Unquenchable thirst for **improvement**

A.G. BARR p.l.c. Interim Report 2017

We are a growth driven, branded consumer goods business, delivering long-term sustainable value. We build great tasting brands that people love, offering them choice and enjoyment.

Unquenchable thirst for **value**

Interim Statement

John Nicolson & Roger White

A.G. BARR has maintained the strong sales momentum of the second half of last year during the first half of the current financial year, growing revenue in the period by 8.8%. This is a significant outperformance of the total soft drinks market which grew value by 4.2% in the 26 weeks to 30 July 2017 (IRI Market Place).

We have delivered strong brand performance across the portfolio supported by the continuing success of last year's new product launches. We increased our executional focus and investment in support of our core brands, with a particular emphasis on innovation, primarily IRN-BRU XTRA and Rubicon Spring.

This increased brand investment, along with the recognised sector cost pressures related to the ongoing weakness of sterling, led to a moderate reduction in margins during the period. However the margin impact has been lessened through the combination of the business re-organisation, completed early in 2017, and price increases, albeit these were implemented later than anticipated. Pre-exceptional operating margin* in the period was 13.2% (2016: 13.9%).

Profit on ordinary activities before tax and exceptional items* increased by 2.9% to £17.5m. Profit before tax was £19.4m including an exceptional credit of £1.9m*.

Trading

The UK soft drinks market in the period was up 4.2% in value and 2.6% in volume reflecting the impact of seasonally better early summer weather compared to last year and price inflation returning to the market. Volume growth in the stills sector continues to be driven by water, while low and no sugar drinks are the driving force in the carbonates sector.

Our overall market share has grown in the period. Our sales performance is particularly pleasing in England and Wales where our innovation has driven new distribution and attracted new consumers to our brands. In our core Scottish market, IRN-BRU has performed particularly strongly, with our broadened no added sugar range adding incremental sales to the brand.

The Funkin business continues to grow, benefiting from increased cocktail consumption, wider product distribution and further product innovation.

Reformulation programme

We are making good progress with our sugar reduction and reformulation programme and are confident that we will meet the previously communicated portfolio target of 90% of Company owned brands to contain less than 5g of total sugars per 100ml by the end of the financial year (January 2018).

A number of reformulated products have already successfully entered the market and, as we complete the programme across the next six months, we will ensure we have the appropriate plans and resources in place to deliver a smooth transition across our total supply chain and customer base.

Exceptional items

There were three exceptional items in the six months ended 29 July 2017 leading to a net exceptional credit of £1.9m.

The primary item was the sale, in February of this year, of our site in Walthamstow for £3.8m, resulting in a gain on disposal of £2.5m. In addition there have been one off costs of £0.3m associated with our reformulation programme and a further £0.3m of costs in relation to the now completed business reorganisation announced in September 2016.

Balance sheet

Our balance sheet remains strong, with free cash flow* in the period of £20.0m (2016: £19.6m) and a net cash position of £7.9m (2016: net debt (£6.6m)).

In the period we paid the Funkin acquisition earn-out (£4.5m), progressed our capacity expansion with the installation of a new production line at our Milton Keynes facility, and commenced the share repurchase programme announced in March.

We have continued our strategy of actively managing our pension scheme liabilities. Despite the benefit of several de-risking activities in the period, the pension deficit, on an IAS19 basis, has risen from £25.0m (July 2016) to £28.0m (July 2017), driven by the movement in discount rates and inflation assumptions. A full triennial valuation was conducted as at April 2017 and the results of this are expected to be available prior to the year end.

Our closing net cash surplus benefited from our continued tight management of working capital and payment cycle phasing and the sale proceeds from our Walthamstow site disposal. Free cash flow conversion* was just over 90%, in line with the same period last year.

Capital expenditure during the period amounted to £3.1m, in line with our long-term capital plans and a slight reduction on the prior year spend of £5.3m. We have continued the development of our Milton Keynes site, with investment in a new PET line which has been delivered on time and on budget. This will expand both the capacity and the flexibility of the site, supporting our ongoing innovation programme.

We commenced our £30m share repurchase programme in the period and will continue to progress towards completion within the planned 24 months as market conditions allow.

With strong banking facilities in place we remain well positioned to make acquisitions should value creating opportunities present themselves.

Dividend

The Board has declared an interim dividend of 3.71 pence per share, payable on 20 October 2017 to shareholders on the register on 6 October 2017. This represents an increase on the prior year of 5% and reflects the Board's confidence in the current financial position and the future prospects of the Group.

Outlook

The business has made significant progress year to date, albeit versus softer prior year comparative trading, and expects continued growth in the second half of the current financial year.

Although the soft drinks market has been impacted negatively in the short term by the mixed weather since late July, assuming market conditions across the balance of the year are reasonable, the Company remains on course to meet the Board's expectations for the full year.

John R. Nicolson

John Nicolson
Chairman

Roger White
Chief Executive

* Note: Items marked with an asterisk are non GAAP measures. Definitions and relevant reconciliations are provided in the Glossary at the end of this statement.

Consolidated Condensed Income Statement

	Note	Unaudited 6 months ended 29 July 2017			Unaudited 6 months ended 30 July 2016			Audited Year ended 28 January 2017		
		Before exceptional items £m	**Exceptional Items £m**	**Total £m**	Before exceptional items £m	Exceptional Items £m	Total £m	Before exceptional items £m	Exceptional Items £m	Total £m
Revenue	6	**136.6**	**-**	**136.6**	125.6	–	125.6	257.1	–	257.1
Cost of sales		**(73.6)**	**-**	**(73.6)**	(66.7)	–	(66.7)	(136.4)	–	(136.4)
Gross profit	6	**63.0**	**-**	**63.0**	58.9	–	58.9	120.7	–	120.7
Other income		**-**	**-**	**-**	–	–	–	0.7	–	0.7
Operating expenses		**(45.0)**	**1.9**	**(43.1)**	(41.5)	4.1	(37.4)	(78.3)	0.7	(77.6)
Operating profit	8	**18.0**	**1.9**	**19.9**	17.4	4.1	21.5	43.1	0.7	43.8
Finance costs		**(0.5)**	**-**	**(0.5)**	(0.4)	–	(0.4)	(0.7)	–	(0.7)
Profit before tax		**17.5**	**1.9**	**19.4**	17.0	4.1	21.1	42.4	0.7	43.1
Income tax expense	9	**(3.9)**	**0.1**	**(3.8)**	(3.8)	(0.7)	(4.5)	(7.4)	(0.1)	(7.5)
Profit attributable to equity holders		**13.6**	**2.0**	**15.6**	13.2	3.4	16.6	35.0	0.6	35.6
Earnings per share (p)										
Basic earnings per share	10			**13.46**			14.33			30.78
Diluted earnings per share	10			**13.45**			14.31			30.57
Earnings per share before exceptional items	10			**11.73**			11.40			30.26

Consolidated Condensed Statement of Comprehensive Income

	Unaudited 6 months ended 29 July 2017 £m	Unaudited 6 months ended 30 July 2016 £m	Audited Year ended 28 January 2017 £m
Profit for the period	**15.6**	16.6	35.6
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements on defined benefit pension plans (note 18)	**(1.8)**	(19.2)	(21.9)
Deferred tax movements on items above	**0.3**	3.0	2.7
Current tax movements on items above	**-**	0.5	1.0
Items that will be or have been reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges	**0.4**	(0.8)	(1.4)
Deferred tax movements on items above	**-**	–	0.2
Other comprehensive expenditure for the period, net of tax	**(1.1)**	(16.5)	(19.4)
Total comprehensive income attributable to equity holders of the parent	**14.5**	0.1	16.2

Consolidated Condensed Statement of Changes in Equity (Unaudited)

	Share capital £m	Share premium account £m	Share options reserve £m	Other reserves £m	Restated* Retained earnings £m	Total £m
At 28 January 2017	**4.9**	**0.9**	**1.8**	**(0.2)**	**172.8**	**180.2**
Profit for the period	**–**	**–**	**–**	**–**	**15.6**	**15.6**
Other comprehensive income/(expenditure)	**–**	**–**	**–**	**0.4**	**(1.5)**	**(1.1)**
Total comprehensive income for the period	**–**	**–**	**–**	**0.4**	**14.1**	**14.5**
Company shares purchased for use by employee benefit trusts (note 19)	**–**	**–**	**–**	**–**	**(1.1)**	**(1.1)**
Proceeds on disposal of shares by employee benefit trusts (note 19)	**–**	**–**	**–**	**–**	**1.2**	**1.2**
Recognition of share-based payment costs	**–**	**–**	**0.5**	**–**	**–**	**0.5**
Transfer of reserve on share award	**–**	**–**	**(0.5)**	**–**	**0.5**	**–**
Repurchase and cancellation of shares	**–**	**–**	**–**	**–**	**(2.5)**	**(2.5)**
Dividends paid	**–**	**–**	**–**	**–**	**(12.6)**	**(12.6)**
At 29 July 2017	**4.9**	**0.9**	**1.8**	**0.2**	**172.4**	**180.2**
At 30 January 2016	4.9	0.9	1.4	1.0	170.3	178.5
Profit for the period	–	–	–	–	16.6	16.6
Other comprehensive expenditure	–	–	–	(0.8)	(15.7)	(16.5)
Total comprehensive (expenditure)/income for the period	–	–	–	(0.8)	0.9	0.1
Company shares purchased for use by employee benefit trusts (note 19)	–	–	–	–	(0.8)	(0.8)
Proceeds on disposal of shares by employee benefit trusts (note 19)	–	–	–	–	1.2	1.2
Recognition of share-based payment costs	–	–	0.5	–	–	0.5
Transfer of reserve on share award	–	–	(0.3)	–	0.3	–
Dividends paid	–	–	–	–	(11.5)	(11.5)
At 30 July 2016	4.9	0.9	1.6	0.2	160.4	168.0

* Refer to note 3.

Consolidated Condensed Statement of Changes in Equity (Audited)

	Share capital £m	Share premium account £m	Share options reserve £m	Other reserves £m	Restated* Retained earnings £m	Total £m
At 30 January 2016	4.9	0.9	1.4	1.0	170.3	178.5
Profit for the year	–	–	–	–	35.6	35.6
Other comprehensive expenditure	–	–	–	(1.2)	(18.2)	(19.4)
Total comprehensive (expenditure)/income for the year	–	–	–	(1.2)	17.4	16.2
Company shares purchased for use by employee benefit trusts (note 19)	–	–	–	–	(1.0)	(1.0)
Proceeds on disposal of shares by employee benefit trusts (note 19)	–	–	–	–	1.3	1.3
Recognition of share-based payment costs	–	–	0.9	–	–	0.9
Transfer of reserve on share award	–	–	(0.4)	–	0.4	–
Deferred tax on items taken direct to reserves	–	–	(0.1)	–	–	(0.1)
Dividends paid	–	–	–	–	(15.6)	(15.6)
At 28 January 2017	**4.9**	**0.9**	**1.8**	**(0.2)**	**172.8**	**180.2**

* Refer to note 3.

Consolidated Condensed Statement of Financial Position

	Note	**Unaudited As at 29 July 2017 £m**	Unaudited Restated* As at 30 July 2016 £m	Audited Restated* As at 28 January 2017 £m
Non-current assets				
Intangible assets	13	**105.3**	106.8	106.0
Property, plant and equipment	14	**88.8**	87.4	89.4
		194.1	194.2	195.4
Current assets				
Inventories		**17.3**	18.6	17.3
Trade and other receivables		**63.6**	59.1	51.4
Derivative financial instruments	15	**0.1**	0.4	0.1
Assets classified as held for sale	12	**–**	–	1.3
Cash and cash equivalents		**16.3**	7.4	10.1
		97.3	85.5	80.2
Total assets		**291.4**	279.7	275.6
Current liabilities				
Loans and other borrowings		**8.3**	–	0.5
Trade and other payables		**60.0**	57.8	52.3
Derivative financial instruments	15	**–**	–	0.3
Provisions	16	**0.6**	–	0.9
Current tax liabilities		**3.3**	3.2	2.7
		72.2	61.0	56.7
Non-current liabilities				
Loans and other borrowings		**–**	14.2	0.1
Deferred tax liabilities		**11.0**	11.5	11.2
Retirement benefit obligations	18	**28.0**	25.0	27.4
		39.0	50.7	38.7
Capital and reserves attributable to equity holders				
Share capital		**4.9**	4.9	4.9
Share premium account		**0.9**	0.9	0.9
Share options reserve		**1.8**	1.6	1.8
Other reserves		**0.2**	0.2	(0.2)
Retained earnings		**172.4**	160.4	172.8
		180.2	168.0	180.2
Total equity and liabilities		**291.4**	279.7	275.6

* Refer to note 3.

Consolidated Condensed Cash Flow Statement

	Unaudited 6 months ended 29 July 2017 £m	Unaudited 6 months ended 30 July 2016 £m	Audited Year ended 28 January 2017 £m
Operating activities			
Profit for the period before tax	**19.4**	21.1	43.1
Adjustments for:			
Interest payable	**0.5**	0.4	0.7
Depreciation of property, plant and equipment	**3.4**	3.5	7.1
Amortisation of intangible assets	**0.7**	0.7	1.5
Share-based payment costs	**0.5**	0.5	0.9
Gain on sale of property, plant and equipment	**(2.5)**	–	–
Operating cash flows before movements in working capital	**22.0**	26.2	53.3
Increase in inventories	**–**	(3.0)	(1.7)
(Increase)/decrease in receivables	**(12.2)**	(6.4)	1.3
Increase in payables	**11.9**	15.4	11.0
Difference between employer pension contributions and amounts recognised in the income statement	**(1.6)**	(7.3)	(7.9)
Cash generated by operations	**20.1**	24.9	56.0
Tax on profit paid	**(3.1)**	(3.7)	(7.2)
Net cash from operating activities	**17.0**	21.2	48.8
Investing activities			
Acquisition of subsidiary	**(4.5)**	–	–
Purchase of property, plant and equipment	**(3.1)**	(5.3)	(12.4)
Proceeds on sale of property, plant and equipment	**4.1**	–	0.1
Net cash used in investing activities	**(3.5)**	(5.3)	(12.3)
Financing activities			
New loans received	**5.0**	16.0	25.5
Loans repaid	**(5.0)**	(19.5)	(43.0)
Bank arrangement fees paid	**(0.2)**	–	–
Purchase of Company shares by employee benefit trusts	**(1.1)**	(0.8)	(1.0)
Proceeds from disposal of Company shares by employee benefit trusts	**1.2**	1.2	1.3
Repurchase of own shares	**(2.5)**	–	–
Dividends paid	**(12.6)**	(11.5)	(15.6)
Interest paid	**(0.1)**	(0.1)	(0.2)
Net cash used in financing activities	**(15.3)**	(14.7)	(33.0)
Net (decrease)/increase in cash and cash equivalents	**(1.8)**	1.2	3.5
Cash and cash equivalents at beginning of period	**9.7**	6.2	6.2
Cash and cash equivalents at end of period	**7.9**	7.4	9.7

1. General information

A.G. BARR p.l.c. ('the Company') and its subsidiaries (together 'the Group') manufacture, market, distribute and sell soft drinks and cocktail solutions. The Group has manufacturing sites in the UK and sells mainly to customers in the UK with some international sales.

The Company is a public limited company, which is listed on the London Stock Exchange and incorporated and domiciled in the UK. The address of its registered office is A.G. BARR p.l.c., Westfield House, 4 Mollins Road, Cumbernauld, G68 9HD.

This consolidated condensed interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 28 January 2017 were approved by the Board of directors on 28 March 2017 and delivered to the Registrar of Companies. The comparative figures for the financial year ended 28 January 2017 are an extract of the Company's statutory accounts for that year. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 (2) or (3) of the Companies Act 2006.

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

2. Basis of preparation

This consolidated condensed interim financial information for the six months ended 29 July 2017 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The consolidated condensed interim financial information should be read in conjunction with the annual financial statements for the year ended 28 January 2017, which have been prepared in accordance with IFRSs as adopted by the European Union.

Going concern basis

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

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 28 January 2017. There is one exception, as detailed below.

(i) Change in the treatment of deferred tax on the recovery of the carrying value of property

The carrying value of the property is expected to be recovered through both use and subsequent disposal. Previously, a single tax base was attributed to that asset, compared against a single carrying amount, resulting in a single temporary difference being recognised.

Following a review of the accounting policies with our auditor we have changed our accounting policy such that the deferred tax recognised more closely reflects the extent to which the applicable tax rules interact. Under the new policy the deferred tax is based on consideration of how much of the carrying value of the property is expected to be recovered through use and how much through sale, comparing each against their relevant tax bases. The deductible temporary difference from the capital gains tax base is not viewed as recoverable since there is no expectation of a capital gain against which to offset it, so no deferred capital gains tax asset is recognised. As a result, the opening deferred tax balance at January 2016 has been adjusted to reflect only the taxable temporary difference arising to the extent recovery of the property is expected through use.

The accounting policy for tax is now as follows:
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; and
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Where the expected manner of recovery will impact which tax rules apply, for example with properties, the deferred tax is calculated by considering how much of the carrying value will be recovered through use and how much through sale, and then being calculated by assessing these amounts against the relevant tax bases and respective tax rules.

3. Accounting policies continued

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.

As this change is a historic adjustment the effect of the change to the accounting policy has been taken to retained earnings for the earliest reporting period that will be presented in the annual report and accounts to 27 January 2018:

	30 January 2016 £m	30 July 2016 £m	28 January 2017 £m
Deferred tax liability under previous accounting policy	12.2	9.9	9.6
Effect of change in accounting policy	1.6	1.6	1.6
Restated deferred tax liability	13.8	11.5	11.2

	30 January 2016 £m	30 July 2016 £m	28 January 2017 £m
Retained earnings under previous accounting policy	171.9	162.0	174.4
Effect of change in accounting policy	(1.6)	(1.6)	(1.6)
Restated retained earnings	170.3	160.4	172.8

This change in accounting policy has no other impact on the financial statements.

During the 6 months ended 29 July 2017, a share repurchase programme has been in progress. The adopted accounting policy is to cancel the repurchased shares and replace the permanent capital through creation of a Capital Redemption Reserve.

The Capital Redemption Reserve is included in "Other reserves" within equity. Refer to note 23.

No new accounting standards have been adopted by the Group for the 26 weeks ended 29 July 2017.

The following standards which have been issued have not yet been adopted by the Group:
i) IFRS 15 'Revenue from contracts with customers' is effective on 1 January 2018, subject to European Union (EU) endorsement;
ii) IFRS 9 'Financial instruments' which will be effective on 1 January 2018, subject to EU endorsement; and
iii) IFRS 16 'Leases' is effective on 1 January 2019, subject to EU endorsement.

Management have considered the potential impact of the implementation of IFRS 9, IFRS 15 and IFRS 16. It is expected that neither IFRS 9 nor IFRS 15 will have a material impact on the consolidated financial statements of the Group.

It is expected that IFRS 16 will materially affect the consolidated financial statements. Management has performed an analysis of non-cancellable operating leases held in relation to production equipment held at the Milton Keynes facility in order to assess the expected impact of IFRS 16. If IFRS 16 was implemented in the 6 months to 29 July 2017, its effect would be to increase the net book value of property, plant and equipment by £8.6m, with a corresponding finance lease liability of £10.2m. The net impact on the income statement for the 6 months ended 29 July 2017 would be immaterial. To date, £7.6m of operating lease rentals have been recognised in respect of the assessed leases. Under IFRS 16, £6.7m of depreciation would have been charged, plus a further £1.7m of interest charges.

4. Principal risks and uncertainties

The directors consider that the principal risks and uncertainties which could have a material impact on the Group's performance in the remaining 26 weeks of the financial year remain substantially the same as those stated on pages 32-34 of the Group's annual financial statements as at 28 January 2017, which are available on our website, www.agbarr.co.uk. These are summarised below:

- Changes in consumer preferences, perception or purchasing behaviour
- Changing consumer attitudes towards sugar/further government intervention on sugar
- Adverse publicity in relation to the soft drinks industry, the Group or its brands
- Failure to maintain customer relationships or take account of changing market dynamics
- Inability to protect the Group's intellectual property rights
- Failure of the Group's operational infrastructure
- Loss of continuity of supply of major raw materials
- Loss of product integrity
- Failure of critical IT systems
- Financial risks

We do note that the result of the referendum in favour of the UK leaving the European Union may have an impact on the Group. Like many other businesses, we are closely following developments in this area but we believe that at this stage it is not possible quantify or determine with certainty the impact on the Group of the UK leaving the European Union. The Group is a UK based group whose sales are predominantly made in the UK but it has some non-UK income and an exposure to US Dollars and Euros through the purchase of commodities. We will continue to monitor developments and adapt our strategy as appropriate.

5. Financial risk management and financial instruments

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

The condensed interim financial statements should be read in conjunction with the Group's annual financial statements as at 28 January 2017 as they do not include all financial risk management information and disclosures contained within the annual financial statements. There have been no changes in the risk management policies since the year end.

6. Segment reporting

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

The management committee considers the business from a product perspective. This led to the operating segments identified in the table below: there has been no change to the segments during the period (after aggregation).

The performance of the operating segments is assessed by reference to their gross profit before exceptional items. Exceptional items are reported separately in note 8.

6 months ended 29 July 2017

	Carbonates £m	Still drinks and water £m	Other £m	Total £m
Total revenue	**98.9**	**28.9**	**8.8**	**136.6**
Gross profit before exceptional items	**49.3**	**9.2**	**4.5**	**63.0**

6 months ended 30 July 2016

	Carbonates £m	Still drinks and water £m	Other £m	Total £m
Total revenue	92.0	26.9	6.7	125.6
Gross profit before exceptional items	47.9	7.5	3.5	58.9

Year ended 28 January 2017

	Carbonates £m	Still drinks and water £m	Other £m	Total £m
Total revenue	188.3	56.0	12.8	257.1
Gross profit before exceptional items	97.3	17.0	6.4	120.7

6. Segment reporting continued

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

"Other" segments represent the sale of Funkin cocktail solutions, the sale of ice-cream and other soft drink related items.

The gross profit before exceptional items from the segment reporting is reconciled to the total profit before income tax as shown in the consolidated condensed income statement.

All of the assets of the Group are managed by the management committee on a central basis rather than at a segment level. As a result no reconciliation of segment assets and liabilities to the consolidated condensed statement of financial position has been disclosed for any of the periods presented.

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

7. Seasonality of operations

Revenues and operating profits are affected by weather conditions, the timing of marketing investment and execution of promotional activity. As a result it is anticipated that the operating profits for the second half of the year to 27 January 2018 will be higher than those for the six months ended 29 July 2017.

8. Operating profit

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

	6 months ended 29 July 2017 £m	6 months ended 30 July 2016 £m	Year ended 28 January 2017 £m
Inventory write down	**0.3**	0.2	0.6
Foreign exchange losses/(gains) recognised	**0.1**	(0.8)	0.1

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completing production and selling expenses.

During the period several items have been classified as exceptional. The Group identifies items as exceptional where the nature or scale of the item requires to be separately presented in order to better understand trading performance.

All items have been included within operating expenditure, and have been analysed in the table below:

	6 months ended 29 July 2017 £m	6 months ended 30 July 2016 £m	Year ended 28 January 2017 £m
Gain on sale of distribution site	**(2.5)**	-	-
Sugar reduction and reformulation programme costs	**0.3**	-	-
Redundancy costs for business reorganisation	**0.1**	-	2.7
Other costs relating to business reorganisation	**0.2**	-	0.6
Abortive acquisition costs	**-**	0.4	0.4
Investigation of online sales capabilities	**-**	0.5	0.5
Redundancy costs – reorganisation of direct sales routes	**-**	0.6	0.6
Curtailment gain on closure of pension scheme to future accrual	**-**	(7.0)	(7.0)
Other costs relating to pension scheme closure to future accrual	**-**	1.4	1.5
Net exceptional credit	**(1.9)**	(4.1)	(0.7)

During the period, a £2.5m gain on sale was made on disposal of the Walthamstow distribution site. This asset was classified as an asset held for sale as at 28 January 2017 and the sale was completed on 1 February 2017. Due to its scale, management believes that treating this item as exceptional provides a fair representation of trading performance.

8. Operating profit continued

To date, £0.3m of costs have been incurred as part of the ongoing sugar reduction and reformulation programme, through which the business has committed to ensuring that 90% of Company owned brands contain less than 5g of total sugars per 100ml by the end of the financial year ended 27 January 2018. Costs in relation to the sugar reduction and reformulation programme are forecast to significantly exceed the level of expenditure that would ordinarily be incurred in the course of new product development or reformulation. Costs of this level are not expected to recur in future periods, therefore these are considered to be exceptional.

The items discussed below all relate to significant, non-recurring items that have taken place in the current or preceding period. All of the below items are considered to be material to the financial statements, and have not been incurred in the normal course of business. Therefore, these are classified as exceptional items.

In September 2016 a Company-wide restructure was announced, which was largely complete by the end of the financial year to 28 January 2017. During the current period, a further £0.3m of costs have been incurred, primarily being an increase in the required redundancy provision and further recruitment costs.

In the year ended 28 January 2017, £0.4m of acquisition fees were incurred in relation to an unsuccessful acquisition. These costs included advisory and legal fees. £0.5m of advisory costs were also incurred as part of a strategic review of the market threats posed by new and emerging digital trading models. £0.6m of redundancy costs were also incurred in relation to a reorganisation of direct sales routes.

The Group's defined benefit pension scheme closed to future accrual in May 2016. This resulted in a £7.0m curtailment gain, which was recognised as exceptional in the year ended 28 January 2017. Offsetting the curtailment gain was a further £1.5m of costs incurred in relation to the closure of the scheme, including cost of £1.3m past service cost for one year's additional service negotiated with the active members of the scheme.

9. Tax on profit

The interim period tax charge is accrued based on the estimated average annual effective income tax rate of 19.6% (six months ended 30 July 2016: 21.3%; year ended 28 January 2017: 17.4%).

The Chancellor announced in his Autumn Budget on 23 November 2016 that the main rate of corporation tax will be reduced to 19% from 1 April 2017 and 17% from 1 April 2020 and the future charges will reduce accordingly. Finance No.2 Bill 2016 became substantively enacted on 23 November 2016. The deferred tax liability at 29 July 2017 has therefore been calculated having regard to the rate of 17% substantively enacted at the balance sheet date.

10. Earnings per share

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

	6 months ended 29 July 2017	6 months ended 30 July 2016	Year ended 28 January 2017
Profit attributable to equity holders of the Company (£m)	**15.6**	16.6	35.6
Weighted average number of ordinary shares in issue	**115,910,498**	115,805,375	115,664,757
Basic earnings per share (pence)	**13.46**	14.33	30.78

10. Earnings per share continued

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

	6 months ended 29 July 2017	6 months ended 30 July 2016	Year ended 28 January 2017
Profit attributable to equity holders of the Company (£m)	**15.6**	16.6	35.6
Weighted average number of ordinary shares in issue	**115,910,498**	115,805,375	115,664,757
Adjustment for dilutive effect of share options	**58,537**	159,822	781,074
Diluted weighted average number of ordinary shares in issue	**115,969,035**	115,965,197	116,445,831
Diluted earnings per share (pence)	**13.45**	14.31	30.57

The EPS before exceptional items figure is calculated by using profit attributable to equity holders before exceptional items:

	6 months ended 29 July 2017	6 months ended 30 July 2016	Year ended 28 January 2017
Profit attributable to equity holders of the Company before exceptional items (£m)	**13.6**	13.2	35.0
Weighted average number of ordinary shares in issue	**115,910,498**	115,805,375	115,664,757
Earnings per share before exceptional items (pence)	**11.73**	11.40	30.26

This measure has been included in the financial statements as it provides a closer guide to the underlying financial performance as the calculation excludes the effect of exceptional items.

11. Dividends paid and proposed

	6 months ended 29 July 2017 per share (p)	6 months ended 30 July 2016 per share (p)	Year ended 28 January 2017 per share (p)	**6 months ended 29 July 2017 £m**	6 months ended 30 July 2016 £m	Year ended 28 January 2017 £m
Paid final dividend	**10.87**	9.97	9.97	**12.6**	11.5	11.5
Paid interim dividend	**–**	–	3.53	**–**	–	4.1
	10.87	9.97	13.50	**12.6**	11.5	15.6

An interim dividend of 3.71p (an increase of 5% on last year) per share was approved by the Board on 26 September 2017 and will be paid on 20 October 2017 to shareholders on record as at 6 October 2017.

12. Held for sale assets

At 28 January 2017 the property, plant and equipment relating to the distribution site at Walthamstow was presented as held for sale. The site was sold on 1 February 2017 for £3.8m. The Group has entered into a 3 year operating lease to continue to operate from the site for the short term. The lease includes a 6 month break clause.

13. Intangible assets

	6 months ended 29 July 2017 £m	6 months ended 30 July 2016 £m	Year ended 28 January 2017 £m
Opening net book value	**106.0**	107.5	107.5
Amortisation	**(0.7)**	(0.7)	(1.5)
Closing net book value	**105.3**	106.8	106.0

The amortisation charge for the six months ended 29 July 2017 represents £0.6m (six months ended 30 July 2016: £0.6m; year ended 28 January 2017: £1.2m) of charges in relation to the Business Process Redesign project and £0.1m (six months ended 30 July 2016: £0.1m; year ended 28 January 2017: £0.3m) of charges for the Rubicon and Funkin customer lists.

14. Property, plant and equipment

	6 months ended 29 July 2017 £m	6 months ended 30 July 2016 £m	Year ended 28 January 2017 £m
Opening net book value	**89.4**	85.3	85.3
Additions	**3.1**	5.6	12.6
Disposals	**(0.3)**	–	(0.1)
Property, plant and equipment classified as held for sale (note 12)	**–**	–	(1.3)
Depreciation	**(3.4)**	(3.5)	(7.1)
Closing net book value	**88.8**	87.4	89.4

The closing balance includes £5.9m (as at 30 July 2016: £4.8m; as at 28 January 2017: £3.7m) of assets under construction.

15. Financial instruments

Current assets of £0.1m (at 30 July 2016: £0.4m; 28 January 2017: £0.1m) relate to forward foreign currency contracts with a maturity of less than 12 months and are recognised at fair value through the cash flow hedge reserve, included within other reserves.

Current liabilities of £nil (at 30 July 2016: £nil; 28 January 2017: £0.3m) represents forward foreign currency contracts with a maturity of less than 12 months and are recognised as fair value through the cash flow hedge reserve, included within other reserves.

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The fair value of the forward foreign exchange contracts is determined using forward exchange rates at the date of the statement of financial position, with the resulting value discounted accordingly as relevant.

All financial instruments carried at fair value are Level 2.

15. Financial instruments continued

Fair values of financial assets and financial liabilities

The table below sets out the comparison between the carrying amount and fair value of all of the Group's financial instruments.

As at 29 July 2017	Carrying amount Fair value – hedging instruments £m	Loans and receivables £m	Other financial liabilities at amortised cost £m	Total £m	Fair value Level 2 £m
Financial assets not measured at fair value					
Foreign exchange contracts used for hedging	**0.1**	**–**	**–**	**0.1**	**0.1**
Trade receivables	**–**	**60.9**	**–**	**60.9**	**60.9**
Cash and cash equivalents	**–**	**16.3**	**–**	**16.3**	**16.3**
	0.1	**77.2**	**–**	**77.3**	**77.3**
Financial liabilities not measured at fair value					
Finance lease liabilities	**–**	**–**	**0.1**	**0.1**	**0.1**
Unsecured bank borrowings	**–**	**–**	**8.4**	**8.4**	**8.4**
Trade payables	**–**	**–**	**24.2**	**24.2**	**24.2**
	–	**–**	**32.7**	**32.7**	**32.7**

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 1.5% and a discount rate of 1.5%.

As at 30 July 2016	Carrying amount Fair value – hedging instruments £m	Loans and receivables £m	Other financial liabilities at amortised cost £m	Total £m	Fair value Level 2 £m
Financial assets not measured at fair value					
Foreign exchange contracts used for hedging	0.4	–	–	0.4	0.4
Trade receivables	–	55.0	–	55.0	55.0
Cash and cash equivalents	–	7.4	–	7.4	7.4
	0.4	62.4	–	62.8	62.8
Financial liabilities measured at fair value					
Contingent consideration	–	–	4.5	4.5	4.5
	–	–	4.5	4.5	4.5
Financial liabilities not measured at fair value					
Finance lease liabilities	–	–	0.2	0.2	0.2
Unsecured bank borrowings	–	–	14.0	14.0	14.0
Trade payables	–	–	26.0	26.0	26.0
	–	–	40.2	40.2	40.2

15. Financial instruments continued

As at 28 January 2017	Carrying amount: Fair value – hedging instruments £m	Carrying amount: Loans and receivables £m	Carrying amount: Other financial liabilities at amortised cost £m	Carrying amount: Total £m	Fair value: Level 2 £m
Financial assets not measured at fair value					
Foreign exchange contracts used for hedging	0.1	–	–	0.1	0.1
Trade receivables	–	48.3	–	48.3	48.3
Cash and cash equivalents	–	10.1	–	10.1	10.1
	0.1	58.4	–	58.5	58.5
Financial liabilities measured at fair value					
Contingent consideration	–	–	4.5	4.5	4.5
	–	–	4.5	4.5	4.5
Financial liabilities not measured at fair value					
Foreign exchange contracts used for hedging	0.3	–	–	0.3	0.3
Finance lease liabilities	–	–	0.2	0.2	0.2
Unsecured bank borrowings	–	–	0.4	0.4	0.4
Trade payables	–	–	15.8	15.8	15.8
	0.3	–	16.4	16.7	16.7

16. Provisions

	6 months ended 29 July 2017 £m	6 months ended 30 July 2016 £m	Year ended 28 January 2017 £m
Opening provision	**0.9**	0.1	0.1
Provision created during the year	**0.1**	–	0.9
Provision utilised during the period	**(0.4)**	(0.1)	(0.1)
Closing provision	**0.6**	–	0.9

17. Borrowings and loans

Movements in borrowings are analysed as follows:

	6 months ended 29 July 2017 £m	6 months ended 30 July 2016 £m	Year ended 28 January 2017 £m
Opening loan balance	**0.4**	18.1	18.1
Borrowings made	**5.0**	16.0	25.5
Repayments of borrowings	**(5.0)**	(20.1)	(43.0)
Bank overdrafts drawn/(repaid)	**8.0**	–	(0.2)
Closing loan balance before arrangement fees	**8.4**	14.0	0.4
Unamortised arrangement fee	**(0.2)**	–	–
Closing loan balance	**8.2**	14.0	0.4

17. Borrowings and loans continued

The reconciliation of the above closing loan balance to the figures on the face of the consolidated condensed statement of financial position is as follows:

	As at 29 July 2017 £m	As at 30 July 2016 £m	As at 28 January 2017 £m
Overdraft	**8.4**	–	0.4
Closing loan balance	**–**	14.0	–
Unamortised arrangement fee	**(0.2)**	–	–
Finance lease liabilities	**0.1**	0.2	0.2
Total borrowings and loans	**8.3**	14.2	0.6
Disclosed as			
Current liabilities	**8.3**	–	0.5
Non-current liabilities	**–**	14.2	0.1

The reconciliation to net debt is as follows:

	As at 29 July 2017 £m	As at 30 July 2016 £m	As at 28 January 2017 £m
Closing borrowings balance	**(8.4)**	(14.0)	(0.4)
Cash and cash equivalents	**16.3**	7.4	10.1
Net funds/(debt)	**7.9**	(6.6)	9.7

The undrawn facilities at 29 July 2017 are as follows:

	Total facility £m	Drawn £m	Undrawn £m
Revolving credit facilities	60.0	–	60.0
Overdraft	10.0	8.4	1.6
	70.0	8.4	61.6

In February 2017 the Group entered into three revolving credit facilities over periods of 3-5 years with Royal Bank of Scotland plc, Bank of Scotland plc and HSBC Bank plc. These facilities provide £60m of Sterling debt facilities to 2019/20, reducing to £20m for the period to 2021/22. A total arrangement fee of £0.2m was incurred and is being amortised over the life of the loan facilities.

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

18. Retirement benefit obligations

On 1 May 2016 the A.G. BARR p.l.c (2008) Pension and Life Assurance Scheme was closed to future accrual following a negotiated agreement between the Company and the board of trustees. A curtailment gain of £7.0m arose, as well as an additional past service cost of £1.3m and a further £0.2m of related costs. These items were treated as exceptional in the year to 28 January 2017.

The Company made a £1.0m contribution to the scheme in May 2016 and a further £1.0m contribution in May 2017.

The defined retirement benefit scheme had a deficit of £28.0m as at 29 July 2017 (as at 30 July 2016: £25.0m; 28 January 2017: £27.4m). The reconciliation of the closing deficit is as follows:

	6 months ended 29 July 2017 £m	6 months ended 30 July 2016 £m	Year ended 28 January 2017 £m
Opening present value of obligation	**(139.2)**	(120.2)	(120.2)
Current service cost	**–**	(0.4)	(0.4)
Past service cost	**–**	(1.3)	(1.3)
Curtailment gain	**–**	7.0	7.0
Interest cost	**(2.0)**	(2.2)	(4.4)
Remeasurement – changes in financial assumptions	**(5.8)**	(27.9)	(25.4)
Benefits paid	**10.2**	1.6	5.5
Closing position	**(136.8)**	(143.4)	(139.2)
Opening fair value of plan assets	**111.8**	107.3	107.3
Interest income	**1.6**	2.0	3.9
Remeasurement – actuarial return on assets	**4.0**	8.7	3.5
Employer contributions	**1.6**	2.0	2.6
Benefits paid	**(10.2)**	(1.6)	(5.5)
Closing fair value of plan assets	**108.8**	118.4	111.8

	As at 29 July 2017 £m	As at 30 July 2016 £m	As at 28 January 2017 £m
Closing present value of obligation	**(136.8)**	(143.4)	(139.2)
Closing fair value of plan assets	**108.8**	118.4	111.8
Closing net deficit	**(28.0)**	(25.0)	(27.4)

The key financial assumptions used to value the liabilities were as follows:

	As at 29 July 2017 %	As at 30 July 2016 %	As at 28 January 2017 %
Discount rate	**2.6**	2.4	3.0
Inflation assumption	**3.5**	2.9	3.7

19. Movements in own shares held by employee benefit trusts

During the six months to 29 July 2017 the employee benefit trusts of the Group acquired 185,691 (six months to 30 July 2016: 151,042; year to 28 January 2017: 203,410) of the Company's shares. The total amount paid to acquire the shares has been deducted from shareholders' equity and is included within retained earnings. At 29 July 2017 the shares held by the Company's employee benefit trusts represented 981,728 (30 July 2016: 1,099,331; 28 January 2017: 1,103,160) shares at a purchased cost of £5.6m (30 July 2016: £6.2m; 28 January 2017: £6.3m).

307,123 (six months to 30 July 2016: 300,114; year to 28 January 2017: 354,344) shares were utilised in satisfying share options from the Company's employee share schemes during the same period.

The related weighted average share price at the time of exercise for the six months to 29 July 2017 was £6.19 (six months to 30 July 2016: £5.15; year to 28 January 2017: £5.11) per share.

20. Contingencies and commitments

	As at 29 July 2017 £m	As at 30 July 2016 £m	As at 28 January 2017 £m
Commitments for the acquisition of property, plant and equipment	**3.8**	2.5	6.0

21. Events occurring after the reporting period

Interim dividend

As disclosed in note 11, an interim dividend of 3.71p per share will be paid to shareholders on 20 October 2017.

22. Related party transactions

There have been no related party transactions in the first 26 weeks of the current financial year which have materially affected the financial position or performance of the Group.

23. Repurchase of own shares

During the 6 months to 29 July 2017 the Group commenced a share repurchase programme of up to £30m, which is expected to complete within 24 months. A total of 405,000 shares have been repurchased and cancelled, at a cost of £2.5m. The permanent capital has been replaced through the creation of a Capital Redemption Reserve, which is included in other reserves. The nominal value of the shares repurchased at 29 July 2017 is £16,875.

Statement of Directors' Responsibilities

The directors' confirm that these consolidated condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union. The interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The directors of A.G. BARR p.l.c. are listed in the Annual Report and Accounts for the 52 weeks ended 28 January 2017.

For and on behalf of the Board of directors

Roger White
Chief Executive
26 September 2017

Stuart Lorimer
Finance Director
26 September 2017

A.G. BARR p.l.c. uses adjusted figures as key performance measures in addition to those reported under adopted IFRS, as management believe these measures enable both management and other stakeholders to assess the underlying trading performance of the business, excluding items classified as exceptional in the period.

The adjusted performance measures ('APMs') are consistent with how business performance is measured and reported to internal management and to the Board. The key APMs used are:

- Profit before tax and exceptional items
- Operating profit before exceptional items
- Operating margin before exceptional items
- EPS before exceptional items
- Free cash flow

Explanations of how these are calculated are provided in the Glossary at the end of this document, and reconciliations to IFRS statutory measures are set out below. The calculation of EPS before exceptional items is set out in note 10.

	6 months ended 29 July 2017	6 months ended 30 July 2016
Profit before tax	**19.4**	21.1
Exceptional items	**(1.9)**	(4.1)
Profit before tax and exceptional items*	**17.5**	17.0
Revenue	**136.6**	125.6
Operating profit	**19.9**	21.5
Exceptional items	**(1.9)**	(4.1)
Operating profit before exceptional items*	**18.0**	17.4
Operating margin before exceptional items*	**13.2%**	13.9%
Net increase/(decrease) in cash and cash equivalents	**(1.8)**	1.2
Expansionary capex*	**2.1**	3.8
Dividends	**12.6**	11.5
Acquisition of subsidiary (net of cash acquired)	**4.5**	–
Purchase of Company shares by employee benefit trusts	**1.1**	0.8
Proceeds from disposal of Company shares by employee benefit trusts	**(1.2)**	(1.2)
Repurchase of own shares	**2.5**	–
New loans received	**(5.0)**	(16.0)
Loans repaid	**5.0**	19.5
Bank arrangement fees paid	**0.2**	–
Free cash flow*	**20.0**	19.6
Operating profit before exceptional items	**18.0**	17.4
Depreciation and amortisation	**4.1**	4.2
EBITDA*	**22.1**	21.6
Free cash flow conversion*	**90.5%**	90.7%

EBITDA is a non-GAAP measure defined as operating profit before exceptional items, depreciation and amortisation.

EPS before exceptional items is a non-GAAP measure calculated by dividing profit attributable to equity holders before exceptional items by the weighted average number of shares in issue.

Expansionary capex is a non-GAAP measure and is defined as the purchase of property, plant and equipment that is not the normal replacement of property, plant and equipment that has come to the end of its useful life. Maintenance capex is a non-GAAP measure and is defined as the purchase of property, plant and equipment that is the normal replacement of property, plant and equipment that has come to the end of its useful life. Expansionary capex and maintenance capex add together to the value of purchase of property, plant and equipment that appears in the Consolidated Condensed Cash Flow Statement.

Free cash flow is a non-GAAP measure and is defined as the net cash flow as per the cash flow statement excluding the movements in borrowings, expansionary capex, the net cash flow on the purchase and sale of shares by employee benefit trusts, dividend payments and non-cash exceptional items.

Free cash flow conversion is a non-GAAP measure and calculated as free cash flow divided by EBITDA.

Operating margin before exceptional items is a non-GAAP measure calculated by dividing operating profit before exceptional items by revenue.

Operating profit before exceptional items is a non-GAAP measure calculated as operating profit less any exceptional items. This figure appears on the Consolidated Condensed Income Statement.

Profit attributable to equity holders after exceptional items is a non-GAAP measure calculated as profit attributable to equity holders less any exceptional items. This figure appears on the Consolidated Condensed Income Statement.

Profit before tax and exceptional items is a non-GAAP measure calculated as profit before tax less any exceptional items. This figure appears on the Consolidated Condensed Income Statement.

Revenue growth is a non-GAAP measure calculated as the difference in revenue between two reporting periods divided by the revenue of the earlier reporting period.

We have been engaged by the company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 29 July 2017 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Cash Flow Statement and related notes 1 to 23. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 29 July 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
26 September 2017

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