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## Nichols plc

### INTERIM RESULTS

#### “Exceptional performance continues”

Nichols plc, the soft drinks group, announces its Interim results for the six months to 30 June 2010.

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 Operation** (namely the **Cabana, Beacon, Cariel, Ben Shaws** (dispense) & **Dayla** soft drinks on draught ‘dispense’ businesses)

#### Highlights:

- Group sales up 17.6% - against strong comparatives for last year
- Profit before tax up 39%
- EPS (basic) up 35.1%
- Strong cash generation continues
- 10% increase in Interim dividend
- UK Soft Drinks sales up 19.3% against a market up only 5.1%
- Successful launch of ‘Cherry Vimto’ – sales are already 9.1% of ‘Vimto Original’

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

“I’m delighted to report we have continued to increase our market share and have again significantly outperformed the sector. I’m also pleased our very strong trading in the first half was achieved despite tough comparatives, the prevailing economic uncertainties and an extremely competitive soft drinks sector”.

“The momentum we have built up over the past few years has certainly continued and we anticipate profits at the year end will be significantly ahead of last year”.

## **Chairman's Statement**

I am really pleased to report the Group has continued to trade strongly during the first half of the year. This has been achieved despite the continued economic uncertainty, an extremely competitive soft drinks market and against very strong comparatives from last year.

### **Results**

Sales at £44.2 million are 17.6% up on last year (2009: £37.5 million), with profit before tax at £6.0 million, 39% ahead of last year (2009: £4.3 million).

Cash generation was also strong resulting in a net cash position on 30 June of £11.7 million, (2009: £9.5 million).

Earnings per share (basic) increased by 35.1 % to 11.81 pence (2009: 8.74 pence).

### **Soft Drinks Operation**

Whilst the total soft drinks market has grown by 5.1% in value terms (AC Nielsen 52 weeks to 12 June 2010), sales in our UK Soft Drinks business grew by 19.3% in the first half year with sales of carbonated product growing by 20% and sales of still product growing by 19% during the period, significantly outperforming the market in each category.

Growth has been driven by further distribution gains and continued strong growth of the Vimto brand along with the successful launch of 'Cherry Vimto' in January 2010. Sales of Cherry are currently running at 9.1% of total 'Vimto Original' sales, the majority of which is incremental business.

We are continuing to support the brand with our award winning TV and multi-media advertising campaign scheduled to run throughout the rest of the summer.

Internationally, sales have increased by 38.6% with notable growth in Africa, Europe and the Middle East. Sales into the Middle East have again benefited from the earlier timing of Ramadan which this year begins on the 11 August, resulting in more Vimto concentrate being shipped in the first half year of 2010 than in the corresponding period in 2009. As a result of these earlier shipments, we do not anticipate this level of overseas growth will be sustained for the full year.

In overall terms, however, we do expect to see good growth from our Soft Drinks Operation at the year end.

### **Dispense Operation**

Our Dispense Operation has again delivered sales and profit growth significantly outperforming the 'Pub and Club' sector, which experienced a period of decline in the first half year.

I am also pleased to report the Ben Shaws (dispense) business, acquired in January 2010, is trading in line with our expectations.

### **Dividend**

As the Group continues to make good progress and remains strongly cash generative, I am pleased to report we will continue with our progressive dividend policy. The Board has therefore approved a 10.0% increase in the Interim dividend to 4.45 pence per share (2009: 4.05 pence).

The Interim dividend will be paid on the 8 September 2010 to shareholders registered on the 13 August 2010.

## **Outlook**

The momentum we have built up over the last few years has continued into the first half of 2010 and we have again significantly outperformed the market.

The soft drinks sector remains extremely competitive, with the retail market and broader economic outlook increasingly uncertain. It is our intention, however, to continue investing in our brands and growing our market position.

Stronger comparatives will mean that our rate of sales growth will inevitably slow during the second half year, nevertheless, for the full year we anticipate profits will be significantly ahead of last year.

**John Nichols**  
**Non-Executive Chairman**  
4 August 2010

## CONSOLIDATED INCOME STATEMENT

	Unaudited Half year ended 30 Jun 2010 £'000	Unaudited Half year ended 30 Jun 2009 £'000	Audited before exceptional items Full year ended 31 Dec 2009 £'000	Audited after exceptional items Full year ended 31 Dec 2009 £'000
<b>Revenue</b>	<b>44,151</b>	37,530	72,378	72,378
<b>Operating profit</b>	<b>6,019</b>	4,340	12,501	12,208
Finance income	<b>71</b>	42	78	78
Finance expense	<b>(81)</b>	(60)	(360)	(360)
<b>Profit before taxation</b>	<b>6,009</b>	4,322	12,219	11,926
Taxation	<b>(1,694)</b>	(1,127)	(3,651)	(3,572)
<b>Profit for the financial period</b>	<b>4,315</b>	3,195	8,568	8,354
Earnings per share (basic) - all activities	<b>11.81p</b>	8.74p		22.86p
Earnings per share (diluted) - all activities	<b>11.66p</b>	8.63p		22.57p
Dividends paid per share	<b>8.10p</b>	7.40p		11.45p

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Half year ended 30 Jun 2010	Unaudited Half year ended 30 Jun 2009	Audited Full year ended 31 Dec 2009
	£'000	£'000	£'000
<b>Profit for the financial period</b>	<b>4,315</b>	3,195	8,354
<b>Other comprehensive income:</b>			
Defined benefit plan actuarial gain	0	0	(1,565)
Deferred taxation on pension obligations	0	0	396
<b>Other comprehensive income for the year</b>	<b>0</b>	0	(1,169)
<b>Total recognised income and expense for the period</b>	<b>4,315</b>	3,195	7,185

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Jun 2010	Unaudited 30 Jun 2009	Audited 31 Dec 2009
	£'000	£'000	£'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,665	1,820	1,573
Goodwill	11,711	9,891	9,891
Deferred tax assets	2,829	2,705	2,829
<b>Total non-current assets</b>	<b>16,205</b>	<b>14,416</b>	14,293
<b>Current assets</b>			
Inventories	5,002	3,804	2,694
Trade and other receivables	21,207	17,200	14,730
Cash and cash equivalents	11,695	9,512	11,215
<b>Total current assets</b>	<b>37,904</b>	<b>30,516</b>	28,639
<b>Total assets</b>	<b>54,109</b>	<b>44,932</b>	42,932
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	21,612	18,391	11,789
Current tax liabilities	1,659	1,198	1,587
Provisions	185	11	255
<b>Total current liabilities</b>	<b>23,456</b>	<b>19,600</b>	13,631
<b>Non-current liabilities</b>			
Pension obligations	4,744	3,567	4,744
Deferred tax liabilities	99	155	99
<b>Total non-current liabilities</b>	<b>4,843</b>	<b>3,722</b>	4,843
<b>Total liabilities</b>	<b>28,299</b>	<b>23,322</b>	18,474
<b>Net assets</b>	<b>25,810</b>	<b>21,610</b>	24,458
<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	(357)	(713)	(357)
Retained earnings	18,006	14,162	16,654
<b>Total equity</b>	<b>25,810</b>	<b>21,610</b>	24,458

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Half year ended 30 Jun 2010		Unaudited Half year ended 30 Jun 2009		Audited Full year ended 31 Dec 2009	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Profit for the financial period</b>		<b>4,315</b>		<b>3,195</b>		<b>8,354</b>
<b>Cash flows from operating activities</b>						
Adjustments for:						
Depreciation	<b>308</b>		315		619	
(Profit)/ loss on sale of property, plant and equipment	<b>(1)</b>		6		12	
Equity-settled share based payment transactions	<b>0</b>		0		334	
Interest receivable	<b>(71)</b>		(42)		(78)	
Interest payable	<b>81</b>		60		29	
Taxation expense recognised in the income statement	<b>1,694</b>		1,127		3,572	
Change in inventories	<b>(2,308)</b>		(1,046)		64	
Change in trade and other receivables	<b>(5,572)</b>		(3,625)		(1,144)	
Change in trade and other payables	<b>9,363</b>		8,255		2,654	
Change in provisions	<b>(70)</b>		(170)		74	
Change in pension obligations	<b>0</b>		0		(388)	
		<b>3,424</b>		<b>4,880</b>		<b>5,748</b>
<b>Cash generated from operating activities</b>		<b>7,739</b>		<b>8,075</b>		<b>14,102</b>
Tax paid		<b>(1,594)</b>		<b>(1,237)</b>		<b>(3,076)</b>
<b>Net cash generated from operating activities</b>		<b>6,145</b>		<b>6,838</b>		<b>11,026</b>
<b>Cash flows from investing activities</b>						
Interest received	<b>47</b>		42		45	
Proceeds from sale of property, plant and equipment	<b>5</b>		9		5	
Acquisition of property, plant and equipment	<b>(405)</b>		(144)		(202)	
Additional consideration in respect of a prior acquisition	<b>0</b>		(370)		(1,370)	
Acquisition of business trade and assets	<b>(2,300)</b>		0		0	
<b>Net cash used in investing activities</b>		<b>(2,653)</b>		<b>(463)</b>		<b>(1,522)</b>
<b>Cash flows from financing activities</b>						
Interest paid	<b>(49)</b>		(60)		(6)	
Repurchase of own shares	<b>0</b>		(139)		(138)	
Dividends paid	<b>(2,963)</b>		(2,712)		(4,193)	
<b>Net cash used in financing activities</b>		<b>(3,012)</b>		<b>(2,911)</b>		<b>(4,337)</b>
<b>Net increase in cash and cash equivalents</b>		<b>480</b>		<b>3,464</b>		<b>5,167</b>
Cash and cash equivalents at beginning of period		<b>11,215</b>		<b>6,048</b>		<b>6,048</b>
<b>Cash and cash equivalents at end of period</b>		<b>11,695</b>		<b>9,512</b>		<b>11,215</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 2009, 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 498 (2) or (3) of the Companies Act 2006.

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 2009. 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 4.45p (2009: 4.05p) will be paid on 8 September 2010 to shareholders registered on 13 August 2010. The ex dividend date is 11 August 2010.

### 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 2010 of 36,522,046 (six months to 30 June 2009 of 36,569,053 and 12 months to 31 December 2009 of 36,548,553).

## 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.