A.G. BARR p.l.c.
Interim Report
July 2010

Interim Report

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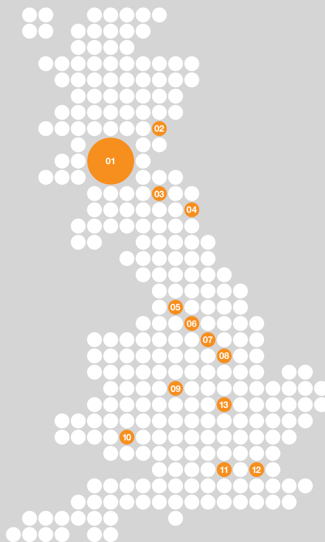
Financial Highlights

£119.2m
total sales

13.9%
increase in sales

£16.0m
profit before tax and exceptional items



Head Office
01 Cumbernauld

Regional Office
05 Middlebrook
11 Wembley

Sales Branch
04 Newcastle
06 Moston
07 Sheffield
09 Wednesbury
12 Walthamstow

Factory
01 Cumbernauld
02 Forfar
03 Pitcox
08 Mansfield
10 Tredegar

Distribution Depot
01 Cumbernauld
13 Third party warehouse

Building Momentum

We've built our business by consistently delivering great tasting, high-quality products at great value. Our future aim is to provide a growing and increasingly diverse consumer base with brands that deliver taste, quality and value across a wide portfolio.

Interim Statement

Ronnie Hanna Chairman
Roger White Chief Executive

> "Our core brands IRN-BRU, Rubicon and Barr, all performed significantly ahead of the total soft drinks market."

We are pleased to report that our strong sales and profit performance of 2009/10 has continued in the six months to 31 July 2010.

Trading

Total turnover in the 26 week period increased by 13.9% to £119.2m driven by strong performance across the business. Our core brands IRN-BRU, Rubicon and Barr, all performed significantly ahead of the total soft drinks market with excellent growth across the U.K. as a whole.

Profit before tax, excluding exceptional items, increased by 18.8% to £16.0m. Basic earnings per share were 30.4 pence (2009 restated: 25.7 pence), an increase of 18.3%.

The soft drinks market gained momentum during the period benefiting from good weather in the early summer months of May, June and into early July. The market in total grew by 7% in value terms and 3% in volume terms. Within this, carbonated drinks increased volume by 2% and still drinks grew volume by 4%.

A.G. BARR's operating margins were resilient in the period. A combination of operational gearing due to strong volume performance and continued strong cost control underpinned margins. The volatility of raw material costs has become increasingly challenging. Input cost rises in the first half were partially offset by a combination of long-term purchasing contracts and hedging – inflationary pressure is expected to remain a feature of the second half.

The IRN-BRU brand maintained its growth rate, increasing revenue by 8% in the period. This was achieved by increased levels of distribution in England and Wales and increasing levels of marketing support both at a consumer and trade level across the U.K.

£119.2m
revenue for the period

The Rubicon brand has benefited from significant trading activity in the period, in particular behind the new sponsorship activity associating Rubicon with cricket. With increasing levels of consumer awareness, improved levels of product distribution and a strong core consumer proposition, Rubicon increased its rate of like for like growth to 37% in the period. We remain confident in the future potential of Rubicon but anticipate that this accelerated rate of growth will not be maintained into the second half as we begin to meet very tough comparative figures from the prior year. We anticipate some additional commercial challenges for the second half as exotic fruit pulp prices have risen sharply over recent months.

The Barr brand continued to make excellent progress in the period building on the prior year's strong sales performance as the brand moves into new geographies and new channels outside of its Scottish heartland.

As part of our longer term strategy and despite the continued economic uncertainty and commercial challenges facing us we have once more increased marketing investment across all of our core brands as we aim to invest now, to further develop brand awareness and create future consumer demand.

Our internal operational environment has been as challenging as we expected. Good progress has been made in our project to increase capacity at our Cumbernauld site which is running to date, on time and to budget. In addition the planned changes in our supply chain have now largely been implemented with a faster than originally anticipated transfer to third party warehousing operated by Eddie Stobart Ltd. This supply chain change, which in the short-term has resulted in some double running costs, will allow for both the full consolidation of our customer deliveries in the south of the country and the planned closure of our Mansfield site which remains on course for the first quarter of 2011.

£8.4m
of free cash-flow generated in the period

"As part of our longer term strategy... we have once more increased marketing investment across all of our core brands."

Balance Sheet

Our balance sheet remains strong. In the twelve month period our net assets have increased from £94.2m to £103.9m. This was driven by increases in both inventory and trade receivables, together with reduced levels of borrowings.

Intangible assets reduced by £0.5m in the reporting period. During the first six months of the year we wrote down to nil the value of our Vitsmart brand after making the decision to focus our activities on established categories. We plan to re-launch the Vitsmart brand only when the enhanced water category gains an appropriate level of consumer acceptance.

Capital expenditure totalled £3.1m in the six month period being a blend of normal replacement, project and commercial asset spend.

Higher inventory levels reflect increased turnover with an element of stock build to facilitate the operational and supply chain changes taking place across 2010. The Group's inventory holding period has increased slightly from an average of 55 to 56.5 days.

Free cash-flow of £8.4m was generated in the six month period and at the end of July the Group's net debt position had reduced to £20.2m, equating to an annualised net debt/EBITDA ratio of 0.5 times. Leverage and interest cover remain comfortably within the required covenant levels.

Dividend

Given the consistent increase in profits and the continued satisfactory financial position of the Company the board has declared an interim dividend of 6.75 pence per share, payable on 22 October 2010. This is an increase of 8.0% on the prior year.

As IRN-BRU enters its 110th year the brand continues to go from strength to strength. In the past twelve months we have sold the equivalent of nine cans for every person in the U.K.

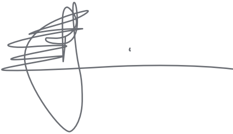
Current Trading and Outlook

The excellent weather in the early summer helped maintain a strong overall soft drinks market. A.G. BARR has substantially outperformed the soft drinks market in this period reflecting the quality of our brands and the investment in our assets and people.

We are now entering a period of tough comparable trading performance. A.G. BARR has delivered a strong and balanced business performance across the first half and in the second half we plan to maintain our efforts to control costs at the same time as we continue to invest in our brands and infrastructure to drive future growth.

Despite poor late summer weather, trading in the first few weeks of the second half has continued to give us confidence that we will meet our full year expectations.

Ronnie Hanna Chairman



Roger White Chief Executive

8%

increase in interim dividend

Howzatt!

Rubicon has benefited from high profile advertising during the 20/20 Cricket World Cup and the domestic 20/20 competition.

BARR

Principal Risks and Uncertainties

There is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group, which has operated throughout the financial period. This process involves quarterly 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 Group's activities also expose it to a variety of financial risks which include market risk (including foreign exchange risk, interest rate risk and commodity price risk), credit risk and liquidity risk. Financial 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 financial markets and seeks to minimise potential related adverse effects on the Group's financial performance.

In addition to financial risks the Group's results could be materially affected by:

Risks Relating to the Group

- A decline in the sales of certain key brands
- Adverse publicity in relation to the Group or its brands
- Consolidation or reduction of the customer base
- Failure or unavailability of the Group's operational infrastructure
- Interruption in, or change in the terms of, the Group's supply of packaging and raw materials
- Failure in IT systems
- Inability to protect the intellectual property rights associated with current and future brands
- Litigation or changes in legislation including changes in accounting principles and standards

Risks Relating to the Market

- Changes in consumer preferences, perception or purchasing behaviour
- Poor economic conditions and weather
- Changes in regulatory requirements
- Actions taken by customers
- Actions taken by competitors

Consolidated Condensed Income Statement

	Note	6 months ended 31 July 2010 Before exceptional items £000	Exceptional items £000	Total £000	6 months ended 1 August 2009 Total £000
Revenue	4	**119,207**	**–**	**119,207**	104,658
Cost of sales		**(58,106)**	**–**	**(58,106)**	(50,390)
Gross profit	4	**61,101**	**–**	**61,101**	54,268
Net operating expenses		**(44,349)**	**(590)**	**(44,939)**	(40,048)
Operating profit	6	**16,752**	**(590)**	**16,162**	14,220
Finance income		**26**	**–**	**26**	46
Finance costs		**(781)**	**–**	**(781)**	(804)
Profit before tax		**15,997**	**(590)**	**15,407**	13,462
Tax on profit	7	**(4,371)**	**165**	**(4,206)**	(3,589)
Profit attributable to equity holders		**11,626**	**(425)**	**11,201**	9,873
Earnings per share					Restated
Basic earnings per share	8	**30.35p**	**(1.11)p**	**29.24p**	25.66p
Diluted earnings per share	8	**30.10p**	**(1.10)p**	**29.00p**	25.51p
Dividends					Restated
Dividend per share paid				**16.85p**	15.20p
Dividend paid (£000)				**6,450**	5,837
Dividend per share proposed				**6.75p**	6.25p
Dividend proposed (£000)				**2,627**	2,433

Note: There were no exceptional items in the 6 months ended 1 August 2009.

Consolidated Condensed Income Statement

	Note	Year ended 30 January 2010 Before exceptional items £000	Exceptional items £000	Total £000
Revenue	4	201,410	-	201,410
Cost of sales		(98,153)	-	(98,153)
Gross profit	4	103,257	-	103,257
Net operating expenses		(73,497)	(3,432)	(76,929)
Operating profit	6	29,760	(3,432)	26,328
Finance income		117	-	117
Finance costs		(1,995)	-	(1,995)
Profit before tax		27,882	(3,432)	24,450
Tax on profit	7	(7,462)	960	(6,502)
Profit attributable to equity holders		20,420	(2,472)	17,948
Earnings per share				
Basic earnings per share	8	53.29p	(6.45)p	46.84p
Diluted earnings per share	8	52.89p	(6.40)p	46.49p
Dividends				
Dividend per share paid				21.45p
Dividend paid (£000)				8,250
Dividend per share proposed				16.85p
Dividend proposed (£000)				6,559

Consolidated Condensed Statement of Comprehensive Income

	6 months ended 31 July 2010 £000	6 months ended 1 August 2009 £000	Year ended 30 January 2010 £000
Profit after tax for the period	**11,201**	9,873	17,948
Other comprehensive income			
Actuarial loss recognised on defined benefit pension plans	**(2,400)**	(5,009)	(3,498)
Effective portion of changes in fair value of cash flow hedges	**388**	280	419
Deferred tax movements on items taken direct to equity	**1,044**	1,493	1,322
Other comprehensive income for the period, net of tax	**(968)**	(3,236)	(1,757)
Total comprehensive income attributable to equity holders of the parent	**10,233**	6,637	16,191

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 30 January 2010		**4,865**	**905**	**1,595**	**(955)**	**94,099**	**100,509**
Cash flow hedge – recognition of fair value		**–**	**–**	**–**	**388**	**–**	**388**
Actuarial loss on defined benefit pension plans		**–**	**–**	**–**	**–**	**(2,400)**	**(2,400)**
Deferred tax on items taken direct to equity		**–**	**–**	**577**	**–**	**467**	**1,044**
Profit for the period		**–**	**–**	**–**	**–**	**11,201**	**11,201**
Total comprehensive income for the period		**–**	**–**	**577**	**388**	**9,268**	**10,233**
Company shares purchased for use by employee benefit trusts	16	**–**	**–**	**–**	**–**	**(1,705)**	**(1,705)**
Proceeds on disposal of shares by employee benefit trusts	16	**–**	**–**	**–**	**–**	**874**	**874**
Recognition of share-based payment costs		**–**	**–**	**470**	**–**	**–**	**470**
Transfer of reserve on share award		**–**	**–**	**(378)**	**–**	**378**	**–**
Dividends paid		**–**	**–**	**–**	**–**	**(6,450)**	**(6,450)**
At 31 July 2010		**4,865**	**905**	**2,264**	**(567)**	**96,464**	**103,931**
At 31 January 2009		4,865	905	716	(1,374)	87,553	92,665
Cash flow hedge – recognition of fair value		–	–	–	280	–	280
Actuarial loss on defined benefit pension plans		–	–	–	–	(5,009)	(5,009)
Deferred tax on items taken direct to equity		–	–	90	–	1,403	1,493
Profit for the period		–	–	–	–	9,873	9,873
Total comprehensive income for the period		–	–	90	280	6,267	6,637
Company shares purchased for use by employee benefit trusts	16	–	–	–	–	(228)	(228)
Proceeds on disposal of shares by employee benefit trusts	16	–	–	–	–	726	726
Recognition of share-based payment costs		–	–	243	–	–	243
Transfer of reserve on share award		–	–	(211)	–	211	–
Dividends paid		–	–	–	–	(5,837)	(5,837)
At 1 August 2009		4,865	905	838	(1,094)	88,692	94,206
At 31 January 2009		4,865	905	716	(1,374)	87,553	92,665
Cash flow hedge – recognition of fair value		–	–	–	419	–	419
Actuarial loss on defined benefit pension plans		–	–	–	–	(3,498)	(3,498)
Deferred tax on items taken direct to equity		–	–	343	–	979	1,322
Profit for the year		–	–	–	–	17,948	17,948
Total comprehensive income for the year		–	–	343	419	15,429	16,191
Company shares purchased for use by employee benefit trusts	16	–	–	–	–	(1,632)	(1,632)
Proceeds on disposal of shares by employee benefit trusts	16	–	–	–	–	772	772
Recognition of share-based payment costs		–	–	763	–	–	763
Transfer of reserve on share award		–	–	(227)	–	227	–
Dividends paid		–	–	–	–	(8,250)	(8,250)
At 30 January 2010		4,865	905	1,595	(955)	94,099	100,509

Consolidated Condensed Statement of Financial Position

	Note	As at 31 July 2010 £000	As at 1 August 2009 £000	As at 30 January 2010 £000
Non-current assets				
Intangible assets	9	**75,912**	76,612	76,416
Property, plant and equipment	10	**55,439**	56,265	55,902
Financial instruments	11	**39**	98	27
		131,390	132,975	132,345
Current assets				
Inventories		**17,983**	15,178	16,041
Trade and other receivables		**50,416**	39,505	30,157
Financial instruments	11	**61**	–	–
Cash and cash equivalents		**9,769**	10,469	10,926
Assets classified as held for sale	12	**2,400**	2,864	2,400
		80,629	68,016	59,524
Total assets		**212,019**	200,991	191,869
Current liabilities				
Borrowings	14	**10,000**	10,000	8,000
Trade and other payables		**51,146**	41,895	31,836
Financial instruments	11	**956**	–	–
Provisions	13	**1,783**	75	1,962
Current tax		**4,250**	4,098	3,928
		68,135	56,068	45,726
Non-current liabilities				
Borrowings	14	**19,777**	25,702	24,739
Deferred income		**72**	110	76
Financial instruments	11	**81**	1,197	1,024
Deferred tax liabilities		**12,942**	14,808	13,940
Retirement benefit obligations	15	**7,081**	8,900	5,855
		39,953	50,717	45,634
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		**2,264**	838	1,595
Cash flow hedge reserve		**(567)**	(1,094)	(955)
Retained earnings		**96,464**	88,692	94,099
		103,931	94,206	100,509
Total equity and liabilities		**212,019**	200,991	191,869

Consolidated Condensed Cash Flow Statement

	6 months ended 31 July 2010 £000	6 months ended 1 August 2009 £000	Year ended 30 January 2010 £000
Operating activities			
Profit before tax	**15,407**	13,462	24,450
Adjustments for:			
Interest receivable	**(26)**	(46)	(117)
Interest payable	**781**	804	1,995
Depreciation of property, plant and equipment	**3,561**	3,781	7,494
Impairment of plant and machinery	**–**	–	1,031
Impairment of assets classified as held for sale	**–**	–	464
Fair value adjustment to financial instruments	**328**	(65)	(6)
Amortisation of intangible assets	**196**	195	391
Impairment of intangible assets	**308**	–	–
Share options costs	**470**	243	763
(Gain)/loss on sale of plant and equipment	**(62)**	3	(35)
Government grants released	**(4)**	(34)	(68)
Operating cash flows before movements in working capital	**20,959**	18,343	36,362
Increase in inventories	**(1,983)**	(815)	(1,889)
Increase in receivables	**(20,259)**	(12,582)	(3,234)
Increase in payables	**19,058**	11,146	2,863
Movement in relation to retirement benefit obligation	**(1,174)**	(1,098)	(3,003)
Cash generated by operations	**16,601**	14,994	31,099
Tax on profit paid	**(3,838)**	(2,104)	(6,226)
Net cash from operating activities	**12,763**	12,890	24,873
Investing activities			
Refund of payment for subsidiaries	**–**	216	216
Purchase of property, plant and equipment	**(3,067)**	(1,381)	(5,358)
Proceeds on sale of plant and equipment	**142**	94	62
Interest received	**31**	43	114
Net cash used in investing activities	**(2,894)**	(1,028)	(4,966)
Financing activities			
New loans received	**7,000**	5,000	5,000
Loans repaid	**(10,000)**	(7,000)	(10,000)
Purchase of Company shares via employment benefit trust	**(1,705)**	(228)	(1,632)
Proceeds from disposal of Company shares via employee benefit trust	**874**	726	772
Dividends paid	**(6,450)**	(5,837)	(8,250)
Interest paid	**(745)**	(734)	(1,551)
Net cash used in financing activities	**(11,026)**	(8,073)	(15,661)
Net (decrease)/increase in cash and cash equivalents	**(1,157)**	3,789	4,246
Cash and cash equivalents at beginning of period	**10,926**	6,680	6,680
Cash and cash equivalents at end of period	**9,769**	10,469	10,926

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 30 January 2010 were approved by the board of directors on 22 March 2010 and delivered to the Registrar of Companies. The comparative figures for the financial year ended 30 January 2010 are an extract of the Company's statutory accounts for that year. The report of the auditors 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 Auditors.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 31 July 2010 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 30 January 2010, which have been prepared in accordance with IFRSs as adopted by the EU.

3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 January 2010, as described in those annual financial statements.

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

Interpretations effective in period
The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 31 January 2010:

IFRS 3 (revised) Business combinations and consequential amendments to IAS 27 Consolidated and separate financial statements are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

IFRS 3 (revised) continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3 as previously stated. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

As the Group has adopted IFRS 3 (revised), it is required to adopt IAS 27 (revised) Consolidated and separate financial statements at the same time. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting to be applied when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. There has been no impact of IFRS 3 (Revised) or IAS 27 (revised) on the current period.

Interpretations effective in period but not relevant to the Group
The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 31 January 2010, but have no impact on the Group:

- IFRIC 17 Distributions of non-cash assets to owners
- IFRIC 18 Transfers of assets from customers
- Improvements to International Financial Reporting Standards 2009
- Amendments to IFRIC 9 Reassessment of Embedded Derivatives
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Eligible hedged items

3 Accounting policies (continued)

Earnings per share

As disclosed in the annual report for the year ended 30 January 2010, a two for one share subdivision of the Company's issued and to be issued share capital was approved at a general meeting on 18 September 2009. This subdivision doubled the number of ordinary shares in issue.

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 six months ended 1 August 2009 have been restated as if the subdivision had taken place at 31 January 2009, the first day of that financial period.

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 has led to the operating segments identified in the table below. The performance of the operating segments is assessed by reference to their gross profit.

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 to the total assets figure on the Consolidated Condensed Statement of Financial Position has been disclosed for any of the periods presented.

6 months ended 31 July 2010	**Carbonates £000**	**Still drinks and water £000**	**Other £000**	**Total £000**
Total revenue	**91,814**	**27,101**	**292**	**119,207**
Gross profit	**52,704**	**8,153**	**244**	**61,101**

6 months ended 1 August 2009	Carbonates £000	Still drinks and water £000	Other £000	Total £000
Total revenue	81,136	23,222	300	104,658
Gross profit	46,622	7,385	261	54,268

12 months ended 30 January 2010	Carbonates £000	Still drinks and water £000	Other £000	Total £000
Total revenue	155,706	45,168	536	201,410
Gross profit	88,867	13,931	459	103,257

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 can vendors 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.

Notes to the Financial Statements continued

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.

6 Operating profit

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

	6 months ended 31 July 2010 £000	6 months ended 1 August 2009 £000	Year ended 30 January 2010 £000
Inventory write down	**87**	199	34
Exchange rate differences	**221**	13	237

The following exceptional items have been charged before operating profit:

Double running costs	**327**	–	–
Impairment of assets held for sale	**–**	–	464
Redundancy cost for Group reorganisation	**51**	–	84
Redundancy (cost release)/provision for production site closure	**(96)**	–	1,820
Environmental provision for site closure	**–**	–	66
Impairment of plant related to production site closure	**–**	–	998
Impairment of intangibles (note 9)	**308**	–	–
Exceptional items	**590**	–	3,432

The double running costs of £327,000 relate to the dual running of a third party distribution site during the six months to 31 July 2010. The Mansfield production site includes a distribution operation and both are planned to close in the first quarter of 2011. A third party distribution company has taken over the distribution operations and as there is an element of double running over the period of Mansfield closure, these double running costs have been classified as exceptional.

The exceptional items for the year to 30 January 2010 relate to the closure of the Mansfield production site and the reorganisation of the Group following the acquisition of Rubicon Drinks Limited.

7 Tax on profit

The interim period tax charge is accrued based on the estimated average annual effective income tax rate of 27.3% (six months ended 1 August 2009: 26.7%).

A number of changes to the U.K. Corporation tax system were announced in the June 2010 Budget Statement which was enacted on 27 July 2010. The Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. As the reduction in the rate from 28% to 27% had been enacted at the statement of financial position date the effect of this rate change is reflected in these financial statements.

The effect of the change on the results for the year commencing 31 January 2010 will be to reduce the deferred tax liability provided by £501,000, resulting in an increase in profits after tax by the same amount.

The proposed reductions of the main rate of corporation tax by 1% per year to 24% by 1 April 2014 are expected to be enacted separately each year. It has not yet been possible to accurately quantify the effect of this at 31 July 2010.

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 period, excluding shares held by the employee share scheme trusts.

	6 months ended 31 July 2010	Restated 6 months ended 1 August 2009	Year ended 30 January 2010
Profit attributable to equity holders of the Company (£000)	**11,201**	9,873	17,948
Weighted average number of ordinary shares in issue	**38,307,258**	38,476,228	38,318,076
Basic earnings per share (pence)	**29.24**	25.66	46.84

The weighted average number of ordinary shares in issue and the diluted weighted average number of ordinary shares in issue have been restated for the six months to 1 August 2009 following the share subdivision that took place during the year to 30 January 2010. This is in line with the requirements of IAS 33 Earnings per share.

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 31 July 2010	Restated 6 months ended 1 August 2009	Year ended 30 January 2010
Profit attributable to equity holders of the Company (£000)	**11,201**	9,873	17,948
Weighted average number of ordinary shares in issue	**38,307,258**	38,476,228	38,318,076
Adjustment for share options	**323,481**	226,242	283,115
Diluted weighted average number of ordinary shares in issue	**38,630,739**	38,702,470	38,601,191
Diluted earnings per share (pence)	**29.00**	25.51	46.49

9 Intangible assets

	6 months ended 31 July 2010 £000	6 months ended 1 August 2009 £000	Year ended 30 January 2010 £000
Opening net book value	**76,416**	76,807	76,807
Amortisation	**(196)**	(195)	(391)
Impairment	**(308)**	–	–
Closing net book value	**75,912**	76,612	76,416

The amortisation charge for the six months to 31 July 2010 represents £126,000 (six months ended 1 August 2009: £126,000; year ended 30 January 2010: £252,000) of charges for the Rubicon customer list and £70,000 (six months ended 1 August 2009: £69,000; year ended 30 January 2010: £139,000) for the amortisation of the Strathmore customer list.

During the six months to 31 July 2010 a decision was made to discontinue the Vitsmart brand products. As a result, the related goodwill of £18,000 and brand of £290,000 were fully impaired.

Notes to the Financial Statements continued

10 Property, plant and equipment

	6 months ended 31 July 2010 £000	6 months ended 1 August 2009 £000	Year ended 30 January 2010 £000
Opening net book value	**55,902**	58,861	58,861
Additions	**3,187**	1,265	5,684
Disposals	**(89)**	(80)	(118)
Depreciation	**(3,561)**	(3,781)	(7,494)
Impairment of assets	**–**	–	(1,031)
Closing net book value	**55,439**	56,265	55,902

The closing balance includes £3,641,000 (1 August 2009: £151,000; 30 January 2010: £3,606,000) of assets under construction.

11 Financial instruments

The financial instrument non-current asset of £39,000 (1 August 2009: £98,000; 30 January 2010: £27,000) includes an interest rate swaption and forward exchange rate contracts with maturity date more than 12 months away.

Current assets of £61,000 (1 August 2009 and 30 January 2010: £nil) relate to foreign currency forward contracts with a maturity of less than 12 months.

Both current and non-current assets are classified as assets at fair value through profit and loss.

Current liabilities of £956,000 (1 August 2009 and 30 January 2010: £nil) represent both forward currency contracts (classified at fair value through the profit and loss account) and an interest rate hedge which is classified as a derivative used for hedging.

The non-current liability of £81,000 relates to foreign currency forward contracts. These are also classified at fair value through the profit and loss account. The non-current liability at 1 August 2009 and 30 January 2010 was in relation to the interest rate hedge.

12 Assets classified as held for sale

Assets classified as held for sale relate to the Atherton production site closed during the year to 26 January 2008.The land and buildings qualify as an asset classified as held for sale. The carrying value of the asset was reduced to the current market value following a number of offers made to the Group and on the basis of a formal independent valuation during the year to 30 January 2010.

Despite the downturn in the property market, management are confident based on indicators from interested parties that they will be able to dispose of the property within 12 months of the period end date.

13 Provisions

	6 months ended 31 July 2010 £000	6 months ended 1 August 2009 £000	Year ended 30 January 2010 £000
Opening provision	**1,962**	80	80
Provision recognised in the period	**63**	–	1,886
Provision utilised during the period	**(146)**	(1)	–
Provision released during the period	**(96)**	(4)	(4)
Closing provision balance per statement of financial position	**1,783**	75	1,962

The provision balance relates to the expected restructuring costs, including employee termination costs and environmental costs, associated with the closure of the Atherton and Mansfield production sites.

14 Borrowings and loans

Movements in borrowings are analysed as follows:

	6 months ended 31 July 2010 £000	6 months ended 1 August 2009 £000	Year ended 30 January 2010 £000
Opening loan balance	**33,000**	38,000	38,000
Borrowings made	**7,000**	5,000	5,000
Repayments of borrowings	**(10,000)**	(7,000)	(10,000)
Closing loan balance	**30,000**	36,000	33,000
Unamortised arrangement fee	**(223)**	(298)	(261)
Closing loan balance	**29,777**	35,702	32,739

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

The closing balance of £29.8m is split between current liabilities of £10m and non-current liabilities of £19.8m on the Consolidated Condensed Statement of Financial Position at 31 July 2010.

15 Retirement benefit obligations

The deficit on the defined benefit retirement benefit obligation has increased by £1.226m since 30 January 2010.

The key financial assumptions used to value the liabilities at 31 July 2010, 1 August 2009 and 30 January 2010 were as follows:

	As at 31 July 2010 %	As at 1 August 2009 %	As at 30 January 2010 %
Discount rate	**5.40**	6.00	5.70
Expected return on scheme assets	**6.42**	6.25	6.25
Salary inflation	**4.45**	4.80	4.75
Price inflation	**3.20**	3.60	3.50

The change in the discount rate has resulted in approximately £2.1m of the increase in the liability. In addition the return on assets has been slightly below expectations. The changes in valuation have been partially offset by an ongoing deficit funding programme.

Notes to the Financial Statements continued

16 Movements in Company shares held by employee benefit trusts

On 18 September 2009 a general meeting passed a resolution to subdivide the Company's issued and to be issued share capital. Each ordinary share of 25 pence was subdivided into two ordinary shares of 12.5 pence each. The comparative share numbers for the six months to 1 August 2009 have been restated to reflect the share subdivision. There has been no change to the costs reported for the period to 1 August 2009.

During the six months to 31 July 2010 the employee benefit trusts of the Group acquired 165,688 (six months to 1 August 2009: 36,798; year to 30 January 2010: 199,939) of Company shares at a cost of £1,705,000 (six months to 1 August 2009: £228,000; year to 30 January 2010: £1,632,000). These are held in trust and are expected to be used to meet the future requirements of the Company's employee share schemes. The total amount paid to acquire the shares has been deducted from the retained earnings.

123,321 (1 August 2009: 162,240; 30 January 2010: 225,051) 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 31 July 2010 was £11.90 (six months to 1 August 2009: £6.23; year to 30 January 2010: £7.21) per share.

17 Contingencies and commitments

	As at 31 July 2010 £000	As at 1 August 2009 £000	As at 30 January 2010 £000
Commitments for the acquisition of property, plant and equipment	**4,982**	72	4,012

18 Events occurring after the reporting period

The interim dividend of 6.75p per share was approved by the board on 28 September 2010 and will be paid on 22 October 2010 to shareholders on record as at 8 October 2010.

19 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 30 January 2010.

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
28 September 2010

Alex Short
Finance Director
28 September 2010

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 31 July 2010 which comprises the Consolidated Condensed Income Statement, the Consolidated Condensed Statement of Comprehensive Income, the Consolidated Condensed Statement of Financial Position, the Consolidated Condensed Cash Flow Statement, the Consolidated Condensed Statement of Changes in Equity 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 U.K.'s Financial Services Authority ("the U.K. 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 U.K. FSA.

As disclosed in note 2, 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 (U.K. 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 U.K. 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 (U.K. 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 31 July 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the U.K. FSA.

Craig Anderson
For and on behalf of KPMG Audit Plc
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ
28 September 2010

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A.G. BARR p.l.c.
Westfield House
4 Mollins Road
Cumbernauld
G68 9HD

01236 852400
www.agbarr.co.uk

Registered Office
Westfield House
4 Mollins Road
Cumbernauld
G68 9HD

Secretary
Julie A. Barr, M.A. (Hons.),
L.L.B. (Dip.), M.B.A.

Auditors
KPMG Audit plc
191 West George Street
Glasgow
G2 2LJ

Registrars
Equiniti Ltd
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Registered Number
SC005653