

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 2013.

Overview

- 60% increase in operating profit to GBP657,000 resulting from consolidation of testing facilities
- Increased turnover from expanded testing capabilities such as milk pregnancy testing
- Increased profit and turnover within National Milk Laboratories
- Irish milk testing joint venture iML is now profitable with a 37% increase in turnover
- Balance sheet deficit has more than halved since March 2013 due to profitable trading and improved macro economic conditions for pension funds generally as demonstrated by a FRS17 calculation updated for 30 September 2013
- Reduced interest payments due to repayment of loans during the period

Chairman’s Statement

Once again, we are reporting an increase in our turnover and profits for the first six months of our 2013 financial year, which provides us with a solid foundation for our full year financials. These positive results are testament to improving macro conditions in the dairy sector, and also endorse our on-going operational efficiency following our re-structure which was reported in our final results for the year to 31 March 2013.

The Group operates across three divisions: National Milk Records (‘NMR’), which is at the heart of our offering, supporting the dairy industry by taking monthly samples from each cow in our customers’ herd to provide management information; National Milk Laboratories (‘NML’) which provides quality testing for milk processors; and National Livestock Records (‘NLR’) which works to provide management services for the red meat sector.

National Milk Records (NMR)

NMR analyses samples from each cow across 50% of UK dairy farms, the data from which enables its customers to manage their herd and farms efficiently. We have a strong industry reputation and offer tests 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. This provides us with a solid pipeline for future growth and cements our position as pioneers of quality and disease control in the industry.

We are also focussed on expanding our suite of products to facilitate growth. The latest innovation to be added to our testing capabilities is the testing of milk recording samples for pregnancy. This has been very well received and we look forward to rolling this out further across our customer base in the coming months.

National Milk Laboratories ('NML')

NML tests the quality of over 95% of the milk in the UK before it is sold to consumers. Similarly to NMR, we are focussed on providing our customers with the best and most effective service possible. We have a broad range of testing services including our product which can 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.

Additionally, we have a Joint Venture in Ireland called iML, which provides quality testing services to the Irish dairy industry. I am pleased to report that it has enjoyed its first profitable period over the last six months and that its revenues have grown by 37%.

National Livestock Records ('NLR')

NLR centres on providing services to the red meat industry and has performed well during the first six months of the year. Food providence is a very important issue across the farming sector, and with our proven experience in reliably and rapidly identifying points of weakness in the dairy food chain, both for the benefit of farmers and retailers, this is a natural point of growth for the Company. Sales of ear tags have increased and we expect this to continue over the coming months.

Financials

For the period under review, the Group is reporting a 60% increase in its operating profit to GBP657,000 (2012: GBP411,000) on an increased turnover of GBP9,308,000 (2012: GBP9,173,000).

Outlook

The previous restructuring of our laboratory facilities has improved our balance sheet, increased our margins, and in turn, our growth prospects. Our product suite has been enhanced across all three divisions, which increases the value of our service to UK farmers milk processors and retailers alike.

Looking ahead, we have a diverse range of growth prospects as we focus on maintaining our position as leaders in the milk recording industry. Our recognised expertise has enabled the Company to build and progress its presence in Ireland which 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 2013	Six Months Ended 30th September 2012	Year To 31st March 2013
	GBP '000	GBP '000	GBP '000
Turnover			
NMR	7,596	7,589	15,193
Less Share of Joint Venture turnover	(257)	(187)	(415)
Less Intra Group turnover	(1,914)	(1,311)	(3,021)
NML	3,614	2,841	6,121
NLR	268	241	535
	<u>9,308</u>	<u>9,173</u>	<u>18,413</u>
Operating profit/(Loss) before exceptional items, Interest and goodwill amortization			
NMR	150	131	347
Share of operating profit of Joint Ventures	54	(12)	(11)
NML	413	262	450
NLR	40	30	109
	657	411	895
Exceptional Administration Expenses	(122)	(252)	(3)
FRS 17 Interest	75	72	215
Goodwill Amortization	0	(76)	(208)
Other Interest	(7)	(42)	(78)
Profit on Ordinary Activities	603	113	821
Tax on Profit on Ordinary Activities	(139)	(30)	(486)
Profit for the year	464	83	335

Consolidated Balance Sheet

Unaudited Figures for the periods ended

	30th September 2013	30th September 2012	31st March 2013
	GBP '000	GBP '000	GBP '000
Fixed Assets			
Intangible Assets	30	136	31
Tangible Assets	3,536	4,935	3,669
Investments	181	125	126
	<u>3,747</u>	<u>5,196</u>	<u>3,826</u>
Current Assets			
Stock	521	718	554
Debtors	1,629	1,756	1,821
Cash at Bank	763	61	1,303
	<u>2,913</u>	<u>2,535</u>	<u>3,678</u>
Creditors			
Amounts falling due within 1 year	(2,747)	(3,242)	(2,967)
Net Current Liabilities	166	(707)	711
Total Assets Less Current Liabilities	3,913	4,489	4,537
Creditors			
Amounts falling due after more than 1 year	(625)	(1,356)	(1,606)
Provisions for liabilities	(182)	(211)	(185)
Pension Liability	<u>(4,193)</u>	<u>(4,044)</u>	<u>(5,216)</u>
Net (Liabilities)/Assets	<u>(1,087)</u>	<u>(1,122)</u>	<u>(2,470)</u>
Capital And Reserves			
Called Up share Capital	735	735	735
Revaluation Reserve		1,096	
Share Option Reserve	20	12	20
Profit and loss account	<u>(1,842)</u>	<u>(2,965)</u>	<u>(3,225)</u>
	<u>(1,087)</u>	<u>(1,122)</u>	<u>(2,470)</u>

The interim results have been reviewed by the Company's auditor.

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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