

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 services, is pleased to announce its unaudited interim results for the six months ended 30 September 2009.

Overview

- Strengthened position as the UK's premier provider of milk services
- Cash generative core business model creating strong platform for geographic and technological expansion
- National Milk Laboratories building presence in Ireland – business increasing through key milk recording organisations in the region
- Expansion of bovine ear tags service – developed high quality product to compete in the market place
- Operating profit before exceptional items, interest and goodwill amortisation of £395,000 (2008: £440,000)

Chairman's Statement

We continue to maintain our position as the premier provider of milk services in the UK, generating significant revenues which have translated into an operating profit before exceptional items, interest and goodwill amortisation of £395,000 (2008: £440,000).

Our milk recording and payment testing divisions, National Milk Records and National Milk Laboratories have performed well, providing essential management information about herd and milk quality to both the farmer and the milk buyer, which helps them produce high quality dairy produce in a highly competitive and regulated market. We believe that the cash generative nature of these divisions provides the Group with a strong platform and reputation from which to further extend our business into complementary industries.

With this in mind, our exciting disease testing services are being well received throughout the industry and our newest division, National Livestock Records, is also gaining momentum as it gains a foothold in the ear tagging business as well as animal ID and traceability in the red meat sector. We continue to explore other new products

and opportunities to extend the reach of our business for the benefit of both our customers and shareholders.

National Milk Records

National Milk Records is the mainstay of our business, currently providing milk recording services to 50 percent of UK farmers. As described in our preliminary report, we recognise the importance of technological development in adding value to this division, and we continue to develop new tests to extend the range of diseases we are able to detect for our customers.

With expansion in mind, during the last six months we have started to make steps towards extending our geographic reach and continue to explore our position and potential in Ireland and Scotland. Further afield, we have also been conducting and evaluating a selection of small ventures in Kosovo, Botswana and Indonesia.

National Milk Laboratories ('NML')

NML provides payment testing services to a number of blue-chip milk buyers to ensure that milk quality is high and disease is detected before it is sold to consumers. During the period under review, NML has seen a significant increase in business from Ireland, with samples being submitted from two key milk recording organisations – Progressive Genetics Co-Operative Society Limited and Munster Cattle Breeding Society Limited. NML has also undertaken disease testing work for Moorepark Technology Limited, a major dairy research centre in Southern Ireland.

Moving forward, NML will be looking to utilise its emerging presence in Ireland to enlarge its share of the disease testing market during 2010, whilst also focussing on its core market in the UK.

National Livestock Records ('NLR')

As reported in our preliminary results, NLR is a relatively new part of our business. During the last six months we have been taking steps to generate higher margins in NLR through the expansion of our bovine ear tag service and the development of animal ID and traceability in the red meat sector.

We believe that our ear tag distribution service is well placed to benefit from EU legislation ruling that all sheep under its jurisdiction must be electronically tagged for monitoring purposes. In line with this, we have continued to develop our product to ensure its quality is maintained to the highest standard in a competitive market.

We have also made progress in increasing our presence in the red meat sector as we build a reputation as providers of traceability solutions. This division has benefitted from our experience and reputation in the dairy industry. As announced in October 2009, we have received a grant to develop a detailed flock management system for sheep farmers in Wales as part of the Technology, Agriculture and Greater Efficiencies Project, administered by the Welsh Assembly Government. This is a project that we have been working on over the past three years with Sainsbury's Plc and Dunbia Wales Limited and we anticipate that this will help progress our plans to extend our core competence in database management from dairy into the red meat sector.

Pension

Investors in NMR will be aware of the disproportionate size of our final salary pension scheme. The pension is relatively well funded but with the unprecedented low level of the stock market on 31 March 2009, we already know that our year end figures for 31 March 2010 will be affected by a large FRS17 interest charge. Half of this charge is reflected in the six month statement. These figures do not correspond to cash; although they do act as a reminder that we do have a significant pension deficit in our fund.

NMR has already closed the fund for future accrual and we continue to work with the trustee on a plan to reduce and ultimately eliminate this deficit. Estimates vary, but approximately 25 percent of the deficit will have already disappeared due to improving investment values since March 2009 although the FRS17 notional charge reflects the historical investment value.

Financials

Despite a significant bad debt created by Dairy Farmers of Britain Limited going into administration, the business is on budget at the end of September 2009 and the Board of NMR remain confident about delivery of its business plan.

Due to the FRS17 interest charge as mentioned above in relation to the pension scheme, the Group's financial results for the six months to 30 September 2009 show a net profit of £82,000 (2008: £353,000) on a turnover of £7,942,000 (2008: £7,683,000).

Outlook

Our focus is to strengthen our core operations across the UK and deliver on our strategy of expanding the Group's offering to existing and prospective clients through technological and geographical expansion. We have established a cash generative

business model which provides those operating in the dairy industry with an innovative and premium service to aid the running of their businesses. With this background, our management team is always actively searching for new opportunities to expand and improve our operations and increase our value both to the customer and to our shareholders.

Our geographic expansion continues to gain momentum with particular progress being made in Scotland and Ireland. We are excited about the future potential of our various divisions and look forward to updating the market on our progress on a regular basis.

Philip Kirkham

Chairman

2 November 2009

**Summary Profit and Loss Account
For the 6 month period to 30 September 2009**

	Unaudited figures for the six months ended		Year ended 31-Mar-09
	30-Sep-09	30-Sep-08	
	£000	£ '000	£'000
Turnover			
NMR	6,192	6,057	12,112
Intercompany	(276)	(276)	(560)
NML	1,874	1,762	3,537
NLR	152	140	277
	7,942	7,683	15,366
Operating profit /(loss) before exceptional items, interest and goodwill amortisation			
NMR	291	318	564
NML	107	114	196
NLR	(3)	8	(62)
	395	440	698
Exceptional administration expenses	(47)	30	*
FRS 17 interest	(137)	(18)	*
Goodwill amortisation	(94)	(67)	(201)
Other interest	(35)	(50)	(118)
Profit/(loss) on ordinary activities before tax	82	335	345
Tax on profit on ordinary activities	(57)	(92)	(110)
Profit/(loss) for the year	25	243	235

Group statement of total recognised gains and losses

Profit for the financial year	25	261	*	235
Actuarial gain recognised in the pension scheme	(452)	(1,120)	*	(2,241)
Deferred tax on pension scheme	121	301	*	602
Total recognised gains and losses	(306)	(558)		(1,404)

* Not disclosed in last year's statement

Notes to the Interim Statements

1. Financial Information

The interim results for the six months to 30 September 2009 and 2008 are unaudited and do not constitute accounts within the meaning of section 396 of the Companies Act 2006. The interim results have been drawn up using accounting policies and presentation consistent with those applied in the audited accounts for the year ended 31 March 2009. The figures shown for this year are taken from the financial statements.

2. Exceptional administrative items

In 2008 the sales of fully depreciated commercial vehicles to be replaced by contract hire amounted to £30k. This was included with the reported net profit. In 2009 we have offered some deferred pensioners and enhanced transfer value in return for transferring their pension from the fund costing £12k in the period.

3. Dividends

The directors do not recommend payment of an interim dividend

4. Copies of unaudited interim accounts

Copies of this report are available from the registered office at Fox Talbot House, Bellinger Close, Greenways Business Park Chippenham, Wiltshire, SN15 1BN.

5. Responsibility

The directors of the Group accept responsibility for the information contained in the document and to the best of their knowledge and belief (having taken care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

*****ENDS*****

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

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