by employee benefit trusts	**(1,214)**	(1,612)	(2,290)
Proceeds from disposal of Company shares by employee benefit trusts	**1,164**	1,044	1,079
Dividends paid	**(9,455)**	(28)	(3,304)
Interest paid	**(161)**	(171)	(461)
Net cash (used in)/generated by financing activities	**(9,746)**	4,193	(15,016)
Net (decrease)/increase in cash and cash equivalents	**(1,651)**	14,766	13,535
Cash and cash equivalents at beginning of period	**12,932**	(603)	(603)
Cash and cash equivalents at end of period	**11,281**	14,163	12,932

Notes to the Financial Statements

1 General information

A.G. BARR p.l.c. ('the Company') and its subsidiaries (together 'the Group') manufacture, distribute and sell soft drinks. The Group has manufacturing sites in the U.K. and sells mainly to customers in the U.K. with some international sales.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the U.K. The address of its registered office is A.G. BARR p.l.c., Westfield House, 4 Mollins Road, Cumbernauld, G68 9HD.

This consolidated condensed interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 26 January 2014 were approved by the board of directors on 25 March 2014 and delivered to the Registrar of Companies. The comparative figures for the financial year ended 26 January 2014 are an extract of the Company's statutory accounts for that year. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

This consolidated condensed interim financial information is unaudited but has been reviewed by the Company's Auditor.

2 Basis of preparation

This consolidated condensed interim financial information for the six months ended 27 July 2014 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority (previously the Financial Services Authority) and with IAS 34 Interim financial reporting as adopted by the European Union. The consolidated condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 26 January 2014, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern basis

The Group meets its day-to-day working capital requirements through its bank facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group's forecasts and projections, taking account of reasonable sensitivities, show that the Group should be able to operate within available facilities. The Group therefore continues to adopt the going concern basis in preparing its consolidated condensed interim financial statements.

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 26 January 2014, as described in those annual financial statements except as noted below.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

IFRS 10 Consolidated financial statements, IFRS 11 Joint arrangements, IFRS 12 Disclosures of interests in other entities, and subsequent revisions to IAS 27 Separate financial statements and IAS 28 Investments in associates and joint ventures are new and revised standards that are mandatory for adoption for accounting periods beginning on or after 1 January 2014 for EU endorsed IFRS reporters. These new and revised standards do not have a material impact on the Group.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 27 January 2014 and not adopted early

There are no IFRSs or IFRIC interpretations that are issued but have not been adopted early for the year beginning 27 January 2014 that have a material impact on the Group.

4 Principal risks and uncertainties

The directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining 26 weeks of the financial year remain substantially the same as those stated on pages 18-21 of the Group's annual financial statements as at 26 January 2014, which are available on our website, www.agbarr.co.uk.

5 Financial risk management and financial instruments

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial statements should be read in conjunction with the Group's annual financial statements as at 26 January 2014 as they do not include all financial risk management information and disclosures contained within the annual financial statements. There have been no changes in the risk management policies since the year end.

6 Segment reporting

The Group's management committee has been identified as the chief operating decision-maker. The management committee reviews the Group's internal reporting in order to assess performance and allocate resources. The management committee has determined the operating segments based on these reports.

The management committee considers the business from a product perspective. This led to the operating segments identified in the table below: there has been no change to the segments during the period (after aggregation). The performance of the operating segments is assessed by reference to their gross profit before exceptional items. Exceptional items are reported separately in note 8.

Notes to the Financial Statements
Continued

6 Segment reporting (continued)

6 months ended 27 July 2014

	Carbonates £000	Still drinks and water £000	Other (including ice-cream) £000	Total £000
Total revenue	**102,612**	**31,638**	**1,453**	**135,703**
Gross profit before exceptional items	**53,189**	**9,495**	**490**	**63,174**

6 months ended 28 July 2013

	Carbonates £000	Still drinks and water £000	Other (including ice-cream) £000	Total £000
Total revenue	98,187	29,765	746	128,698
Gross profit before exceptional items	49,393	8,879	365	58,637

Year ended 26 January 2014

	Carbonates £000	Still drinks and water £000	Other (including ice-cream) £000	Total £000
Total revenue	197,868	55,097	1,120	254,085
Gross profit before exceptional items	99,153	16,363	640	116,156

There are no intersegment sales. All revenue is from external customers.

Other segments represent income from water coolers for the Findlays 19 litre water business, rental income for vending machines, the sale of ice-cream and other soft drink related items such as water cups.

The gross profit before exceptional items from the segment reporting is reconciled to the total profit before income tax as shown in the consolidated condensed income statement.

All of the assets of the Group are managed by the management committee on a central basis rather than at a segment level. As a result no reconciliation of segment assets and liabilities to the consolidated condensed statement of financial position has been disclosed for any of the periods presented.

7 Seasonality of operations
Approximately half the revenues and operating profits are usually expected in both of the first half and second half of the year.

Notes to the Financial Statements
Continued

8 Operating profit

The following items have been charged or credited to operating profit during the period:

	6 months ended 27 July 2014 £000	6 months ended 28 July 2013 £000	Year ended 26 January 2014 £000
Inventory write down	**51**	80	142
Foreign exchange losses/(gains) recognised	**351**	(651)	(1,388)

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completing production and selling expenses. During the six months to 27 July 2014, £51,000 of inventory has been written down in accordance with the Group's accounting policy.

During the six months to 27 July 2014 the contract for the production and selling of Orangina was terminated by the recently formed Lucozade Ribena Suntory Group. This resulted in compensation of £746,000 being received by A.G. BARR p.l.c., with £600,000 relating to the compensation for the six months to 25 January 2015.

The following exceptional items have been charged or credited before operating profit:

	6 months ended 27 July 2014 £000	6 months ended 28 July 2013 £000	Year ended 26 January 2014 £000
Redundancy costs relating to the closure of the Tredegar manufacturing site	**960**	–	–
Impairment charges relating to the closure of the Tredegar manufacturing site	**1,365**	–	–
Milton Keynes development	**–**	881	1,039
Total cost of sales	**2,325**	881	1,039
Merger related costs	**–**	2,020	2,098
Pension curtailment (note 17)	**(523)**	–	–
Redundancy costs for finance, telesales, distribution, demand and supply planning reorganisation	**741**	459	664
Total operating costs	**218**	2,479	2,762
Total exceptional costs	**2,543**	3,360	3,801

During the six months to 27 July 2014 A.G. BARR p.l.c. announced the closure of its manufacturing site at Tredegar. This has resulted in an impairment charge of £1,365,000 in respect of buildings and plant at the site. £3,000 of redundancy related costs were incurred in the six months to 27 July 2014. A further £957,000 of redundancy costs have been provided for.

Notes to the Financial Statements
Continued

8 Operating profit (continued)
Redundancy, recruitment and training costs in relation to the finance, telesales, demand and supply planning operations within England were incurred during the periods presented and treated as exceptional.

As a result of the finance, telesales, distribution, demand and supply planning reorganisation, a curtailment in the Group's retirement pension plan has arisen. This has resulted in an exceptional credit arising from the reduction in the retirement benefit obligation following a reduction in the number of employees remaining with the scheme. The value of this credit is £523,000.

Construction of a new production site at Crossley in Milton Keynes commenced in July 2012 with plant commissioning and associated training costs treated as exceptional in the year to 26 January 2014 and the six months to 28 July 2013. The site commenced manufacturing in July 2013.

During the year to 26 January 2014, A.G. BARR p.l.c. and Britvic plc worked together on a proposed all-share merger which was subsequently referred to the Competition Commission and following clearance, finally aborted. Professional, legal fees and certain employee related costs incurred in relation to the proposed merger and related Competition Commission enquiry have been treated as exceptional for the year to 26 January 2014 and six months to 28 July 2013.

9 Tax on profit
The interim period tax charge is accrued based on the estimated average annual effective income tax rate of 22.3% (six months ended 28 July 2013: 24.0%; year ended 26 January 2014: 17.8%). An exceptional tax credit of £532,000 (2013: £325,000) has been recognised in the six months to 27 July 2014 as a result of the exceptional items incurred in the period.

10 Earnings per share
Basic earnings per share have been calculated by dividing the earnings attributable to equity holders of the parent by the weighted average number of shares in issue during the year, excluding shares held by the employee share scheme trusts.

	6 months ended 27 July 2014	6 months ended 28 July 2013	Year ended 26 January 2014
Profit attributable to equity holders of the Company (£000)	**12,815**	10,063	28,179
Weighted average number of ordinary shares in issue	**115,516,417**	115,455,899	115,351,493
Basic earnings per share (pence)	**11.09**	8.72	24.43

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares. These represent share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the period. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Notes to the Financial Statements
Continued

	6 months ended 27 July 2014	6 months ended 28 July 2013	Year ended 26 January 2014
Profit attributable to equity holders of the Company (£000)	**12,815**	10,063	28,179
Weighted average number of ordinary shares in issue	**115,516,417**	115,455,899	115,351,493
Adjustment for dilutive effect of share options	**623,121**	400,843	399,418
Diluted weighted average number of ordinary shares in issue	**116,139,538**	115,856,742	115,750,911
Diluted earnings per share (pence)	**11.03**	8.69	24.34

The underlying EPS figure is calculated by using profit attributable to equity holders before exceptional items:

	6 months ended 27 July 2014	6 months ended 28 July 2013	Year ended 26 January 2014
Profit attributable to equity holders of the Company before exceptional items (£000)	**14,826**	13,098	31,170
Weighted average number of ordinary shares in issue	**115,516,417**	115,455,899	115,351,493
Underlying earnings per share (pence)	**12.83**	11.34	27.02

This measure has been included in the financial statements as it provides a closer guide to the underlying financial performance as the calculation excludes the effect of exceptional items.

11 Dividends paid

	6 months ended 27 July 2014 per share (p)	6 months ended 28 July 2013 per share (p)	Year ended 26 January 2014 per share (p)	6 months ended 27 July 2014 £000	6 months ended 28 July 2013 £000	Year ended 26 January 2014 £000
Paid final dividend	**–**	–	–	**–**	28	–
Paid first interim dividend	**–**	–	2.825	**–**	–	3,304
Paid second interim dividend	**8.19**	–	–	**9,455**	–	–
	8.19	–	2.825	**9,455**	28	3,304

An interim dividend of 3.11p per share was approved by the board on 23 September 2014 and will be paid on 17 October 2014 to shareholders on record as at 3 October 2014.

Notes to the Financial Statements
Continued

11 Dividends paid (continued)
The notice of Annual General Meeting for the year ended 26 January 2014 omitted the resolution seeking shareholder approval for the payment of a final dividend of 8.19p per ordinary share. Accordingly, the Board declared a second interim dividend for the year ended 26 January 2014 in place of the proposed final dividend. The interim dividend did not require the approval of shareholders. The amount of this interim dividend was 8.19p per ordinary share. This dividend was paid on 6 June 2014 to all shareholders who were on the Register of Members on 9 May 2014.

12 Intangible assets

	6 months ended 27 July 2014 £000	6 months ended 28 July 2013 £000	Year ended 26 January 2014 £000
Opening net book value	**74,107**	74,360	74,360
Additions	**2,368**	–	–
Amortisation	**(126)**	(126)	(253)
Closing net book value	**76,349**	74,234	74,107

The additions for the six months to 27 July 2014 represent internally generated software development costs and third party consultancy costs incurred in relation to the Business Process Redesign project.

The amortisation charge for the six months to 27 July 2014 represents £126,000 (six months ended 28 July 2013: £126,000; year ended 26 January 2014: £253,000) of charges for the Rubicon customer list.

13 Property, plant and equipment

	6 months ended 27 July 2014 £000	6 months ended 28 July 2013 £000	Year ended 26 January 2014 £000
Opening net book value	**76,314**	69,495	69,495
Additions	**3,538**	8,919	13,320
Disposals	**(452)**	(17)	(56)
Impairment of property, plant and equipment (note 8)	**(1,365)**	–	–
Depreciation	**(3,347)**	(3,187)	(6,445)
Closing net book value	**74,688**	75,210	76,314

The closing balance includes £2,465,000 (as at 28 July 2013: £1,227,000; as at 26 January 2014: £940,000) of assets under construction.

Included within the additions for the six months to 28 July 2013 is £85,000 of interest in respect of the £15,000,000 facility utilised for the building work at Crossley, Milton Keynes.

Notes to the Financial Statements
Continued

14 Financial instruments

Non-current assets of £nil (at 28 July 2013: £26,000; 26 January 2014: £nil) relate to forward foreign currency contracts with a maturity of more than 12 months and are classified as fair value through the cash flow hedge reserve.

Current assets of £nil (at 28 July 2013: £981,000; 26 January 2014: £nil) relate to forward foreign currency contracts with a maturity of less than 12 months and are classified as fair value through the cash flow hedge reserve.

Current liabilities of £914,000 (at 28 July 2013: £15,000; 26 January 2014: £667,000) represents forward foreign currency contracts with a maturity of less than 12 months and are classified as fair value through the cash flow hedge reserve.

Non-current liabilities of £47,000 (at 28 July 2013: £7,000; 26 January 2014: £nil) relate to forward foreign currency contracts with a maturity of more than 12 months and are classified as fair value through the cash flow hedge reserve.

Fair value hierarchy

IFRS 7 requires all financial instruments carried at fair value to be analysed under the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: inputs for the asset or liability that are not based on observable market data

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The fair value of the forward foreign exchange contracts is determined using forward exchange rates at the date of the statement of financial position, with the resulting value discounted accordingly as relevant.

All financial instruments carried at fair value are Level 2.

Notes to the Financial Statements
Continued

14 Financial instruments (continued)

Fair values of financial assets and financial liabilities

The table below sets out the comparison between the carrying amount and fair value of all of the Group's financial instruments, with the exception of trade and other receivables and trade and other payables.

	Carrying amount				Fair value
	Fair value – hedging instruments £000	Loans and receivables £000	Other financial liabilities at amortised cost £000	Total £000	Level 2 £000
As at 27 July 2014					
Financial assets not measured at fair value					
Cash and cash equivalents	–	11,281	–	11,281	11,281
	–	**11,281**	**–**	**11,281**	**11,281**
Financial liabilities measured at fair value					
Foreign exchange contracts used for hedging – current	914	–	–	914	914
Foreign exchange contracts used for hedging – non-current	47	–	–	47	47
	961	**–**	**–**	**961**	**961**
Financial liabilities not measured at fair value					
Unsecured bank borrowings – non-current	–	–	15,000	15,000	14,931
	–	**–**	**15,000**	**15,000**	**14,931**

Notes to the Financial Statements
Continued

	Carrying amount				Fair value
	Fair value – hedging instruments £000	Loans and receivables £000	Other financial liabilities at amortised cost £000	Total £000	Level 2 £000
As at 28 July 2013					
Financial assets measured at fair value					
Foreign exchange contracts used for hedging – current	981	–	–	981	981
Foreign exchange contracts used for hedging – non-current	26	–	–	26	26
	1,007	–	–	1,007	1,007
Financial assets not measured at fair value					
Cash and cash equivalents	–	14,163	–	14,163	14,163
	–	14,163	–	14,163	14,163
Financial liabilities measured at fair value					
Foreign exchange contracts used for hedging – current	15	–	–	15	15
Foreign exchange contracts used for hedging – non-current	7	–	–	7	7
	22	–	–	22	22
Financial liabilities not measured at fair value					
Bank overdraft	–	–	–	–	–
Secured bank borrowings – current	–	–	15,000	15,000	15,000
Unsecured bank borrowings – non-current	–	–	15,000	15,000	15,000
	–	–	30,000	30,000	30,000

Notes to the Financial Statements
Continued

14 Financial instruments (continued)

	Carrying amount				Fair value
	Fair value – hedging instruments £000	Loans and receivables £000	Other financial liabilities at amortised cost £000	Total £000	Level 2 £000
As at 26 January 2014					
Financial assets not measured at fair value					
Cash and cash equivalents	–	12,932	–	12,932	12,932
	–	12,932	–	12,932	12,932
Financial liabilities measured at fair value					
Foreign exchange contracts used for hedging	667	–	–	667	667
	667	–	–	667	667
Financial liabilities not measured at fair value					
Unsecured bank borrowings	–	–	15,000	15,000	15,000
	–	–	15,000	15,000	15,000

The fair value of the current trade and other receivables and the current trade and other payables approximates to their book value as none of the balances are interest bearing.

The carrying value of non-current borrowings is disclosed before the deduction of the unamortised arrangement fee of £80,000.

For the current borrowings, the impact of discounting is not significant as the borrowings will be paid within 12 months of the year end date. The carrying amount approximates their fair value.

The fair values of the non-current borrowings are based on cash flows discounted using the current variable interest rate charged on the borrowings of 1.50% and a discount rate of 1.50%.

Notes to the Financial Statements
Continued

15 Provisions

	6 months ended 27 July 2014 £000	6 months ended 28 July 2013 £000	Year ended 26 January 2014 £000
Opening provision	396	–	–
Provision created in the period	1,469	502	601
Provision released during the period	(36)	–	(33)
Provision utilised during the period	(729)	–	(172)
Closing provision	1,100	502	396

The provision created during the period relates to redundancy costs associated with the closure of the Tredegar manufacturing site and the reorganisation of finance, telesales, distribution, demand and supply planning operations (note 8).

16 Borrowings and loans

Movements in borrowings are analysed as follows:

	6 months ended 27 July 2014 £000	6 months ended 28 July 2013 £000	Year ended 26 January 2014 £000
Opening loan balance	15,000	26,513	26,513
Borrowings made	15,000	10,000	10,000
Bank overdrafts	–	(1,513)	(1,513)
Repayments of borrowings	(15,000)	(5,000)	(20,000)
Closing loan balance before arrangement fees	15,000	30,000	15,000
Unamortised arrangement fee	(69)	(25)	–
Closing loan balance	14,931	29,975	15,000

16 Borrowings and loans (continued)

The reconciliation to net debt is as follows:

	As at 27 July 2014 £000	As at 28 July 2013 £000	As at 26 January 2014 £000
Closing loan balance before arrangement fees	**15,000**	30,000	15,000
Cash and cash equivalents	**(11,281)**	(14,163)	(12,932)
Net debt	**3,719**	15,837	2,068

The undrawn facilities at 27 July 2014 are as follows:

	Total facility £000	Drawn £000	Undrawn £000
Revolving credit facilities	35,000	15,000	20,000
Overdraft	5,000	–	5,000
	40,000	15,000	25,000

During the six months to 27 July 2014, the Group negotiated two £10,000,000 revolving credit facilities with two banks. A total arrangement fee of £80,000 was incurred and will be amortised over the lives of the loans. The revolving credit facilities will expire in March 2017. A further £15,000,000 revolving credit facility was arranged in the year to 26 January 2013 and will expire in June 2015.

The directors confirm that the Group has sufficient headroom to enable it to meet the covenants on its existing borrowings. There are sufficient working capital and undrawn funding facilities available to meet the Group's ongoing requirements.

Notes to the Financial Statements
Continued

17 Retirement benefit obligations

The defined retirement benefit scheme had a deficit of £1,786,000 as at 27 July 2014. The reconciliation of the closing deficit is as follows:

	6 months ended 27 July 2014 £000	6 months ended 28 July 2013 £000	Year ended 26 January 2014 £000
Opening present value of obligation	(97,278)	(90,295)	(90,295)
Current service cost	(709)	(716)	(1,431)
Past service cost	523	–	–
Interest cost	(2,056)	(2,054)	(4,074)
Remeasurements – changes in financial assumptions	(4,004)	1,818	(4,269)
Plan participants' contributions	(25)	(34)	(57)
Benefits paid	1,514	1,383	2,789
Premiums paid	10	30	59
Closing present value of obligation	(102,025)	(89,868)	(97,278)

	6 months ended 27 July 2014 £000	6 months ended 28 July 2013 £000	Year ended 26 January 2014 £000
Opening fair value of plan assets	97,167	86,894	86,894
Interest income	2,078	1,987	4,190
Remeasurements – actuarial return on assets	1,344	8,122	7,271
Employer contributions	1,149	722	1,603
Plan participants' contributions	25	34	57
Benefits paid	(1,514)	(1,383)	(2,789)
Premiums paid	(10)	(30)	(59)
Closing fair value of plan assets	100,239	96,346	97,167

	6 months ended 27 July 2014 £000	6 months ended 28 July 2013 £000	Year ended 26 January 2014 £000
Closing present value of obligation	(102,025)	(89,868)	(97,278)
Closing fair value of plan assets	100,239	96,346	97,167
Closing net (deficit)/surplus	(1,786)	6,478	(111)

Notes to the Financial Statements
Continued

17 Retirement benefit obligations (continued)
The key financial assumptions used to value the liabilities were as follows:

	As at 27 July 2014 %	As at 28 July 2013 %	As at 26 January 2014 %
Discount rate	**4.10**	4.70	4.30
Future salary increases	**4.30**	4.35	4.30
Inflation assumption	**3.30**	3.35	3.30

18 Movements in own shares held by employee benefit trusts
During the six months to 27 July 2014 the employee benefit trusts of the Group acquired 196,769 (six months to 28 July 2013: 296,497; year to 26 January 2014: 422,130) of the Company's shares. The total amount paid to acquire the shares has been deducted from shareholders' equity and is included within retained earnings. At 27 July 2014 the shares held by the Company's employee benefit trusts represented 1,220,454 (28 July 2013: 1,211,680; 26 January 2014: 1,312,318) shares at a purchased cost of £6,718,828 (28 July 2013: £6,222,826; 26 January 2014: £6,797,544).

288,633 (six months to 28 July 2013: 296,497; year to 26 January 2014: 1,045,297) shares were utilised in satisfying share options from the Company's employee share schemes during the same period.

The related weighted average share price at the time of exercise for the six months to 27 July 2014 was £6.27 (six months to 28 July 2013: £5.24; year to 26 January 2014: £5.11) per share.

19 Contingencies and commitments

	As at 27 July 2014 £000	As at 28 July 2013 £000	As at 26 January 2014 £000
Commitments for the acquisition of property, plant and equipment	**1,170**	2,937	1,452

20 Events occurring after the reporting period
Interim dividend
As disclosed in note 11, an interim dividend of 3.11p per share will be paid to shareholders on 17 October 2014.

21 Related party transactions
There have been no related party transactions in the first 26 weeks of the current financial year which have materially affected the financial position or performance of the Group.

Related parties and transactions with them over the six months to 27 July 2014 are consistent with those disclosed in the Group's Annual Report and Accounts for the year ended 26 January 2014.

Statement of Directors' Responsibilities

The directors' confirm that these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union. The interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of A.G. BARR p.l.c. are listed in the Annual Report and Accounts for the 52 weeks ended 26 January 2014, with the exception of Mr Alex Short who stepped down from the board on 29 August 2014.

A list of current directors is maintained on the A.G. BARR p.l.c. website: www.agbarr.co.uk

For and on behalf of the board of directors

Roger White
Chief Executive
23 September 2014

Martin Griffiths
Non-executive director,
Chairman of the Audit Committee
23 September 2014

Independent Review Report to A.G. BARR p.l.c.

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 27 July 2014 which comprises Consolidated Condensed Income Statement, the Consolidated Condensed Statement of Comprehensive Income, the Consolidated Condensed Statement of Changes in Equity, the Consolidated Condensed Statement of Financial Position, the Consolidated Condensed Cash Flow Statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ('the DTR') of the UK's Financial Conduct Authority ('the UK FCA'). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 27 July 2014 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.

Alex Sanderson
for and on behalf of KPMG LLP
Chartered Accountants
191 West George Street, Glasgow G2 2LJ
23 September 2014

Notes

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