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

National Milk Records plc, the ISDX-quoted leading supplier of dairy and livestock services, is pleased to announce its interim results for the six months ended 30 September 2014.

Overview

- 4.5% increase in turnover to £9,719,000
- 29% increase in operating profit to £850,000
- Sales of value-accretive products, such as pregnancy testing, Johne's and BVD testing, continue to grow
- Product offering bolstered by the post period end acquisition of Inimex, which operates as www.bullsemen.com

NMR's Managing Director Andy Warne said, "We are delighted to announce a significant increase in both our half yearly revenues and operating profits. This is a result of organic growth achieved by offering dairy farmers incremental services that are proven to add value, and by streamlining our business. We are focussed on driving efficiencies and growth in UK dairy farms through the provision of highly effective management data. With this in mind, at post period end we bolstered our existing offering through the highly synergistic acquisition of Inimex, which operates www.bullsemen.co.uk and is regarded as a good value, high quality provider of bull semen. By leveraging our existing milk recording business, which currently tests 60% of the milk produced in the UK, we are confident that NMR is well positioned to increase Inimex's current market share through our existing relationships with farmers. Notwithstanding the challenging macro conditions across the dairy sector, the forthcoming months will see us complete the transition related to the acquisition and formulate a solid growth strategy, as we look to drive further growth across our business."

Chairman's statement

I am pleased to report that NMR's Group core activities continue to develop additional revenue, margin and cash. NMR's results for the six months ended 30 September 2014 show increasing turnover and profit compared to the same period last year. Revenue has increased to £9,719,000 up 4.5% from last year with a corresponding 29% increase in profits.

Between 1 April 2014 and 30 September 2014, the UK and Irish dairy sectors showed excellent macro-economic conditions with positive cash generation on-farm. The management information and health testing services that we provide are largely viewed as essential services for a modern dairy farm and as such demand does not fluctuate based on the overall dairy market economic dynamics. Therefore, we are pleased to attribute our improved performance to our own efforts in organically growing the

business by providing additional value-accretive services which add productivity to the UK dairy sector, and by continuing to drive efficient operations.

However, we have noted that the short term outlook for dairy farming economics is far tighter as the reduced global demand for dairy products affects commodity prices and for this reason, the NMR Board is showing a degree of caution in planning the next 12 months of operations.

National Milk Records (NMR)

In line with our organic growth strategy, turnover in the recording business continues to increase based on added value services such as pregnancy and disease testing. Both Scotland and Northern Ireland continue to provide development opportunities due to our historically lower market share in these territories.

National Milk Laboratories (NML)

Our testing division, National Milk Laboratories ('NML'), continues to drive economies of scale in laboratory services by processing 100% of all liquid milk sold in the UK for disease and quality and 60% of the milk recording testing in the UK.

We have experienced double digit growth in turnover and margin, generating greater testing volumes whilst fixing our costs.

National Livestock Records (NLR)

Growth in NLR, a division focussed on transferring our core capabilities in the dairy industry to the red meat sector, is principally based on tissue tags for the BVD control programmes in Scotland and Northern Ireland. We have also launched a new initiative to sell statutory identification tags via our milk recorder field force which we hope will be fruitful going forward.

Independent Milk Laboratories (iML)

iML has continued to grow over the period based on new payment testing clients from Northern Ireland and continued revenue development in line with growth of our cornerstone client, Lakeland Dairies.

Financials

For the period under review the Group is reporting a 29% increase in its operating profit to £850,000 (2013: £657,000) on an increased turnover of £9,719,000 (2013: £9,308,000)

Pension

The pension statement in this Interim Statement is a re-statement of the position as of 31 March 2014. The Board estimates that based on the latest information on asset levels,

liabilities and discount rates, the funding level will be largely unchanged. A full calculation will be carried out for the year ending 31 March 2015.

Outlook

Lower global commodity prices and the Russian ban on EU dairy products are driving the price of dairy products down and a 12 month squeeze on margins is forecast for UK dairy farmers and processors alike. Most UK farmers can look through this lean period, as the overall medium term forecast for dairying is more positive. This short term squeeze will demand efficiency of milk production and processing and NMR believes it has the services required to help deliver these efficiencies. The essential nature of our core services and the general sector focus on improved animal welfare and increased provenance of food products means that we are confident in our business model going forward, despite the fact that we expect general trading conditions in the dairy sector to be challenging in the next 12 months.

Post period end, NMR completed the acquisition of Inimex which trades in the UK as www.bullsemen.com. Bullsemen.com is well regarded for providing high quality, good value products via its efficient and technically skilled telemarketing operation. In the past two years NMR has succeeded in developing more margin through efficient savings in operations, and the acquisition of Inimex gives us the opportunity to grow margin and cash based on a new revenue stream in an allied sector.

Nick Kirby, Managing Director of Inimex has joined the NMR Board as an Executive Director and we will be working with Nick to formulate the integration and growth plans to ensure the Inimex acquisition adds shareholder value whilst maintaining a focus on our core services.

I would like to take this opportunity to thank our shareholders and team for their support during the period.



Philip Kirkham
Chairman

Summary Profit and Loss
Account
Unaudited Figures for the

	Six Months Ended 30th September 2014	Six Months Ended 30th September 2013	Year To 31st March 2014
	£ '000	£ '000	£ '000
Turnover			
NMR	7,973	7,596	15,332
Less Share of Joint Venture turnover	(333)	(257)	(545)
Less Intra Group turnover	(2,052)	(1,914)	(3,916)
NML	3,747	3,614	7,132
NLR	384	268	664
	9,719	9,308	18,667
Operating profit/(Loss) before exceptional items, Interest and goodwill amortization			
NMR	209	150	216
Share of operating profit of Joint Ventures	78	54	88
NML	508	413	773
NLR	55	40	113
	850	657	1,190
Exceptional Administration Expenses	-	(122)	(257)
FRS 17 Interest	-	75	263
Goodwill Amortization	-	-	-
Other Interest	-	(7)	(13)
Profit on Ordinary Activities	850	603	1,183
Tax on Profit on Ordinary Activities	(179)	(139)	(485)
Profit for the period/year	672	464	698

Consolidated Balance Sheet
Unaudited Figures for the periods
ended

	30th September 2014	30th September 2013	31st March 2014
	£ '000	£ '000	£ '000
Fixed Assets			
Intangible Assets	-	30	-
Tangible Assets	2,981	3,536	3,185
Investments	292	181	214
	<u>3,273</u>	<u>3,747</u>	<u>3,399</u>
Current Assets			
Stock	281	521	244
Debtors	1,759	1,629	1,848
Cash at Bank	2,471	763	1,443
	<u>4,511</u>	<u>2,913</u>	<u>3,535</u>
Creditors			
Amounts falling due within 1 year	(3,157)	(2,747)	(2,763)
Net Current Assets	1,354	166	772
Total Assets Less Current Liabilities	4,627	3,913	4,171
Creditors			
Amounts falling due after more than 1 year	(536)	(625)	(452)
Provisions for liabilities	(286)	(182)	(342)
Pension Liability	<u>(6,307)</u>	<u>(4,193)</u>	<u>(6,602)</u>
Net (Liabilities)/Assets	<u><u>(2,502)</u></u>	<u><u>(1,087)</u></u>	<u><u>(3,225)</u></u>
Capital And Reserves			
Called Up share Capital	752	735	742
Share Premium	66	-	25
Share Option Reserve	22	20	22
Profit and loss account	<u>(3,342)</u>	<u>(1,842)</u>	<u>(4,014)</u>
	<u><u>(2,502)</u></u>	<u><u>(1,087)</u></u>	<u><u>(3,225)</u></u>

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

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

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