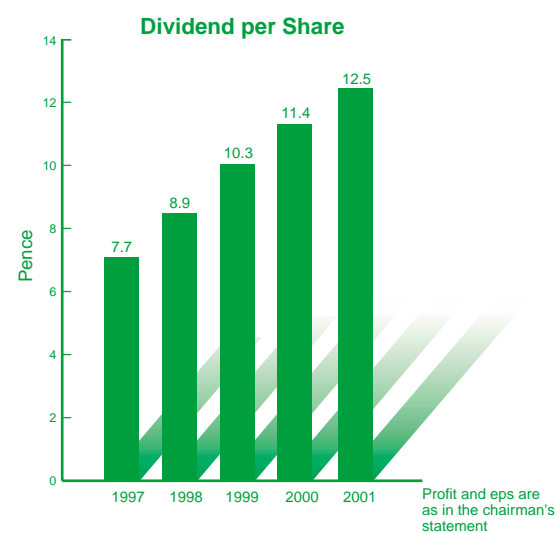
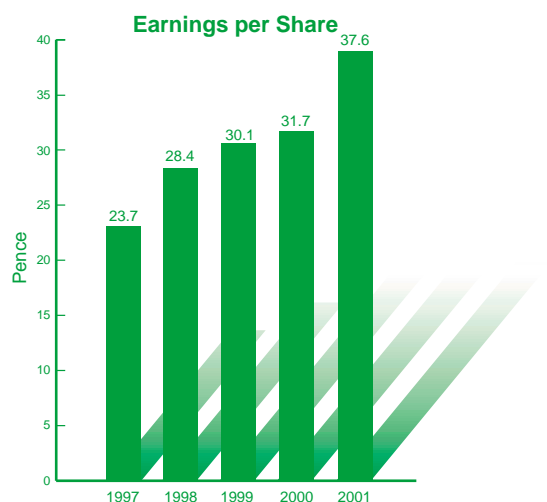
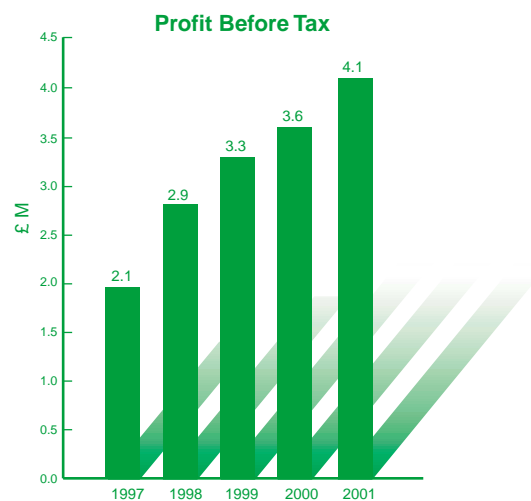
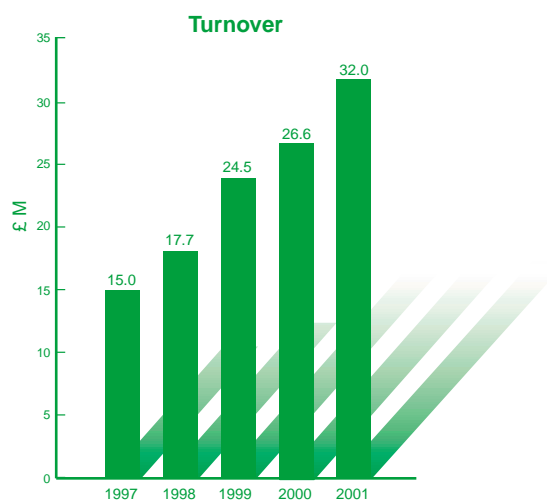


LAWRENCE plc

**Report &
Accounts
2001**



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Head and Registered Office:

78 Coombe Road, New Malden, Surrey KT3 4QS, England

Fax: 0208-336 0909

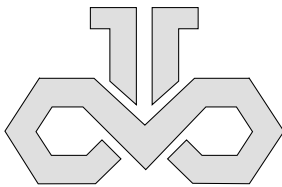
Tel: 0208-336 2900

U.K. GROUP DIRECTORY



Hercules 2, Calleva Park, Aldermaston
Reading RG7 8DN, England
Tel: +44(0)118 9813333 Fax: +44(0)118 9810909
Internet: www.agil.com

Agil manufactures and markets speciality chemicals such as anti oxidants, digestion improvers, salmonella inhibitors, silage additives and enzymes to the animal feed industry.



BLACKFAST CHEMICALS

78 Coombe Road, New Malden,
Surrey, KT3 4QS, England
Tel: +44 (0) 0208 336 2900
Fax: +44 (0) 0208 336 0909
Internet: www.blackfast.com

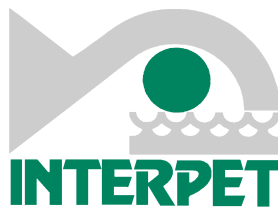
Blackfast Chemicals manufactures and sells a system for room temperature blacking of metal components which is supported by a range of surface preparation and finishing chemicals.



ANIMAL HEALTH

284 Chase Road, Southgate, London N14 6HF
Tel: +44 0181 447 8899 Fax: +44 0181 447 9292
Internet: www.ecoanimalhealth.com

ECO GROUP'S subsidiaries in Animal Health products market a range of therapeutic medicines to the food farming industry all around the world.



Vincent Lane, Dorking
Surrey, RH4 3YX
Tel: +44 (0) 1306 881033
Fax: +44 (0) 1306 885009

Interpet manufactures and distributes quality pet accessories worldwide. It is also a brand leader of ornamental fish medications and pond treatments.

I am pleased to report another year of record results. Profit before tax, exceptional and non-recurring items, amortisation of goodwill and minority interest rose 15% to £4.1million on turnover of £32 million, 20% above the level of last year. Earnings per share increased 19% to 37.6p before amortisation and exceptional and non-recurring items. Approval will be sought at the Annual General Meeting for a payment of a final dividend of 9.7p net per ordinary share, making a total of 12.5p net per share for the year (2000: 11.4p (net)). The dividend will be paid on 2nd November 2001 to shareholders on the register on 21st September 2001.



ECO GROUP:

This business, which incorporates ECO Animal Health Limited and was formed only eight years ago, has already become established as an internationally respected, well-known supplier of top quality therapeutic drugs and remedies to the food farming industry world-wide. Turnover increased significantly even though we continue to wait for European drug registrations on some of our new products to be granted. These delays in obtaining such registrations seem inevitable as the licensing authorities around the world continue to demand ever more stringent testing. We are confident that the most important new registrations will be obtained in the coming months and will significantly increase ECO Group's turnover. The Group generated profit before tax in excess of £1 million for the first time last year and continues to invest heavily in its registration department through additional personnel and trials to procure many more valuable drug registrations in Europe and the USA. While the meat production industry may not be as profitable as their owners would wish, their continuing dependence on drugs and remedies ensures an increasing demand for our range of economically priced products. For some years I have been telling shareholders about Aivlosin, our patented macrolide antibiotic which has become established, following registration, in a number of countries. It is a world-beating therapeutic drug for mycoplasma and a saviour in respiratory disease, dysentery, ileitis and other indications in pigs and poultry. The majority of our investment to date in registering this unique antibiotic has focused on the establishment of a Maximum Safe Residue Level (MRL) which has become mandatory for European and North American registration. We have been working on clinical trials and with experts in the veterinarian profession for eight years making steady progress to establish and prove an acceptable MRL for Aivlosin. I am delighted to report that this essential approval was obtained in July and represents probably the final major hurdle in the European registration of this product. Aivlosin is many times more effective against bacteria strains than conventional treatments and it does not cross over into human use antibiotic spectrums. It is expected that full registrations for Aivlosin will be obtained next year and increases in sales and group profits will follow. I am grateful to our shareholders for waiting so patiently for this result, I will keep you advised of progress.



In addition to Aivlosin, our progress in obtaining world-wide registrations for Ecomectin, our brand endectocide, has been very good in some countries and disappointingly slow in others. There seems to be, even within Europe, major differences in the requirements of the national registration authorities which has nevertheless resulted in registrations for several forms of our Ecomectin in Ireland, Germany, Denmark, Belgium and Austria over the past year. Much work remains to be done to complete our registrations in the other major countries which represent very significant sales potential. Ivermectin, the generic form of Ecomectin, is the largest selling animal health remedy product world-wide by a substantial margin. The estimated market for Ivermectin is now well over \$1 billion a year and until recently was just about exclusively supplied under patent protection by one company.

Shareholders should be aware that ECO Animal Health Limited develops and improves known molecules but does not do research into non established or speculative molecules and remedies and is not at risk of being denied a registration. It is simply a question of "when" - not "if". ECO Group has a highly motivated world-wide network of distributors acting exclusively for your company and the prospects of ECO Group look very exciting indeed. Our website at www.ecoanimalhealth.com is an informative and much visited site and explains the product range with newsletters and useful information.

AGIL:

Agil which supplies animal feed additives for biosecurity and growth performance to the food farming industry, using natural minerals and organic acids, has been in the "neuroceutical" business for much longer than that word has existed! Agil has for some years been promoting the use of its natural products in opposition to the use of antibiotic growth promoters, many of which have now been banned in Europe. While many of our supermarkets source their meat products by way of prepared meals, etc., from meat producers in Thailand, Indonesia, Brazil and other countries not yet subjected to stringent restrictions on the use of antibiotics, there remains a significant opportunity for Agil to participate in their inevitable switch to neuroceuticals in the future. Agil has led the way in this expanding field with its unique delivery system for our salmonella controlling products, Salkil and Bact-a-cid and its performance enhancing product Prefect. Sorbatox, our mycotoxin absorber, is benefiting from the realisation by so many feed mills, in more humid climates, that there is a solution to the problem of deadly fungal type toxins ever present in their local feed stuffs. Agil exports more than 95% of its sales and has had to learn to live with the strong value of Sterling, particularly in Europe which used to be our traditional market. While the whole world has gone "crazy" for neuroceuticals - not only in animal health but also in human health, the awareness and popularity of this kind of treatment will undoubtedly help the credibility of Agil's range. We are the established market leader with proven performance and as innovators of the next generations of new natural products, the future looks bright for Agil. There is detailed information about Agil's product range, trial results, updates on achievements and our worldwide distribution network on the internet at www.agil.com.



BLACKFAST: The broadening of our sales efforts outside the United Kingdom has proven to have been the correct way forward.



Blackfast Chemicals increased its proportion of exports to nearly 47% of total sales. The continued contraction of the British engineering industry has been well documented with the disappearance of so many household names. As a result of reduced consumption and customer closures, sales of Blackfast products in the U.K. have declined by almost 20% compared with their peak in 1996, while since then our market share has grown. Blackfast Chemicals' unique room temperature blacking system is recognised as the world-wide market leader in the field and growth prospects in this division remain strong. Our new aluminium blacking system continues to improve its performance and in the coming year should start to become a real contributor to profits. Please visit our website on www.blackfast.com which gives an illustrated and lively presentation of this specialised product range.

INTERPET: The continuous development and introduction of new branded products under the Interpet, Blagdon, PetLove and Mikki brands underpin Interpet's growth. The British love of animals and their gardens will always ensure the demand for quality branded products, as the core consumer groups become more sophisticated and are not tempted by cheap copies. The expansion of the Water Gardening market continues to gain momentum - (how many people do you know with a water feature or pond in their garden?) and with the technically excellent products available exclusively to us from our new manufacturing links, Interpet is well-placed to take advantage of this trend. Our publishing business continues to expand both domestically and overseas while our American subsidiary had a satisfactory year consolidating its product range and recruiting additional new management to cope with our rapid expansion programme.



INVESTMENTS:

We have had to make a major write down provision of our investment in Amberley Group plc in which we own approximately 1.8 million shares, the majority of which we received in 1993 when we sold our performance minerals businesses. Since then, we have fortunately realised £1m through the sale of Amberley shares. It is extremely disappointing to see the value of the remaining shares decline so very much. Following their profit warning given in January 2001, following the discovery of irregularities in that company, there was an approach made by the management to buy the company which did not happen. Instead, there was a boardroom coup led by one of the non-executive directors which resulted in the resignation of the executive directors and the Chairman. I refused to leave the Board voluntarily being the only director with knowledge both technical and commercial of the businesses; I was subsequently removed without reason. The trading results of Amberley Group plc published only a few weeks ago have been very poor. I hope that value can be restored to those good businesses within Amberley under the current direction and as participating and knowledgeable investors we would be prepared to help in the turnaround of the company.

COMPANY VALUATION:

Last year I commented on the listed "small company" syndrome which continues to disadvantage us. In November 2000 we made an announcement to the London Stock Exchange that an approach had been made to the company by management which may or may not lead to a bid at a share price of at least £4; discussions are no longer continuing, although the management continues to explore all routes available for the optimisation of shareholder value. The apathy shown towards small companies by investors during the summer of last year and which continues today, prompted us to seek an exit at a fair price for our shareholders who may wish to realise their investment while a truly liquid market for our shares does not actually exist. For example, a sale of only 500 to 2,000 shares can cause our price to fall by between 5 and 25 pence as a result of the lack of liquidity for our stock. As I mentioned in my statement last year, small companies are considered to be those under £500 million market capitalisation and it is hard to see how we can get to that size without many acquisitions or mergers, some of which are bound to be highly risky. With the concessions made by the Chancellor to investors in AIM companies, I would hope that there still is a future for companies like ours which are well managed and have consistently produced solid performances.

EMPLOYEES:

We employ a total of 175 people at our offices, warehouse and factories and I would like to express my thanks to them and everyone associated with the company without whose hard work and loyalty we could not continue to flourish.

OUTLOOK:

Creating and realising shareholder value is our main objective and shall continue to be as the company moves forward into what we are told will be an uncertain time for international economies and financial markets. Our growth plans include a possible acquisition which I hope to be in a position to report on in the late autumn. We remain focused and optimistic, confident in the knowledge that the inherent long term growth potential of our mainstream veterinary pharmaceutical products will overcome the short-term downward pressure of economic cycles.

Peter Lawrence
Chairman

12 September 2001

Year Ended 31 March 2001

COMPANY REGISTRATION NUMBER:	1818170
REGISTERED OFFICE:	78 Coombe Road New Malden Surrey KT3 4QS
DIRECTORS:	P A Lawrence (Chairman) M E Brent J W Dick (Non-executive)
SECRETARY:	K A Stockdale
BANKERS:	National Westminster Bank Plc National Westminster House 5 Sydenham Road Croydon CR0 3EX
AUDITORS:	Grant Thornton Registered Auditors Chartered Accountants Grant Thornton House Melton Street Euston Square London NW1 2EP

Year Ended 31 March 2001

The directors present their report together with financial statements for the year ended 31 March 2001.

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review were those of manufacturers and suppliers of speciality chemicals, animal feed and animal health products, manufacturers and distributors of pet accessories.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

A review of the year, together with an indication of future developments, is given in the Chairman's statement on pages 2 and 3.

DIVIDENDS

An interim dividend of 2.8p per share on the Ordinary 10p shares was paid on 6 April 2001 (2000: 2.5p per Ordinary 10p share). The directors recommend a final dividend of 9.7p per Ordinary 10p share, making a total of 12.5p per Ordinary 10p share for the year ended 31 March 2001 (2000: 8.9p per Ordinary 10p share making a total of 11.4p per Ordinary 10p share).

SUBSTANTIAL SHAREHOLDINGS

At 31 March 2001, the company had been notified of the following holdings of 3% or more of its issued share capital.

	Number of ordinary £0.10 shares	%
P A Lawrence and family	3,389,599	47.46
D Salmon and family	1,110,995	15.37
J and R Lawrence as trustees of B Day and family	814,136	11.37
Carrington (1953) Limited	239,500	3.34

RESEARCH AND DEVELOPMENT

The group is continually researching into and developing new products and markets. Details of expenditure incurred and written off during the year are shown in the accounts.

DIRECTORS

The directors during the year under review were:

P A Lawrence (Chairman)
M E Brent
J W Dick (Non-executive)

The beneficial interests of the directors holding office on 31 March 2001 in the issued share capital of the company were as follows:

	Ordinary £0.10 shares	
	2001	2000
P A Lawrence (Chairman)	3,398,599	3,398,599
M E Brent	85,000	85,000
J W Dick (Non-executive)	56,000	56,000

Under the group's executive share option scheme the following directors have the right to acquire ordinary shares.

	Options 2001 and 2000	
M E Brent	196,000	(56,000 at £1.00; 50,000 at £1.80; 25,000 at £2.90; 65,000 at £3.90)

Notification to exercise options in relation to 16,000 shares was given by M E Brent to the Company in December 2000 and the shares were issued in June 2001.

Year Ended 31 March 2001**CREDITORS PAYMENT POLICY**

The company agrees terms and conditions for its business transactions with its suppliers and payments are made on these terms, subject to the terms and conditions being met by the suppliers. Trade creditors for the company at the year end amounted to 79 days (2000: 102 days) of average supplies for the year against terms agreed with our suppliers.

DONATIONS

During the year the group made charitable donations of £3,926 (2000: £3,001). No political donations were made.

STOCKBROKERS

Charles Stanley & Co. are the company's stockbrokers. The shares of the company are traded on the London Stock Exchange on the Alternative Investment Market. The closing price on 31 March 2001 was 347.5 per share (2000: 335p). During the year the mid-market price fluctuated between 395p and 315p.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

K A Stockdale – Secretary
12 September 2001

TO THE MEMBERS OF LAWRENCE PLC

We have audited the financial statements on pages 8 to 29 which have been prepared under the accounting policies set out on pages 8 and 9.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report. As described on page 6, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 31 March 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton
Registered Auditors
Chartered Accountants

LONDON

12 September 2001

Year Ended 31 March 2001**BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The principal accounting policies of the group have remained unchanged from the previous year, are set out below, and have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the accounts of the company and its trading subsidiaries drawn up to 31 March 2001. The results of subsidiary undertakings acquired and disposed of during the year have been included from the date of acquisition and to the date of disposal. Profit or losses on intra-group transactions are eliminated in full.

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful economic life.

As a matter of accounting policy, purchased goodwill first accounted for in accounting periods ending before 23 December 1998, the implementation date of Financial Reporting Standard No. 10, was eliminated from the financial statements by immediate write-off on acquisition against reserves. Such goodwill will be charged or credited to the profit and loss account on the subsequent disposal of the business to which it relates.

ASSOCIATED UNDERTAKINGS

Undertakings other than subsidiary undertakings, in which the group has an investment of at least 20% of the shares and over which it exerts significant influence, are treated as associates.

The group's share of the results and recognised gains and losses of the associates are included in the group profit and loss account. Where the accounting periods covered by the audited financial statements are not co-terminous with that of the group, the share of the results of the associates has been arrived at from the last audited financial statements and unaudited management accounts to the group's balance sheet date.

The group balance sheet includes the investment in associates, as the group's share of net assets and the goodwill arising on acquisition of the interest.

The company balance sheet shows the investment in associates at cost.

TURNOVER

Turnover represents net invoiced sales of goods, excluding value added tax.

INCOME FROM INVESTMENTS

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold property	– over the remaining term of the lease
Freehold property	– 2% on cost
Alterations to premises	– 10% on cost
Plant and machinery	– 20% on cost
Fixtures and fittings	– 15% on cost
Motor vehicles	– 25% on cost

INVESTMENTS

Investments are stated at cost less amounts written off.

Year Ended 31 March 2001**INTANGIBLE FIXED ASSETS AND GOODWILL**

Trademarks purchased separately from a business, and drug registrations are included at cost and amortised over their estimated useful economic life of 10 years.

The expenses incurred in the development of books has been included at cost and amortised over their estimated useful economic life of 5 years.

Purchased goodwill is capitalised and amortised on a straight line basis over its estimated useful economic life of 20 years.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful economic lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

STOCK

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

FOREIGN CURRENCY

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rates of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investments in subsidiaries are taken directly to reserves. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets, they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

CONTRIBUTIONS TO PENSION SCHEMES**Defined Contribution Scheme**

The pension costs charged against operating profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Defined Benefit Scheme

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the remaining service lives of current employees in the scheme.

RESEARCH AND DEVELOPMENT

Development costs (drug registrations) incurred on specific projects are capitalised where recoverability can be assessed with reasonable certainty and amortised in line with the expected sales arising from the project.

All other development costs are written off in the year of expenditure.

FINANCIAL INSTRUMENTS

Income and expenditure arising on financial instruments is recognised on the accruals basis, and credited or charged to the profit and loss account in the financial period to which it relates.

Year Ended 31 March 2001

	Note	2001 £	2000 £
TURNOVER	1	31,908,503	26,568,886
Cost of sales		(19,418,295)	(16,164,433)
GROSS PROFIT		12,490,208	10,404,453
Net operating expenses	2	(8,333,635)	(6,710,554)
OPERATING PROFIT		4,156,573	3,693,899
Share of profits of associate		40,000	40,000
Income from listed fixed asset investments		18,622	30,751
Amounts written off investments	13	(475,349)	–
Exceptional item: loss on sale of fixed asset	4	–	(100,295)
Net interest	5	(280,212)	(193,587)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	3,459,634	3,470,768
Tax on profit on ordinary activities	7	(852,414)	(1,107,710)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		2,607,220	2,363,058
Minority interest - equity		(549,822)	(237,626)
PROFIT FOR THE FINANCIAL YEAR		2,057,398	2,125,432
Dividends - equity	9	(895,040)	(815,585)
RETAINED PROFIT TRANSFERRED TO RESERVES	21	1,162,358	1,309,847
EARNINGS PER SHARE	10	28.73p	29.87p
DILUTED EARNINGS PER SHARE	10	28.34p	29.40p
ADJUSTED EARNINGS PER SHARE	10	37.60p	31.70p

The accompanying accounting policies and notes form an integral part of these financial statements.

As at 31 March 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Intangible assets	11	2,962,274	2,495,074
Tangible assets	12	1,661,691	1,511,745
Investments	13	1,107,774	1,583,671
Investment in associate	13	1,080,178	1,052,178
		6,811,917	6,642,668
CURRENT ASSETS			
Stocks	14	8,086,322	7,248,771
Debtors	15	11,340,519	9,565,183
Cash at bank and in hand		400,710	309,754
		19,827,551	17,123,708
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(11,695,573)	(10,543,599)
NET CURRENT ASSETS		8,131,978	6,580,109
TOTAL ASSETS LESS CURRENT LIABILITIES		14,943,895	13,222,777
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(1,176,815)	(1,152,651)
		13,767,080	12,070,126
CAPITAL AND RESERVES			
Called up share capital	20	716,032	716,032
Share premium account	21	3,246,228	3,246,228
Capital redemption reserve	21	105,829	105,829
Profit and loss account	21	9,617,016	8,446,186
SHAREHOLDERS' FUNDS - EQUITY	22	13,685,105	12,514,275
Minority interest - equity		81,975	(444,149)
		13,767,080	12,070,126

The financial statements were approved by the Board of Directors on 12 September 2001.

P A Lawrence – Director

The accompanying accounting policies and notes form an integral part of these financial statements.

As at 31 March 2001

	Note	2001 £	2000 £
FIXED ASSETS			
Intangible assets	11	680,241	432,484
Tangible assets	12	1,483,317	1,356,654
Investments	13	2,370,282	2,850,953
		4,533,840	4,640,091
CURRENT ASSETS			
Stocks	14	4,441,259	4,062,016
Debtors – falling due within one year	15	7,598,949	6,801,620
Debtors – falling due after more than one year	15	5,598,191	5,116,698
Cash at bank and in hand		266,079	184,718
		17,904,478	16,165,052
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(8,941,248)	(7,911,090)
NET CURRENT ASSETS		8,963,230	8,253,962
TOTAL ASSETS LESS CURRENT LIABILITIES		13,497,070	12,894,053
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(1,176,815)	(1,152,651)
		12,320,255	11,741,402
CAPITAL AND RESERVES			
Called up share capital	20	716,032	716,032
Share premium account	21	3,246,228	3,246,228
Capital redemption reserve	21	105,829	105,829
Profit and loss account	21	8,252,166	7,673,313
SHAREHOLDERS' FUNDS - EQUITY	22	12,320,255	11,741,402

The financial statements were approved by the Board of Directors on 12 September 2001.

P A Lawrence – Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Year Ended 31 March 2001

	Note	2001 £	2000 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	23	2,049,622	3,034,340
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		64,869	56,817
Interest paid		(345,081)	(250,404)
Dividends received		18,622	30,751
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(261,590)	(162,836)
TAXATION		(998,963)	(1,493,274)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of intangible fixed assets		(786,270)	(818,402)
Purchase of tangible fixed assets		(447,699)	(374,853)
Purchase of investments		–	(177,446)
Sale of tangible fixed assets		27,334	418,091
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(1,206,635)	(952,610)
ACQUISITIONS AND DISPOSALS			
Purchase of businesses		–	(1,170,821)
NET CASH OUTFLOW FROM ACQUISITIONS		–	(1,170,821)
EQUITY DIVIDENDS PAID		(815,658)	(730,242)
FINANCING			
Issue of shares		–	98,000
Increase in borrowing	25	2,405	760,568
NET CASH INFLOW FROM FINANCING		2,405	858,568
Decrease in cash	24	(1,230,819)	(616,875)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 31 March 2001

	2001 £	2000 £
PROFIT FOR THE FINANCIAL PERIOD	1,162,358	1,309,847
Exchange differences	8,472	(50,393)
TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD	1,170,830	1,259,454

The accompanying accounting policies and notes form an integral part of these financial statements.

Year Ended 31 March 2001

1. **TURNOVER**

A detailed breakdown of the turnover and profit applicable to each activity as required in the Statement of Standard Accounting Practice No 25 (Segmental Reporting) and the Companies Act has not been provided. In the opinion of the directors to do so would be seriously prejudicial to the group's business.

2. **COST OF SALES AND OTHER OPERATING INCOME**

	Continuing operations 2001	Continuing operations 2000
	£	£
Cost of sales	19,418,295	16,164,433
Net operating expenses		
Distribution costs	453,298	372,736
Administrative expenses	8,426,005	6,830,894
Other operating income	(545,668)	(493,076)
	8,333,635	6,710,554

Administrative expenses include £105,000 after tax of non-recurring business relocation expenses.

3. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

The profit on ordinary activities before taxation is stated after:

	2001	2000
	£	£
Hire of plant and machinery	27,197	23,886
Gain on foreign currency transactions	(287,281)	(101,037)
Depreciation - owned assets	275,593	242,184
Amortisation of intangible assets	319,070	194,062
Profit/(loss) on disposal of fixed assets	5,174	(103,765)
Auditors' remuneration		
– audit services	38,000	38,000
– non audit services	34,920	37,872

4. **EXCEPTIONAL ITEM**

The loss on disposal of fixed assets in the prior year includes an exceptional loss of £100,295 incurred on the sale of a freehold property from the discontinued Petworld business.

Year Ended 31 March 2001

5.	NET INTEREST		2001	2000
			£	£
	On bank loans and overdrafts		345,081	250,404
	Other interest receivable		(64,869)	(56,817)
			<u>280,212</u>	<u>193,587</u>
<hr/>				
6.	DIRECTORS AND EMPLOYEES			
	Staff costs during the year were as follows:			
			2001	2000
			£	£
	Wages and salaries		3,446,843	3,270,559
	Social security costs		302,679	274,455
	Pension costs		80,151	68,269
			<u>3,829,673</u>	<u>3,613,283</u>
	The average number of employees during the year was:			
			Number	Number
	Directors		2	2
	Production and development		52	44
	Administration and distribution		68	63
	Sales		40	36
			<u>162</u>	<u>145</u>
	Remuneration in respect of directors was as follows:			
			2001	2000
			Total	Total
			£'000	£'000
	Executive	Salary		
		£'000		
		Bonus		
		£'000		
	P A Lawrence	92	92	89
	M E Brent	84	147	141
	Non-executive			
	J W Dick	-	-	-
		<u>176</u>	<u>239</u>	<u>230</u>
		<u>63</u>		
	During the year one director (2000: one director) participated in defined benefit pension schemes and no directors (2000: no directors) participated in money purchase schemes.			
	During the year M E Brent notified the Company of his intention to exercise 16,000 share options (2000: nil) in December 2000. The shares were issued in June 2001.			
	Information regarding the highest paid director is as follows:			
			2001	2000
			£	£
	Emoluments		<u>147,129</u>	<u>141,183</u>
	The highest paid director's accrued pension at the year end was £nil (2000: £nil) and the highest paid director's lump sum was £nil (2000: £nil).			

Year Ended 31 March 2001

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is based on the profit for the year and represents:

	2001 £	2000 £
UK corporation tax at 30% (2000: 30%)	988,552	1,026,344
USA tax paid	5,061	1,818
Adjustments in respect of prior period	(153,199)	67,548
Share of tax of associate	12,000	12,000
	<u>852,412</u>	<u>1,107,710</u>

8. PROFIT FOR THE FINANCIAL YEAR

The parent company has not included its own profit and loss account in these financial statements as permitted by section 230 of the Companies Act 1985. The group profit for the year includes £1,484,508 (2000: £1,852,452) which is dealt with in the financial statements of the company.

9. DIVIDENDS

	2001 £	2000 £
Equity dividends:		
Ordinary shares		
Interim dividend of 2.8p per Ordinary 10p share (2000: 2.5p)	200,489	178,317
Proposed final dividend of 9.7p per Ordinary 10p share (2000: 8.9p)	694,551	637,268
	<u>895,040</u>	<u>815,585</u>

Year Ended 31 March 2001

10. EARNINGS PER SHARE

The calculation of earnings per share is based upon the profit for the financial year dividend by the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares and the post tax effect of dividends, on the assumed conversion of all dilutive options and other dilutive potential ordinary shares.

	2001			2000		
	Earnings £'000	Weighted average number of shares '000	Per share amount pence	Earnings £'000	Weighted average number of shares '000	Per share amount pence
Basic earnings per share						
Earnings attributable to ordinary shareholders	2,057	7,160	28.73	2,125	7,115	29.87
Dilutive effect of securities						
Options	–	96	(0.39)	–	113	(0.47)
	<u>2,057</u>	<u>7,256</u>	<u>28.34</u>	<u>2,125</u>	<u>7,228</u>	<u>29.40</u>

An adjusted earnings per share has also been presented, based on profit after tax excluding amortisation, exceptional and non-recurring items. This basis has been used to show the underlying performance of the continuing business and the directors consider that this gives a useful additional indicator.

	2001			2000		
	Earnings £'000	Weighted average number of shares '000	Per share amount pence	Earnings £'000	Weighted average number of shares '000	Per share amount pence
Basic earnings per share						
Earnings attributable to ordinary shareholders	2,057	7,160	28.73	2,125	7,115	29.87
Adjustments						
Goodwill amortisation	56			30		
Amounts written off investments	475			–		
Loss on sale of fixed assets	–			100		
Non-recurring business relocation expenses	105			–		
Adjusted basic earnings per share	<u>2,693</u>	<u>7,160</u>	<u>37.60</u>	<u>2,255</u>	<u>7,115</u>	<u>31.70</u>

Year Ended 31 March 2001

11. INTANGIBLE FIXED ASSETS					
Group					
	Book origination £	Goodwill £	Drug registration £	Trade marks £	Total £
Cost:					
At 1 April 2000	259,745	1,036,195	1,537,992	68,221	2,902,153
Additions	327,824	–	458,446	–	786,270
At 31 March 2001	587,569	1,036,195	1,996,438	68,221	3,688,423
Amortisation:					
At 1 April 2000	11,885	30,335	335,012	29,847	407,079
Provided in the year	68,855	56,418	190,385	3,412	319,070
At 31 March 2001	80,740	86,753	525,397	33,259	726,149
Net book amount:					
At 31 March 2001	506,829	949,442	1,471,041	34,962	2,962,274
At 31 March 2000	247,860	1,005,860	1,202,980	38,374	2,495,074
Company					
	Book origination £	Goodwill £	Trade marks £	Total £	
Cost:					
At 1 April 2000	259,745	154,545	68,221	482,511	
Additions	327,824	–	–	327,824	
At 31 March 2001	587,569	154,545	68,221	810,335	
Amortisation:					
At 1 April 2000	11,885	8,295	29,847	50,027	
Provided in the year	68,855	7,800	3,412	80,067	
At 31 March 2001	80,740	16,095	33,259	130,094	
Net book value:					
At 31 March 2001	506,829	138,450	34,962	680,241	
At 31 March 2000	247,860	146,250	38,374	432,484	

Book origination:

These relate to the costs of obtaining and developing book titles. All capitalised costs are to be amortised over a 5 year period commencing on the date of the first sale.

Five years is considered to be a reliable estimate of the minimum sale period.

Year Ended 31 March 2001

12. TANGIBLE FIXED ASSETS

Group

	Long leasehold property £	Freehold property £	Alterations to premises £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:							
At 1 April 2000	199,816	505,450	105,983	1,047,907	276,421	350,788	2,486,365
Additions	–	–	79,855	252,721	53,893	61,230	447,699
Disposals	–	–	–	(14,230)	–	(97,700)	(111,930)
At 31 March 2001	199,816	505,450	185,838	1,286,398	330,314	314,318	2,822,134
Depreciation:							
At 1 April 2000	19,476	53,918	32,776	512,049	181,099	175,302	974,620
Provided in the year	4,124	10,110	14,640	152,666	40,804	53,249	275,593
Disposals	–	–	–	(13,429)	–	(76,341)	(89,770)
At 31 March 2001	23,600	64,028	47,416	651,286	221,903	152,210	1,160,443
Net book amount:							
At 31 March 2001	176,216	441,422	138,422	635,112	108,411	162,108	1,661,691
At 31 March 2000	180,340	451,532	73,207	535,858	95,322	175,486	1,511,745

Company

	Long leasehold property £	Freehold property £	Alterations to premises £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
Cost:							
At 1 April 2000	184,464	505,450	86,017	140,370	205,955	600,813	1,723,069
Additions	–	–	79,855	28,773	43,231	218,184	370,043
Disposals	–	–	–	–	(84,450)	(14,230)	(98,680)
At 31 March 2001	184,464	505,450	165,872	169,143	164,736	804,767	1,994,432
Depreciation:							
At 1 April 2000	4,124	53,918	12,687	80,143	88,778	126,765	366,415
Provided in the year	4,124	10,110	14,640	22,850	39,021	140,633	231,378
Disposals	–	–	–	–	(73,249)	(13,429)	(86,678)
At 31 March 2001	8,248	64,028	27,327	102,993	54,550	253,969	511,115
Net book amount:							
At 31 March 2001	176,216	441,422	138,545	66,150	110,186	550,798	1,483,317
At 31 March 2000	180,340	451,532	73,330	60,227	117,177	474,048	1,356,654

Year Ended 31 March 2001

13. FIXED ASSET INVESTMENTS	Group £	Company £
Cost:		
At 1 April 2000	2,635,849	2,850,953
Additions	27,452	–
Adjustments to cost of previous additions	–	(5,322)
At 31 March 2001	2,663,301	2,845,631
Provision for diminution in value	(475,349)	(475,349)
Net book amount:		
At 31 March 2001	2,187,952	2,370,282
At 31 March 2000	2,635,849	2,850,953

Unlisted investments represent investments in subsidiary and associated undertakings and other unquoted investments.

	2001 Group £	2000 Group £	2001 Company £	2000 Company £
Interest in group undertakings	–	–	1,293,492	1,298,266
Interest in associate	1,080,178	1,052,178	682,310	682,310
Investments listed on recognised stock exchange	394,480	870,377	394,480	870,377
Unlisted investments	713,294	713,294	–	–
	2,187,952	2,635,849	2,370,282	2,850,953

The market value of listed investments at 31 March 2001 was £394,480 (2000: £675,000).

The listed investments include 1,862,210 shares in Amberley Group plc.

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

Subsidiary undertakings	% Holdings	Class of shares	Country of incorporation
Agil Limited	100	Ordinary	Great Britain
Blackfast Chemicals Limited	100	Ordinary	Great Britain
Eco Animal Health Limited	50	Ordinary	Great Britain
Eco Animal Health (Europe) Limited	50	Ordinary	British Virgin Islands
Eco Group Limited	100	Ordinary	British Virgin Islands
Eco Animal Health Southern Africa (PTY) Limited	50	Ordinary	South Africa
Interpet Limited	100	Ordinary	Great Britain
Mikki Pet Products Limited	100	Ordinary	Great Britain
Petlove Limited	90.90	Ordinary	Great Britain
The Really Disposal Litter Tray Company Limited	100	Ordinary	Great Britain
Interpet LLC	100	Ordinary	United States of America

Eco Animal Health Limited, Eco Animal Health (Europe) Limited together with its subsidiaries and Eco Animal Health Southern Africa (Pty) Limited have been treated as subsidiaries of the company. Lawrence plc owns 100% of Eco Group Limited, which owns 50% of the share capital of Eco Animal Health (Europe) Limited. Eco Animal Health (Europe) Limited is the parent company of Eco Animal Health Limited and Eco Animal Health Southern (Pty) Limited. The directors consider that the company now exerts a dominant influence over Eco Animal Health Limited due to loans from the company to Eco Animal Health Limited, a subsidiary of Eco Animal Health (Europe) Limited.

Year Ended 31 March 2001

13. FIXED ASSET INVESTMENTS – continued

Associate undertaking	% Holdings	Class of shares	Country of incorporation
Idatchi Group Limited	34.50	Ordinary	Great Britain

The financial year end of Idatchi Group Limited is 31 December 2000.

The activities of the subsidiary companies are as follows:

Agil Limited

Non trading

Blackfast Chemicals Limited

Non trading

Eco Animal Health Limited

The manufacture and marketing of drugs for the meat producing animal industry

Eco Animal Health (Europe) Limited

Holding company for Eco Animal Health Limited

Eco Group Limited

Holding company for Eco Animal Health (Europe) Limited

Eco Animal Health Southern Africa (PTY) Limited

The manufacture and marketing of drugs for the meat producing animal industry

Interpet Limited

Non trading

Mikki Pet Products Limited

Non trading

Petlove Limited

Non trading

The Really Disposable Litter Tray Company Limited

Non trading

Interpet LLC

The manufacture and marketing of pet products and accessories.

The activities of the associate company are as follows:

Idatchi Group Limited

The distribution and blending of colour pigments and speciality chemicals.

The group's share of the results of Idatchi Group Limited are management's best estimate, as audited accounts for the year ended 31 December 2000 and management accounts for the period to 31 March 2001 are not available. The group's aggregate share of profit before tax in its associate for the year ended 31 March 2001 as included in these financial statements is £40,000 (2000: £40,000).

The group's aggregate share in its associate comprises:

	2001	2000
	£'000	£'000
Turnover	Not available	4,714
Fixed assets	429	429
Current assets	2,102	2,062
Liabilities due within one year	1,865	1,865
Liabilities due after one year or more	308	308

For the reasons set out previously the group's share in its associate companies can only be estimated. For the purposes of the group financial statements the aggregate share in its associate has been taken to be the same as at 31 March 2000 plus the estimated profit for the period.

Year Ended 31 March 2001

14.	STOCKS	2001	2000	2001	2000
		Group	Group	Company	Company
		£	£	£	£
	Raw materials	3,780,781	3,887,123	1,132,751	1,146,118
	Finished goods	4,305,541	3,361,648	3,308,508	2,915,898
		<u>8,086,322</u>	<u>7,248,771</u>	<u>4,441,259</u>	<u>4,062,016</u>
<hr/>					
15.	DEBTORS	2001	2000	2001	2000
		Group	Group	Company	Company
		£	£	£	£
	Trade debtors	10,146,990	8,896,344	6,049,934	6,142,121
	Amounts owed by group undertakings	–	–	540,541	71,157
	Amounts owed by associated company	365,908	–	365,908	–
	Other debtors	341,160	186,169	229,396	126,377
	Prepayments	486,461	426,670	413,170	405,965
	Unpaid issued share capital	–	56,000	–	56,000
		<u>11,340,519</u>	<u>9,565,183</u>	<u>7,598,949</u>	<u>6,801,620</u>
	Amounts falling due after more than one year				
	Amounts owed by group undertakings	–	–	5,598,191	5,116,698
<hr/>					
16.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2001	2000	2001	2000
		Group	Group	Company	Company
		£	£	£	£
	Bank loans and overdrafts	4,274,096	2,963,465	4,263,100	2,883,114
	Trade creditors	4,201,119	4,457,631	2,137,714	2,395,320
	Amounts owed to group companies	–	–	158,954	164,779
	Corporation tax	599,137	757,686	466,331	606,356
	Social security and other taxes	108,225	163,436	98,980	150,097
	Proposed dividends	894,967	815,585	894,967	815,585
	Other creditors	906,437	707,307	403,163	442,389
	Accruals	711,592	678,489	518,039	453,450
		<u>11,695,573</u>	<u>10,543,599</u>	<u>8,941,248</u>	<u>7,911,090</u>

Year Ended 31 March 2001

17.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2001 Group £	2000 Group £	2001 Company £	2000 Company £
	Bank loans	<u>1,176,815</u>	<u>1,152,651</u>	<u>1,176,815</u>	<u>1,152,651</u>
	Included within creditors above (notes 16 and 17) are the following amounts secured by a debenture on the assets of the group:				
		2001 Group £	2000 Group £	2001 Company £	2000 Company £
	Bank loans and overdrafts	<u>5,450,911</u>	<u>4,116,116</u>	<u>5,439,915</u>	<u>4,035,765</u>
<hr/>					
18.	BORROWINGS Borrowings are repayable as follows:	2001 Group £	2000 Group £	2001 Company £	2000 Company £
	Within one year				
	Bank borrowings	4,274,096	2,963,465	4,263,100	2,883,114
	After one and within two years				
	Bank borrowings	499,978	435,607	499,978	435,607
	After two and within five years				
	Bank borrowings	525,904	717,044	525,904	717,044
	After more than five years	150,933	–	150,933	–
		<u>5,450,911</u>	<u>4,116,116</u>	<u>5,439,915</u>	<u>4,035,765</u>
<hr/>					
19.	DEFERRED TAXATION				
	Deferred taxation provided for and not provided for in the financial statements is set out below. The amounts unprovided represent contingent liabilities at the balance sheet date and are calculated using the estimated rate at which tax will be paid.				
	Group	Amount provided		Amount unprovided	
		2001 £	2000 £	2001 £	2000 £
	Accelerated capital allowances	–	–	9,858	17,456
	Short term timing differences	–	–	(396)	(396)
	Gains rolled over into assets	–	–	347,764	347,764
		<u>–</u>	<u>–</u>	<u>357,226</u>	<u>364,824</u>

Year Ended 31 March 2001

19. DEFERRED TAXATION – continued

Company

	Amount provided		Amount unprovided	
	2001 £	2000 £	2001 £	2000 £
Accelerated capital allowances	–	–	9,858	17,456
Short term timing differences	–	–	(396)	(396)
Gains rolled over into assets	–	–	347,764	347,764
	–	–	357,226	364,824

20. CALLED UP SHARE CAPITAL

Authorised:

9,665,866 ordinary shares of £0.10 each

10,794 deferred ordinary shares of £0.10 each

32,334 convertible preference shares of £1 each

Allotted, issued and fully paid:

7,160,320 ordinary shares of £0.10 (2000: 7,104,320 ordinary shares of £0.10)

Allotted, issued and unpaid:

Nil ordinary shares of £0.10 (2000: 56,000 ordinary shares of £0.10)

	2001 £	2000 £
Authorised:		
9,665,866 ordinary shares of £0.10 each	966,587	966,587
10,794 deferred ordinary shares of £0.10 each	1,079	1,079
32,334 convertible preference shares of £1 each	32,334	32,334
	1,000,000	1,000,000
Allotted, issued and fully paid:		
7,160,320 ordinary shares of £0.10 (2000: 7,104,320 ordinary shares of £0.10)	716,032	710,432
Allotted, issued and unpaid:		
Nil ordinary shares of £0.10 (2000: 56,000 ordinary shares of £0.10)	–	5,600
	716,032	716,032

Under the company’s existing employee share option scheme, employees held options at 31 March 2001 for 676,860 ordinary shares (2000: £676,860) as follows:

Number of shares	Option price per share pence	Options period ending
16,000	100	January 2001
20,000	100	September 2002
25,000	100	January 2005
81,660	180	October 2005
85,000	290	August 2006
198,300	390	August 2007
122,000	375	October 2008
128,900	395	October 2008

During the year no options were granted (2000: 128,000) and no options were exercised (2000: 86,000).

Notification to exercise options in relation to 16,000 shares was received by the Company in December 2000 and the shares were issued in June 2001.

Year Ended 31 March 2001

21. SHARE PREMIUM ACCOUNT AND RESERVES

Group

	Share premium account £	Capital redemption reserves £	Profit and loss account £
At 1 April 2000	3,246,228	105,829	8,446,186
Retained profit for the year	–	–	1,162,358
Exchange differences	–	–	8,472
At 31 March 2001	<u>3,246,228</u>	<u>105,829</u>	<u>9,617,016</u>

Company

At 1 April 2000	3,246,228	105,829	7,673,313
Retained profit for the year	–	–	589,468
Exchange differences	–	–	(10,615)
At 31 March 2001	<u>3,246,228</u>	<u>105,829</u>	<u>8,252,166</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2001 £	2000 £
Profit for the financial year	2,057,398	2,125,432
Dividends	(895,040)	(815,585)
	<u>1,162,358</u>	1,309,847
Exchange differences	8,472	(50,393)
Increase in shares	–	98,000
Net increase in shareholders' funds	<u>1,170,830</u>	1,357,454
Shareholders' funds at 1 April 2000	12,514,275	11,156,821
Shareholders' funds at 31 March 2001	<u>13,685,105</u>	<u>12,514,275</u>

The cumulative amount of goodwill arising from acquisitions which has been written off to reserves has not been disclosed as the information cannot be obtained without unreasonable expense and delay.

Year Ended 31 March 2001

22.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS – continued		
	Company		
		2001	2000
		£	£
	Profit for the financial year	1,484,508	1,852,452
	Dividends	(895,040)	(815,585)
		<u>589,468</u>	<u>1,036,867</u>
	Exchange differences	(10,615)	(50,393)
	Increase in shares	–	98,000
	Net increase in shareholders' funds	578,853	1,084,474
	Shareholders' funds at 1 April 2000	11,741,402	10,656,928
	Shareholders' funds at 31 March 2001	<u>12,320,255</u>	<u>11,741,402</u>
<hr/>			
23.	NET CASH (OUTFLOW/INFLOW) FROM OPERATING ACTIVITIES		
		2001	2000
		£	£
	Operating profit	4,156,573	3,693,899
	Exchange loss	(4,612)	–
	Depreciation	275,593	242,184
	Amortisation charge	319,070	194,062
	Profit on disposal of fixed assets	(5,174)	(2,864)
	Increase in stocks	(837,551)	(597,253)
	Increase in debtors	(1,775,336)	(1,171,809)
	(Decrease)/increase in creditors	(78,941)	676,121
	Net cash inflow from operating activities	<u>2,049,622</u>	<u>3,034,340</u>
<hr/>			
24.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
		2001	2000
		£	£
	Decrease in cash in the year	(1,230,819)	(616,875)
	Increase in debt	(2,405)	(760,568)
	Change in net debt resulting from cash flows	<u>(1,233,224)</u>	<u>(1,377,443)</u>
	Effect of foreign exchange changes	(10,615)	(50,393)
	Movement in net debt in the year	(1,243,839)	(1,427,836)
	Net debt at 1 April 2000	(3,806,362)	(2,378,526)
	Net debt at 31 March 2001	<u>(5,050,201)</u>	<u>(3,806,362)</u>

Year Ended 31 March 2001

25. ANALYSIS OF CHANGES IN NET DEBT	At 31 March 2000 £	Cash flow £	Exchange movement £	At 31 March 2001 £
Cash at bank and in hand	309,754	90,956	–	400,710
Overdraft	(2,527,858)	(1,321,775)	–	(3,849,633)
	(2,218,104)	(1,230,819)	–	(3,448,923)
Debt	(1,588,258)	(2,405)	(10,615)	(1,601,278)
	<u>(3,806,362)</u>	<u>(1,233,224)</u>	<u>(10,615)</u>	<u>(5,050,201)</u>

26. CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2001 and 31 March 2000.

27. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2001 and 31 March 2000.

28. PENSIONS

Defined Contribution Pension Scheme

The group operates a defined contribution pension scheme and a defined benefit scheme for the benefit of certain directors and senior employees. The assets of the defined contribution scheme are held separately from the group and independently administered by an insurance company. The pension cost charge represents contributions payable to the fund in the year and amounted to £80,151 (2000: £68,269).

Defined Benefit Pension Scheme

Pension costs are assessed in accordance with the advice of a qualified actuary using the attained age method. The assumptions which have the most significant effect on the results of the valuation are 1) Rate of interest 6.5% to normal retirement date and 5% in possession. 2) Rate of general earnings increase 4%. The most recent valuation was as at 6 April 2000. The market value of scheme assets as at 6 April 2000 was £1,085,452. The actuarial value of those assets was sufficient to cover 101% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Year Ended 31 March 2001

29. LEASING COMMITMENTS

Group

Operating lease payments amounting to £530,075 (31 March 2000: £536,787) are due within one year. The leases to which these amounts relate expire as follows:

	2001		2000	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring:				
In one year or less	–	8,233	87,650	4,094
Between one and five years	49,000	146,362	184,750	73,312
In five years or more	325,499	981	186,000	981
	<u>374,499</u>	<u>155,576</u>	<u>458,400</u>	<u>78,387</u>

30. POST BALANCE SHEET EVENTS

Since the year end, the Group has reached an agreement to acquire the majority of shareholding in Idatchi Group Limited.

31. FINANCIAL INSTRUMENTS

The group uses financial instruments comprising borrowings, cash and liquid resources, and various items, such as trade debtors, trade creditors, etc, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the group's operations.

The main risks arising from the group's financial statements are interest rate risk, liquidity risk and foreign currency risk. The Board review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged since 1 April 2000.

It is and has been throughout the year under review, the group policy that no trading in financial instruments shall be undertaken.

Short term debtors and creditors

Short term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosure.

Interest rate risk

The group finances its operations through a mixture of retained profits and bank borrowings. At the year end the interest rate exposure of the group arose on sterling floating facilities of £4,659,178 (2000: £3,621,743) and a South African rand floating facility of R9,017,841 (2000: R5,140,000). The sterling loans bear an interest rate of 1.25% over bank base rates up to £6,500,000 (2000: £2,750,000) and 2.75% over bank base rates above this amount. The South African rand loan bears an interest rate which is the aggregate of a) 1.5% per annum and b) the rate at which the Bank is offered deposits in South African rands by leading banks in the London Interbank Market two business days before the start of each repayment period.

Liquidity of risk

The group ensures short-term flexibility through the use of the overdraft facilities. The Board does not at present consider that it is necessary to adopt a detailed borrowings policy as there are sufficient funds available within the current facilities. The maturity of liabilities is shown on note 18. The committed undrawn borrowing facilities of the group were £2,650,367.

Year Ended 31 March 2001

31. FINANCIAL INSTRUMENTS – continued

Currency risk

The group has one significant overseas subsidiary which operates in South Africa and whose revenues and expenses are denominated exclusively in rands. In order to protect the group's sterling balance sheet from the movements in the rand/sterling exchange rates, the group finances its net investments in this subsidiary by means of a South African rand borrowing. Gains and losses arising from this borrowing are recognised in the statement of total recognised gains and losses.

The group operates in overseas markets and is subject to currency exposures on transactions undertaken during the year. The group does not hedge any transactions, and foreign exchange differences on retranslation of foreign assets and liabilities are taken to the profit and loss account.

The table below shows the extent to which the group companies have monetary assets and liabilities in currencies other than sterling:

Functional currency of group operation	Net foreign currency monetary assets/(liabilities)				
	US Dollar £'000	Euro/ Deutschmark £'000	South African rand £'000	Yen £'000	Other currencies £'000
2001					
Sterling	2,095	422	(707)	(56)	95
2000					
Sterling	3,448	94	(1,138)	72	160

Financial assets and liabilities

The company has no financial assets other than debtors and cash at bank. Any group bank overdrafts are repayable on demand and are included in the balance sheet as a creditor due in less than one year. The balance sheet values for financial assets and liabilities are not materially different to their fair values.

32. RELATED PARTY TRANSACTIONS

During the year the group provided the services of a representative to C-Corp Limited, a company in which P A Lawrence is a director and shareholder. Fees charged during the year amounted to £10,000 (2000: £10,000). At the balance sheet date £11,750 (2000: £11,750) was due from C-Corp Limited.

During the year the group charged a management fee of £80,000 (2000: £80,000) to its associate Idatchi Group Limited. At the balance sheet date £365,908 (2000: £94,000) was due from Idatchi Group Limited.

33. NOTIFIABLE SALES FOR THE PURPOSES OF MAFF

The UK sales of Snailaway for the year ended 31 March 2001 were £17,621.

The UK sales of animal feed additives for the purpose of UKASTA was £233,053.

Notice is hereby given that the Annual General Meeting of Lawrence plc will be held at 78 Coombe Road, New Malden, Surrey on 1 November 2001 at 4.00 p.m. for the following purposes:

1. To receive and adopt the Report of the Directors and the Group financial statement for the 12 months ended 31 March 2001, together with the Report of the Auditors.
2. To approve the payment of a dividend of 9.7p per Ordinary share payable on 2 November 2001 to shareholders on the register on 21 September 2001.
3. To re-elect Mr. J W Dick the Director retiring by rotation who, being eligible, offers himself for re-election.
4. To appoint the Auditors, Grant Thornton and to authorise the Directors to determine their remuneration.

To consider and, if thought fit, to pass the following resolution as a special resolution.

5. That the directors be given power in accordance with section 95 of the Companies Act 1985 (the "Act") to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority conferred by that resolution as if section 89(1) of the Act did not apply to the allotment, provided that this power is limited to:
 - (a) the allotment of equity securities in connection with an offer (whether by way of a rights issue, open offer or otherwise) to the holders of ordinary shares of the company in proportion (as nearly as may be) to their respective holdings of ordinary shares, subject only to exclusions or other arrangements which the directors may deem necessary or expedient to deal with fractional entitlements, or any legal or practical problems arising in any territory or the requirements of any regulatory body or stock exchange, or any other matters; and
 - (b) the allotment (otherwise than under paragraph (a) above) of equity securities up to an aggregate nominal amount of £35,801.62
and will expire at the conclusion of the next annual general meeting of the company held after the date on which this resolution is passed, but the company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after this power expires.
6. To transact any other business.

By order of the Board

Kevin Stockdale, Secretary
New Malden

12 September 2001

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING

I/We of
 (Please complete in BLOCK CAPITALS)

being (a) Member(s) of the above named Company, owning shares; **HEREBY APPOINT**

..... of
 failing whom the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf on any resolution proposed at the Annual General Meeting of the Company to be held on 1 November 2001 and in particular to vote on the resolutions to be proposed thereat in the manner indicated below.

RESOLUTIONS	FOR	AGAINST
1. To receive and adopt the Directors' Report and Accounts of the Group for the 12 months ended 31 March 2001.		
2. To approve the payment of a dividend of 9.7p per Ordinary Share payable on 2 November 2001 to shareholders on the register on 21 September 2001.		
3. To re-elect Mr J W Dick as a Director who retires in rotation and, being eligible, offers himself for re-election.		
4. To appoint Grant Thornton as Auditors of the Company and to authorise the Directors to determine their remuneration.		
5. To disapply the pre-emption rights in relation to allotments of Shares made in the special resolution.		
6. To transact any other business.		

(Please indicate with an "X" in the appropriate space how you wish your vote to be cast. If no specific direction as to voting is given then proxy will vote or abstain at his discretion.)

Date: Signature:

NOTES:

1. If you wish to appoint a proxy other than the Chairman of the meeting, please insert the name and address of your proxy (who need not be a member of the Company).
2. This form of proxy must be lodged at the Company's Registered Office not less than 48 hours before the time appointed for the holding of the meeting.
3. In the case of a corporation, this form of proxy must be executed under seal or under the hand of a duly authorised officer of the corporation.
4. In the case of joint holders, the vote of the senior who tends a vote whether in person or by proxy shall be accepted to the exclusion of votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members in respect of the joint holdings.
5. Any alterations to this form of proxy should be initialled.



