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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.

# 5.8%

Turnover increase

# £18.1m

Free cash flow

# £16.6m

Profit before tax  
(pre-exceptional items)

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 Tredgar

12 Milton Keynes

#### Distribution Depot

01 Cumbernauld

#### Our Brands

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

#### Partnership Brands

Orangina, Rockstar, Snapple.



## Interim Statement

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



We are pleased to report further excellent progress in sales and profit performance. A.G. BARR has continued to grow well ahead of the market, benefiting from its strong brands, excellent execution and balanced focus on costs and investment.

The operating environment, whilst benefiting from positive weather in the last 6 weeks of the reporting period, was in general challenging as competitors fought for share in the early months of the year when poor weather held back the overall market.

### Trading

Total revenue in the 6 months to 28 July 2013 increased by 5.8% and volume increased by 4.2%, compared to the same period in the prior year. In value terms, carbonates grew by 7.0% and still drinks by 2.0%.

The total soft drinks market, as measured by Nielsen, grew by 4.5% in revenue terms, with volume growth of 3.1% in the 26 weeks to 27 July 2013. The market growth rate in the second quarter was more than double that of the first quarter, as the much improved year on year weather impact was felt. The market performance in the period was slightly stronger in England and Wales particularly in stills and in the multiples channel.

We have continued to invest in the development of our brands for the long term, investing more in marketing and brand development, as well as executing a number of important brand initiatives during the period. We also benefited from a less volatile cost environment, aided by good levels of forward foreign exchange cover. In overall

terms, we have seen an improvement in underlying gross margins of 90 basis points and operating margins have improved by 43 basis points.

A pre-exceptional profit before tax of £16.6m was delivered, representing an increase of 12.3% on the prior year.

The soft drinks market has benefited from the excellent summer weather, however competition remains intense. Price promotion in the category has continued to accelerate, with the largest brands increasing the depth and quantum of price promotion. In carbonates, our average price per litre has grown ahead of our major competitors.

Our growth strategy, focussing on developing strong brand equity combined with positive revenue management and driving product distribution into the market, continues to work well. Our core brands have benefited from increased levels of marketing support and growing distribution.

The IRN-BRU “Gets You Through” campaign, now into its second year, proved to be a huge hit with consumers, with new creative execution on television and a very

successful summer “BRU-SKIES” value added consumer promotion ensuring that the brand is capable of growing even in the most price competitive of markets.

Rubicon and Barr brands continued to demonstrate good growth on the back of increased availability, as we continue to drive improved levels of distribution. Distribution growth was also supplemented by further pack and flavour development. In addition to our core soft drinks portfolio, the launch of Rubicon into the ice cream category last summer has provided a platform to further develop the brand, during the period of excellent weather in July 2013 in particular.

The Rockstar brand has continued its growth trajectory benefiting from the ongoing growth momentum in the energy market and the exciting development of ‘flavours’ within the category. We launched the Rockstar Super Sours range in January 2013 – now amongst the strongest performing flavours in this portfolio – highlighting the importance of innovation in this sub category.

We will continue to invest behind and develop our core brands across the balance of the financial year.

Operationally our focus for the last 6 months has been the completion of the building work and the initial commissioning of our new facility at Magna Park, Milton Keynes. Having completed the build and installation phase of the project ahead of plan we are now in commercial production. The commissioning phase will however continue for the balance of this calendar year as we optimise our new processes and technology. Magna Park is performing ahead of expectations and we have already been able to utilise the new facility to alleviate production pressure in respect of canned products and anticipate the site making a good contribution to our second half plans.

Exceptional charges amounting to £3.4m were incurred in the period relating to three categories of expenditure. During the year ended January 2013, A.G. BARR p.l.c. and Britvic plc worked together on a proposed all-share merger which was referred to the Competition Commission and subsequently aborted following clearance. Professional and legal costs incurred in the 6 months to July 2013 in relation to the merger and consequent Competition Enquiry which together amount to £2.0m, have been treated as exceptional costs. The cumulative costs associated with the merger, which have been recognised in this and prior periods amount to £4.9m. Also included within exceptional items, in the 6 month period, is £0.9m of site set up, training, plant commissioning and recruitment costs which were incurred as part of the Milton Keynes project.

**“Our growth strategy, focussing on developing strong brand equity combined with positive revenue management and driving product distribution into the market, continues to work well.”**

Finally, £0.5m of redundancy costs have been recognised ahead of a telesales and distribution reorganisation which although announced is not planned to take place until the second half of the year.

### Balance Sheet

Over the 12 month period to 28 July 2013 the Group's balance sheet strength increased significantly. Overall net assets grew from the July 2012 position of £125.0m to £147.5m, an increase of 18.0%.

Property, plant and equipment assets increased by £21.0m, predominantly due to the development of the production and distribution facility at Milton Keynes. This expenditure has been funded through debt, with borrowings over the 12 month period increasing by £18.7m. The second contributing factor to the improved net asset position was within the area of pensions.

The combination of strong equity and bond performance, together with improved bond yield assumptions, has resulted in the reported IAS19 deficit of £7.1m, as at July 2012, improving to a £6.5m surplus in July 2013. Over the 12 month period, equity values have performed ahead of expectation, increasing on average by 25%, whilst the impact of changing actuarial assumptions has reduced the expected liability by £4.7m.

Throughout the year, the defined benefit pension scheme trustees have reviewed opportunities to reduce risk, acknowledging the long term nature of pension arrangements. The trustees have agreed with the Company to implement an Asset Backed Funding arrangement. This arrangement will improve both the funding and the level of security provided to the scheme, bringing an immediate improvement of £20.4m to the pension scheme's

funding position. This will enable the implementation of a more prudent investment strategy whilst providing the Company with accelerated tax relief on the pension contribution. The structure has been disclosed to and has received clearance from HMRC.

Current assets increased by £19.0m over the 12 month period. The excellent weather in July which contributed towards the strong turnover performance in the second quarter resulted in inventories reducing by 22% (£4.5m) relative to the prior year. Trade and other receivables increased by £8.4m whilst the balance of cash and cash equivalents increased to £14.2m. Offsetting the growth in current assets, total liabilities increased by £23.8m. This related mostly to increased borrowings of £18.7m drawn to fund the Milton Keynes facility. At the end of July 2013 the Group's net debt position stood at £15.8m, equating to an annualised

### Rubicon Leads the Exotic Juice Drinks Category

As the leading brand in its sub category, Rubicon has led the way in the creation of a new exotic drink's category which has grown by 40% over the past two years. Rubicon was on TV with the 'Love the Exotic' campaign across the summer on a nationwide basis. This year's brand activity will also involve sampling to over 500,000 consumers and further innovation including a new Lychee variant to the 500ml stills range.

### New Variant for Rockstar Xduration

Rockstar is in strong growth and is now the UK's fastest-selling big can energy brand. Underpinning this success is innovation including the launch of new variant Rockstar Xduration Tropical Orange 500ml big can energy in June. The brand's excellent innovation record has ensured that 7 of the top 10 fastest selling big can energy drinks in the impulse market are Rockstar.



net debt/EBITDA position of just 0.4 times. Overall our Return on Capital Employed is 21.5% on a rolling 12 month basis.

Free cashflow of £18.1m was generated in the 6 month period, this was £13.9m stronger than in the comparable period in the prior year, arising from increased EBITDA, reduced working capital and lower levels of maintenance capital expenditure. Expansionary capital expenditure in the period equated to £7.7m.

#### Dividend

The board has declared an interim dividend of 2.825 pence per share, payable on 18 October 2013. This represents an increase on the prior year of 8%, reflecting the board's confidence in the current financial position and the future financial performance of the Group.

#### Merger Discussion

In the period we received clearance from the Competition

Commission for the potential merger of A.G. BARR p.l.c. and Britvic plc to take place. Suitable merger terms however could not be agreed and A.G. BARR did not make a further offer.

#### Current Trading and Outlook

We have delivered a robust performance in the period benefiting from well executed marketing, commercial and operating plans, a more stable cost environment and a great team effort. This was in spite of the distraction from the corporate challenges associated with the Competition Commission referral and merger discussions. We have a strong commercial plan in place for the balance of the year, however we expect general trading to remain challenging despite the benefit of a prolonged period of good summer weather. We have good visibility across our costs for the second half of the year and we are making excellent progress with the development of our new site at

Milton Keynes, which we anticipate will continue to support further growth in the second half and beyond. As such, we remain confident of meeting our expectations for the full year.



**Ronald G. Hanna**  
Chairman



**Roger A. White**  
Chief Executive  
23 September 2013

#### New Bubblegum Flavour

Innovation comes in all shapes, sizes and flavours in soft drinks! The Barr range of soft drinks reinforced its reputation for exciting innovation with the launch in June of a limited edition Bubblegum flavour.



#### BRU-SKIES

The appearance on retailers' shelves of IRN-BRU's BRU-SKIES on-pack summer promotion coincided with the phenomenal spell of great weather during July. BRU-SKIES forms part of the brand's multi-million pound support programme during 2013 and gave consumers the chance to win one of over 5,000 prizes, including cash amounts of up to £100 and thousands of pairs of cool BRU-SHADES.



# Consolidated Condensed Income Statement

	Note	6 months ended 28 July 2013		6 months ended 28 July 2012	
		Before exceptional items £000	Exceptional items (note 8) £000	Total £000	Total Restated (note 3) £000
Revenue	6	128,698	–	128,698	121,616
Cost of sales		(70,061)	(881)	(70,942)	(67,264)
Gross profit	6	58,637	(881)	57,756	54,352
Operating expenses		(41,725)	(2,479)	(44,204)	(38,891)
Operating profit	8	16,912	(3,360)	13,552	15,461
Finance income		12	–	12	16
Finance costs		(323)	–	(323)	(698)
Profit before tax		16,601	(3,360)	13,241	14,779
Tax on profit	9	(3,503)	325	(3,178)	(3,220)
<b>Profit attributable to equity holders</b>		<b>13,098</b>	<b>(3,035)</b>	<b>10,063</b>	11,559
<b>Earnings per share</b>					
Basic earnings per share	10	11.34p	(2.62)p	8.72p	10.07p
Diluted earnings per share	10	11.30p	(2.61)p	8.69p	10.03p



# Consolidated Condensed Income Statement

Continued

		Year ended 26 January 2013		
	Note	Before exceptional items Restated (note 3) £000	Exceptional items (note 8) £000	Total Restated (note 3) £000
Revenue	6	237,595	–	237,595
Cost of sales		(129,591)	–	(129,591)
Gross profit	6	108,004	–	108,004
Operating expenses		(73,058)	(3,158)	(76,216)
Operating profit	8	34,946	(3,158)	31,788
Finance income		160	–	160
Finance costs		(356)	–	(356)
Profit before tax		34,750	(3,158)	31,592
Tax on profit	9	(6,305)	100	(6,205)
<b>Profit attributable to equity holders</b>		<b>28,445</b>	<b>(3,058)</b>	<b>25,387</b>
<b>Earnings per share</b>		<b>Restated (note 3)</b>	<b>Restated (note 3)</b>	<b>Restated (note 3)</b>
Basic earnings per share	10	24.55p	(2.64)p	21.91p
Diluted earnings per share	10	24.53p	(2.64)p	21.89p

# Consolidated Condensed Statement of Comprehensive Income

	<b>6 months ended 28 July 2013 £000</b>	6 months ended 28 July 2012 Restated (note 3) £000	Year ended 26 January 2013 Restated (note 3) £000
Profit after tax	<b>10,063</b>	11,559	25,387
<b>Other comprehensive income</b>			
<i>Items that will not be recycled to profit or loss</i>			
Actuarial gain/(loss) recognised on defined benefit pension plans (note 18)	<b>9,940</b>	(6,834)	(2,954)
Deferred tax movements on items taken direct to equity (note 18)	<b>(2,583)</b>	1,140	247
<i>Items that will be or have been recycled to profit or loss</i>			
Effective portion of changes in fair value of cash flow hedges	<b>(478)</b>	(337)	1,463
Deferred tax movements on items taken direct to equity	<b>129</b>	108	(336)
<b>Other comprehensive income for the period, net of tax</b>	<b>7,008</b>	(5,923)	(1,580)
<b>Total comprehensive income attributable to equity holders of the parent</b>	<b>17,071</b>	5,636	23,807

# 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 Restated (note 3) £000	Total Restated (note 3) £000
<b>At 26 January 2013</b>		<b>4,865</b>	<b>905</b>	<b>1,861</b>	<b>1,127</b>	<b>121,890</b>	<b>130,648</b>
Cash flow hedge – recognition of fair value		-	-	-	(478)	-	(478)
Actuarial gain on defined benefit pension plans		-	-	-	-	9,940	9,940
Deferred tax on items taken direct to equity		-	-	-	129	(2,583)	(2,454)
Profit for the period		-	-	-	-	10,063	10,063
Total comprehensive income for the period		-	-	-	(349)	17,420	17,071
Company shares purchased for use by employee benefit trusts	19	-	-	-	-	(1,612)	(1,612)
Proceeds on disposal of shares by employee benefit trusts	19	-	-	-	-	1,044	1,044
Recognition of share- based payment costs		-	-	512	-	-	512
Transfer of reserve on share award		-	-	(632)	-	632	-
Deferred tax on items taken direct to reserves		-	-	(96)	-	-	(96)
Dividends paid		-	-	-	-	(28)	(28)
<b>At 28 July 2013</b>		<b>4,865</b>	<b>905</b>	<b>1,645</b>	<b>778</b>	<b>139,346</b>	<b>147,539</b>

# 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 Restated (note 3) £000	Total Restated (note 3) £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		–	–	–	–	(6,834)	(6,834)
Deferred tax on items taken direct to equity		–	–	108	–	1,140	1,248
Profit for the period		–	–	–	–	11,559	11,559
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 Restated (note 3) £000	Total Restated (note 3) £000
At 28 January 2012		4,865	905	2,228	–	119,022	127,020
Cash flow hedge – recognition of fair value		–	–	–	1,463	–	1,463
Actuarial loss on defined benefit pension plans		–	–	–	–	(2,954)	(2,954)
Deferred tax on items taken direct to equity		–	–	–	(336)	247	(89)
Profit for the year		–	–	–	–	25,387	25,387
Total comprehensive income for the year		–	–	–	1,127	22,680	23,807
Company shares purchased for use by employee benefit trusts	19	–	–	–	–	(2,553)	(2,553)
Proceeds on disposal of shares by employee benefit trusts	19	–	–	–	–	2,214	2,214
Recognition of share- based payment costs		–	–	927	–	–	927
Transfer of reserve on share award		–	–	(1,142)	–	1,142	–
Deferred tax on items taken direct to reserves		–	–	(152)	–	–	(152)
Payment in respect of LTIP award		–	–	–	–	(1,217)	(1,217)
Dividends paid		–	–	–	–	(19,398)	(19,398)
At 26 January 2013		4,865	905	1,861	1,127	121,890	130,648

# Consolidated Condensed Statement of Financial Position

	Note	As at 28 July 2013 £000	As at 28 July 2012 £000	As at 26 January 2013 £000
<b>Non-current assets</b>				
Intangible assets	12	74,234	74,487	74,360
Property, plant and equipment	13	75,210	54,162	69,495
Derivative financial instruments	14	26	23	–
Retirement benefit surplus	18	6,478	–	–
		<b>155,948</b>	128,672	143,855
<b>Current assets</b>				
Inventories		16,122	20,590	20,812
Trade and other receivables		62,257	53,857	47,798
Derivative financial instruments	14	981	34	1,463
Cash and cash equivalents	15	14,163	–	910
		<b>93,523</b>	74,481	70,983
<b>Total assets</b>		<b>249,471</b>	203,153	214,838
<b>Current liabilities</b>				
Borrowings	17	14,975	6,377	11,462
Trade and other payables		53,983	43,639	38,789
Derivative financial instruments	14	15	1,020	–
Provisions for redundancy	16	502	–	–
Current tax		3,478	3,246	3,838
		<b>72,953</b>	54,282	54,089
<b>Non-current liabilities</b>				
Borrowings	17	15,000	4,899	15,000
Derivative financial instruments	14	7	–	–
Deferred tax liabilities		13,972	11,855	11,700
Retirement benefit obligations	18	–	7,100	3,401
		<b>28,979</b>	23,854	30,101
<b>Capital and reserves attributable to equity holders</b>				
Called up share capital		4,865	4,865	4,865
Share premium account		905	905	905
Share options reserve		1,645	2,856	1,861
Cash flow hedge reserve		778	(337)	1,127
Retained earnings		139,346	116,728	121,890
		<b>147,539</b>	125,017	130,648
<b>Total equity and liabilities</b>		<b>249,471</b>	203,153	214,838

# Consolidated Condensed Cash Flow Statement

	6 months ended 28 July 2013 £000	6 months ended 28 July 2012 Restated (note 3) £000	Year ended 26 January 2013 Restated (note 3) £000
<b>Operating activities</b>			
Profit before tax	13,241	14,779	31,592
Adjustments for:			
Interest receivable	(12)	(16)	(160)
Interest payable	323	698	356
Depreciation of property, plant and equipment	3,187	3,301	6,519
Amortisation of intangible assets	126	126	253
Share-based payment costs	512	546	927
Loss/(gain) on sale of property, plant and equipment	3	(12)	(187)
Payment in respect of LTIP award	–	–	(1,217)
<b>Operating cash flows before movements in working capital</b>	<b>17,380</b>	19,422	38,083
Decrease/(increase) in inventories	4,690	(1,619)	(1,841)
Increase in receivables	(14,459)	(14,529)	(8,470)
Increase in payables	15,704	7,494	2,356
Difference between employer pension contributions and amounts recognised in the income statement	(6)	(131)	39
<b>Cash generated by operations</b>	<b>23,309</b>	10,637	30,167
Tax on profit paid	(3,816)	(4,230)	(8,267)
<b>Net cash from operating activities</b>	<b>19,493</b>	6,407	21,900
<b>Investing activities</b>			
Purchase of property, plant and equipment	(8,944)	(2,796)	(21,166)
Proceeds on sale of property, plant and equipment	14	53	324
Interest received	10	15	30
<b>Net cash used in investing activities</b>	<b>(8,920)</b>	(2,728)	(20,812)
<b>Financing activities</b>			
New loans received	10,000	10,000	25,000
Loans repaid	(5,000)	(15,000)	(15,000)
Bank arrangement fees paid	(40)	–	–
Purchase of Company shares by employee benefit trusts	(1,612)	(1,347)	(2,553)
Proceeds from disposal of Company shares by employee benefit trusts	1,044	1,034	2,214
Dividends paid	(28)	(7,872)	(19,398)
Interest paid	(171)	(160)	(243)
<b>Net cash generated by/(used in) financing activities</b>	<b>4,193</b>	(13,345)	(9,980)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>14,766</b>	(9,666)	(8,892)
Cash and cash equivalents at beginning of period	(603)	8,289	8,289
<b>Cash and cash equivalents at end of period (note 15)</b>	<b>14,163</b>	(1,377)	(603)

# 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 consolidated condensed interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 26 January 2013 were approved by the board of directors on 21 March 2013 and delivered to the Registrar of Companies. The comparative figures for the financial year ended 26 January 2013 are an extract of the Company's statutory accounts for that year. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

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

## 2 Basis of preparation

This consolidated condensed interim financial information for the six months ended 28 July 2013 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 consolidated condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 26 January 2013, which have been prepared in accordance with IFRSs as adopted by the EU.

### *Going concern basis*

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

## 3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 26 January 2013, as described in those annual financial statements except as noted below.

### *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**

Amendment to IAS 1: Presentation of financial statements – Presentation of items of other comprehensive income  
The Group has applied this amendment retrospectively and the comparatives have been represented accordingly. Within the Group statement of comprehensive income, items are now separated into 'Items that will be or have been recycled to profit or loss' and 'Items that will not be recycled to profit or loss'.



# Notes to the Financial Statements

Continued

## IAS 19 (revised) Employee benefits

In June 2011, the IASB issued IAS 19 (revised) (IAS 19R). The Group is required to apply IAS 19R to financial statements commencing after 1 January 2013 and restate comparative amounts accordingly. The IAS 19R change that will have the most significant effect on the Group's reported profit is that the Group's annual expense for defined benefit pension schemes will be required to include net interest expense or income calculated by applying the discount rate to the net defined benefit asset or liability. Previously an expected rate of return was applied to each class of asset category.

This net interest expense or income will replace the finance charge on scheme liabilities and the expected return on scheme assets and has resulted in a higher annual expense. The effect of IAS 19R for the six months to 28 July 2012 is to reduce profit before tax and exceptionals by £115,000. Pension interest income of £105,000 has been eliminated and an interest cost of £10,000 has been charged to the profit and loss. The effect on the year to 26 January 2013 is to reduce profit before tax and exceptionals by £230,000. IAS 19R has no effect on the statement of financial position for either of the comparative periods presented.

## IFRS 13 Fair value measurement

IFRS 13 measurement and disclosure requirements are applicable to financial statements commencing 27 January 2013. As a result of this, and consequential amendments to IAS 34, the Group has included disclosures required by IAS 34 for the first time in its interim financial statements in relation to financial instruments (see notes 5 and 14).

There are no other IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 27 January 2013 that have a material impact on the Group.

## (b) New standards, amendments and interpretations issued but not effective for the financial year beginning 27 January 2013 and not adopted early

IFRS 10 Consolidated financial statements, IFRS 11 Joint arrangements, IFRS 12 Disclosures of interests in other entities, and subsequent revisions to IAS 27 Separate financial statements and IAS 28 Investments in associates and joint ventures are new and revised standards that are mandatory for adoption for accounting periods beginning on or after 1 January 2014 for EU endorsed IFRS reporters. The Group has not yet adopted these standards in these interim statements but is continuing to assess their impact.

## **Presentational changes and restatements**

All restatements below relating to the six months to 28 July 2012 are consistent with the policy and approach taken in the annual accounts to 26 January 2013.

### **Revenue**

Revenue has been restated to include certain customer invoiced promotional investment that was previously included within distribution costs and are now deducted from revenue. The change in policy reduces the revenue to include certain invoiced costs associated with promotional activities to bring the reporting to a basis consistent with the accounting policy adopted by our peer group. Our new policy reduces the revenue to the expected net amount that will be collected from customers following deductions and claims invoiced or expected to be invoiced for completed promotional activity. This restatement has no impact on the operating profit previously reported.

### **Cost of sales**

#### **Rockstar royalties**

Royalties incurred under the Rockstar franchise agreement have been restated to cost of sales from administration costs. As sales of the Rockstar brand increase, this amendment has been made to give a more accurate reflection of the gross profitability of the Group. This restatement has no impact on the operating profit of the Group.

# Notes to the Financial Statements

Continued

## 3 Accounting policies (continued)

### Foreign exchange

Foreign exchange gains and losses incurred on forward currency contracts have been restated to cost of sales from administration costs. The forward currency contracts are used to purchase raw materials from overseas, therefore this restatement more accurately reflects the cost of goods to the Group. This restatement has no impact on the operating profit of the Group.

### Finance income

Pension interest income has been restated from administration costs to finance income. This amendment has been made to give a more accurate reflection of the operating profitability of the Group.

The effect on the financial statements to 28 July 2012 of the aforementioned presentational changes and restatements, together with the impact of IAS 19R are shown below:

### Consolidated Condensed Income Statement for the 6 months ended 28 July 2012

	Reported £000	Impact of change in revenue policy £000	Impact of change in royalties policy £000	Impact of change in foreign exchange policy £000	Impact of change in pension interest policy £000	Impact of applying IAS 19 Revised £000	Restated £000
Revenue	129,998	(8,382)	–	–	–	–	121,616
Cost of sales	(65,829)	–	(1,147)	(288)	–	–	(67,264)
<b>Gross profit</b>	<b>64,169</b>	<b>(8,382)</b>	<b>(1,147)</b>	<b>(288)</b>	<b>–</b>	<b>–</b>	<b>54,352</b>
Operating expenses	(48,603)	8,382	1,147	288	(105)	–	(38,891)
<b>Operating profit</b>	<b>15,566</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(105)</b>	<b>–</b>	<b>15,461</b>
Finance income	16	–	–	–	105	(105)	16
Finance costs	(688)	–	–	–	–	(10)	(698)
<b>Profit before tax</b>	<b>14,894</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(115)</b>	<b>14,779</b>
Tax on profit	(3,247)	–	–	–	–	27	(3,220)
<b>Profit attributable to equity holders</b>	<b>11,647</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(88)</b>	<b>11,559</b>

# Notes to the Financial Statements

Continued

## Consolidated Condensed Statement of Comprehensive Income for the 6 months ended 28 July 2012

	2012 £000	Effect of applying IAS 19 Revised £000	2012 Restated £000
Profit after tax	11,647	(88)	11,559
<b>Other comprehensive income</b>			
Actuarial loss on defined benefit pension plans	(6,949)	115	(6,834)
Effective portion of changes in fair value of cash flow hedges	(337)	–	(337)
Deferred tax movements on items taken direct to equity	1,275	(27)	1,248
<b>Other comprehensive income for the year, net of tax</b>	(6,011)	88	(5,923)
<b>Total comprehensive income attributable to equity holders of the parent</b>	5,636	–	5,636

## Extract of Consolidated Condensed Cash Flow Statement for the 6 months ended 28 July 2012

	2012 £000	Effect of applying IAS 19 Revised £000	2012 Restated £000
<b>Operating activities</b>			
Profit on ordinary activities before tax	14,894	(115)	14,779
Interest payable	688	10	698
<b>Operating cash flows before movements in working capital</b>	19,527	(105)	19,422
Difference between employer pension contributions and amounts recognised in the income statement	(236)	105	(131)
<b>Cash generated by operations</b>	10,637	–	10,637

# Notes to the Financial Statements

Continued

## 3 Accounting policies (continued)

The effect of IAS 19R on the financial statements to 26 January 2013 is summarised as follows:

### Extract of Consolidated Income Statement for the year ended 26 January 2013

	2013 £000	Effect of applying IAS 19 Revised £000	2013 Restated £000
Operating profit	31,788	–	31,788
Finance income	369	(209)	160
Finance costs	(335)	(21)	(356)
<b>Profit before tax</b>	<b>31,822</b>	(230)	31,592
Tax on profit	(6,258)	53	(6,205)
<b>Profit attributable to equity holders</b>	<b>25,564</b>	(177)	25,387

### Consolidated Statement of Comprehensive Income for the year ended 26 January 2013

	2013 £000	Effect of applying IAS 19 Revised £000	2013 Restated £000
Profit after tax	25,564	(177)	25,387
<b>Other comprehensive income</b>			
Actuarial loss on defined benefit pension plans	(3,184)	230	(2,954)
Effective portion of changes in fair value of cash flow hedges	1,463	–	1,463
Deferred tax movements on items taken direct to equity	(36)	(53)	(89)
<b>Other comprehensive income for the year, net of tax</b>	<b>(1,757)</b>	177	(1,580)
<b>Total comprehensive income attributable to equity holders of the parent</b>	<b>23,807</b>	–	23,807

### Extract of Consolidated Cash Flow Statement for the year ended 26 January 2013

	2013 £000	Effect of applying IAS 19 Revised £000	2013 Restated £000
Operating activities			
Profit on ordinary activities before tax	31,822	(230)	31,592
Interest receivable	(369)	209	(160)
Interest payable	335	21	356
<b>Operating cash flows before movements in working capital</b>	<b>38,083</b>	–	38,083

# Notes to the Financial Statements

Continued

## 4 Principal risks and uncertainties

The directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining 26 weeks of the financial year remain substantially the same as those stated on pages 24-26 of the Group's annual financial statements as at 26 January 2013, which are available on our website, [www.agbarr.co.uk](http://www.agbarr.co.uk).

## 5 Financial risk management and Financial instruments

### Financial risk factors

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

The condensed interim financial statements should be read in conjunction with the Group's annual financial statements as at 26 January 2013 as they do not include all financial risk management information and disclosures contained within the annual financial statements. There have been no changes in the risk management team or in any risk management policies since the year end.

## 6 Segment reporting

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

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

	Carbonates £000	Still drinks and water £000	Other £000	Total £000
<b>6 months ended 28 July 2013</b>				
Total revenue	<b>98,187</b>	<b>29,765</b>	<b>746</b>	<b>128,698</b>
Gross profit before exceptional items	<b>49,393</b>	<b>8,879</b>	<b>365</b>	<b>58,637</b>

	Carbonates £000	Still drinks and water £000	Other £000	Total £000
<b>6 months ended 28 July 2012 (restated – see note 3)</b>				
Total revenue	91,785	29,180	651	121,616
Gross profit before exceptional items	45,636	8,327	389	54,352

	Carbonates £000	Still drinks and water £000	Other £000	Total £000
<b>Year ended 26 January 2013</b>				
Total revenue	182,921	53,639	1,035	237,595
Gross profit before exceptional items	92,519	14,827	658	108,004

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

# Notes to the Financial Statements

Continued

## 6 Segment reporting (continued)

Other segments represent income from water coolers for the Findlays 19 litre water business, rental income for vending machines, 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.

## 7 Seasonality of operations

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

## 8 Operating profit

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

	<b>6 months ended 28 July 2013 £000</b>	<b>6 months ended 28 July 2012 £000</b>	<b>Year ended 26 January 2013 £000</b>
Inventory write down	<b>80</b>	274	348
Foreign exchange (gains)/losses recognised	<b>(651)</b>	288	864

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completing production and selling expenses. During the six months to 28 July 2013, £80,000 of inventory has been written down in accordance with the Group's accounting policy.

In the current period £nil (six months ended 28 July 2012: £493,000) of fair value movements in financial instruments have been charged to finance costs as all forward foreign exchange contracts held at 28 July 2013 have been elected for hedge accounting with associated fair value movements going through the cash flow hedge reserve.

# Notes to the Financial Statements

Continued

The following exceptional items have been charged before operating profit:

	6 months ended 28 July 2013 £000	6 months ended 28 July 2012 £000	Year ended 26 January 2013 £000
Crossley project	881	–	–
<b>Total cost of sales</b>	<b>881</b>	–	–
Merger related costs	2,020	–	2,866
Crossley project	–	–	122
ERP project	–	–	45
Redundancy costs for telesales and distribution reorganisation	459	–	125
<b>Total operating costs</b>	<b>2,479</b>	–	3,158
<b>Total exceptional costs</b>	<b>3,360</b>	–	3,158

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

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

Redundancy costs in relation to the reorganisation of the telesales operation within England were incurred during the period and during the year to 26 January 2013 preliminary work in relation to the replacement of the existing Enterprise Resource Planning (ERP) system was undertaken.

## 9 Tax on profit

The interim period tax charge is accrued based on the estimated average annual effective income tax rate of 24.0% (six months ended 28 July 2012: 21.8%; year ended 26 January 2013: 19.7%).

The 2013 Budget on 20 March 2013 announced that the U.K. corporation tax rate will reduce to 20% by 2015. A reduction in the rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2013 and substantive enactment of the rate of 21% with effect from 1 April 2014 took place on 3 July 2013.

The deferred tax liability at 28 July 2013 has therefore been calculated having regard to the rate of 21% 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.

# Notes to the Financial Statements

Continued

## 10 Earnings per share

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

	<b>6 months ended 28 July 2013</b>	6 months ended 28 July 2012 Restated (note 3)	Year ended 26 January 2013 Restated (note 3)
Profit attributable to equity holders of the Company (£000)	<b>10,063</b>	11,559	25,387
Weighted average number of ordinary shares in issue	<b>115,455,899</b>	114,810,729	115,883,733
Basic earnings per share (pence)	<b>8.72</b>	10.07	21.91

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

	<b>6 months ended 28 July 2013</b>	6 months ended 28 July 2012 Restated (note 3)	Year ended 26 January 2013 Restated (note 3)
Profit attributable to equity holders of the Company (£000)	<b>10,063</b>	11,559	25,387
Weighted average number of ordinary shares in issue	<b>115,455,899</b>	114,810,729	115,883,733
Adjustment for dilutive effect of share options	<b>400,843</b>	447,351	96,007
Diluted weighted average number of ordinary shares in issue	<b>115,856,742</b>	115,258,080	115,979,740
Diluted earnings per share (pence)	<b>8.69</b>	10.03	21.89

The basic and diluted earnings per share have been restated to reflect the impact of IAS 19R on the Group's profit for the six months to 28 July 2012 and year to 26 January 2013.



# Notes to the Financial Statements

Continued

## 11 Dividends paid

	6 months ended 28 July 2013 per share (p)	6 months ended 28 July 2012 per share (p)	Year ended 26 January 2013 per share (p)	6 months ended 28 July 2013 £000	6 months ended 28 July 2012 £000	Year ended 26 January 2013 £000
Paid final dividend	–	6.88	6.88	<b>28</b>	7,872	7,872
Paid first interim dividend	–	–	2.62	–	–	3,009
Paid second interim dividend – in lieu of final dividend for the year ended 26 January 2013	–	–	7.40	–	–	8,517
	–	6.88	16.90	<b>28</b>	7,872	19,398

An interim dividend of 2.825p per share was approved by the board on 19 September 2013 and will be paid on 18 October 2013 to shareholders on record as at 4 October 2013.

A second interim dividend was paid to shareholders on 18 January 2013 in lieu of the final dividend for the year ended 26 January 2013. The dividend paid in the six months to 28 July 2013 represents a late payment of the final dividend to members of the employee share scheme.

## 12 Intangible assets

	6 months ended 28 July 2013 £000	6 months ended 28 July 2012 £000	Year ended 26 January 2013 £000
Opening net book value	<b>74,360</b>	74,613	74,613
Amortisation	<b>(126)</b>	(126)	(253)
Closing net book value	<b>74,234</b>	74,487	74,360

The amortisation charge for the six months to 28 July 2013 represents £126,000 (six months ended 28 July 2012: £126,000; year ended 26 January 2013: £253,000) of charges for the Rubicon customer list.

# Notes to the Financial Statements

Continued

## 13 Property, plant and equipment

	6 months ended 28 July 2013 £000	6 months ended 28 July 2012 £000	Year ended 26 January 2013 £000
Opening net book value	69,495	54,873	54,873
Additions	8,919	2,631	21,278
Disposals	(17)	(41)	(137)
Depreciation	(3,187)	(3,301)	(6,519)
Closing net book value	75,210	54,162	69,495

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

The closing balance includes £1,227,000 (as at 28 July 2012: £826,000; as at 26 January 2013: £10,046,000) of assets under construction.

## 14 Financial instruments

Non-current assets of £26,000 (at 28 July 2012: £23,000; 26 January 2013: £nil) relate to forward foreign currency contracts with a maturity of more than 12 months and are classified as fair value through the cash flow hedge reserve.

Current assets of £981,000 (at 28 July 2012: £34,000; 26 January 2013: £1,463,000) relate to forward foreign currency contracts with a maturity of less than 12 months and are classified as fair value through the cash flow hedge reserve.

Current liabilities of £15,000 (at 28 July 2012: £1,020,000; 26 January 2013: £nil) represents forward foreign currency contracts with a maturity of less than 12 months. All of the current liabilities are classified as fair value through the cash flow hedge reserve (at 28 July 2012: £346,000; 26 January 2013: £nil).

Non-current liabilities of £7,000 (at 28 July 2012: £nil; 26 January 2013: £nil) relate to forward foreign currency contracts with a maturity of more than 12 months and are classified as fair value through the cash flow hedge reserve.

### *Fair value hierarchy*

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data

All financial instruments carried at fair value are Level 2.

# Notes to the Financial Statements

Continued

## *Fair values of financial assets and financial liabilities*

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

	As at 28 July 2013		As at 28 July 2012		As at 26 January 2013	
	Book value £000	Fair value £000	Book value £000	Fair value £000	Book value £000	Fair value £000
<b>Financial assets</b>						
<b>Non-current assets</b>						
Financial instruments	26	26	23	23	–	–
<b>Current assets</b>						
Cash and cash equivalents	14,163	14,163	–	–	910	910
Financial instruments	981	981	34	34	1,463	1,463
<b>Total financial assets</b>	<b>15,170</b>	<b>15,170</b>	57	57	2,373	2,373
<b>Financial liabilities</b>						
<b>Current liabilities</b>						
Borrowings	15,000	15,000	6,377	6,377	11,513	11,513
Financial instruments	15	15	1,020	1,020	–	–
<b>Non-current liabilities</b>						
Borrowings	15,000	15,000	5,000	4,956	15,000	14,503
Financial instruments	7	7	–	–	–	–
<b>Total financial liabilities</b>	<b>30,022</b>	<b>30,022</b>	12,397	12,353	26,513	26,016

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

The carrying value of current borrowings is disclosed before the deduction of the unamortised arrangement fee of £25,000.

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

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

# Notes to the Financial Statements

Continued

## 15 Cash and cash equivalents

	As at 28 July 2013 £000	As at 28 July 2012 £000	As at 26 January 2013 £000
<b>Cash and cash equivalents (excluding bank overdrafts)</b>	<b>14,163</b>	–	910

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

	As at 28 July 2013 £000	As at 28 July 2012 £000	As at 26 January 2013 £000
Cash and cash equivalents	14,163	–	910
Bank overdrafts	–	(1,377)	(1,513)
	<b>14,163</b>	<b>(1,377)</b>	<b>(603)</b>

## 16 Provisions for redundancy

	6 months ended 28 July 2013 £000	6 months ended 28 July 2012 £000	Year ended 26 January 2013 £000
Opening provision	–	91	91
Provision created in the period	(502)	–	–
Provision released during the period	–	(2)	(2)
Provision utilised during the period	–	(89)	(89)
<b>Closing provision</b>	<b>(502)</b>	<b>–</b>	<b>–</b>

In the six months to 28 July 2013 a £455,000 provision was created for redundancy costs relating to the closure of telesales branches in England. A further £57,000 of redundancy costs relating to the logistics operation has also been provided for at 28 July 2013.

The prior year opening provision relates to redundancy costs associated with the closure of the Mansfield production site. £89,000 of this provision was utilised during the year with the balance being released.

# Notes to the Financial Statements

Continued

## 17 Borrowings

Movements in borrowings are analysed as follows:

	6 months ended 28 July 2013 £000	6 months ended 28 July 2012 £000	Year ended 26 January 2013 £000
Opening loan balance	26,513	15,000	15,000
Borrowings made	10,000	10,000	25,000
Bank overdrafts	(1,513)	1,377	1,513
Repayments of borrowings	(5,000)	(15,000)	(15,000)
Closing loan balance before arrangement fees	30,000	11,377	26,513
Unamortised arrangement fee	(25)	(101)	(51)
<b>Closing loan balance</b>	<b>29,975</b>	<b>11,276</b>	<b>26,462</b>

The reconciliation to net debt is as follows:

	As at 28 July 2013 £000	As at 28 July 2012 £000	As at 26 January 2013 £000
Closing loan balance before arrangement fees	30,000	11,377	26,513
Cash and cash equivalents (note 15)	(14,163)	–	(910)
<b>Net debt</b>	<b>15,837</b>	<b>11,377</b>	<b>25,603</b>

The undrawn facilities at 28 July 2013 are as follows:

	Total facility £000	Drawn £000	Undrawn £000
Term loan	5,000	5,000	–
Revolving credit facility – three years	10,000	10,000	–
Revolving credit facility – one year	20,000	–	20,000
Revolving credit facility for Crossley	15,000	15,000	–
Overdraft	5,000	–	5,000
	55,000	30,000	25,000

During the six months to 28 July 2013 the Group negotiated a one year £20,000,000 revolving credit facility. A bank arrangement fee of £40,000 was incurred in arranging the facility and will be amortised over the life of the loan. This revolving credit facility will expire in March 2014.

During the year to 26 January 2013, a revolving facility of £15,000,000 was negotiated to fund the building of the new manufacturing site at Crossley. This facility has been fully drawn down and is repayable in June 2015. The arrangement fee of £98,000 has been capitalised as part of the construction costs.

# Notes to the Financial Statements

Continued

## 17 Borrowings (continued)

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 final term loan instalment of £5,000,000 was paid immediately after the period end on 31 July 2013 in line with the facility agreement.

The closing balance of £30,000,000 is split between current liabilities of £15,000,000 and non-current liabilities of £15,000,000 on the statement of financial position at 28 July 2013.

## 18 Retirement benefit surplus

The defined retirement benefit scheme had a surplus of £6.5m as at 28 July 2013. The reconciliation of the closing surplus is as follows:

	6 months ended 28 July 2013 £000	6 months ended 28 July 2012 Restated (note 3) £000	Year ended 26 January 2013 Restated (note 3) £000
Opening defined benefit obligation	<b>(90,295)</b>	(83,341)	(83,341)
Service cost	<b>(716)</b>	(682)	(1,361)
Interest cost	<b>(2,054)</b>	(1,993)	(3,988)
Past service credit	<b>–</b>	200	200
Actuarial gains/(losses)	<b>1,818</b>	(6,969)	(4,081)
Members' contributions	<b>(34)</b>	(31)	(55)
Benefits paid	<b>1,383</b>	1,100	2,263
Premiums paid	<b>30</b>	41	68
<b>Closing defined benefit obligation</b>	<b>(89,868)</b>	(91,675)	(90,295)

	6 months ended 28 July 2013 £000	6 months ended 28 July 2012 Restated (note 3) £000	Year ended 26 January 2013 Restated (note 3) £000
Opening fair value of scheme assets	<b>86,894</b>	82,954	82,954
Expected return	<b>1,987</b>	1,983	3,967
Actuarial gains	<b>8,122</b>	135	1,127
Employer's contributions	<b>722</b>	613	1,122
Members' contributions	<b>34</b>	31	55
Benefits paid	<b>(1,383)</b>	(1,100)	(2,263)
Premiums paid	<b>(30)</b>	(41)	(68)
<b>Closing fair value of scheme assets</b>	<b>96,346</b>	84,575	86,894

# Notes to the Financial Statements

Continued

	<b>6 months ended 28 July 2013 £000</b>	6 months ended 28 July 2012 Restated (note 3) £000	Year ended 26 January 2013 Restated (note 3) £000
Closing defined benefit obligation	<b>(89,868)</b>	(91,675)	(90,295)
Closing fair value of scheme assets	<b>96,346</b>	84,575	86,894
<b>Closing net surplus/(liability)</b>	<b>6,478</b>	(7,100)	(3,401)

Whilst updating the valuation of the Group's retirement benefit surplus for these interim consolidated condensed financial statements, the independent qualified actuary, who advises the Company, identified an error in the model used to calculate the retirement benefit deficit as at 26 January 2013.

The impact of this was to understate the retirement benefit assets by £5.0m at 26 January 2013. The effect on the retirement deficit would have been a movement from a balance of £3.4m, to a surplus of £1.6m at that date. There was also a corresponding understatement of net deferred tax liabilities of £1.2m at that date. These misstatements combine to a net understatement of £3.8m of net assets. There has been no impact on the previously reported profit.

Within the context of the Group's balance sheet, and particularly having regard to there being no impact on retained earnings, the board concluded, in the context of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, that the effect of this error was not sufficiently material to warrant the previously reported comparative figures being restated. Accordingly, the £5.0m understatement of the retirement benefit asset at 26 January 2013 has been dealt with as an addition to the actuarial gain for the six months to 28 July 2013.

The key financial assumptions used to value the liabilities at 28 July 2013, 28 July 2012 and 26 January 2013 were as follows:

	<b>As at 28 July 2013 %</b>	As at 28 July 2012 %	As at 26 January 2013 %
Discount rate	<b>4.70</b>	4.20	4.60
Expected return on scheme assets	<b>5.08</b>	6.54	5.08
Future salary increases	<b>4.35</b>	3.90	4.30
Inflation assumption	<b>3.35</b>	2.65	3.30

The fair value of scheme assets is analysed as follows:

	<b>As at 28 July 2013 £000</b>	As at 28 July 2012 £000	As at 26 January 2013 £000
Equities	<b>54,917</b>	52,437	56,829
Bonds	<b>36,322</b>	26,218	25,894
Cash	<b>5,106</b>	5,920	4,171
<b>Total fair value of scheme assets</b>	<b>96,346</b>	84,575	86,894

# Notes to the Financial Statements

Continued

## 19 Movements in own shares held by employee benefit trusts

During the six months to 28 July 2013 the employee benefit trusts of the Group acquired 296,497 (six months to 28 July 2012: 352,839; year to 26 January 2013: 600,491) 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 2013 the shares held by the Company's employee benefit trusts represented 1,211,680 (28 July 2012: 1,822,694; 26 January 2013: 1,336,531) shares at a purchased cost of £6,222,826 (28 July 2012: £6,791,126; 26 January 2013: £6,424,258).

296,497 (six months to 28 July 2012: 311,842; year to 26 January 2013: 1,045,297) shares were utilised in satisfying share options from the Company's employee share schemes during the same period.

The related weighted average share price at the time of exercise for the six months to 28 July 2013 was £5.24 (six months to 28 July 2012: £4.00; year to 26 January 2013: £4.70) per share.

## 20 Contingencies and commitments

	As at 28 July 2013 £000	As at 28 July 2012 £000	As at 26 January 2013 £000
<b>Commitments for the acquisition of property, plant and equipment</b>	<b>2,937</b>	22,386	20,790

During the six months to 28 July 2013 the Group entered into an operating lease arrangement for the lease of plant for use at Milton Keynes. The value of the plant included in the lease for the six months to 28 July 2013 is £9.0m and this is expected to rise to £14.1m by 26 January 2014. The annual cost of the operating lease is expected to be approximately £2.1m.

## 21 Events occurring after the reporting period

### *Interim dividend*

As disclosed in note 11, an interim dividend of 2.825p per share will be paid to shareholders on 18 October 2013.

### *A.G. BARR p.l.c. Asset Backed Funding Arrangement*

During September 2013 the Company established the A.G. BARR Scottish Limited Partnership (the Partnership) and through the Partnership has entered into a long term pension funding arrangement with the Pension Scheme Trustee to improve both the funding and the level of security provided to the defined benefit pension Scheme (A.G. BARR p.l.c. 2008 Pension and Life Assurance Scheme).

Under this arrangement certain property assets were transferred into the Partnership and are being leased back to A.G. BARR p.l.c under a 21 year lease agreement, generating an income stream of £1.125 million per annum, increasing annually in line with inflation.

This arrangement fully removes the current scheme funding deficit and is expected to remove the requirement for any future deficit reduction contributions, which would effectively be replaced by the agreed income stream payments.



# Notes to the Financial Statements

Continued

At the end of the term of the lease, or earlier if the Scheme becomes fully funded to the extent that the members' benefits can be secured with an insurance company, the Company has the option to repurchase the properties in the Partnership for a fixed price.

The Partnership is controlled by A.G. BARR p.l.c. and its results are consolidated by the Group. The value of the properties transferred into the Partnership remains included on the Group's balance sheet with the Group retaining full operational control over these properties.

## **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 and transactions with them over the six months to July 2013 are consistent with those disclosed in the Group's Annual Report and Accounts for the year ended 26 January 2013.

## Statement of Directors' Responsibilities

We confirm, to the best of our knowledge, that this consolidated condensed 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.

The Directors of A.G. BARR p.l.c. are listed in the Annual Report and Accounts for the 52 weeks ended 26 January 2013.

There have been no changes since the Annual Report and Accounts was published.

For and on behalf of the board of directors

A stylized handwritten signature in black ink, consisting of several overlapping loops and a horizontal line extending to the right.

**Roger White**  
Chief Executive  
23 September 2013

A handwritten signature in black ink, appearing to read 'Alex Short' in a cursive, slightly slanted script.

**Alex Short**  
Finance Director  
23 September 2013

# 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 2013 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 Conduct Authority ('the UK FCA'). Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

## Directors' responsibilities

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

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

## Our responsibility

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

## Scope of review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 28 July 2013 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FCA.



## Craig Anderson

for and on behalf of KPMG Audit Plc  
Chartered Accountants, 191 West George Street, Glasgow G2 2LJ  
23 September 2013

# Notes



# Notes

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L.L.B. (Dip.), M.B.A.

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