



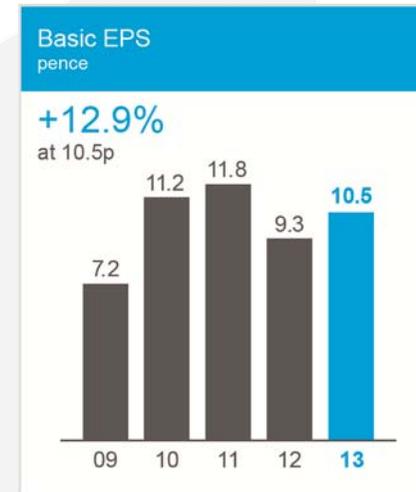
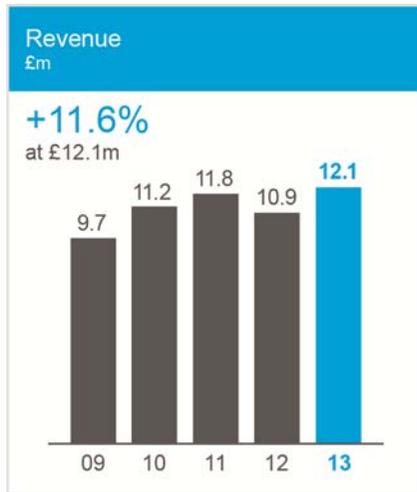
Preliminary Results Presentation

For the year ended 30th June 2013

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Financial Highlights



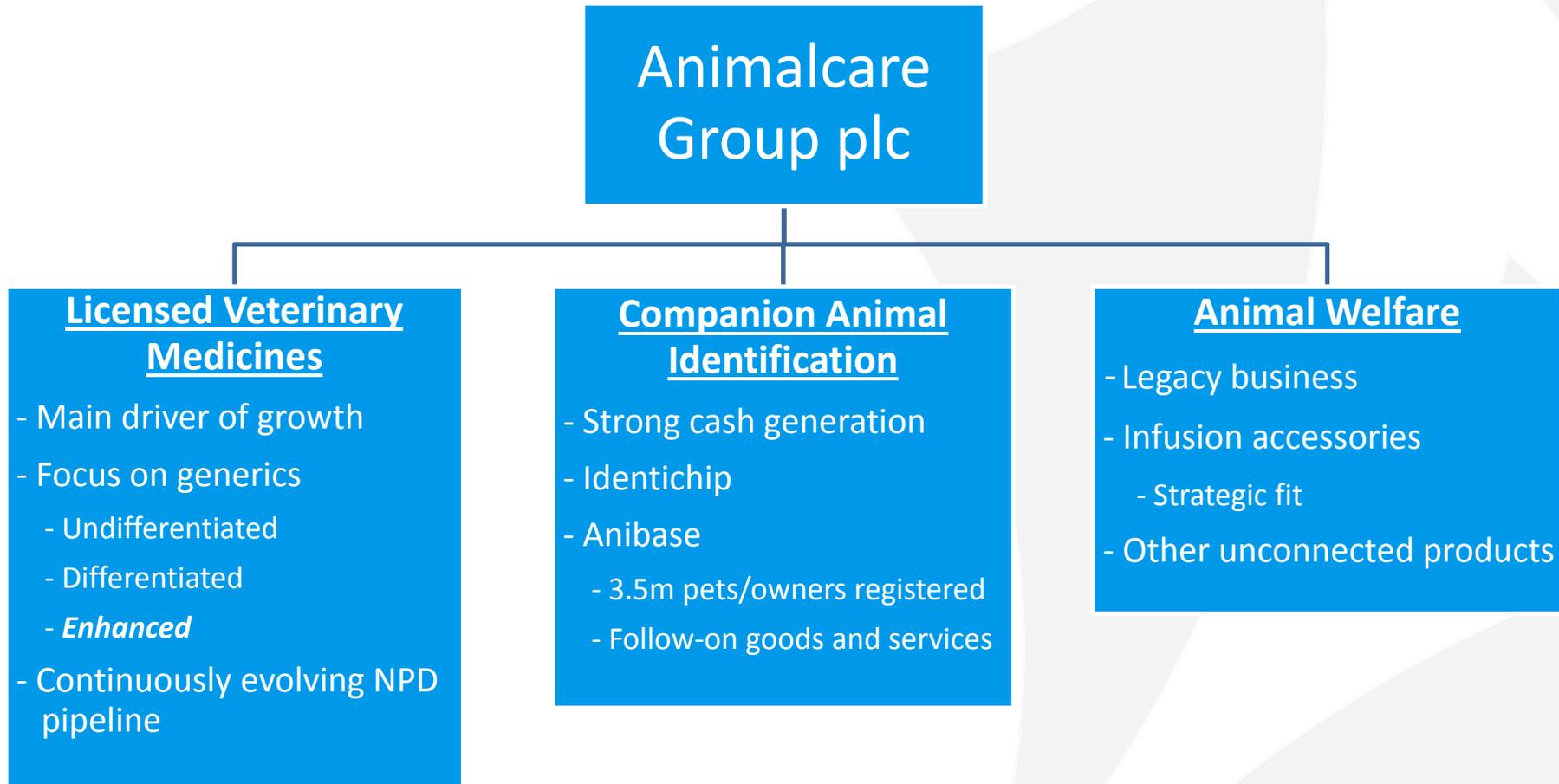
- Revenue increased 11.6% to £12.1m (2012: £10.9m)
 - Sales of Licensed Veterinary Medicines up 20.6%
- Underlying* operating profit up 17.0% to £2.7m (2012: £2.3m)
- Underlying* basic earnings per share increased by 12.9% to 10.5p (2012: 9.3p)
- Continued strong cash generation with year end cash of £3.7m (up from £2.3m)
- Total dividend for the year up 17.8% to 5.3p (2012: 4.5p)

*underlying measures are before the effect of exceptional costs and other items

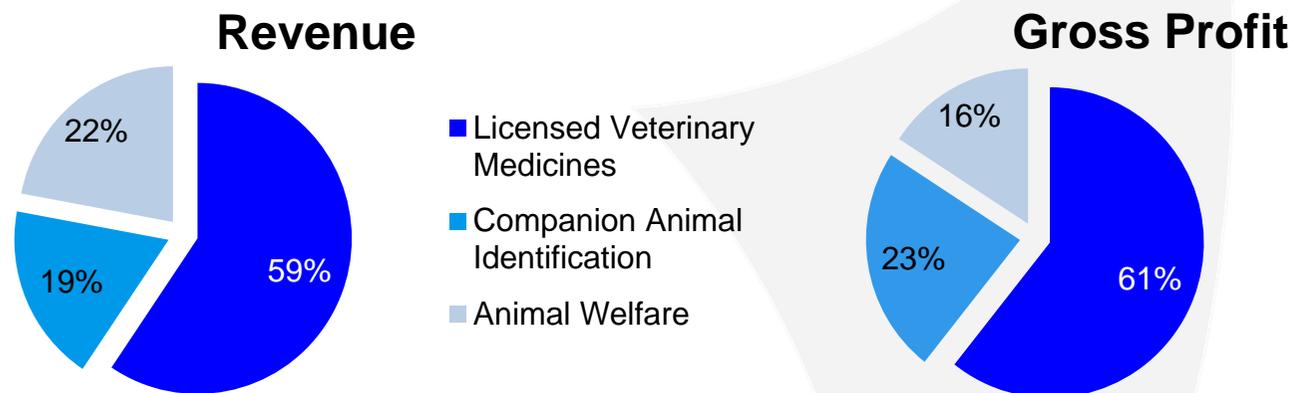
Operational Highlights

- Strong revenue growth from Licenced Veterinary Medicines against a flat UK companion animal pharmaceuticals market
- Focus on Companion Animal Identification has stabilized the decline in sales of microchips. Associated services derived from microchip database growing
- Three new products launched in the year and a fourth gained its Marketing Authorisation
- Relocation to new premises with increased capacity with no disruption to trading
- Executive and senior management changes successfully completed according to plan

Overview of Activities



Product Group Segmental Analysis



	12 months to 30 th June 2013 £'000	12 months to 30 th June 2012 £'000	Change
Licensed Veterinary Medicines	7,200	5,972	20.6%
Companion Animal Identification	2,244	2,338	(4.0%)
Animal Welfare Products	2,674	2,546	5.0%
Total	12,118	10,856	11.6%

Licensed Veterinary Medicines

- Turnover up 20.6% to £7.2m (2012: £6.0m)
- Vitofyllin, Buprecare ampoules and Marbocare all launched successfully
- Growth achieved in a flat market (source: www.noah.co.uk)
- Portfolio of 17 new products provides significant reach into UK veterinary practices
- Project Sustain to provide foundation for long-term growth (see slide 17)

Companion Animal Identification

- Turnover of £2.2m (2012: £2.3m), 4% reduction
- Microchip sales
 - Sales and marketing focus has stabilized decline
 - Pricing pressure in competitive market
- Recent Anibase re-design now delivering:
 - Over 3.5m pets/owners registered
 - Growth in sales of follow-on goods and services
 - Improved margins due to operational and marketing efficiencies
- Impact of compulsory microchipping unclear

Animal Welfare Products

- Turnover up 5.0% to £2.7m (2012: £2.5m)
- 7% growth in Infusion Accessories' sales
 - represents 50% of category revenues
- Other 50% accounted for by legacy products
- Selective withdrawal already started, leading to improved operating efficiencies

Relocation to New Premises

- Offices: 10 year lease; warehouse: 5 year lease
- Relocated March 2013, no disruption to trading
- Upgraded IT and telecoms infrastructure
- Warehouse has 70% increased capacity
 - Platform for future growth
 - Capacity to satisfy fluctuations in demand for key products

Management

Iain Menneer

- Broad experience across business; marketing, sales and business development
 - CEO since January 2013
 - Managing Director, Animalcare Ltd, March 2012
 - Main board since July 2011, Marketing Director

Stephen Wildridge

- Stepping down as Director of Strategy and Business Development from October 2013 and handover complete

Chris Brewster

- CFO since June 2012

Karolyn Tapper

- New Director of Business Development, appointed August 2013

Torben Orskov

- Director of Technical and Regulatory Affairs, promoted August 2013

Financials: P&L Summary

£'000	2013	2012
Revenue	12,118	10,856
Gross Profit	6,781	5,862
SG&A expenses	(4,097)	(3,568)
Underlying operating profit	2,684	2,294
Exceptionals	(392)	(190)
Operating profit	2,292	2,104
Basic underlying EPS	10.5p	9.3p
Dividend per share	5.3p	4.5p

- SG&A costs increase principally driven by higher staff costs (£0.3m) and share based payments charge (£0.1m). Maintaining tight control of overheads
- Exceptionals of £0.4m (2012: £0.2m) - see Appendix 3
- Basic underlying EPS growth of 12.9%.
- Total dividend for the year up 17.8% to 5.3p (2012: 4.5p)

Financials: Cash Flow

£'000	2013	2012	Change
Operating cash flows	2,794	2,485	306
Movement in working capital	302	60	242
Cash generated from operations	3,096	2,545	551
Capital expenditure	(508)	(270)	(238)
Taxation and interest payments	(240)	(420)	180
Dividends and equity issue	(908)	(729)	(179)
Net cash generated	1,440	1,126	314

- Cash generated from operations increased to £3.1m (2012: £2.5m)
- £0.5m capital expenditure (2012: £0.3m), includes relocation of £0.3m and NPD of £0.1m (2012: £0.2m)
- Strong cash flows will fund NPD pipeline
 - [See Project Sustain](#)
- Year end net cash of £3.7m (2012: £2.3m)

FY13/14 Plan

- Licensed Veterinary Medicines
 - Continue to develop differentiated generics
 - On going implementation of Project Sustain – enhanced generics
 - Develop sales in existing/new overseas markets
- Strengthen UK Companion Animal Identification range of products and services
- Rationalise Animal Welfare legacy products range

Development Pipeline – FY14

- Enhanced Phenoleptil launched July 2013
- Two further product launches in Q2
- Potentially a fourth launch during H2

Companion Animal Identification - Developments

- Compulsory microchipping legislation introduction
 - Wales March 2015
 - England April 2016
- Charity 'free microchip' campaign implementation still to be defined
- Business remains well-placed
- Leverage Anibase marketing opportunities

Project Sustain

- Background
 - Differentiated/undifferentiated generic veterinary medicine licensing has been successful
 - New entrants encouraged into the market by lower barriers to entry
 - Growth potential becoming more limited
- Project Sustain (see Appendix 4)
 - Next phase of investment in our growth strategy
 - Selection and reformulation of well-established veterinary medicines to create a new range of enhanced generics
 - 5 years to bring to market
 - Increased differentiation via protectable, enhanced generics offers opportunities for higher margin and market penetration

Summary and Outlook

- Business returned to growth in 2013
- Activity levels encouraging at the start of the new financial year
- Now investing in Project Sustain, the next phase in the Group's strategy
- Provides the foundation for the long-term growth and sustainability of the business

Appendices

Appendix 1: Profit and Loss

	2013			2012		
	Underlying	Exceptionals	Total	Underlying	Exceptionals	Total
Revenue	12,118	-	12,118	10,856	-	10,856
Cost of sales	(5,337)	-	(5,337)	(4,994)	-	(4,994)
Gross Profit	6,781	-	6,781	5,862	-	5,862
Distribution costs	(271)	-	(271)	(262)	-	(262)
Administrative costs	(3,826)	(392)	(4,218)	(3,306)	(190)	(3,496)
Operating profit/(loss)	2,684	(392)	2,292	2,294	(190)	2,104
Finance income	27	11	38	2	-	2
Profit/(loss) before tax	2,711	(381)	2,330	2,296	(190)	2,106
Income tax (expense)/credit	(535)	90	(445)	(395)	18	(377)
Profit after tax	2,176	(291)	1,885	1,901	(172)	1,729
EPS						
Basic	10.5 p		9.1 p	9.3p		8.4p
Fully diluted	10.4 p		9.0 p	9.2p		8.4p

Appendix 2: Group Balance Sheet (pro-forma)

£'000	2013	2012
Goodwill	12,711	12,711
Other intangible assets	1,538	1,728
Property, plant and equipment	412	83
Non-current assets	14,661	14,522
Inventories	1,418	1,420
Trade and other receivables	1,662	1,297
Cash and cash equivalents	3,745	2,305
Current assets	6,824	5,022
Total assets	21,486	19,544
Trade and other payables	(1,982)	(1,316)
Current tax liabilities	(362)	(169)
Deferred income	(231)	(207)
Current liabilities	(2,575)	(1,692)
Deferred income	(790)	(844)
Deferred tax liabilities	(159)	(171)
Total liabilities	(3,524)	(2,707)
Net assets	17,962	16,837

Appendix 3: Exceptional and other items

£'000	2013	2012
Executive and management severance	152	71
Amortisation of acquired intangibles	119	119
Head office relocation	121	-
Fair value movements on FX hedging	(11)	-
	381	90

Appendix 4: NPD pipeline

Project	Sector	Expected launch*	Target Markets	Years to Maturity
Differentiated and undifferentiated generics				
Stone 1	Livestock	Q3 13**	Limited EU	5
Stone 2	Companion Animal	Q2 14**	Limited EU	3
Poppy II	Companion Animal	Q2 13**	Selected EU	2
High	Companion Animal	Q4 15	Selected EU	3
Pavot	Companion Animal	Q1 16	Limited EU	2
Amigo	Companion Animal	Q2 16	Selected EU	3
Trowel	Companion Animal	Q2 16	Limited EU	2
Raleigh	Companion Animal	Q2 16	EU and others	3
Beat	Companion Animal	Q2 16	EU and others	3
Isle	Companion Animal	Q3 16	EU and others	3
Sustain Projects – enhanced generics				
Archipelago	Companion Animal	Q2 17	EU and others	2
Team	Companion Animal	Q4 17	EU and others	2
Cardinal	Companion Animal and Livestock	Q2 18	EU and others	-

- At maturity UK sales are expected to be between £5 to £7 million per annum

*All dates are financial year
**Launched as planned

Important Notice

This document contains certain forward looking statements.

Forward looking statements reflect the knowledge and information available to the Company during the preparation and up to the publication of this document. These statements also reflect the Company's current view of the risks, uncertainties and assumptions with respect to future financial performance, strategy and future plans. Accordingly there are or will be factors that could cause the results to differ materially from those expressed or implied by those statements.

Therefore no statement in this document is intended as a profit forecast.