A.G. BARR p.l.c.

Interim Report
July 2012

We are a branded soft drinks business making, marketing and selling some of the U.K.'s best loved soft drinks brands. We have been investing in and building our brands for over 100 years and continue to develop our business to meet consumers' continually evolving needs.

Financial Highlights

4.9%
Turnover increase

£3.7m
Free cash flow
(post maintenance capital expenditure)

£11.4m
Net debt

Growing our brands across the U.K.

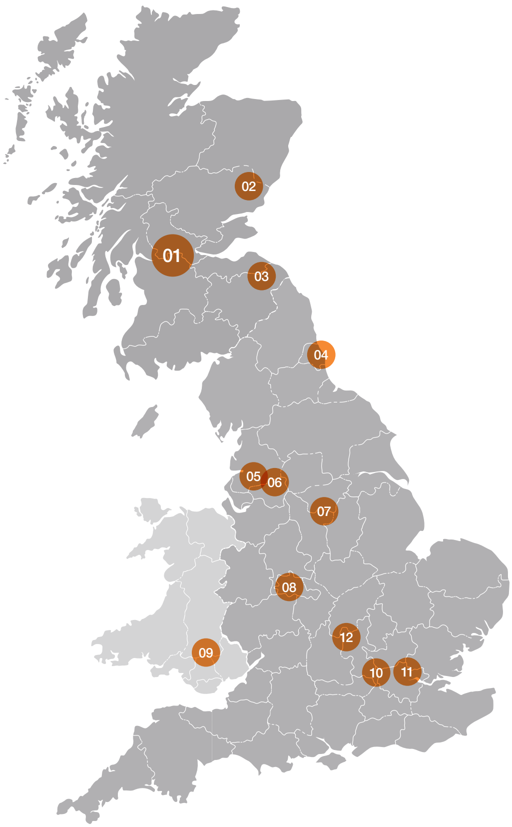
Head Office
01 Cumbernauld

Regional Office
05 Middlebrook
10 Wembley

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

Factory
01 Cumbernauld
02 Forfar
03 Pitcox
09 Tredegar
12 Milton Keynes
(under construction)

Distribution Depot
01 Cumbernauld



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

Partnership Brands
Orangina, Rockstar, Snapple.

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Interim Statement
Ronald G. Hanna, Chairman
Roger A. White, Chief Executive

We are pleased to report that we have once more outperformed the soft drinks market in sales revenue and volume growth terms. This is despite the ongoing difficult general economic environment and the well reported poor summer weather.

Trading

Total revenue in the 6 months to 28 July 2012 increased by 4.9% and volume was ahead by 2.8% compared to the similar period in the prior year. Within this overall performance, we grew our carbonates revenue by 5.5% and stills by 1.8%.

This compares with the total take home market for soft drinks, which increased by 2.2% in revenue but was down 1.5% in volume. Carbonate market performance figures continue to benefit from the positive impact of the energy sub category, which grew by 10% in both volume and value terms and now accounts for 25% by value and 12% by volume of the carbonate market.

Despite strong sales growth in the period, operating margins were impacted by the combined effects of increased raw material costs, particularly sugar, and adverse product, channel and pack mix. The latter was driven largely by the changes in consumer purchasing behaviour due to the poor weather, as consumers shifted purchasing away from impulse outlets towards the more promotionally driven take home channel. During the period, we maintained our strategy of developing our brands for the long term and invested in a range of successful brand equity enhancing initiatives. However, the short term effect was that operating margins dropped by 151 basis points. Profit before tax was £14.9m after including the impact of a £1m adverse currency movement of which approximately £0.6m is expected to unwind in the second half. On a constant currency basis, first half profit before tax was £0.3m behind the similar period in the prior year.

Competition in the soft drinks market has been intense in the 6 month period, influenced in part by major national events such as the 2012 Olympic Games and the Queen's Diamond Jubilee celebrations. However it is the drive to increase volume through promotion by some of our industry competitors which has had the greatest impact on the market. Many major brands have increased the volume of sales promoted through 'buy one get one free' and less than half price activity. We have responded in a measured way by selectively increasing our promotional activity to compete for consumers, being very aware of the importance of achieving a sensible balance between good everyday pricing of quality products and maintaining brand equity.

Despite the immediate challenges of the market our core brands IRN-BRU, Rubicon and Barr are in good health and well positioned to continue to grow into the future.

IRN-BRU advertising has achieved its strongest ever consumer awareness and the brand has also achieved its highest ever impact and consumer enjoyments scores. However sales were slightly down in the reporting period, which reflected elements of promotional phasing. The IRN-BRU 'gets you through' campaign has delivered high levels of 'cut through' with target consumers and provides a good platform to develop the brand in both the second half and into the next year. The IRN-BRU activity plan for the balance of the year kicked off in August with an exciting value added consumer promotion – a trip to BRU-ISLAND – which will help drive IRN-BRU sales growth and consumer fundamentals across the balance of the financial year.

The Rubicon brand continued to make excellent progress, growing volume by over 6% in a fruit drinks market which, largely impacted by the weather, was 5% behind the similar period in the prior year.

Across the market, the range of exotic fruit based products available has grown significantly and a number of new competing products have been launched. We have underpinned our position in the increasingly important exotic sub sector by supporting our growth ambitions through greater brand investment, with our first ever national TV campaign for Rubicon, and further brand development such as the launch of Rubicon ice cream. Rubicon and our wider exotics portfolio, including KA, continue to provide strong potential for future growth.

The Barr range of flavoured carbonates has once more delivered strong volume and revenue growth of 10%, reflecting both brand distribution improvements and the continued success of the value for money proposition that it offers. The strong underlying growth momentum and increasing awareness of the brand, with the addition of further innovation and the significant geographic distribution potential, gives us confidence in the long term prospects for the Barr range.

Across the second half we will continue to invest in the development of the long term potential of all of our core brands.

In the period our main operational priority has been to deal with the increased short term volatility of demand driven by the significant national events during the summer, the weather and increased levels of promotional activity. In addition, we have also completed the planning and are now moving into the execution stage of our Milton Keynes production and warehousing project. The development contracts have now been committed and initial construction work is underway at the Crossley site, Magna Park, Milton Keynes. As previously intimated, we anticipate initial production from the site in the late summer of 2013.

Total revenue increased by 4.9% ...outperforming the market.

Interim Statement
Continued

We have also initiated a number of other internal projects related to systems and infrastructure, to enable us to manage our future growth potential as effectively and efficiently as possible.

Balance Sheet

Our balance sheet has continued to strengthen over the 12 month period, with net assets increasing to £125m. There are four key changes during the period: the defined benefit pension scheme moving into a modest deficit position, a continued focus on debt reduction, foreign exchange volatility impacting the value of financial instruments and demanding working capital requirements.

The impact that quantitative easing is having on pension scheme valuations has been widely reported. The continued decline of gilt yields and the corresponding lower net discount rate used to value the defined benefit pension scheme's liabilities has resulted in the modest pension surplus reported 12 months ago reversing to an IAS19 deficit of £7.1m. Whilst asset values have increased in line with expectations, the increase has not been enough to counter the £8.4m present value increase in scheme obligations. The second key area of movement within the balance sheet has been the continued reduction of borrowings within non-current liabilities. A further £10m of repayments have been made towards the existing term loans. These repayments have been made in line with facility agreements, with a further £10m payable by July 2013. At the end of July 2012, the Group's net debt position reduced to £11.4m, equating to an annualised net debt/EBITDA position of just 0.3 times, with leverage and interest cover remaining very comfortably within the required covenant levels.

Free cashflow (post maintenance capital expenditure) of £3.7m was generated in the 6 month period. This was lower than in the similar period in the prior year, being adversely affected by reduced EBITDA levels and a demanding working capital cycle. Reported EBITDA is lower than in the similar period in the prior year, principally as a consequence of lower gross margins, the phasing of brand equity investment, promotional activity and the adverse effects of foreign exchange movements. Net liabilities of just under £1m have been recognised on the balance sheet, reflecting the mark to market impact of revaluing mostly forward euro contracts.

Within working capital, inventories have increased by £1.6m since the year end, a £3.2m swing on the similar period in the prior year, reflecting not just increased turnover but also an element of stock build needed principally to cover can capacity constraints. However, despite a very wet summer, our average inventory holding period has remained stable at 57 days. Secondly, as a consequence of the timing of our half year and following a strong performance in late July, trade receivables have increased

since the year end by £14.5m, whilst trade payables increased by £7.5m. The movements in receivables and payables are in line with the similar period in the prior year.

Net maintenance capital expenditure in the 6 month period equated to £2.0m. The level of investment is below the similar period in the prior year, ahead of more significant Milton Keynes related expenditure planned for the months ahead.

First half expenditure was focused on continued investment in plant and machinery, IT equipment, commercial vehicles and chilled retail display units. Expansionary capital expenditure amounted to £0.7m relating to the purchase of an additional office and warehousing facility at Cumbernauld.

Overall our Return on Capital Employed remains strong at 21.1%, representing a small reduction of 40 basis points when compared to the similar period in the prior year.

Dividend

The board has declared an interim dividend of 2.616 pence per share, payable on 19 October 2012, an increase of 7.5% on the prior year reflecting the board's confidence in the current financial position and future financial performance of the Group.

Current Trading and Outlook

Our financial performance in the face of the combination of a cautious and increasingly value focussed consumer and the very disappointing early summer weather clearly demonstrates the underlying strength of our brands and operating model.

We expect trading to remain challenging over the coming months and we have put in place cost control measures and a robust trading programme for the balance of our financial year. Assuming there is no further deterioration in the market, we remain confident about our prospects.

Discussions are ongoing following the announcement on 5 September regarding the potential all share merger of A.G. BARR p.l.c. and Britvic plc. A further announcement will be made as and when appropriate.

Ronald G. Hanna
Chairman

Roger White
Chief Executive
24 September 2012

From left to right
Rubicon's on the go with new 500ml pack
Rubicon launched a new 500ml PET bottle for 'on the go' consumption in February. The new pack format is specifically for people who enjoy the great taste of Rubicon either out of home or in a food service location.

IRN-BRU Gets You Through summer campaign
The IRN-BRU Gets You Through heavyweight marketing and advertising campaign ran from March through to June in Scotland. The campaign featured four new IRN-BRU adverts shown on TV, cinema, online and supported by targeted digital activity and PR.

Love the Exotic at the heart of £6 million Rubicon campaign
A massive £6 million 'Love the Exotic' Rubicon brand support campaign ran through the summer. The campaign featured Rubicon's biggest ever TV advertising campaign, screened nationally on both ethnic and mainstream channels. Two new 30-second commercials, ran from May to July and highlighted the brand's authentic, exotic taste credentials in a warm, friendly and welcoming way.

Principal Risks and Uncertainties

The Group's risk management framework is designed to support the process for identifying, evaluating and managing risk. The risk framework, which is the responsibility of the Finance Director, governs the management and control of both financial and non-financial risks.

There is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group, which has operated throughout the period. This process involves regular assessment of the Group's risk register by the Audit Committee. In line with best practice the register includes an assessment of the impact and likelihood of each risk together with the controls in place to manage the risk.

The Group's risk management framework is designed to support this process and is the responsibility of the Finance Director. The risk framework governs the management and control of both financial and non-financial risks.

Internal audit is undertaken by an independent firm of chartered accountants who develop an annual internal audit plan having reviewed the Group's risk register and following discussions with external auditors, management and members of the Audit Committee.

During the period the Audit Committee has reviewed reports covering the work undertaken as part of the annual internal audit plan. This has included assessment of the general control environment, identification of control weaknesses, quantification of any associated risk together with a review of the status of actions to mitigate these risks.

The Audit Committee has also received reports from management in relation to specific risk items together with reports from external auditors, who consider controls only to the extent necessary to form an opinion as to the truth and fairness of the financial statements. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and it must be recognised that it can only provide reasonable and not absolute assurance against material misstatement or loss.

The principal risks and corresponding mitigation set out below represent the principal uncertainties that may impact the Group's ability to effectively deliver its strategy in the future.

Risks Relating to the Group

Risk	Impact	Mitigating Actions
Adverse publicity in relation to the Group or its brands.	Adverse publicity in relation to the Group or its brands could have an adverse impact on the Group's reputation, sales and operating profits.	It remains the Group's policy to ensure that employees operate within the boundaries of compliance in the areas of legislation, health and safety and ethical working standards and these are continually reviewed by the board and management committee. The Group maintains and develops ISO9001 and 14001 systems which are subject to annual external audits with any non-conformances actioned in a timely manner. Within the Group there is a clearly defined and communicated Corporate Social Responsibility Policy. Quality standards, both at our sites and those of suppliers, are well defined, implemented and measured. The Group's product recall process is documented through the business continuity process and tested regularly.
Failure or unavailability of the Group's operational infrastructure.	The Group would be affected if there was a catastrophic failure of its major production or distribution facilities which led to a sustained loss in capacity or capability.	Assets within the Group are proactively managed whether this be intangible brand assets, plant and equipment, people or IT systems. Robust disaster recovery and incident management plans exist and are formally tested. Contingency measures are in place and are regularly tested.
Interruption to, or change in the terms of, the Group's supply of packaging and raw materials.	The packaging and raw material components that the Group uses for the production of its soft drink products are largely commodities that are subject to price and supply volatility that could have an adverse impact on the Group's sales and operating profits.	The Group adopts centralised purchasing arrangements to ensure the best possible terms are negotiated. Contingency measures exist and are tested regularly. Supplier performance is reviewed on a monthly basis and audits are undertaken for major suppliers. Overall commodity risks are reviewed and managed by the Treasury Committee whose remit and authority levels are set by the board. The Treasury Committee's remit focuses on the unpredictability of the cost of supply and seeks to minimise potential related adverse effects on the Group's financial performance through either forward purchasing or hedging known commodity requirements.

Risks Relating to the Group

Continued

Risk	Impact	Mitigating Actions
Failure of the Group's Information Technology systems.	The maintenance and development of Information Technology systems may result in systems failures which may adversely impact the Group's ability to operate.	IT assets within the Group are proactively managed and procedures exist that support rapid and clean recovery. Robust disaster recovery and incident management plans exist and are formally tested. Contingency measures are in place and are regularly tested.
Inability to protect the intellectual property rights associated with current and future brands.	Failure to maintain the Group's intellectual property rights could result in the value of our brands being eroded.	The Group invests considerable effort in proactively protecting the intellectual property rights associated with its current and future brands, through trademark registration and vigorous legal enforcement as and when required.
Financial Risks.	The Group's activities expose it to a variety of financial risks which include market risk (including medium term movements in exchange rates, interest rate risk and commodity price risk), credit risk and liquidity risk. In the poor economic climate the risk of customer insolvency is increased.	Financial risks are reviewed and managed by the Treasury Committee whose remit and authority levels are set by the board. The Treasury Committee seeks to minimise adverse effects on the Group's financial performance through hedging known currency exposures whilst reviewing the appropriateness of the interest rate hedging policy throughout the year. The Group's finance team reviews cash flow forecasts throughout the year, with headroom against banking covenants assessed regularly. The finance team uses external tools to assess credit limits offered to customers, manages trade receivable balances vigilantly and takes prompt action on overdue accounts. The Group's financial control environment is subject to review by both internal and external audit working with management to ensure an appropriate control environment exists.

Risks Relating to the Group
Continued

Risk	Impact	Mitigating Actions
Change programmes may not deliver the benefits intended.	A number of change programmes designed to improve the effectiveness and efficiency of the end to end operating, administrative and financial systems and processes continue to be undertaken. There is a risk that these programmes will not fully deliver the expected operational benefits within the timescales expected. There is also the risk that the change programmes lead to disruption to production, administrative and financial processes and could impact customer service and/or operating margins.	Appropriate governance structures are put in place to provide the required structures and frameworks to supervise, monitor, control, direct and manage change programmes. These structures review the scope, project plan and resources, monitoring progress against set deliverables. External support is utilised when the Group is unable to support the project solely from internal resources.
Increasing funding needs or obligations in respect of the Group's pension scheme arrangements.	The triennial valuation of the Group's defined benefit pension scheme may highlight a worsening funding position that requires the Group to invest additional cash contributions or provide further assurance to cover future liabilities.	The Group's Finance team works closely with the Pension Trustees to ensure that an appropriate Investment Strategy is in place to fund future pension requirements at acceptable levels of risk.

Risks Relating to the Market

Risk	Impact	Mitigating Actions
Failure to take account of changing market dynamics.	A decline in sales of key brands or a failure to renew trading agreements on favourable terms or reduction of the customer base could have an adverse impact on the Group's sales and operating profits.	The Group offers a range of brands that it manufactures and distributes through a cross section of trade channels and retailers. Performance is monitored closely by the board and management committee. This includes monitoring and tracking of metrics which review brand equity strength, together with monitoring of financial and operational performance. The Group focuses heavily on delivering high quality products and invests heavily in building brand equity. Regular contact is maintained with all of the Group's customers and members of the senior management team meet with customers throughout the year.
Changes in consumer preferences, perception or purchasing behaviour.	Consumers may decide to purchase and consume alternative brands or spend less on soft drinks.	The Group offers a range of branded products across a range of flavours, subcategories and geographies which offer choice to the end consumer. Changing consumer preferences are reviewed annually by the board with reference to qualitative and quantitative research. Spontaneous and prompted brand awareness levels are monitored in order to measure any changes in consumer knowledge of brands and/or changes in brand equity strength.
Changes in regulatory requirements.	Changing legislation may impact our ability to market or sell certain products or could cause the Group to incur additional costs or liabilities that could adversely affect its business.	The Group proactively engages with the relevant authorities, including the British Soft Drinks Association, The Food Standards Agency and the General Counsel of Scotland to ensure full participation in the future development of and compliance with relevant legislation. It remains the Group's policy to ensure that employees are aware of their responsibilities and all applicable regulatory requirements. Formal training sessions are undertaken throughout the year. An audit against changing legislative requirements is undertaken annually by the in house legal team.
Potential impact of taxation changes.	Changes to legislation may vary the taxation levels associated with the sale or consumption of soft drinks which could impact sales and operating profits.	The impact of changes to the taxation legislation is reviewed regularly. The Group will seek to remain commercially competitive by passing on any resulting cost differential through price amendments to customers.

Consolidated Condensed Income Statement

	Note	6 months ended 28 July 2012 Total £000	6 months ended 30 July 2011 Before exceptional items £000	Exceptional items £000	Total £000
Revenue	4	**129,998**	123,953	–	123,953
Cost of sales		**(65,829)**	(61,647)	(522)	(62,169)
Gross profit	4	**64,169**	62,306	(522)	61,784
Operating expenses		**(48,603)**	(45,601)	619	(44,982)
Operating profit	6	**15,566**	16,705	97	16,802
Finance income		**16**	42	–	42
Finance costs		**(688)**	(551)	–	(551)
Profit before tax		**14,894**	16,196	97	16,293
Tax on profit	7	**(3,247)**	(3,754)	(26)	(3,780)
Profit attributable to equity holders		**11,647**	12,442	71	12,513

Earnings per share			Restated – see note 3	Restated – see note 3	Restated – see note 3
Basic earnings per share	8	**10.14p**	10.81p	0.06p	10.87p
Diluted earnings per share	8	**10.11p**	10.75p	0.06p	10.81p

Accounts

Consolidated Condensed Income Statement
Continued

		Year ended 28 January 2012		
	Note	Before exceptional items £000	Exceptional items £000	Total £000
Revenue	4	236,998	–	236,998
Cost of sales		(117,142)	(1,111)	(118,253)
Gross profit	4	119,856	(1,111)	118,745
Operating expenses		(86,495)	2,975	(83,520)
Operating profit	6	33,361	1,864	35,225
Finance income		936	–	936
Finance costs		(744)	–	(744)
Profit before tax		33,553	1,864	35,417
Tax on profit	7	(7,933)	662	(7,271)
Profit attributable to equity holders		25,620	2,526	28,146
Earnings per share		Restated – see note 3	Restated – see note 3	Restated – see note 3
Basic earnings per share	8	22.28p	2.20p	24.48p
Diluted earnings per share	8	22.16p	2.18p	24.34p

Consolidated Condensed Statement of Comprehensive Income

	6 months ended 28 July 2012 £000	6 months ended 30 July 2011 £000	Year ended 28 January 2012 £000
Profit after tax	**11,647**	12,513	28,146
Other comprehensive income			
Actuarial loss recognised on defined benefit pension plans	**(6,949)**	(3,641)	(9,147)
Effective portion of changes in fair value of cash flow hedges	**(337)**	382	382
Deferred tax movements on items taken direct to equity	**1,275**	754	2,027
Other comprehensive income for the period, net of tax	**(6,011)**	(2,505)	(6,738)
Total comprehensive income attributable to equity holders of the parent	**5,636**	10,008	21,408

Accounts

Consolidated Condensed Statement of Changes in Equity

	Note	Share capital £000	Share premium account £000	Share options reserve £000	Cash flow hedge reserve £000	Retained earnings £000	Total £000
At 28 January 2012		**4,865**	**905**	**2,228**	**–**	**119,022**	**127,020**
Cash flow hedge – recognition of fair value		–	–	–	(337)	–	(337)
Actuarial loss on defined benefit pension plans		–	–	–	–	(6,949)	(6,949)
Deferred tax on items taken direct to equity		–	–	108	–	1,167	1,275
Profit for the period		–	–	–	–	11,647	11,647
Total comprehensive income for the period		–	–	108	(337)	5,865	5,636
Company shares purchased for use by employee benefit trusts	19	–	–	–	–	(1,347)	(1,347)
Proceeds on disposal of shares by employee benefit trusts	19	–	–	–	–	1,034	1,034
Recognition of share-based payment costs		–	–	546	–	–	546
Transfer of reserve on share award		–	–	(26)	–	26	–
Dividends paid		–	–	–	–	(7,872)	(7,872)
At 28 July 2012		**4,865**	**905**	**2,856**	**(337)**	**116,728**	**125,017**

Consolidated Condensed Statement of Changes in Equity

Continued

	Note	Share capital £000	Share premium account £000	Share options reserve £000	Cash flow hedge reserve £000	Retained earnings £000	Total £000
At 29 January 2011		4,865	905	1,981	(382)	109,338	116,707
Cash flow hedge – recognition of fair value		–	–	–	382	–	382
Actuarial loss on defined benefit pension plans		–	–	–	–	(3,641)	(3,641)
Deferred tax on items taken direct to equity		–	–	(47)	–	801	754
Profit for the period		–	–	–	–	12,513	12,513
Total comprehensive income for the period		–	–	(47)	382	9,673	10,008
Company shares purchased for use by employee benefit trusts	19	–	–	–	–	(2,449)	(2,449)
Proceeds on disposal of shares by employee benefit trusts	19	–	–	–	–	1,057	1,057
Recognition of share-based payment costs		–	–	453	–	–	453
Transfer of reserve on share award		–	–	(499)	–	499	–
Dividends paid		–	–	–	–	(7,163)	(7,163)
At 30 July 2011		4,865	905	1,888	–	110,955	118,613

Consolidated Condensed Statement of Changes in Equity
Continued

	Note	Share capital £000	Share premium account £000	Share options reserve £000	Cash flow hedge reserve £000	Retained earnings £000	Total £000
At 29 January 2011		4,865	905	1,981	(382)	109,338	116,707
Cash flow hedge – recognition of fair value		–	–	–	382	–	382
Actuarial loss on defined benefit pension plans		–	–	–	–	(9,147)	(9,147)
Deferred tax on items taken direct to equity		–	–	(11)	–	2,038	2,027
Profit for the period		–	–	–	–	28,146	28,146
Total comprehensive income for the period		–	–	(11)	382	21,037	21,408
Company shares purchased for use by employee benefit trusts	19	–	–	–	–	(3,158)	(3,158)
Proceeds on disposal of shares by employee benefit trusts	19	–	–	–	–	1,123	1,123
Recognition of share-based payment costs		–	–	905	–	–	905
Transfer of reserve on share award		–	–	(647)	–	647	–
Dividends paid		–	–	–	–	(9,965)	(9,965)
At 28 January 2012		4,865	905	2,228	–	119,022	127,020

Consolidated Condensed Statement of Financial Position

	Note	As at 28 July 2012 £000	As at 30 July 2011 £000	As at 28 January 2012 £000
Non-current assets				
Intangible assets	10	**74,487**	74,744	74,613
Property, plant and equipment	11	**54,162**	54,705	54,873
Financial instruments	12	**23**	–	–
Retirement benefit surplus	17	**–**	800	–
		128,672	130,249	129,486
Current assets				
Inventories		**20,590**	19,205	18,971
Trade and other receivables		**53,857**	48,822	39,328
Financial instruments	12	**34**	204	176
Cash and cash equivalents	13	**–**	4,815	8,289
Assets classified as held for sale	14	**–**	2,400	–
		74,481	75,446	66,764
Total assets		**203,153**	205,695	196,250
Current liabilities				
Borrowings	16	**6,377**	5,000	5,000
Trade and other payables		**43,639**	48,184	36,235
Financial instruments	12	**1,020**	49	309
Provisions	15	**–**	49	91
Current tax		**3,246**	3,799	4,195
		54,282	57,081	45,830
Non-current liabilities				
Borrowings	16	**4,899**	14,799	9,849
Deferred income		**–**	60	–
Deferred tax liabilities		**11,855**	15,142	13,164
Retirement benefit obligations	17	**7,100**	–	387
		23,854	30,001	23,400
Capital and reserves attributable to equity shareholders				
Called up share capital		**4,865**	4,865	4,865
Share premium account		**905**	905	905
Share options reserve		**2,856**	1,888	2,228
Cash flow hedge reserve		**(337)**	–	–
Retained earnings		**116,728**	110,955	119,022
		125,017	118,613	127,020
Total equity and liabilities		**203,153**	205,695	196,250

Consolidated Condensed Cash Flow Statement

	6 months ended 28 July 2012 £000	6 months ended 30 July 2011 £000	Year ended 28 January 2012 £000
Operating activities			
Profit before tax	**14,894**	16,293	35,417
Adjustments for:			
Interest receivable	**(16)**	(42)	(936)
Interest payable	**688**	551	744
Depreciation of property, plant and equipment	**3,301**	3,579	6,974
Amortisation of intangible assets	**126**	196	327
Fair value adjustment to financial instruments	**–**	64	352
Share-based payment costs	**546**	453	905
Gain on sale of property, plant and equipment	**(12)**	(210)	(358)
Government grants released	**–**	(12)	(72)
Operating cash flows before movements in working capital	**19,527**	20,872	43,353
(Increase)/decrease in inventories	**(1,619)**	1,604	1,838
Increase in receivables	**(14,529)**	(14,089)	(4,595)
Increase/(decrease) in payables	**7,494**	8,123	(3,529)
Net decrease in retirement benefit obligation	**(236)**	(2,349)	(5,791)
Cash generated by operations	**10,637**	14,161	31,276
Tax on profit paid	**(4,230)**	(3,911)	(7,711)
Net cash from operating activities	**6,407**	10,250	23,565
Investing activities			
Purchase of property, plant and equipment	**(2,796)**	(3,082)	(6,937)
Proceeds on sale of property, plant and equipment	**53**	3,463	6,086
Interest received	**15**	12	25
Net cash (used)/generated in investing activities	**(2,728)**	393	(826)
Financing activities			
New loans received	**10,000**	–	7,500
Loans repaid	**(15,000)**	(5,000)	(17,500)
Bank arrangement fees paid	**–**	(60)	(60)
Purchase of Company shares by employment benefit trusts	**(1,347)**	(2,449)	(3,158)
Proceeds from disposal of Company shares by employee benefit trusts	**1,034**	1,057	1,123
Dividends paid	**(7,872)**	(7,163)	(9,965)
Interest paid	**(160)**	(624)	(801)
Net cash used in financing activities	**(13,345)**	(14,239)	(22,861)
Net decrease in cash and cash equivalents	**(9,666)**	(3,596)	(122)
Cash and cash equivalents at beginning of period	**8,289**	8,411	8,411
Cash and cash equivalents at end of period (note 13)	**(1,377)**	4,815	8,289

Notes to the Financial Statements

1 General information

The Company is a public limited company 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 condensed consolidated 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 28 January 2012 were approved by the board of directors on 26 March 2012 and delivered to the Registrar of Companies. The comparative figures for the financial year ended 28 January 2012 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 condensed consolidated interim financial information is unaudited but has been reviewed by the Company's Auditor.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 28 July 2012 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 Interim Financial Reporting as adopted by the EU. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 28 January 2012, which have been prepared in accordance with IFRSs as adopted by the EU.

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 28 January 2012, as described in those annual financial statements.

Taxation

Taxes on income in the interim periods are accrued using the tax rate that is anticipated to be applicable to expected total annual earnings.

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 29 January 2012 that have a material impact on the Group.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 29 January 2012 and not adopted early

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning after 29 January 2012 unless otherwise stated, but the Group has not adopted them early. These will be effective either for accounting periods beginning on or after 1 January 2013 or 2014 as relevant, and although they are not expected to have a material effect on the Group's financial statements will be adopted for the year ending 25 January 2014 or 31 January 2015 as required:

- Amendment to IAS 19 Employee benefits
- IFRS 10 Consolidated financial statements
- IFRS 12 Disclosures of interests in other entities
- IFRS 13 Fair value measurement

Notes to the Financial Statements

Continued

3 Accounting policies (continued)

Earnings per share

A share subdivision of the Company's issued and to be issued share capital was approved at the annual general meeting on 21 May 2012. This resulted in treble the number of shares being in issue after the subdivision.

As a result of the change in the number of shares in issue and in line with the requirements of IAS 33 Earnings per share, the earnings per share figures for the 6 months to 30 July 2011 and the year to 28 January 2012 have been restated as if the share subdivision had taken place on the first day of the aforementioned periods.

4 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 6.

6 months ended 28 July 2012	**Carbonates £000**	**Still drinks and water £000**	**Other £000**	**Total £000**
Total revenue	**99,063**	**30,284**	**651**	**129,998**
Gross profit before exceptional items	**54,349**	**9,431**	**389**	**64,169**

6 months ended 30 July 2011	Carbonates £000	Still drinks and water £000	Other £000	Total £000
Total revenue	93,913	29,757	283	123,953
Gross profit before exceptional items	52,984	9,073	249	62,306

Year ended 28 January 2012	Carbonates £000	Still drinks and water £000	Other £000	Total £000
Total revenue	182,340	54,078	580	236,998
Gross profit before exceptional items	103,560	15,779	517	119,856

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, and the sale of Rubicon ice-cream and other soft drink related items such as water cups.

The gross profit 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.

5 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.

Within the current period this balance of trading has been affected by the phasing of promotional and brand investment activities which have impacted margins in the first half.

6 Operating profit

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

	6 months ended 28 July 2012 £000	6 months ended 30 July 2011 £000	Year ended 28 January 2012 £000
Inventory write down	**274**	221	352
Foreign exchange losses/(gains) recognised	**288**	(266)	(519)
Fair value movements in financial instruments	**–**	64	352

The following exceptional items have been charged before operating profit:

External manufacture	**–**	–	929
Net redundancy costs for production site closure	**–**	62	–
Dual running costs	**–**	460	182
Total cost of sales	**–**	522	1,111
Dual running costs	**–**	13	–
Release of environment provision for site closure	**–**	(63)	(63)
Net redundancy charge for production site closure	**–**	–	109
Gain on disposal of plant related to production site closure	**–**	(72)	–
Total distribution costs	**–**	(122)	46
Curtailment of retirement benefit scheme	**–**	(497)	(497)
Pension increase exchange exercise net of associated costs	**–**	–	(2,488)
Gain on disposal of property, plant and equipment	**–**	–	(49)
Mansfield site closure costs	**–**	–	13
Total administration costs	**–**	(497)	(3,021)
Exceptional credit	**–**	(97)	(1,864)

Notes to the Financial Statements
Continued

6 Operating profit (continued)
In the current period £493,000 of fair value movements in financial instruments have been charged to finance costs.

The exceptional items for the year to 28 January 2012 are dual running, external manufacture, redundancy and travel costs relating to the completion of the Mansfield site closure. These have been offset by a net gain on disposal of assets, release of an environmental provision not utilised during the closure and pension curtailment credit all arising from the closure. In addition, a pension increase exchange exercise was undertaken in the prior year, resulting in an improvement in the risk profile of the defined benefit scheme and associated credit of £2,488,000.

7 Tax on profit
The interim period tax charge is accrued based on the estimated average annual effective income tax rate of 21.8% (six months ended 30 July 2011: 23.2%; year ended 28 January 2012: 20.5%).

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 25% to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012 and substantive enactment of the rate of 23% with effect from 1 April 2013 took place on 3 July 2012. The deferred tax liability at 28 July 2012 has therefore been calculated having regard to the rate of 23% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

8 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 28 July 2012	6 months ended 30 July 2011 Restated	Year ended 28 January 2012 Restated
Profit attributable to equity holders of the Company (£000)	**11,647**	12,513	28,146
Weighted average number of ordinary shares in issue	**114,810,729**	115,088,436	114,985,479
Basic earnings per share (pence)	**10.14**	10.87	24.48

The weighted average number of shares in issue and the diluted weighted average number of shares in issue have been restated for the six months to 30 July 2011 and the year ended 28 January 2012 following the share subdivision that took place during the six months to 28 July 2012 (note 18). This is in line with the requirement of IAS 33 Earnings per share.

Notes to the Financial Statements
Continued

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 year. 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.

	6 months ended 28 July 2012	6 months ended 30 July 2011 Restated	Year ended 28 January 2012 Restated
Profit attributable to equity holders of the Company (£000)	**11,647**	12,513	28,146
Weighted average number of ordinary shares in issue	**114,810,729**	115,088,436	114,985,479
Adjustment for dilutive effect of share options	**447,351**	661,611	641,976
Diluted weighted average number of ordinary shares in issue	**115,258,080**	115,750,047	115,627,455
Diluted earnings per share (pence)	**10.11**	10.81	24.34

9 Dividends paid

	6 months ended 28 July 2012 per share (p)	6 months ended 30 July 2011 Restated per share (p)	Year ended 28 January 2012 Restated per share (p)	**6 months ended 28 July 2012 £000**	6 months ended 30 July 2011 £000	Year ended 28 January 2012 £000
Paid final dividend	**6.88**	6.22	6.22	**7,872**	7,163	7,124
Paid interim dividend	**–**	–	2.43	**–**	–	2,841
	6.88	6.22	8.65	**7,872**	7,163	9,965

The dividend per share figures for the six months to 28 July 2012 and 30 July 2011 and the year ended 28 January 2012 have been restated to take into account the share subdivision that took place during the six months to 28 July 2012. This share subdivision has had no impact on the total dividend paid by the Company.

An interim dividend of 2.616p per share was approved by the board on 24 September 2012 and will be paid on 19 October 2012 to shareholders on record as at 5 October 2012.

Notes to the Financial Statements
Continued

10 Intangible assets

	6 months ended 28 July 2012 £000	6 months ended 30 July 2011 £000	Year ended 28 January 2012 £000
Opening net book value	**74,613**	74,940	74,940
Amortisation	**(126)**	(196)	(327)
Closing net book value	**74,487**	74,744	74,613

The amortisation charge for the six months to 28 July 2012 represents £126,000 (six months ended 30 July 2011: £126,000; year ended 28 January 2012: £253,000) of charges for the Rubicon customer list. The Strathmore customer list was fully amortised during the prior year, therefore there was no charge for the six months to 28 July 2012 (six months ended 30 July 2011: £70,000; year ended 28 January 2012: £74,000).

11 Property, plant and equipment

	6 months ended 28 July 2012 £000	6 months ended 30 July 2011 £000	Year ended 28 January 2012 £000
Opening net book value	**54,873**	58,570	58,570
Additions	**2,631**	2,967	6,604
Disposals	**(41)**	(3,253)	(3,327)
Depreciation	**(3,301)**	(3,579)	(6,974)
Closing net book value	**54,162**	54,705	54,873

The closing balance includes £826,000 (as at 30 July 2011: £1,034,000; as at 28 January 2012: £1,264,000) of assets under construction.

Notes to the Financial Statements
Continued

12 Financial instruments
Non-current assets of £23,000 (at 30 July 2011: £nil; 28 January 2012: £nil) relate to forward foreign currency contracts with a maturity of more than 12 months and are classified at fair value through the cash flow hedge reserve.

Current assets of £34,000 (at 30 July 2011: £204,000; 28 January 2012: £176,000) relate to forward foreign currency contracts with a maturity of less than 12 months and are classified at fair value through the profit and loss account.

Current liabilities of £1,020,000 (at 30 July 2011: £49,000; 28 January 2012: £309,000) represents forward foreign currency contracts with a maturity of less than 12 months. £674,000 of these liabilities are classified at fair value through the profit and loss account and £346,000 relate to contracts valued through the cash flow hedge reserve.

Included within the closing cash flow hedge reserve is a fair value charge of £14,000 relating to a forward contract that matured shortly before 28 July 2012. As the contract has matured it is not included in the closing financial instruments balances. The £14,000 balance has been recognised in the cash flow hedge reserve at 28 July 2012 and will be charged to the income statement in the next six months when the inventory it was used to purchase is sold.

13 Cash and cash equivalents

	6 months ended 28 July 2012 £000	6 months ended 30 July 2011 £000	Year ended 28 January 2012 £000
Cash and cash equivalents (excluding bank overdrafts)	**–**	4,815	8,289

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	6 months ended 28 July 2012 £000	6 months ended 30 July 2011 £000	Year ended 28 January 2012 £000
Cash and cash equivalents	**–**	4,815	8,289
Bank overdrafts (note 16)	**(1,377)**	–	–
	(1,377)	4,815	8,289

Notes to the Financial Statements
Continued

14 Assets classified as held for sale
Assets classified as held for sale at 30 July 2011 represent the Atherton production site closed during the year to 26 January 2008. The land and buildings were sold in August 2011.

15 Provisions

	6 months ended 28 July 2012 £000	6 months ended 30 July 2011 £000	Year ended 28 January 2012 £000
Opening provision	**91**	777	777
Provision created in the period	**–**	14	60
Provision released during the period	**(2)**	(71)	(70)
Provision utilised during the period	**(89)**	(671)	(676)
Closing provision	**–**	49	91

The provision utilised in the six months to 28 July 2012 related to the remaining employee termination costs as a result of the Mansfield production site closure.

16 Borrowings and loans
Movements in borrowings are analysed as follows:

	6 months ended 28 July 2012 £000	6 months ended 30 July 2011 £000	Year ended 28 January 2012 £000
Opening loan balance	**15,000**	25,000	25,000
Borrowings made	**10,000**	–	7,500
Bank overdrafts	**1,377**	–	–
Repayments of borrowings	**(15,000)**	(5,000)	(17,500)
Closing loan balance before arrangement fees	**11,377**	20,000	15,000
Unamortised arrangement fee	**(101)**	(201)	(151)
Closing loan balance	**11,276**	19,799	14,849

During the year to 28 January 2012 the Group successfully renegotiated its borrowings for a further three year period.

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.

The closing balance of £11.3m is split between current liabilities of £6.4m and non-current liabilities of £4.9m on the statement of financial position at 28 July 2012.

17 Retirement benefit deficit

The deficit on the defined retirement benefit scheme has increased by £6.7m since 28 January 2012.

The key financial assumptions used to value the liabilities at 28 July 2012, 30 July 2011 and 28 January 2012 were as follows:

	As at 28 July 2012 %	As at 30 July 2011 %	As at 28 January 2012 %
Discount rate	**4.20**	5.50	4.80
Expected return on scheme assets	**6.54**	6.42	6.54
Future salary increases	**3.90**	4.75	4.35
Inflation assumption	**2.65**	3.50	3.10

The change in the net discount rate has resulted in approximately £8.4m of an increase in the liability. In addition there has been an increase in the asset value of the defined benefit retirement scheme of £1.6m.

18 Share capital

At the annual general meeting on 21 May 2012 a resolution was passed to subdivide the Company's issued and to be issued share capital. Each ordinary share of 12.5 pence was subdivided into three ordinary shares of 4 1/6 pence each. The number of issued ordinary shares has trebled from 38,922,926 to 116,768,778 and the board believes that the subdivision will improve liquidity and marketability of the shares.

19 Movements in own shares held by employee benefit trusts

During the six months to 28 July 2012 the employee benefit trusts of the Group acquired 352,839 (six months to 30 July 2011: 562,443; year to 28 January 2012: 741,708) 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 28 July 2012 the shares held by the Company's employee benefit trusts represented 1,822,694 (30 July 2011: 1,701,678; 28 January 2012: 1,781,337) shares at a purchased cost of £6,791,126 (30 July 2011: £6,321,122; 28 January 2012: £6,678,941).

311,842 (six months to 30 July 2011: 519,312; year to 28 January 2012: 618,918) 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 28 July 2012 was £4.00 (six months to 30 July 2011: £4.22; year to 28 January 2012: £4.08) per share.

The number of shares purchased, held, utilised and weighted average share price in the six months to 30 July 2011 and year ended 28 January 2012 have been restated to reflect the share subdivision. The restatement reflects the position as if the share subdivision had taken place on 30 January 2011.

Notes to the Financial Statements
Continued

20 Contingencies and commitments

	As at 28 July 2012 £000	As at 30 July 2011 £000	As at 28 January 2012 £000
Commitments for the acquisition of property, plant and equipment	**22,386**	1,922	2,322

21 Events occurring after the reporting period
As disclosed in note 9, an interim dividend of 2.616p per share will be paid to shareholders on 19 October 2012.

Discussions are ongoing following the announcement on 5 September regarding the potential all share merger of A.G. BARR p.l.c. and Britvic plc. A further announcement will be made as and when appropriate.

22 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 are consistent with those disclosed in the Group's Annual Report and Accounts for the year ended 28 January 2012.

Statement of Directors' Responsibilities

We confirm, to the best of our knowledge, that this condensed consolidated interim financial information has been prepared in accordance with IAS 34 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.

Roger White
Chief Executive
24 September 2012

Alex Short
Finance Director
24 September 2012

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 28 July 2012 which comprises the 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 Services Authority ('the UK FSA'). 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 FSA. 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 28 July 2012 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Craig Anderson
for and on behalf of KPMG Audit Plc, Chartered Accountants
191 West George Street, Glasgow, G2 2LJ
24 September 2012

Notes

Notes

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