Animalcare Group plc

Interim Report

2011

OUR BUSINESS

The development and supply of generic licensed veterinary medicines, animal identification products and other professional goods and services to veterinary professionals for use in companion animal markets.

OUR STRATEGY

The development of registration dossiers for generic licensed veterinary medicines in selected therapeutic areas and the sales of those medicines in key European markets either directly ourselves in the UK or through development and distribution partners elsewhere.

In addition we will continue to lead the UK market in products and associated goods and services sold for companion animal identification.

HIGHLIGHTS

	6 months to 31 December 2010	6 months to 31 December 2009	% Change
Revenue – continuing operations	£5.99m	£5.37m	+ 12%
Operating profit – continuing operations	£1.43m	£1.06m	+ 35%
Underlying operating profit(*) – continuing operations	£1.49m	£1.12m	+ 33%
Profit before tax – continuing operations	£1.38m	£0.94m	+ 47%
Underlying profit before tax(*) – continuing operations	£1.44m	£1.03m	+ 40%
Basic earnings per share	4.8p	2.8p	+ 71%
Fully diluted earnings per share	4.5p	2.6p	+ 73%
Borrowings	£1.00m	£5.07m	– 80%
Cash and cash equivalents	£1.43m	£1.25m	+ 14%
Interim Dividend	1.0p	nil	

(*) Underlying measures exclude, where applicable, amortisation of acquired intangibles, impairment of goodwill, fair value movements on interest rate hedging, impairments to current and non-current assets and other charges relating to Group reorganisation.

- Four new veterinary medicines launched between June and December 2010.
- Revenue (+29%) and gross margin (+39%) from new generic veterinary medicines as a whole continues to drive growth.
- New veterinary medicine product development remains on track with at least two new products to be launched in H2 2011 and all other projects meeting key milestones within the period.
- Substantial operational cashflow with borrowings expected to be fully repaid by 31 March 2011.

CHAIRMAN'S STATEMENT

"The first six months of this financial year has seen the completion of the transformation of your business to a high margin focused companion animal business which is in a net cash position and will be debt free by 31 March 2011. The board believes that trading in the second half is in line with market expectations."

I am pleased to report continuing strong results for the continuing operations of Animalcare Group plc during the six months ended 31 December 2010, after the completion of the sale of the Ritchey, Fearing and Travik businesses, which together comprised our livestock division, during the period which means the Company is focused entirely on the companion animal market. The proceeds of these sales have left your Company with net cash at the interim stage.

Revenue from continuing operations improved by twelve per cent, almost entirely driven by new pharmaceutical products, which increased profit before tax from continuing operations up from £0.94 million to £1.38 million and total basic earnings per share up from 2.8 pence to 4.8 pence, an impressive 71 per cent increase year on year. With earnings less affected by seasonal fluctuations, after the sale of the more seasonally affected livestock businesses, your board is proposing to pay an interim dividend of 1.0 pence per share on 6 June 2011 to all shareholders on the register on 13 May 2011.

Although the companion animal veterinary medicines market continued to grow in 2010, estimated at around 1.5 per cent, the growth is lower than in the recent past. The market's growth is being maintained by owners' continuing willingness to care for their pets and the increasing numbers of new treatments and products entering the market. Your board expects the growth of the market to continue at approximately these levels for the remainder of 2011. We are confident however that Animalcare's growth will be stronger through further sales of recently launched products and planned launches of new generic licensed veterinary medicines.

With the completion of the sale of the livestock businesses Geoff Rhodes, their former CEO, retired from the board as a non-executive director. I would like to thank him for the enormous contribution he made in building them into a leading UK agricultural supply business.

Your Company continues to develop a pipeline of new licensed veterinary medicines and should launch at least two more products during the second half of the year in market segments where the Company already has a good complementary presence. There is potential to launch up to two more products before the end of the period and we will decide on this shortly.

The first six months of this financial year has seen the completion of the transformation of your business to a high margin focused companion animal business which is in a net cash position and which will be debt free by 31 March 2011. The board believes that trading in the second half is in line with market expectations.

James Lambert
Chairman

FINANCIAL REVIEW

Group Overview

The Group disposed of its entire livestock division during the six months ended 31 December 2010. As a consequence, total Group revenues and gross profit fell below the values for the six months ended 31 December 2009 ("2009"), but the marginally profitable nature of the livestock division and the improving profitability in the continuing companion animal division saw the underlying profit before tax for the six months ended 31 December 2010 rise to £1.01 million (2009 — £0.61 million).

Continuing Operations

Revenue in the six months ended 31 December 2010 was £5.99 million (2009 — £5.37 million) and gross profit was £3.22 million (2009 — £2.88 million), representing growth of 12 per cent for both measures. The main driver for this was the growth in licensed veterinary medicines.

Distribution costs rose to £0.15 million (2009 — £0.13 million) as a consequence of increased sales volumes and administrative expenses fell to £1.58 million (2009 — £1.63 million) principally due to higher spend on new product development in the comparative period for 2009. This expenditure tends by its nature to occur in an irregular pattern. Operating profit from continuing operations rose as a consequence to £1.43 million (2009 — £1.06 million)

Disposals

On 17 September 2010 the Company sold the business and assets of its trading division, Ritchey, and the shares of its wholly owned subsidiary, Fearing International (Stock Aids) Limited. The expected gross consideration was £3.25 million, based on the audited accounts for these businesses at 30 June 2010 and subject to completion accounting. The Group received £0.52 million as working capital inflows prior to the sale and £2.51 million in cash from the purchaser, which included an agreed reduction in the consideration of £0.20 million in respect of unanticipated difficult trading conditions and profit shortfall in a key new product. The costs of disposal were £0.07 million. All the consideration was received in cash by 31 December 2010.

On 17 November 2010 the Group sold the trade and assets of its loss making subsidiary, Travik Chemicals Limited (now Naychem Limited), for a total consideration of £0.05 million net of costs. The Group retains the freehold of the Newton Aycliffe property, which has been leased to the new owner of the Travik business.

Cash Flow

Earnings before interest, taxation, depreciation and amortisation ("EBITDA") for the six months ended 31 December 2010 were £1.58 million (2009 — £1.21 million), this improvement was despite the loss of £0.23 million on the disposal of the livestock businesses. Working capital showed a reduction of £0.01 million (2009 — £0.13 million), a substantial reduction in trade receivables being offset by a reduction in VAT and other liabilities following the sale of the livestock businesses. Income taxes paid were £0.41 million (2009 — £0.18 million), reflecting the increase in the Group's taxable profits. Interest paid was £0.11 million (2009 — £0.07 million), the Group has now fully settled its interest rate hedge. Overall, net cash flow from operating activities was £1.33 million (2009 — £0.93 million).

Capital expenditure was £0.04 million (2009 — £0.40 million), due to the sale of the livestock businesses and timing of expenditure on intangible assets in the continuing operations. Share proceeds generated £0.14 million (2009 — £0.07 million) with the issue of 238,308 ordinary shares in respect of approved employee share options. The sale of the livestock businesses generated net proceeds of £2.49 million. These proceeds, together with cash generated from operations, enabled the Group to repay £3.46 million (2009 — £0.39 million) of its bank loans. A dividend of £0.61 million (2009 — £0.49 million) was paid in December 2010.

As at 31 December 2010, the Group's outstanding bank loan balance was £1.00 million (2009 — £5.07 million), £0.75 million of which was repaid early on 8 February 2011, with the remaining balance due to be settled on 31 March 2011. As at 31 December 2010 the Group had cash balances of £1.43 million (2009 — £1.25 million).

Peter Warner
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME — UNAUDITED
SIX MONTHS ENDED 31 DECEMBER 2010

	Note	6 months ended 31 December 2010 Underlying results before exceptional and other items £'000	6 months ended 31 December 2010 Exceptional and other items(*) £'000	6 months ended 31 December 2010 Total £'000	6 months ended 31 December 2009 Restated(**) Underlying results before exceptional and other items £'000	6 months ended 31 December 2009 Restated(**) Exceptional and other items(*) £'000	6 months ended 31 December 2009 Restated(**) Total £'000
Revenue		5,986	—	5,986	5,374	—	5,374
Cost of sales		(2,766)	—	(2,766)	(2,498)	—	(2,498)
Gross profit		3,220	—	3,220	2,876	—	2,876
Distribution costs		(152)	—	(152)	(128)	—	(128)
Administrative expenses		(1,580)	(59)	(1,639)	(1,631)	(59)	(1,690)
Operating profit/(loss)	4	1,488	(59)	1,429	1,117	(59)	1,058
Finance costs		(49)	(1)	(50)	(85)	(31)	(116)
Finance income		2	—	2	1	—	1
Profit/(loss) before tax	4	1,441	(60)	1,381	1,033	(90)	943
Income tax (expense)/credit	7	(388)	16	(372)	(325)	25	(300)
Total comprehensive income/(loss) for the period from continuing operations		1,053	(44)	1,009	708	(65)	643
Total comprehensive loss for the period from discontinued operations	3	(47)	—	(47)	(96)	—	(96)
Total comprehensive income/(loss) for the period		1,006	(44)	962	612	(65)	547
Basic earnings per share	9			4.8p			2.8p
Fully diluted earnings per share	9			4.5p			2.6p

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

(*) In order to aid understanding of underlying business performance, the directors have presented underlying results before the effect of exceptional and other items. Underlying measures exclude, where applicable, amortisation of acquired intangibles, impairment of goodwill, fair value movements on interest hedging, impairments to current and non-current assets and other charges relating to Group reorganisation. These exceptional and other items are analysed in detail in note 4 to these financial statements.

(**) During the period ended 31 December 2010 the Group disposed of the businesses and assets of its livestock division. The segment was not classified as held for sale or as a discontinued operation as at 30 June 2010 or 31 December 2009, and the comparative consolidated statement of comprehensive income has been restated to show discontinued operations separately.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME — UNAUDITED YEAR ENDED 30 JUNE 2010

	Note	12 months ended 30 June 2010 Restated(**) Underlying results before exceptional and other items £'000	12 months ended 30 June 2010 Restated(**) Exceptional and other items(*) £'000	12 months ended 30 June 2010 Restated(**) Total £'000
Revenue		11,156	—	11,156
Cost of sales		(5,200)	—	(5,200)
Gross profit		5,956	—	5,956
Distribution costs		(264)	—	(264)
Administrative expenses		(3,096)	(401)	(3,497)
Operating profit/(loss)	4	2,596	(401)	2,195
Finance costs		(130)	(38)	(168)
Finance income		16	—	16
Profit/(loss) before tax	4	2,482	(439)	2,043
Income tax (expense)/credit	7	(761)	123	(638)
Total comprehensive income/(loss) for the year from continuing operations		1,721	(316)	1,405
Total comprehensive income/(loss) for the year from discontinued operations	3	500	(2,936)	(2,436)
Total comprehensive income/(loss) for the year		2,221	(3,252)	(1,031)
Basic loss per share	9			(5.2p)
Fully diluted loss per share	9			(5.2p)

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

(*) In order to aid understanding of underlying business performance, the directors have presented underlying results before the effect of exceptional and other items. Underlying measures exclude, where applicable, amortisation of acquired intangibles, impairment of goodwill, fair value movements on interest hedging, impairments to current and non-current assets and other charges relating to Group reorganisation. These exceptional and other items are analysed in detail in note 4 to these financial statements.

(**) During the period ended 31 December 2010 the Group disposed of the businesses and assets of its livestock division. The segment was not classified as held for sale or as a discontinued operation as at 30 June 2010 or 31 December 2009, and the comparative consolidated statement of comprehensive income has been restated to show discontinued operations separately.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY SIX MONTHS ENDED 31 DECEMBER 2010

	6 months ended 31 December 2010 Unaudited £'000	6 months ended 31 December 2009 Unaudited £'000	12 months ended 30 June 2010 Audited £'000
Balance at 1 July	14,081	15,382	15,382
Total comprehensive income/(loss) for the period	962	547	(1,031)
Transactions with owners of the Company, recognised in equity:			
Dividends paid	(609)	(494)	(494)
Issue of share capital	138	72	166
Share based payments	15	50	58
Balance at end of period	14,587	15,557	14,081

BALANCE SHEET
31 DECEMBER 2010

	31 December 2010 Unaudited £'000	31 December 2009 Unaudited £'000	30 June 2010 Audited £'000
Non-current assets			
Goodwill	12,711	15,254	13,027
Other intangible assets	1,879	2,302	2,105
Property, plant and equipment	284	1,766	1,153
	14,874	19,322	16,285
Current assets			
Inventories	955	2,193	1,815
Trade and other receivables	1,623	2,574	3,418
Cash and cash equivalents	1,425	1,245	1,564
	4,003	6,012	6,797
Total assets	18,877	25,334	23,082
Current liabilities			
Trade and other payables	(1,546)	(2,697)	(2,770)
Current tax liabilities	(394)	(412)	(479)
Bank overdraft and loans	(1,000)	(883)	(883)
Deferred income	(168)	(140)	(154)
Contingent consideration	—	(91)	—
Derivative financial instruments	—	(111)	(55)
	(3,108)	(4,334)	(4,341)
Net current assets	895	1,678	2,456
Non-current liabilities			
Bank loans	—	(4,182)	(3,573)
Deferred income	(857)	(797)	(837)
Deferred tax liabilities	(325)	(464)	(250)
	(1,182)	(5,443)	(4,660)
Total liabilities	(4,290)	(9,777)	(9,001)
Net assets	14,587	15,557	14,081
Capital and reserves			
Called up share capital	4,057	3,977	4,010
Share premium account	6,022	5,870	5,931
Retained earnings	4,508	5,710	4,140
Equity attributable to equity holders of the parent	14,587	15,557	14,081

CASH FLOW STATEMENT
SIX MONTHS ENDED 31 DECEMBER 2010

	6 months ended 31 December 2010 Unaudited £'000	6 months ended 31 December 2009 Unaudited £'000	12 months ended 30 June 2010 Audited £'000
Profit/(Loss) before tax	1,318	804	(558)
Adjustments for:			
Depreciation of property, plant and equipment	134	158	287
Amortisation of intangible assets	79	133	308
Impairment of intangible assets	—	—	115
Impairment of property, plant and equipment	—	—	596
Goodwill impairment charge	—	—	2,227
Finance costs	53	116	175
Finance income	(2)	(1)	(16)
Share-based payment award	15	50	58
Release of deferred income	33	55	108
Profit on disposal of property, plant and equipment	(3)	—	(16)
Loss on sale of businesses	230	—	—
Operating cash flows before movements in working capital	1,857	1,315	3,284
(Increase)/decrease in inventories	(167)	(161)	217
Decrease/(increase) in receivables	643	15	(829)
(Decrease)/increase in payables	(481)	13	76
Cash generated by operations	1,852	1,182	2,748
Income taxes paid	(410)	(184)	(547)
Interest paid	(108)	(70)	(265)
Net cash flow from operating activities	1,334	928	1,936
Investing activities:			
Payments to acquire intangible assets	(18)	(296)	(407)
Payments to acquire property, plant and equipment	(21)	(107)	(205)
Interest received	2	1	16
Receipts from sale of property, plant and equipment	4	—	20
Receipts from sale of businesses	2,487	—	—
Net cash generated by/(used in) investing activities	2,454	(402)	(576)
Financing:			
Receipts from issue of share capital	138	72	166
Equity dividends paid	(609)	(494)	(494)
Repayment of bank loans	(3,456)	(391)	(1,000)
Net cash used in financing activities	(3,927)	(813)	(1,328)
Net (decrease)/increase in cash and cash equivalents	(139)	(287)	32
Cash and cash equivalents at start of period	1,564	1,532	1,532
Cash and cash equivalents at end of period	1,425	1,245	1,564

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

1. GENERAL INFORMATION

Animalcare Group plc ("the Group") is a company incorporated in England and Wales under the Companies Act 2006 and is domiciled in the United Kingdom. The Group comprises Animalcare Group plc and its subsidiaries. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement.

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 auditors.

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 June 2010 and the unaudited financial information in the Group's Interim Report for the six months ended 30 June 2009. The comparative figures for the financial year ended 30 June 2010 are not the Group's statutory accounts. Those accounts have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include any reference to matters to which the auditors drew attention without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

This Interim Report for the six months ended 31 December 2010 was approved by the Board of Directors on 17 February 2011.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim financial information has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS") as at 31 December 2010 that are effective (or available for early adoption) as at 30 June 2011. Based on these adopted IFRSs, the directors have applied the accounting policies, as set out below, which they expect to apply to the annual IFRS financial statements for the year ending 30 June 2011. However, the adopted IFRSs that will be effective (or available for early adoption) in the annual financial statements for the year ending 30 June 2011 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 30 June 2011.

Accounting policies

The accounting policies applied to the Interim Results for the six months ended 31 December 2010 are consistent with those of the Company's annual accounts for the year ended 30 June 2010 with the exception of the items noted below:

Amendments to IFRS 2 Share-based Payments – Group Cash-settled Share-based Payment Transactions. Effective for periods starting on or after 1 January 2010.

Improvements to IFRSs 2009 — amendments to various standards. Effective for periods starting on or after 1 January 2010.

These amendments are not expected to have a material impact on the financial statements of the Group.

Going concern

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

Following the sale of the Group's livestock businesses in the current period for cash, the Group reduced the balance of its outstanding loan facility to £1.0 million (30 June 2010 — £4.46 million). By agreement with the bank, the repayment term of this loan was reduced to twelve months from 31 December 2010, repayable in four equal quarterly instalments of £0.25 million by 31 December 2011. On 8 February 2011 the Group made an early repayment of £0.75 million of this loan, meaning that the loan will be settled in full on 31 March 2011. Additionally, the Group has an undrawn overdraft facility of £100,000 which is available for general corporate and working capital requirements. At 31 December 2010 the Group had cash on hand of £1.43 million (30 June 2010 — £1.56 million), leaving it in a net cash position. In the directors' opinion, the Group's working capital requirements can be met from operating cash flow.

Overall, the directors believe the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current committed facilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

3. DISCONTINUED OPERATIONS

On 17 September 2010 the Company disposed of the business and assets of its trading division, Ritchey, and the shares of its wholly owned subsidiary, Fearing International (Stock Aids) Limited. On 17 November 2010 the Group sold the trade and certain assets of its loss making subsidiary, Travik Chemicals Limited. These sales comprised the whole of the Group's Livestock division. Comparative figures for the discontinued operations are set out below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME — DISCONTINUED OPERATIONS
Six months ended 31 December 2010

	Notes	6 months ended 31 December 2010 Unaudited Total £'000	6 months ended 31 December 2009 Unaudited Total £'000	12 months ended 30 June 2010 Unaudited Underlying results before exceptional and other items £'000	12 months ended 30 June 2010 Unaudited Exceptional and other items(*) £'000	12 months ended 30 June 2010 Unaudited Total £'000
Revenue		1,967	3,559	8,765	—	8,765
Cost of sales		(1,013)	(1,758)	(4,031)	(181)	(4,212)
Gross profit		954	1,801	4,734	(181)	4,553
Distribution costs		(90)	(161)	(367)	—	(367)
Administrative expenses		(694)	(1,779)	(3,822)	(2,958)	(6,780)
Operating profit/(loss)	4	170	(139)	545	(3,139)	(2,594)
Finance costs		(3)	—	(7)	—	(7)
Finance income		—	—	—	—	—
Profit/(loss) before tax		167	(139)	538	(3,139)	(2,601)
Income tax (expense)/credit	7	(46)	43	(38)	203	165
Profit/(loss) after tax for the period from discontinued operations		121	(96)	500	(2,936)	(2,436)
Loss on sale of discontinued operations	3	(230)	—	—	—	—
Income tax credit on loss on sale of discontinued operations		62	—	—	—	—
Total comprehensive (loss)/profit for the period from discontinued operations		(47)	(96)	500	(2,936)	(2,436)

(*) In order to aid understanding of underlying business performance, the directors have presented underlying results before the effect of exceptional and other items. Underlying measures exclude, where applicable, amortisation of acquired intangibles, impairment of goodwill, fair value movements on interest hedging, impairments to current and non-current assets and other charges relating to Group reorganisation. These exceptional and other items are analysed in detail in note 4 to these financial statements. There were no exceptional or other items relating to discontinued operations during the periods ended 31 December 2010 and 31 December 2009.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2010

4. EXCEPTIONAL AND OTHER ITEMS

Six months ended 31 December 2010

	6 months ended 31 December 2010 Unaudited £'000	6 months ended 31 December 2009 Unaudited £'000	12 months ended 30 June 2010 Audited £'000
Impairments and other charges relating to the Ritchey and Fearing businesses			
Impairment of goodwill	—	—	2,165
Impairment of other intangible assets	—	—	115
Impairment of property, plant and equipment	—	—	225
Other charges	—	—	59
	—	—	2,564
Impairments and restructuring charges relating to the Travik Chemicals business			
Impairment of goodwill	—	—	62
Impairment of property, plant and equipment	—	—	371
Inventory provisions	—	—	181
Release of contingent consideration	—	—	(39)
	—	—	575
Exceptional items — discontinued operations	—	—	3,139
Charges relating to the reorganisation of the Group			
Aborted Group relocation costs	—	—	69
Executive severance payments	—	—	212
Exceptional items — continuing operations	—	—	281
Total exceptional items	—	—	3,420
Amortisation of acquired intangible assets	59	59	120
Fair value movements on interest rate hedging	1	31	38
Other items — continuing operations	60	90	158
Total exceptional and other items	60	90	3,578

5. DISPOSAL OF BUSINESSES — UNAUDITED

	6 months ended 31 December 2010 £'000
Consideration and Costs	
Cash consideration	2,570
Costs	(83)
	2,487
Assets and liabilities sold	
Goodwill	316
Property, plant and equipment	810
Other intangible assets	108
Inventories	1,026
Trade and other receivables	1,215
Trade and other payables	(729)
Income tax payable	(29)
Net Assets sold	2,717
Loss on sale of businesses	(230)

6. REVENUE AND OPERATING SEGMENTS

At the start of the current period, the principal activities of the Group were as follows:

The Companion Animal Division supplied and distributed veterinary medicines, identification and other welfare products to veterinary markets; and

The Livestock Division manufactured and distributed livestock identification and welfare products to agricultural merchants, retailers and farmers.

As referred to in note 3 above, during the period the whole of the Livestock division was disposed of. Subsequently, the CODM considers the Companion Animal Division to constitute one operating and reporting segment as defined under IFRS 8. The CODM reviews the performance of the Group by reference to Group-wide results against budget. The Group-wide profit measures are gross profit and operating profit, both disclosed on the face of the consolidated statement of comprehensive income. Accordingly, no separate segmental analysis is provided.

7. INCOME TAX EXPENSE

The charge for taxation is based on an estimate of the likely effective tax rate for the year ending 30 June 2011 of 27 per cent (year ended 30 June 2010 — 28 per cent, 6 months ended 31 December 2009 — 32 per cent).

8. DIVIDENDS

	6 months ended 31 December 2010 Unaudited £'000	6 months ended 31 December 2009 Unaudited £'000	12 months ended 30 June 2010 Audited £'000
Final dividend paid for the year ended 30 June 2010 of 3.0p per share	609	—	—
Final dividend paid for the year ended 30 June 2009 of 2.5p per share	—	494	494

The directors have declared an interim dividend of 1.0p per share (2009 — nil), payable on 6 June 2011 to shareholders on the register on 13 May 2011.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2010

9. 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.

Diluted earnings per share amounts are calculated by dividing the total comprehensive income attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	6 months ended 31 December 2010 Unaudited	6 months ended 31 December 2009 Unaudited	12 months ended 30 June 2010 Audited	6 months ended 31 December 2010 Unaudited	6 months ended 31 December 2009 Unaudited	12 months ended 30 June 2010 Audited
	Underlying earnings before exceptional and other items £'000	Underlying earnings before exceptional and other items £'000	Underlying earnings before exceptional and other items £'000	Total earnings £'000	Total earnings £'000	Total earnings £'000
Total comprehensive income/(loss) attributable to equity holders of the Company	1,006	612	2,221	962	547	(1,031)
	No.	No.	No.	No.	No.	No.
Basic weighted average number of shares	20,094,090	19,773,961	19,870,419	20,094,090	19,773,961	19,870,419
Dilutive potential ordinary shares: Employee share options	1,055,311	1,148,353	1,278,982	1,055,311	1,148,353	1,278,982
Diluted weighted average number of shares	21,149,401	20,922,314	21,149,401	21,149,401	20,922,314	21,149,401
Basic earnings/(loss) per share	5.0p	3.1p	11.2p	4.8p	2.8p	(5.2p)
Diluted earnings/(loss) per share	4.8p	2.9p	10.5p	4.5p	2.6p	(5.2p)

The potential ordinary shares for the year ended 30 June 2010 did not increase the loss per share.

The underlying earnings per share is calculated by adding back the post tax effect of the exceptional and other items of £44,000 (6 months ended 31 December 2009 — £65,000; 12 months ended 30 June 2010 — £3,252,000) as shown in the consolidated statement of comprehensive income.

10. CAUTIONARY STATEMENT

This Interim Management Report ("IMR") consists of the Chairman's Statement and Financial 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.

11. INTERIM REPORT

The Group's Interim Report for the six months ended 31 December 2010 is expected to be posted to shareholders on 24 February 2011 and will be available to download from its website www.animalcaregroup.co.uk. Copies will also be available from the Group's head office at Common Road, Dunnington, York, YO19 5RU.

Animalcare Group plc
Common Road Dunnington York YO19 5RU UK
t: +44 (0) 1904 487687 f: +44 (0) 1904 487611
e: info@animalcaregroup.co.uk i: www.animalcaregroup.co.uk
Stock exchange code: ANCR