

**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 unaudited interim results for the six months ended 30 September 2015.

**Overview**

- 3.6% increase in turnover to GBP10,073,000 bolstered by the addition of Inimex, which operates as [www.bullsemen.com](http://www.bullsemen.com) and was acquired on 1 October 2014
- Strong cash generation and profits despite difficult market conditions, demonstrating NMR’s resilient business model
- Launch of a new genomic testing programme for the UK dairy industry

NMR’s Managing Director Andy Warne said, “Our interim results demonstrate the resilience of NMR’s business model. Our core businesses of milk recording and payment testing are trading ahead of the corresponding period last year”.

“As a leading service provider in the dairy industry it is important to continue to launch new product offerings, such as Silent Herdsman and genetics products from [www.bullsemen.com](http://www.bullsemen.com). However, these products have been trading below expectations due to the cash squeeze currently being experienced in the UK dairy sector and although this has adversely affected our overall profitability, we are confident our diversification strategy is the right one and believe we are taking the steps to ensure future profits are in line with our increasing turnover.”

“We continue to seek efficiencies in our operations and have recently approved a number of investments which will improve our long term sustainability.”

**Chairman’s Statement**

NMR’s results for the six months ended 30 September 2015 show a 3.6% increase in turnover to GBP10,073,000 compared to the same period last year.

Between 1 April 2015 and 30 September 2015, the UK and Irish dairy sectors showed extremely challenging macro-economic conditions with negative cash flow on many dairy farms and dairy processors alike. However the management information and health testing services that we provide are largely viewed as essential services and as such demand does not fluctuate wildly based on the overall dairy market economic dynamics. We are pleased to attribute our performance to the resilience of our business model.

The short term outlook for dairy farming economics is still extremely tight. The upturn will be driven by increasing demand and/or shortening in supply, neither of which are immediately evident. The NMR Board is showing a degree of caution in planning the next 12 months of operations.

### **National Milk Records (NMR)**

This part of our business provides farmers with important management information regarding the efficiency and health status of their herd. In line with our organic growth strategy, turnover in the recording business remains strong based on a strategy of providing additional services to add value to farmers such as pregnancy and disease testing. We believe there is still upside in our core business, considering the instigation of a National Johnes control strategy by an industry-led consortium including Dairy UK, the continued BVD control programmes in Northern Ireland and Scotland, as well as the need for individual cow cell count results as part of strategies for selective dry cow therapy.

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

Our testing division, National Milk Laboratories ('NML'), continues to drive economies of scale in laboratory services by testing 100% of all liquid milk sold in the UK. NML delivers methodical daily revenue and margin as well as exciting new opportunities for growth.

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

Growth in NLR, a division focussed on transferring our core capabilities to the red meat sector, is principally based on tissue tags for the BVD control programmes in Scotland and Northern Ireland. Statutory identification tags in the dairy sector remain a growth opportunity for us due to our wide market reach.

### **Independent Milk Laboratories (iML)**

iML is based in Ireland and has continued to grow over the period. We expect continued revenue development in line with the growth of our cornerstone client, Lakeland Dairies, and believe there is an opportunity for growth with other clients driven by the market consolidation evident in the Irish dairy sector.

### **Inimex**

Inimex has traded below our expectation in this reported period. To some extent there is a seasonal effect but poor performance at Inimex has also resulted from a number of reasons including the strength of the \$ versus the GBP/€, some issues with product supply and the adverse market conditions. We are confident in the original acquisition plan and the positive impact that Inimex will have on the Group in the future.

During the period, we launched our genomic testing programme which is the latest expansion in our dairy support services. Genomic testing, involving the sampling and analysis of DNA, has the potential to change the process of dairy cattle breeding. Through the use of genomic testing the future productivity of new born calves can be tested which aids culling and breeding decision making. Genomics programmes are already in commercial use in the US. In the US, females from early genomics programmes are now entering production and the increasing number of US cows tested per month highlights the success of these programmes. NMR expects that the use of its genomics testing service in the UK will expand once the milk pricing environment has returned to normal levels.

This is an exciting opportunity for us to pioneer advancements to the UK's dairy market. We are confident that this new venture will present continued opportunities for growth and I look forward to reporting on future developments in due course.

### **Financials**

For the period under review the Group is reporting a 30% decrease in its operating profit to GBP599,000 (2014: GBP850,000) on an increased turnover of GBP10,073,000 (2014: GBP9,719,000). On a like for like basis the six month trading profit of NMR's core businesses was 8% higher at GBP922,000 (2014: GBP850,000) before goodwill and Inimex trading results.

### **Pension**

The pension statement in this Interim Statement is an estimate based on a roll forward of the actuary calculated position as of 31 March 2015. The Board estimates that based on the latest information on asset levels, liabilities and discount rates, the funding level has worsened by 1.8% since 31 March 2015 and we have also reduced our tax credit from 20% to 18% based on the announcement made by the Chancellor to Parliament in the additional Summer Budget on 8 July 2015. A full calculation will be carried out for the year ending 31 March 2016.

### **Outlook**

Due to lower global commodity prices the milk price received by our customers remains low and a continued 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 for which 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 months.

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

Philip Kirkham  
Chairman

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

For further information on NMR, please visit [www.nmr.co.uk](http://www.nmr.co.uk)

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	Summary Profit and Loss Account Unaudited Figures for the	Summary Profit and Loss Account Unaudited Figures for the	Summary Profit and Loss Account Unaudited Figures for the
	Six Months Ended 30th September 2015	Six Months Ended 30th September 2014	Year To 31st March 2015
	GBP '000	GBP '000	GBP '000
Turnover			
NMR	7,794	7,973	15,991
Less Share of Joint Venture turnover	(347)	(333)	(721)
Less Intra Group turnover	(2,260)	(2,052)	(4,215)
NML	4,075	3,747	7,599
NLR	438	384	843
Inimex Genetics	373		662
	10,073	9,719	20,159
Operating profit/(Loss) before exceptional items, Interest and goodwill amortization			
NMR	47	209	620
Share of operating profit of Joint Ventures	117	78	117
NML	664	508	1,064
NLR	94	55	178
Inimex Genetics	(113)		156
	809	850	2,135
Exceptional Administration Expenses	-	-	
FRS 17 Interest	-	-	200
Goodwill Amortization	(210)	-	(208)
Other Interest and Finance Income	-	-	183
Profit on Ordinary Activities	599	850	2,310

Tax on Profit on Ordinary Activities	(120)	(179)	(588)
Profit for the year	479	672	1,722

Consolidated Balance Sheet  
Unaudited Figures for the periods ended

	30th September 2015	30th September 2014	31st March 2015
	GBP '000	GBP '000	GBP '000
<b>Fixed Assets</b>			
Intangible Assets	1,671	-	1,882
Tangible Assets	2,465	2,981	2,599
Investments	548	292	433
	4,684	3,273	4,914
<b>Current Assets</b>			
Stock	411	281	497
Debtors	2,114	1,759	2,142
Cash at Bank	2,083	2,471	1,974
	4,608	4,511	4,613
<b>Creditors</b>			
Amounts falling due within 1 year	(3,079)	(3,157)	(3,873)
<b>Net Current Liabilities</b>	1,529	1,354	740
<b>Total Assets Less Current Liabilities</b>	6,213	4,627	5,654
<b>Creditors</b>			
Amounts falling due after more than 1 year	(1,025)	(536)	(957)
<b>Provisions for liabilities</b>	(309)	(286)	(309)
<b>Pension Liability</b>	(8,400)	(6,307)	(7,760)

<b>Net (Liabilities)/Assets</b>	(3,521)	(2,502)	(3,372)
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Capital And Reserves

Called Up share Capital	754	752	752
Share Premium	76	66	66
Share Option Reserve	22	22	22
Profit and loss account	(4,373)	(3,342)	(4,212)
	(3,521)	(2,502)	(3,372)

END