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## Nichols plc

### INTERIM RESULTS

#### **“Full year profits are anticipated to be ahead of current market expectations”**

Nichols plc, the soft drinks group announces its Interim results for the six months to 30 June 2009.

The group is a highly focused soft drinks and dispensed cold drinks business, comprising two operations:

1. **Soft Drinks** (sales and marketing of the **Vimto** brand throughout the world, where it is now available in over 65 countries, and of the **Panda & Sunkist** brands in the UK).
2. **Dispense Systems** (namely the **Cabana, Beacon, Cariel & Dayla** cold soft drinks on draught ‘dispense’ businesses)

#### **Highlights:**

- Exceptionally strong first half
- Sales up 28%
- Pre-tax profits up 34%
- EPS (basic) up 38%
- Net cash increased by £3.3m to £9.5m
- Interim dividend up 8%
- UK sales of Vimto strongly out-performing the market
- International sales of Vimto up 23%
- Anticipation that full year profits will be ahead of current market expectations

#### **Commenting John Nichols, Non-Executive Chairman, said:**

“Despite the economic doom and gloom, we have had an exceptionally strong first half – which makes this success even more pleasing. We expect that we will continue to grow during the second half and for the full year, we anticipate that profits will be ahead of last year and also ahead of current market expectations”.

## **Chairman's Statement**

I am delighted to report the group has experienced an exceptionally strong first half, despite the back drop of global economic uncertainty. The fact that significant growth in sales, profits and cash was achieved in a recession makes this success even more pleasing.

### **Results**

Sales in the six months to 30 June 2009 were up 28.4% to £37.5 million (2008: £29.2 million) and profit before tax was up 34.4% to £4.3 million (2008: £3.2 million).

Net cash on 30 June 2009 increased to £9.5 million, £3.3 million ahead of last year (2008: £6.2 million).

Earnings per share (basic) increased by 38.5% to 8.74 pence (2008: 6.31 pence).

A feature during the first half of 2009 was currency volatility, in particular with the US Dollar and the Euro against Sterling. As a result, we incurred a £0.3 million currency charge in the period. US dollar based commodity prices softened, however, which helped to mitigate the overall adverse currency impact.

### **Soft Drinks Operation**

In the UK, the Vimto brand grew by 13.4% during the first half, against a total soft drinks market that decreased by 1.9% for the same period (AC Nielsen 26 weeks to 13 June 2009). Sales of carbonated Vimto were up 14.8%, with sales of still Vimto up 12.5%, significantly out-performing the market in each category. These strong gains were largely achieved by opening up new distribution points, underpinned by our increased investment in marketing.

Throughout the summer we are continuing to support the Vimto brand with a new TV and multi-media advertising campaign themed "seriously mixed up fruit" and we are very pleased with the results.

Internationally, sales of Vimto increased by 22.6%. Vimto continues to grow in Africa and on a like for like basis in the Middle East. First half sales into the Middle East benefited from increased product shipments compared to 2008, in order to build local stocks ahead of the month of Ramadan.

We are also investing for future growth by seeding new overseas markets; during the first half, initial sales were made in South Africa and China.

### **Dispense Operation**

With the Group's distributor model now firmly established and with reduced focus on the pub and club sectors, our Dispense Operation has again delivered significant sales and profit growth.

On 10 December 2008, we announced the acquisition of 50% of Dayla Liquid Packing Limited, a business that had previously supplied some product to the Group's Cabana business. I am pleased to report that this joint venture is so far performing well, with Dayla now manufacturing all of Cabana's branded products. The business also continues to grow its own share of the premium juice market. We have an option to purchase the remaining 50% of Dayla in 2011 or 2012.

## **Dividend**

Given our robust financial performance in the first half, together with strong cash generation, I am pleased to report the Group is able to continue its progressive dividend policy. The Board has therefore approved an 8.0% increase in the Interim dividend, to 4.05 pence per share (2008: 3.75 pence).

The interim dividend will be paid on 2 September 2009 to shareholders registered on 14 August 2009.

## **Outlook**

We have had a very strong start to the year and have continued to outperform the market. The soft drinks market generally appears to be resilient, particularly given the wider pressures on consumer spending.

The Board and management team remain committed to building our brand and market position for the long term, both in the UK and overseas.

We also expect to grow during the second half, though due to the phasing of our sales and our investment behind the Vimto brand, this will be at a lower rate than in the first half. For the full year, we anticipate that profits will be ahead of last year and also ahead of current market expectations.

**John Nichols**  
**Non-Executive Chairman**  
5 August 2009

## CONSOLIDATED INCOME STATEMENT

	Unaudited	Unaudited	Audited before exceptional items	Audited after exceptional items
	Half year ended 30 Jun 2009	Half year ended 30 Jun 2008	Full year ended 31 Dec 2008	Full year ended 31 Dec 2008
	£'000	£'000	£'000	£'000
<b>Revenue</b>	<b>37,530</b>	29,152	56,221	56,221
<b>Operating profit</b>	<b>4,340</b>	3,145	9,804	3,864
Finance income	42	118	288	288
Finance expense	<b>(60)</b>	(61)	(54)	(54)
<b>Profit before taxation</b>	<b>4,322</b>	3,202	10,038	4,098
Taxation	<b>(1,127)</b>	(876)	(2,732)	(1,141)
<b>Profit for the financial period</b>	<b>3,195</b>	2,326	7,306	2,957
Earnings per share (basic) - all activities	<b>8.74p</b>	6.31p		8.10p
Earnings per share (diluted) - all activities	<b>8.63p</b>	6.31p		8.10p
Dividends paid per share	<b>7.40p</b>	6.90p		10.65p

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Half year ended 30 Jun 2009	Unaudited Half year ended 30 Jun 2008	Audited Full year ended 31 Dec 2008
	£'000	£'000	£'000
Defined benefit plan actuarial loss	0	0	(1,286)
Deferred taxation on pension obligations	0	0	132
<b>Income and expense recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>(1,154)</b>
<b>Profit for the financial period</b>	<b>3,195</b>	<b>2,326</b>	<b>2,957</b>
<b>Total recognised income and expense for the period</b>	<b>3,195</b>	<b>2,326</b>	<b>1,803</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited	Unaudited	Audited
	30 Jun 2009	30 Jun 2008	31 Dec 2008
	£'000	£'000	£'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,820	2,092	2,006
Goodwill	9,891	11,150	9,521
Deferred tax assets	2,705	1,197	2,705
<b>Total non-current assets</b>	<b>14,416</b>	<b>14,439</b>	<b>14,232</b>
<b>Current assets</b>			
Inventories	3,804	2,880	2,758
Trade and other receivables	17,200	16,059	13,575
Cash and cash equivalents	9,512	6,241	6,048
<b>Total current assets</b>	<b>30,516</b>	<b>25,180</b>	<b>22,381</b>
<b>Total assets</b>	<b>44,932</b>	<b>39,619</b>	<b>36,613</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	18,391	11,218	10,136
Current tax liabilities	1,198	633	1,308
Provisions	11	446	181
<b>Total current liabilities</b>	<b>19,600</b>	<b>12,297</b>	<b>11,625</b>
<b>Non-current liabilities</b>			
Pension obligations	3,567	3,635	3,567
Deferred tax liabilities	155	404	155
<b>Total non-current liabilities</b>	<b>3,722</b>	<b>4,039</b>	<b>3,722</b>
<b>Total liabilities</b>	<b>23,322</b>	<b>16,336</b>	<b>15,347</b>
<b>Net assets</b>	<b>21,610</b>	<b>23,283</b>	<b>21,266</b>
<b>EQUITY</b>			
Share capital	3,697	3,697	3,697
Additional paid in capital	3,255	3,255	3,255
Capital redemption reserve	1,209	1,209	1,209
Other reserves	(713)	(492)	(574)
Retained earnings	14,162	15,614	13,679
<b>Total equity</b>	<b>21,610</b>	<b>23,283</b>	<b>21,266</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Half year ended 30 Jun 2009		Unaudited Half year ended 30 Jun 2008		Audited Full year ended 31 Dec 2008	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Profit for the financial period</b>		<b>3,195</b>		<b>2,326</b>		<b>2,957</b>
<b>Cash flows from operating activities</b>						
Adjustments for:						
Depreciation	<b>315</b>		346		656	
Loss on sale of property, plant and equipment	<b>6</b>		9		20	
Impairment of goodwill and property, plant and equipment	<b>0</b>		0		5,615	
Equity-settled share based payment transactions	<b>0</b>		50		543	
Interest receivable	<b>(42)</b>		(118)		(288)	
Interest payable	<b>60</b>		61		54	
Taxation expense recognised in the income statement	<b>1,127</b>		876		1,141	
Change in inventories	<b>(1,046)</b>		(371)		342	
Change in trade and other receivables	<b>(3,625)</b>		(2,882)		347	
Change in trade and other payables	<b>8,255</b>		2,339		(1,032)	
Change in provisions	<b>(170)</b>		(235)		(353)	
Change in pension obligations	<b>0</b>		0		(588)	
		<b>4,880</b>		<b>75</b>		<b>6,457</b>
<b>Cash generated from operating activities</b>		<b>8,075</b>		<b>2,401</b>		<b>9,414</b>
Tax paid		<b>(1,237)</b>		<b>(1,253)</b>		<b>(2,595)</b>
<b>Net cash generated from operating activities</b>		<b>6,838</b>		<b>1,148</b>		<b>6,819</b>
<b>Cash flows from investing activities</b>						
Interest received	<b>42</b>		118		288	
Proceeds from sale of property, plant and equipment	<b>9</b>		40		135	
Acquisition of property, plant and equipment	<b>(144)</b>		(38)		(220)	
Acquisition of subsidiary, net of cash acquired	<b>0</b>		(240)		0	
Acquisition of joint venture, net of cash acquired	<b>0</b>		0		(2,908)	
Acquisition of joint venture's net overdraft	<b>0</b>		0		(131)	
Additional consideration in respect of a prior acquisition	<b>(370)</b>		0		(480)	
Payment on settlement of pension obligations	<b>0</b>		0		(809)	
<b>Net cash used in investing activities</b>		<b>(463)</b>		<b>(120)</b>		<b>(4,125)</b>
<b>Cash flows from financing activities</b>						
Interest paid	<b>(60)</b>		(61)		(11)	
Repurchase of own shares	<b>(139)</b>		0		(535)	
Dividends paid	<b>(2,712)</b>		(2,540)		(3,914)	
<b>Net cash used in financing activities</b>		<b>(2,911)</b>		<b>(2,601)</b>		<b>(4,460)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,464</b>		<b>(1,573)</b>		<b>(1,766)</b>
Cash and cash equivalents at beginning of period		<b>6,048</b>		<b>7,814</b>		<b>7,814</b>
<b>Cash and cash equivalents at end of period</b>		<b>9,512</b>		<b>6,241</b>		<b>6,048</b>

## NOTES

### 1. **Basis of Preparation**

The financial information set out in this interim report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The group's statutory financial statements for the year ended 31 December 2008, prepared under IFRS, have been filed with the Registrar of Companies. The auditor's report on those financial statements was unqualified and did not contain a statement under Section 237 (2) or (3) of the Companies Act 1985.

The interim financial information has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and on the same basis and using the same accounting policies as used in the financial statements for the year ended 31 December 2008. The interim financial statements have not been audited or reviewed in accordance with the International Standard on Review Engagement 2410 issued by the Auditing Practices Board.

### 2. **Dividends**

The interim dividend of 4.05p (2008: 3.75p) will be paid on 2 September 2009 to shareholders registered on 14 August 2009. The ex dividend date is 12 August 2009.

### 3. **Earnings Per Share**

Basic earnings per share are based on the weighted average number of shares in issue in the six months to 30 June 2009 of 36,569,053 (six months to 30 June 2008 of 36,840,924 and 12 months to 31 December 2008 of 36,480,421).

## **Cautionary Statement**

This interim management report has been prepared solely to provide additional information to shareholders to assess the group's strategies and the potential for those strategies to succeed. The interim management report should not be relied on by any other party or for any other purpose.

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