

Product Development

The ongoing development of our specialist branded veterinary exclusive products is a key part of the Group's future growth plans.

Development Strategy

The Group has a strategic programme to increase its product portfolio. The main criteria for assessing a potential product for inclusion in the development pipeline are:

- risk adjusted return on investment;
- market potential and future growth opportunities;
- geographical scope; and
- the ability to sell and market through existing distributor and veterinary customer channels.

Our product development is concentrated in four areas:

- Novel POMs for dogs, cats and horses. We target products in specialist therapeutic areas and focus on novel ideas using new Active Principle Ingredients ("APIs") in underserved markets. Most of our projects utilise existing pharmaceutical entities that are typically used within the human market and therefore the majority of product creation is development rather than research based.
- Development of generics in any major species, preferably within one of our areas of therapeutic sector specialisation. This includes standard generics for any species which are copycat products of an original proprietary veterinary product and differentiated generics, known as Star Products. Star Products are generic copies of existing veterinary medicines where a marketing advantage is found, such as an improved delivery system, clinical advantage or improved presentation.
- Therapeutic pet diets for dogs and cats. Products are formulated and trialled to provide optimum nutrition for animals diagnosed with various medical conditions.
- Unlicensed medicines, shampoos and supplements for dogs, cats and horses. These products, on the whole, are intended for veterinary recommendation and in most cases will complement the therapeutic areas in which our POMs are targeted.

Development Achievements

The Group has continued to increase investment in product development with a 9.8% increase in expenditure over the corresponding period last year. Dosage form and formulation work is conducted in the UK and the Netherlands; regulatory work is conducted in the UK, Denmark and the Netherlands; safety and efficacy trials are predominantly controlled by our USA team.

Pharmaceuticals

Registrations were achieved in the year for:

- 30mg and 60mg *Vetoryl* in Brazil;
- *Libromide*, through the mutual recognition process, in 11 European countries;
- *Malaseb* for Switzerland; and
- 120mg *Vetoryl* for the USA.

Since acquisition two *Eurovet* products have also received approval:

- *Methoxasol*, an antimicrobial for pigs and poultry for the EU; and
- *Myorelax*, an equine muscle relaxant for the EU.

Diets

A number of new diet products have been developed for the EU:

- *Specific CED* canine endocrine support for the treatment of endocrine disorders;
- *Specific FID* and *FIW* feline digestive support for cats with acute and chronic gastrointestinal disorders; and
- *Specific FJD* and *FJW*, a diet to support cats with osteoarthritis and reduced joint function.

