



SOFT DRINKS

A.G. BARR p.l.c.
Annual Report and Accounts January 2011



Building brands. Offering choice. Delivering value.



22% brand growth year on year.



The leader of the UK's single flavoured exotic juice drinks.



12 cans are consumed every second in Scotland.



Building great brands

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

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Highlights for 2011

A further year of double digit sales and profit growth.

Financial

Total turnover versus the comparable period up 10.4% at £222.4m (2010: £201.4m).

Profit on ordinary activities before tax, excluding exceptional items, increased by 13.3% to £31.6m (2010: £27.9m).

Basic earnings per share (pre-exceptional) increased by 14.9% to 61.24p (2010: 53.29p).

Free cash flow in the period of £15.7m.

Net debt reduced to £16.6m.

Operational

The IRN-BRU brand grew its **revenue** by 4.0%, with increased marketing investment in particular in the North of England.

Rubicon continued to deliver significant **growth**, increasing sales by 28% in the period.

Investment in Cumbernauld production facilities progressing well and introduction of third party (Eddie Stobart Ltd) logistics commenced in the period.

Total dividend for the year of 25.41p per share (2010: 23.10p), an increase of 10.0%.

10.4%

Turnover increase

£15.7m

Free cash flow

£16.6m

Net debt

Turnover Growth

2011	10.4%
2010	18.7%

Gross Margin

2011	51.6%
2010	51.3%

Operating Profit Margin

2011	14.7%
2010	14.8%

Key Performance Indicators

The principal key performance indicators used by management in assessing the performance of the Group, in addition to the income statement, are as follows:

Turnover Growth

The increase in value of revenue recorded in the period relative to the prior period.

Average Realised Price

The average revenue per case sold.

Gross Margin

Revenue less material costs and production related costs, divided by revenue.

Operating Profit Margin

Operating profit before exceptional items and before the deduction of interest and taxation, divided by revenue.

Profit Margin

Operating profit before exceptional items and before the deduction of taxation, divided by revenue.

EBITDA Margin

EBITDA (defined as profit on ordinary activities before tax less exceptional items, adding back interest, depreciation, amortisation and impairment), divided by revenue.

Return on Capital Employed

2011	21.4%
2010	19.2%

EBITDA Margin

2011	18.2%
2010	18.7%

Free Cash Flow

2011	£15.7m
2010	£17.9m

Free Cash Flow

Net cash flow excluding the movements in borrowings, shares, dividend payments and non cash exceptional items.

Return on Capital Employed

Operating profit before exceptional items as a percentage of invested capital. Invested capital is defined as period end non-current plus current assets less current liabilities excluding all balances relating to any financial instruments, interest bearing liabilities and cash or cash equivalents.

Interest Cover

The ratio of EBITA (EBITDA less depreciation) relative to finance charges in respect of the relevant period.

Net Debt/EBITDA

The ratio of aggregate amount of all obligations in respect of period end consolidated gross borrowings to reported EBITDA.

Market Growth

Nielsen market growth summaries reported in terms of volume and value by major product category and geography.

Market Share

Nielsen market share summaries reported in terms of volume and value by major brand and geography.

Market Price per Litre

Nielsen market scantrack data of retail price per litre reported by major brand and geography.

Reportable Accidents

The moving average total of reportable accidents in a period, together with the number of lost time accidents and near misses.

Chairman's Statement

Ronald G. Hanna, Chairman

The general economic environment continued to be challenging throughout the year and so against this background I am delighted to report continued strong performance across the business.

Profit before tax increased by 13.3% on the prior year to £31.6m and within that each element performed well. In turn, underlying earnings per share increased by 14.9% to 61.2p.

In recent years we have stepped up investment in brands, people and operations and continue to do so. Returns from this strategy contributed significantly to our performance in 2010/11.

In sales, growth of 10.4% was achieved versus 7% in the U.K. soft drinks market, while assiduous and continuing efforts to offset cost pressures resulted in maintained margins.

The main operational changes were at Cumbernauld, where the current phase of investment in production capacity is nearing completion, and at Mansfield where the site closure is also largely complete and its sale is agreed. In addition the move during the year to outsourcing primary distribution was implemented and is going well.

That these results were achieved while important changes in operations tested us is a tribute to the hard work and commitment of the team throughout all areas of the business.

Board Changes

James Espey stood down from the board on 31 January 2011. James had been a non-executive director on our board for eleven years and contributed significantly to the development of the business over that time. In September 2010 I was pleased to announce that Martin Griffiths had joined our board as an independent non-executive director. Martin brings a wealth of experience, which will complement the balance of the board and he has settled in quickly, adding immediate value to the business.

Future

Our strategy remains to build, for the long term, consumer brands that have wide appeal and to do this in a sustainable and consistent manner. We plan to make further investments aimed at developing our portfolio, strengthening our executional capabilities and driving further increased efficiency into our asset base.





The actions to extend the distribution of our core brands, especially in the north of England, have been successful and will receive continuing investment and management focus. This, together with other initiatives, will extend our reach across an expanding geographical area and into different communities, primarily in the U.K.

Prospects

Our balance sheet is robust, with net debt reduced to £16.6m and the business continues to generate strong free cash flow. This provides a platform for future investment.

The new financial year will undoubtedly bring both challenges and opportunities. We will continue to develop proactively growth opportunities while managing risk. The challenges of cost inflation which almost all manufacturers are facing are creating headwinds, however we remain positive on both our immediate and longer term prospects.

Dividend

The board is pleased to recommend a final dividend of 18.66p to give a total dividend for the year of 25.41p per share, an increase of 10% on the prior year.

Ronald G. Hanna
Chairman

The A.G. BARR Value Chain

Being in control of every aspect of our brands, from the composition of our product portfolio, through product development, manufacturing, distribution, sales and marketing, allows us to build long term shareholder value across our entire business.

1. We own our brands



Owning our Brands

As a brand owner we retain the complete control of the development of our brands and their ongoing management, as we build brand equity and long term value.

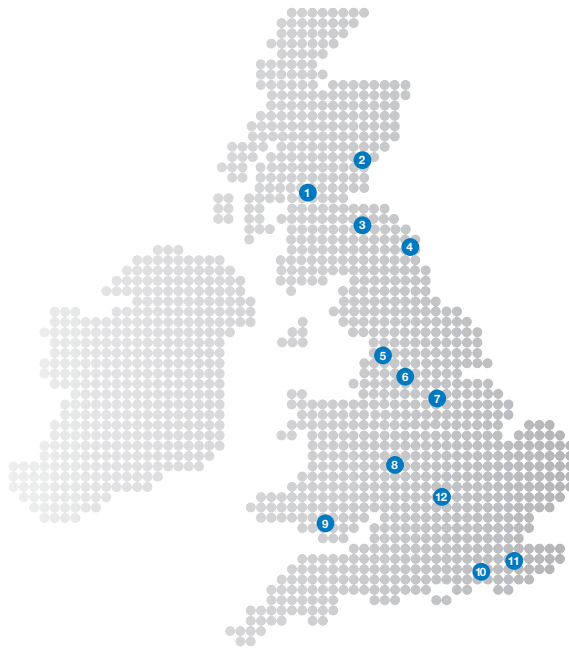
2. We seek efficiency in all our operations



3. We add value through innovation

Product Innovation

Our team keep our brands fresh and relevant by ensuring that we are responding to market trends and preferences and are constantly evolving new formats and flavours to keep us positioned as the consumers' soft drinks brands of choice.



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 Pitcoch
09 Tredegar

Distribution Depot
01 Cumbernauld
12 Third party warehouse

Production Efficiency

Our production facilities are state of the art and run to exacting standards of efficiency and quality. By consolidating our manufacturing infrastructure, we have been able to deliver significant efficiency and cost saving benefits.



4. We focus on varied routes to market

Ensuring Availability

We aim to drive availability of our products across all channels using multiple routes to market.

The combination of executional focus, strong trade partnerships and increasing brand awareness helps drive this objective.



5. We drive sales growth

Sales and Marketing

Targeted marketing actively allows us to maintain strong performance in our core markets, as well as assisting our move into potential high growth geographies.

Our focus on point of purchase execution helps us drive sales across all channels and in all geographies.



Breaking through

Our sponsorship of rugby league is building brand awareness and helping drive sales in the north of England.



Gaining Ground

The IRN-BRU brand increased its revenue by 4% in the period. This was achieved by maintaining its leading position in core markets and by increasing levels of distribution especially in Northern England. This was supported by increased levels of marketing activity at both a consumer and trade level across the U.K.



Business Review

Roger White, Chief Executive

In the 52 week period ending 29 January 2011, A.G. BARR has delivered growth well ahead of a buoyant soft drinks market. Total turnover grew by 10.4%, making full year sales of £222.4m. This is the second consecutive year in which like for like sales have increased by over 10.0%.

With strong sales momentum supported by continued investment across the business, we have managed our margins within a volatile macro economic climate. Pre-tax profit, excluding exceptional items, increased by 13.3% to £31.6m. The combination of sales growth and the proactive management of costs across the business has delivered this profit growth, at the same time as we continued to invest in our brands, infrastructure and people.

Within both of our key trading segments – carbonates and stills including water – we have made good progress. The business has increased its focus on the core brands of IRN-BRU, Barr and Rubicon, utilising the full marketing mix to drive awareness, build consumer trial and develop loyalty across an increasingly large geographical area within the U.K. We have increased brand focus and have had to set priorities and make choices – in particular, we have moved investment and focus away from smaller fledgling brands Taut, Vitsmart and Findlays. In the period our net exceptional charges were £1.2m – of which a full breakdown is included in the financial review.

Across 2010/11, we have made substantial progress in our operational investment and supply chain change plans. The move to third party primary logistics and storage was an enabling step to improve load consolidation and customer service and to allow for higher volumes of movement within a more efficient transport network. We successfully completed this move across a high volume trading period and we are

well positioned to optimise our distribution network platform in the future. Our production investments, ahead of the Mansfield site closure, are running to budget and meeting our timing requirements. The installation and commissioning of two new major filling lines and associated services has proved to be a tough challenge while we have continued to fulfil our growth and development demands across the full year. The business has responded to the challenges set and has delivered this operational project in full, on time and on budget.

Some slight changes to capital investment phasing, along with the strong trading performance and our ongoing focus on cash, has reduced our net debt position by 24.9% on the prior year, with a closing net debt of £16.6m.

The board is proposing a total dividend of 25.41p per share, which represents an increase of 10.0% on the previous year and reflects the continued financial strength of the business and the board's confidence in its future prospects.

The Soft Drinks Market

The U.K. soft drinks market, as measured by Nielsen, continued to grow steadily across 2010, with GB take home growth of 7% in value and 3% in volume across the category as a whole. This robust growth was driven by carbonates, which grew by 10% in value and 3% in volume, with strong growth within the carbonates sector from energy, cola and other flavoured carbonates. Still drinks grew in the period,





increasing value by 4% and volume by 2%, with still sports drinks driving much of the growth. Across the total category all subsectors demonstrated value growth, with the exception of dairy. However, this resilient market performance was not repeated in on-premise, which suffered declines across the year. This channel accounts for only a small percentage of our total business and its impact was minimal.

The very positive soft drinks market growth was underpinned by strong category support from both consumers and retailers. We anticipate however that market growth will return to levels more representative of long term average growth rates during the course of 2011/12.

Strategy

The continued strong financial and operating performance of the business is based on the long term, consistent development of the following key areas of strategic focus:

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

Sustained investment behind strong brands that have the combined attributes of an existing loyal consumer base and the capacity to grow geographically and across varied consumer groups gives us the potential to further leverage our scale across each of our key areas of focus. The profitable growth of the business is therefore based on developing the business as a whole, with ever increasing efforts behind brand development and sales execution.

Core Brands and Markets

Much of our sales growth in the last year was delivered as a consequence of our increased focus on our core brands and our strategy of building on strong core geographical performance, such as IRN-BRU in Scotland and Rubicon in London. The growth and development of specific geographical areas and the consumer subsectors within these markets contributed significantly to this growth.

Our two major reporting segments remain:

- Carbonates
- Still drinks and water

Business Review (continued)



The IRN-BRU brand maintained its leading position in the Scottish market, supported by advertising activity, sponsorship and value added promotions across the year.

Both of our key segments exhibited strong growth. The still sector grew well ahead of the market at 9.4%, within this performance Rubicon stills delivered 22.5% growth compensating for some weakness in the St Clement's brand; re-positioning of the St Clement's brand is underway. Overall our carbonates continued to perform strongly, with excellent growth from IRN-BRU, Barr, Rubicon and KA. Rockstar also delivered 16% year on year sales growth in the carbonates sector. IRN-BRU grew by 4% in revenue terms, maintaining the long term consistent growth delivery which saw 5% growth last year and 8% growth two years ago. This consistent long term growth reflects our efforts to build a brand for the long term. The IRN-BRU brand maintained its leading position in the Scottish market, supported by advertising activity, sponsorship and value added promotions across the year. Following on from our successful 'free glass' promotions of prior years, we gave away over 250,000 IRN-BRU beach towels to Scottish consumers over the summer months, as well as supporting growth across the World Cup period with the award winning 'Bruzil' advertising campaign. The development of IRN-BRU outside its historical core Scottish market made great progress in the year. Sales of IRN-BRU in northern England, grew by 10%, where we invested in incremental resources at point of purchase, in sales execution and in further consumer brand development work in the form of both consumer advertising and sponsorship – specifically around Rugby League, all of which provided significant support for our growth ambitions.



The IRN-BRU BRUZIL campaign, with viral and TV spots during World Cup matches, was launched by Archie Gemill in June 2010.

To coincide with the football world cup IRN-BRU also launched Big Match 500ml cans and Big Match TWIN two-litre packs.

New IRN-BRU TV ads broke across the U.K. during April 2010.

Below right: In January 2011, Diet IRN-BRU was renamed IRN-BRU Sugar Free.



IRN-BRU in the North East, Lancashire and Yorkshire regions, responded well to our incremental activity and grew well ahead of the soft drinks market. It is our intention to maintain this regional growth approach and continue to develop IRN-BRU in tandem with our other core brands, Barr and Rubicon in this region.

The Barr range of traditional flavoured carbonates has continued its growth momentum, increasing sales by 22% and building on last year's 33% increase in revenue. In addition, the new range of premium traditional carbonates in the Barr's Originals range, although modest in overall scale, grew by over 50% and, alongside the great value family favourites in the Barr range, is expected to continue to grow as distribution gains make these good value products available to an ever wider audience of consumers.

The Rubicon brand, which we acquired in August 2008, has now almost doubled in sales terms since the acquisition. This growth performance can be attributed to the combination of excellent product quality, loyal existing consumers and growing brand awareness in a wider geographical area. Over the course of the 2010/11 financial year we have seen the benefit of increased brand distribution both through multiple retailers and, importantly, significantly better distribution across the impulse channel. Both Rubicon stills and carbonates grew across the year, with carbonates growing by 40% and now making up 40% of the Rubicon brand sales mix.

During the course of 2010/11 we began to develop the association of Rubicon and cricket. This approach to building the awareness of the Rubicon brand gives us a combination of appealing to existing core ethnic consumers as well as lifting the profile of the brand to a much wider audience. Our initial appraisals suggest this marketing approach and specific association is working well. In 2011/12 we will continue to use cricket as a key element in developing the Rubicon brand.

In addition to driving increased brand awareness, we are further building the portfolio across 2011/12 with the addition of 'Rubicon Light' to the portfolio. The Rubicon Light product is designed to broaden the brand's appeal to a wider range of consumers and delivers an excellent product quality and consumer drinking experience. Across the current year we will further strengthen the Rubicon portfolio and will continue to develop the KA and Sun Exotic brands which compliment Rubicon in our exotics range.

As a portfolio business, we continue to seek opportunities to leverage our growth opportunities across the full range. Within our wider portfolio, water has continued to improve at a market level and Strathmore has built on the second half momentum of the prior year. Strathmore grew by 5% in revenue terms and we have continued to see improvements to margins as we focus on both cost control and improving the product channel mix for this brand.

Business Review

(continued)



Portfolio Development

Despite an excellent overall total soft drinks market, innovation in general has been challenging as consumers have tended to stick with established brands which they know and trust and that offer good value. This insight has driven our portfolio developments to focus not on the completely new but on the development of the format, flavour and variants of existing brands.

In addition to the launch of Rubicon Light and extending the KA brand, we have successfully launched several new flavour variants, including KA Fruit Punch and Barr Orangeade. We have also set the foundations for the rebranding of diet IRN-BRU to IRN-BRU Sugar Free.

We believe it is possible to drive further growth through our existing brands using this approach as well as seeking further portfolio development opportunities.

Route to Market

The desire to maintain and develop our multiple routes to market is a key part of our strategy. The growing opportunity in the take home channel across different format stores, from multiple retailers through to discount chains as well as high street retail outlets, necessitates different skills and increases complexity across the business but represents great growth potential. We have continued to strengthen our activity in the

impulse channel, utilising both wholesaler and direct to store routes to market to ensure we grow and develop our business in this important channel.

With further investments made and more planned in vending and chilled equipment across the market, we believe it is correct to continue to invest in developing winning positions across multiple routes to market.

Partnerships

With long term positions already in place with our key partners, 2010/11 was a year of continued growth.

Rockstar grew sales by 16% despite the extremely competitive nature of the market. This growth was supported by both innovation, such as the launch of the first branded still large can energy drink, Rockstar Recovery, and also by exciting new brand building and sponsorship activities, such as the signing of Jorge Lorenzo, 2010 MotoGP World Champion by Rockstar. We anticipate the continued growth of Rockstar as brand awareness increases and further innovation is brought to market in 2011/12.

Orangina grew steadily in the period as we continued to develop our strategy of building a premium orange carbonates brand which is sustainable for the long term, a strategy fully endorsed by the brand owner of Orangina, Suntory.

Rubicon became official broadcast sponsor of the 20/20 cricket world cup on Sky Sports with cricket themed idents.

In May, sparkling Passionfruit Rubicon was launched. This was supported by an outdoor poster campaign and the start of an all summer Rubicon sampling campaign.



Our partners across the world who work with us to develop our brands outside the U.K. continue to support and develop our international business. In Scandinavia Rubicon grew strongly up 13% and a recovering Russian economy saw IRN-BRU sales up 10% in Russia in the period. In overall terms, our international business grew by 26% and continues to offer the potential for significant long term growth.

Efficient Operations

Following on from a year of progress and planning in 2009/10 we initiated and delivered a significant amount of change across our operations in 2010/11. The investment programme in our Cumbernauld production facility has progressed extremely well, as has our move into third party primary logistics and storage. These two major projects have enabled the planned closure of our Mansfield site, which will close in early March 2011 as anticipated. It is never an easy position when it comes to finally closing a site, especially one which has continued to deliver exemplary performance across the last twelve months despite the impending planned changes. The full team at Mansfield are due our gratitude and praise for all that they have done, in particular during the past few months. We have supported our Mansfield employees in this challenging time and are delighted that many have found suitable alternative future employment in the area. In addition to the challenging environment at Mansfield, we should also recognise the huge effort across our other sites to successfully supply the market during significant internal change against such a strong growth backdrop.

During the year we have successfully launched several new flavour variants, including KA Fruit Punch and Barr Orangeade.

Business Review (continued)



The capital investment at Cumbernauld has been focused on new filling/blowing equipment. The choices we have made in regard to the blower/fillers and bottle designs will not only enable significantly increased volume through the site but will also reduce our PET usage by some 7% on these new machines as well as reducing the energy used in the production of these bottles by 12.5%. These changes have proved to be crucial in helping to offset some of the immediate cost pressures now being felt in material costs in the early stages of the 2011/12 financial year.

Overall capital expenditure totalled £9.8m which is well ahead of the previous year (2010: £5.3m) but slightly less than we originally anticipated. We had previously assessed that we would have paid deposits and initial payments for our planned wind turbine project but this is now expected to be paid in the early part of the 2011/12 financial year following finalisation of our wind turbine plans.

It is anticipated that 2011/12 will see further value adding and cost reducing capital projects such as in-house sleeving of PET bottles and the completion of the wind turbine project. In addition, we are now planning further capacity stretch options to ensure we can meet the future volume, portfolio and format demands of our business.

People and Sustainability

The step change in the growth trajectory of A.G. BARR is no coincidence; it is the result of the efforts of a committed and increasingly skilled workforce in all of the functional areas across its sites.

We entered the Investors in People (IIP) programme in 2009/10 and, following assessments of every operating site in the business, we have achieved the IIP accreditation we set out to achieve. The process of accreditation has allowed us more fully to benchmark our people performance and to set in motion more actions to deliver future improvements in communication, engagement and leadership. We aim to continue to invest in building our organisational capability and will focus in the coming year on many of our key processes to ensure that they are fit to meet the requirements of our growing business.

Despite the significant operational change over the last year, health and safety management has been at the forefront of all the structural, organisational and asset based changes we have driven. The ongoing development of a safety culture across the business will continue to be a critical focus in the 2011/12 financial year.

Our performance in the corporate responsibility arena has continued to be rolled out across the Company. We have also ensured our performance, against our agreed sustainability targets, has delivered as highlighted in the CSR report.

In July, we launched KA Fruit Punch and Rockstar Recovery 500ml can – a still lemon flavour drink that provides both energy and hydration.

IRN-BRU: In August the IRN-BRU sponsored SFL Ginger Boot Awards were launched to recognise the league's top goal scorers.

Below right: In May, 330ml glass bottles were launched for BARR'S Originals and IRN-BRU.



Summary

The soft drinks market has performed strongly in 2010/11 despite the continued difficult macro economic climate. We have increased our share of this growing market and have done so through sustainable long term brand and product investment rather than short term price driven activity.

Our portfolio as a whole has performed well and our core brands have responded to further investment. It has been a challenging year from an operational perspective – significant internal investment, change and a site closure were all delivered during a period of strong volume growth.

The current market remains challenging for all consumer goods businesses. Increasing input costs and changes to the tax regime have seen consumer goods prices rise to final consumers and the impact of this on the overall market is not yet certain.

Our focus over the coming year will be to maintain our investment across the business to deliver great value and great tasting brands that consumers love, ensuring they are available through increased numbers of outlets and in convenient and relevant pack formats.

Our market place will continue to be competitive however we remain confident in our ability to build a strong business based on our proven strategy for sustainable growth.

Roger A. White
Chief Executive

10.4%

Turnover increase

£15.7m

Free cash flow

£16.6m

Net debt

Our financial metrics remain very strong. During the year fuelled by continued sales growth from our core brands across new and existing distribution channels, we have held margins, delivered strong cash flows and continued to invest behind our brands, infrastructure and organisational capability. Our balance sheet strength has improved and net debt is reducing ahead of plan.

Profit before tax for the year ended 29 January 2011 is reported at £30.4m, an increase on the prior year of 24.5%, however this was after charging exceptional items of £1.2m. Normalised profit before tax (pre exceptional items) increased to £31.6m, an increase of 13.3% on the prior year.

EBITDA (pre exceptional items) increased by 7.3% to £40.4m, being a slightly reduced EBITDA margin of 18.2%, previously 18.7%.

In the financial period A.G. BARR continued to outperform the U.K. soft drinks market. Full year sales of £222.4m were achieved, an increase of 10.4% (£21.0m) on the prior year.

Throughout the year, our primary focus was on delivering the sales fundamentals of distribution, availability and visibility. Our core brand portfolio performed well, growing volume and value share, particularly within England and Wales.

Within the context of a very buoyant U.K. soft drinks market which saw volume increase by 3% and value by 7% (Source: Nielsen 29/01/11) our overall market share of carbonates, excluding mixers, increased by 7% and in England and Wales market share increased by twenty percentage points. This was achieved whilst also delivering growth in the average price per litre paid by consumers (Source: Nielsen Scantrack Data).



Our growth continued to be balanced across both the carbonates and still drinks and water (stills) segments.

The carbonates market performed robustly within an economic environment where consumers sought established brands, quality and value for money. Overall the carbonates market delivered value growth of 10% with sports and energy drinks delivering growth in excess of 20%. A.G. BARR carbonates delivered growth of 10.7% ahead of the flavoured carbonates category which was closer to 8%. In absolute terms the increase equated to £16.6m. A substantial element of this was delivered through distribution increases across our core brands of IRN-BRU, Barr flavoured carbonates and increasingly Rubicon carbonates.

Our stills segment delivered a year on year increase of 9.4% in a market which experienced growth of 4%. This equated to an increase in sales of £4.3m, which was mostly fuelled by distribution gains from the Rubicon brand. Stills continue to account for over a fifth of our total portfolio in line with the prior year.

All subcategories within the product portfolio delivered year on year growth in sales revenue. Water revenues grew by 5% with continued focus on cost control and improvements to sales mix again leading to increased margin from this category.

The second key activity of the year related to the successful management of the operational change associated with the closure of the Mansfield site and the enabling capital investment programme at Cumbernauld. This programme of activity has been well managed with the closure of the Mansfield operation now anticipated to be complete by the end of the first quarter of 2011. The Mansfield site has been sold with final completion of the contract expected in June 2011.

Margins

The current economic environment can at best be described as volatile. In addition to the underlying low growth environment and the increasing personal taxation burden, weak sterling, increasing global demand and Middle East tensions are combining together leading to real inflationary pressure. In our business this manifests itself in both increasing cost of raw materials and reduced consumer confidence.

In conjunction with the delivery of double digit sales growth, we have made strenuous efforts to protect operating margins through successful delivery of modest price increases, operational and financial hedging activity, tight cost control and capital investment programmes focused at delivering improved efficiencies. Together with product mix, slightly more focused towards carbonates, this has resulted in an improvement in our gross margin (pre exceptional items) from 51.3% to 51.6%.

Financial Review (continued)

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.

During the year we have continued to see the benefits of operational restructuring programmes and improvements within our manufacturing and distribution activities. The latest investments at our Cumbernauld facility have delivered tangible manufacturing line speed improvements, reduced material requirements through light weighting of PET, improved energy efficiency and on full completion of the Mansfield closure, will have led to reduced headcount requirements. Whilst we had expected these would deliver margin enhancement opportunities through the course of 2011/12, in reality within the current economic environment, these have and will continue to help us offset some of the inflationary pressures resulting from raw material pricing.

The integration of the Rubicon business which was completed during the prior year has given us a solid national platform on which to build. The Group has continued to invest further in sales execution, brand building activities and has developed our organisational capabilities across central functions without materially impacting operating margins.

Operating profit of £32.7m (before exceptional items) was reported during the year representing an increase of 9.9% on the prior year. Operating margins reduced slightly from 14.8% to 14.7% however this followed a prior year performance where margins had increased 120 basis points, from 13.6% to 14.8% and reflects our continued investment programme.

Interest

A net interest cost of £1.1m was reported in the financial period, £0.8m lower than the prior year. This is best represented by the table below:

	£000s	£000s
Finance income		77
Finance costs		(1,423)
Interest related to Group borrowings		(1,346)
Pensions interest due on defined benefits obligation	(4,202)	
Expected return on scheme assets	4,446	244
Total finance cost		(1,102)

The interest cost included the full year effect of interest charges amounting to £1.4m offset to a small extent by £0.1m of interest income on cash balances. Finance income of £0.2m is reported through the interest line, being the expected return on scheme assets relative to the interest costs associated with the defined benefit pension scheme deficit.

In order to manage the Group's exposure to interest rate movements, the Group entered into a three year interest rate swap during 2008. In accordance with IAS39 we have continued to hedge account for this transaction with any resulting volatility in interest movements being reflected through the balance sheet rather than through the income statement. During the year the mark to market fair value of the cash flow hedge reserve improved from a liability of £(1.0m) to £(0.4m). The interest rate hedge will unwind in July 2011 at which time our interest costs are expected to revert to prevailing rates.

The Group continues to operate two banking facilities with RBS. These include a revolving credit facility which expires in July 2011 and a five year acquisition facility, which expires in July 2013. We have successfully concluded refinancing negotiations and will replace the expiring 2011 facility with a new three year working capital facility with coverage through to 2014.

Taxation

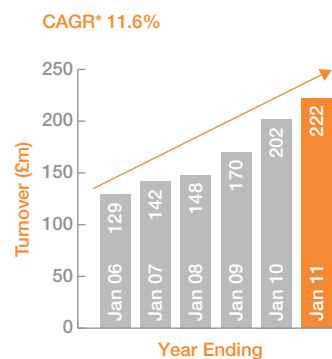
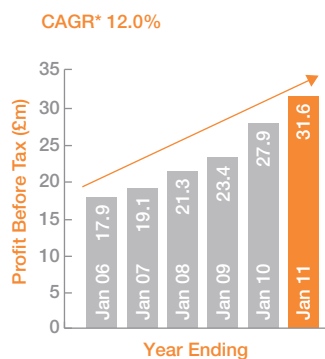
The tax charge of £7.9m represents an effective tax rate of 25.8%. The effective tax rate as reported in the accounts for the previous year was 26.6%. The reduction results from the tax relief on the maturity of an SAYE scheme in the year along with the impact of the change in the deferred tax rate from 28% to 27% at the year end.

Earnings per Share (EPS)

Basic EPS for the period was 58.8p, up 25.6% on the same period last year. Underlying EPS at 61.2p represents an increase of 14.9% on the prior year.

Dividends

The board is recommending a final dividend of 18.66p per share to give a total dividend for the year ending 29 January 2011 of 25.41p. This represents an increase of 10% compared to the prior year.



Balance Sheet Review

The Group's balance sheet has strengthened during the period with net assets increasing from £100.5m to £116.7m. This has mostly been driven by an increase in current assets, notably inventory and trade receivables and a reduction in non-current liabilities being a reduction in retirement benefit obligations and reduced borrowings.

The Group has banking facilities with RBS totalling £70.0m, of which £40.0m is a five year term loan maturing July 2013, with the balance funded by a three year revolving credit facility of £30.0m, expiring July 2011. During the financial year, a further £8.0m of debt was repaid in line with the five year facility agreement, with a further £10m due to be repaid in the financial year ending January 2012.

Leverage and interest cover are comfortably within the required covenant levels.

Return on capital employed for the period increased to 21.4% (previously 19.2%), reflecting the increase in normalised profit of 13.3% relative to a fairly flat asset base.

Non-Current Assets

In line with both the requirements of IAS36 and our accounting policies, the Group undertook an impairment review of all tangible and intangible assets during the year. As a consequence of this review the Group has impaired the carrying value of the Taut, Vitsmart and Findlays intangible assets. This has reduced the carrying value of intangible assets by £1.1m. The residual value of intangible assets of £74.9m relates to the carrying value of the Strathmore and Rubicon brands, goodwill and customer lists.

Property, plant and equipment increased by £2.7m in the year to £58.6m.

Capital expenditure during the period amounted to £9.8m (net £9.6m); this is significantly higher than the previous year (net £5.3m) but slightly lower than previous guidance.

2010/11 was a year of significant operational change. The most significant project expenditure related to the PET bottling capacity increases at Cumbernauld to facilitate the closure of Mansfield. Combined bottle blowing and filling speeds for small PET bottles have increased from 27,000 bottles per hour to 48,000. Large bottle (2 Litre) PET filling speeds have increased from 14,000 bottles per hour to 21,000. These increased running speeds have necessitated the upgrade of conveyor and palletising systems. The average crew size for each of the four production lines at Cumbernauld is now four people.

Other smaller projects have included the final payments for the replacement tunnel pasteuriser for the canning line at Cumbernauld, a smaller flash pasteuriser to facilitate an increase in fruit carbonate products, process room improvements at Tredegar and replacement warehouse roofing at Forfar. Within logistics, investment has included the purchase of commercial vehicles for both the Scottish and English direct sales operations whilst on the information technology front investment has included the completion of the upgrade to our ERP platform which has included the installation of a trade management module to manage trade promotional expenditure.

In the forthcoming year we anticipate capital expenditure to be at similar levels to 2010/11. Included within this estimate is £2.9m for a proposed wind turbine project. These estimates exclude the sale of the Mansfield site anticipated to conclude in June 2011, the sale of residual Mansfield plant and the potential sale of the Atherton site which is the subject of ongoing discussions.

Current Assets and Liabilities

Current assets increased in the period from £59.5m to £66.6m reflecting an increase in both inventories and trade receivables offset by lower cash balances. In the period inventories increased by just under 30% being an increase of £4.8m on the prior year. Trade receivables increased by 15.2%, an increase of £4.6m, whilst cash balances reduced by £2.5m.

* Compound Annual Growth Rate.

Financial Review

(continued)

In the period, raw material stocks increased by 49.4% (£2.3m) reflecting both a significant increase in the cost of mango pulp but also the decision to buy forward pulp to benefit from lower cost of goods. This pulp is stored locally at the Tredegar production site. Whilst elements of the finished goods increase related to increased levels of trading, the increase also reflected the requirement to build PET stocks prior to the closure of Mansfield ahead of final production commissioning at Cumbernauld and a requirement to build Strathmore inventory to facilitate a two week production line overhaul. Our inventory holding period has increased to an average of 71 days and the target is to bring this back in line with the prior year on completion of the current operational changes.

Trade and other receivables increased by £4.6m as a result of higher levels of trading and the timing of the year end. In the year, average debtor days increased from 49 to 52 days. With the last trading day being Friday 28 January the three day increase reflected the fact that a number of receipts did not become due until after the closure of the year end. Debtor management has continued to be a key focus area during the year with the team adopting the use of the Experian 360 software tool to manage credit exposure more proactively. I am pleased to report that we have continued to experience low levels of bad debt through the credit control team's continued vigilance.

We continue to hold the Atherton site as an asset classified as held for sale. Management are confident based on discussions with interested parties that they will be able to dispose of the site within the next 12 month period.

Current Liabilities

Current liabilities have increased by £3.9m, to £49.7m. Trade and other payables rose by £7.7m, again reflecting the timing of the year end but also an increase in the average payment period of 4 days. The increase in Trade payables has been partially offset by a £3m reduction in borrowings as the repayments relating to the acquisition facility technically fall outside of the 2012 year end. The redundancy provision relating to the closure of the Mansfield site has reduced from £2.0m to £0.8m mainly relating to employees who are expected to leave the site in the first quarter.

Cash Flow and Net Debt

Our financial position remains strong as we continue to see the benefits of improved turnover translating into improved operating profits and strong cash flows.

Free cash flow generated in the period was £15.7m (previously £17.9m) reflecting £4.3m of additional capital expenditure which mostly related to the closure of our Mansfield site and the development of our facility at Cumbernauld.

As at 29 January 2011 the Group's closing net debt position was £16.6m, being the closing cash position of £8.4m, net of the borrowings of £25.0m. This represents a net debt: EBITDA ratio of just over 0.4 times, with interest cover in excess of 25 times. This is a 24.9% reduction on the prior year net debt position of £22.1m.

Free cash flow and net debt ended the year slightly better than our half year expectation following delayed supplier payments relating to final production line commissioning and a delay to the proposed Wind Turbine project.

During the year the Group continued to make additional contributions to the defined benefit pension scheme of £3.1m, dividends totalling £9.0m were distributed, £8.0m of bank borrowings were repaid and the Company funded the purchase of £2.1m (net) of shares on behalf of various employee benefit trusts to satisfy the ongoing requirements of new and maturing share schemes.

Historic share price for the last six years



Exceptional Items

A total of £1.2m of exceptional charges has been incurred during the year. These relate to the impairment of three intangible brand assets, dual running cost following the closure of our Mansfield distribution operation offset by an exceptional pension curtailment credit.

Following the announcement to close our Mansfield site early in 2011 we progressed with outsourcing a proportion of our primary logistics functions in June of 2010. This move completed the integration of the Rubicon business with the cessation of in-house storage and distribution operations at the Mansfield site and the exit from existing Rubicon third party logistics operations. This change was implemented in parallel with the project to increase capacity at the Cumbernauld site, creating sufficient operating capacity to absorb all current PET packaged products from the Mansfield factory and allow for projected future growth.

As anticipated at the time we have incurred £0.5m of dual running costs in the financial year 2010/11. These costs have to some extent been offset by a £0.3m pension curtailment credit following the departure of 61 employees from the business. In addition the overall redundancy provision has been reduced by £0.1m reflecting individuals who have left ahead of taking redundancy.

Finally in light of the current economic environment and the current focus on our core brands the Group undertook an impairment review of intangible assets during the year. As a consequence of this review the Group has impaired the carrying value of the Taut, Vitsmart and Findlays intangible assets. This review included an assessment of the performance of each brand relative to their category, future growth potential and future investment required to build these brands in line with the Group's objectives. Intangible assets to the value of £1.1m have therefore been impaired during the year.

Pensions

During the year, the Company continued to operate two pension plans, being the A.G. BARR p.l.c. (2005) Defined Contribution Pension Scheme, and the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme. The latter is a defined benefit scheme based on final salary which also includes a defined contribution section for pension provision to new executive entrants. The assets of both schemes are held separately from those of the Company and are invested in managed funds. The main section of the defined benefit scheme was closed to new entrants on 5 April 2002 and the executive section closed on 14 August 2003.

The area of pensions has once again seen tremendous volatility during the year. Under IAS19, our previously reported deficit of £5.9m has now become a surplus of £2.1m. This follows £4.2m of employee and Company contributions and significant return on assets which at 5% delivered £4.9m more than previously expected. Reductions to ongoing liabilities relating to assumed retirement dates for deferred members and the valuation of deferred pensions in line with CPI have in the main been offset by changing mortality assumptions.

In line with IAS19 and IFRIC14 the pension surplus has been recognised as an asset.

The next formal actuarial valuation will be undertaken as at April 2011. Until the result of this exercise is complete the pension trustees and the Company have agreed to maintain deficit contributions at their current level.

Share Price and Market Capitalisation

At 29 January 2011 the closing share price for A.G. BARR p.l.c. was £11.60. The Group is a member of the FTSE250, with a market capitalisation of £451.5m at the period end. This represents an increase of 46% on the position as at 30 January 2010.

Alex Short

Alex Short
Finance Director

Principal Risks and Uncertainties

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

There is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group, which has operated throughout the financial year. 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.

A.G. BARR offers a range of brands that it manufactures and distributes through a cross section of trade channels and retailers. Performance is monitored closely by the board and management committee. This includes monitoring and tracking of metrics which review brand equity strength, together with monitoring of financial performance. Changing consumer preferences are reviewed annually by the board with reference to external research.

Within the Group there is a clearly defined and communicated Corporate Social Responsibility Policy. Quality standards, both at our sites and those of suppliers, are well defined, implemented and measured.

The Group operates within the boundaries of compliance in the areas of legislation, health and safety and ethical working standards and these are continually reviewed by the board and management committee. The Group proactively engages with the relevant authorities including the British Soft Drinks Association and the General Counsel of Scotland to ensure it fully participates in the future development and compliance of legislation.

Assets within the Group are proactively managed whether this be intangible brand assets, plant and equipment, people or IT systems. Robust disaster recovery and incident management plans exist and are formally tested. Contingency measures are in place and are regularly tested. Intellectual property rights associated with current and future brands are proactively protected by our legal team, through trademark registration and legal enforcement when required.

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

GOOD TIMES



Sponsors



BARR on the box

Our sponsorship of the popular STV magazine show 'The Hour' is proving to be a wise investment, helping contribute to a 22% sales increase this year.

Growing Audiences

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.

Building on last year's 33% increase in sales the Barr brand grew a further 22% this year.



Our Corporate Responsibility agenda is an increasingly important part of our business and one with which we need to engage all our employees in order to drive the greatest benefit.

2011/12 will see the business undertake a significant communication programme across all our sites to raise the business wide awareness in this area, and I am confident this will further reinforce the related business performance and allow us to build on the significant achievements made during 2010/11 and previous years.

Overview

Corporate Responsibility is an integral part of our overall business. Despite the challenging economic times, Corporate Responsibility continues to thrive within A.G. BARR and remains one of the 7 core areas of strategic focus, sponsored by the Operations Director. During 2010/11, we have put a structure in place to cascade Corporate Responsibility principles across all our business decisions.



Our Corporate Responsibility strategy has been developed across 2010/11 and a programme encouraging all our employees to 'do the right thing' will be rolled out across 2011/12. A.G. BARR's Corporate Responsibility focus has been aligned within 4 key areas:

- Environment
- Our Consumers
- Our People
- Community

Environment

We recognise the impact our business has on the environment. We aim to grow and succeed as a sustainable business by reducing our key environmental impacts – energy and water use, waste, packaging, and transport.

We continue to implement energy improvement initiatives and promote a culture of energy efficiency across all our operations.

Environmental Policy and ISO 14001

We are committed to the prevention of pollution and to the continual improvement of our environmental performance in line with all relevant legislation and other self-imposed requirements.

All our sites are audited against the ISO 14001 standards.



Environmental targets and 2010/11 progress update

Our environmental targets are aligned to agreed industry standards included in the British Soft Drinks Association sustainability strategy.

Objective	Target	Progress
Achieve a 30% reduction in manufacturing Global CO ₂ emissions by 2020, compared to 1990 levels	Achieve a minimum 2% year on year improvement across manufacturing sites	2.1% saving in CO ₂ has been achieved in 2010/11
Achieve a 30% reduction in waste water volumes by 2020 compared to 2007 levels	Achieve a minimum 3% year on year improvement across manufacturing sites	10.9% year on year improvement achieved
Send zero manufacturing waste to landfill by 2015	All manufacturing sites to achieve zero waste to landfill by 2013	10% improvement achieved across the Group
Improve the sustainability of all our packaging	Successfully implement packaging weight reduction initiatives	Packaging weight reduction achieved for 250ml, 500ml and 2l PET bottles and all Strathmore glass bottles.
	Achieve a year on year increase in the use of recycled materials in our packaging	Unable to extend use of rPET due to supply chain shortages
Reduce the external impacts of transport by 20% by 2012 compared to 2002	Achieve a minimum 2% year on year improvement in fleet MPG performance	A 1% improvement year on year achieved
	Implementation of vehicle CO ₂ emission reduction programme	

Corporate Social Responsibility

(continued)

Manufacturing energy used (kWh) per tonne of product produced

2011	98.02
2010	102.40
2009	110.04
2008	111.96
2007	121.56
2006	135.49

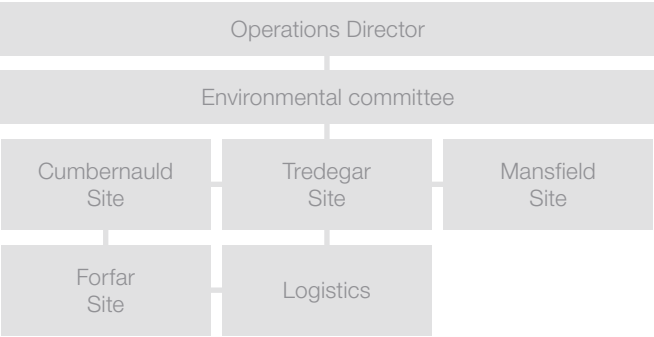
Manufacturing water used (l) per litre of product produced

2011	1.47
2010	1.63
2009	1.67
2008	1.86
2007	1.75
2006	2.01

Percentage of recycled/recovered waste

2011	89.37
2010	80.61

The environmental committee plays a key role in monitoring performance against our environmental targets and developing a consistent approach to implementing environmental initiatives across the Group.



Group progress against environmental targets is reported to the board of directors on a quarterly basis.

Future Sustainability

We are progressing with a project to install a wind turbine at our Cumbernauld site which is projected to be operational during the course of 2011/12. It is anticipated that the turbine will provide approximately 30% of the energy required by our manufacturing operations at Cumbernauld.

Sustainable Manufacturing

A.G. BARR aims to achieve a 30% reduction in manufacturing CO₂ emissions by 2020, compared to 1990 levels.

Climate Change Agreements were introduced in 2001 as a mechanism to encourage energy intensive industries to reduce their use of energy, in return for an 80% reduction in the cost of the Climate Change Levy Tax. All A.G. BARR manufacturing sites (excluding Pitcox) hold a Climate Change Agreement.

During the life of our Climate Change Agreements, we have reduced our net absolute carbon emissions (kgC) by 8% whilst increasing production by 34%. Without these improvements in energy efficiency at our manufacturing sites, we would have consumed an additional 24,418,634kWh, the equivalent energy required to power c.5,800 family homes for one year (source: University of Strathclyde household electricity consumption report), and emitted an additional 1,493.5 tonnes of carbon into the atmosphere in 2010/11.

Energy efficiency at our manufacturing sites made further improvements last year, with the Group reducing its emissions per tonne of product by an average of 2.1% (source: A.G.BARR data).

kgCO₂/tonne across 2010/11

Cumbernauld	-0.83%
Forfar	-9.63%
Tredegar	-5.70%
Mansfield	0.30%
Pitcox	14.30%
Group total	-2.12%

At Cumbernauld, installation of a new tunnel pasteuriser on the can line contributed to a significant reduction in gas usage. Installation of two new combi bottle blowers and fillers on two PET lines led to energy savings, by reducing the pressures needed to blow bottles.

Energy saving projects at Forfar included the installation of a new insulated warehouse roof and installation of a PLC controller on the high pressure compressor. The latter has allowed greater control of the blowing pressures required to produce different bottle sizes and led to a reduction in energy consumed.

A.G. BARR plans to continue investing in energy saving initiatives at its manufacturing sites during 2011/12. Initiatives include installing invertors on the remaining high pressure compressors at the Cumbernauld site, replacing the low pressure air compressor with a variable speed drive at our Forfar site to allow more efficient running following learnings from the Cumbernauld site during 2009/10, and installing an energy monitoring system at the Tredegar site to observe energy usage in greater detail in order to drive greater energy efficiencies.

During 2010/11, intelligent automated meter reading meters were installed at our five England direct to store distribution depots. Energy usage is now tracked at half hourly intervals to target inefficiencies and further improve performance.

Conserving Water

A.G. BARR aims to achieve a 30% reduction in its waste water volumes by 2020 compared to 2007 levels.

Continually working to minimise waste of this precious resource, A.G. BARR has achieved a year on year reduction in waste water usage ahead of its target for the second year running.

This is primarily due to significant investment in new equipment at our Cumbernauld site. The new tunnel pasteuriser on the can line installed during Q1 2010/11 also uses significantly less water than the previous pasteuriser, whilst the installation of the new Sidel Combi bottle blowers and fillers at Cumbernauld has removed the need for bottle rinsing prior to filling.

Combined, these investments have reduced water usage during the manufacturing process at Cumbernauld by 13.9%, to 1.44 litres per litre of product produced.

Reducing Waste

Our aim is to send zero manufacturing waste to landfill by 2015.

In 2010/11, A.G. BARR recycled 89.4% of all waste produced at its manufacturing sites, excluding liquid waste. This represented an improvement of 10% compared to 2009.

Our Mansfield and Forfar sites continue to maintain their 'zero to landfill' status. Major improvements in segregation at our Cumbernauld and Tredegar sites have contributed towards achieving our Company objective of zero to landfill by 2013.

Reducing Packaging

Quality packaging is essential to ensure our drinks reach consumers in the freshest and most convenient way. That said, we aim to improve the sustainability of all our packaging. This has been achieved by light-weighting and increasing the amount of recycled materials we use. Our packaging initiatives are tested with consumers prior to introduction to ensure they will not negatively impact upon consumers' enjoyment of our drinks.

By light-weighting our Strathmore glass bottle range during 2010/11, we have removed c.389 tonnes of glass from the packaging, or the equivalent of 1.77 million 330ml glass bottles.

Weight Reduction

1l	3%
750ml	7%
330ml	9%

We have been working with our suppliers to introduce returnable transit packaging for all glass bottle deliveries to our Forfar site. Trials have been successfully completed and all deliveries from Q1 2011/12 will use returnable transit materials, removing c.52 tonnes of corrugate packaging waste from our supply chain.

New PET bottle blowing and filling equipment installed at our Cumbernauld site has enabled a significant light-weighting programme to be rolled out across our 250ml, 500ml and 2l PET bottles. Our new light-weighted 250ml and 500ml bottles are industry leading within the carbonated soft drinks market.

	Weight Reduction	PET saving*	Bottle Equivalents
2l	6%	125 tonnes	3m
500ml	18%	43 tonnes	1.8m
250ml	21%	79 tonnes	4.3m

* Based upon 2010 GB volumes.

2011/12 will see us carry out a redesign of the Strathmore PET bottles to enable further weight reductions in the packaging we use in this range.

We continue to investigate use of recycled PET ('rPET') in our plastic bottles. We have used 25% rPET in our Strathmore water bottles during 2010/11; however, due to issues with availability of rPET supply in 2010/11, we have not yet been able to make the progress we planned in rolling out rPET across all our PET ranges.

Corporate Social Responsibility (continued)



Design in Recyclability

In 2010, A.G. BARR joined the On Pack Recycling Label Scheme. This initiative, from the British Retail Consortium, provides consumers with consistent information about the recyclability of packaging.

A.G. BARR brands, including IRN-BRU, IRN-BRU Sugar Free, Barr, Orangina, Rubicon and Rockstar, all feature the logo on-pack.

Efficient Distribution

A.G. BARR aims to reduce the external impacts of transport by 20% by 2012 compared to 2002.

A significant change in our operational footprint in 2010/11 saw the outsourcing of our central wholesale distribution centre in England and primary transport movements to and within England to a new partner, Eddie Stobart Ltd, in June. A major part of this contract is our commitment to utilise rail freight and, since we started using rail transport, we have transferred c.30% of loads from road to the daily rail service. Stobart Rail's successful freight trains represent a major positive environmental development. The diesel trains we utilise are c.50% more efficient than standard HGVs.

HGV Driver education encourages techniques to improve safe and fuel efficient driving.

Below left: In 2010, A.G. BARR joined the On Pack Recycling Label Scheme.

Below: In March 2010, A.G. BARR p.l.c. signed up to the Courtauld Commitment 2, a voluntary waste reduction agreement for major grocery retailers and brand owners supported by Zero Waste Scotland. Richard Lochhead MSP, Cabinet Secretary (centre), visited Cumbernauld to sign the agreement with Roger White. Iain Gulland, Director of Zero Waste Scotland, is also pictured.



Driver education continues to play an important role in delivering improved driving characteristics and MPG. Monitoring and managing the fuel used by our vehicles is vital. By implementing a fuel management programme, we aim to reduce our fleet's fuel consumption by c.5%. Use of safe and fuel efficient driving techniques as part of a fuel management process will also contribute to this fuel saving.

Introduction to SAFED for HGVs

Safe and Fuel Efficient Driving ('SAFED') for HGVs has been designed to improve the safe and fuel efficient driving techniques used by HGV drivers.

The SAFED training programme has been developed specifically to enable both vehicle operators and training providers to implement driver training within the road freight industry.

Training on best practice in SAFED techniques is given to our drivers. The drivers are then assessed by recording improvements in driving performance and actual fuel consumption.

Driver education is supported by a programme of vehicle replacement, which will continue in 2011/12 with the delivery of new vehicles with streamlined bodies, providing reduced emissions and the capability of reducing fuel usage by up to 15%. Our electric vehicle trial at our Walthamstow site is continuing and is also contributing to a reduction in CO₂ emissions across the fleet.



A review of our Company car provision in 2009/10 resulted in us setting an upper limit for CO₂ emissions which was significantly lower than that contained in the previous policy; this continues to deliver year on year reductions in CO₂ emissions from these vehicles.

Business Continuity

In 2010/11, we focused on developing a Business Continuity Management System compliant with British Standard 25999. Certification was recommended by our external quality auditors in January 2011. Our certification was validated through the UKAS accredited Lloyds Register QA. Compliance with this British Standard will enable us to comply with the equivalent International Standard (when released) and improve our ability to manage a range of challenging business conditions.

Our objective is to be better protected against reasonably foreseeable causes of interruption to our operations. Business Continuity Management involves documenting our back-up systems and testing our ability to successfully recover from a variety of incidents. As with all management systems, there is a cycle of improvement built in to ensure that these tests and actual disruptions lead to continued improved performance over future years.

Quality and Food Safety

In the past year, we have integrated our Tredegar site within the scope of our ISO 9001 Quality Management System certification. Previously, the site had achieved British Retail Consortium – Global Food Standard certification and the necessary additional controls were implemented across the site to achieve ISO 9001. The standard was achieved in May 2010.

A.G. BARR maintained the Grade A status against the British Retail Consortium's Global Food Standard across its manufacturing sites during 2010/11. This demonstrates our continuing commitment to food safety.

The ISO 9001 Quality Management System continues to provide a solid foundation on which to base our process control measures. Part of the investment at our Cumbernauld factory during 2010/11 has been in higher speed production capabilities, together with a new team of Quality Assurance Officers to monitor performance closely. This ensures that products are maintained within specification and helps minimise wastage.

Procurement

Ensuring continuity of supply of all essential materials to our factories is a key element in our business continuity planning. We have worked with our suppliers to enhance their resilience, for example, by testing and approving supplies from alternative sites. This option is not always available to us and alternative sources need to be sought and approved.

Corporate Social Responsibility (continued)

In 2010, A.G. BARR achieved the prestigious Investors in People Bronze recognition.



This work has led to increased focus on our supplier audit programme. The introduction of new suppliers and new materials involves a comprehensive approval process. For new raw materials, we carry out laboratory comparison testing and, occasionally, consumer testing. For packaging materials, we carry out compatibility trials on our production lines and transit trials to ensure that the packaging performs throughout our supply chain.

We continue to require our suppliers to maintain the GM-free status of all our raw materials.

Our Consumers

Our goal is to enable consumers to enjoy our soft drinks by offering a wide range of brands that meet a variety of consumer needs and lifestyles. We market our brands in a responsible manner in order to build trusted consumer relationships.

Health and Wellbeing

All our soft drinks can be enjoyed as part of a balanced diet and a healthy lifestyle. A.G. BARR provides a comprehensive range of soft drinks which offers a wide choice for all ages, to suit individual needs and tastes. Our drinks are available in a wide range of pack sizes both for convenience and to exercise portion control.

Guideline Daily Amount ('GDA') labelling is deployed across all our packs to provide consumers with information on the content of our drinks, allowing them to make informed choices.

Advertising

A.G. BARR fully complies with both the letter and the spirit of the codes of practice set out by the Advertising Standards Authority in the Broadcast Committee of Advertising Practice code for broadcast advertising and the Committee of Advertising Practice code for non-broadcast advertising.

Our People

- 12% of Employees gained formal qualifications in 2010/11
- Investor in People status achieved
- Safe and Sound working initiative introduced to all sites
- 24% reduction in the number of RIDDOR accidents

Our goal is to make A.G. BARR a great place to work both now and in the future.

We recognise that our employees are critical to the future success of the Company. We invest in our employees to increase our capability to deliver our business objectives. We aim to attract, retain and develop outstanding people by creating a culture where we support each other, where each individual is encouraged to reach his or her full potential and where we recognise and reward performance. Each employee has their own agreed personal development plan detailing the planned learning and development activities which will help them deliver their individual, team and business goals.



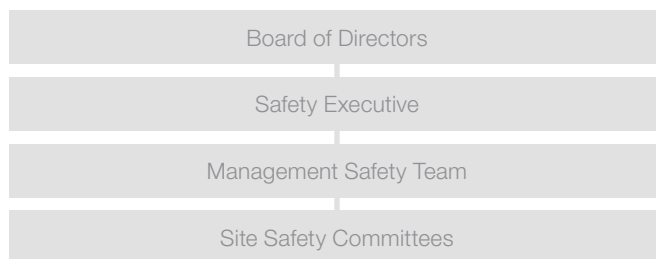
96% of employees have attended our internal training programmes over the past year, covering a wide range of topics such as Management Skills, Personal Development and Health & Safety. In addition, 43% of employees attended external training courses and 12% have gained formal qualifications under our stewardship during the year.

Investors in People

In 2010/11, A.G. BARR achieved the prestigious Investors in People Bronze recognition. Investors in People helps organisations improve performance and realise objectives through the management and development of their people. This external assessment of our performance has allowed us to benchmark our performance, as well as identifying areas for further improvement. We will continue to work with Investors in People to review our Continuous Improvement Plans for each of our sites in 2011/12.

Health and Safety

Safety is led from the top, with the A.G. BARR board of directors monitoring Company performance. The Safety Executive, chaired by the Finance Director and advised by the Health & Safety Manager, develops safety policies and strategy. The Management Safety Committee implements and reviews compliance with policies and procedures and the local safety committees ensure local implementation of Company safety procedures and practices.



Reporting of Injuries, Diseases and Dangerous Occurrences (RIDDOR)

The year to January 2011 has seen a 24% reduction in the number of RIDDOR accidents from 17 to 13. This has resulted in a 5% reduction in total days lost in 2010/11 (396 to 377). The severity of RIDDOR accidents has also reduced by 17% (from 23 to 19).

Internal H&S Audits

The annual audit programme comprises seventeen internal audits, where sites are measured against good safety practices, safety improvements, compliance against safe working systems and Company safety guidance notes.

All sites have shown improvement in their audit score compared to last year. The most notable improvement came from the Scotland Direct Sales Delivery ('SDSD') operation, with an increase of 11% in their score compared to last year.

Corporate Social Responsibility (continued)



THE BRITISH ASIAN TRUST
PROUD OF ALL WE SHARE

Safety Initiatives

For the second year running, the Safe and Sound at Work Initiative was rolled out to all sites. The two objectives of this initiative were to identify areas of further safety improvement in the workplace and to continue to reduce the number of accidents in the workplace. The safety initiatives applied to all A.G. BARR locations and ranged from hazard spotting, near miss reporting and operator safety inspection training programmes, to safety projects targeting a reduction in vehicle and people accidents. These initiatives helped many of the sites improve their audit score and ensure that a good safety record is maintained. The greatest improvement came from the SDSD operation, where the moving annual total ("MAT") for RIDDOR accidents reduced by 71%, moving from a MAT of 7 to 2.

To complement the existing library of A.G. BARR safety induction materials, a new safety DVD has been produced. It covers sales vehicle delivery safety, focusing on accident prevention, manual handling related injuries, falls from vehicles and personal safety for the delivery team.

Reward and Recognition

By benchmarking our pay and benefits, we ensure that our reward systems are competitive. We also link business and performance to individual reward systems, motivating our people to perform to high standards and to contribute to

Right: TV personality Preeya Kalidas receiving a giant cheque on behalf of The British Asian Trust from A.G. BARR Commercial Director, Jonathan Kemp. The donation was given by Rubicon, following a competition run at county cricket grounds. The presentation was made at the Friends Provident t20 Finals at Southampton's Rose Bowl ground in Hampshire during August. Rubicon was an official partner of the t20 series.

The poster for an A.G. BARR Staff Open Day at our Cumbernauld site where over 1,200 people attended, helping to raise a phenomenal £2,200 on the day.



business success. In line with this, we are extending Individual Performance Related Reward further across our organisation to strengthen the link between performance and reward.

In the past year, we have introduced total reward statements for all employees, which bring together an individual's complete pay and benefits elements in a single, easily understood document. We continue to operate numerous share related employee benefit plans such as SAYE and AESOP, which both encourage share ownership and act as a component part of the reward structure.

Community

We are committed to playing both a supportive and an active role in the community by providing financial, in-kind, practical and staff volunteering support to charitable organisations, good causes and community groups at both a local and national level.

1% of our profits are utilised in supporting charities, good causes and community activities.

Active Lifestyle

In 2010 we provided over 470,000 bottles of Strathmore Water to support a number of key road races and charity events in Scotland, which helped raise much needed funds for many charities.



Education

We support The Prince's Trust, which offers a number of education programmes to help 14 to 30 year olds who are in or leaving care, struggling at school, unemployed, or have been in trouble with the law, to find employment.

Sport

We have supported Queens Park FC, who are based at Scotland's national football stadium Hampden Park, for over 12 years. Queens Park FC provides an extensive community football coaching programme.

Health

We supported a number of health related charities across the year, including The Christie Hospital Manchester.

Disadvantaged

2010/11 marked our 15th year of support for The Big Issue Scotland and the start of a new partnership with The British Asian Trust.

The British Asian Trust

In 2010/11, we entered into a new partnership with The British Asian Trust. The British Asian Trust aims to serve as a 'social fund' to support charities within areas of education, enterprise and health in South Asia (Bangladesh, India, Pakistan and Sri Lanka) and the U.K. The British Asian Trust is part of The Prince's Trust and we look forward to developing a strong working relationship with them.

The Prince's Trust

Our partnership with The Prince's Trust entered its third year in 2010/11; we donate over £40,000 per annum to support their work. We were delighted to receive a letter of thanks from HRH Prince Charles earlier in the year in recognition of the support and contribution that he felt we have made to the work of the charity. It has become the U.K.'s leading youth charity, offering a range of opportunities, including training and personal development, business start-up support, mentoring and advice.

We continued to invest in the work of The Prince's Trust on a number of fronts. In Scotland, we funded a 12 week project team programme in Glasgow, which culminated in our staff and the project participants releasing a seasonal CD album of popular Christmas songs; this helped raise £2,500 for the charity. In England, we supported The Prince's Trust's xl Club programme. This offers extra support to pupils who are facing difficulties and underachieving at school.

Corporate Social Responsibility (continued)

IRN-BRU also supported international comedian Adam Hill's efforts to raise funds for The Sick Kids Friends Foundation in Edinburgh.

Right top: David Hayman from Spirit Aid, who won the IRN-BRU sponsored Charity Award at the 2010 Great Scot Awards.

Right bottom: Our partnership with Lenzie Academy was recognised in November 2010 when Una Walker, Convenor of Education, and Gordon Currie, Head of Education, presented Aidan Flynn, Training and Development Manager, with a certificate to recognise A.G. BARR's contribution to employer engagement.



Prince's Trust

**THE BIG
ISSUE
SCOTLAND**



Two other staff fundraising activities also provided much needed funds for The Prince's Trust. One was an A.G. BARR Staff Open Day at our Cumbernauld site during June 2010. Over 1,200 people attended, helping to raise a phenomenal £2,200 on the day. At Christmas, The Prince's Trust's popular fundraising event, the Black & White Ball in Glasgow, auctioned off a number of items, including a carved IRN-BRU snowman, together with a Strathmore Mountain bike and book signed by Olympic Champion Chris Hoy, which helped to raise a further £1,300.

Strathmore Spring water was once again the official water of The Prince's Trust and helped to boost funds by supporting many fundraising activities and official Prince's Trust dinners throughout the year.

The Prince's Trust – helping to change young lives.

For more information go to www.princes-trust.org.uk

The Big Issue Scotland

2010/11 marked the 15th year of our support for The Big Issue Scotland.

During this period, we have committed over £200,000 of support to the charity's weekly magazine.

Vendors buy the magazine for £1 and sell it for £2, making £1 profit on each copy. The Big Issue was set up to give homeless people a chance to make an income. Vendors are homeless, ex-homeless or may be vulnerably housed.

Other Charitable/Community Organisations

We supported a number of other charitable organisations in 2010/11, including Wildhearts and The Prince & Princess of Wales Hospice in Glasgow. In addition to this, we assisted many thousands of community groups, charities and good causes with donations of A.G. BARR products and merchandise which helped them to raise much needed funds.

During last winter's water shortage in Northern Ireland, we supplied over 115,000 litres of Strathmore Spring Water to support the community.

Community Support Great Scot Awards

In 2010/11, IRN-BRU teamed up with The Sunday Mail and event sponsor Morrisons to help recognise and support Scotland's unsung heroes at the Great Scot Awards ceremony. Every year, hundreds of Scots give up their precious time to help others and The Sunday Mail's Great Scot Awards aim to recognise and thank them for their efforts. IRN-BRU was proud to sponsor the Charity Award, an award dedicated to those who raise money for those less fortunate than most. IRN-BRU also



collected 5p from every 500ml IRN-BRU bottle sold in Morrisons' Scottish supermarkets during August and donated the £6,285 raised to the Great Scot Charity Award winner. The winner was Spirit Aid, a charity founded by actor David Hayman in 2001, dedicated to supporting children and young people in Scotland and around the world.

The charity is committed to alleviating the suffering of children and young people whose lives have been devastated by war, poverty, genocide, ethnic cleansing and all forms of abuse.

The Sick Kids Friends Foundation – Edinburgh

IRN-BRU also supported international comedian Adam Hill's efforts to raise funds for The Sick Kids Friends Foundation (a charity which supports the Royal Hospital for Sick Children in Edinburgh) during his Edinburgh Fringe Festival show last summer.

Adam auctioned off limited edition IRN-BRU miniature taxis for the charity at his shows – these were donated by A.G. BARR, which also made a cash donation to the charity.

Enterprise in Education Partnership Agreements

We continue to work in partnership with Lenzie Academy and Westfield Primary School in Cumbernauld as part of the Enterprise in Education and Local Partnership Agreement Schemes.

The Local Partnership Agreement is part of the Scottish Government's Determined to Succeed strategy for developing enterprise in education. Our employees are engaged in a range of learning activities with the schools, including visits to our Cumbernauld site to view our state of the art manufacturing, distribution and warehousing facilities.

We also continue to support a number of other community and charitable organisations local to our sites, including The Cumbernauld Theatre, Shoot4Success Basketball Camps in Glasgow and Walk For Scotland in Edinburgh.

Andrew Memmott

Andrew Memmott

Operations Director and Chair
of the Environmental Committee



IRN-BRU SFL – Youth Football Development

As part of our commitment to Scottish football, we provided £70,000 of funding in 2010 to help the Scottish football league teams support their youth football development programmes.

Pictured is the Ginger Boot award which was launched at the beginning of the 2010/11 SFL season, with players from all three divisions competing for the same prize. The Ginger Boots are awarded to the top goal scorer each month throughout the 2010/11 season.

25 Years Service Awards

The following have achieved 25 years of service with the company. Our thanks and congratulations to them.



Gerry Dickson
Driver sales representative,
Cumbernauld



John Wardrope
Driver sales representative,
Cumbernauld



Billy Thompson
Driver sales representative,
Cumbernauld



Michael Turner
Telesales operator, Newcastle



Paul Park
Service driver, Newcastle



Mark Fellows
Service driver, Sheffield



Howzat!

Rubicon's brand ambassador Mark Ramprakash helped select this year's Rubicon Mango Moments, a celebration of the most flamboyant cricketing moments at Friends Provident t20 televised matches in summer 2010.

**Offering Choice**

Great tastes, convenient formats. Consumer choice is vital in building successful brands.

Rubicon is now a brand with sales of circa £48m, around double the sales at the time of our acquisition.

With increasing levels of consumer awareness, improved levels of product distribution and a strong core consumer proposition, Rubicon increased its turnover by 28% in the year.







Board of Directors

From left to right:

Alex B.C. Short (43) B.A. (Hons), F.C.M.A.
Joined the Company as Finance Director in June 2008.

Martin Griffith (45) L.L.B. (Hons), C.A.
Joined the Company in 2010 as a non-executive director.
Currently finance director of Stagecoach Group plc
and a non-executive director of Robert Walters plc.

Andrew L. Memmott (46) B.Sc, M.Sc
Joined the Company's Project Engineering Team in
June 1990. Appointed Operations Director in 2008.

Ronald G. Hanna (68) C.A.
Joined the Company in 2003 as a non-executive director.
Appointed Chairman in 2009. Currently Chairman of both
Bowliven plc and Troy Income and Growth Trust plc.

W. Robin G. Barr (73) C.A.
Joined the Company in 1960. Appointed director in 1964
and Chairman in 1978. Retired as Chairman and appointed
non-executive director in 2009.

Jonathan Warburton (53)
Joined the Company in 2009 as non-executive director.
Currently Chairman of Warburtons Ltd and a non-executive
director of Samworth Brothers Ltd.

Jonathan D. Kemp (39) B.A. (Hons)
Joined the Company in 2003 as Commercial Director.

James S. Espey (67) B.COM, M.B.A., PhD
Joined the Company in 1999 as a non-executive director
and retired at the end of January 2011. Currently Chairman
of The Last Drop Distillers Ltd.

Roger A. White (46) M.A. (Hons)
Joined the Company in 2002 as Managing Director.
Appointed Chief Executive in 2004. Currently President
of the British Soft Drinks Association.

Audit Committee

W.R.G. Barr, J.S. Espey (Chair), J. Warburton

Nomination Committee

R.G. Hanna (Chair), W.R.G. Barr, J.S. Espey, J. Warburton

Treasury Committee

A.B.C. Short (Chair), R.A. White and senior members of the
finance and purchasing departments.

Environmental Committee

A.L. Memmott (Chair) and senior members of the manufacturing
department.

Health and Safety Committee

A.B.C. Short (Chair), J.D. Kemp, A.L. Memmott and senior
members of the human resources department.

Directors' Report

The directors are pleased to present their report and the consolidated financial statements of the Company and its subsidiaries for the 52 weeks (2010: 52 weeks) ended 29 January 2011.

Principal activities

The Group trades principally as a manufacturer, distributor and seller of soft drinks.

Company number

The Company's registration number is SC005653.

Business review

A detailed review of the Group's activities and of future plans is contained within the Chairman's Statement on pages 4 to 5, the Business and Financial Review on pages 10 to 25 and the Corporate and Social Responsibility report on pages 28 to 39.

The information contained in those sections fulfils the requirements of the Business Review, as required by Section 417 of the Companies Act 2006, and should be treated as forming part of this Directors' report.

Results and dividends

The Group's profit after tax for the financial year ended 29 January 2011 attributable to equity shareholders amounted to £22.585m (2010: £17.948m).

An interim dividend for the current year of 6.75p (2010: 6.25p) per ordinary share was paid on 22 October 2010.

The final proposed dividend of 18.66p (2010: 16.85p) per ordinary share will be paid on 3 June 2011 if approved at the Company's annual general meeting on 23 May 2011 ('AGM').

The directors have taken advantage of the exemption available under s408 of the Companies Act 2006 and have not presented an income statement for the Company. The Company's profit for the year was £17.164m (2010: £13.348m).

Directors

The following were directors of the Company during the financial year ended 29 January 2011:

- R.G. Hanna
- R.A. White
- A.B.C. Short
- J.D. Kemp
- A.L. Memmott
- W.R.G. Barr
- J. Warburton
- J.S. Espey (retired 31 January 2011)
- M.A. Griffiths (appointed 1 September 2010)

Subject to the Company's Articles of Association (the 'Articles') and any relevant legislation, the directors may exercise all of the powers of the Company and may delegate their power and discretion to committees.

The Articles give the directors power to appoint and remove directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the board. The Articles require directors to retire and submit themselves for election at the first AGM following appointment and to retire no later than the third AGM after the AGM at which they were last elected or re-elected. Consequently, M.A. Griffiths, who was appointed to the board on 1 September 2010, will retire at the AGM and, being eligible, will offer himself for re-election. In addition, in order to comply with provision B of the new UK Corporate Governance Code, published by the Financial Reporting Council in May 2010, all directors will submit themselves for re-election at the AGM. The biographical details of the board are set out on page 45 of this report.

Directors' interests

The directors' interests in ordinary shares of the Company are shown within the Directors' Remuneration Report on page 61. No director has any other interest in any shares or loan stock of any Group company.

Other than service contracts, no director had a material interest in any contract to which any Group company was a party during the year.

Directors' third party indemnity provisions

As at the date of this report, indemnities are in force between the Company and each of its directors under which the Company has agreed to indemnify each director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out their role as a director of the Company. The directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim in relation to the Company or brought by a regulator as they are incurred provided that where the defence is unsuccessful the director must repay those defence costs to the Company. The Company's total liability under each indemnity is limited to £5.0m for each event giving rise

to a claim under that indemnity. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006. In addition, the Company maintained a Directors' and Officers' liability insurance policy throughout the financial year and has renewed that policy.

Research and development

The Group undertakes research and development activities to update and expand its range of products in order to develop new and existing products. Expenditure during the year on research and development amounted to £614,000 (2010: £437,000).

Political donations and political expenditure

No Group company has made any political donations or incurred any political expenditure in the year (2010: £nil).

Charitable donations

During the year the Company entered into fundraising activities for the Prince's Trust. Further details of the work are included within the Corporate and Social Responsibility Report on pages 37 and 38.

The total of the Company's direct donations for charitable purposes (cash donations to charity) during the year was £260,762 (2010: £169,640). Further donations of products were made to community programmes.

Land and buildings

The directors are of the opinion that there is no significant difference between the market value and the book value of the Group's land and buildings as at 29 January 2011.

Post balance sheet events

Any post balance sheet events requiring disclosure are included in note 28 to the accounts.

Employee involvement

The Group is committed to engaging employees at all levels regarding matters which affect them and the performance of the Group. This is achieved in a number of ways, including the use of regular briefing procedures, which twice yearly include a report on trading results. Quarterly communication and consultation meetings are held at which employee representatives' views are taken into account when the Company is making decisions that are likely to affect employees' interests. In addition to this, a biannual internal magazine, 'The Quencher', is distributed to all employees.

All qualifying employees are entitled to join the Savings Related Share Option Scheme and the All-Employee Share Ownership Plan.

Employment of disabled persons

Applications for employment by disabled persons are always fully considered bearing in mind the qualifications and abilities of the applicants concerned. In the event of employees becoming disabled every effort is made to ensure that their employment will continue. The Group's policy is that the training, career development and promotion of disabled persons are, as far as possible, identical to those of other employees.

Payment policy and practice

The Group's policy is to make payment in accordance with the terms agreed with suppliers when satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

Trade payables days as at 29 January 2011 were 22 (30 January 2010: 16) based on the ratio of Company trade payables (note 19) at the end of the year to the amounts invoiced during the year by suppliers.

Substantial shareholdings

As at 21 March 2011, the Company had been notified under Rule 5 of the Financial Services Authority's Disclosure and Transparency Rules of the following interests in the Company's ordinary share capital.

	Number of shares	% of voting rights	Type of holding
Caledonia Investments Plc	3,417,000	8.78	Direct
Lindsell Train Ltd	2,876,368	7.39	Indirect
Standard Life Investments Limited	2,002,032	5.14	Direct and indirect

Directors' Report

(continued)

Relations with shareholders

The Company has regular discussions with and briefings for analysts and institutional shareholders. The Chief Executive and Finance Director normally meet with major shareholders twice annually and brief the next board meeting on their discussions. All shareholders, including private investors, have an opportunity to participate in questions and answers with the board on matters relating to the Company's operation and performance at the AGM.

Share capital

As at 29 January 2011 the Company's issued share capital comprised a single class of ordinary shares of 12.5 pence each. All of the Company's issued ordinary shares are fully paid up and rank equally in all respects. The rights attaching to the shares are set out in the Articles. Note 26 to the financial statements contains details of the ordinary share capital.

On a show of hands at a general meeting of the Company every holder of ordinary shares present in person or by proxy and entitled to vote shall have one vote and, on a poll, every member present in person or by proxy and entitled to vote shall have one vote for every ordinary share held. The Notice of AGM gives full details of deadlines for exercising voting rights in relation to resolutions to be passed at the AGM. All proxy votes are counted and the numbers for, against or withheld in relation to each resolution are announced at the AGM and published on the Company's website after the meeting. Subject to the relevant statutory provisions and the Articles, shareholders are entitled to a dividend where declared and paid out of profits available for such purposes.

There are no restrictions on the transfer of ordinary shares in the Company other than:

- Those which may from time to time be applicable under existing laws and regulations (for example, insider trading laws)
- Pursuant to the Listing Rules of the Financial Services Authority, whereby certain directors and employees of the Company require the approval of the Company to deal in the Company's ordinary shares and are prohibited from dealing during close periods

At 29 January 2011 the Company had authority, pursuant to the shareholders' resolution of 24 May 2010, to purchase up to 10% of its issued share capital. This authority will expire at the conclusion of the 2011 AGM. It is proposed that this authority be renewed at the 2011 AGM, as detailed in the Notice of AGM.

At 29 January 2011 Robert Barr Limited, as trustee of the General Employee Benefit Trust, the Savings Related Benefit Trust and the Long Service Award Trust (the 'Trustee'), held 1.30% of the issued share capital of the Company in trust for the benefit of the executive directors and employees of the Group. As at 29 January 2011, the trustees of the Profit Linked Share Plan (the 'PLSP Trustees') held 0.20% of the issued share capital of the Company in trust for the benefit of the executive directors and employees of the Group.

A dividend waiver is in place in respect of the Trustee's and the PLSP Trustees' holdings. The voting rights in relation to these shares are exercised by the Trustee or the PLSP Trustees, as the case may be, who may vote or abstain from voting the shares as they see fit.

Under the rules of the All-Employee Share Ownership Plan (the 'Plan'), eligible employees are entitled to acquire shares in the Company. Details of the Plan are set out on page 56. Plan shares are held in trust for participants by Equiniti Share Plan Trustees Limited (the 'Trustees'). Voting rights are exercised by the Trustees on receipt of participants' instructions. If a participant does not submit an instruction to the Trustees, no vote is registered. In addition, the Trustees do not vote any unawarded shares held under the Plan as surplus assets. As at 29 January 2011, the Trustees held 1.53% of the issued share capital of the Company.

The Executive Share Option Scheme was approved by shareholders at the 2010 AGM ('2010 ESOS'). The 2010 ESOS superseded the Company's current Executive Share Option Scheme, which expires on 19 May 2013 ('2003 ESOS'). To date, no options have been awarded under the 2003 ESOS or the 2010 ESOS.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or on voting rights.

Change of control

As disclosed in the Directors' Remuneration Report, under certain conditions the notice period for executive directors may increase from one year to two years in the event of a takeover of or by the Company or a Company reconstruction.

All of the Company's share incentive plans contain provisions relating to a change of control of the Company. Full details of these plans are provided in the Directors' Remuneration Report on pages 55 to 62. The Company's banking facilities may, at the discretion of the lender, be repayable upon a change of control.

Articles of association

The Company's Articles may only be amended by a special resolution at a general meeting of shareholders. No amendments are proposed to be made to the existing Articles at the 2011 AGM.

Financial risk management

Information on the exposure of the Group to certain financial risks and on the Group's objectives and policies for managing each of the Group's main financial risk areas is detailed in the Financial risk management disclosure in note 24.

Contracts of significance

There were no contracts of significance as defined by Listing Rule 9.8 subsisting during the financial year.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 10 to 17. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 18 to 25.

After making the appropriate enquiries, the directors have concluded that the Group will be able to meet its term loan obligations and will continue to generate positive free cash flow for the foreseeable future and therefore have a reasonable expectation that the Company and the Group overall have adequate resources to continue in operational existence for the foreseeable future and, accordingly, consider it appropriate to adopt the going concern basis in preparing the annual report and accounts.

Directors' statement as to disclosure of information to auditors

So far as each director is aware, there is no relevant audit information (as defined by the Companies Act 2006) of which the Company's auditors are unaware. Each director has taken all steps that ought to be taken by a director to make themselves aware of and to establish that the auditors are aware of any relevant audit information.

Auditors

The Audit Committee has responsibility delegated from the board for making recommendations on the appointment, reappointment, removal and remuneration of the external auditors.

The auditors, KPMG Audit Plc, have indicated their willingness to continue in office, and a resolution proposing their reappointment will be proposed at the 2011 AGM.

Corporate governance

The Company's statement on Corporate Governance is included in the Corporate Governance Report on pages 50 to 54 of this report. The Corporate Governance Report forms part of this Directors' report and is incorporated into it by cross-reference.

Annual general meeting

The Company's AGM will be held at 9.30am on 23 May 2011 at the offices of KPMG, 191 West George Street, Glasgow, G2 2LJ. The Notice of the AGM is set out on pages 112 to 113 of this report.

Recommendation to shareholders

The board considers that all the resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole and unanimously recommends that you vote in favour of them.

By order of the board

A handwritten signature in black ink, appearing to read 'J A B' followed by a horizontal line and a period.

J.A. Barr

Company Secretary
28 March 2011

Statement on Corporate Governance

The board

The Company is led by a strong and experienced board of directors (the 'board') which brings a depth and diversity of expertise to the leadership of the Company. During the year, the board comprised four executive directors and up to five non-executive directors. Brief biographical details of the directors are set out on page 45.

The roles of Chairman and Chief Executive are separate and there is a clear division of responsibilities between those roles. The Chairman leads the board and ensures the effective engagement and contribution of all non-executive and executive directors. The Chief Executive has responsibility for all Group businesses and acts in accordance with the authority delegated from the board.

The board considers that J.S. Espey was independent throughout the year to 29 January 2011, notwithstanding the fact that he has served on the board for more than nine years. The board does not consider that a director's tenure necessarily reduces his ability to act independently and, following performance evaluations, believes that J.S. Espey was independent in character and judgement and that there were no relationships or circumstances which were likely to affect his judgement in the year to 29 January 2011. J.S. Espey retired from the board on 31 January 2011.

The board considers that J. Warburton and M.A. Griffiths are independent for the purposes of provision A.3.1 of the revised Combined Code on Corporate Governance as issued by the Financial Reporting Council in June 2008 (the 'Code') and that the relationships and circumstances set out in that provision which may appear relevant to the determination of independence do not apply. The board considers that, on appointment, the chairman was independent for the purposes of provision A.3.1 of the Code. J.S. Espey was the senior independent director during the year to 29 January 2011.

R.G. Hanna holds directorships with a number of companies. In addition to his role as chairman of the Company, he is chairman of Bowleven plc and Troy Income & Growth Trust plc, and a director of Peatallan plc. The board does not consider that R.G. Hanna's other commitments have any impact on his ability to discharge his duties as chairman of the Company effectively.

The Articles require directors to retire and submit themselves for election at the first AGM following appointment and to retire no later than the third AGM after the AGM at which they were last elected or re-elected.

Details of directors' remuneration and interests in shares of the Company are given in the Directors' Remuneration Report on pages 55 to 62.

Role of the board

The board determines the strategic direction of the Group and reviews operating, financial and risk performance. There is a formal schedule of matters reserved for the board, including approval of the Group's annual business plan, the Group's strategy, acquisitions, disposals and capital expenditure projects above certain thresholds, all guarantees, treasury policies, the financial statements, the Company's dividend policy, transactions involving the issue or purchase of Company shares, borrowing powers, appointments to the board, alterations to the memorandum and articles of association, legal actions brought by or against the Group above certain thresholds, and the scope of delegations to board committees, subsidiary boards and the management committee. Responsibility for the development of policy and strategy and operational management is delegated to the executive directors and a management committee, which includes the executive directors and six senior managers as at the date of this report.

Board performance evaluation

During the year, the Chairman carried out a performance evaluation of the board, the board committees and each of the directors. As in previous years, this was an internal exercise led by the Chairman of the board, who conducted a detailed and comprehensive evaluation process by a combination of written survey questionnaires followed by a series of one to one discussions. The outcome of these evaluations showed that directors were positive about the performance and process of the board and the board committees. The practice of separate Company strategy discussions outwith the normal board meeting schedule has continued in the current year.

The Chairman is pleased to confirm that, following formal performance evaluation of the directors, all of the directors' performances continue to be effective and the directors offering themselves for re-election at the AGM continue to demonstrate commitment to the role of director, including commitment of time for board meetings and committee meetings and any other relevant duties.

Independent professional advice

Directors can obtain independent professional advice at the Company's expense in performance of their duties as directors. None of the directors obtained independent professional advice in the period under review. All directors have access to the advice and the services of the Company Secretary. The non-executive directors have access to senior management of the business.

Training and development

On appointment to the board, directors are provided with a full, formal and tailored programme of induction, to familiarise them with the Group's businesses, the risks and strategic challenges the Group faces, and the economic, competitive, legal and regulatory environments in which the Group operates. A programme of strategic and other reviews, together with other training provided during the year, ensures that directors continually update their skills, their knowledge and familiarity with the Group's businesses, and their awareness of sector, risk, regulatory, legal, financial and other developments to enable them to fulfil effectively their role on the board and committees of the board.

Meetings and attendance

Board meetings are scheduled to be held twelve times each year. Between these meetings, as required, additional board meetings may be held to progress the Company's business.

In advance of all board meetings the directors are supplied with detailed and comprehensive papers covering the Group's operating functions. Members of the management team attend and make presentations as appropriate at meetings of the board. The Company Secretary is responsible to the board for the timeliness and quality of information provided to it. The Chairman holds meetings with the non-executive directors during the year without the executive directors being present.

The attendance of directors at board and committee meetings in the year to 29 January 2011 was as follows:

	Board Maximum 13	Audit Committee Maximum 4	Remuneration Committee Maximum 2	Nomination Committee Maximum 1
Executive				
R.A. White	13	—	—	—
A.B.C. Short	12	—	—	—
J.D. Kemp	13	—	—	—
A.L. Memmott	13	—	—	—
Non-executive				
R.G. Hanna	13	—	2	1
W.R.G. Barr	13	4	2	1
J.S. Espey	12	2	2	1
J. Warburton	9	3	1	1
M.A. Griffiths	5	1	—	—

M.A. Griffiths was appointed to the board on 1 September 2010, chair of the Audit Committee on 23 September 2010, and to the Remuneration and Nomination Committees on 31 January 2011. M.A. Griffiths could have attended a maximum of 5 board meetings, 1 Audit Committee meeting, and no Remuneration or Nomination Committee meetings. J.S. Espey resigned from the board on 31 January 2011, from the Audit Committee on 23 September 2010, and from the Remuneration and Nomination Committees on 31 January 2011. J.S. Espey could have attended a maximum of 13 board meetings, 3 Audit Committee meetings, 2 Remuneration Committee meetings, and 1 Nomination Committee meeting.

Conflicts of interest

The Articles were amended at the 2009 AGM to allow the board to authorise potential conflicts of interest that may arise from time to time, subject to certain conditions. The Company has established appropriate conflicts authorisation procedures, whereby actual or potential conflicts are regularly reviewed and authorisations sought as appropriate. During the year, no such conflicts arose and no such authorisations were sought.

Committees of the board

The terms of reference of the principal committees of the board – Audit, Remuneration and Nomination – are available on request from the Company secretarial department.

Those terms of reference have been reviewed in the current year and are reviewed at least annually. The work carried out by the Audit and Nomination Committees in discharging their responsibilities is summarised below. The work carried out by the Remuneration Committee is described within the Directors' Remuneration Report on pages 55 to 62.

Statement on Corporate Governance

(continued)

Audit Committee

During the year, the Audit Committee consisted of four non-executive directors: W.R.G. Barr, J. Warburton, J.S. Espey (who resigned on 23 September 2010), and M.A. Griffiths (who joined on the same date). J.S. Espey resigned as chair of the Audit Committee on 23 September 2010 and M.A. Griffiths was appointed chair in his place on the same date.

The Audit Committee meets with executive directors and management, as well as privately with the external and internal auditors.

In the current year the Audit Committee has:

- monitored the financial reporting process;
- monitored the statutory audit of the Group's accounts;
- reviewed and advised the board on the integrity of the Group's interim and annual financial statements and announcements relating to the Group's financial performance;
- reviewed the control of the Group's financial and business risks;
- discussed and agreed the nature and scope of the work to be performed by the external auditors and internal auditors;
- reviewed the results of this audit work and the response of management to matters raised;
- reviewed the effectiveness of the Group's system of internal control (including financial, operational, compliance and risk management controls) and the appropriateness of the Group's whistle-blowing procedures;
- monitored and reviewed the effectiveness of the Group's internal audit activities;
- made recommendations to the board on the reappointment and remuneration of the external auditors and monitored the performance of the auditors;
- made a recommendation to the board on the appointment of the internal auditors; and
- reviewed the non-audit services provided to the Group by the external auditors and monitored and assessed the independence of both the external and internal auditors.

The Audit Committee has ensured that both the board and the external auditors have safeguards in place to prevent the compromise of the auditors' independence and objectivity. The external auditors also reported regularly to the Audit Committee on the actions that they have taken to comply with professional and regulatory requirements and current best practice in order to maintain their independence.

The Audit Committee reviews the external auditors' independence annually and ensures that they comply with the Auditing Practices Board's Ethical Standards. At the year end meeting to review the annual report and accounts, the Audit Committee formally considers the nature and level of non-audit services and fees provided by the Group's external auditors. The detail and level of fees are fully discussed and the Audit Committee is satisfied that there is no risk to the objectivity and independence of the external audit arising from the level of non-audit fees. Any services to be provided by the external auditors above a level set by the Audit Committee must be approved in advance by the Audit Committee.

Details of the amounts paid to the external auditors during the year for audit and other services are set out in note 2 to the financial statements. The external auditors report their audit results to the Audit Committee, including a summary of any significant accounting and auditing issues, internal control findings and a summary of any audit differences identified. The Audit Committee would consider any disagreements in accounting treatment between management and the external auditors, should any arise.

At the beginning of each year, an internal control plan is developed by the internal auditors following meetings with directors and senior managers within the business and with reference to the significant risks contained within the Company risk register and identified controls. The Audit Committee receives updates on progress delivered against the internal control work plan throughout the year.

In addition to the standing members of the Audit Committee and representatives from the external and internal auditors, A.B.C. Short, the Finance Director, routinely attends.

Nomination Committee

During the year, the Nomination Committee consisted of R.G. Hanna, W.R.G. Barr, J. Warburton and J.S. Espey (who resigned on 31 January 2011). M.A. Griffiths joined the Committee on 31 January 2011. The Committee is chaired by R.G. Hanna. The Committee leads the process for making appointments to the board, ensures that there is a formal, rigorous and transparent procedure for the appointment of new directors to the board, reviews the composition of the board through a full evaluation of the skills, knowledge and experience of directors, and ensures plans are in place for orderly succession for appointments to the board. No external search consultancy or open advertising process was used in the appointment of M.A. Griffiths, who was identified by the Nomination Committee as a candidate who had significant breadth of commercial experience.

Treasury Committee

The Treasury Committee consists of R.A. White, A.B.C. Short and senior members of the finance and purchasing departments. The Treasury Committee reviews purchase requirements in foreign currencies and implements strategies, including the use of foreign exchange hedges, in order to reduce the risk of foreign exchange exposure and provide certainty over the value of non-domestic purchases in the short to medium term. The Treasury Committee's remit also includes the ability to utilise financial instruments in order to hedge the Group's exposure to interest rate fluctuations. Further details of the work carried out by the Treasury Committee are contained within the Financial Review on pages 18 to 25.

Internal control

The board has overall responsibility for the Group's internal control systems and annually reviews their effectiveness, including a review of financial, operational, compliance and risk management controls. The implementation and maintenance of the risk management and internal control systems are the responsibility of the executive directors and other senior management. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The board has reviewed the effectiveness of the internal control systems, including controls related to financial, operational and reputational risks identified by the Group, in accordance with the Code for the period from 30 January 2010 to the date of approval of this annual report.

No significant failings or weaknesses were identified during this review. Had any failings or weaknesses been identified then the board would have taken the action required to remedy them.

At the Audit Committee meeting on 19 January 2011, following a review and evaluation of the controls and systems in place, the Audit Committee concluded that the Group has a sound system of internal controls in place.

The board confirms that there is an ongoing process, embedded in the Group's integrated internal control systems, allowing for the identification, evaluation and management of significant business risks, as well as a reporting process to the board. The board requires the departments within the Company to undertake at least an annual review to identify new or potentially under-managed risks. The results of these reviews are reported to the board via the Audit Committee. This process has been in place throughout the current year and up to the date of the approval of this annual report and it accords with the Turnbull guidance.

The three main elements of the Group's internal control system, including risk identification, are as follows:

The board

The board has overall responsibility for the Group's internal control systems and exercises this through an organisational structure with clearly defined levels of responsibility and authority as well as appropriate reporting procedures.

The board has a schedule of matters that are brought to it, or its duly authorised committees, for decision, aimed at maintaining effective control over strategic, financial, operational and compliance issues.

This structure includes the Audit Committee which, with the Finance Director, reviews the effectiveness of the internal financial and operating control environment.

Financial reporting

There is a comprehensive strategic planning, budgeting and forecasting system with an annual operating plan approved by the board. Monthly financial information, including trading results, cash flow statements, statement of financial position and indebtedness, is reported.

The board and the management committee review their business and financial performance against the prior year and against annual plans approved by the board.

Statement on Corporate Governance

(continued)

Audits and reviews

The key internal risks identified in the Group are subject to regular audits or reviews by the internal auditors. This role is fulfilled by an external professional services firm which is independent from the board and the Company.

The review of the internal auditors' work by the Audit Committee and monitoring procedures in place ensure that the findings of the audits are acted upon and subsequent reviews confirm compliance with any agreed action plans.

The board confirms that there has been an independent internal audit function in place for the year.

Combined Code compliance

The Company is committed to the principles of corporate governance contained in the Code. A copy of the Code is available on the Financial Reporting Council's website, www.frc.org.uk.

Each of the provisions of the Code has been reviewed and, where necessary, steps have been taken to ensure that the Company is in compliance with all of those provisions as at the date of this report. The directors consider that the Company has complied throughout the year ended 29 January 2011 with the provisions set out in section 1 of the Code, except in relation to provisions A.3.2, B.1.6, B.2.1 and C.3.1, as explained below.

During the period to the appointment of M.A. Griffiths on 1 September 2010, the board included three independent non-executive directors and four executive directors. During the period from M.A. Griffith's appointment to 29 January 2011, the board included four independent non-executive directors and four executive directors. In addition, W.R.G. Barr was a non-executive director during the year although he is not considered by the board to be independent. Therefore, during the year to 29 January 2011 the composition of the board did not comply with provision A.3.2 of the Code.

The composition of the Company's Remuneration Committee and Audit Committee did not comply with provisions B.2.1 and C.3.1 of the Code during the year to 29 January 2011 due to the fact that these Committees did not comprise at least three independent non-executive directors. Following a performance evaluation during the year, the directors believe that the board, the Remuneration Committee and the Audit Committee are currently able to discharge their respective duties and obligations successfully. The board is mindful of its obligations under the Code and regularly reviews the composition of the board and its committees to ensure that each is able to effectively and successfully discharge its duties.

Provision B.1.6 of the Code recommends that executive directors' contracts contain a maximum notice period of one year. As disclosed in the Directors' Remuneration Report, in the event of a takeover of or by the Company or a Company reconstruction the notice period of the executive directors reverts to two years in certain circumstances. The Remuneration Committee considers that, given the shareholding structure of the Company, this condition is appropriate in order to attract and retain high calibre executive directors.

A copy of the financial statements has been placed on the Company's website, www.agbarr.co.uk. The maintenance and integrity of this website is the responsibility of the directors. Legislation in the U.K. governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board



J.A. Barr

Company Secretary
28 March 2011

Directors' Remuneration Report

Remuneration Committee

During the year, the Remuneration Committee (the 'Committee') comprised the following non-executive directors:

- J.S. Espey (Committee chairman, retired 31 January 2011)
- W.R.G. Barr (appointed Committee chairman 31 January 2011)
- R.G. Hanna
- J. Warburton

M.A. Griffiths was appointed to the Committee on 31 January 2011.

Remit

The Committee is responsible for determining all aspects of executive directors' remuneration and for monitoring the remuneration of senior management. The Committee is also responsible for recommending the remuneration of the chairman to the board. No director makes a decision relating to their own remuneration. Individual directors leave the meeting when their own remuneration is being discussed. The full terms of reference of the Committee are available from the Company on application to the Company secretarial department.

Advisers

The Committee has access to professional advice, both inside and outside the Company, and consults with the Chief Executive.

During the year, advice was obtained from Mercer Limited, who provided advice on retirement benefits and administered the Group's defined benefit and defined contribution pension schemes, and from PricewaterhouseCoopers, who provided advice on directors' remuneration. As at the date of this report, PricewaterhouseCoopers provide internal audit services and corporate pensions advice to the Company.

Remuneration policy

The ongoing policy of the Committee is to reward the executive directors in line with the current remuneration of directors in comparable businesses taking into consideration the advice of independent benefit consultants in order to recruit, motivate and retain high quality executives within a competitive marketplace.

Consistent with this policy, the benefit packages awarded to executive directors are intended to be competitive and comprise a mix of performance and non-performance related elements designed to incentivise directors and align their longer term interests with those of shareholders.

In the year to 29 January 2011, a significant proportion of the executive directors' remuneration was performance related through the annual performance bonus and share awards pursuant to the LTIP. During the year, the performance related elements of the remuneration package amounted to approximately one half of the total executives' package (2010: approximately one third).

The executive directors' remuneration consists of the following elements:

Base salary and benefits

Basic salaries and benefits in kind are reviewed within the policy each year. Basic salaries are reviewed each year to take account of movements in the market place and individual contribution.

Annual bonus

This scheme aims to provide focus among the senior executives, including executive directors, on the annual financial performance of the Group. It is principally based on Profit Before Tax (excluding exceptional items); the Committee's view is that this is the most appropriate performance measure since it represents a key short-term operational driver of the business. A maximum of 75% of each executive director's base salary is currently payable in cash under the scheme.

There have been no changes to the policy from the preceding year and no departures from the policy in the current year. Following an external independent review of the executive directors' remuneration, the maximum percentage of each executive director's base salary payable in cash under the scheme will be increased to 100% for the next financial year; this policy is expected to continue for future years.

Directors' Remuneration Report

(continued)

Long Term Incentive Plan ('LTIP')

This scheme was approved by shareholders at the AGM held on 19 May 2003 and amended by resolution of the shareholders at the AGM held on 26 May 2009. It is available to reward executive directors by the award of shares if the average earnings per share ('EPS') of the three years running up to and including the year of calculation exceeds the average EPS of the three years preceding that period, both being adjusted for Retail Price Index, by 10% points or more. No part of an award vests if EPS growth is less than 10% points above RPI growth over the three year period. 20% – 99.9% of an award vests on a sliding scale where EPS growth exceeds RPI growth by 10% points or more but by less than 32.5% points. 100% of an award vests where EPS growth exceeds RPI growth by 32.5% points or more. The maximum value of any award of shares is 100% of basic salary.

The revised vesting conditions for the LTIP scheme, as outlined above, were approved by shareholders at the AGM on 26 May 2009. The revised vesting conditions applied to outstanding awards under the scheme as well as to new awards. The total amount which may vest under outstanding awards and the maximum potential award for each existing award holder was not altered as a result of the revised vesting conditions.

The LTIP performance conditions were chosen to align executive directors' share awards to Company performance over a three year period, thereby aligning the interests of the directors with those of the shareholders.

In addition to the above elements of remuneration, there are two further elements which are available to all qualifying employees:

All-Employee Share Ownership Plan ('AESOP')

The AESOP is HMRC approved and the executive directors participate in both sections of the scheme, which is open to all qualifying employees.

The partnership share element provides that for every three shares a participant purchases in the Company, up to a maximum contribution of £125 per month, the Company will purchase one matching share. The matching shares purchased are held in trust in the name of the individual.

There are various rules as to the period of time that the shares must be held in trust but after five years the shares can be released tax free to the participant.

The free share element allows participants to receive shares to the value of a common percentage of their earnings, related to the performance of the Group. The maximum value of the annual award is £3,000 and the shares awarded are held in trust for five years.

Under the terms of this scheme, the matching shares will be forfeited if the participant leaves the employment of the Company within three years of the award. All other partnership, matching and free shares must be removed from the trust if employment with the Company ceases.

Savings Related Share Option Scheme ('SAYE')

The SAYE is HMRC approved and is available to all qualifying employees, including executive directors. It is based on a five year savings contract which provides the participant with an option to purchase shares after five years at a discounted price fixed at the time the contract is taken out, or earlier as provided by the scheme rules. No performance conditions require to be met by any participant in order to exercise their option under the SAYE.

Executive Share Option Scheme ('ESOS')

The ESOS was approved by shareholders at the 2010 AGM and approved by HMRC on 11 June 2010. The 2010 ESOS replaced the Company's current Executive Share Option Scheme, which expires on 19 May 2013 ('2003 ESOS'). To date, no options have been awarded under the 2003 ESOS or the 2010 ESOS.

Pension schemes

Executive directors are all members of the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme. The scheme has a defined benefit section and a defined contribution section. The defined benefit section was closed to new entrants from 14 August 2003.

Details of the entitlements accruing to the two directors who are currently members of the defined benefit section are detailed in the table on page 60. The contributions paid to the defined contribution section in respect of three directors are disclosed on page 61.

Non-executive directors' remuneration

The remuneration of non-executive directors is determined by the board within the limits set by the Articles and reviewed annually. Non-executive directors received remuneration for their services during the year as disclosed in the table of directors' detailed emoluments on page 58. The non-executive directors do not participate in any of the Company's share option schemes, share award schemes, or bonus schemes. With the exception of W.R.G. Barr, the non-executive directors do not participate in the Company's pension schemes.

Directors' service contracts

Executive directors are appointed on rolling contracts which do not have a set termination date. An executive director's contract will terminate following either the Company or the executive director giving the other requisite notice that they wish to terminate an executive director's contract.

It is the Company's current policy that executive directors' service contracts have a notice period of not normally more than one year. The service contract for each of the executive directors provides for a notice period of one year except during the six months following either a takeover of or by the Company or a Company reconstruction. Under these conditions and certain circumstances the notice period reverts to two years for each of the executive directors. The Committee considers that, given the shareholding structure of the Company, this condition is appropriate in order to attract and retain high calibre executive directors.

Non-executive directors are appointed for an initial period of three years. It is the Company's current policy that non-executive directors may serve a maximum of three consecutive three-year terms. Thereafter, they are reappointed annually. Their service contracts are terminable by either the Company or the directors themselves upon three months' notice. The terms and conditions of appointment of the non-executive directors are available for inspection at the Company's registered office during business hours and at the AGM.

The executive and non-executive directors have no contractual entitlement to compensation payments in the event of loss of office other than those related to their period of notice.

Details of the service contracts of the executive directors and of the letters of appointment for the non-executive directors are as follows:

	Effective date of contract	Notice period required from director	Notice period required from Company
Executive			
R.A. White	30 September 2002	6 months	1 year
A.B.C. Short	28 May 2008	6 months	1 year
J.D. Kemp	11 October 2003	6 months	1 year
A.L. Memmott	01 March 2008	6 months	1 year
Non-executive			
R.G. Hanna	26 May 2009	3 months	3 months
W.R.G. Barr	26 May 2009	3 months	3 months
J.S. Espey*	01 April 2010	3 months	3 months
J. Warburton	16 March 2009	3 months	3 months
M.A. Griffiths	01 September 2010	3 months	3 months

* J.S. Espey's term of appointment came to an end on 31 January 2011.

Statement of consideration of conditions elsewhere in the Group

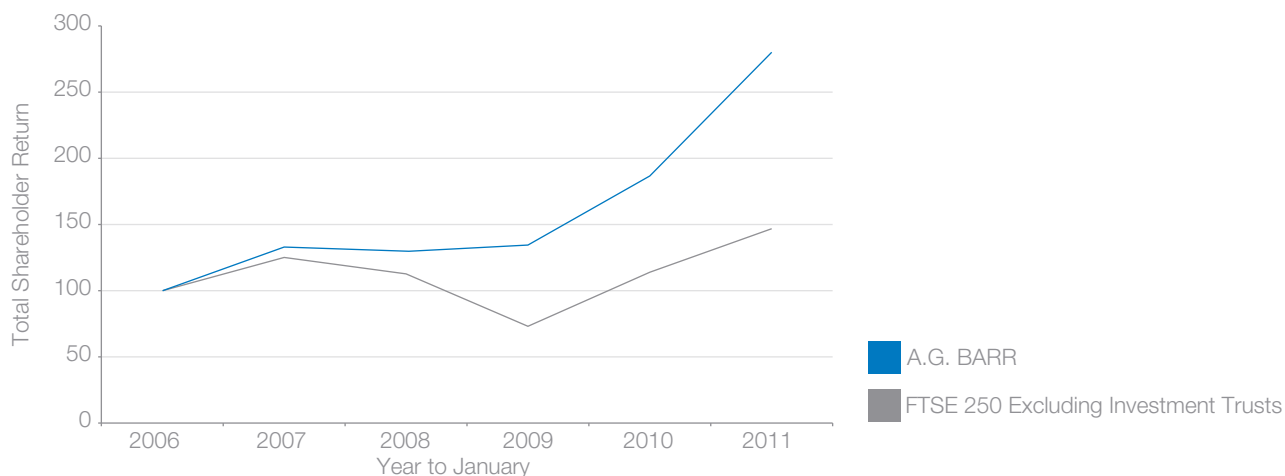
In determining remuneration, consideration will be given to reward levels throughout the organisation as well as in the external employment market. The Committee aims to reward all employees fairly based on their role, their performance and salary levels in the wider market. In the year under review, excluding A.L. Memmott, the average base salary increase for the executive directors was 2.7% and for all other staff was 2.8%. The base salary increase for A.L. Memmott in the year under review was 10.9%.

Directors' Remuneration Report

(continued)

Performance review

The graph below shows the Company's Total Shareholder Return ('TSR') performance against the FTSE 250 excluding investment trusts over the past five years. In the opinion of the board, the FTSE 250 excluding investment trusts is the most appropriate index against which the TSR of the Company should be measured because it represents a broad equity market index of which the Company is a constituent member.



Directors' detailed emoluments

This section of the remuneration report is audited.

Director	Gross salaries and fees £000	Salary sacrifice £000	Net salaries and fees £000	Benefits in kind £000	Annual bonus £000	Total £000	2010 total £000
Executive							
R.A. White	336	(33)	303	14	253	570	552
A.B.C. Short	210	(13)	197	13	286	496	355
J.D. Kemp	188	(11)	177	51	142	370	314
A.L. Memmott	163	(10)	153	23	220	396	271
Non-executive							
R.G. Hanna	106	–	106	–	–	106	79
W.R.G. Barr	37	–	37	–	–	37	101
J.S. Espey	37	–	37	–	–	37	35
J. Warburton	37	–	37	–	–	37	31
M.A. Griffiths	16	–	16	–	–	16	–
	1,130	(67)	1,063	101	901	2,065	1,738

Included within the annual bonus for A.B.C. Short and A.L. Memmott for the year ended 29 January 2011 are cash bonuses made in compensation for the forfeiture by those directors of LTIP awards made to them in October 2008. These are £128,000 and £96,000 respectively. Having met the relevant performance criteria under the LTIP, these directors elected, pursuant to a resolution of the Remuneration Committee and with the consent of the trustee of the LTIP, to forfeit these LTIP awards and receive an equivalent cash bonus in substitution for the awards in order to optimise the tax treatment of those awards. As a condition of these directors being authorised to forfeit these LTIP awards, they were obliged to use the full amount of the cash bonus to purchase shares in the Company prior to 13 April 2010.

Benefits in kind include the provision of a company car and fuel. No director waived emoluments in respect of the years ended 29 January 2011 or 30 January 2010.

From April 2009 salary sacrifice was introduced by the Company. Members who joined this arrangement no longer pay contributions to the pension scheme but receive a lower taxable salary. All four executive directors participated in this arrangement from April 2009 to 30 January 2010 and for the full year to 29 January 2011.

W.R.G. Barr was appointed a non-executive director on 26 May 2009 after retiring from the role of executive chairman. The comparative figures for the year to 30 January 2010 include four months' salary and benefit in kind as an executive director and his fees as a non-executive director.

AESOP free shares

The following free share awards to the executive directors were made under the AESOP scheme:

	Date of award and vesting date	Share price on date of award Pence	At 30 January 2010 Number	Shares awarded Number	Shares vested Number	Shares lapsed Number	At 29 January 2011 Number	Value Vested £000
R.A. White	21 June 2010	1061.0	–	282	(282)	–	–	3
A.B.C. Short	21 June 2010	1061.0	–	282	(282)	–	–	3
A.B.C. Short	21 June 2010	1061.0	–	282	(282)	–	–	3
A.L. Memmott	21 June 2010	1061.0	–	282	(282)	–	–	3

Directors' interests in the Long Term Incentive Plan

Shares awarded to the executive directors under the LTIP are as follows:

Director	Year	Date of award	Share price on date of award Pence	At 30 January 2010 Number	Share awarded Number	Shares vested Number	Shares lapsed Number	Shares cancelled Number	At 29 January 2011 Number	Value vested £000	Vesting date
R.A. White	2010	20 April 2007	666.5	33,094	–	(23,662)	(9,432)	–	–	210	30 April 2010
	2011	18 April 2008	575.0	39,552	–	–	–	–	39,552	–	30 April 2011
	2012	05 October 2009	861.0	40,501	–	–	–	–	40,501	–	30 April 2012
	2013	02 April 2010	975.0	–	34,985	–	–	–	34,985	–	30 April 2013
A.B.C. Short	2010	28 October 2008	561.5	20,000	–	–	–	(20,000)	–	–	30 April 2010
	2011	28 October 2008	561.5	24,720	–	–	–	–	24,720	–	30 April 2011
	2012	05 October 2009	861.0	25,313	–	–	–	–	25,313	–	30 April 2012
	2013	02 April 2010	975.0	–	21,809	–	–	–	21,809	–	30 April 2013
J.D. Kemp	2010	20 April 2007	666.5	17,694	–	(13,281)	(4,413)	–	–	118	30 April 2010
	2011	18 April 2008	575.0	22,248	–	–	–	–	22,248	–	30 April 2011
	2012	05 October 2009	861.0	22,782	–	–	–	–	22,782	–	30 April 2012
	2013	02 April 2010	975.0	–	19,628	–	–	–	19,628	–	30 April 2013
A.L. Memmott	2010	22 October 2008	559.5	15,000	–	–	–	(15,000)	–	–	30 April 2010
	2011	18 April 2008	575.0	16,068	–	–	–	–	16,068	–	30 April 2011
	2012	05 October 2009	861.0	18,522	–	–	–	–	18,522	–	30 April 2012
	2013	02 April 2010	975.0	–	17,084	–	–	–	17,084	–	30 April 2013

The LTIP awards vest shortly after the relevant year end date. The award is determined after the year end accounts are finalised and the relevant performance conditions can be measured. The vesting date disclosed has been estimated to be 30 April of the relevant year.

As disclosed under the directors' detailed emoluments table on page 58 A.B.C. Short received £128,000 and A.L. Memmott received £96,000 in compensation for the forfeiture of the LTIP award made to them in October 2008.

There have been no variations in the terms and conditions of the scheme interests in the year.

Directors' Remuneration Report

(continued)

Directors' share options (SAYE)

The options of the executive directors, all held under the SAYE, at 29 January 2011 over the ordinary share capital of the Company were as follows:

	SAYE Options at 30 January 2010 Number	SAYE Options granted during the year Number	SAYE Options exercised during the year Number	SAYE Options lapsed during the year Number	SAYE Options at 29 January 2011 Number	Exercise price Pence	Market value at date of exercise Pence	Date from which exercisable	Expiry date
R.A. White	3,406	–	(3,406)	–	–	388	1,192	01 August 2010	01 February 2011
	550	–	–	–	550	488	–	01 August 2012	01 February 2013
	–	1,371	–	–	1,371	762	–	01 August 2015	01 February 2016
A.B.C. Short	–	979	–	–	979	762	–	01 August 2015	01 February 2016
J.D. Kemp	3,406	–	(3,406)	–	–	388	1,192	01 August 2010	01 February 2011
	–	1,632	–	–	1,632	488	–	01 August 2015	01 February 2016
A.L. Memmott	3,406	–	(3,406)	–	–	388	1,192	01 August 2010	01 February 2011
	550	–	–	–	550	488	–	01 August 2012	01 February 2013
	–	1,371	–	–	1,371	762	–	01 August 2015	01 February 2016

The closing share price for the Company was 1,160p. The lowest and highest prices during the year were 802p and 1,304p respectively.

Directors' Pensions

All executive directors are members of the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme (the 'Scheme') on a contributory basis.

Their dependants are eligible for dependants' pensions and the payment of a lump sum in the event of death in service. Where the Scheme provides a pension on a defined benefit basis, Final Pensionable Salary is used to determine the director's pension entitlement. Where benefits are provided on a defined contribution basis, the benefits depend on the director's accumulated fund. Lump sum life assurance cover is provided at four times Pensionable Salary.

The pension entitlements earned by the directors during the year calculated in accordance with the requirements of the U.K. Listing Authority listing rules and the Companies Act 2006 were as follows:

	Increase in accrued pension during the year net of inflation £000	Total accrued pension entitlement at 29 January 2011 £000 per annum	Transfer value of net increase in year, net of member contributions £000	Value of accrued pension entitlement at 30 January 2010 £000	Value of accrued pension entitlement at 29 January 2011 £000	Total change in value during year, net of member contributions £000
R.A. White	7	62	71	634	717	83
A.L. Memmott	7	37	94	451	513	62

During the year to 29 January 2011, W.R.G. Barr was in receipt of a pension from the Scheme. However, as there were no increases applied to his benefit other than those that apply to other members of the Scheme, there is nothing to be disclosed in respect of him.

A.L. Memmott ceased his accrual under the defined benefit plan on 1 March 2008. His accrued benefits retain a link to his final pensionable salary.

The accrued pension entitlement is the amount that the director would receive if he retired at the year end.

The transfer value has been calculated on the basis of actuarial advice in accordance with the Occupational Pension Schemes (Transfer Values) Amendment Regulations 2008. The figures showing the transfer value of net increase over the period include an allowance for the costs of providing death in service benefits. The change in the amount of the transfer value during the year is made up of the following elements:

- a) transfer value of the increase in accrued pension;
- b) change in the transfer value of accrued pension at the start of the year due to ageing; and
- c) the impact of any change in the economic or mortality assumptions underlying the transfer value basis.

Directors pay contributions as required by the Scheme and these amounts are offset in calculating the values shown in columns headed 'Transfer value of net increase in year' and 'Total change in value during year'.

The transfer value of the accrued entitlements represents the value of assets that the Scheme would need to transfer to another pension provider on transferring the Scheme's liabilities in respect of the directors' pension benefits. They do not represent sums payable to individual directors and, accordingly, have been excluded from the remuneration table.

The Company paid contributions to the defined contribution section of the Scheme during the year in respect of the following directors:

	2011 £000	2010 £000
J.D. Kemp	38	35
A.L. Memmott	41	35
A.B.C. Short	52	49

During the year to 30 January 2010 the Group introduced a salary sacrifice arrangement under which a salary reduction was made and the member no longer pays contributions to the Scheme. As the year to 29 January 2011 is the first full year of the arrangement, there has been an increase in the contributions paid by the Company in this year.

Gains made by directors

The aggregate value of gains realised on the exercise of share options and awards in the year to 29 January 2011 under the LTIP and SAYE was £410,153 (30 January 2010: £166,062 under the LTIP).

Interests in shares

The interests of directors in the ordinary share capital of the Company at 29 January 2011 were as follows:

	2011		2010	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Executive				
R.A. White	115,095	–	97,255	–
A.B.C. Short	15,172	583,969	6,284	642,983
J.D. Kemp	45,209	–	42,745	–
A.L. Memmott	19,198	–	9,006	–
Non-executive				
R.G. Hanna	50,000	–	50,000	–
W.R.G. Barr	2,505,442	3,376,236	2,504,608	3,377,070
J.S. Espey	22,000	–	22,000	–
J. Warburton	1,500	–	1,500	–
M.A. Griffiths*	1,800	–	1,800	–

* The beneficial shareholding for M.A. Griffiths for the prior year is his beneficial shareholding on the date of his appointment on 1 September 2010.

Directors' Remuneration Report

(continued)

There have been the following changes notified in the directors' shareholdings between 29 January 2011 and 28 March 2011: A.B.C. Short an increase in beneficial holding of 30 shares and a decrease in non-beneficial holding of 11,963 shares, R.A. White an increase in beneficial holding of 29 shares, A.L. Memmott an increase in beneficial holding of 29 shares and J.D. Kemp an increase in beneficial holding of 30 shares.

By order of the board

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

J.A. Barr
Company Secretary
28 March 2011

Directors' Statement

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the annual report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the parent Company and the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

A copy of the Group and parent Company financial statements has been placed on the Company's website, www.agbarr.co.uk. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the U.K. governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the directors, whose names and functions are set out on page 45 of this report confirm that, to the best of their knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and parent Company; and
- the Business Review on pages 4 to 39 includes a fair review of the development and performance of the business and the position of the Group and parent Company, together with a description of the principal risks and uncertainties that they face.

By order of the board



R.A. White
Chief Executive
28 March 2011



A.B.C. Short
Finance Director



It's a WRAP

Strathmore Spring Water is continuing its commitment to the community by donating 1,500 plastic bottles to Woodlands Community Development Trust. The brainchild of Woodlands Community Garden, Glasgow, the greenhouse venture is being led by the committed local community group who have transformed a plot of former derelict land on West Princes Street into a public social space and eco hub.

Delivering for the Community
A.G. BARR p.l.c. was the first new Scottish signatory of the WRAP Courtauld 2 Commitment, a U.K.-wide voluntary waste reduction agreement for major grocery retailers and brand owners to reduce household food waste and cut product and packaging waste in the grocery supply chain.

Strathmore Spring Water uses 25% recycled plastic in all their PET bottles, which ultimately means its consumers are reducing their own carbon footprint.

Accounts

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Independent Auditors' Report to the Members of A.G. BARR p.l.c.

We have audited the financial statements of A.G. BARR p.l.c for the year ended 29 January 2011 set out on pages 68 to 110. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 63, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 29 January 2011 and of the group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 49, in relation to going concern;
- the part of the Corporate Governance Statement on pages 50 to 54 relating to the company's compliance with the nine provisions of the June 2008 Combined Code specified for our review and
- certain elements of the report to shareholders by the Board on directors' remuneration.

A handwritten signature in black ink, appearing to read 'Craig Anderson', followed by a long horizontal line.

Craig Anderson

(Senior Statutory Auditor)
for and on behalf of

KPMG Audit Plc, Statutory Auditor
Chartered Accountants
191 West George Street
Glasgow
G2 2LJ
28 March 2011

Consolidated Income Statement

	Note	2011			2010		
		Before exceptional items £000	Exceptional items £000	Total £000	Before exceptional items £000	Exceptional items £000	Total £000
Revenue	1	222,366	–	222,366	201,410	–	201,410
Cost of sales		(107,656)	(331)	(107,987)	(98,153)	–	(98,153)
Gross profit	1, 5	114,710	(331)	114,379	103,257	–	103,257
Operating expenses	4, 5	(82,016)	(825)	(82,841)	(73,497)	(3,432)	(76,929)
Operating profit		32,694	(1,156)	31,538	29,760	(3,432)	26,328
Finance income	6	321	–	321	117	–	117
Finance costs	6	(1,423)	–	(1,423)	(1,995)	–	(1,995)
Profit before tax		31,592	(1,156)	30,436	27,882	(3,432)	24,450
Tax on profit	7	(8,084)	233	(7,851)	(7,462)	960	(6,502)
Profit attributable to equity holders		23,508	(923)	22,585	20,420	(2,472)	17,948
Earnings per share (p)							
Basic earnings per share	8	61.24	(2.40)	58.84	53.29	(6.45)	46.84
Diluted earnings per share	8	60.90	(2.39)	58.51	52.89	(6.40)	46.49

Statements of Comprehensive Income

	Note	Group		Company	
		2011 £000	2010 £000	2011 £000	2010 £000
Profit after tax		22,585	17,948	17,164	13,348
Other comprehensive income					
Actuarial gain/(loss) on defined benefit pension plans		4,598	(3,498)	4,598	(3,498)
Effective portion of changes in fair value of cash flow hedges		573	419	573	419
Deferred tax movements on items taken direct to equity	22	(1,350)	1,322	(1,350)	1,322
Other comprehensive income for the period, net of tax		3,821	(1,757)	3,821	(1,757)
Total comprehensive income attributable to equity holders of the parent		26,406	16,191	20,985	11,591

Statements of Changes in Equity

Group	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	–	–	–	573	–	573
Actuarial gain on defined benefit pension plans	–	–	–	–	4,598	4,598
Deferred tax on items taken direct to equity	–	–	82	–	(1,432)	(1,350)
Profit for the period	–	–	–	–	22,585	22,585
Total comprehensive income for the period	–	–	82	573	25,751	26,406
Company shares purchased for use by employee benefit trusts	–	–	–	–	(4,197)	(4,197)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	2,078	2,078
Recognition of share-based payment costs	–	–	956	–	–	956
Transfer of reserve on share award	–	–	(652)	–	652	–
Dividends paid	–	–	–	–	(9,045)	(9,045)
At 29 January 2011	4,865	905	1,981	(382)	109,338	116,707
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 period	–	–	–	–	17,948	17,948
Total comprehensive income for the period	–	–	343	419	15,429	16,191
Company shares purchased for use by employee benefit trusts	–	–	–	–	(1,632)	(1,632)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	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

Company	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)	86,521	92,931
Cash flow hedge – recognition of fair value	–	–	–	573	–	573
Actuarial gain on defined benefit pension plans	–	–	–	–	4,598	4,598
Deferred tax on items taken direct to equity	–	–	82	–	(1,432)	(1,350)
Profit for the period	–	–	–	–	17,164	17,164
Total comprehensive income for the period	–	–	82	573	20,330	20,985
Company shares purchased for use by employee benefit trusts	–	–	–	–	(4,197)	(4,197)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	2,078	2,078
Recognition of share-based payment costs	–	–	956	–	–	956
Transfer of reserve on share award	–	–	(652)	–	652	–
Dividends paid	–	–	–	–	(9,045)	(9,045)
At 29 January 2011	4,865	905	1,981	(382)	96,339	103,708
At 31 January 2009	4,865	905	716	(1,374)	84,575	89,687
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 period	–	–	–	–	13,348	13,348
Total comprehensive income for the period	–	–	343	419	10,829	11,591
Company shares purchased for use by employee benefit trusts	–	–	–	–	(1,632)	(1,632)
Proceeds on disposal of shares by employee benefit trusts	–	–	–	–	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)	86,521	92,931

Statements of Financial Position

		Group		Company	
		2011	2010	2011	2010
	Note	£000	£000	£000	£000
Non-current assets					
Intangible assets	10	74,940	76,416	8,976	9,881
Property, plant and equipment	11	58,570	55,902	55,470	53,790
Financial instruments	12	–	27	–	27
Investment in subsidiaries	14	–	–	61,041	61,081
Retirement benefit surplus	25	2,092	–	2,092	–
		135,602	132,345	127,579	124,779
Current assets					
Inventories	15	20,809	16,041	16,341	11,810
Trade and other receivables	16	34,733	30,157	36,091	31,908
Financial instruments	12	219	–	219	–
Cash and cash equivalents		8,411	10,926	7,360	9,804
Assets classified as held for sale	17	2,400	2,400	2,400	2,400
		66,572	59,524	62,411	55,922
Total assets		202,174	191,869	189,990	180,701
Current liabilities					
Borrowings	18	5,000	8,000	5,000	8,000
Trade and other payables	19	39,562	31,836	54,915	42,565
Financial instruments	12	416	–	416	–
Provisions	20	777	1,962	777	1,962
Current tax		3,920	3,928	1,672	2,127
		49,675	45,726	62,780	54,654
Non-current liabilities					
Borrowings	18	19,814	24,739	19,814	24,739
Deferred income	21	72	76	72	72
Financial instruments	12	–	1,024	–	1,024
Deferred tax liabilities	22	15,906	13,940	3,616	1,426
Retirement benefit obligations	25	–	5,855	–	5,855
		35,792	45,634	23,502	33,116
Capital and reserves attributable to equity holders					
Called up share capital	26	4,865	4,865	4,865	4,865
Share premium account		905	905	905	905
Share options reserve		1,981	1,595	1,981	1,595
Cash flow hedge reserve		(382)	(955)	(382)	(955)
Retained earnings		109,338	94,099	96,339	86,521
		116,707	100,509	103,708	92,931
Total equity and liabilities		202,174	191,869	189,990	180,701

The financial statements on pages 68 to 110 were approved by the board of directors and authorised for issue on 28 March 2011 and were signed on its behalf by:



R.G. Hanna
Chairman



A.B.C. Short
Finance Director

Cash Flow Statements

		Group		Company	
	Note	2011 £000	2010 £000	2011 £000	2010 £000
Operating activities					
Profit before tax		30,436	24,450	22,985	17,987
Adjustments for:					
Interest receivable	6	(321)	(117)	(317)	(107)
Interest payable	6	1,423	1,995	1,442	2,052
Depreciation of property, plant and equipment	11	7,325	7,494	6,706	6,931
Impairment of plant and machinery	11	–	1,031	–	1,031
Impairment of assets classified as held for sale	17	–	464	–	464
Fair value adjustment to financial instruments		(192)	(6)	(192)	(6)
Amortisation of intangible assets	10	392	391	139	139
Impairment of intangible assets	10	1,084	–	766	–
Share-based payments costs		956	763	956	763
Gain on sale of property, plant and equipment		(6)	(35)	(72)	(30)
Government grants written back	21	(4)	(68)	–	–
Operating cash flows before movements in working capital		41,093	36,362	32,413	29,224
(Increase) in inventories		(4,893)	(1,889)	(4,531)	(1,703)
(Increase) in receivables		(4,576)	(3,234)	(4,183)	(6,559)
Increase in payables		6,038	2,863	11,055	12,102
Net decrease in retirement benefit obligation		(3,105)	(3,003)	(3,105)	(3,003)
Cash generated by operations		34,557	31,099	31,649	30,061
Tax on profit paid		(7,243)	(6,226)	(5,437)	(5,412)
Net cash from operating activities		27,314	24,873	26,212	24,649
Investing activities					
Refund of payment for acquisition of subsidiaries		–	216	–	216
Purchase of property, plant and equipment		(9,840)	(5,358)	(8,618)	(5,049)
Proceeds on sale of property, plant and equipment		281	62	256	85
Interest received		48	114	44	104
Net cash used in investing activities		(9,511)	(4,966)	(8,318)	(4,644)
Financing activities					
New loans received		12,000	5,000	12,000	5,000
Loans repaid		(20,000)	(10,000)	(20,000)	(10,000)
Purchase of Company shares by employee benefit trusts		(4,197)	(1,632)	(4,197)	(1,632)
Proceeds from disposal of Company shares by employee benefit trusts		2,078	772	2,078	772
Dividends paid		(9,045)	(8,250)	(9,045)	(8,250)
Interest paid		(1,154)	(1,551)	(1,174)	(1,608)
Net cash used in financing activities		(20,318)	(15,661)	(20,338)	(15,718)
Net (decrease)/increase in cash and cash equivalents		(2,515)	4,246	(2,444)	4,287
Cash and cash equivalents at beginning of period		10,926	6,680	9,804	5,517
Cash and cash equivalents at end of period		8,411	10,926	7,360	9,804

Accounting Policies

General information

A.G. BARR p.l.c. ('the Company') and its subsidiaries (together 'the Group') manufacture, distribute and sell soft drinks. The Group has manufacturing sites in the U.K. and sells mainly to customers in the U.K. but does have some international sales. The Company is a public limited company incorporated and domiciled in Scotland. The address of its registered office is Westfield House, 4 Mollins Road, Cumbernauld, G68 9HD.

The Company has its listing on the London Stock Exchange.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated and parent Company financial statements of A.G. BARR p.l.c. have been prepared in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the EU. They have been prepared under the historical cost convention. The directors have adopted the going concern basis in preparing these accounts for the reasons set out in note 30.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the accounting policies on pages 80 and 81.

The directors have taken advantage of the exemption available under s.408 of the Companies Act 2006 and have not presented an income statement for the Company.

Interpretations effective in 2011

The Group has adopted the following new and amended IFRSs in the financial statements:

(a) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 31 January 2010 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 31 January 2010:

- IFRIC 17 Distribution of non-cash assets to owners (effective on or after 1 July 2009)
- IFRIC 18 Transfers of assets from customers (effective for transfer of assets received on or after 1 July 2009)
- Amendment to IAS 39, Financial instruments: Recognition and measurement: eligible hedged items (effective 1 July 2009)
- IAS 27 Consolidated and separate financial statements (effective 1 July 2009)
- IFRS 2 (amendments) Group cash-settled share-based payment transactions (effective from 1 January 2010)
- IFRS 3 (revised) Business combinations (effective 1 July 2009)
- Various amendments to other standards as part of the IASB's Improvement Projects 2009 and 2010

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 31 January 2010 and not adopted early

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning after 31 January 2010 unless otherwise stated, but the Group has not adopted them early. They will be applied from 30 January 2011 and are not expected to have a material effect on the Group's financial statements:

- IAS 24 (revised) Related party disclosures (effective for periods beginning on or after 1 January 2011)
- IFRIC 19 Extinguishing financial liabilities with equity instruments (effective 1 July 2010)
- Amendment to IFRIC 14 Prepayments of a minimum funding requirement (effective for annual periods beginning 1 January 2011)

Consolidation – subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights so as to obtain benefits from its activities. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange (and for acquisitions prior to 1 July 2009 costs directly attributable to the acquisition). Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. Currently there are no minority interests in any of the entities within the Group. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated on consolidation.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Revenue recognition

Revenue is the net invoiced sales value exclusive of value added tax of goods and services supplied to external customers during the year. Sales are recorded based on the price specified in the sales invoices, net of any agreed discounts.

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount can be measured reliably. Sales related discounts and rebates are calculated based on the expected amounts necessary to meet the claims of the Group's customers in respect of these discounts and rebates.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. An operating segment's operating results are reviewed regularly by the management committee (as chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance.

Segment results that are reported to the management committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment reporting for the Group is made to the gross profit level for the operating segments but no segment reporting is made for further expenditure or for the assets and liabilities of the Group. The assets and liabilities of the Group are reported as Group totals and no reporting of these balances is recorded at a segment level. As a result all of the Group's assets and liabilities are unallocated items and no reconciliation of segment assets to the Group's total assets is prepared.

Foreign currency translation

(a) Functional and presentation currency

Functional and presentation currency items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in £ Sterling which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement in the same line in which the transaction is recorded.

Exceptional items

As permitted by IAS 1 Presentation of financial statements, an item is treated as exceptional if it is considered unusual by its nature and scale and is of such significance that separate disclosure is required for the financial statements to be properly understood.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment charges. Impairment charges on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Accounting Policies (continued)

Intangible assets (continued)

Goodwill (continued)

An intangible asset acquired as part of a business combination is recognised outside of goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

Brands

Separately acquired brands are recognised at cost at the date of purchase. Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands acquired separately or through a business combination are assessed at the date of acquisition as to whether they have an indefinite life. The assessment includes whether the brand name will continue to trade, and the expected lifetime of the brand. All brands acquired to date have been assessed as having an indefinite life as they are expected to continue to contribute to the long term future of the Group. The brands are reviewed annually for impairment, being carried at cost less accumulated impairment charges.

The fair value of a brand at the date of acquisition is based on the Relief from Royalties method, which is a valuation model based on discounted cash flows.

Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the customer relationship.

The closing balance in the current year represents the carrying value of the customer relationships acquired during the acquisitions of the Strathmore Water business and Groupe Rubicon Limited.

The fair value of the customer relationships at the acquisition date was based on the Multiple Excess Earnings Method ('MEEM') which is a valuation model based on discounted cash flows. The useful lives of customer relationships are based on the churn rate of the acquired portfolio and are up to 10 years corresponding to a yearly amortisation of between 10% and 33%.

Water rights

Water rights represent the cost of purchasing the water rights at Pitcox. This is the source of Findlays Mineral Water. As the land rights give indefinite access to the water source at no cost, the rights have been given an indefinite life and are tested annually for impairment and carried at cost less accumulated impairment losses.

Property, plant and equipment

Land and buildings comprise mainly factories, distribution sites and offices. All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is charged from the date that assets are available for use. It is calculated using the straight-line method to allocate the cost to the residual values of the related assets using the following rates:

Buildings – 1%

Leasehold buildings – Term of lease

Plant, equipment and vehicles – 10% to 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the net proceeds with the carrying amount and are recognised within administration expenses in the income statement.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. The Group has two properties accounted for under an operating lease. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment charge is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Non-current assets classified as held for sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

Financial instruments

Classification

The Group classifies its financial instruments in the following categories:

- At fair value through profit or loss
- Loans and receivables

The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are derivatives designated as such on initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets as they all have a maturity less than 12 months after the year end date.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Recognition and measurement

Purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing the asset.

Financial assets carried at fair value through profit or loss are initially recognised at fair value with related transaction costs expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Group assesses at each year end date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the income statement within administration expenses in the period in which they arise.

Impairment testing of trade receivables is described in note 16.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group's non-derivative financial liabilities comprise borrowings and trade and other payables. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Accounting Policies

(continued)

Financial instruments (continued)

Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group has entered into an interest rate hedge on its loan liability. This has been designated as a cash flow hedge.

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of the derivative instrument used for hedging purposes are disclosed in note 12. Movements on the hedging reserve in shareholders' equity are shown in the statement of changes in equity. The full fair value of a hedging derivative is classified as non-current when the remaining maturity of the hedged item is more than 12 months from the statement of financial position date and as current when the remaining maturity of the hedged item is less than 12 months from the statement of financial position date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within administration costs.

Amounts accumulated in equity are recycled through the income statement in the periods when the hedged item affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within Finance costs. The gain or loss relating to the ineffective portion is recognised in the income statement within administration expenses. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised within the income statement when the forecast transaction is ultimately recognised in the income statement.

Inventories

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 the business less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their primary distribution location and condition. This includes an appropriate share of overheads based on normal operating activity.

Trade receivables

Trade receivables are recognised initially at fair value. As trade receivables are not interest-bearing subsequent measurement is at initial fair value less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the estimated cash flows. The carrying amount of the asset is reduced through the use of a bad debt provision account and the amount of the loss is recognised in the income statement within administration costs. When a trade receivable becomes uncollectable it is written off against the bad debt provision.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks accessible on demand and other short term highly liquid investments with original maturities of three months or less.

Company shares held by employee benefit trusts

Company shares are purchased on behalf of employee benefit trusts to satisfy the liability of various employee share schemes. The amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Purchased shares are classified as Company shares held by employee benefit trusts, and presented as a deduction from retained earnings.

Trade and other payables

Trade and other payables are not interest-bearing and are stated at cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are classified according to the repayment terms of the facility. All payments due within 12 months of the year end date are classified as current liabilities.

Deferred income

Government grants in respect of capital expenditure are treated as deferred credits and a proportion of the grants is credited each year to the income statement based on the depreciation rate for the related property, plant and equipment.

Current and deferred income tax

Tax on the profit or loss for the year comprises current and deferred tax.

Current tax is charged in the income statement except where it relates to tax on items recognised directly in equity, in which case it is charged to equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full using the liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts, in the consolidated financial statements.

The following temporary differences are not provided for:

- The initial recognition of goodwill;
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Where the carrying value of an asset is to be recovered through both use and subsequent disposal, a single tax base is attributed to that asset resulting in a single temporary difference being recognised. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the year end date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Employee benefits

Retirement benefit plans

The Group operates two pension schemes as detailed in note 25. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

Defined contribution pension plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Obligations for contributions are recognised as an expense in the income statement as they fall due. The Group has no further payment obligations once the contributions have been paid.

Defined benefit pension plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The surplus/liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of plan assets less the fair value of defined benefit obligation, together with adjustments for unrecognised past service costs at the statement of financial position date. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

At 29 January 2011 a surplus was recognised on the defined benefit plan in accordance with the requirements of IFRIC 14, which gives guidance as to when defined benefit pension surpluses may be recognised.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, changes in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

Accounting Policies

(continued)

Employee benefits (continued)

Share-based compensation

The Group grants equity settled share-based payments to certain employees. These are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The fair value of the equity settled share-based payment determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using the Black-Scholes pricing model.

The Group also provides employees with the ability to purchase the Company's ordinary shares at a discount to the current market value through payroll.

The Group records as an expense the shares purchased by the employee. The fair value of the share-based payments is charged to the income statement and credited to the share options reserve.

At each year end date, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to the share options reserve.

Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments.

The Group recognises a provision where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Provisions

A provision is recognised if, as the result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

A restructuring provision is recognised when the Group has approved a detailed and formal restructuring plan which has been either announced or has commenced. Future operating costs are not provided for.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Key judgements and sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position date and the amounts reported for revenues and expenses during the year. Due to the nature of estimation, the actual outcomes may well differ from these estimates.

Management have made the following judgements in applying the Group's accounting policies:

Interest rate swaption and cash flow hedge (note 12)

The Group measures the interest rate swaption contract and the cash flow hedge contract at fair value at each statement of financial position date. The fair value represents the net present value of the difference between the projected cash flows at the swap contract rate and the relevant interest rate for the period from the statement of financial position date to the expiry date of the contract. The calculation uses estimates of present value and future interest rates.

Retirement benefit obligations (note 25)

The determination of any defined benefit pension scheme surplus/obligation is based on assumptions determined with independent actuarial advice. The assumptions used include discount rate, inflation, pension increases, salary increases, the expected return on scheme assets and mortality assumptions.

Impairment of goodwill and intangible assets with indefinite lives (note 10)

Goodwill and intangible assets with indefinite lives must be tested for impairment each year under IAS 36 Impairment of assets. Determining whether there is any impairment requires an estimation of the value in use of the cash-generating units to which the goodwill or intangible asset has been allocated.

Value in use calculations require the estimation of the future cash flows expected to arise from the cash-generating unit along with a suitable discount rate in order to calculate present value.

A total impairment charge of £1,085,000 has arisen in the year. This followed the impairment reviews of the intangible assets associated to the Taut and Vitsmart brands. As production of these brands has ceased in the year, the resulting intangibles have been written off in full. In addition, the water rights associated with the Findlays brand were also written down to their expected recoverable value of £1 following declining volumes in the sales of Findlays water.

Share-based payment costs (note 27)

The Group makes estimations and judgements in the valuation of share-based payments. The assumptions made at the date of granting the options include the dividend yield and the expected outcome in relation to meeting performance criteria. Due to the size of the amounts involved any variations to the estimates will not have a significant effect on the costs recognised in the financial statements.

Fair value estimation

The carrying values of trade payables and trade receivables less impairment provisions are assumed to approximate their fair values.

Notes to the Accounts

1 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 before exceptional items. Exceptional items are reported separately in note 5.

12 months ended 29 January 2011

	Carbonates £000	Still drinks and water £000	Other £000	Total £000
Total revenue	172,316	49,420	630	222,366
Gross profit before exceptional items	98,932	15,235	543	114,710

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 before exceptional items	88,867	13,931	459	103,257

There are no inter-segment sales. All revenue is from external customers.

Other segments represent income from water coolers for the Findlays 19 litre water business, rental income for vending machines and other soft drink related items such as water cups.

The gross profit from the segment reporting is noted before exceptional costs as the dual running exceptional costs allocated to cost of sales in the income statement relate to both Carbonates and Still drinks and water. The gross profit from the segment reporting is reconciled to the total profit before income tax, as shown in the consolidated income statement.

All of the assets and liabilities 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 statement of financial position has been disclosed for any of the periods presented.

Each of the following items are included in the reportable segments results and balances, and no adjustments are required in arriving at the costs included in the consolidated primary statements:

	2011 £000	2010 £000
Capital expenditure	9,840	5,358
Depreciation and amortisation	7,717	7,885
Impairment of intangible assets	1,084	–
Impairment of plant and equipment	–	1,031
Impairment of assets classified as held for sale	–	464

Capital expenditure comprises cash additions to property, plant and equipment (note 11).

All of the segments included within Carbonates and Still drinks and water meet the aggregation criteria set out in IFRS 8 Operating Segments.

Geographical information

The Group operates predominately in the U.K. with some worldwide sales. All of the operations of the Group are based in the U.K.

Revenue	2011 £000	2010 £000
U.K.	218,620	198,439
Rest of the world	3,746	2,971
	222,366	201,410

The split of the turnover between U.K. and the Rest of the world has been restated for the year to 30 January 2010. Previously, elements of the Rest of the world revenue totalling £958,000 had been included within U.K. revenue, and this has been restated this year to give a revised Rest of the world figure of £2,971,000 for the year to 30 January 2010.

All of the assets of the Group are located in the U.K.

Major customers

No single customer accounts for 10% or more of the Group's revenue in either of the periods presented.

2 Profit before tax

The following items have been included in arriving at profit before tax:

	2011 £000	2010 £000
Depreciation of property, plant and equipment	7,325	7,494
Profit on disposal of property, plant and equipment	(6)	(35)
Impairment of assets classified as held for sale	–	464
Fair value movements in financial instruments	(192)	(6)
Foreign exchange losses recognised	199	237
Research and development costs	614	437
Impairment of inventories	464	34
Amortisation of intangible assets	392	391
Impairment of intangible assets	1,084	–
Cost of inventories charged in cost of sales	107,987	98,153
Government grants released	(4)	(68)
Operating lease rentals payable – property	555	307
Operating lease rentals payable – motor vehicles	468	18
Operating lease rentals receivable – property	(13)	–
Trade receivables impairment – net reversal	(221)	(91)
Share-based payment costs	956	763

Included within Administration costs is the auditor's remuneration, including expenses for audit and non-audit services.

Notes to the Accounts

(continued)

2 Profit before tax (continued)

The cost includes services from the Company's auditor and its associates:

	2011 £000	2010 £000
Statutory audit services		
Fees payable to the auditor of the parent Company and consolidated accounts	72	70
Audit of the Company's subsidiaries pursuant to legislation	5	5
Non-audit services		
Other services pursuant to legislation	19	18
All other services	5	5
Tax services	93	84
Fees in respect of the Group's pension plans		
Audit	12	12

3 Employees and directors

	2011	2010
Average monthly number of people employed by the Group (including executive directors)		
Production and distribution	824	758
Administration	192	189
	1,016	947

Staff costs for the Group for the year

	2011 £000	2010 £000
Wages and salaries	29,608	27,153
Social security costs	2,909	2,558
Share-based payments	956	763
Pension costs – defined contribution plans	1,410	801
Pension costs – defined benefit plans	1,061	1,378
Pension costs – defined benefit plans curtailment	(341)	–
	35,603	32,653

4 Net operating expenses before exceptional items

	2011 £000	2010 £000
Distribution costs (including selling costs)	55,849	48,706
Administration costs	26,167	24,791
	82,016	73,497

5 Exceptional items

	2011 £000	2010 £000
Dual running costs	331	–
Total cost of sales	331	–
Dual running costs	103	–
Redundancy cost in relation to Group reorganisation	136	84
Environmental provision for site closure	–	66
Impairment of plant related to production site closure	–	998
Net redundancy (cost release)/provision for production site closure	(157)	1,820
Total distribution costs	82	2,968
Impairment of Vitsmart brand and goodwill (note 10)	308	–
Impairment of Taut goodwill (note 10)	318	–
Impairment of water rights (note 10)	458	–
Curtailment of retirement benefit scheme (note 25)	(341)	–
Impairment of assets classified as held for sale	–	464
Total administration costs	743	464
Total exceptional costs	1,156	3,432

The dual running costs of £331,000 charged to cost of sales relate to the dual running of the Group's in house and third party distribution sites during the year to 29 January 2011. The Mansfield production site includes a distribution operation. A third party distribution company has taken over the distribution operations and as there is an element of dual running over the period of Mansfield closure, these dual running costs have been classified as exceptional. In house distribution operations at Mansfield are expected to cease in the first quarter of 2011.

In addition, a further £103,000 of dual running costs have been treated as exceptional within operating expenses. These costs represent payments to a third party for the setting up of the distribution site.

Following the decision to cease production of the Vitsmart and Taut branded products in the year, an impairment charge has been recognised in respect of both of these. Further details of the impairment are detailed in note 10. In addition, the water rights A.G. BARR p.l.c. holds for the use of the spring for Findlays water were written down to the recoverable value of £1. The impairment arose following declining volumes in the sales of Findlays water.

In the year to 29 January 2011, £136,000 of redundancy costs were incurred in relation to the Group reorganisation following the acquisition of Groupe Rubicon on 29 August 2008. In the year to 30 January 2010, costs of £84,000 were incurred.

£66,000 of environmental obligations were included as exceptional costs for the year to 30 January 2010, relating to work that must be completed before the Group can leave the Mansfield site. This is anticipated to be incurred in the first quarter of 2011, when the site is expected to close.

As part of the closure plans for the Mansfield site, a review was carried out during the year to 30 January 2010 of the plant and equipment held at the site. Plant and equipment was identified as having a net book value in excess of its recoverable amount. This resulted in a provision being made for £998,000 to reduce the plant and equipment to its recoverable amount. An impairment review was carried out at 29 January 2011 and no further impairment or reversal was noted.

During the year to 30 January 2010, the Group announced the future closure of its Mansfield production site. This resulted in the recognition of a provision of £1,820,000 in respect of the anticipated redundancy costs relating to the closure. During the year to 29 January 2011, £157,000 of this provision was released as it was not considered necessary. The remainder of these costs are anticipated to be incurred in the first quarter of 2011, when the site is expected to close.

As a result of the closure of the Mansfield site, a curtailment in the Group retirement pension plan has arisen. This has resulted in an exceptional credit arising from the reduction in the retirement benefit obligation following a reduction in the number of employees remaining with the scheme. The value of this credit is £341,000.

During the year to 30 January 2010, an impairment charge of £464,000 was recognised for the write down of the Atherton production site, which is held as an asset available for sale. This was based on an indication that the market value of the site was less than the carrying value in the statement of financial position. There has been no change in the estimation of the market value of this site during the year to 29 January 2011.

Notes to the Accounts

(continued)

6 Finance income and finance costs

Finance income

	2011 £000	2010 £000
Interest receivable	77	117
Net finance income relating to defined benefit plans (note 25)	244	–
	321	117

Finance costs

	2011 £000	2010 £000
Interest payable	(1,348)	(1,550)
Net finance charge relating to defined benefit plans (note 25)	–	(371)
Amortisation of loan arrangement fees	(75)	(74)
	(1,423)	(1,995)

7 Taxation

Group	2011			2010		
	Before exceptional items £000	Exceptional items £000	Total £000	Before exceptional items £000	Exceptional items £000	Total £000
Current tax						
Current tax on profits for the year	7,483	(182)	7,301	7,238	(24)	7,214
Adjustments in respect of prior years	(66)	–	(66)	83	–	83
Total current tax expense	7,417	(182)	7,235	7,321	(24)	7,297
Deferred tax						
Origination and reversal of:						
Temporary differences (note 22)	1,066	(51)	1,015	606	(936)	(330)
Adjustment for change in deferred tax rate	(705)	–	(705)	–	–	–
Adjustments in respect of prior years	306	–	306	(465)	–	(465)
Total deferred tax expense	667	(51)	616	141	(936)	(795)
Total tax expense	8,084	(233)	7,851	7,462	(960)	6,502

In addition to the above movements in deferred tax, a deferred tax charge of £1,350,000 (2010: credit of £1,322,000) has been recognised in other comprehensive income (note 22).

The tax on the Group's profit before tax differs from the amount that would arise using the tax rate applicable to the profits of the consolidated Group as follows:

	2011 £000	2010 £000
Profit before tax	30,436	24,450
Tax at 28%	8,522	6,846
Tax effects of:		
Items that are not deductible in determining taxable profit	239	168
Current tax adjustment in respect of prior years	(66)	83
Deferred tax adjustment in respect of prior years	306	(465)
Deferred tax adjustment in respect of change of deferred tax rate	(705)	–
Current year impact of change in deferred tax rate	(40)	–
Share options permanent difference	(614)	(212)
Permanent difference on impairment of intangible asset	89	–
Other differences	120	82
Total tax expense	7,851	6,502

The weighted average tax rate was 25.8% (2010: 26.6%).

A number of changes to the U.K. Corporation tax system were announced in the June 2010 Budget Statement, which was enacted during the year. 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 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.

The changes had not been substantively enacted at the statement of financial position date and have therefore not been recognised in these financial statements. It has not been possible to quantify the impact of the changes in these rates.

8 Earnings per share

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

	2011	2010
Profit attributable to equity holders of the Company (£000)	22,585	17,948
Weighted average number of ordinary shares in issue	38,385,598	38,318,076
Basic earnings per share (pence)	58.84	46.84

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.

	2011	2010
Profit attributable to equity holders of the Company (£000)	22,585	17,948
Weighted average number of ordinary shares in issue	38,385,598	38,318,076
Adjustment for dilutive effect of share options	216,127	283,115
Diluted weighted average number of ordinary shares in issue	38,601,725	38,601,191
Diluted earnings per share (pence)	58.51	46.49

Notes to the Accounts

(continued)

9 Dividends

	2011 per share	2010 per share	2011 £000	2010 £000
Paid final dividend	16.85p	15.20p	6,450	5,837
Paid interim dividend	6.75p	6.25p	2,595	2,413
	23.60p	21.45p	9,045	8,250

The directors have proposed a final dividend in respect of the year ended 29 January 2011 of 18.66p per share, amounting to a dividend of £7,263,000. It will be paid on 3 June 2011 to shareholders who are on the Register of Members on 6 May 2011.

This dividend is subject to approval by shareholders at the annual general meeting and has not been included as a liability in these financial statements in line with the requirements of IAS 10 Events after the Balance Sheet Date.

10 Intangible assets

Group	Goodwill £000	Brands £000	Customer relationships £000	Water rights £000	Total £000
Cost					
At 30 January 2010 and 29 January 2011	23,274	50,276	3,532	742	77,824
Amortisation and impairment losses					
At 31 January 2009	–	–	733	284	1,017
Amortisation for the year	–	–	391	–	391
At 30 January 2010	–	–	1,124	284	1,408
Amortisation for the year	–	–	392	–	392
Impairment recognised in year	336	290	–	458	1,084
At 29 January 2011	336	290	1,516	742	2,884
Carrying amounts					
At 29 January 2011	22,938	49,986	2,016	–	74,940
At 30 January 2010	23,274	50,276	2,408	458	76,416

Customer relationships were intangible assets recognised on the acquisition of the Strathmore Water business and Groupe Rubicon Limited. The amortisation charge represents the spreading of the cost over their assets' expected useful lives: one and eight years remaining respectively. These periods have been reviewed at the statement of financial position date and remain appropriate.

Company	Goodwill £000	Brands £000	Customer relationships £000	Water rights £000	Total £000
Cost					
At 30 January 2010 and 29 January 2011	1,920	7,290	1,000	742	10,952
Amortisation and impairment losses					
At 31 January 2009	–	–	648	284	932
Amortisation for the year	–	–	139	–	139
At 30 January 2010	–	–	787	284	1,071
Amortisation for the year	–	–	139	–	139
Impairment recognised in year	18	290	–	458	766
At 29 January 2011	18	290	926	742	1,976

Carrying amounts

At 29 January 2011	1,902	7,000	74	–	8,976
At 30 January 2010	1,920	7,290	213	458	9,881

Customer relationships were intangible assets recognised on the acquisition of the Strathmore Water business. The amortisation charge represents the spreading of the cost over the assets' expected useful life, which still has one year remaining. This has been reviewed at the statement of financial position date and remains appropriate.

The amortisation costs for the year have been included in the income statement as Administration costs for the two years presented.

Impairment tests for goodwill and brands

For impairment testing, goodwill and brands are allocated to the cash-generating unit (CGU) representing the lowest level at which goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each CGU are:

	Goodwill £000	Brands £000	Water rights £000	Customer relationships £000	Total £000
At 29 January 2011					
Rubicon operating unit	21,036	42,986	–	1,942	65,964
Strathmore operating unit	1,902	7,000	–	74	8,976
Findlays operating unit	–	–	–	–	–
Taut operating unit	–	–	–	–	–
Vitsmart operating unit	–	–	–	–	–
Total	22,938	49,986	–	2,016	74,940

Notes to the Accounts

(continued)

10 Intangible assets (continued)

At 30 January 2010	Goodwill £000	Brands £000	Water rights £000	Customer relationships £000	Total £000
Rubicon operating unit	21,036	42,986	–	2,195	66,217
Strathmore operating unit	1,902	7,000	–	213	9,115
Findlays operating unit	–	–	458	–	458
Taut operating unit	318	–	–	–	318
Vitsmart operating unit	18	290	–	–	308
Total	23,274	50,276	458	2,408	76,416

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management which cover a three year period. Cash flows beyond the three years are extrapolated using the growth rates and other key assumptions as stated below:

Key assumptions

	2011			2010		
	Gross margin %	Growth rate %	Discount rate %	Gross margin %	Growth rate %	Discount rate %
Rubicon Groupe	37.18	2.25	9.54	40.46	2.25	8.66
Strathmore operating unit	29.00	2.25	9.54	32.10	–	8.66

The Rubicon operating unit can be further allocated across carbonates and still drinks when determining the CGU required for impairment testing. No impairment was identified through this allocation.

The budgeted gross margin is based on past performance and management's expectation of market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax.

The discount rate reflects management's estimate of pre-tax cost of capital. The estimated pre-tax cost of capital is a benchmark for the Group provided by an independent third party with an additional risk premium of 2% added to reflect the risk relating to individual brands.

Advertising and promotional costs are included in the breakdown, using latest annual budgets for the year to 28 January 2012 and projected costs thereafter.

The sports energy drink and vitamin drink markets continued to be challenging in the year to January 2011. Following a strategic review in the six months to 31 July 2010, the directors took the decision to remove the Vitsmart brand from the vitamin drinks market. As the product had no foreseeable future cash flows, the related goodwill of £18,000 and brand of £290,000 were fully impaired. During the second half of the year, a further strategic decision was made to remove the Taut brand from the sports and energy drinks market for the foreseeable future. Similarly, the goodwill of £318,000 recognised at the date of acquiring Taut (U.K.) Limited has been fully written off. Neither of the brands have any other assets associated with them that require an impairment review.

In addition, the water rights A.G. BARR p.l.c. holds for the use of the spring for Findlays water were written down to the recoverable value of £1. The impairment arose following declining volumes in the sales of Findlays water.

The impairment costs have been charged as exceptional costs in the year to 29 January 2011.

Sensitivity analysis was carried out on the above calculations to review possible levels of impairment after adjusting discount rates. At a discount rate of 12%, none of the remaining CGUs were impaired. Whilst cash flow projections used within the impairment reviews are subject to inherent uncertainty, changes within reason to the key assumptions applied in assessing the value in use calculation would not result in a change in the conclusions reached.

11 Property, plant and equipment

Group	Land and buildings		Plant, equipment and vehicles £000	Assets under construction £000	Total £000
	Freehold £000	Long leasehold £000			
Cost or deemed cost					
At 31 January 2009	32,331	545	74,151	361	107,388
Additions	56	–	1,919	3,709	5,684
Transfer from assets under construction	31	–	433	(464)	–
Transfer of assets between categories	262	–	(262)	–	–
Disposals	–	–	(1,866)	–	(1,866)
At 30 January 2010	32,680	545	74,375	3,606	111,206
Additions	150	–	6,360	3,758	10,268
Transfer from assets under construction	–	–	5,442	(5,442)	–
Disposals	(13)	–	(5,033)	–	(5,046)
At 29 January 2011	32,817	545	81,144	1,922	116,428
Depreciation					
At 31 January 2009	2,659	413	45,455	–	48,527
Amount charged for year	346	75	7,073	–	7,494
Transfer of assets between categories	222	–	(222)	–	–
Impairment of assets	–	–	1,031	–	1,031
Disposals	–	–	(1,748)	–	(1,748)
At 30 January 2010	3,227	488	51,589	–	55,304
Amount charged for year	383	15	6,927	–	7,325
Disposals	(13)	–	(4,758)	–	(4,771)
At 29 January 2011	3,597	503	53,758	–	57,858
Net book value					
As at 29 January 2011	29,220	42	27,386	1,922	58,570
As at 30 January 2010	29,453	57	22,786	3,606	55,902

Notes to the Accounts

(continued)

11 Property, plant and equipment (continued)

	Land and buildings		Plant, equipment and vehicles £000	Assets under construction £000	Total £000
Company	Freehold £000	Long leasehold £000			
Cost or deemed cost					
At 31 January 2009	32,294	394	70,759	361	103,808
Additions	28	–	1,217	3,701	4,946
Transfer from assets under construction	13	–	451	(464)	–
Transfer of assets between categories	262	–	(262)	–	–
Disposals	–	–	(1,348)	–	(1,348)
At 30 January 2010	32,597	394	70,817	3,598	107,406
Additions	80	–	5,248	3,324	8,652
Transfer from assets under construction	–	–	5,412	(5,412)	–
Transfer of assets between categories	(262)	–	262	–	–
Transfer of assets to other Group companies	(82)	–	(38)	–	(120)
Disposals	(13)	–	(4,192)	–	(4,205)
At 29 January 2011	32,320	394	77,509	1,510	111,733
Depreciation					
At 31 January 2009	2,654	292	44,001	–	46,947
Amount charged for year	343	69	6,519	–	6,931
Transfer of assets between categories	222	–	(222)	–	–
Impairment of assets	–	–	1,031	–	1,031
Disposals	–	–	(1,293)	–	(1,293)
At 30 January 2010	3,219	361	50,036	–	53,616
Amount charged for year	368	8	6,330	–	6,706
Transfer of assets between categories	(222)	–	222	–	–
Transfer of assets to other Group companies	–	–	(38)	–	(38)
Disposals	(13)	–	(4,008)	–	(4,021)
At 29 January 2011	3,352	369	52,542	–	56,263
Net book value					
As at 29 January 2011	28,968	25	24,967	1,510	55,470
As at 30 January 2010	29,378	33	20,781	3,598	53,790

At 29 January 2011, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £2,769,199 (2010: £4,012,000).

12 Financial instruments

The financial instruments held by the Group and Company are categorised in the following tables:

Group At 29 January 2011	Loans and receivables £000	Assets at fair value through profit or loss £000	Total £000
Assets as per statement of financial position			
Derivative financial assets	–	219	219
Trade and other receivables	34,733	–	34,733
Cash and cash equivalents	8,411	–	8,411
Total	43,144	219	43,363

Group At 30 January 2010	Loans and receivables £000	Assets at fair value through profit or loss £000	Total £000
Assets as per statement of financial position			
Derivative financial assets	–	27	27
Trade and other receivables	30,157	–	30,157
Cash and cash equivalents	10,926	–	10,926
Total	41,083	27	41,110

Company At 29 January 2011	Loans and receivables £000	Assets at fair value through profit or loss £000	Total £000
Assets as per statement of financial position			
Derivative financial assets	–	219	219
Trade and other receivables	36,091	–	36,091
Cash and cash equivalents	7,360	–	7,360
Total	43,451	219	43,670

Company At 30 January 2010	Loans and receivables £000	Assets at fair value through profit or loss £000	Total £000
Assets as per statement of financial position			
Derivative financial assets	–	27	27
Trade and other receivables	31,908	–	31,908
Cash and cash equivalents	9,804	–	9,804
Total	41,712	27	41,739

The 'Assets at fair value through profit or loss' represent foreign exchange forward contracts and a swaption as detailed in note 13.

Cash and cash equivalents held by the Group have an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

Notes to the Accounts

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12 Financial instruments (continued)

Group At 29 January 2011	Derivatives used for hedging £000	Other financial liabilities at amortised cost £000	Total £000
Liabilities as per statement of financial position			
Borrowings	–	25,000	25,000
Derivative financial liabilities	416	–	416
Trade payables	–	6,346	6,346
Total	416	31,346	31,762

Group At 30 January 2010	Derivatives used for hedging £000	Other financial liabilities at amortised cost £000	Total £000
Liabilities as per statement of financial position			
Borrowings	–	33,000	33,000
Derivative financial liabilities	1,024	–	1,024
Trade payables	–	4,644	4,644
Total	1,024	37,644	38,668

Company At 29 January 2011	Derivatives used for hedging £000	Other financial liabilities at amortised cost £000	Total £000
Liabilities as per statement of financial position			
Borrowings	–	25,000	25,000
Derivative financial liabilities	416	–	416
Trade payables and amounts due to other subsidiary companies	–	22,030	22,030
Total	416	47,030	47,446

Company At 30 January 2010	Derivatives used for hedging £000	Other financial liabilities at amortised cost £000	Total £000
Liabilities as per statement of financial position			
Borrowings	–	33,000	33,000
Derivative financial liabilities	1,024	–	1,024
Trade payables and amounts due to other subsidiary companies	–	15,523	15,523
Total	1,024	48,523	49,547

Trade and other payables are detailed in note 19.

The derivative financial liability is an interest rate swap relating to outstanding borrowings and is accounted for using hedge accounting. The full fair value of the hedging derivative is classified as a current asset or liability as appropriate. The balance of the swap was classified as a current liability at 29 January 2011 and as a non-current liability at 30 January 2010, in line with its expected maturity.

No ineffectiveness from the interest rate swap was recognised in the income statement during the year.

The notional principal amounts of the outstanding interest rate swap contracts at 29 January 2011 were £15,255,000 (2010: £25,830,000). The fixed interest rate was 4.57% and the floating rate was LIBOR. Gains and losses recognised in the cash flow hedge reserve on interest rate swap contracts as of 29 January 2011 will be released to the income statement over the period until it matures.

As the closing interest rate swap for both periods presented here is a liability, there is no credit risk at the reporting date.

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:

	2011 £000	2010 £000
Derivative financial assets	219	27
Derivative financial liabilities	(416)	(1,024)

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.

	Book value 2011 £000	Fair value 2011 £000	Book value 2010 £000	Fair value 2010 £000
Financial assets				
Current assets				
Cash and cash equivalents	8,411	8,411	10,926	10,926
Financial instruments	219	219	27	27
Total financial assets	8,630	8,630	10,953	10,953
Financial liabilities				
Current liabilities				
Borrowings	5,000	5,000	8,000	8,000
Non-current liabilities				
Borrowings	20,000	19,581	25,000	24,281
Financial instruments	416	416	1,024	1,024
Total financial liabilities	25,416	24,997	34,024	33,305

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.

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 1.25% and a discount rate of 3%.

Notes to the Accounts

(continued)

13 Financial assets at fair value through profit or loss

Group	2011 £000	2010 £000
Foreign exchange forward contracts	218	–
Swaption	1	27

Foreign exchange contracts are contracts entered into to buy or sell foreign currency at a set rate within one year of the statement of financial position date. The market value of these contracts at 29 January 2011 was £218,000.

The Swaption is an option to enter into an interest rate swap within one year. The swaption was purchased for £114,500 during the year to 31 January 2009 and has been valued at its market value at 29 January 2011 and 30 January 2010. The fair value of the swaption is taken to be its market value.

Changes in fair values of financial assets at fair value through profit or loss are included within Administration expenses within the income statement.

14 Investment in subsidiary undertakings

Company	2011 £000	2010 £000
At start of year	61,081	61,081
Impairment of Taut (U.K.) Limited	(40)	–
At end of year	61,041	61,081

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid.

The principal subsidiaries are as follows:

Principal subsidiaries	Principal activity	Country of incorporation	Country of principal operations
Barr Leasing Limited	Central commercial activities	England	U.K.
Findlays Limited	Natural mineral water bottler	Scotland	U.K.
Rubicon Drinks Limited	Manufacture and distribution of soft drinks	England	U.K.
Taut (U.K.) Limited	Marketing of sports drinks	England	U.K.

A.G. BARR p.l.c. holds 100% of the equity and votes of the subsidiaries. All of the subsidiaries have the same year end as A.G. BARR p.l.c. and have been included in the Group consolidation. The companies listed are those which materially affect the profit and assets of the Group. A full list of the subsidiaries will be annexed to the next annual return of A.G. BARR p.l.c to be filed with the Registrar of Companies.

15 Inventories

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Returnable containers	656	717	615	685
Materials	6,822	4,565	2,546	1,841
Finished goods	13,331	10,759	13,180	9,284
	20,809	16,041	16,341	11,810

16 Trade and other receivables

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Trade receivables	32,409	28,008	32,409	28,008
Less: provision for impairment of receivables	(466)	(687)	(466)	(687)
Trade receivables – net	31,943	27,321	31,943	27,321
Other receivables	143	536	43	160
Prepayments and accrued income	2,647	2,300	2,630	2,130
Amounts due by subsidiary companies	–	–	1,475	2,297
	34,733	30,157	36,091	31,908

The fair values of the trade and other receivables are taken to be their book values less any provision for impairment, as there are no interest-bearing debts. The amounts due by subsidiary companies are fully recoverable. The Company is the only company in the Group with trade receivables from third parties. As a result, the following disclosure tables apply to both the Group and the Company.

Based on past experience, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due. 99% (2010: 98%) of the closing trade receivables balance relates to customers that have a good track record with the Group.

The maximum exposure for both the Group and the Company to credit risk for trade receivables at the reporting date by type of customer was:

Group and Company	2011 £000	2010 £000
Major customers	28,972	24,565
Direct to store customers	3,437	3,443
Total	32,409	28,008

The Group's and Company's most significant customer, a U.K. major customer, accounts for £1,577,000 of the trade receivables carrying amount at 29 January 2011 (30 January 2010: £3,690,000).

The ageing of the Group and Company's trade receivables and their related impairment at the reporting date for the Group was:

Group and Company	Gross 2011 £000	Impairment 2011 £000	Gross 2010 £000	Impairment 2010 £000
Not past due	30,609	–	27,098	–
Past due 1 to 30 days	1,319	(163)	401	(178)
Past due 31 to 60 days	355	(177)	119	(119)
Past due 61 + days	126	(126)	390	(390)
Total	32,409	(466)	28,008	(687)

The carrying amount of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
U.K. Sterling	34,554	29,914	34,437	29,368
US Dollars	29	46	29	46
Euro	150	197	150	197
	34,733	30,157	34,616	29,611

Notes to the Accounts

(continued)

16 Trade and other receivables (continued)

Movements in the Group and Company provisions for impairment of trade receivables were as follows:

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
At start of year	687	778	687	633
Net provision (utilised)/charged during the year	(221)	(91)	(221)	54
At end of year	466	687	466	687

The provision allowance in respect of trade receivables is used to record impairment losses unless the Group and Company are satisfied that no recovery of the amount owing is possible. At that point the amounts are considered irrecoverable and are written off against the trade receivable directly, with a corresponding charge being recorded in administration costs. Where trade receivables are past due, an assessment is made of individual customers and the outstanding balance. No provision is required in respect of amounts owed by subsidiary companies.

The creation and release of the trade receivables provision has been included within Administration costs in the income statement.

The other classes within trade and other receivables do not contain impaired assets.

The credit quality of the holder of the Cash at bank is AA(-) rated (2010: AA(-) rated).

17 Assets classified as held for sale

Group and Company	2011 £000	2010 £000
Opening land and buildings	2,400	2,864
Impairment of property during the year	–	(464)
Closing land and buildings	2,400	2,400

The Atherton production site was closed during the year to 26 January 2008. The land and buildings were classified as an asset held for sale. The carrying value of the asset continues to be the current market value. The Group is in discussions with interested parties and the site is expected to be sold by 28 January 2012.

There are no other assets or liabilities associated with the non-current assets held for sale other than a deferred government grant of £59,000 held in respect of the Atherton site (see note 21).

18 Borrowings

All of the Group's borrowings are denominated in U.K. Sterling.

Group and Company	2011 £000	2010 £000
Current		
Bank borrowings	5,000	8,000
Non-current		
Bank borrowings	20,000	25,000
Total borrowings	25,000	33,000

A bank arrangement fee of £366,000 was incurred in arranging the borrowing facility. This is being amortised to the income statement over the expected duration of the loan of five years. The amortisation charge is included in the finance costs line in the income statement.

	2011 £000	2010 £000
Non-current bank borrowings	20,000	25,000
Unamortised arrangement fee	(186)	(261)
Non-current bank borrowings disclosed in the statement of financial position	19,814	24,739

Bank borrowings are secured on the entire net assets of the Group.

The movements in the borrowings are analysed as follows:

	2011 £000	2010 £000
Opening loan balance	33,000	38,000
Borrowings made	12,000	5,000
Repayments of borrowings	(20,000)	(10,000)
Closing loan balance	25,000	33,000

The borrowings are scheduled to be repaid over the next two and a half years under a payment schedule agreed with the lender.

The maturity profile of the borrowings are as follows:

	2011 £000	2010 £000
Less than one year	5,000	8,000
One to five years	20,000	25,000
	25,000	33,000

19 Trade and other payables

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Trade payables	6,346	4,644	6,346	4,618
Other taxes and social security costs	3,721	2,922	3,720	2,921
Accruals	29,495	24,270	29,165	24,121
Amounts due to subsidiary companies	–	–	15,684	10,905
	39,562	31,836	54,915	42,565

Notes to the Accounts

(continued)

19 Trade and other payables (continued)

The table below analyses the Group's financial liabilities into the relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to one year £000	Over one year £000	Total £000
At 29 January 2011			
Borrowings	5,157	20,313	25,470
Trade payables	6,346	–	6,346
Accruals	29,495	–	29,495
Financial instruments	416	–	416
	41,414	20,313	61,727
At 30 January 2010			
	Up to one year £000	Over one year £000	Total £000
Borrowings	8,369	25,439	33,808
Trade payables	4,644	–	4,644
Accruals	24,270	–	24,270
Financial instruments	1,007	503	1,510
	38,290	25,942	64,232

As trade and other payables are not interest-bearing, their fair value is taken to be the book value. Disclosures relating to borrowings are included in note 18.

20 Provisions

	2011 £000	2010 £000
Group and Company		
Opening provision	1,962	80
Provision created during the year	72	1,886
Provision released during the year	(186)	–
Provision utilised during the year	(1,071)	(4)
Closing provision	777	1,962

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

The employee termination costs were based on a detailed plan agreed between management and employee representatives. This provision has been utilised during the year to 29 January 2011. The release of the provision followed individuals leaving the Group ahead of taking redundancy. The closure and restructuring are expected to be complete by 31 July 2011.

The provision created in the year to 29 January 2011 relates to additional redundancy costs associated with the Group reorganisation.

21 Deferred income

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
At start of year	76	144	72	72
Credit to income statement	(4)	(68)	–	–
At end of year	72	76	72	72

The credit to the income statement for the year ended 30 January 2010 was in relation to a grant received by Rubicon Drinks Limited, a subsidiary company. The grant was fully released in the year to 30 January 2010.

All of the grants are being released over the expected lifetime of the assets that they were used to purchase.

Included in the closing balance is £59,000 (2010: £59,000) of a government grant received in respect of the Atherton production site. Until the Atherton site was classified as an asset classified as held for sale the grant was amortised to the income statement over the expected life of the site. The amortisation ceased at the date that the site was classified as held for sale as the site was no longer being depreciated. The balance will be released to the income statement when the site is sold. The grant is not repayable to its issuer.

22 Deferred tax assets and liabilities

Group	Retirement benefit obligations £000	Share-based payments £000	Total deferred tax asset £000	Retirement benefit surplus	Accelerated tax depreciation £000	Total deferred tax liability £000	Net deferred tax liability £000
At 31 January 2009	1,396	256	1,652	–	(17,709)	(17,709)	(16,057)
(Charge)/credit to the income statement (note 7)	(737)	141	(596)	–	1,391	1,391	795
Credit to other comprehensive income	979	343	1,322	–	–	–	1,322
At 30 January 2010	1,638	740	2,378	–	(16,318)	(16,318)	(13,940)
(Charge)/credit to the income statement (note 7)	(771)	54	(717)	–	101	101	(616)
(Charge)/credit to other comprehensive income	(1,432)	82	(1,350)	–	–	–	(1,350)
Transfer from asset to liability category	565	–	565	(565)	–	(565)	–
At 29 January 2011	–	876	876	(565)	(16,217)	(16,782)	(15,906)

Deferred tax assets and liabilities

Company	Retirement benefit obligations £000	Share-based payments £000	Total deferred tax asset £000	Retirement benefit surplus	Accelerated tax depreciation £000	Total deferred tax liability £000	Net deferred tax liability £000
At 31 January 2009	1,396	256	1,652	–	(5,221)	(5,221)	(3,569)
(Charge)/credit to the income statement	(737)	141	(596)	–	1,417	1,417	821
Credit to other comprehensive income	979	343	1,322	–	–	–	1,322
At 30 January 2010	1,638	740	2,378	–	(3,804)	(3,804)	(1,426)
(Charge)/credit to the income statement	(771)	54	(717)	–	(123)	(123)	(840)
(Charge)/credit to other comprehensive income	(1,432)	82	(1,350)	–	–	–	(1,350)
Transfer from asset to liability category	565	–	565	(565)	–	(565)	–
At 29 January 2011	–	876	876	(565)	(3,927)	(4,492)	(3,616)

As disclosed in note 7 the Finance (No 2) Act 2010 introduced legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. This has resulted in a £207,000 charge to equity in the year to 29 January 2011, included within the net charge for the year of £1,350,000.

Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24%. These proposed reductions of the main rate of corporation tax are expected to be enacted separately each year. These changes have not been substantively enacted at the statement of financial position date and have therefore not been recognised in these financial statements. It has not been possible to quantify the impact of the changes in these financial statements. No deferred tax asset is recognised in the statement of financial position for unused capital losses of £1,895,000 (2010: £1,895,000).

A further deferred tax asset of £1,204,000 (2010: £1,248,000) has not been recognised in respect of acquired tax losses in Taut (U.K.) Limited, a subsidiary of the Company.

Notes to the Accounts

(continued)

23 Lease commitments

The total future minimum lease payments under non-cancellable operating leases are as follows for the Group and Company:

	2011 £000	2010 £000
No later than one year	1,033	599
More than one year but not more than five years	2,482	1,449
Due beyond five years	757	757
Total lease commitments	4,272	2,805

In the year to 30 January 2010 the Company entered into an operating lease for its Company car fleet. This has resulted in an ongoing reduction in capital expenditure alongside an increase in the lease commitments in the year to 29 January 2011. The Group also leases various office properties, warehouses and computer equipment.

Warehouse space at the Group's Mansfield site has been leased to a third party on a short term basis prior to the sale of the site. Future minimum lease receivables under the non-cancellable operating lease total £18,000.

24 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the finance department under policies approved by the board of directors. The Group's finance department identifies, evaluates and manages financial risks in close co-operation with the Group's operating units. The board provides guidance on overall risk management including foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

In addition treasury matters are dealt with by the Treasury Committee.

Market risk

Foreign exchange risk

The Group operates internationally. The Group primarily buys and sells in U.K. Sterling but does have some purchases and sales denominated in US Dollars and Euros. For the year ended 29 January 2011, if Sterling had weakened/strengthened by 10% against the US dollar or Euro, with all other variables held constant, there would have been a negligible effect on post tax profit (30 January 2010: negligible impact on post tax profit).

The Group periodically enters into forward option contracts to purchase Euros for known capital purchases where the value and volume of the purchase is known.

Price risk

The Group is not exposed to equity securities price risk because no such investments are held by the Group.

The Group purchases a wide range of commodities in the ordinary course of business. Exposure to changes in the market price of certain of these commodities, including sugar, plastic, aluminium and mango, is managed through the use of forward physical supply contracts, primarily to convert floating or indexed prices to fixed prices. The use of such contracts to hedge commodity exposures is governed by the Group's risk management policies and is continually monitored by the Treasury Committee. Commodity derivatives also provide a way to meet customers' pricing requirements whilst achieving a price structure consistent with the Group's overall pricing strategy.

All of the Group's commodity derivatives are treated as 'own use' contracts, which are outside the scope of IAS 39, since they are both entered into, and continue to be held, for the purposes of the Group's ordinary operations, and are not net settled (the Group takes physical delivery of the commodity concerned). 'Own use' contracts do not require accounting entries until the commodity purchase actually crystallises.

The majority of the Group's forward physical contracts and commodity derivatives have original maturities of less than one year.

As all of the commodity contracts qualify for the 'own use' treatment, no sensitivity analysis has been carried out.

Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash held at variable rates. The Group manages its cash flow interest rate risk by covering a significant proportion of its exposure using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

At 29 January 2011, if interest rates on Sterling-denominated borrowings at that date had been 0.5% higher/lower with all other variables held constant, there would have been a negligible change in the post tax profit for the year (30 January 2010: negligible impact).

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to major and direct to store customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If major customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control processes assess the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set by the board based on internal or external ratings. The utilisation of credit limits is regularly monitored. Sales to direct to store customers are largely settled in cash in order to manage credit risk from smaller, independent stores.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining sufficient cash reserves and the availability of borrowing facilities.

Management monitors rolling forecasts of the Group's liquidity reserve (which comprises undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows. This is carried out at a Group level and involves projecting cash flows for capital expenditure and considering the level of liquid assets necessary to meet these.

Capital risk management

The Group defines 'capital' as being net debt plus equity.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and maintain an appropriate capital structure to balance the needs of the Group to grow, whilst operating with sufficient headroom within its bank covenants.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group has a number of options available to it including modifying dividend payments to shareholders, returning capital to shareholders or issuing new shares. In this way, the Group balances returns to shareholders between long term growth and current returns whilst maintaining capital discipline in relation to investing activities and taking any necessary action on costs to respond to the current environment.

The Group monitors capital on the basis of the net debt/EBITDA ratio. Net debt is calculated as being the net of cash and cash equivalents, interest-bearing loans and borrowings. The net debt position is discussed in the Financial Review on pages 18 to 25. The net debt/EBITDA ratio enables the Group to plan its capital requirements in the medium term. The Group uses this measure to provide useful information to financial institutions and investors. The Group believes that the current net debt/EBITDA ratio provides an efficient capital structure and an acceptable level of financial flexibility.

For the year ended 29 January 2011, the net debt/EBITDA ratio was 0.4 times (year ended 30 January 2010: 0.6 times).

The Group monitors capital efficiency on the basis of the return on capital employed ratio ('ROCE'). In the financial year ended 29 January 2011, ROCE improved to 21.4% from 19.2%.

Notes to the Accounts

(continued)

25 Retirement benefit surplus/obligations

During the year the Company operated two pension schemes. The two main schemes are the A.G. BARR p.l.c. (2005) Defined Contribution Scheme and the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme. The latter is a defined benefit scheme based on final salary which also includes a defined contribution section for the pension provision of new executive entrants.

The assets of the schemes are held separately from those of the Company and are invested in managed funds. Full valuations of these schemes were conducted as at 1 April 2008 using the attained age method.

The total assets of the defined benefit scheme at valuation were £59,963,000.

The assumptions which have the most significant effect on the results of the valuations are those relating to the discount rate, rate of inflation, real salary growth (above inflation) and life expectancy. For the purposes of the 1 April 2008 valuation, it was assumed that the growth of the investment return would be 1.85% per annum higher than pensionable pay. In the period after retirement, it was assumed that the investment return would be 0.6% per annum higher than the increase in pensions.

The deficit as at 1 April 2008 determined using the above assumptions was £10,300,000.

The valuation used for the defined benefit schemes has been based on market conditions as at the Company year end. The full actuarial valuation carried out at 1 April 2008 was updated to 29 January 2011 by a qualified independent actuary.

Defined benefit scheme

The Group operates a funded defined benefit scheme for qualifying employees. Under the scheme, the employees are entitled to retirement benefits based on final pensionable pay. No other post-retirement benefits are provided.

The amounts recognised in the statement of financial position are as follows:

	2011 £000	2010 £000
Group and Company		
Present value of funded obligations	77,414	74,217
Fair value of scheme assets	(79,506)	(68,362)
(Surplus)/Liability recognised in the statement of financial position	(2,092)	5,855

The amounts recognised in the income statement are as follows:

	2011 £000	2010 £000
Interest on obligation	4,202	3,995
Expected return on scheme assets	(4,446)	(3,624)
Net finance (income)/expense relating to defined benefit schemes (note 6)	(244)	371
Curtailment gain	(341)	–
Current service cost	1,305	1,007
Total cost recognised in the income statement	720	1,378

The current service charge has been included within Administration costs in the income statement. The curtailment gain has arisen due to the closure of the Mansfield production site. The Group's defined benefit obligation reduced by £341,000, with a corresponding £341,000 credit being recognised in the consolidated income statement within exceptional items.

Changes in the present value of the defined benefit obligation are as follows:

	2011 £000	2010 £000
Opening defined benefit obligation	74,217	62,102
Service cost	1,305	1,007
Interest cost	4,202	3,995
Curtailment gain	(341)	–
Actuarial losses	320	9,388
Members' contributions	90	167
Benefits paid	(2,305)	(2,328)
Premiums paid	(74)	(114)
Closing defined benefit obligation	77,414	74,217

The U.K. Government announced on 8 July 2010 that statutory pension increases or revaluations would be based on the Consumer Prices Index measure of price inflation from 2011, rather than the Retail Prices Index measure of price inflation. Under the rules of the defined benefit element of the A.G. BARR p.l.c. (2008) Pension and Life Assurance Scheme, the change in the measure has only affected deferred members of the scheme. Under the accounting policies of the Group, the change in the assumption is accounted for as an actuarial gain, and in the year to 29 January 2011, has resulted in a reduction in defined benefit obligation of £500,000.

Changes in the fair value of the schemes' assets are as follows:

	2011 £000	2010 £000
Opening fair value of scheme assets	68,362	57,113
Expected return	4,446	3,624
Actuarial gains	4,918	5,890
Employer's contributions	4,069	4,010
Members' contributions	90	167
Benefits paid	(2,305)	(2,328)
Premiums paid	(74)	(114)
Closing fair value of scheme assets	79,506	68,362

The analysis of the movement in the statement of financial position is as follows:

	2011 £000	2010 £000
Opening net liability	(5,855)	(4,989)
Total expense recognised in the income statement	(720)	(1,378)
Employer's contributions	4,069	4,010
Net actuarial gains/(losses) recognised in the year	4,598	(3,498)
Closing net surplus/(liability)	2,092	(5,855)

Cumulative gains/(losses)

	2011 £000	2010 £000
Cumulative amount at start of year	(1,059)	2,439
Actuarial gains/(losses) recognised in the year	4,598	(3,498)
Cumulative amount at end of year	3,539	(1,059)

Notes to the Accounts

(continued)

25 Retirement benefit surplus/obligations (continued)

Actual return on scheme assets

	2011 £000	2010 £000
Actual return on scheme assets	9,364	9,514

Principal assumptions

Financial assumptions

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Discount rate	5.70%	5.70%	6.50%	5.90%	5.10%
Expected return on scheme assets	6.42%	6.25%	6.70%	6.70%	5.80%
Future salary increases	4.75%	4.75%	4.75%	4.65%	4.15%
Inflation assumption	3.50%	3.50%	3.50%	3.40%	2.90%

To develop the expected long term rate of return on assets assumptions, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations of future returns for each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long term rate of return on assets assumptions for the portfolio. This resulted in the selection of the 6.54% assumption as at 29 January 2011, and is the expected long term rate of return for the year ending 28 January 2012.

Mortality assumptions

The mortality tables adopted in finalising the fair value of the liabilities is PA92 (year of birth) mc + 2 years. This assumes that the expected age at death for males is 86 to 88 and for females is 89 to 91 depending on their age at 29 January 2011.

The fair value of scheme assets at the year end dates is analysed as follows:

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Equities	55,247	42,521	32,783	38,834	34,578
Bonds	22,087	21,739	18,333	13,331	13,412
Cash	2,172	4,102	5,997	5,796	4,401
Total market value of scheme assets	79,506	68,362	57,113	57,961	52,391

The history of the schemes is as follows:

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Defined benefit obligation	(77,414)	(74,217)	(62,102)	(65,970)	(68,475)
Scheme assets	79,506	68,362	57,113	57,961	52,391
Surplus/(Deficit)	2,092	(5,855)	(4,989)	(8,009)	(16,084)

Sensitivity review

The sensitivity of the overall pension liability to changes in the weighed principle assumptions is:

	Change in assumption	Impact on overall liabilities
Discount rate	Increase/decrease by 0.1%	Decreases/increases liabilities by £1.8m
Rate of inflation	Increase/decrease by 0.1%	Increases/decreases liabilities by £0.4m
Life expectancy	Increase/decrease by 1 year	Increases/decreases liabilities by £1.5m

The Group expects to pay £3.9m of contributions to the defined benefit schemes in the year to 28 January 2012, being £1.2m of future service contributions and £2.7m of deficit recovery contributions.

The pension costs for the defined contribution schemes are as follows:

	2011 £000	2010 £000
Defined contribution costs	1,410	801

26 Share capital

Group and Company	2011		2010	
	Shares	£	Shares	£
Issued and fully paid	38,922,926	4,865,366	38,922,926	4,865,366

The Company has one class of ordinary shares which carry no right to fixed income.

During the year to 29 January 2011 the Company's employee benefit trusts purchased 375,020 (2010: 199,939) shares. The total amount paid to acquire the shares has been deducted from shareholders' equity and is included within retained earnings. At 29 January 2011 the shares held by the Company's employee benefit trusts represented 552,849 (2010: 607,047) shares at a purchased cost of £5,465,821 (2010: £3,885,450).

27 Share-based payments

As disclosed in the Directors' Remuneration Report the Group runs a number of share award plans and share option plans:

- Savings Related Share Option Scheme, open to all employees
- LTIP options granted to executive directors
- AESOP awards, available to all employees

Savings Related Share Option Scheme ('SAYE')

All SAYEs outstanding at 29 January 2011 and 30 January 2010 have no performance criteria attached other than the requirement for the employee to remain in the employment of the Company and to continue contributing to the plan. Options granted under the SAYE must be exercised within six months of the relevant award vesting date.

The SAYE is open to all qualifying employees in employment at the date of inception of the scheme. Options are normally exercisable after five years from the date of grant. The price at which options are offered is not less than 80% of the average of the middle-market price of the five dealing days immediately preceding the date of invitation.

During the year, an award of share options was made to qualifying employees.

The weighted average fair value of the share awards made during the period was determined using the Black-Scholes valuation model. The significant inputs to the model were as follows:

Date of grant	4 June 2010
Number of instruments granted	348,454
Share price at date of grant	952p
Contractual life in years	5.00
Dividend yield	3.19%
Expected outcome of meeting performance criteria (at grant date)	80%
Fair value determined at grant date	226p

Notes to the Accounts

(continued)

27 Share-based payments (continued)

The movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2011		2010	
	Options	Average exercise price in pence per share	Options	Average exercise price in pence per share
At start of the year	597,966	438p	613,762	438p
Granted in the year	348,454	762p	–	–p
Forfeited	(22,283)	483p	(10,380)	471p
Exercised	(300,099)	389p	(5,416)	399p
At end of the year	624,038	641p	597,966	438p

None of the options listed above were exercisable at the respective year end dates. The outstanding options at the year end had exercise prices of £4.88 and £7.62 (2010: £3.88 and £4.88).

The weighted average share price on the dates that options were exercised in the year to 29 January 2011 was £11.90.

The weighted average remaining contractual life of the outstanding share options at the year end is 4 years (2010: 2 years).

LTIP

During the year, an award of shares was made to the executive directors as disclosed in the Directors' Remuneration Report.

The weighted average fair value of the share awards made during the period was determined using the Black-Scholes valuation model. The significant inputs to the model were as follows:

Date of grant	2 April 2010
Number of instruments granted	93,506
Share price at date of grant	975p
Contractual life in years	3.00
Dividend yield	2.34%
Expected outcome of meeting performance criteria (at grant date)	85%
Fair value determined at grant date	909p

AESOP

As described in the Directors' Remuneration Report, there are two elements to the AESOP.

The partnership share element provides that for every three shares that a participant purchases in A.G. BARR p.l.c., up to a maximum contribution of £125 per month, the Company will purchase one matching share. The matching shares purchased are held in trust in the name of the individual. There are various rules as to the period of time that the shares must be held in trust but after five years, the shares can be released tax free to the participant.

The second element of free shares allows participants to receive shares to the value of a common percentage of their earnings, related to the performance of the Group. The maximum value of the annual award is £3,000, and the shares awarded are held in trust for five years.

28 Subsequent events

As disclosed in note 9, the directors propose that a final dividend of 18.66p per share will be paid to shareholders on 3 June 2011.

29 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Company and related parties are as follows:

	Sales of goods and services		Purchase of goods and services	
	2011 £000	2010 £000	2011 £000	2010 £000
Rubicon Drinks Limited	33,232	4,503	45,129	2,518
Taut (U.K.) Limited	83	20	60	–
Findlays Limited	–	–	234	242
Barr Leasing Limited	–	–	218	215

The amounts disclosed in the table below are the amounts owed to and due from subsidiary companies that are trading subsidiaries. The difference between the total of these balances and the amounts disclosed as amounts due by (note 16) and to (note 19) subsidiary companies, are balances due by and due to dormant subsidiary companies.

	Amounts owed by related parties		Amounts due to related parties	
	2011 £000	2010 £000	2011 £000	2010 £000
Rubicon Drinks Limited	–	–	14,207	8,122
Taut (U.K.) Limited	1,194	1,090	–	–
Findlays Limited	–	–	1,469	1,282
Barr Leasing Limited	281	285	–	–

Included in the balance due to Rubicon Drinks Limited for the year to 30 January 2010 was a loan of £2,420,000. The loan was repaid by the Company during the year to 29 January 2011. The interest charged on the loan was 1.5% above the Bank of England base rate.

Compensation of key management personnel

The remuneration of the executive directors and other members of key management (the management committee) during the year was as follows:

	2011 £000	2010 £000
Salaries and short term benefits	2,499	2,436
Pension and other costs	266	213
Share-based payments	24	24
	2,789	2,673

The figures for the year to 30 January 2010 have been restated from the prior year to include all salaries and short term benefits for the management committee.

Retirement benefit plans

The Group's retirement benefit plans are administered by an independent third party service provider. During the year the service provider charged the Group £418,364 (2010: £381,829) for administration services in respect of the retirement benefit plans. At the year end £nil (2010: £nil) was outstanding to the service provider on behalf of the retirement benefit plans.

Notes to the Accounts

(continued)

30 Going concern

The directors are confident that it is appropriate for the going concern basis to be adopted in preparing the financial statements. The statement of financial position shows net assets of £116,707,000 (2010: £100,509,000) and the Company has sufficient reserves to continue making dividend payments. The liquidity and cash generation for the Group has continued to be very strong, with the Group's net debt position decreasing from £22,074,000 at 30 January 2010 to £16,589,000 at 29 January 2011.

As disclosed in the Financial Review on pages 18 to 25, the Company has concluded refinancing negotiations with its bank, and the 2011 expiring facility will be replaced with a new three year working capital facility through to 2014.

Review of Trading Results

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Revenue	222,366	201,410	169,698	148,377	141,876
Operating profit before exceptional items	32,694	29,760	23,054	20,389	18,334
Exceptional items	(1,156)	(3,432)	130	(468)	(2,761)
Operating profit after exceptional items	31,538	26,328	23,184	19,921	15,573
Finance income	321	117	1,062	924	1,158
Finance expense	(1,423)	(1,995)	(1,037)	(12)	(377)
Net finance (expense)/income	(1,102)	(1,878)	25	912	781
Profit before tax	30,436	24,450	23,209	20,833	16,354
Tax on profit	(7,851)	(6,502)	(6,134)	(3,995)	(3,163)
Profit after tax	22,585	17,948	17,075	16,838	13,191
Earnings per share on issued share capital (pence)	58.02	46.11	43.87	43.26	33.89
Dividends recognised as an appropriation in the year (pence)	23.60	21.45	19.80	17.88	16.13

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to any matter referred to in this document or as to the action you should take, you should seek your own personal financial advice from a stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you are not resident in the United Kingdom, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your shares in A.G. BARR p.l.c., please pass this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

Notice is hereby given that the one hundred and seventh annual general meeting of A.G. BARR p.l.c. (the 'Company') will be held at the offices of KPMG LLP, 191 West George Street, Glasgow G2 2LJ on Monday, 23 May 2011 at 9.30 a.m. to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 13 (inclusive) will be proposed as ordinary resolutions and Resolutions 14 and 15 will be proposed as special resolutions.

1. To receive and approve the audited accounts of the group and the Company for the year ended 29 January 2011 together with the directors' and auditors' reports thereon.
2. To receive and approve the directors' remuneration report for the year ended 29 January 2011.
3. To declare a final dividend of 18.66p per ordinary share for the year ended 29 January 2011.
4. To re-elect Mr Ronald George Hanna as a director of the Company.
5. To re-elect Mr Roger Alexander White as a director of the Company.
6. To re-elect Mr Alexander Brian Cooper Short as a director of the Company.
7. To re-elect Mr Jonathan David Kemp as a director of the Company.
8. To re-elect Mr Andrew Lewis Memmott as a director of the Company.
9. To re-elect Mr William Robin Graham Barr as a director of the Company.
10. To re-elect Mr Jonathan Warburton as a director of the Company.
11. To re-elect Mr Martin Andrew Griffiths as a director of the Company.
12. To re-appoint KPMG Audit plc as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid, and to authorise the audit committee of the board of directors of the Company to fix their remuneration.
13. THAT the board of directors of the Company (the 'Board') be and it is hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the 'Act') to exercise all the powers of the Company to allot shares in the capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,621,788.50, provided that this authority shall expire on the earlier of 31 July 2012 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or enter into an agreement which would or might require shares to be allotted, or rights to subscribe for or to convert securities into shares to be granted, after such expiry and the Board may allot shares or grant such rights in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
14. THAT, subject to the passing of resolution 13 set out in the notice of the annual general meeting of the Company convened for Monday, 23 May 2011 ('Resolution 13'), the board of directors of the Company (the 'Board') be and is hereby generally empowered, pursuant to sections 570 and 573 of the Companies Act 2006 (the 'Act'), to allot equity securities (within the meaning of section 560 of the Act) (including the grant of rights to subscribe for, or to convert any securities into, ordinary shares of 12.5p each in the capital of the Company ('Ordinary Shares')) wholly for cash either pursuant to the authority conferred on them by Resolution 13 or by way of a sale of treasury shares (within the meaning of section 560(3) of the Act) as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to:

- (a) the allotment of equity securities for cash in connection with a rights issue, open offer or other pre-emptive offer in favour of holders of Ordinary Shares (excluding the Company in its capacity as a holder of treasury shares) on the register of members of the Company on a date fixed by the Board where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as practicable) to the respective numbers of Ordinary Shares held by them on that date subject to such exclusions or other arrangements in connection with the rights issue, open offer or other offer as the Board deem necessary or expedient to deal with (i) equity securities representing fractional entitlements; (ii) treasury shares; or (iii) legal or practical problems arising in any overseas territory, the requirements of any regulatory body or any stock exchange or any other matter whatsoever; and
- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal amount of £243,268 provided that this authority shall expire on the earlier of 31 July 2012 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may before such expiry make an offer or enter into an agreement which would or might require equity securities to be allotted after the expiry of this authority and the Board may allot equity securities pursuant to such an offer or agreement as if the authority conferred hereby had not expired.
15. THAT the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the 'Act') to make one or more market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 12.5p each in the capital of the Company ('Ordinary Shares') on such terms and in such manner that the directors think fit, provided that:
- (a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased shall be 10% of the issued ordinary share capital of the Company as at the date of the passing of this resolution;
- (b) the maximum price which may be paid for an Ordinary Share is an amount equal to the higher of (i) 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five dealing days immediately preceding the day on which the Ordinary Share is purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out, and the minimum price which may be paid for an Ordinary Share is 12.5p, being the nominal value of an Ordinary Share (in each case exclusive of associated expenses);
- (c) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of 31 July 2012 or at the conclusion of the next annual general meeting of the Company after the passing of this resolution, but a contract to purchase Ordinary Shares may be made before such expiry which will or may be completed wholly or partly thereafter, and a purchase of Ordinary Shares may be made in pursuance of any such contract; and
- (d) an Ordinary Share so purchased shall be cancelled or, if the directors so determine and subject to the provisions of applicable laws or regulations of the United Kingdom Listing Authority, held as a treasury share.

By order of the board



J.A. Barr

Company Secretary
21 April 2011

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

Registered in Scotland SC005653

Shareholders should also read the notes to this Notice of Annual General Meeting which are set out on pages 116 to 118 of this document. Those notes provide further information about shareholders' entitlement to attend, speak and vote at the Annual General Meeting (or appoint another person to do so on their behalf).

Explanatory Notes

The following notes provide an explanation of the resolutions to be considered at the one hundred and seventh annual general meeting (the 'AGM') of A.G. BARR p.l.c. (the 'Company').

Resolutions 1 to 13 (inclusive) will be proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 14 and 15 will be proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1 – Receive and approve the reports and accounts

Shareholders are being asked to receive and approve the audited accounts of the group and the Company (as audited by KPMG Audit plc ('KPMG')) for the year ended 29 January 2011 together with the associated reports of the directors and auditors.

Resolution 2 – Directors' remuneration report

Shareholders are being asked to approve the directors' remuneration report for the year ended 29 January 2011 which is set out on pages 55 to 62 of this document.

Resolution 3 – Final dividend

Shareholders are being asked to approve a final dividend of 18.66p per ordinary share for the year ended 29 January 2011. If shareholders approve the recommended final dividend, it will be paid on 3 June 2011 to all shareholders on the Company's register of members on 6 May 2011.

Resolutions 4 to 11 inclusive – Re-election of directors

The Company's articles of association require that all newly appointed directors retire at the first annual general meeting following their appointment. Consequently, Mr M.A. Griffiths will retire and offer himself for re-election by shareholders.

In addition, the board of directors of the Company (the 'Board') has decided to adopt the provisions of the new UK Corporate Governance Code whereby all directors are subject to annual re-election. Accordingly, all of the other directors of the Company are retiring and offering themselves for re-election.

Biographical details of the directors are set out on page 45 of this document. The Board has confirmed that, following formal performance evaluation, all of the directors standing for re-election continue to perform effectively and demonstrate commitment to their roles. The Board therefore unanimously recommends the re-election of the directors proposed.

Resolution 12 – Re-appointment of auditors

The Company is required to appoint auditors at each general meeting at which accounts are presented to shareholders and KPMG have indicated their willingness to continue in office. Accordingly, shareholders are being asked to re-appoint KPMG as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the audit committee of the Board to fix their remuneration.

Resolution 13 – Authority to allot shares

The directors may not allot new shares in the Company unless authorised to do so by shareholders in general meeting. Resolution 13, if passed, will authorise the directors to allot ordinary shares having an aggregate nominal value of up to £1,621,788.50, representing approximately one third of the Company's issued ordinary share capital (being approximately one third of 38,922,926 ordinary shares) as at 20 April 2011 (being the latest practicable date prior to the publication of this document). The directors have no present intention to exercise the authority sought under this resolution.

The authority sought under Resolution 13 will expire on the earlier of 31 July 2012 (being the latest date by which the Company must hold its annual general meeting in 2012) and the conclusion of the annual general meeting of the Company held in 2012.

Resolution 14 – Disapplication of statutory pre-emption rights

If the directors wish to allot new shares for cash, the Companies Act 2006 states that the new shares must be offered first to existing shareholders in proportion to their existing shareholdings. For legal, regulatory and practical reasons, however, it might not be possible or desirable for new shares allotted by means of a pre-emptive offer to be offered to certain shareholders, particularly those resident overseas. Furthermore, it might in some circumstances be in the Company's interests for the directors to be able to allot some shares for cash without having to offer them first to existing shareholders. To enable this to be done, shareholders' statutory pre-emption rights must be disapplied. Accordingly, Resolution 14, if passed, will empower the directors to allot a limited number of new equity securities without shareholders' statutory pre-emption rights applying to such allotment. The authority conferred by Resolution 14 would also cover the sale of treasury shares for cash.

Sub-paragraph (a) of Resolution 14 would confer authority on the directors to make any arrangements which may be necessary to deal with any legal, regulatory or practical problems arising on a rights issue, an open offer or any other pre-emptive offer in favour of ordinary shareholders, for example, by excluding certain overseas shareholders from such issue or offer.

Sub-paragraph (b) of Resolution 14 would disapply shareholders' statutory pre-emption rights by empowering the directors to allot equity securities for cash on a non pre-emptive basis but only new equity securities having a maximum aggregate nominal value of £243,268, representing approximately 5% of the Company's issued ordinary share capital (being approximately 5% of 38,922,926 ordinary shares) as at 20 April 2011 (being the latest practicable date prior to the publication of this document).

The authority sought under Resolution 14 will expire on the earlier of 31 July 2012 (being the latest date by which the Company must hold an annual general meeting in 2012) and the conclusion of the annual general meeting of the Company held in 2012.

Resolution 15 – Purchase of own shares

The Companies Act 2006 permits a company to purchase its own shares provided the purchase has been authorised by shareholders in general meeting.

Resolution 15, if passed, would give the Company the authority to purchase any of its own issued ordinary shares at a price of not less than 12.5p per share and not more than the higher of (i) 5% above the average of the middle market quotations of the Company's ordinary shares as derived from the London Stock Exchange Daily Official List for the five dealing days before any purchase is made; and (ii) the higher of the last independent trade and the highest current independent trade on the London Stock Exchange.

The authority will enable the purchase of up to a maximum of 10% of the Company's issued ordinary share capital as at the date of the AGM, and will expire on the earlier of 31 July 2012 (being the latest date by which the Company must hold an annual general meeting in 2012) and the conclusion of the annual general meeting of the Company held in 2012.

The directors will only exercise this buy back authority after careful consideration, taking into account market conditions prevailing at the time, other investment opportunities, appropriate gearing levels and the overall position of the Company. Purchases would be financed out of distributable profits and shares purchased would either be cancelled (and the number of shares in issue reduced accordingly) or held as treasury shares.

The Company operates two share option schemes under which awards may be satisfied by the allotment or transfer of ordinary shares to a scheme participant. However, in practice, the Company has always satisfied awards to participants by the transfer of ordinary shares from the trustee of each of the schemes.

As at 1 April 2011 (being the latest practicable date prior to the publication of this document), options had been granted over 568,983 ordinary shares (the 'Option Shares') representing approximately 1.46% of the Company's issued ordinary share capital at that date. If the authority to purchase the Company's ordinary shares were exercised in full, the Option Shares would represent approximately 1.62% of the Company's issued ordinary share capital as at 1 April 2011. As at 1 April 2011, the Company did not hold any treasury shares.

1. Attending the annual general meeting (the 'AGM') in person

If you wish to attend the AGM in person, you should arrive at the venue for the AGM in good time to allow your attendance to be registered. It is advisable to have some form of identification with you as you may be asked to provide evidence of your identity to the Company's registrar, Equiniti Limited (the 'Registrar'), prior to being admitted to the AGM.

2. Appointment of proxies

Members are entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy need not be a member of the Company but must attend the AGM to represent a member. To be validly appointed, a proxy must be appointed using the procedures set out in these notes and in the notes to the accompanying proxy form.

If a member wishes a proxy to speak on their behalf at the AGM, the member will need to appoint their own choice of proxy (not the Chairman of the AGM) and give their instructions directly to them. Such an appointment can be made using the proxy form accompanying this notice of AGM or through CREST.

Members can only appoint more than one proxy where each proxy is appointed to exercise rights attached to different shares. Members cannot appoint more than one proxy to exercise the rights attached to the same share(s). If a member wishes to appoint more than one proxy, they should contact the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6ZR.

A member may instruct their proxy to abstain from voting on a particular resolution to be considered at the AGM by marking the 'Withheld' option in relation to that particular resolution when appointing their proxy. It should be noted that an abstention is not a vote in law and will not be counted in the calculation of the proportion of votes 'for' or 'against' the resolution.

The appointment of a proxy will not prevent a member from attending the AGM and voting in person if he or she wishes.

A person who is not a member of the Company but who has been nominated by a member to enjoy information rights does not have a right to appoint any proxies under the procedures set out in these notes and should read note 8 below.

3. Appointment of a proxy using a proxy form

A proxy form for use in connection with the AGM is enclosed. To be valid any proxy form or other instrument appointing a proxy, together with any power of attorney or other authority under which it is signed or a certified copy thereof, must be received by post or (during normal business hours only) by hand by the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6ZR at least 48 hours before the time of the AGM or any adjournment of that meeting.

If you do not have a proxy form and believe that you should have one, or you require additional proxy forms, please contact the Registrar at Equiniti Limited, Aspect House, Spencer Road, Lancing BN99 6ZR.

4. Appointment of a proxy through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual and by logging on to the following website: www.euroclear.com/CREST. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must in order to be valid, be transmitted so as to be received by the Registrar (ID RA19) no later than 48 hours before the time of the AGM or any adjournment of that meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Appointment of a proxy by joint holders

In the case of joint holders, where more than one of the joint holders purports to appoint one or more proxies, only the purported appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first named being the most senior).

6. Corporate representatives

Any corporation which is a member can appoint one or more corporate representatives. Members can only appoint more than one corporate representative where each corporate representative is appointed to exercise rights attached to different shares. Members cannot appoint more than one corporate representative to exercise the rights attached to the same share(s).

7. Entitlement to attend and vote

To be entitled to attend and vote at the AGM (and for the purpose of determining the votes they may cast), members must be registered in the Company's register of members at 6.00 p.m. on 21 May 2011 (or, if the AGM is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting). Changes to the Company's register of members after the relevant deadline will be disregarded in determining the rights of any person to attend and vote at the AGM.

8. Nominated persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 (the '2006 Act') to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

9. Website giving information regarding the AGM

Information regarding the AGM, including information required by section 311A of the 2006 Act, and a copy of this notice of AGM is available from www.agbarr.co.uk.

10. Audit concerns

Members should note that it is possible that, pursuant to requests made by members of the Company under section 527 of the 2006 Act, the Company may be required to publish on a website a statement setting out any matter relating to: (a) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the AGM; or (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditors not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

Notes

(continued)

11. Voting rights

As at 20 April 2011 (being the latest practicable date prior to the publication of this notice) the Company's issued share capital consisted of 38,922,926 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 20 April 2011 were 38,922,926 votes.

12. Notification of shareholdings

Any person holding 3% or more of the total voting rights of the Company who appoints a person other than the Chairman of the AGM as his proxy will need to ensure that both he, and his proxy, comply with their respective disclosure obligations under the UK Disclosure and Transparency Rules.

13. Further questions and communication

Under section 319A of the 2006 Act, the Company must cause to be answered any question relating to the business being dealt with at the AGM put by a member attending the meeting unless answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, or the answer has already been given on a website in the form of an answer to a question, or it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Members who have any general queries about the AGM should contact the Company Secretarial Department by email on companysecretarialdepartment@agbarr.co.uk.

Members may not use any electronic address provided in this document or in any related documents (including the accompanying proxy form) to communicate with the Company for any purpose other than those expressly stated.

14. Documents available for inspection

The following documents will be available for inspection on the date of the AGM at the offices of KPMG LLP, 191 West George Street, Glasgow G2 2LJ from 9.15 a.m. until the conclusion of the AGM:

- 14.1 copies of the service contracts of the Company's executive directors; and
- 14.2 copies of the letters of appointment of the Company's non-executive directors.



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Julie A. Barr, M.A. (Hons.),
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