

Chairman's Statement



James Lambert Chairman

Introduction

Animalcare is made up of three product groups: Licensed Veterinary Medicines, Companion Animal Identification and Animal Welfare products that are sold mainly through veterinary practices. I am pleased to announce that all three product areas have continued to show solid performance during the 2014 financial year. The Licensed Veterinary Medicines group, which is the main focus of our investment, has grown strongly in the current year by 9.5%.

Financial Trading

Group revenues increased by 6.3% from £12.1m to a record £12.9m, driven by increasing our market share in the Licensed Veterinary Medicines market and continuing to grow in the animal identification market. This performance has resulted in pre tax profits increasing by 14.7% from £2.3m to £2.7m and basic earnings per share increased from 9.1 pence per share to 10.3 pence per share, or 13.2%. Year end cash increased by £0.1m to £3.8m, with the decision taken during the year to increase stock levels of certain licensed veterinary medicines with long lead times.

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People

Under Chief Executive Iain Menneer's leadership, we invested in increasing the quality and strength of the senior management team to position your Company for much increased product development in future years. I am therefore delighted that we have a new Head of Sales, Director of Business Development and several new colleagues across the business to support their work. This as we announced with our interim results will allow a step change in our ability to bring an increased number of new and important generic veterinary medicines to market from 2016-2017 onwards. This should make a real difference to Animalcare's future prospects.

Dividend

Your Board proposes, subject to shareholder approval, an increased final dividend of 4.0 pence per share (2013: 3.8 pence). With 1.5 pence per share being paid as the interim dividend, this brings the total dividend for 2014 to 5.5 pence per share, representing growth over the prior year of 4%, in line with our underlying earnings.

Prospects

Your Board, I believe, has totally repositioned Animalcare over the past year or so to allow the use of the Company's cash to rapidly grow the business organically from 2016 onwards. We are working to develop a high quality, experienced senior management team to deliver this growth plan. With the new share incentive scheme that has been introduced during the year for both executive directors, the interests of shareholders and colleagues are aligned to deliver an exciting and profitable growth phase for your business.

James Lambert
Chairman