



SOFT DRINKS

A.G.BARR p.l.c. | INTERIM REPORT
FOR THE
SIX MONTHS
TO 31st JULY 2004

THE REAL ALTERNATIVE

CONTENTS

Chairman's Statement	1-2
Consolidated Profit and Loss Account	3
Consolidated Balance Sheet	4
Notes to the Consolidated Accounts	5
Consolidated Cash Flow Statement	6
Notes to the Cash Flow Statement	7
Independent Review Report	8

CHAIRMAN'S STATEMENT

Profit on ordinary activities before taxation for the six months to 31 July, 2004 was £7.9 million compared with £7.2 million for the same period last year. This 10% increase in pre-tax profit reflects both the underlying fundamental strength of the business and further success achieved within our business improvement plans in the last six months.

Turnover for the period, although only marginally up, reflects a strong performance – particularly in Scotland – given the very poor year-on-year weather comparison. The retail market has also been highly competitive across all channels and specifically in our flavoured carbonates sector. However, we are pleased to be able to report that the UK market share by value, as measured by A C Nielsen, has improved for both Irn-Bru and Tizer in the period.



Irn-Bru – and particularly its Diet variant – performed well in Scotland with sales revenue up 4% year-on-year during the first half. A planned change this year in promotional phasing in England will see a higher proportion of investment in Irn-Bru during the second half.

The launch of the Tizer Colourz range in the period has proved successful with revenue growth of 25% year-on-year in the total Tizer brand. On a less positive note, Orangina volumes were, as a consequence of changes in promotional activity, significantly below the levels achieved last year.

Margins in the first six months have continued to trend upwards in line with our value based strategy and have been further supported by continuing improvements in product and customer mix as well as limited price rises across the portfolio. Costs have been well controlled across the business and progress continues to be made in improving supply chain efficiency.

Consistent with our improved financial performance in the current half year your directors have declared an interim dividend of 9.25p per share, payable on 29 October, 2004. This is a 9% increase on the interim dividend paid last year.

Planning for future growth of the business in both sales and operations is progressing well and major capital investment plans will be at the heart of our future development. However, actual capital spend in the first half of this year was modest as we take time to ensure that our future plans are soundly based.

We have now moved through the months when weather has a significant effect on the market. Our improved performance has been achieved despite the unfavourable weather and lower promotional activity. Following the poor summer we can anticipate heavyweight competitor reaction during the

second half of the year but we ourselves have strong marketing and promotional plans for this period. These include an exciting new advertising positioning for Irn-Bru which will be launched in early October.

We expect to maintain our margins during the second half of the year despite some increases in costs which we plan to offset with further efficiency gains across the business.

Total turnover for the first seven weeks of the second half of the year is 3% up on the same period last year and remains on track to achieve our full year plan.

Having delivered a strong first half performance in a difficult market, we will continue for the remainder of this year and beyond to support the development of our core brands, bring new products successfully to market and drive the efficiency of the overall business operation.

A handwritten signature in black ink, appearing to read 'Robin Barr', with a horizontal line underneath.

Robin Barr, Chairman.
28 September, 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	6 months ended 31.07.04 £000	<i>6 months ended 26.07.03 £000</i>	<i>Year ended 31.01.04 £000</i>
Turnover (note 2)	<u>66,272</u>	<u>65,885</u>	<u>125,235</u>
Operating profit	7,398	6,922	13,198
Interest	<u>518</u>	<u>259</u>	<u>599</u>
Profit on ordinary activities before taxation	7,916	7,181	13,797
Taxation (note 3)	<u>2,373</u>	<u>2,247</u>	<u>4,085</u>
Profit on ordinary activities after taxation	<u>5,543</u>	<u>4,934</u>	<u>9,712</u>

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Consolidated Profit and Loss Account.

Earnings per share on issued share capital (note 4)	<u>28.48p</u>	<u>25.35p</u>	<u>49.90p</u>
Basic earnings per share	<u>29.66p</u>	<u>26.41p</u>	<u>51.98p</u>
Fully diluted earnings per share	<u>27.85p</u>	<u>24.95p</u>	<u>49.33p</u>
Dividend per share	<u>9.25p</u>	<u>8.50p</u>	<u>25.50p</u>
Dividend (£000)	<u>1,800</u>	<u>1,654</u>	<u>4,963</u>

Record date: 8 October, 2004

Ex-div date: 6 October, 2004

Payment date of dividend: 29 October, 2004

CONSOLIDATED BALANCE SHEET

	As at	<i>Restated</i> As at	<i>Restated</i> As at
	31.07.04	26.07.03	31.01.04
	£000	£000	£000
Fixed assets			
Tangible assets (note 5)	38,010	41,150	39,545
Current assets			
Stocks	9,843	10,370	10,418
Debtors	26,128	26,746	20,126
Cash at bank	31,983	18,168	24,937
	67,954	55,284	55,481
Creditors: Due within one year	34,535	29,981	27,225
Net current assets	33,419	25,303	28,256
Total assets less current liabilities	71,429	66,453	67,801
Provisions for liabilities and charges			
Deferred credit	624	632	628
Deferred taxation	4,722	4,866	4,757
	5,346	5,498	5,385
	66,083	60,955	62,416
Capital and reserves			
Called up share capital	4,865	4,865	4,865
Share premium account	905	905	905
Profit and loss account	63,139	57,927	59,396
Own shares held	(2,826)	(2,742)	(2,750)
	66,083	60,955	62,416

NOTES TO THE CONSOLIDATED ACCOUNTS

1. Non-statutory accounts

These interim financial statements, which have been prepared on the basis of the accounting policies set out in the company's 2004 published accounts, do not constitute statutory accounts and are unaudited. Comparative figures for the year ended 31 January, 2004 have been extracted from the statutory accounts of the company on which the auditors gave an unqualified report and which have been filed with the Registrar of Companies.

UITF 38 (Accounting for ESOP trusts) has been adopted in the current period. As a result of the adoption of UITF 38 own shares held, previously shown as investments, are now disclosed as a deduction from shareholders' funds. A prior year adjustment has been made to restate the comparative figures. The adoption of UITF 38 has not affected profits.

A copy of this announcement is distributed to all registered shareholders of the company and is available for members of the public upon application to the Company Secretary at 1306 Gallowgate, Glasgow G31 4DS and on our corporate website at www.agbarr.co.uk.

2. Turnover

The figure for turnover includes exports of £348,000 (2003 – £418,000; Year 2004 – £591,000).

3. Taxation

Corporation tax is provided at the anticipated rate of taxation for the group's current financial period.

4. Earnings per share

The calculation is based on the group profit after taxation and the number of ordinary shares of 25p each in issue at 31 July, 2004.

5. Movement in tangible fixed assets

	6 months ended 31.07.04	<i>6 months ended 26.07.03</i>	<i>Year ended 31.01.04</i>
	£000	<i>£000</i>	<i>£000</i>
Beginning of period	39,545	42,255	42,255
Additions	1,372	1,995	3,435
Disposals	(102)	(129)	(185)
Depreciation	(2,805)	(2,971)	(5,960)
End of period	<u>38,010</u>	<u>41,150</u>	<u>39,545</u>

CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 31.07.04 £000	<i>Restated 6 months ended 26.07.03 £000</i>	<i>Restated Year ended 31.01.04 £000</i>
Net cash flow from operating activities (note 1)	13,595	8,712	20,075
Returns on investment and servicing of finance			
Interest received	520	260	603
Interest paid	(2)	(1)	(4)
	518	259	599
Taxation			
Corporation tax paid	(2,069)	(1,853)	(3,873)
Capital expenditure and financial investment			
Purchase of tangible fixed assets	(1,707)	(1,936)	(3,306)
Sale of tangible fixed assets	110	172	274
	(1,597)	(1,764)	(3,032)
Dividends paid	(3,308)	(3,065)	(4,720)
Financing			
(Purchase)/disposal of own shares	(76)	350	342
Increase in cash	7,063	2,639	9,391

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

1. Net cash inflow from operating activities

	6 months ended 31.07.04	<i>Restated 6 months ended 26.07.03</i>	<i>Restated Year ended 31.01.04</i>
	£000	<i>£000</i>	<i>£000</i>
Operating profit	7,398	6,922	13,198
Depreciation	2,805	2,971	5,960
(Gain) on sale of tangible assets	(8)	(43)	(89)
Government grants written back	(4)	(4)	(8)
Decrease in stocks	576	1,815	1,766
(Increase) in debtors	(5,858)	(6,886)	(126)
Increase/(decrease) in creditors	8,686	3,803	(760)
Pension provision release	-	134	134
	<u>13,595</u>	<u>8,712</u>	<u>20,075</u>

2. Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	7,063	2,639	9,391
Net funds at 31 January, 2004	<u>24,920</u>	<u>15,529</u>	<u>15,529</u>
Net funds at 31 July, 2004	<u>31,983</u>	<u>18,168</u>	<u>24,920</u>

3. Analysis of changes in net funds

	<i>At 31.01.04</i>	<i>Cash Flows</i>	<i>At 31.07.04</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash in hand and at bank	24,937	7,046	31,983
Overdrafts	(17)	17	-
Total	<u>24,920</u>	<u>7,063</u>	<u>31,983</u>

INDEPENDENT REVIEW REPORT

To: A.G.BARR p.l.c.

Introduction

We have been instructed by the company to review the financial information for the six months ended 31 July, 2004 set out on pages 3 to 7. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report, including the conclusion, has been prepared for and only for the company for the purpose of the Listing Rules of the Financial Services Authority and for no other purpose. We do not, therefore in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with United Kingdom Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 July, 2004.



Baker Tilly
Chartered Accountants
28 September, 2004

Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH



SOFT DRINKS

A.G.BARR p.l.c.
1306 Gallowgate
Glasgow
G31 4DS

Tel: 0141 554 1899
Fax: 0141 554 5768
www.agbarr.co.uk
www.irn-bru.co.uk
www.tizer.co.uk