

National Milk Records plc / Index: ISDX/ Epic: NMR.P

**National Milk Records plc ('NMR' or 'the Group')**  
**Interim Results**

National Milk Records plc, the ISDX Growth Market leading supplier of milk services, is pleased to announce its unaudited interim results for the six months ended 30 September 2012.

**Overview**

- 6% increase in turnover GBP9,173,000 in comparison to 2011 interim results
- 11% increase in operating profit to GBP423,000
- Expanded disease testing capabilities enabling participation in industry led national schemes
- Increased profit and turnover within NML
- Consolidation of testing facilities at Four Ashes to increase operating margins - exceptional restructuring cost incurred in the period

**Chairman's Statement**

During challenging market conditions in the past six months we have still benefited from our investment in additional services and quality testing capabilities. Turnover and profit before tax have increased. This has provided us with a good foundation for our full year financials which I anticipate will enhance our returns to shareholders in the future.

**National Milk Records**

Milk recording is at the heart of the NMR business. By testing samples monthly from individual cows within a herd, we provide farmers with vital management information and disease detection which can be used to increase the productivity and profitability of a farm.

Over recent years we have reported the expansion of our disease testing capabilities and we can now test for a range of conditions including mastitis, Bovine Viral Diarrhoea ('BVD') and Johnes disease. Early detection is crucial, enabling farmers to take action before the rest of the herd is affected and preventing the escalation of costs. Having proved the effectiveness of these tests, we are now working to develop industry led national schemes for the control of BVD and Johnes, providing us with a solid pipeline for future growth.

## **National Milk Laboratories ('NML')**

NML tests the quality of over 95% of the milk in the UK before it is sold to consumers in the UK and Scotland.

Again, expansion of our testing services has broadened our growth opportunities as evidenced by the introduction of a new testing product to routinely differentiate between saturated and unsaturated fat. This is used by Marks & Spencer to enable it to set the price paid to farmers based on the quantity of unsaturated fat in the milk, and NML is participating in the OptiMIR project which is funded by the European Union to develop this technology further. Our increased profit and turnover at NML is expected to continue in the second period.

Our Irish Joint Venture, iML, which provides quality testing services to the Republic of Ireland market, continues to represent a significant growth opportunity.

## **National Livestock Records ('NLR')**

This part of our business, centred on providing services to the red meat industry, has performed well during the interim period. Sales of ear tags have increased and we expect this to continue over the coming months.

Our work with the Technology, Agriculture and Greater Efficiencies Project ('TAG') with the Welsh Assembly Government is on-going, aimed at increasing traceability and efficiency in the Welsh sheep industry

## **Financials**

For the period under review, the Group is reporting a profit before tax of GBP411,000 (2011: GBP386,000) on a turnover of GBP9,173,000 (2009: GBP8,641,000).

We consolidated our testing facilities at the Four Ashes site in July 2012. The exceptional costs incurred in this period relate to our re-structuring plan to consolidate two laboratories and a transport depot to the single site which should deliver increased operating margins in the future.

## **DRIP Scheme**

In September 2012, NMR approved a dividend payment for the year of 2.1p per share compared to 2.0p per share the previous year. Due to the large number of relatively small shareholdings in the Company, this resulted in over 5,000 dividend payments of less than

GBP6, a considerable administrative burden for the Company. The Board would therefore like to encourage shareholders to consider joining the NMR Dividend ReInvestment Programme ('DRIP'), by which shareholders' dividend payments are used to buy further NMR shares. Over 650 shareholders have so far joined the scheme. Shareholders can join the scheme with a single form available at [www.nmr.co.uk/share-trading](http://www.nmr.co.uk/share-trading).

## Outlook

The first six months of the year have been positive for the Company and we are well positioned to benefit from recent investment which has broadened the scope of our business and increased the value of our services across all three divisions by addressing concerns and requirements within the dairy sector. This is underpinned by our financial results announced today.

Looking ahead, we have a diverse range of growth prospects, both at home and abroad. Our recognised expertise has enabled the Company to build and progress its presence in Ireland and beyond, where we continue to offer advice and consultation services to countries looking to build their dairy markets. This has the potential to translate into material growth for the Company.

I would like to take this opportunity to thank shareholders for their support and look forward to updating them over the next six months.

## Philip Kirkham

Chairman

### Summary Profit and Loss Account Unaudited Figures for the

	Six Months Ended 30th September 2012	Six Months Ended 30th September 2011	Year To 31st March 2012
	GBP '000	GBP '000	GBP '000
Turnover			
NMR	7589	6685	13437
Less Share of Joint Venture turnover	-187	-175	-344
Less Intra Group turnover	-1311	-255	-599
NML	2841	2177	4591
NLR	241	209	452
	<u>9173</u>	<u>8641</u>	<u>17537</u>

Operating profit/(Loss) before exceptional items, Interest and goodwill amortization

NMR	131	157	193
Share of operating profit of Joint Ventures	-12	3	-4
NML	262	165	413
NLR	30	57	113
	411	382	715
Exceptional Administration Expenses	-252	-28	-57
FRS 17 Interest	72	160	390
Goodwill Amortization	-76	-76	-152
Other Interest	-42	-31	-66
Profit on Ordinary Activities	113	408	830
Tax on Profit on Ordinary Activities	-30	-61	-238
Profit for the year	83	347	592

Consolidated Balance Sheet  
Unaudited Figures for the periods ended

	30th September 2012	30th September 2011	31st March 2012
	GBP '000	GBP '000	GBP '000
<b>Fixed Assets</b>			
Intangible Assets	136	372	239
Tangible Assets	4,935	4,295	4,758
Investments	125	152	137
	<u>5,196</u>	<u>4,819</u>	<u>5,134</u>
<b>Current Assets</b>			
Stock	718	916	802
Debtors	1,756	1,461	1,576
Cash at Bank	61	(36)	136
	<u>2,535</u>	<u>2,341</u>	<u>2,514</u>
<b>Creditors</b>			
Amounts falling due within 1 year	(3,242)	(2,694)	(2,963)

<b>Net Current Liabilities</b>	(707)	(353)	(449)
<b>Total Assets Less Current Liabilities</b>	4,489	4,466	4,685
<b>Creditors</b>			
Amounts falling due after more than 1 year	(1,356)	(1,033)	(1,481)
<b>Provisions for liabilities</b>	(211)	(233)	(211)
<b>Pension Liability</b>	<u>(4,044)</u>	<u>(1,580)</u>	<u>(4,044)</u>
<b>Net (Liabilities)/Assets</b>	<u><u>(1,122)</u></u>	<u><u>1,620</u></u>	<u><u>(1,051)</u></u>
 Capital And Reserves			
Called Up share Capital	735	735	735
Revaluation Reserve	1,096	1,096	1,096
Share Option Reserve	12	5	12
Profit and loss account	<u>(2,965)</u>	<u>(216)</u>	<u>(2,894)</u>
	<u><u>(1,122)</u></u>	<u><u>1,620</u></u>	<u><u>(1,051)</u></u>

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

For further information visit [www.nmr.co.uk](http://www.nmr.co.uk) or contact:

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