

A.G.BARR p.l.c.**PRELIMINARY RESULTS FOR THE YEAR ENDED
28th January, 2006**

A.G.BARR p.l.c. the soft drinks group announces its preliminary results today for the 12 months to 28th January 2006.

Key Points

- *Profit on ordinary activities before tax and exceptional items increased by **10%** to **£17.9 million** (2005 – £16.3 million).*
- *Turnover increased to **£128.8 million**, up 1.2% (2005 £127.2)*
- *An increased final dividend of **22.0p** per share to give a total dividend for the year of **31.75p** per share, an increase of 10.4% over the previous year.*
- *The IRN-BRU brand grew sales value by 5%. Market share gains were made across the UK and Ireland.*
- *Strong new product pipeline now in place for 2006/07.*
- *Cash flow remaining strong with £31 million cash at bank.*
- *Scottish supply chain restructuring programme on target for both costs and savings - planned to be fully complete by December 2006.*

Announced separately today

- *Disposal of surplus Scottish sites completed - £6.75 million consideration.*
- *Plans to improve manufacturing cost profile with investment in Cumbernauld and Mansfield manufacturing sites and the planned closure of Atherton site by early 2007.*

Commenting on the results Chairman, Robin Barr, said:

"I am delighted to report once again that our business has performed strongly, despite the considerable challenges faced by it in line with most other consumer goods companies. As well as delivering this excellent performance we are also investing in both assets and brand development to ensure our future success."

Commenting Roger White, the Chief Executive said:

"This is an excellent financial performance particularly against the backdrop of a competitive market place, input cost inflation and considerable structural change across much of our business operations.

We have now had four consecutive years of double digit profit growth which represents further evidence of the consistent progress the business is making.

In the second half our strong sales execution delivered ahead of expectations.

Today we have also announced our plans to make further significant investments in our production facilities at Cumbernauld and Mansfield at the same time as we plan the closure of our Atherton site. On completion these changes will give us the operating platform and cost profile to ensure that we can continue to compete successfully in our key markets.

Sales in the first 7 weeks are 2% ahead of the same period last year"

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Chairman's Statement

Review of results

An excellent performance during the second six months enables me to report that profit on ordinary activities before taxation for the year to January 2006 was - excluding net exceptional items of £0.5 million - £17.9 million compared with the restated figure of £16.3 million for the previous year, an increase of 10.0%. The exceptional items represent the initial part of the costs related to the major reorganisation of our Scottish operations net of a small profit on the sale of a property. Turnover for the year to January 2006 was £128.8 million an increase of 1.2% over that achieved the previous year.

Basic earnings per share were 65.06p compared with 62.61p for the previous year and, as a result, your directors are pleased to recommend a final dividend of 22.00p per share to give a total dividend for the year of 31.75p – an increase of 10.4%.

These results represent a strong performance during a period of change both within the UK soft drinks industry with increasing activity in the "Good for You" sectors and also across our own business with the current major investment in a new infrastructure for Scotland.

People

I am pleased to have this annual opportunity on behalf of shareholders to thank all our employees for the continuing contributions which they make towards our Company's success.

The support of everyone across the Company is particularly important at a time of major change across our operations.

Defined benefit pension schemes

Shareholders will have noted the substantial recent exposure in the media of problems within other companies' defined benefit schemes and our own two schemes share the same challenges notwithstanding their closure to new entrants.

Their total deficit at January 2006, calculated in accordance with the technical requirements of IAS 19, was £16.2 million but would have exceeded the January 2005 calculation of £17.0 million if the company had not made a special payment of £2.3 million in January 2006 to reduce the level of the deficit.

We currently await the formal triennial actuarial valuations for our schemes as at 1st November 2005 which are being prepared by our pension advisors. Subsequently your directors will agree with the trustees of the schemes both a plan to eliminate the deficits and the appropriate level of future benefits accruing within the schemes and the funding thereof.

Prospects

The current financial year will see the completion of our major infrastructure project in Scotland and this, together with potential changes within our manufacturing operations during the following year, should produce the significant improvements in efficiencies which will enable us to compete successfully in tomorrow's soft drinks market place.

Soft drinks continue to be a growth category in the UK but consumers are increasingly demanding a wider range of products from which to choose. Our own marketing and innovation plans are designed to enable us, through either in-house development or appropriate partnership agreements, to present a suitably balanced portfolio to the market.

We will not however in extending our portfolio lose focus on our traditional brands and, in particular, our Irn-Bru brand which remains the core of our operations and for which further future development can be anticipated.

Robin Barr, Chairman

Chief Executive's Statement

Investing for Growth

Financial performance

I am pleased to report that this year has seen further improvement in our financial performance with pre tax profit, before exceptionals, up 10% from £16.3m to £17.9m the fourth consecutive year of double-digit growth in profit before tax.

Our total sales grew from £127.2m to £128.8m despite difficult market conditions, reflecting our continued strategy of delivering long-term sustainable sales growth through brand building. We maintained our efforts to increase sales of our key brands through improved executional capabilities rather than relying on increasing consumer promotions to drive top-line revenue. We have once again improved our operating margins from 12.3% to 13.2%. This has been achieved through a combination of consistent control of operating costs and the continued improvement to our operating platform, in particular the development of further, on-going, supply chain efficiencies. In addition to this we increased our prices in the first half of the year in particular response to the significant and sustained increases in our key input costs - fuel, packaging and utilities which have all risen significantly over the course of the year.

Group cash flow was strong and we ended the year with £31.4m cash . This was despite the 300% increase in capital investment during 2005/06. The capital spend was in-line with our forecasts and in the main related to the consolidation of our Scottish supply chain and selling activities into a single site at Cumbernauld. Good progress has been made on this key project over the second half of the year and we are on plan to meet our cost, timing and savings targets for the project.

Strategy

We continued to execute our strategy to improve the overall long-term returns of the business. This strategy has seen the continued focus on the development of:

- Core brands and markets
- Portfolio development
- Route to market
- Partnerships
- Efficient operations

The market

Consumers set the pace and tone of our fast moving market place, making choices regarding both brands and products. This year has seen good growth in the total soft drinks market; value sales increased by 5%, as measured by Nielsen. However, on the same measurement basis the total carbonates market has been flat. The other flavoured carbonates sector was 8% down in value over the twelve months but has shown some signs of improvement in the second half. However, on a regional basis the performance is somewhat different - in Scotland total carbonates value grew by 4% and other flavoured carbonates were up by 1%. Soft drinks in total remain a great market, although we have to ensure we are playing in growth areas on both a product and a geographical basis.

We have raised the pace of change across the last twelve months to focus heavily on building a sustainable portfolio of brands and products which meet consumers changing needs.

Our conviction that value growth offers more long-term benefit than volume remains intact. Once again, we have seen growth in the pence per litre (ppl) achieved from our core brands. As measured by Nielsen our ppl in carbonates has increased by 6% over the last twelve months in contrast to our main competitors who have at best been flat. This reflects the combination of our highest ever level of marketing spend and more efficient promotional activity across the different channels we supply. The continued investment behind the Phenomenal campaign for IRN-BRU on both sides of the border and the first "above the line" spend on Orangina for many years has resulted in consumers enjoying these products more often – and importantly at less promotionally driven prices.

At the same time as driving organic growth across the soft drinks category we remain ideally positioned to act swiftly should opportunities arise to grow our business through acquisition.

Investing in infrastructure

Our well-publicised plans to consolidate our Scottish supply chain onto a single site at our existing Cumbernauld location – representing a capital investment of £17m – is well underway. The specific costs of this investment are now almost fully locked down and on budget; the programme is on time and will see the site operational and all other relevant sites, including our current HO, consolidated before the end of 2006. The project will yield ongoing operational cost improvements of circa £2.5m, as well as significantly improving our ability to deliver excellent service to all customers. It will also provide a world-class operating platform for future profitable growth.

Core brands and markets

Our success is built on understanding and satisfying consumers' needs. We have spent more time than ever listening to what our consumers want and have reacted quickly to their demands. Local tastes and preferences have worked strongly in our favour across the last twelve months; we have built on our strong traditional regional presence in Scotland, the North West and North East of England, Yorkshire and the Midlands. We also looked increasingly towards Greater London as a growth area with the further development of our adult soft drinks range including Orangina, Snapple, Lipton Ice Tea and new developments in the St Clements Originals brand.

IRN-BRU has performed very well with gains in market share in Scotland and England. However, Diet IRN-BRU following the brand re-launch which featured bespoke advertising and new packaging design has seen significant market share growth of 9%.

IRN-BRU as a brand has further significant growth opportunities yet to come, not least the extension into the energy drink market with the launch in March 2006 of IRN-BRU 32. This is the first full-scale IRN-BRU launch since Diet IRN-BRU was launched some 26 years ago. Much planning and investment has gone into its development. This national launch has found a great deal of support across all our traditional customers and it is our first real opportunity to build a sustainable presence in the on trade sector. It is planned to support the brand with a £3m marketing campaign comprising TV, press, radio and outdoor media plus significant sampling and point-of-sale activity. The stimulation energy drinks sector, worth £160m a year in the UK represents a real growth opportunity for 2006.

During 2005/06 we targeted Ireland as an opportunity for growth for IRN-BRU. For the first time, we used specific IRN-BRU TV advertising on Ulster television. This investment, accompanied by an increase in the executional focus we delivered through our sales agency partners across Ireland, has seen our business grow by 15% and 13%, North and South respectively, over the last twelve months.

We have not been immune from the difficult trading conditions in the other flavoured carbonates market. Tizer has suffered from declining volumes, especially in the Multiple grocery trade where we have neither matched competitors on promotional weight or pricing nor established the appropriate brand equity required to sustain sales growth.

Consequently, there has been a 36% decline in Tizer volume share as measured by Nielson, this has translated into a similar revenue decline. This highlights the need to deliver the correct combination of great product, appropriate brand positioning and suitable price/promotion to deliver our strategy. As a consequence the Tizer brand will receive increased promotional support in 2006/07 and it will be fully reviewed as we seek to deliver the correct proposition for the future success of this brand.

We re-established our strategic commitments to the Orangina brand in May with the signing of a new long-term franchise agreement. The on-going operational relationship with the Schweppes team is now progressing well with the commitment of both parties to a new value-driven long-term brand strategy for Orangina. This commenced in the second half of the year with new TV advertising and a promotional strategy aimed at rebuilding the premium credentials of Orangina. The impact of this has stemmed the downward trend and we anticipate positive progress next year.

We also looked to leverage our strength in the distinct regional markets in which we operate by using our range of strong local brands – D'N'B; KA; Red Kola; Returnable Glass Bottles and Barr Flavours. They are all winning locally within specific geographical areas across the UK. When this regional portfolio is coupled with our excellent customer service and distribution reach, it demonstrates how we deliver local selling solutions successfully and profitably.

Portfolio development

Last year we also increased the pace of development at Barr, investing across the total soft drinks category. We developed offerings in core carbonates sectors and in the "Good For You" sector, as well as in drinks aimed at adults and drinks primarily for kids and schools.

The launch of the St Clements Originals brand, designed to carry several products in the premium adult fruit based segment, saw sales of over 2 million bottles of St Clements Squeeze in 2005. The St Clements Originals brand will launch a further number of products across 2006, commencing with St Clements Fruits in March 2006. The brand will receive full marketing support across 2006/07 to ensure that it gains real consumer momentum across the growth area of fruit drinks.

Difficulties faced in the supply of soft drinks to schools were well documented in the media over the last twelve months. We responded with the redefinition and re-launch of the Simply portfolio, which is now no added sugar. Included in this re-launch were the additions of Simply Water, a pure spring water and Simply Pure, a 100% fruit juice available in 200ml tetra cartons.

In addition all Simply Citrus products contain no added sugar and are now sweetened with apple juice. Our relationships within the schools sector has never been stronger and our new product portfolio gives us a real opportunity for future growth.

Our portfolio development includes new products in some of the highest growth sectors within the soft drinks category. To be successful with this innovation requires both sales support and marketing spend. We are therefore conscious that we must thoroughly research and develop our plans prior to committing resources and cash to them – we have done this during the course of 2005/06 and we hope to see the successful results in 2006/07 and beyond.

Route to market

Soft drinks success can often be benchmarked against performance in the impulse market – accordingly we have continued to invest behind improvements in our Impulse Route To Market (RTM). Whether in hardware, such as chillers and merchandising units, or in executional support on the ground for the key channels, we have continued to push investment into improving our customer and consumer offer.

What differentiates us is delivering the category unique branded solutions, which meet consumers' needs across many different parts of the UK. This is done in partnership with customers and has seen our business through Cash and Carry and direct to store grow over the year. This growth has been accompanied by the successful integration of our high levels of customer service with an increase in supply chain efficiency – helping to improve our margins in this competitive market.

The most visible changes to our RTM have been in Scotland, where the closure of sales locations at Irvine and Wishaw took place in 2005 as a precursor to the consolidation planned throughout 2006. Our state of the art distribution facility at Cumbernauld is scheduled for completion before the end of the 2006 calendar year, giving us the opportunity to improve service levels and the capacity to grow our business profitably into the future.

Partnerships

The development of further successful partnerships across our business is crucial to meeting our goals. The pace of development of new products and the formation of discrete portfolios requires us to work successfully with others. As already described we have made good progress with the Orangina brand. In addition we have signed a long-term franchise agreement with Schweppes in January 2006 to sell and market Snapple in the UK. Snapple, a still fruit based drink, offers real scope for development as we take the brand from its current limited distribution to a more national, but targeted, distribution level – in particular in the premium foodservice/café bar sector.

We have further developed longstanding relationships with Rubicon, the speciality juice business, and entered a selling agreement to compliment our existing contract packing relationship with this fast growing business. The Rubicon brand is now available to Barr customers through our direct to store system.

The development of the Lipton Ice Tea brand by brand-owner Unilever has continued at a pace. We have, as previously reported, simplified our relationship with them and now focus our sales effort purely on the impulse and foodservice channels. While this has seen some larger customers handed back to

Unilever during the last twelve months, with a consequential revenue drop, we have seen our margins on the retained business improve.

Our international business development is dependant on effective partnerships in each of the target markets and has gained momentum for the longer term over the last 6 months. Our partnership with Pepsi Bottling Group (PBG) for IRN-BRU in Russia has continued to develop – a new 6 year deal has been negotiated with PBG. IRN-BRU is manufactured, distributed and sold throughout Russia from a base of seven PBG factories. Sales revenue over the course of the last year was marginally down in Russia as a consequence of local executional and operational issues, however these issues have now been addressed by PBG and we expect the brand to return to strong growth in 2006/07.

Further growth opportunities for IRN-BRU in Eastern Europe are now available with the successful completion of a market trial in Poland during the last six months. This trial with our Polish partner, Optimum, focussed on the Warsaw area and has proved that IRN-BRU has growth potential in this market. There will be a full launch during early 2006, which will see IRN-BRU drive to attain significant distribution and awareness across the major urban areas of this large country.

Further afield, IRN-BRU has attracted increasing interest in Australia. For example in Queensland, where some targeted investment in marketing has created momentum and sales have gone from zero to over 210,000 litres over the last twelve months. We hope to grow more in this distant but promising market over the course of 2006/07.

Efficient operations

Last year we invested over £12m in capital projects. £7.2m alone was spent on the supply chain project at Cumbernauld, which will deliver very substantial long-term efficiency benefits. We have, however, not neglected other areas of the business, where a large number of operational projects have been concluded to enhance our customer offering and improve our operating efficiency.

Once again, good progress was made in inventory management, with a further reduction in stock of 10%. This reflects the enhancements to central planning and local stock control. In the pursuit of improved efficiency we changed a number of our logistical processes. For example, the central picking of orders for our direct to store service in England and Wales has reduced local inventory levels by 17% over the last twelve months.

Across our factory base we have improved our ability to manufacture non-carbonated products and products containing higher levels of fruit juice. Development of our asset base will continue to require capital over the coming years as we transform our business from a traditional “pop” business into a full service soft drinks company with a broad portfolio of brands and products. This investment will depend on the speed and direction of our portfolio development. For the time being, we are employing the dual tactics of investing in our own capability where we have the potential volumes to justify that investment - in parallel we have started an outsourcing programme for products that do not meet our volume hurdles or require investment in technology, which, at this stage in the product life cycle, is not justified.

Our teams are continually seeking opportunities, both big and small, to improve our overall operating efficiency.

People

Even through significant change, the continued commitment and efforts to improve performance by our teams across the business has made all the difference. Once again, the continuous improvement programmes initiated by individuals and small teams have proved that those doing the job know how to improve performance better than anyone else.

We have made good initial progress across the year towards our goal of linking individual performance to reward and improving personal development planning. It is aimed to roll the processes we have developed out across the wider business over time.

The importance of training and development in improving performance was reinforced by our increased investment in our commercial teams; they have been involved in our first full commercial skills development programme which saw a complete range of specific training and development modules rolled out across the year.

The accelerated level of change in the business requires support for individuals, teams and whole sites. This challenge has been met by the increased level and quality of communication throughout the entire company - and will continue to be a key area of focus as we progress.

Outlook

The investments we are making across the business are addressing the changes we are experiencing and anticipate in our market. Consumers will continue to value and enjoy our great products and brands, but in order to grow we must offer a wider and more diverse portfolio. We must continue to invest in both our brands and the growth of our portfolio; to do this we must deliver the operating efficiency gains we have planned. 2006/07 will be a tough year of considerable change throughout our business, but we will be all the stronger from our efforts. Our programme of change will ensure that we are fit to match the long-term challenges of our competitive but growing market.

Roger White, Chief Executive

A.G.BARR p.l.c.**Consolidated Income statement
for the year ended 28th January, 2006**

The following are the unaudited results for the year to 28th January, 2006. The Board recommends the payment of a final dividend of 22.00p per share which if approved by the shareholders will be posted on 7th June, 2006. The total distribution proposed for the year amounts to 31.75p per share (2005 – 28.75p)

	Group	
	2006	Restated 2005
	£000	£000
Revenue	128,760	127,222
Cost of sales	63,398	63,729
Gross profit	65,362	63,493
Net operating expenses	48,422	47,864
Operating profit before exceptional items	16,940	15,629
Exceptional items	533	-
Operating profit	16,407	15,629
Finance income	1,557	1,288
Finance costs	(583)	(630)
Profit on ordinary activities before tax	17,381	16,287
Tax on profit on ordinary activities	5,128	4,585
Profit attributable to equity shareholders	12,253	11,702
Dividend per share paid	29.25 p	26.25 p
Dividend paid (£'000)	5,628	5,108
Dividend per share proposed	22.00 p	19.50 p
Dividend proposed (£'000)	4,280	3,795
Basic earnings per share	65.06 p	62.61 p
Fully diluted earnings per share	63.87 p	60.73 p

Record date: 5th May, 2006
Ex-div date : 3rd May, 2006

The financial information set out in this announcement does not constitute statutory accounts. The financial information for the year ended 29th January, 2005 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors have reported on those accounts and their report was unqualified and did not contain a statement under S237 Companies Act 1985. This financial information has been restated in accordance with IFRS.

A.G.BARR p.l.c.

**Statements of Recognised Income and Expense
for the year ended 28th January, 2006**

	Group		Company	
		Restated		Restated
	2006	2005	2006	2005
	£000	£000	£000	£000
Actuarial (cost) / gain recognised on defined benefit pension schemes	(2,235)	476	(2,235)	476
Deferred tax relating to defined benefit pension plan	671	(143)	671	(143)
Net income recognised directly in equity	(1,564)	333	(1,564)	333
Profit for the period	12,253	11,702	11,913	11,625
Total recognised income and expense for the period	10,689	12,035	10,349	11,958
Attributable to equity shareholders	10,689	12,035	10,349	11,958

A.G.BARR p.l.c.

Balance sheets

As at 28th January, 2006

	Group		Company	
	2006	Restated 2005	2006	Restated 2005
	£000	£000	£000	£000
Non-current assets				
Property, plant and equipment	34,932	37,315	34,031	36,794
Investment in subsidiaries	-	-	205	205
Deferred tax assets	5,777	5,600	5,777	5,600
	40,709	42,915	40,013	42,599
Current assets				
Inventories	8,274	9,172	8,188	9,069
Trade and other receivables	29,546	20,991	29,208	20,405
Cash at bank	31,412	34,958	31,300	34,796
Assets classified as held for sale	937	-	937	-
	70,169	65,121	69,633	64,270
Total assets	110,878	108,036	109,646	106,869
Current liabilities				
Trade and other payables	22,083	22,166	22,630	22,370
Current tax	1,962	2,550	1,880	2,530
	24,045	24,716	24,510	24,900
Non-current liabilities				
Deferred income	611	619	611	619
Deferred tax liabilities	5,030	4,975	5,009	4,960
Retirement benefit obligations	16,248	17,044	16,248	17,044
	21,889	22,638	21,868	22,623
Capital and reserves attributable to equity shareholders				
Called up share capital	4,865	4,865	4,865	4,865
Share premium account	905	905	905	905
Own shares held	(4,298)	(3,100)	(4,298)	(3,100)
Share options reserve	1,416	826	1,416	826
Retained earnings	62,056	57,186	60,380	55,850
	64,944	60,682	63,268	59,346
Total equity and liabilities	110,878	108,036	109,646	106,869

A.G.BARR p.l.c.

Cash flow statements

As at 28th January, 2006

	Group		Company	
	2006	Restated 2005	2006	Restated 2005
	£000	£000	£000	£000
Operating activities				
Profit on ordinary activities before tax	17,381	16,287	16,953	16,186
Adjustments for				
Interest receivable	(1,557)	(1,288)	(1,550)	(1,288)
Interest payable	583	630	583	630
Depreciation of property, plant and equipment	5,756	5,559	5,486	5,390
Share options costs	299	295	299	295
Gain on sale of property, plant and equipment	(215)	(17)	(215)	(17)
Government grants written back	(8)	(9)	(8)	(9)
Operating cash flows before movements in working capital	22,239	21,457	21,548	21,187
Decrease in inventories	898	1,246	881	1,216
Increase in receivables	(1,473)	(756)	(1,585)	(576)
Increase in payables	255	200	890	52
Decrease in retirement benefit obligations	(3,031)	(565)	(3,031)	(565)
Cash generated by operations	18,888	21,582	18,703	21,314
Tax on profit paid	(4,876)	(4,433)	(4,856)	(4,394)
Net cash from operating activities	14,012	17,149	13,847	16,920
Investing activities				
Proceeds on sale of property, plant and equipment	514	215	470	172
Purchase of property, plant and equipment	(12,029)	(2,959)	(11,763)	(2,753)
Interest received	1,557	1,288	1,550	1,288
Interest paid	(583)	(630)	(583)	(630)
Net cash used in investing activities	(10,541)	(2,086)	(10,326)	(1,923)
Financing activities				
Purchase of own shares	(3,149)	(390)	(3,149)	(390)
Sale of own shares	1,760	473	1,760	473
Dividends paid	(5,628)	(5,108)	(5,628)	(5,108)
Net cash used in financing activities	(7,017)	(5,025)	(7,017)	(5,025)
Net (decrease) / increase in cash	(3,546)	10,038	(3,496)	9,972
Cash at beginning of period	34,958	24,920	34,796	24,824
Cash at end of period	31,412	34,958	31,300	34,796