

ANIMALCARE GROUP PLC

Unaudited Interim Results for the six months ended 31 December 2007

Animalcare, the supplier of pharmaceutical and other premium products and services to the veterinary industry and the manufacturer and supplier of premium quality livestock products to agricultural retailers announces its interim results for the six months ended 31 December 2007.

CHAIRMAN'S STATEMENT

The unaudited results for Animalcare Group plc for the six months to 31 December 2007, the period prior to the acquisition of Animalcare Ltd., when the Company was trading as Ritchey plc ("Ritchey"), show group turnover of £3,406,000 (2006 - £3,684,000) and EBITDA (earnings before interest, taxation, depreciation and amortisation) of £122,000 (2006 - £287,000). As a result of the fall in group turnover, there was a small pre-tax loss for the period.

The Company is not declaring an interim dividend.

On 15 January 2008 we announced the acquisition of Animalcare Ltd, the successful placing of new shares with institutional investors to raise £6.4 million net of expenses and the commencement of trading on AIM under our new name of Animalcare Group plc. I am pleased to report that the integration of Animalcare Ltd, which has transformed the profitability and growth prospects of the group, is proceeding smoothly and that trading at Animalcare Ltd is also in line with management expectations.

Trading, in what is traditionally the Company's slower half of the year, has been challenging due to the damage suffered by the livestock industry, arising from the disruption to livestock movements following the Foot and Mouth and Bluetongue outbreaks. The restriction on livestock movements resulted in a substantial reduction in livestock trading volumes and much lower selling prices, particularly in the sheep industry. Furthermore, the business is seasonal with the second half of the year traditionally yielding the majority of profitability, largely due to the lambing season which runs from January to April.

A trading arrangement with a major supplier was changed during the period, with the effect that sales which were previously invoiced by Ritchey, have been invoiced directly by the supplier, with Ritchey receiving a commission. This has resulted in a reduction in sales of £100,000 during this period and we estimate that the effect across the full financial year will be a reduction in sales of £420,000. The increase in Gross Profit margin during this period from 57.4% to 59.6% is almost entirely due to the removal of the dilutive effect on gross margin of these sales.

For the six months to 31 December 2007 the Company's profits were almost neutral, making a small loss after taxation of £5,000 versus a small profit of £110,000 during the same period in 2006. Net cash outflow from operating activities across the period was -£133,000 (2006 – cash inflow of £275,000); this broadly reflects the different trading performances in the two periods and the movements in working capital. Despite this the Company retained a net cash balance of £230,000 at the end of the period.

The livestock industry has shown encouraging signs of improvement across recent months behind increased trading volumes and higher livestock selling prices. However the trading environment remains highly challenging with significant reductions in livestock numbers anticipated. I am, however, pleased to report that trading in the second half of the year is showing signs of improvement and that the outlook for the balance of the year appears favourable and in line with market expectations.

Overall, we are confident that the integration of Animalcare Ltd will be completed during 2008 and that we will make good progress in establishing a platform for future, profitable growth.

J.S. Lambert

Chairman

For further information:

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CONDENSED CONSOLIDATED INCOME STATEMENT
Six months ended 31 December 2007

Condensed consolidated income statement	Note	6 month period ended 31 December 2007 Unaudited £'000	6 month period ended 31 December 2006 Unaudited £'000	12 month period ended 30 June 2007 Audited £'000
Revenue		3,406	3,684	8,286
Cost of sales		(1,376)	(1,571)	(3,504)
Gross profit		2,030	2,113	4,782
Distribution costs		(164)	(173)	(362)
Administrative expenses		(1,870)	(1,781)	(4,101)
Operating (loss)/profit		(4)	159	319
Investment income		12	9	15
Finance costs		(15)	(25)	(32)
(LOSS)/PROFIT BEFORE TAX		(7)	143	302
Tax	3	2	(33)	(52)
(LOSS)/PROFIT FOR THE YEAR		(5)	110	250
Basic (loss)/earnings per share	4	(0.1)p	1.9p	4.4p
Diluted (loss)/earnings per share	4	(0.1)p	1.9p	4.4p

The profit and loss account has been prepared on the basis that all operations are continuing operations.

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
Six months ended 31 December 2007

Condensed consolidated statement of
recognised income and expenses

	6 month period ended 31 December 2007 Unaudite d £'000	6 month period ended 31 December 2006 Unaudite d £'000	12 month period ended 30 June 2007 Audited £'000
(Loss)/profit for the financial year	<u>(5)</u>	<u>110</u>	<u>250</u>
Total recognised income and expense	<u><u>(5)</u></u>	<u><u>110</u></u>	<u><u>250</u></u>

**CONDENSED CONSOLIDATED BALANCE SHEET
31 December 2007**

Condensed consolidated balance sheet

	31 December 2007 Unaudited £'000	31 December 2006 Unaudited £'000	30 June 2007 Audited £'000
NON-CURRENT ASSETS			
Goodwill	2,677	2,916	2,677
Other intangible assets	94	140	115
Property, plant and equipment	1,670	1,548	1,670
	<u>4,441</u>	<u>4,604</u>	<u>4,462</u>
CURRENT ASSETS			
Inventories	1,352	1,237	1,118
Trade and other receivables	1,200	1,449	1,400
Cash and cash equivalents	377	99	562
	<u>2,929</u>	<u>2,785</u>	<u>3,080</u>
TOTAL ASSETS	<u><u>7,370</u></u>	<u><u>7,389</u></u>	<u><u>7,542</u></u>
CURRENT LIABILITIES			
Trade and other payables	(709)	(891)	(915)
Current tax liabilities	(31)	(98)	(33)
Obligations under finance leases	-	(5)	-
Bank overdraft and loans	(147)	(23)	(60)
Deferred consideration	(65)	(110)	(111)
	<u>(952)</u>	<u>(1,127)</u>	<u>(1,119)</u>
NET CURRENT ASSETS	<u>1,977</u>	<u>1,658</u>	<u>1,961</u>
NON-CURRENT LIABILITIES			
Deferred consideration	(34)	(66)	(34)
Deferred tax liabilities	(252)	(232)	(252)
	<u>(286)</u>	<u>(298)</u>	<u>(286)</u>
TOTAL LIABILITIES	<u>(1,238)</u>	<u>(1,425)</u>	<u>(1,405)</u>
NET ASSETS	<u><u>6,132</u></u>	<u><u>5,964</u></u>	<u><u>6,137</u></u>
CAPITAL AND RESERVES			
Called up share capital	1,132	1,132	1,132
Share premium account	943	943	943
Profit and loss account	4,057	3,889	4,062
	<u>6,132</u>	<u>5,964</u>	<u>6,137</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<u><u>6,132</u></u>	<u><u>5,964</u></u>	<u><u>6,137</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
Six months ended 31 December 2007

Condensed consolidated cashflow statement

	6 month period ended 31 December 2007 Unaudited £'000	6 month period ended 31 December 2006 Unaudited £'000	12 month period ended 30 June 2007 Audited £'000
Operating (loss)/profit	(4)	159	319
Adjustments for:			
Depreciation of property, plant and equipment and amortisation of intangible fixed assets	126	128	257
Impairment of goodwill	-	-	237
Share based payment award	-	-	33
Loss on disposal of property, plant and equipment	-	-	21
	<hr/>	<hr/>	<hr/>
Operating cash flows before movements in working capital	122	287	867
Increase in inventories	(234)	(280)	(161)
Decrease in receivables	200	349	390
Decrease in payables	(206)	(56)	(32)
	<hr/>	<hr/>	<hr/>
Cash (utilised)/generated by operations	(118)	300	1,064
Income taxes paid	-	-	(57)
Interest paid	(15)	(25)	(22)
	<hr/>	<hr/>	<hr/>
Net cash from operating activities	(133)	275	985
	<hr/>	<hr/>	<hr/>
Investing activities:			
Interest received	12	9	15
Payments to acquire property, plant and equipment	(105)	(78)	(325)
Receipts from sale of property, plant and equipment	-	2	4
Acquisition of Marabo Limited's trade	-	-	(40)
Acquisition of Travik Chemicals Limited	(46)	(75)	(75)
Receipts from issue of ordinary share capital	-	88	88
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(139)	(54)	(333)
	<hr/>	<hr/>	<hr/>
Financing:			
Equity dividends paid	-	(102)	(102)
Repayment of bank loan	-	(214)	(214)
Capital element of finance lease repayments	-	-	(5)
	<hr/>	<hr/>	<hr/>
Net cash outflow used in financing activities	-	(316)	(321)
	<hr/>	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(272)	(95)	331
Cash and cash equivalents at start of period	502	171	171
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	230	76	502
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Comprising:

Cash and cash equivalents	377	99	562
Bank overdrafts	(147)	(23)	(60)
	<u>230</u>	<u>76</u>	<u>502</u>

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

31 December 2007

1. BASIS OF PREPARATION

The unaudited financial information contained in this interim report has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS). These condensed consolidated accounts do not include all of the information required for full annual financial statements.

The interim report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. The information contained herein has not been reviewed by the company's auditors, nor has it been delivered to the Registrar of Companies.

The financial information for the year ended 30 June 2007 has been derived from the audited financial statements of Animalcare Group plc (formerly Ritchey PLC) as delivered to the Registrar of Companies and as restated in accordance with IFRS as described in note 5. The report of the auditors on those statutory accounts was unqualified and did not contain a statement under Section 237(2) or (3) of the Companies Act 1985.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial information contained in this Interim Report has been prepared under the historical cost convention.

The accounting policies are consistent with those followed in the preparation of the AIM admission document which has been published on the Group's website at:

<http://www.animalcaregroup.co.uk/corporate-documents-and-shareholders-communications/default.aspx> except as described in note 3.

In addition, the following standards which have not been applied in these financial statements were in issue but not yet effective:

IFRS 8	Operating segments
IAS 23	Amendment to borrowing costs
IFRIC 11	IFRS 2: Group and treasury share transactions
IFRIC 12	Service concession arrangements

The Group anticipates that the adoption of these standards in future periods will have no material impact on the financial statements of the Group.

3. TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge for taxation is based on an estimate of the likely effective tax rate for the full year.

4. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding

during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted earnings per share computations. No diluted loss per share has been calculated for the 6 month period ended 31 December 2007 as the share options are anti-dilutive:

4. EARNINGS PER SHARE (continued)

	6 month period ended 31 December 2007 Unaudited £'000	6 month period ended 31 December 2006 Unaudited £'000	12 month period ended 30 June 2007 Audited £'000
Net (loss)/profit attributable to equity holders of the parent	(5)	110	250
	6 month period ended 31 December 2007 Unaudited No.	6 month period ended 31 December 2006 Unaudited No.	12 month period ended 30 June 2007 Audited No.
Basic weighted average number of shares	5,660,257	5,593,953	5,626,628
Dilutive potential ordinary shares: Employee share options	-	38,590	64,242
Diluted weighted average number of shares	5,660,257	5,632,543	5,690,870

5. FIRST TIME ADOPTION OF IFRS

The last statutory financial statements presented under UK GAAP were for the year ended 30 June 2007.

The Group first presented its consolidated financial statements under International Financial Reporting Standards (IFRS) in its AIM admission document which has been published on the Group's website at <http://www.animalcaregroup.co.uk/corporate-documents-and-shareholders-communications/default.aspx>. These consolidated financial statements were for the year ended 30 June 2007 and the date of the Group's transition to IFRS was 1 July 2004. The disclosures required in the period of transition are therefore contained within the AIM admission document.

6. EVENTS OCCURRING SUBSEQUENT TO THE YEAR END

On 15 January 2008 the company acquired 100% of the issued share capital of Animalcare Limited and the company commenced trading on AIM with its new name Animalcare Group plc.

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