

# CHAIRMAN'S STATEMENT



“Our strategy is on track to build a strong business and invest in product development and geographic expansion.”

**JAMES LAMBERT** Chairman

Animalcare has performed well during the financial year, particularly during the second half, with growth from all three product groups: Licensed Veterinary Medicines, Companion Animal Identification, and Animal Welfare Products. The core medicines group achieved increased sales of c8.0% during the year.

## Financial Trading

Group revenue increased by 8.6% from £13.5m to £14.7m. This was achieved principally by increasing sales of Licensed Veterinary Medicines both in the UK and Export markets by over £650,000 combined. Incremental revenue of approximately £300,000 was also recognised from the introduction of compulsory microchipping in dogs during April which benefited the second half performance. Basic EPS increased from 12.1p to 12.5p. Cash generation has remained strong, with year end cash increasing from £5.8m to £7.1m. This has been achieved during a period of significant investment in product development to £1.6m together with recruiting more colleagues in all areas of the business to help drive future growth.

## People

These good results are testament to the strength of our Senior Management Team which continues to flourish under the able leadership of our CEO Iain Menner. We have further strengthened our product development, marketing, sales and distribution teams in order to continue to grow your business in the future.

## Product Development

Our European partners have more than filled the gap we had in our development pipeline during this financial year. This allowed your Company to increase sales of its generic drugs whilst we continued to progress our own development programme. The first products from our renewed development pipeline have been licensed and launched in the year and we expect further launches over the following two years.

## Dividend

Given the strong cash generation during the financial year your Board proposes to increase the final dividend to 4.7 pence per share. With 1.8 pence paid as the interim dividend this takes the total for the year to 6.5 pence per share representing growth of c7% from 6.1 pence last year. This is well covered by both increased earnings and cash flow and still leaves sufficient cash to invest in our future.

## Prospects

Given the pipeline from both our in-house product development and that of our European partners, plus a much improved export business, your Board looks forward to continuing your Company's record of consistent growth. This is being delivered by a stronger, more capable management team and committed and hard-working colleagues. I would like to personally thank them all for their dedication and hard work to the success of your business.

**JAMES LAMBERT**  
Non-Executive Chairman