



Animalcare Group plc

**Interim Report**

for the six months  
ended 31<sup>st</sup> December 2016

**Supplying  
& Supporting**  
Veterinary Professionals

 **Animalcare**  
Group plc

[www.animalcaregroup.co.uk](http://www.animalcaregroup.co.uk)  
Stock Code: ANCR

## WELCOME TO ANIMALCARE GROUP PLC

# Animalcare Group plc is **focused on growing** its veterinary business.

We are a leading supplier of generic veterinary medicines and identification products to companion animal veterinary markets.

We develop and sell goods and services to veterinary professionals principally for use in companion animals; operating through UK wholesalers and distribution and development partners in key markets in Western Europe.

We have three product groups:

- **Licensed Veterinary Medicines**
- **Animal Welfare Products**
- **Companion Animal Identification**



## INVESTMENT CASE

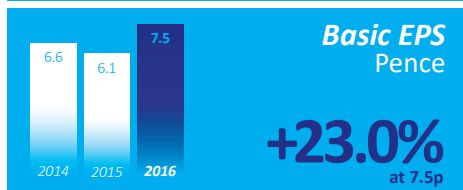
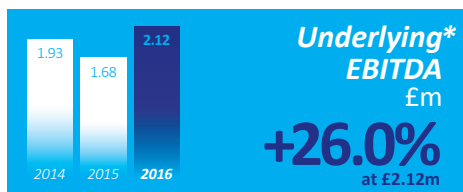
The UK pet medicines market has grown consistently over the last ten years at a Compound Annual Growth Rate of 5.2% demonstrating remarkable resilience in the challenging economic climate of the last eight years.

It is a highly regulated and specialist market with significant intellectual and financial barriers to entry. In addition, consolidation of pharmaceutical suppliers has made our significant and skilled sales and marketing function a rare and valuable asset.

As a result we believe there are four compelling reasons to invest in Animalcare Group plc:

- **Animalcare is a sustainable growing business (revenue +6.8% CAGR over ten years)** in a growing market (+5.2% CAGR over ten years)
- **Animalcare is cash generative** and debt-free
- **Animalcare is dividend paying** and expects to maintain its current dividend policy during its investment phase
- **Animalcare is implementing a clear strategy** to accelerate its growth over the next three to five years

## FINANCIAL HIGHLIGHTS



\* Underlying measures are before the effect of exceptional and other items. These are analysed in note 3. EBITDA is defined as the group profit before interest, taxation, depreciation and amortisation.

## OPERATIONAL HIGHLIGHTS

- Strong revenue growth from our Licensed Veterinary Medicines group, up 17.2% to £5.37m (2015: £4.58m) driven by strong domestic and export like-for-like growth of 13.0%, and 4.2% contribution from sales of four new products launched in the period.
- Revenues from the Animal Welfare Products range increased 13.3% to £1.51m (2015: £1.34m).
- Continued focus on our export business started delivering significant commercial benefit with revenues up 37.7% versus prior period.
- Momentum in our product development pipeline continues with expenditure in the period of £0.6m and anticipated full year investment increasing to £2.0m (FY16: £1.6m).
- Strong financial position maintained with Group cash balances at £7.0m (2015: £6.10m).
- Interim dividend increased 11.1% to 2.0 pence per share (2015: 1.8 pence per share).

## CHAIRMAN'S STATEMENT

Animalcare continues to focus on three product groups: Licensed Veterinary Medicines, Animal Welfare Products and Companion Animal Identification; all sold through veterinary wholesalers to veterinary practices. The business continued to perform strongly during the first six months of this financial year with sales up by 12.0% to £8.0m. Operating margin has also improved over the comparable half year from 21.0% to 23.2%.

Your Board is pleased to observe that the plan implemented in 2014 and structural changes made to the business, led by Iain Menneer (CEO) and Chris Brewster (CFO) and our highly capable senior management team, are delivering the anticipated results.

We will continue to ensure that we have the right team that is motivated and structured to deliver our strategy. This strategy is focused on delivering a well-stocked product development pipeline and on expanding our supply of products in the UK, Europe and beyond.

Licensed Veterinary Medicines have increased sales by 17.2% to a record £5.4m (2015: £4.6m) and export has grown by 37.7% from a relatively low base during the half. Gross margins also improved through a combination of favourable sales mix and reduction in cost of goods. Sales from the Animal Welfare Products group had a strong half year, increasing by 13.3% to £1.51m (2015: £1.2m). This has been driven principally by increasing sales of our infusion accessories range both in the UK and export.

Companion Animal Identification sales fell back during the period by 9.2% to £1.09m (2015: £1.20m) as was expected. Following the implementation of compulsory microchipping of dogs in the United Kingdom in April 2016, we have observed a reduction in microchip volumes. However, database services have grown during the period.

Operating cash flow remained extremely robust with cash balances up £0.9m to £7.0m versus the same period in 2015. During the half, as expected, we have invested in working capital to support growth.

Significant challenges that remain in the market, from a consolidating customer-base and increasingly crowded supplier arena, mean that Animalcare must continue to invest in its business and expand its pipeline. Given the strong performance of the Group, the Board took the decision in 2016 to increase the investment in new product development to around £2.0m during the current financial year (FY16: £1.6m). We made good progress in our product development pipeline in the half year with many projects moving forward to the later stages of development as well as starting several more.

Basic earnings per share in the first half have increased by 23.0% to 7.5p (2015: 6.1p). Given this and the strong cash flow generation your Board is pleased to announce an 11.1% increase in the interim dividend to 2.0p (2015: 1.8p).

Given the bright start to the current financial year and the launch of more pharmaceutical products in the second half, your Board remains confident about the Group prospects for the full year and beyond.

**James Lambert**  
Chairman

## BUSINESS REVIEW

### Introduction

We are pleased that the business is performing so well. A number of the fundamental building blocks put in place over the last four years are bearing fruit; from the sales team structure, to the product development team, to our in-house product registration team, and more recently our focus on sales in Europe and the rest of the world.

Our half year results were ahead of the Board's expectations in both sales and profit terms with revenues increasing by 12.0% versus the same period last year to £7.97m (2015: £7.11m). The strong sales performance combined with improving gross margins has resulted in a 22.6% increase in underlying operating profit to £1.90m (2015: £1.55m).

### Revenue

Revenue £'000	6 months to 31 <sup>st</sup> Dec 2016	6 months to 31 <sup>st</sup> Dec 2015	% change
Licensed Veterinary Medicines	5,370	4,583	17.2%
Animal Welfare Products	1,512	1,335	13.3%
Companion Animal Identification	1,086	1,196	(9.2%)
<b>TOTAL</b>	<b>7,968</b>	<b>7,114</b>	<b>12.0%</b>

### Licensed Veterinary Medicines

The Licensed Veterinary Medicines group, which represents 67% of total revenue, up from 64% in the prior period, again delivered good growth with sales up 17.2% versus the prior period to £5.37m. This breaks down to a 14.6% growth in the UK and 37.7% in export markets. Like-for-like revenue growth of 13.0% is driven by several of the key pharmaceutical ranges, notably our intravenous fluids and anaesthetics and analgesics. Four new products were launched in the period; Acecare, a sedative from our in-house development pipeline and three products, all on distribution, assembled to form an ear product range. The former has complemented our existing sedative, analgesic and anaesthetic range and has performed well since its launch early in the period. The new ear treatment range was launched into a mature and busy market and is consequently taking longer to gain momentum.

### Animal Welfare Products

Our Animal Welfare Products group grew 13.3% to £1.51m, driven primarily by increased sales of our intravenous fluid Infusion Accessories range which now represents 61% of this product group's total revenues (2015: 55%). We believe there is an opportunity to further strengthen this infusion accessory range.

### Companion Animal Identification

Companion Animal Identification sales were down 9.2% to £1.09m. In addition to a very competitive environment, as expected, the addressable dog market is now largely reduced to microchipping puppies following the introduction of compulsory microchipping legislation in the UK in April 2016. Associated database services sales grew by 2.9% during the period.

# BUSINESS REVIEW

## CONTINUED

### International Sales

Licensed Veterinary Medicines group revenue outside of the UK grew 37.7% and ahead of our expectations. Like-for-like sales growth in existing international markets was 28.5% with the remaining growth coming from sales to three new territories including our first sales to markets in Asia. Pharmaceutical sales outside the UK now total £0.72m (2015: £0.52m).

New distribution contracts and letters of understanding have been agreed with 14 distribution partners in new markets across Europe, Asia, Australasia and North America. Where products are already licensed in these new markets we expect modest sales revenue this financial year. For the majority of new markets our products require regulatory approval that will take between 18 to 36 months to achieve and launch into the market.

### Operating results

£'000	2016	2015	% change
<b>Underlying operating profit</b>	<b>1,904</b>	1,553	22.6%
Exceptional and other items	(59)	(59)	
<b>Reported operating profit</b>	<b>1,845</b>	1,494	23.5%
Operating margin %	<b>23.2%</b>	21.0%	2.2ppts
<b>Basic underlying EPS (p)</b>	<b>7.8</b>	6.2	25.8%
Basic EPS (p)	<b>7.5</b>	6.1	23.0%

The benefit of strong revenue growth and improved gross margins can be seen in underlying operating profit, which increased by 22.6% to £1.90m (2015: £1.55m). We continue to invest in our business in a controlled way which is both reflected in the £0.37m increase in overheads, but also our operating margin which has improved by 220 basis points to 23.2%.

Basic underlying EPS improved by 25.8% to 7.8 pence (2015: 6.2 pence). Basic EPS, which incorporates non-underlying items, increased by 23.0% to 7.5 pence (2015: 6.1 pence).

### Dividends

The Board is pleased to announce an 11.1% increase in the interim dividend to 2.0 pence per share (2015: 1.8 pence per share) reflecting the continued confidence in the growth prospects of the Group. The interim dividend will be paid on 21<sup>st</sup> April 2017 to shareholders on the register on 7<sup>th</sup> April 2017. The Ordinary shares will become ex-dividend on 6<sup>th</sup> April 2017.

The Board will continue to monitor the Group's cash position to ensure an appropriate balance between investment for future growth and dividend flow to deliver overall value for our shareholders.



## Cash flow

The Group's cash position remains strong with period end cash balances at £7.0m (30<sup>th</sup> June 2016: £7.1m, 31<sup>st</sup> December 2015: £6.1m). As expected, we have made a significant £0.8m net investment in working capital to support growth, some of which we expect to reverse in H2 as our new supply chain team becomes established.

The momentum in our product development pipeline continues with expenditure at £0.6m in the period (2015: £0.6m). Capital expenditure is expected to be biased towards the second half of the financial year, with several regulatory submissions planned in Q4. We expect expenditure on our pipeline to increase for the current financial year towards £2.0m (FY16: £1.6m).

## UK market

Corporate veterinary practice chains have continued the momentum of their acquisition strategy and in this period there has been the introduction to the market of a new corporate group that has already grown to 125+ practices. A new key account manager has been recruited to focus particularly on

corporate and charity customers. The key account team has been successful in winning core product tenders for a number of our products including Buprecare and iDENTICHIP, with growth being strong across joint venture partnerships, buying groups and charities from the pull through of the field force and telesales team.

## Product pipeline

There has continued to be good progress in our product development pipeline.

The first projects from our rejuvenated pipeline were successfully registered and launched in the second half of the prior financial year. One further product successfully registered late in that period was launched into the market in the first half of the new financial year, achieving sales well in excess of our expectations. There has been a focus on identification of new novel and generic product opportunities and technologies. Three new development projects have been initiated in the first six months of this year.

The diagram right highlights the overall position of our pipeline compared to the previous period.

Following 25 years of success of the Aquapharm fluid range in the UK, two of our flagship products, Aquapharm 1 and Aquapharm 11, solutions were successfully registered during the period in 11 additional EU countries with additional species indications. These products will be launched into selected new markets in H2. Significant progress has also been made in the registration procedure for another new product which is expected to be approved in March 2017.

## Summary and outlook

Animalcare is in a good position to build on the strong performance in the first half of the year. The continued health of the business allows us to invest further in our development activities whilst maintaining our dividend policy.

Our product development pipeline and distribution opportunities continue to flow and activity to identify innovative and novel pharmaceutical products is progressing well. We are pleased with the early success of our strategy to grow revenue from markets outside the UK and believe we are building a solid platform for significant future revenue build.

H2 will also see the launch of a further four new licensed products in to the Animalcare range, all supporting existing therapy areas.

We continue to invest in our excellent team, supporting them in all areas of their working life.

Overall, Animalcare is in a strong position to execute its strategy to drive future growth.

**Iain Menneer**  
Chief Executive Officer

**Chris Brewster**  
Chief Financial Officer



### Identification

*Candidate identification and selection*

**2016: 12 Projects**

2015: 26 Projects



### Feasibility

*Investment case prepared based on development, contract manufacturing, active ingredient source and market intelligence*

**2016: 8 Projects**

2015: 12 Projects



### Development

*Data generated from manufacturing and clinical trials*

**2016: 13 Projects**

2015: 7 Projects



### Regulatory

*Licence application dossier prepared and submitted*

**2016: 2 NPD + 1 EPD Projects**

2015: 4 NPD Projects + 3 EPD Projects



### Commercial

*New product launched*

**2016: 5 Projects**

2015: 1 Project



**2–3 years  
to maturity**



## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 31<sup>st</sup> December 2016

	6 months ended 31 <sup>st</sup> December 2016			6 months ended 31 <sup>st</sup> December 2015			
	Note	Underlying results £'000	Exceptional and other items(i) £'000	Total £'000	Underlying results £'000	Exceptional and other items(i) £'000	Total £'000
<b>Revenue</b>		<b>7,968</b>	–	<b>7,968</b>	7,114	–	7,114
Cost of sales		<b>(3,361)</b>		<b>(3,361)</b>	(3,230)		(3,230)
<b>Gross profit</b>		<b>4,607</b>	–	<b>4,607</b>	3,884	–	3,884
Distribution costs		<b>(124)</b>	–	<b>(124)</b>	(121)	–	(121)
Administrative expenses		<b>(2,381)</b>	<b>(59)</b>	<b>(2,440)</b>	(2,140)	(59)	(2,199)
Research & development expenses		<b>(198)</b>	–	<b>(198)</b>	(70)	–	(70)
<b>Operating profit/(loss)</b>		<b>1,904</b>	<b>(59)</b>	<b>1,845</b>	1,553	(59)	1,494
Finance income/(expense)		<b>16</b>	<b>(14)</b>	<b>2</b>	13	21	34
<b>Profit/(loss) before tax</b>		<b>1,920</b>	<b>(73)</b>	<b>1,847</b>	1,566	(38)	1,528
Income tax (expense)/credit		<b>(279)</b>	<b>15</b>	<b>(264)</b>	(257)	7	(250)
<b>Total comprehensive income/(loss) for the period</b>		<b>1,641</b>	<b>(58)</b>	<b>1,583</b>	1,309	(31)	1,278
Basic earnings per share	6	<b>7.8p</b>		<b>7.5p</b>	6.2p		6.1p
Fully diluted earnings per share	6	<b>7.6p</b>		<b>7.4p</b>	6.1p		6.0p

Total comprehensive income/(loss) for the period is attributable to the equity holders of the parent.

- (i) In order to aid understanding of underlying business performance, the Directors have presented underlying results before the effect of exceptional and other items. These items are analysed in note 3.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30<sup>th</sup> June 2016

	Note	Underlying results £'000	Exceptional and other items(i) £'000	Total £'000
<b>Revenue</b>		14,701	–	14,701
Cost of sales		(6,702)	–	(6,702)
<b>Gross profit</b>		7,999	–	7,999
Distribution costs		(255)	–	(255)
Administrative expenses		(4,398)	(173)	(4,571)
Research & development expenditure		(156)	–	(156)
<b>Operating profit/(loss)</b>		3,190	(173)	3,017
Finance income		33	36	69
<b>Profit/(loss) before tax</b>		3,223	(137)	3,086
Income tax (expense)/credit		(479)	27	(452)
<b>Total comprehensive income/(loss) for the year</b>		2,744	(110)	2,634
Basic earnings per share	6	13.0p		12.5p
Fully diluted earnings per share	6	12.8p		12.3p

Total comprehensive income/(loss) for the year is attributable to the equity holders of the parent.

- (i) In order to aid understanding of underlying business performance, the directors have presented underlying results before the effect of exceptional costs and other items. These items are analysed in note 3.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

### Six months ended 31<sup>st</sup> December 2016

	Note	6 months ended 31 <sup>st</sup> December 2016 £'000	6 months ended 31 <sup>st</sup> December 2015 £'000	Year ended 30 <sup>th</sup> June 2016 £'000
Balance at beginning of period		22,515	20,991	20,991
Total comprehensive income for the period		1,583	1,278	2,634
Transactions with owners of the Company, recognised in equity:				
Dividends paid	5	(997)	(904)	(1,283)
Issue of share capital		214	46	53
Share-based payments		37	60	120
<b>Balance at end of period</b>		<b>23,352</b>	<b>21,471</b>	<b>22,515</b>

# CONDENSED CONSOLIDATED BALANCE SHEETS

31<sup>st</sup> December 2016

	31 <sup>st</sup> December 2016 £'000	31 <sup>st</sup> December 2015 £'000	30 <sup>th</sup> June 2016 £'000
<b>Non-current assets</b>			
Goodwill	12,711	12,711	12,711
Other intangible assets	3,293	2,257	2,968
Property, plant and equipment	254	271	281
	<b>16,258</b>	15,239	15,960
<b>Current assets</b>			
Inventories	2,172	1,700	1,604
Trade and other receivables	2,661	1,909	2,189
Cash and cash equivalents	7,012	6,098	7,118
	<b>11,845</b>	9,707	10,911
<b>Total assets</b>	<b>28,103</b>	24,946	26,871
<b>Current liabilities</b>			
Trade and other payables	(3,274)	(2,090)	(3,027)
Current tax liabilities	(202)	(301)	(101)
Deferred income	(235)	(233)	(220)
	<b>(3,711)</b>	(2,624)	(3,348)
<b>Net current assets</b>	<b>8,134</b>	7,083	7,563
<b>Non-current liabilities</b>			
Deferred income	(732)	(724)	(762)
Deferred tax liabilities	(308)	(127)	(246)
	<b>(1,040)</b>	(851)	(1,008)
<b>Total liabilities</b>	<b>(4,751)</b>	(3,475)	(4,356)
<b>Net assets</b>	<b>23,352</b>	21,471	22,515
<b>Capital and reserves</b>			
Called up share capital	4,244	4,211	4,212
Share premium account	6,688	6,500	6,506
Retained earnings	12,420	10,760	11,797
<b>Equity attributable to equity holders of the parent</b>	<b>23,352</b>	21,471	22,515

## CASH FLOW STATEMENTS

### Six months ended 31<sup>st</sup> December 2016

	6 months ended 31 <sup>st</sup> December 2016 £'000	6 months ended 31 <sup>st</sup> December 2015 £'000	Year ended 30 <sup>th</sup> June 2016 £'000
Comprehensive income for the period before tax	1,847	1,528	3,086
Adjustments for:			
Depreciation of property, plant and equipment	58	61	66
Amortisation of intangible assets	218	129	369
Finance income	(16)	(13)	(33)
Share-based payment award	37	60	120
Net deferral/(release) of deferred income	(13)	–	24
Operating cash flows before movements in working capital	2,131	1,765	3,632
(Increase)/decrease in inventories	(568)	(47)	49
(Increase)/decrease in receivables	(491)	337	77
Increase/(decrease) in payables	266	(96)	822
Cash generated by operations	1,338	1,959	4,580
Income taxes paid	(102)	(161)	(444)
<b>Net cash flow from operating activities</b>	<b>1,236</b>	<b>1,798</b>	<b>4,136</b>
<b>Investing activities:</b>			
Payments to acquire intangible assets	(568)	(598)	(1,604)
Payments to acquire property, plant and equipment	(7)	(34)	(41)
Disposal of intangible assets	–	–	47
Interest received	16	13	33
<b>Net cash used in investing activities</b>	<b>(559)</b>	<b>(619)</b>	<b>(1,565)</b>
<b>Financing:</b>			
Receipts from issue of share capital	214	46	53
Equity dividends paid	(997)	(904)	(1,283)
<b>Net cash used in financing activities</b>	<b>(783)</b>	<b>(858)</b>	<b>(1,230)</b>
Net (decrease)/increase in cash and cash equivalents	(106)	321	1,341
<b>Cash and cash equivalents at start of period</b>	<b>7,118</b>	<b>5,777</b>	<b>5,777</b>
<b>Cash and cash equivalents at end of period</b>	<b>7,012</b>	<b>6,098</b>	<b>7,118</b>
Comprising:			
Cash and cash equivalents	7,012	6,098	7,118

# CONDENSED NOTES TO THE FINANCIAL STATEMENTS

**31<sup>st</sup> December 2016**

## 1. GENERAL INFORMATION

Animalcare Group plc (“the Company”) is a company incorporated in England and Wales under the Companies Act 2006 and is domiciled in the United Kingdom. The condensed set of financial statements as at, and for, the six months ended 31<sup>st</sup> December 2016 comprises the Company and its subsidiary, Animalcare Ltd (together referred to as the “Group”). The nature of the Group’s operations and its principal activities are set out in the latest Annual Report.

This Interim Report does not constitute statutory accounts as defined in Section 435 of the Companies Act 2006. The information contained herein has not been reviewed by the Group’s auditor.

The prior year comparatives are derived from the audited financial information as set out in the Group’s Annual Report for the year ended 30<sup>th</sup> June 2016 and the unaudited financial information in the Group’s Interim Report for the six months ended 31<sup>st</sup> December 2015. The comparative figures for the financial year ended 30<sup>th</sup> June 2016 are not the Group’s statutory accounts. Those accounts have been reported on by the Group’s auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include any reference to matters to which the auditors drew attention without qualifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Interim Report for the six months ended 31<sup>st</sup> December 2016 was approved by the Board of Directors and authorised for issue on 15<sup>th</sup> February 2017.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation and accounting policies

Except as described below, the condensed consolidated interim financial information for the six months ended 31<sup>st</sup> December 2016 has been prepared using accounting policies consistent with those of the Company’s annual accounts for the year ended 30<sup>th</sup> June 2016, which were prepared in accordance with IFRSs as adopted by the European Union.

Taxes on income in the interim periods are accrued using the estimated tax rate that would be applicable for the full financial year.

The following standards and amendments have been published, endorsed by the EU, with an effective date after the date of this interim financial information. Their adoption, where applicable, is not expected to have a material effect on the financial statements of the Group unless otherwise indicated.

International Financial Reporting Standards	Applies to periods beginning after
IFRS 15 Revenue from Contracts with Customers	1 <sup>st</sup> January 2018
IFRS 9 Financial Instruments	1 <sup>st</sup> January 2018

## Going concern

The principal risks and uncertainties facing the Group remain those set out in the latest Annual Report.

For the purposes of their assessment of the appropriateness of the preparation of the interim financial information on a going concern basis, the Directors have considered the current cash position and forecasts of future trading including working capital and investment requirements.

During the period the Group met its day-to-day general corporate and working capital requirements through existing cash resources. At 31<sup>st</sup> December 2016 the Group had cash on hand of £7.0 million (30<sup>th</sup> June 2016: £7.1 million).

Overall, the Directors believe the Group is well placed to manage its business risks successfully. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group should have sufficient cash resources to meet its requirements for at least the next 12 months. Accordingly, the adoption of the going concern basis in preparing the interim financial information remains appropriate.

## 3. EXCEPTIONAL AND OTHER ITEMS

Six months ended 31<sup>st</sup> December 2016

	<b>6 months ended 31<sup>st</sup> December 2016 £'000</b>	6 months ended 31 <sup>st</sup> December 2015 £'000	Year ended 30 <sup>th</sup> June 2015 £'000
Amortisation of acquired intangible assets	<b>59</b>	59	118
Strategic review	<b>—</b>	—	55
Fair value movements on foreign currency hedging	<b>14</b>	(21)	(36)
Sub total	<b>73</b>	38	137
Tax thereon	<b>(15)</b>	(7)	(27)
<b>Total exceptional and other items</b>	<b>58</b>	31	110

The amortisation charge totalling £59,000 (2015: £59,000) relates to brand and customer relationship intangible assets recognised on the acquisition of Animalcare Ltd in January 2008.

# CONDENSED NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31<sup>st</sup> December 2016

## 4. REVENUE AND OPERATING SEGMENTS

During the period, the principal activity of the Group was the supply and distribution of veterinary medicines, identification and other products for companion animals.

The Chief Operating Decision Maker ("CODM") is considered to be the Board of Directors of Animalcare Group plc. Performance assessment is primarily based on underlying operating profit and cash generation. The Group solely comprises one reportable segment, being Animalcare.

An analysis of revenue by product group is disclosed within the Business Review.

## 5. DIVIDENDS

	6 months ended 31 <sup>st</sup> December 2016 £'000	6 months ended 31 <sup>st</sup> December 2015 £'000	Year ended 30 <sup>th</sup> June 2016 £'000
Ordinary final dividend paid for the year ended 30 <sup>th</sup> June 2015 of 4.3p per share	–	904	904
Ordinary interim dividend paid for the year ended 30 <sup>th</sup> June 2016 of 1.8p per share	–	–	379
Ordinary final dividend paid for the year ended 30 <sup>th</sup> June 2016 of 4.7p per share	997	–	–
	<b>997</b>	904	1,283

The interim dividend was approved by the Board of Directors on 15<sup>th</sup> February 2017 and has not been included as a liability as at 31<sup>st</sup> December 2016.



## 6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the total comprehensive income for the period attributable to ordinary equity holders of the Company by the weighted average number of fully paid ordinary shares outstanding during the period.

The dilutive effect of share options is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares from the start of the period. The dilutive potential ordinary shares of the Company are share options.

The following income and share data was used in the earnings per share computations:

	6 months ended 31 <sup>st</sup> December 2016	6 months ended 31 <sup>st</sup> December 2015	Year ended 30 <sup>th</sup> June 2016	6 months ended 31 <sup>st</sup> December 2016	6 months ended 31 <sup>st</sup> December 2015	Year ended 30 <sup>th</sup> June 2016
	Underlying earnings £'000	Underlying earnings £'000	Underlying earnings £'000	Total earnings £'000	Total earnings £'000	Total earnings £'000
Total comprehensive income attributable to equity holders of the Company	1,641	1,309	2,744	1,583	1,278	2,634
	No.	No.	No.	No.	No.	No.
Basic weighted average number of shares	21,164,072	21,032,392	21,043,846	21,164,072	21,032,392	21,043,846
Dilutive potential ordinary shares	321,800	305,260	319,863	321,800	305,260	319,863
Fully diluted weighted average number of shares	21,485,872	21,337,652	21,363,079	21,485,872	21,337,652	21,363,079
Total earnings per share:						
Basic	7.8p	6.2p	13.0p	7.5p	6.1p	12.5p
Fully diluted	7.6p	6.1p	12.8p	7.4p	6.0p	12.3p

# CONDENSED NOTES TO THE FINANCIAL STATEMENTS CONTINUED

**31<sup>st</sup> December 2016**

## 7. CAUTIONARY STATEMENT

This Interim Management Report (“IMR”) consists of the Chairman’s Statement and the Business Review, which have been prepared solely to provide additional information to shareholders to assess the Group’s strategies and the potential for those strategies to succeed. The IMR should not be relied upon by any other party or for any other purpose.

The IMR contains a number of forward looking statements. These statements are made by the Directors in good faith based upon the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

This IMR has been prepared for the Group as a whole and therefore emphasises those matters which are significant to Animalcare Group plc and its subsidiaries when viewed as a whole.

## 8. INTERIM REPORT

The Group’s Interim Report for the six months ended 31<sup>st</sup> December 2016 was approved and authorised for issue on 15<sup>th</sup> February 2017 and is expected to be posted to shareholders later that week commencing 13<sup>th</sup> February 2017. Further copies will be available to download on the Company’s website at: [www.animalcaregroup.co.uk](http://www.animalcaregroup.co.uk) and will also be available from the Company’s head office at 10 Great North Way, York Business Park, Nether Poppleton, York, YO26 6RB.





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