

National Milk Records plc / Index: PLUS / Epic: NMR.P
National Milk Records plc ('NMR' or 'the Group')
Interim Results

National Milk Records plc, the PLUS-quoted leading supplier of milk and livestock related services, is pleased to announce its unaudited interim results for the six months ended 30 September 2011.

Overview

- * Turnover has increased by 3.9% to £8,641,000 during the period with a number of new revenue streams beginning to deliver results
- * During the period the new joint venture in Ireland completed its operational set up phase and traded profitably over the summer
- * Turnover of Silent Herdsman has increased although growth has been slower than hoped. A new distribution agreement signed with a national genetics company should facilitate improved growth
- * Launch of new testing service, currently provided to Marks and Spencer, to differentiate between saturated and unsaturated fat through National Milk Laboratories
- * Profitability for the year ended 31 March 2012 will be affected by significant investment in new projects and re-organisation cost associated with our new laboratory being built at Four Ashes in Staffordshire. These costs will deliver additional revenue and increased operating margin in the future
- * The dividend of 2 pence per ordinary share for the year ended 31 March 2011 was paid to shareholders on 30 September 2011

Chairman's Statement

I am pleased to report a successful increase in turnover of 3.9 per cent. for the period despite the challenges which remain in the overall UK dairy market place. Although the medium term forecast for the milk price paid to farmers is favourable, in the short term production cost on dairy farms has led to a squeeze on cash flow. Selling new products in this environment is challenging but I have been pleased with our success to date and optimistic for future growth.

NMR is investing in a new operational testing site at Four Ashes which will lead to improved service provision and reduced operating costs. This significant change in

our business model will have a short term affect on our profitability but will result in a significant gain in the future. We hope to open the new site by early summer 2012. The overall global economic climate is extremely challenging which does have an effect on the investments in the Milk Pension Fund and managing our obligations to the fund remains a key consideration for the NMR Board.

National Milk Records

At the core of the business, National Milk Records provides milk recording services to 50% of UK dairy farmers. The inherent value of milk recording increases in tandem with the growing price of milk paid to farmers.

The Company continues to distribute the Silent Herdsman, an intelligent, electronic monitoring collar designed to detect a cow's oestrus events. Turnover from sales has increased, although the extent of this growth has not met management's expectations. However, the Company believes that a recent distribution agreement with a national genetics company will bolster growth.

The Company has also experienced increasing turnover from its disease testing offering, heat detection services, identification tag sales and farm software sales. The forecasts going forward are also improving.

National Milk Laboratories (NML)

NML provides a highly important service for milk buyers, testing the quality for almost all of the milk in the UK before it is sold to consumers. Having improved lab efficiencies through the introduction of new services including Polymerase Chain Reaction for disease testing last year, the Company has launched an entirely new product area based on the routine testing to differentiate between saturated and unsaturated fat. This service is being used for the first time by Marks & Spencer in order to pay their farmer suppliers based on the quantity of unsaturated fat in the milk. The introduction of a 'fat tax' in some EU countries could be replicated in the UK and this form of testing will be essential for the UK dairy industry to manage this transition.

Additionally, our payment testing business in Ireland, Independent Milk Laboratories Limited ('iML'), set up with Irish farming cooperative Progressive Genetics Ireland Limited, is now operational, and we have received a positive reception over the period.

National Livestock Records (NLR)

NLR is a development business and its strategy is replicating the core competences of NMR in other livestock sectors such as beef and sheep. Work has continued on the Technology, Agriculture and Greater Efficiencies Project ('TAG') with the Welsh Assembly Government aimed at increasing efficiency in the Welsh sheep industry.

Outlook

The outlook for NMR remains positive for future revenue and margin growth. NMR remains profitable and we continue to achieve increased turnover year on year, although we look forward to building upon this in the future.

Philip Kirkham

Chairman

8 December 2011

Summary Profit and Loss Account Unaudited Figures for the

	Six Months Ended 30th September 2011	Six Months Ended 30th September 2010	Year To 31st March 2011
	GBP '000	GBP '000	GBP '000
Turnover			
NMR	6510	6347	12803
Intercompany	-255	-274	-532
NML	2177	2047	4164
NLR	209	197	366
	8641	8317	16801
Operating profit/(Loss) before exceptional items, Interest and goodwill amortization			
NMR	157	252	362
NML	165	184	341
NLR	57	60	93
	379	496	796

Exceptional Administration Expenses	-28	-90	-181
FRS 17 Interest	160	165	319
Income from Interest in IML	3		-32
Goodwill Amortization	-76	-97	-152
Other Interest	-31	-17	-44
Profit and loss on Ordinary Activities	408	457	706
Tax on Profit on Ordinary Activities	-61	-50	-313
Profit for the year	347	407	393

Consolidated Balance Sheet
Unaudited Figures for the periods ended

	30th September 2011	31st March 2011	30th September 2010
	GBP '000	GBP '000	GBP '000
Fixed Assets			
Intangible Assets	372	448	503
Tangible Assets	4,295	3,910	4,086
Investments	152	149	204
	4,819	4,507	4,793
Current Assets			
Stock	916	320	418
Debtors	1,461	1,717	1,313
Cash at Bank	(36)	17	428
	2,341	2,054	2,159
Creditors			
Amounts falling due within 1 year	(2,694)	(2,691)	(2,331)
Net current Assets	(353)	(637)	(172)
Total Assets Less Current Liabilities	4,466	3,870	4,621
Creditors			
Amounts falling due after more than 1 year	(1,033)	(474)	(912)
Provisions for liabilities	(233)	(233)	(258)

Pension Liability	<u>(1,580)</u>	<u>(1,740)</u>	<u>(2,014)</u>
Net Assets	<u>1,620</u>	<u>1,423</u>	<u>1,437</u>
Capital And Reserves			
Called Up share Capital	735	735	735
Revaluation Reserve	1,096	1,096	1,096
Share Option Reserve	5	5	0
Profit and loss account	<u>(216)</u>	<u>(413)</u>	<u>(394)</u>
	<u>1,620</u>	<u>1,423</u>	<u>1,437</u>

The Directors of the Company are responsible for the contents of this announcement.

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For further information on NMR, please visit www.nmr.co.uk

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