



Press Announcement

FOR IMMEDIATE RELEASE

MONDAY, 5 October 2009

FULL YEAR RESULTS

Animalcare Group PLC ("Animalcare" or "the Company") a leading supplier of veterinary medicines, identification and other products to the animal veterinary and livestock markets, announces results for the year ended 30 June 2009.

	<u>Year Ended</u> <u>June 2009</u>	<u>Year Ended</u> <u>June 2008</u>
• Revenue	£17.64m	£11.76m
• Operating profit	£2.13m	£1.28m
• Adjusted operating profit*	£2.38m	£1.38m
• Profit before tax	£1.53m	£1.11m
• Adjusted Profit before tax**	£2.01m	£1.21m
• Adjusted Earnings per share**		
Basic	7.2p	8.4p
Fully Diluted	6.8p	8.3p
• Earnings per share		
Basic	5.3p	7.7p
Fully Diluted	5.0p	7.6p
• Dividend	2.50p	2.25p
• Borrowings	£5.45m	£6.72m
• Cash & cash equivalents	£1.53m	£1.42m

* Excluding amortisation of acquired intangibles and impairment of goodwill, ** Excluding amortisation of acquired intangibles and impairment of goodwill and fair value movements on interest rate hedging. Prior to 2009 adjustments to operating profit and profit before tax included amortisation of developed intangibles and excluded fair value movements on interest rate hedging.

"I'm delighted to announce that your company has delivered a very successful performance across the 2008-09 financial year, achieving the growth targets set at the time of the acquisition of Animalcare Ltd in January 2008. We are creating a broad based animal identification and welfare business with the main emphasis on the sales of licensed veterinary medicines to the companion animal market in the UK and other major European markets."

James Lambert, Chairman

Animalcare plc	01765 689541
James Lambert (Chairman) or Simon Riddell (Chief Executive)	
Brewin Dolphin Investment Banking (NOMAD)	0845 270 8610
Neil Baldwin	
Bankside Consultants (Financial PR)	020 7367 8888
Simon Bloomfield or Andy Harris	

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

Introduction

I am delighted to announce that your company has delivered a very successful performance across the 2008-09 financial year achieving the growth targets set at the time of the acquisition of Animalcare Ltd. in January 2008. We are creating a broad based animal identification and welfare business with the main emphasis on the sale of licensed veterinary medicines to the companion animal market in the UK and other major European markets. The granting and exploitation of regulatory approvals for licensed veterinary medicines has been the main engine of growth across the business during the financial year.

Financial Highlights

The financial results for the year ended 30 June 2009 include a full year's contribution from Animalcare Ltd. whilst the results for the previous financial year include a contribution from Animalcare Ltd. for 24 weeks only.

Sales have increased from £11.76 million to £17.64 million, an increase of almost 50 per cent, and the adjusted operating profit (excluding amortisation of acquired intangible assets and impairment of goodwill) increased from £1.38 million to £2.38 million, an increase of 73 per cent. Profit before tax (including amortisation of acquired intangibles, impairment of goodwill and fair value movements on interest rate hedging) for the year ended 30 June 2009 was £1.53 million (2008 - £1.11 million). Fully diluted adjusted earnings per share (excluding amortisation of acquired intangible assets, impairment of goodwill and fair value movements on interest rate hedging) declined from 8.3 pence per share to 6.8 pence per share due to the full year effect of the additional shares issued at the time of the acquisition. Cash flow from operating activities remained strong and net debt* was reduced from £5.30 million to £3.92 million, alongside an increase in capital expenditure from £0.40 million to £0.65 million.

*Net debt comprises total borrowings less cash and cash equivalents.

Dividend

In line with our progressive dividend policy, the Board is recommending a dividend of 2.5 pence per share, an increase of 11.1 per cent over the previous financial year. The dividend is subject to shareholder approval at our Annual General Meeting to be held on 26 November 2009 and is proposed to be paid on 1 December 2009 to shareholders on the register on 4 November 2009.

People

We have strengthened your business through the development of a stronger and more able senior management team which I am confident is capable of delivering growth across the business. On behalf of the board and the shareholders I would like to thank all our colleagues for the dedication and hard work that has been put into delivering this successful year.

Prospects

I am pleased to report that the current financial year is performing in line with your board's expectations and that the company is implementing plans to deliver organic growth from all areas of the business across markets that are either stable or growing.

J S Lambert
Chairman

CHIEF EXECUTIVE'S REVIEW FOR THE YEAR ENDED 30 JUNE 2009

Introduction

Animalcare Group plc operates as two divisions, Companion Animal and Livestock. The Companion Animal division is focused on the supply of companion animal medicines, identification and welfare products to veterinary practices in the United Kingdom and the Republic of Ireland, and to distributors in the main EU markets. The Livestock division is focused on the supply of livestock identification and welfare products to agricultural retailers and farmers in the United Kingdom and the Republic of Ireland.

The companion animal market has delivered strong growth in recent years and despite the difficult economic climate continues to grow, albeit at a lower rate; the key drivers of this growth have been the availability of a wider range of veterinary medicines, the willingness of pet owners to fund more complex procedures and the increased take up of pet insurance. The Companion Animal division delivered sales growth of almost 20 per cent on a like for like basis, i.e. in comparison to 52 weeks prior year sales from Animalcare Ltd rather than the 24 weeks included in the financial statement, well ahead of market growth.

Although the livestock market has declined in recent years, in line with overall livestock numbers, the Livestock division delivered sales growth of approximately 3 per cent. In recent months livestock farmers have achieved much higher selling prices as a result of reduced domestic supply and strengthened export demand due to the weakness of sterling. We believe that this substantial improvement in the profitability of both the sheep and beef sectors represents a turning point for the livestock market.

The group's strategy is:

- To license and market generic companion animal veterinary medicines under the Animalcare brand in the United Kingdom, the Republic of Ireland and other major markets in the European Union.
- To deliver organic growth from our core identification and welfare businesses.
- To pursue opportunities for complementary acquisitions.
- To reduce operating costs through improved efficiencies and leveraging scale.

The business operates in three core product categories and the contribution of each category to overall company revenue and gross profit is detailed below.

	<u>Revenue</u>	<u>Gross Profit</u>
Veterinary Medicines	25%	24%
Animal Identification	30%	35%
Animal Welfare products	37%	33%

Veterinary Medicines

Sales of licensed veterinary medicines increased by almost 45 per cent on a like for like basis. Key achievements were the introduction of Buprecare, an opioid based analgesic for the management of pain in dogs and cats, and Cephacare, a broad spectrum antibiotic for the treatment of skin conditions in dogs and cats, and regulatory approval for the use of Benazecare in the treatment of renal insufficiency in cats in addition to congestive heart failure in dogs.

Sales of the new licensed veterinary medicines are progressing in line with our expectations.

Animal Identification

Sales of animal identification products declined by approximately 2 per cent on a like for like basis due to the decline in livestock identification sales, broadly in line with the decline in livestock numbers; our percentage market share of companion animal identification under our Identichip brand remained flat in the mid thirties and our percentage market share of livestock identification under our Ritchey and Fearing brands remained flat in the high teens for cattle and mid twenties for sheep.

**CHIEF EXECUTIVE'S REVIEW (continued)
FOR THE YEAR ENDED 30 JUNE 2009**

Animal Welfare

Sales of animal welfare products increased by almost 2 per cent on a like for like basis due to increased sales of companion animal welfare products; sales of livestock welfare products remained broadly flat, with underlying sales growth offset by the loss of a low margin agency supply contract towards the end of the previous financial year. We continue to develop the capability to manufacture a broader range of welfare products in our own production facility.

Future Developments

We continue to focus on identifying opportunities to licence and market generic companion animal veterinary medicines in the United Kingdom, the Republic of Ireland and the other major markets in the European Union; we have a number of products progressing through the regulatory process and anticipate further new product introductions across the next twelve months. In addition we have increased resources and capital investment to maintain a strong tempo of new product introductions in the medium term.

We also continue to invest in our core animal identification business. In August 2009 we announced the introduction of an innovative sheep tag applicator allowing the farmer to apply up to ten tags consecutively; this applicator is being developed to accommodate electronic sheep tags which will become mandatory for all breeding stock from 1 January 2010.

We also continue to evaluate opportunities for complementary acquisitions and will pursue any which we believe have the potential to deliver significant improvement in market share or manufacturing efficiency in our core product categories.

S F Riddell
Chief Executive

FINANCIAL REVIEW FOR THE YEAR ENDED 30 JUNE 2009

Group Overview – Revenue and Profit

The structure of the Group at 30 June 2009 continued to comprise two operating segments, Companion Animal and Livestock. The financial statements for the year ended 30 June 2009 include a full year of Companion Animal results versus 24 weeks in the previous year following the acquisition of Animalcare Ltd, in January 2008. Commentary below on the segmental results provides further analysis on the like-for-like financial performance of the Companion Animal segment.

Group revenue for the year ended 30 June 2009 was £17.64 million (2008 - £11.76 million). Adjusted operating profit (excluding amortisation of acquired intangibles and goodwill impairment) was £2.38 million (2008 - £1.38 million) and adjusted profit before tax (excluding amortisation of acquired intangibles, goodwill impairment and fair value movements on interest rate hedging) was £2.01million (2008 - £1.21 million). Profit before tax (including amortisation of acquired intangibles, goodwill impairment and fair value movements on interest rate hedging) was £1.53 million (2008 - £1.11 million) and, after income tax expenses of £0.49 million (2008 - £0.22 million) retained profit for the year was £1.04 million (2008 - £0.89 million).

Revenue growth arose principally in Companion Animal with a lesser, although still positive, contribution from Livestock. Gross profit for the year ended 30 June 2009 was £9.89 million (56.1 per cent of Group revenue) versus £6.69m (56.9 per cent of Group revenue) in 2008. The reduction in gross profit percentage arose from adverse currency fluctuations and a dilution resulting from the full year inclusion of Companion Animal's slightly lower gross profit margins.

Distribution costs at £0.69 million (2008 - £0.44 million) increased principally due to the inclusion of a full year of Companion Animal. On a like-for-like basis distribution costs increased approximately 7 per cent on last year, related in part to increased export activity.

Adjusted administrative expenses (excluding amortisation of acquired intangibles and goodwill impairment) for the year ended 30 June 2009 rose to £6.82 million from £4.87 million in 2008. This increase is largely due to the inclusion of a full year of Companion Animal, plus additional corporate and governance costs of approximately £0.25 million relating to the Group's AIM listing. On a like-for-like basis administrative expenses increased by approximately three per cent.

Net adjusted financing costs (excluding fair value movements on interest rate hedging) for the year ended 30 June 2009 were £0.37 million (2008 - £0.17 million).

The adjustments referred to above have been applied in order to give an indication of the Group's underlying financial performance, and comprise:

- amortisation of acquired intangibles of £0.12 million (2008 - £0.06 million),
- goodwill impairment in relation to the deterioration in sales of Marabo products of £0.13 million (2008 - Nil),
- fair value movements on interest rate hedging of £0.23 million (loss) (2008 - Nil).

Group Overview – Cash Flow

Operating profit plus depreciation, amortisation and impairment ('EBITDA') for the year ended 30 June 2009 was £2.75 million (2008 - £1.63 million) reflecting increases in profit and higher depreciation, amortisation and impairment. Net cash flow from operating activities increased to £2.45 million from £1.46 million in 2008 with a working capital reduction of £0.31 million (2008 – Increase of £0.09 million) and higher tax and interest payments totalling £0.80 million (2008 - £0.35 million).

FINANCIAL REVIEW (continued) FOR THE YEAR ENDED 30 JUNE 2009

Group Overview – Cash Flow (continued)

Capital expenditure in the year ended 30 June 2009 totalled £0.65 million (2008 - £0.40 million) with developed intangible capital expenditure totalling £0.31 million (2008 - £0.22 million) and expenditure on property, plant and equipment amounting to £0.34 million (2008 - £0.19 million).

After dividend payments of £0.45 million (2008 - £0.13 million) and loan repayments of £1.23 million (2008 - £0.22 million), net cash flow for the year ended 30 June 2009 was £0.15 million (2008 - £0.88 million)

The Group's net debt at 30 June 2009 (comprising total borrowings less cash and cash equivalents) was £3.92 million (2008 - £5.30 million). Underlying this net position the Group had total bank debt at 30 June 2009 of £5.45 million (2008 - £6.72 million) and cash of £1.53 million (2008 - £1.42 million).

Segmental Analysis - Companion Animal

Revenue from the Companion Animal segment in the year ended 30 June 2009 before eliminations was £9.61 million against £3.97 million across 24 weeks in 2008. Strong growth was achieved in licensed veterinary medicines in addition to which revenue on the core product range increased by approximately 8 per cent.

Gross profit for the segment was improved at 52.9 per cent of revenue against 51.6 per cent in 2008 with gains on licensed veterinary medicines eroded slightly by cost increases on imported products following the reduction in the GB£/US\$ exchange rate in Autumn 2008.

Overhead costs in the Companion Animal segment were generally well contained; distribution costs increased ahead of revenue due to growth in export sales of licensed veterinary medicines.

EBITDA for the segment for the year ended 30 June 2009 was £2.43 million (2008 - £0.98 million).

Segmental Analysis - Livestock

The Livestock segment contributed £8.03 million of Group revenue before eliminations (2008 - £7.78 million). Revenue growth achieved in manufacturing was partly offset by the loss of a low margin agency supply contract towards the end of the previous financial year. Performance across most product groups was broadly stable.

Gross profit for the segment, at 59.3 per cent of revenue, was similar to that of 2008 (59.5 per cent). Currency effects were mixed with pricing gains on EU exports but increased costs on imported products.

Livestock segment overheads increased marginally through general inflation and on increased business development activity.

EBITDA for the segment for the year ended 30 June 2009 was £0.79 million (2008 - £0.70 million).

J Tobin
Group Finance Director

CONSOLIDATED INCOME STATEMENT
Year ended 30 June 2009

	Note	Before other items 2009 £'000	Other items (* 2009 £'000	Total 2009 £'000	Before other items 2008 £'000	Other items (* 2008 £'000	Total 2008 £'000
Revenue	2	17,638	-	17,638	11,755	-	11,755
Cost of sales		(7,749)	-	(7,749)	(5,070)	-	(5,070)
Gross profit		9,889	-	9,889	6,685	-	6,685
Distribution costs		(693)	-	(693)	(440)	-	(440)
Administrative expenses		(6,819)	(252)	(7,071)	(4,869)	(98)	(4,967)
Operating profit	3	2,377	(252)	2,125	1,376	(98)	1,278
Finance costs	4	(387)	(227)	(614)	(250)	-	(250)
Finance income	4	16	-	16	85	-	85
PROFIT BEFORE TAX		2,006	(479)	1,527	1,211	(98)	1,113
Income tax expense	5	(585)	97	(488)	(237)	17	(220)
PROFIT FOR THE YEAR	18	1,421	(382)	1,039	974	(81)	893
Basic earnings per share	7	7.2p	1.9p	5.3p	8.4p	0.7p	7.7p
Diluted earnings per share	7	6.8p	1.8p	5.0p	8.3p	0.7p	7.6p

(* "Other items" relate to the amortisation of acquired intangibles (brands and customer relationships), the impairment of goodwill and fair value movements on interest rate hedging. "Other items" have been disclosed separately in order to give an indication of the underlying earnings of the group. Amortisation of developed intangibles (new product development and developed software) is treated as a charge against underlying earnings. Prior to 2009 amortisation of developed intangibles was included in "other items" and fair value movements on interest rate hedging were excluded from "other items". This change of presentation, has been introduced because of the increasing significance to the Group of new product development expenditure and because in prior years fair value movements on interest rate hedging were not material. "Other items" in 2008 includes a £39,000 charge for amortisation of developed intangibles and excludes a fair value gain on interest rate hedging of £59,000

The consolidated income statement has been prepared on the basis that all operations are continuing operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 30 June 2009

	2009 £'000	2008 £'000
Balance at 1 July	14,645	6,137
Net profit for the year	1,039	893
Dividend paid	(445)	(127)
Share based payment charges	143	42
Issue of shares	-	7,700
Balance at 30 June	15,382	14,645

CONSOLIDATED BALANCE SHEET
Year ended 30 June 2009

	Note	2009 £'000	2008 £'000
NON-CURRENT ASSETS			
Goodwill	8	15,254	15,388
Other intangible assets	9	2,139	2,065
Property, plant and equipment	10	1,817	1,743
		<u>19,210</u>	<u>19,196</u>
CURRENT ASSETS			
Inventories	11	2,032	1,818
Trade and other receivables	12	2,589	2,438
Cash and cash equivalents	12	1,532	1,420
Derivative financial instruments		-	59
		<u>6,153</u>	<u>5,735</u>
TOTAL ASSETS		<u><u>25,363</u></u>	<u><u>24,931</u></u>
CURRENT LIABILITIES			
Trade and other payables	13	(2,603)	(1,934)
Current tax liabilities		(339)	(187)
Bank overdraft and loans	14	(883)	(919)
Deferred consideration		(91)	(91)
Derivative financial instruments		(145)	-
		<u>(4,061)</u>	<u>(3,131)</u>
NET CURRENT ASSETS		<u>2,092</u>	<u>2,604</u>
NON-CURRENT LIABILITIES			
Bank loans	14	(4,573)	(5,800)
Deferred income		(883)	(775)
Deferred tax liabilities	15	(464)	(580)
		<u>(5,920)</u>	<u>(7,155)</u>
TOTAL LIABILITIES		<u>(9,981)</u>	<u>(10,286)</u>
NET ASSETS		<u><u>15,382</u></u>	<u><u>14,645</u></u>
CAPITAL AND RESERVES			
Called up share capital	16	3,951	3,951
Share premium account	17	5,824	5,824
Profit and loss account	17	5,607	4,870
		<u>15,382</u>	<u>14,645</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	17	<u><u>15,382</u></u>	<u><u>14,645</u></u>

CONSOLIDATED CASH FLOW STATEMENT
Year ended 30 June 2009

	Note	2009 £'000	2008 £'000
Operating profit		2,125	1,278
Adjustments for:			
Depreciation of property, plant and equipment		251	249
Amortisation of intangible assets		237	98
Goodwill impairment charge		134	-
Share based payment award		94	42
Release of deferred income		108	59
(Profit)/loss on disposal of property, plant and equipr		(7)	(6)
		<hr/>	<hr/>
Operating cash flows before movements in working capital		2,942	1,720
(Increase)/decrease in inventories		(214)	(27)
(Increase)/decrease in receivables		(151)	93
Increase/(decrease) in payables		671	19
		<hr/>	<hr/>
Cash generated by operations		3,248	1,805
Income taxes paid		(405)	(123)
Interest paid		(410)	(247)
Interest received/investment income		16	23
		<hr/>	<hr/>
Net cash flow from operating activities		2,449	1,458
		<hr/>	<hr/>
Investing activities:			
Payments to acquire intangible assets		(311)	(216)
Payments to acquire property, plant and equipment		(336)	(186)
Receipts from sale of property, plant and equipment		18	19
Acquisition of Animalcare Limited		-	(14,395)
Settlement of deferred consideration		-	(54)
		<hr/>	<hr/>
Net cash used in investing activities		(629)	(14,832)
		<hr/>	<hr/>
Financing:			
Receipts from issue of share capital		-	7,700
Equity dividends paid		(445)	(127)
New bank loans		-	6,900
Repayment of bank loans		(1,227)	(217)
		<hr/>	<hr/>
Net cash used in financing activities		(1,672)	14,256
		<hr/>	<hr/>
Net increase in cash and cash equivalents		148	882
Cash and cash equivalents at start of year		1,384	502
		<hr/>	<hr/>
Cash and cash equivalents at end of year		1,532	1,384
		<hr/> <hr/>	<hr/> <hr/>
Comprising:			
Cash and cash equivalents	12	1,532	1,420
Bank overdrafts	14	-	(36)
		<hr/>	<hr/>
		1,532	1,384
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS
Year ended 30 June 2009

1. BASIS OF PREPARATION AND GOING CONCERN

This announcement has been prepared on the basis of the accounting policies stated in previous year's financial statements. Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRSs, this announcement does not itself contain sufficient information to comply with IFRSs.'

The Group's principal committed financing facilities are not due for renewal within the next 4 years. Additionally, the Group had an undrawn overdraft facility at 30 June 2009 to the value of £700,000 which is available for general corporate and working capital requirements until 1 February 2010. The Group's bank has offered, in principal, to replace the overdraft with a longer term committed credit facility. At the 30 June 2009 the Group had cash on hand of £1.53 million (2008: £1.42 million).

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.

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.

2. REVENUE AND OPERATING SEGMENTS

For management purposes, the Group is currently organised into two operating divisions – the Companion Animal division and the Livestock division. These divisions are the basis on which the Group reports its primary segment information.

Segment results, assets and liabilities comprise those items directly attributable to particular segments as well as items which can reasonably be allocated to those segments.

Principal activities are as follows:

The Companion Animal division supplies and distributes veterinary medicines, identification and other welfare products to the veterinary market; and

The Livestock division manufactures and distributes livestock identification and welfare products.

	Companion Animal 2009 £'000	Livestock 2009 £'000	Eliminations 2009 £'000	Consolidated 2009 £'000
2009 Revenue				
Products and Services				
Licensed veterinary	4,365	-	-	4,365
Animal identification	2,516	2,899	(89)	5,326
Animal welfare	2,814	3,650	(9)	6,455
Other	-	1,492	-	1,492
	<u>9,695</u>	<u>8,041</u>	<u>(98)</u>	<u>17,638</u>
Revenue				
External sales	9,606	8,032	-	17,638
Inter-segment sales	89	9	(98)	-
	<u>9,695</u>	<u>8,041</u>	<u>(98)</u>	<u>17,638</u>
Result				
Segment result before other items*	2,303	543		2,846
Other items*	(118)	(134)		(252)
	<u>2,185</u>	<u>409</u>		<u>2,594</u>
Unallocated corporate expenses				(469)
Operating profit				2,125
Net finance costs				(598)
				<u>1,527</u>
Profit before tax				1,527
Tax				(488)
				<u>1,039</u>
Profit after tax				<u>1,039</u>

(*) "Other items" relate to the amortisation of acquired intangibles (brands and customer relationships) and the impairment of goodwill. "Other items" have been disclosed separately in order to give an indication of the underlying earnings of the group. The impairment loss in the year of £134,000 relates entirely to the Livestock segment.

Eliminations relate to inter-segment trading.

Unallocated corporate expenses relate to administrative costs of centralised Group management.

2. REVENUE AND OPERATING SEGMENTS (continued)

2008	Companion			Consolidated
	Animal	Livestock	Eliminations	
Revenue	2008	2008	2008	2008
	£'000	£'000	£'000	£'000
Products and Services				
Licensed veterinary	1,571	-	-	1,571
Animal identification	1,148	3,044	-	4,192
Animal welfare	1,252	3,647	-	4,899
Other	-	1,093	-	1,093
	<u>3,971</u>	<u>7,784</u>	<u>-</u>	<u>11,755</u>
Revenue				
External sales	3,971	7,784	-	11,755
Inter-segment sales	-	-	-	-
	<u>3,971</u>	<u>7,784</u>	<u>-</u>	<u>11,755</u>
Result				
Segment result before other items*	955	484	-	1,439
Other items*	(74)	(24)	-	(98)
	<u>881</u>	<u>460</u>	<u>-</u>	<u>1,341</u>
Unallocated corporate expenses				(63)
Operating profit				1,278
Net finance costs				(165)
				<u>1,113</u>
Profit before tax				(220)
Tax				
Profit after tax				<u>893</u>

(*) "Other items" relate to the amortisation of acquired intangibles (brands and customer relationships) and the impairment of goodwill. "Other items" have been disclosed separately in order to give an indication of the underlying earnings of the group.

Eliminations relate to inter-segment trading.

Unallocated corporate expenses relate to administrative costs of centralised Group management.

2. REVENUE AND OPERATING SEGMENTS (continued)

	Companion			Consolidated
	Animal	Livestock	Eliminations	
2009	2009	2009	2009	2009
	£'000	£'000	£'000	£'000
Other information				
Capital additions	251	396	-	647
Depreciation, amortisation and impairment charges	246	376	-	622
Balance sheet				
Assets				
Segment assets	18,539	7,096	(272)	25,363
Unallocated corporate assets				-
Consolidated total assets				25,363
Liabilities				
Segment liabilities	(2,703)	(2,094)	272	(4,525)
Unallocated corporate liabilities				(5,456)
Consolidated total liabilities				(9,981)
Consolidated net assets				15,382

2. REVENUE AND OPERATING SEGMENTS (continued)

	Companion Animal 2008 £'000	Livestock 2008 £'000	Eliminations 2008 £'000	Consolidated 2008 £'000
2008				
Other information				
Capital additions	119	283	-	402
Depreciation and amortisation	103	244	-	347
Balance sheet				
Assets				
Segmental assets	17,384	8,014	(467)	24,931
Unallocated corporate assets				-
Consolidated total assets				24,931
Liabilities				
Segment liabilities	(2,458)	(1,576)	467	(3,567)
Unallocated corporate liabilities				(6,719)
Consolidated total liabilities				(10,286)
Consolidated net assets				14,645

Unallocated corporate liabilities in 2008 and 2009 are the Group's bank borrowings and overdraft.

2. REVENUE AND OPERATING SEGMENTS (continued)

Geographical segments

The analysis by geographical area of the Group's revenue by destination is set out below:

	2009	2008
	£'000	£'000
Geographical market		
United Kingdom	15,872	10,772
Other European Countries	1,695	835
Americas	20	45
Australasia	1	8
Rest of the World	47	65
	<hr/>	<hr/>
	17,635	11,725
Other income	3	30
	<hr/>	<hr/>
	<u>17,638</u>	<u>11,755</u>

The Group's assets are wholly located in the United Kingdom and accordingly no analysis of the carrying amount of segment assets, and liabilities and additions to property, plant and equipment or intangible assets, analysed by the geographical area is presented.

An analysis of total group revenue is as follows:

	2009	2008
	£'000	£'000
Revenue from sale of goods	16,710	11,293
Revenue from the provision of services	928	432
Sales commission	-	30
	<hr/>	<hr/>
	17,638	11,755
Finance income	16	85
	<hr/>	<hr/>
	<u>17,654</u>	<u>11,840</u>

3. PROFIT FOR THE YEAR

	2009	2008
	£'000	£'000
Profit for the year has been arrived at after charging/(crediting):		
Cost of inventories recognised as expense	8,156	5,191
Depreciation of tangible assets	252	249
Amortisation of developed intangible assets	119	39
Amortisation of acquired intangible assets	118	59
Research and development	266	138
Operating lease rentals	187	124
Goodwill impairment	134	-
Profit on disposal of tangible assets	(7)	(6)
Foreign exchange gains	(60)	(30)
Operating lease rental income	-	(12)
Increase in provision for receivables	5	26
Increase in provision for inventories	33	14
Staff costs	3,945	2,965
	<u>3,945</u>	<u>2,965</u>

Other items disclosed on the face of the income statement include:

	Note	2009	2008
		£'000	£'000
Amortisation of acquired intangibles	8	118	59
Impairment of goodwill	7	134	-
		<u>252</u>	<u>59</u>
Amortisation of developed intangibles	8	-	39
		<u>252</u>	<u>98</u>

The impairment charge relates to the Marabo business (note 8). In 2009 the amortisation of developed intangibles of £119,000 is not shown on the face of the income statement due to a change in presentation.

4. FINANCE COSTS AND FINANCE INCOME

	2009	2008
	£'000	£'000
Interest expense on financial liabilities held at amortised cost:		
Bank interest	387	250
Fair value losses on financial instruments (*)	227	-
	<hr/>	<hr/>
Finance costs	614	250
	<hr/>	<hr/>
Other net finance (income)/costs:		
Interest income on bank deposits	(16)	(26)
Fair value gains on financial instruments	-	(59)
	<hr/>	<hr/>
Finance income	(16)	(85)
	<hr/>	<hr/>
Net finance costs	598	165
	<hr/> <hr/>	<hr/> <hr/>

* Finance costs arising from derivatives held at fair value through profit and loss relate to fair value movements on the group interest rate swap. The costs are included within "other items" on the face of the Income Statement in 2009 but excluded in 2008.

5. INCOME TAX EXPENSE

	2009	2008
	£'000	£'000
The income tax expense comprises:		
Current tax expense	550	239
Adjustment in the current year in relation to the current tax of prior years	5	8
	<u>555</u>	<u>247</u>
Deferred tax – note 21	(67)	(27)
	<u>488</u>	<u>220</u>
The total tax charge can be reconciled to the accounting profit as follows:		
Profit before tax	<u>1,527</u>	<u>1,113</u>
Income tax calculated at 28% (2008: 29.5%)	<u>428</u>	<u>328</u>
Tax effect of expenses not deductible	89	12
Tax effect of share based deductions	(35)	(28)
Tax effect of business acquisition	-	(74)
Effect of certain companies taxed at a rate lower than 28% (2008 29.5%)	(2)	(8)
Effect of adjustments to the income tax expense of earlier years	8	(10)
	<u>488</u>	<u>220</u>

The tax credit of £97,000 (2008 - £17,000) shown within 'other items' on the face of the income statement relates to the tax credits on the amortisation of acquired intangibles and fair value movements on interest rate hedging.

6. DIVIDENDS

	2009	2008
	£'000	£'000
Ordinary paid	<u>445</u>	<u>127</u>

The proposed final dividend is subject to approval from shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

7. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the Company by the weighted average number of fully paid 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 Company by the weighted average number of fully paid ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the potentially dilutive ordinary shares into fully paid ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Total earnings before other items (*) 2009 £'000	Total earnings before other items (*) 2008 £'000	Total earnings 2009 £'000	Total earnings 2008 £'000
Net profit attributable to equity holders of the Company	1,421	974	1,039	893
	2009 No.	2008 No.	2009 No.	2008 No.
Basic weighted average number of shares	19,756,225	11,617,422		11,617,422
Dilutive potential ordinary shares:				
Employee share options	1,153,176	160,480	1,153,176	160,480
Diluted weighted average number of shares	20,909,401	11,777,902	20,909,401	11,777,902
Adjusted/Earnings per share				
Basic	7.2p	8.4p	5.3p	7.7p
Diluted	6.8p	8.3p	5.0p	7.6p

(*) Other items relate to the amortisation of intangibles, the impairment of goodwill and fair value movements on interest rate hedging.

8. GOODWILL

	Group £'000
Cost	
At 1 July 2007	3,238
Recognised on acquisition of a subsidiary	12,711
	<hr/>
At 1 July 2008 and 30 June 2009	<u>15,949</u>
Accumulated impairment losses	
At 1 July 2007 and 1 July 2008	561
Impairment losses for the year	134
	<hr/>
At 30 June 2009	<u>695</u>
Net book value	
At 30 June 2009	<u>15,254</u>
	<hr/>
At 30 June 2008	<u>15,388</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period.

The Group prepares cash flow forecasts derived from the most recent financial budgets and projections approved by management for the next three years, thereafter assuming an estimated annual growth rate of 2.5 per cent. The growth rates for the three year period covered by financial budgets and projections prepared by management are based on the current performance of the existing product portfolio and the contribution from new products, currently in development, which will be launched in the short term. The directors believe that the long term growth rate does not exceed the average long-term growth rate for the relevant markets

Management estimates discount rates using the pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. In the current year management estimated the applicable rate to be 12%. Despite general economic conditions, given the strong market position of the group management consider that there is adequate headroom when comparing the net present value of the cash flows to the carrying value of goodwill.

The goodwill impairment of £134,000 arising from the annual impairment tests performed in 2009 relates entirely to Marabo (2008 - Nil). The impairment charge arises from the deterioration in revenue and cash flow from the Marabo range of livestock products. The current year's charge, together with a previous impairment in the year to June 2007, represents the full impairment of Marabo goodwill.

The carrying amount of Group goodwill has been allocated as follows:

	2009 £'000	2008 £'000
Companion Animal	12,711	12,711
Livestock	2,543	2,677
	<hr/>	<hr/>
Goodwill	<u>15,254</u>	<u>15,388</u>

9. OTHER INTANGIBLE ASSETS

Group	Acquired brands and customer relationships £'000	New product development costs £'000	Capitalised software £'000	Total £'000
Cost				
At 1 July 2007	-	40	154	194
Additions	-	172	44	216
Additions on acquisition	1,361	471	-	1,832
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 July 2008	1,361	683	198	2,242
Additions	-	264	47	311
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2009	<u>1,361</u>	<u>947</u>	<u>245</u>	<u>2,553</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Amortisation				
At 1 July 2007	-	10	69	79
Charge for the year	59	15	24	98
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 July 2008	59	25	93	177
Charge for the year	118	72	47	237
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2009	<u>177</u>	<u>97</u>	<u>140</u>	<u>414</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Carrying value				
At 30 June 2009	<u>1,184</u>	<u>850</u>	<u>105</u>	<u>2,139</u>
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2008	<u>1,302</u>	<u>658</u>	<u>105</u>	<u>2,065</u>
	<hr/>	<hr/>	<hr/>	<hr/>

The amortisation period for development costs incurred on the Group's livestock ear tag applicator, EID tagging system developments, and capitalised software relating to the bespoke online ordering system is 4 years. Veterinary medicine product development costs are amortised over 5 years, acquired brands are amortised over 15 years and acquired customer relationships are amortised over 10 years.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold, land and buildings £'000	Leasehold improve- ments £'000	Plant and equipment £'000	Office furniture and equipment £'000	Motor vehicles £'000	Total £'000
Group Cost						
At 1 July 2007	1,268	70	1,483	342	12	3,175
Additions	-	3	34	139	10	186
Additions by acquisition	-	-	19	59	71	149
Disposals	-	-	(9)	(46)	(10)	(65)
At 1 July 2008	1,268	73	1,527	494	83	3,445
Additions	-	-	190	135	11	336
Disposals	-	-	-	(2)	(29)	(31)
At 30 June 2009	1,268	73	1,717	627	65	3,750
Depreciation						
At 1 July 2007	255	23	992	233	2	1,505
On disposals	-	-	(6)	(39)	(7)	(52)
Charge for the year	24	8	121	77	19	249
At 1 July 2008	279	31	1,107	271	14	1,702
On disposals	-	-	-	(2)	(18)	(20)
Charge for the year	22	7	108	84	30	251
At 30 June 2009	301	38	1,215	353	26	1,933
Net book value						
At 30 June 2009	967	35	502	274	39	1,817
At 30 June 2008	989	42	420	223	69	1,743

Freehold land with a carrying value of £10,848 (2008 - £10,848) has not been depreciated.

11. INVENTORIES

	Group	
	2009 £'000	2008 £'000
Raw materials and consumables	191	175
Finished goods and goods for resale	1,841	1,643
	<u>2,032</u>	<u>1,818</u>

In the directors' opinion, the replacement cost of stocks is not materially different from their balance sheet value.

12. OTHER FINANCIAL ASSETS

Trade and other receivables

	Group	
	2009	2008
	£'000	£'000
Trade receivables	2,318	2,200
Amounts receivable from subsidiaries	-	-
Other receivables	45	26
Prepayments and accrued income	226	212
	<u>2,589</u>	<u>2,438</u>

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Cash and cash equivalents

	Group	
	2009	2008
	£'000	£'000
Cash and cash equivalents	<u>1,532</u>	<u>1,420</u>

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

13. OTHER FINANCIAL LIABILITIES

Trade and other payables

	Group	
	2009	2008
	£'000	£'000
Trade payables	1,583	1,185
Amounts payable to subsidiaries	-	-
Other taxes and social security costs	402	337
Accruals and deferred income	618	412
	<u>2,603</u>	<u>1,934</u>

The directors consider that the carrying amount of trade and other payables approximates their fair value.

14. BANK OVERDRAFTS AND LOANS

	Group	
	2009	2008
	£'000	£'000
Bank overdrafts	-	36
Bank loans	5,456	6,683
	<u>5,456</u>	<u>6,719</u>

All borrowings are in UK sterling. The bank loan and overdrafts are secured on a fixed and floating charge over the Group's assets. Interest on the bank loan is charged at 1.85 per cent above LIBOR. The carrying values and fair value of the Group's short-term and long-term borrowings are not considered materially different and are as follows:

	Group	
	2009	2008
	£'000	£'000
Secured borrowings at amortised cost:		
Bank overdraft due within one year	-	36
Bank loans due within one year	883	883
	<u>883</u>	<u>919</u>
Current liabilities		
	<u>883</u>	<u>919</u>
Secured borrowings at amortised cost:		
Bank loans due after one year	4,573	5,800
	<u>4,573</u>	<u>5,800</u>
Non-current liabilities		
	<u>4,573</u>	<u>5,800</u>

The borrowings are repayable as follows:

	Group	
	2009	2008
	£'000	£'000
Bank overdraft maturity analysis		
Amount falling due within one year	-	36
	<u>-</u>	<u>36</u>
Loan maturity analysis		
In more than one year but not more than two years	883	883
In more than two years but no more than five years	2,649	2,649
In more than five years	1,041	2,268
	<u>4,573</u>	<u>5,800</u>
Amount due after more than one year		
Amount falling due within one year	883	883
	<u>883</u>	<u>883</u>
	<u>5,456</u>	<u>6,683</u>

14. BANK OVERDRAFTS AND LOANS (continued)

Analysis of net debt

References to net debt refer to total borrowings of the Group after offsetting cash and cash equivalents.

Net debt is not a term defined under IFRS and may not be comparable with other similarly titled non-IFRS measures reported by other companies. The Group adopts this measure as it is used for internal debt analysis. In addition, the net debt balance provides an indication of the net borrowings on which the Group is required to pay interest.

	2009	2008
	£'000	£'000
Cash and cash equivalents	1,532	1,420
Bank overdrafts and loans	(5,456)	(6,719)
Net debt	<u>(3,924)</u>	<u>(5,299)</u>

15. DEFERRED TAX LIABILITIES

The following are the major components of the deferred tax liabilities recognised by the Group, and the movements thereon during the current and prior reporting period.

	Property, plant and equipment £'000	Other £'000	Intangible fixed assets £'000	Total £'000
Balance at 1 July 2007	222	30	-	252
On acquisition	(26)	-	381	355
(Credit)/charge to income	7	(17)	(17)	(27)
Balance at 1 July 2008	<u>203</u>	<u>13</u>	<u>364</u>	<u>580</u>
(Credit)/charge to income	7	(41)	(33)	(67)
Credit to reserves relating to stock options	-	(49)	-	(49)
Balance at 30 June 2009	<u>210</u>	<u>(77)</u>	<u>331</u>	<u>464</u>

16. SHARE CAPITAL

	2009	2008
	£'000	£'000
Authorised		
25,000,000 ordinary shares of 20p each	5,000	5,000
Allotted, called up and fully paid		
19,756,225 ordinary shares of 20p each	3,951	3,951

17. SHARE CAPITAL & RESERVES

Group	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
At 1 July 2007	1,132	943	4,062	6,137
Dividends paid	-	-	(127)	(127)
Net profit for the year	-	-	893	893
Issue of share capital	2,819	4,881	-	7,700
Charges in relation to share options	-	-	42	42
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 July 2008	3,951	5,824	4,870	14,645
Dividends paid	-	-	(445)	(445)
Net profit for the year	-	-	1,039	1,039
Charges in relation to share options	-	-	143	143
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2009	<u>3,951</u>	<u>5,824</u>	<u>5,607</u>	<u>15,382</u>

18. ANNUAL REPORT

The Group's report and accounts for the year ended 30 June 2009 were approved on 5 October 2009 and are expected to be posted to shareholders on 9 October 2009 and will also be available from the Company's head office at Fearby Road, Masham, Ripon, North Yorkshire HG4 4ES and will be available to download from its website at: www.animalcare.co.uk

The financial information set out above does not constitute the company's statutory accounts for the years ended 30 June 2008 or 2009, but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies and those for 2009 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.