

LAWRENCE plc

Report &
Accounts
2002

Lawrence plc is a leader in the development, manufacture and distribution of principally specialist chemical and pharmaceutical products for the animal health, farming, fish and domestic pet markets worldwide. Our products for these growth markets incorporate natural ingredients to promote well-being and sustainability. We achieve our financial goals through the careful and responsible application of science to generate value for our shareholders.

Contents

1	Group Information
2	Chairman's Statement
4	Company Information
5	Report of the Directors
7	Report of the Auditors
8	Principal Accounting Policies
10	Consolidated Profit and Loss Account
11	Consolidated Balance Sheet
12	Company Balance Sheet
13	Consolidated Cashflow Statement
13	Statement of Total Recognised Gains and Losses
14	Notes to the Financial Statements
31	Form of Proxy
33	Notice of Meeting

LAWRENCE plc

Head and Registered Office:

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

Fax: +44 (0) 20 8336 0909

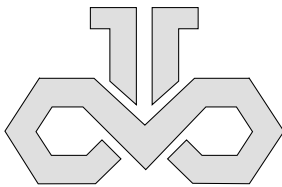
Tel: +44 (0) 20 8336 2900

www.lawrenceplc.com



Hercules 2, Calleva Park, Aldermaston
Reading RG7 8DN, England
Tel: +44(0)118 9813333 Fax: +44(0)118 9810909
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) 208 336 2900
Fax: +44 (0) 208 336 0909
www.blackfast.com

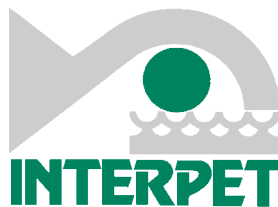
Blackfast Chemicals manufactures and sells a system for room temperature blacking of metal components which is supported by a range of surface preparation and finishing chemicals.



ANIMAL HEALTH

284 Chase Road, Southgate, London N14 6HF
Tel: +44 (0) 20 8447 8899 Fax: +44 (0) 20 8447 9292
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 that our businesses have stood up well to the pressures of international economic uncertainty and the company has again delivered a sound performance. Although the financial year has been a bumpy ride with peaks and troughs, sales rose almost 7 per cent to £34 million and profit before tax, exceptional item, amortisation of goodwill and minority interest reached £3.5 million. Earnings per share before amortisation of goodwill and exceptional item were 29 pence. Last December I wrote to you about our investments in Amberley Group plc and Idatchi Group Ltd. We are still recovering from those experiences and have learned a great deal in the process, not least being the understanding and continuing support shown by our shareholders. Thank you! We note that Amberley is conducting a tender offer which will generate some return for that company's long suffering shareholders and we will watch events with interest.

Our balance sheet and cash position remain strong and shareholder approval will be sought at the Annual General Meeting to declare a final dividend of 10.75p (net) per ordinary share, making a total for the year of 13.85p (net) per share, an increase of 11 per cent over 2001. The dividend will be paid on 2nd November 2002 to shareholders on the register on 13th September 2002.

In March 2002, together with our nominated advisor and broker, Charles Stanley & Co. Ltd., we raised £4.1 million (net of expenses) through the placing of 1,350,000 new ordinary shares. This issue attracted support from both new and existing investors. The funds have been used principally to acquire Ringpress Publishing Limited, a pet book business, which complements and significantly enlarges our Interpet Publishing division. In the current year, sales of Ringpress book titles are in line with our expectations and should make a significant contribution to profits.

The Board recognises that in these nervous markets sometimes a small trade in our shares can have a disproportionate impact on our share price. In order to create more liquidity in our shares and to make it easier for investors to deal, shareholders will be asked at the AGM to approve the capitalisation of part of our share premium account and also the issue of new bonus shares. The effect of these resolutions will be to triple the number of shares in issue and should lead to greater marketability in Lawrence plc shares.

As part of our policy of maintaining good communications with investors, our corporate website www.lawrenceplc.com was redesigned and expanded. Please visit it and register if you would like to receive announcements electronically.

ECO GROUP:

ECO Animal Health, which is a leading producer of pharmaceuticals to the farming industry worldwide, delivered another solid performance. The company continues to gain important registrations and market share in Europe, the USA and the rest of the world.

In recent months we have gained registrations for our ECOMECTIN Products (endectocides) range in the USA, Japan and China. We



have also registered AIVLOSIN FG 50 and water-soluble sachet products (patented macrolide antibiotic) in China. This should add substantially to sales commencing in the second half of the current financial year. Our office in Shanghai continues to grow as we have now added a sales and marketing team to complement the work of our registration staff serving that vast and important market. China remains the world's largest pig and poultry producer and we hope will become one of our most important markets. We are excited about receiving these important new registrations, which after some years of tough testing and documentation now give us the opportunity to commercialise our products.

New registrations, reflecting the success of our past research and development work, are now being granted at regular intervals; each new registration should make a significant contribution to our sales growth. The new drug registrations gained recently by ECO Animal Health represent real milestones for that business and future sales

should contribute significantly to future profit. Further important registrations are expected in the coming months.

AIVLOSIN, ECO's patented product for the treatment of respiratory and dysentery type diseases in pigs and poultry and ECOMECTIN, for the treatment of internal and external parasites, continue to enjoy good sales. The unique performance of AIVLOSIN has been well recognised by customers, who are also extending its use to improve animal health in the production processes.

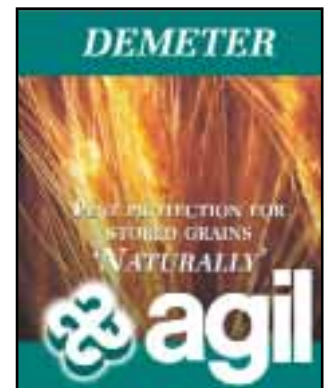
Each year I express my frustration at the length of the registration process in each country as the nature and extent of enquiries and testing demands from the certification bodies become ever more complex. We remain steadfast and patient in the face of these delays, confident that our products are safe and reliable. We are encouraged by the approvals already granted and know that it is only a matter of time before more are received. We shall continue to work relentlessly on the growth and success of ECO Animal Health. The company continues to expand and we are steadily adding to and strengthening its team around the world.

AGIL:

Agil remains in the forefront of the animal feed additive business with its unique approach, utilising natural means of providing bio security and growth performance to the farmed animal food industry. The combination of natural materials and harnessing natural digestion processes provides a realistic viable alternative to the use of antibiotics as growth promoters. We are encouraged that these antibiotics are progressively being banned in Europe and also in an increasing number of overseas countries, which export meat to the European Union. Agil's export growth has remained steady despite unfounded concerns early in the year resulting from the outbreak of foot and mouth disease in Britain. As 94 per cent of Agil sales are exported, currency fluctuations have an impact but the strategy of a strong product portfolio selling to a wide range of countries has maintained the development of the business, despite the strength of the pound. The economic weakness in important markets such as Argentina, Mexico and Turkey has not damaged overall sales; we are encouraged that some of these weaker markets are improving.

The South East Asian markets, which are particularly important for Agil products, have largely recovered from the problems of five years ago. Latin America has been a target for development and markets such as Brazil, Chile and Peru are now delivering returns from the foundation work in which we have been investing for some years. Agil's traditional feed range has recently been supplemented

by the addition of a non-chemical pesticide effective against insects infesting poultry houses and stored grain. This is a very exciting new area, pioneered by us in the UK and the product has rapidly gained an excellent reputation. The rollout to export markets is being





undertaken simultaneously and is expected to contribute strongly to Agil's growth. Details of Agil products and updates on technical news, together with our worldwide distribution network, may be found on the company's web site www.agil.com

INTERPET:

Interpet continues to develop and grow both organically through its core branded business and by acquisition. The year under review saw improved profits with particular success in UK sales and Aquatic/Pond products. During 2002 Interpet celebrates its 50th Anniversary. It is a company founded on innovation – using science to develop products to care for ponds and aquariums. In March 2002 we launched Airvolution, our new airpump, which is not only revolutionary in appearance but also uses the latest sound proofing engineering techniques to produce an extremely quiet yet powerful unit.

Sales of pet products continue to expand and we have opened many new accounts. The final stage in the re-packaging and upgrading of our Mikki grooming products has now been completed and has been met with an enthusiastic response from the trade and consumers.

The acquisition of Ringpress Publications in mid March 2002, virtually at the end of the financial year, is very significant as it enables Interpet Publishing to offer a range of over 800 pet and aquatic titles with complete exclusivity. Interpet Publishing is now the largest UK publisher of pet and aquatic titles. We know that pet owners are enthusiastic book buyers and we are dedicated to fulfilling their requirements by producing high-quality, authoritative reference books packed with in-depth information and superb graphics.

Our American subsidiary, which trades locally as Aquarium Products, is based in Baltimore. While the company had a difficult year with an overall sales decline of 12 per cent, this masked a strong second half recovery from the depressed levels of Autumn 2001 following the terrorist attacks. Our trade customers believed that their consumers would stay at home and therefore reduced their buying orders accordingly. In the event this did not happen and monthly sales revenue from December onwards exceeded that of the same period 12 months earlier and continues to grow.

Newly launched product ranges include; AP Plus – a line of fish medications targeting the general – not the specialist - fish keeper. AP Pro – medication for retailers in store use; books on fish keeping and water gardening; AP Pond – medication and water conditioner for the fast growing US pond market. Sales of all these products have made a good start. We are investing about \$250,000 in new plant and equipment for liquid medication production giving us sufficient capacity to meet growing demand. The USA is the market with the greatest potential for pet products and by adding carefully to our range each year we intend to increase sales significantly. Our website at www.info@aq-products.com gives detailed information about our products.

BLACKFAST:

Blackfast Chemicals is a small but usefully profitable division of Lawrence plc. Its overall efficiency and profit performance have improved this year following investment in new blending capacity and further computerisation of the sales department.

Significant growth has come from overseas sales with an increase of 12 per cent. For the first time, export sales now comprise the majority by sales value. Faced with a continuing sluggishness in the UK manufacturing sector, Blackfast has focused on the development of business in new manufacturing countries. We now have three distribution centres in China, managed by our own office in Guangzhou, and further new distributors have been appointed in three Eastern European countries. Contributions from these new distributors will become evident in the coming months. European countries generally have embraced the concept of the environmentally friendly Blackfast range where sales have increased across the board. Two new large automatic process lines have been commissioned in Scandinavia. New product development continues apace and we shall launch a range of

ferrous and non-ferrous metal antiquing products for the Middle East and Far East markets later this year. Blackfast has the potential to increase sales significantly over the coming years and we remain committed to this target. Our website at www.blackfast.com demonstrates our system process and gives information on our product range and network of distributors.



DIRECTOR

In June 2002 Gavin Casey joined our Board as a non-executive director; he was Chief Executive of the London Stock Exchange until 2000 and is a director of a number of other companies. Gavin's experience and clear thinking are already contributing to our Board discussions and I am confident that he is an asset to the company.

EMPLOYEES:

We employ a total of 187 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:

Industrial markets remain nervous and the economic and financial position of many countries is uncertain. Despite these factors, our financial performance has been sound and exports remain strong, representing some 30 per cent of total sales. The emergence of the USA and China as two entirely new markets for ECO Animal Health and the possibility of further important drug registrations are encouraging signs. We are confident that growth across Lawrence can be maintained; we have an excellent, committed and experienced team, which will continue to concentrate on delivering value to shareholders.

Peter Lawrence
Chairman

5 September 2002

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) G F Casey (Non-executive) appointed June 2002
SECRETARY:	K A Stockdale
BANKERS:	National Westminster Bank Plc National Westminster House 5 Sydenham Road Croydon CR0 3EX
AUDITORS:	F W Stephens & Co Registered Auditors Chartered Accountants 10 Charterhouse Square London EC1M 6LQ

The directors present their report together with financial statements for the year ended 31 March 2002.

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 3.1p per share on the Ordinary 10p shares was paid on 7 April 2002 (2001: 2.8p per Ordinary 10p share). The directors recommend a final dividend of 10.75p per Ordinary 10p share, making a total of 13.85p per Ordinary 10p share for the year ended 31 March 2002 (2001: 9.7p per Ordinary 10p share making a total of 12.5p per Ordinary 10p share).

SUBSTANTIAL SHAREHOLDINGS

At 31 March 2002, the company had been notified of the following holdings of 3% or more of its issued share capital.

	Ordinary 10p shares	%
P A Lawrence and family	3,398,599	39.68
D Salmon and family	1,100,999	13.01
J H and P A Lawrence as trustees of B Day and family	814,136	9.53
ABN Amro	435,000	5.09
Friends Ivory & Sime	360,000	4.21

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 2002 in the issued share capital of the company were as follows:

	Ordinary 10p shares	
	2002	2001
P A Lawrence (Chairman)	3,398,599	3,398,599
M E Brent	76,000	85,000
J W Dick (Non-executive)	56,000	56,000

G F Casey was appointed a Non-executive director in June 2002 and he purchased 20,000 shares.

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

M E Brent 2002: 210,000 (40,000 at £1.00; 50,000 at £1.80; 25,000 at £2.90; 65,000 at £3.90; 30,000 at £2.75)
2001: 196,000 (56,000 at £1.00; 50,000 at £1.80; 25,000 at £2.90; 65,000 at £3.90)

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 85 days (2001: 79 days) of average supplies for the year against terms agreed with our suppliers.

INTERNAL FINANCIAL CONTROL

The Board of Directors is responsible for the group's system of internal financial control. Internal control systems are designed to meet the particular needs of the companies concerned and the risks to which they are exposed. This provides reasonable, but not absolute, assurance against material misstatement or loss. Strict financial and other controls are exercised by the group over its subsidiary companies by day to day supervision of the businesses by the executive directors.

CORPORATE GOVERNANCE

The company's shares are traded on the Alternative Investment Market of the London Stock Exchange and the company is therefore not required to report on compliance with the Combined Code. The directors support the Combined Code and are implementing many of the recommendations which are relevant to a business the size of Lawrence plc.

DONATIONS

During the year the Group made charitable donations of £3,656 (2001: £3,926). 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 2002 was 405p per share (2001: 347.5p). During the year the company's share price traded in the range 275p to 409p.

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

F W Stephens & Co were appointed auditors to the company and in accordance with Section 385 of the Companies Act, a resolution proposing that they be reappointed will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

K A Stockdale – Secretary
5 September 2002

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAWRENCE PLC

We have audited the financial statements of Lawrence plc on pages 8 to 30 for the year ended 31 March 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the statement of directors' responsibilities on page 6 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Accounting Standards.

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 1985. 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 company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 company'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 company and group's affairs as at 31 March 2002 and of the loss of the group and the cash flow of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

F W Stephens & Co
Registered Auditors
Chartered Accountants

5 September 2002

BASIS OF PREPARATION

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

The group has adopted the provisions of FRS 18 'Accounting Policies' and FRS 19 'Deferred Tax', neither of which resulted in any significant impact upon the results of the group. The group adopted the transitional arrangements of FRS 17 'Retirement Benefits' which require additional disclosure only. The other 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 2002. 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

Goodwill arising on consolidation, representing the excess of the consideration given over the fair values of the identifiable net assets acquired, is capitalized 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 FRS 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, less provisions for permanent diminution in value.

The company balance sheet shows the investment in associates at cost, less provisions for permanent diminution of value.

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.

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

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS 19 – Deferred Tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallize in the foreseeable future.

The adoption of the standard requires a prior year adjustment to be made to recognize the liability which existed at the start of the financial year and which was not recognized under the old accounting policy. This has reduced the retained profits by £45,437.

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 regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme are disclosed as an asset or liability in the balance sheet.

RESEARCH AND DEVELOPMENT

Development costs for drug registrations are incurred on specific projects and 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 2002

	Note	2002 £	2001 £ (as restated)
TURNOVER	1	34,037,236	31,908,503
Cost of sales		(20,840,817)	(19,418,295)
GROSS PROFIT		13,196,419	12,490,208
Net operating expenses	2	(9,482,794)	(8,333,635)
OPERATING PROFIT		3,713,625	4,156,573
Share of profits of associate		–	40,000
Income from listed fixed asset investments		38,622	18,622
Exceptional item (amounts written off investments)	12	(2,640,842)	(475,349)
Net interest	4	(350,782)	(280,212)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	760,623	3,459,634
Tax on profit on ordinary activities	6	(669,958)	(880,395)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		90,665	2,579,239
Minority interest - equity		(286,663)	(549,822)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(195,998)	2,029,417
Dividends - equity	8	(1,182,973)	(895,040)
RETAINED (LOSS)/PROFIT TRANSFERRED TO RESERVES	21	(1,378,971)	1,134,377
EARNINGS PER SHARE	9	(2.70)p	28.34p
DILUTED EARNINGS PER SHARE	9	(2.67)p	27.95p
ADJUSTED EARNINGS PER SHARE	9	28.99p	37.22p

The Group's results are derived wholly from continuing operations

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

As at 31 March 2002

	Note	2002 £	2001 £ (as restated)
FIXED ASSETS			
Intangible assets	10	5,636,429	2,962,274
Tangible assets	11	1,565,898	1,661,691
Investments	12	1,107,774	1,107,774
Investment in associate	12	–	1,080,178
		8,310,101	6,811,917
CURRENT ASSETS			
Stocks	13	7,590,363	8,086,322
Debtors	14	12,421,819	11,340,519
Cash at bank and in hand		1,464,083	400,710
		21,476,265	19,827,551
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(11,478,055)	(11,695,573)
NET CURRENT ASSETS		9,998,210	8,131,978
TOTAL ASSETS LESS CURRENT LIABILITIES		18,308,311	14,943,895
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(1,309,897)	(1,176,815)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(570,707)	(45,437)
		16,427,707	13,721,643
CAPITAL AND RESERVES			
Called up share capital	20	854,132	716,032
Share premium account	21	7,251,818	3,246,228
Capital redemption reserve	21	105,829	105,829
Profit and loss account	21	7,950,928	9,571,579
EQUITY SHAREHOLDERS' FUNDS	22	16,162,707	13,639,668
Minority interest - equity		265,000	81,975
		16,427,707	13,721,643

The financial statements were approved by the Board of Directors on 5 September 2002

P A Lawrence – Director

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

As at 31 March 2002

	Note	2002 £	2001 £ (as restated)
FIXED ASSETS			
Intangible assets	10	1,003,877	680,241
Tangible assets	11	1,374,776	1,483,317
Investments	12	3,385,102	2,370,282
		5,763,755	4,533,840
CURRENT ASSETS			
Stocks	13	5,143,452	4,441,259
Debtors – falling due within one year	14	7,863,516	7,598,949
Debtors – falling due after more than one year	14	5,064,304	5,598,191
Cash at bank and in hand		1,295,745	266,079
		19,367,017	17,904,478
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(8,061,533)	(8,941,248)
NET CURRENT ASSETS		11,305,484	8,963,230
TOTAL ASSETS LESS CURRENT LIABILITIES		17,069,239	13,497,070
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(1,309,897)	(1,176,815)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(570,707)	(45,437)
		15,188,635	12,274,818
CAPITAL AND RESERVES			
Called up share capital	20	854,132	716,032
Share premium account	21	7,251,818	3,246,228
Capital redemption reserve	21	105,829	105,829
Profit and loss account	21	6,976,856	8,206,729
EQUITY SHAREHOLDERS' FUNDS	22	15,188,635	12,274,818

The financial statements were approved by the Board of Directors on 5 September 2002

P A Lawrence – Director

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

Year Ended 31 March 2002

	Note	2002 £	2001 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	23	4,588,125	2,049,622
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		28,944	64,869
Interest paid		(379,726)	(345,081)
Dividends received		38,622	18,622
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(312,160)	(261,590)
TAXATION		(694,781)	(998,963)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of intangible fixed assets		(1,402,832)	(786,270)
Purchase of tangible fixed assets		(258,088)	(447,699)
Purchase of investments		(1,047,719)	–
Sale of tangible fixed assets		41,115	27,334
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(2,667,524)	(1,206,635)
ACQUISITIONS			
Purchase of businesses		(1,477,130)	–
NET CASH OUTFLOW FROM ACQUISITIONS		(1,477,130)	–
EQUITY DIVIDENDS PAID		(894,661)	(815,658)
FINANCING			
Issue of shares		4,143,689	–
(Repayment of)/increase in borrowing (net)	25	(410,645)	2,405
NET CASH INFLOW FROM FINANCING		3,733,044	2,405
Increase/(Decrease) in cash	24	2,274,913	(1,230,819)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year Ended 31 March 2002

	2002 £	2001 £ (as restated)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD	(1,378,971)	1,134,377
Exchange differences	(241,674)	8,472
TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD	(1,620,645)	1,142,849

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

Year Ended 31 March 2002

1. **TURNOVER**

A detailed breakdown of the turnover and profit applicable to each activity and geographical segment 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. **NET OPERATING EXPENSES**

	Total 2002 £	Total 2001 £
Distribution costs	513,291	453,298
Administrative expenses	9,093,388	8,426,005
Other operating income	(123,885)	(545,668)
	<u>9,482,794</u>	<u>8,333,635</u>

Administrative expenses include no non-recurring expenses. (2001: £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:

	2002 £	2001 £
Hire of plant and machinery	32,989	27,197
Gain on foreign currency transactions	(363,345)	(287,281)
Depreciation - owned assets	304,622	275,593
Amortisation of intangible assets	425,807	319,070
Loss/(Profit) on disposal of fixed assets	8,144	(5,174)
Auditors' remuneration		
– audit services	25,000	38,000
– non audit services	38,164	34,920
	<u>38,164</u>	<u>34,920</u>

4. **NET INTEREST**

	2002 £	2001 £
On bank loans and overdrafts	379,726	345,081
Other interest receivable	(28,944)	(64,869)
	<u>350,782</u>	<u>280,212</u>

Year Ended 31 March 2002

5. DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2002 £	2001 £
Wages and salaries	3,597,596	3,446,843
Social security costs	350,496	302,679
Pension costs	131,747	80,151
	<u>4,079,839</u>	<u>3,829,673</u>

The average number of employees during the year was:

	Number	Number
Directors	2	2
Production and development	51	52
Administration and distribution	73	68
Sales	42	40
	<u>168</u>	<u>162</u>

Remuneration in respect of directors was as follows:

	Salary £'000	Bonus £'000	2002 Total £'000	2001 Total £'000
Executive				
P A Lawrence	63	–	63	92
M E Brent	86	–	86	147
Non-executive				
J W Dick	–	–	–	–
	<u>149</u>	<u>–</u>	<u>149</u>	<u>239</u>

During the year one director (2001: one director) participated in a money purchase pension scheme and no directors (2001: no directors) participated in defined benefit schemes.

In June 2001 M E Brent exercised 16,000 share options (2001: nil).

The Group made a pension contribution of £32,000 (2001: £nil) to a pension scheme for the benefit of P A Lawrence.

Information regarding the highest paid director is as follows:

	2002 £	2001 £
Emoluments	<u>86,745</u>	<u>147,129</u>

The highest paid director's accrued pension at the year end was £nil (2001: £nil) and the highest paid director's lump sum was £nil (2001: £nil).

Non-executive Directors' fees arising from the services of P A Lawrence to Baronsmead VCT Plc and Higher Nature plc amounted to £22,000 and were paid to the Company.

Year Ended 31 March 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2002 £	2001 £
UK corporation tax at 30% (2001: 30%)	660,556	988,552
USA tax paid	4,132	5,061
Adjustments in respect of prior period	–	(153,199)
Share of tax of associate	–	12,000
Deferred tax	5,270	27,981
	<u>669,958</u>	<u>880,395</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>760,623</u>	<u>3,459,634</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2001: 30.00%)	<u>228,187</u>	<u>1,037,890</u>
Effects of:		
Non deductible expenses	288,211	150,180
Depreciation	183,296	146,320
Capital allowances	(79,672)	(82,422)
Other tax adjustments	(106,178)	(70,344)
Intra-group transactions eliminated on consolidation	146,712	(193,072)
	<u>432,369</u>	<u>(49,338)</u>
Current tax charge	<u>660,556</u>	<u>988,552</u>

7. 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 £72,366 (2001: £1,456,527) which is dealt with in the financial statements of the company.

8. DIVIDENDS

	2002 £	2001 £
Equity dividends:		
Ordinary shares		
Interim dividend of 3.1p per Ordinary 10p share (2001: 2.8p)	264,781	200,489
Proposed final dividend of 10.75p per Ordinary 10p share (2001: 9.7p)	918,192	694,551
	<u>1,182,973</u>	<u>895,040</u>

Year Ended 31 March 2002

9. 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.

	2002			2001		
	Earnings £'000	Weighted average number of shares '000	Per share amount (pence)	Earnings (as restated) £'000	Weighted average number of shares '000	Per share amount (pence)
Basic earnings per share						
Earnings attributable to ordinary shareholders	(196)	7,250	(2.70)	2,029	7,160	28.34
Dilutive effect of securities						
Options	–	96	0.03	–	96	(0.39)
	<u>(196)</u>	<u>7,346</u>	<u>(2.67)</u>	<u>2,029</u>	<u>7,256</u>	<u>27.95</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.

	2002			2001		
	Earnings £'000	Weighted average number of shares '000	Per share amount (pence)	Earnings (as restated) £'000	Weighted average number of shares '000	Per share amount (pence)
Basic earnings per share						
Earnings attributable to ordinary shareholders	(196)	7,250	(2.70)	2,029	7,160	28.34
Adjustments						
Goodwill amortisation	66		0.91	56		0.78
Exceptional item (amounts written off investments)	2,641		36.43	475		6.63
Less tax effects	(409)		(5.64)	–		–
Non-recurring business relocation expenses	–		–	105		1.47
Adjusted basic earnings per share	<u>2,102</u>	<u>7,250</u>	<u>28.99</u>	<u>2,665</u>	<u>7,160</u>	<u>37.22</u>

Year Ended 31 March 2002

10. INTANGIBLE FIXED ASSETS					
Group					
	Book origination £	Goodwill £	Drug registration £	Trade marks £	Total £
Cost:					
At 1 April 2001	587,569	1,036,195	1,996,438	68,221	3,688,423
Additions	459,112	1,697,130	943,720	–	3,099,962
At 31 March 2002	1,046,681	2,733,325	2,940,158	68,221	6,788,385
Amortisation:					
At 1 April 2001	80,740	86,753	525,397	33,259	726,149
Provided in the year	124,264	65,914	232,217	3,412	425,807
At 31 March 2002	205,004	152,667	757,614	36,671	1,151,956
Net book amount:					
At 31 March 2002	841,677	2,580,658	2,182,544	31,550	5,636,429
At 31 March 2001	506,829	949,442	1,471,041	34,962	2,962,274
Company					
	Book origination £	Goodwill £	Trade marks £	Total £	
Cost:					
At 1 April 2001	587,569	154,545	68,221	810,335	
Additions	459,112	–	–	459,112	
At 31 March 2002	1,046,681	154,545	68,221	1,269,447	
Amortisation:					
At 1 April 2001	80,740	16,095	33,259	130,094	
Provided in the year	124,264	7,800	3,412	135,476	
At 31 March 2002	205,004	23,895	36,671	265,570	
Net book value:					
At 31 March 2002	841,677	130,650	31,550	1,003,877	
At 31 March 2001	506,829	138,450	34,962	680,241	

Year Ended 31 March 2002

11. 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 2001	199,816	505,450	185,838	1,286,398	330,314	314,318	2,822,134
Additions	–	–	13,836	177,251	28,158	38,843	258,088
Disposals	–	–	–	(4,160)	–	(161,755)	(165,915)
At 31 March 2002	199,816	505,450	199,674	1,459,489	358,472	191,406	2,914,307
Depreciation:							
At 1 April 2001	23,600	64,028	47,416	651,286	221,903	152,210	1,160,443
Provided in the year	4,124	10,110	22,989	175,448	41,278	50,673	304,622
Disposals	–	–	–	(4,000)	–	(112,656)	(116,656)
At 31 March 2002	27,724	74,138	70,405	822,734	263,181	90,227	1,348,409
Net book amount:							
At 31 March 2002	172,092	431,312	129,269	636,755	95,291	101,179	1,565,898
At 31 March 2001	176,216	441,422	138,422	635,112	108,411	162,108	1,661,691

Company

	Long leasehold property £	Freehold property £	Alterations to premises £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
Cost:							
At 1 April 2001	184,464	505,450	165,872	169,143	164,736	804,767	1,994,432
Additions	–	–	9,063	20,870	22,688	119,749	172,370
Disposals	–	–	–	–	(115,111)	(4,160)	(119,271)
At 31 March 2002	184,464	505,450	174,935	190,013	72,313	920,356	2,047,531
Depreciation:							
At 1 April 2001	8,248	64,028	27,327	102,993	54,550	253,969	511,115
Provided in the year	4,124	10,110	22,779	22,994	29,925	152,036	241,968
Disposals	–	–	–	–	(76,328)	(4,000)	(80,328)
At 31 March 2002	12,372	74,138	50,106	125,987	8,147	402,005	672,755
Net book amount:							
At 31 March 2002	172,092	431,312	124,829	64,026	64,166	518,351	1,374,776
At 31 March 2001	176,216	441,422	138,545	66,150	110,186	550,798	1,483,317

Year Ended 31 March 2002

12. FIXED ASSET INVESTMENTS	Group £	Company £
Cost:		
At 1 April 2001	2,663,301	2,845,631
Additions	1,047,719	2,744,849
At 31 March 2002	3,711,020	5,590,480
Provision for diminution in value	(2,603,246)	(2,205,378)
Net book amount:		
At 31 March 2002	1,107,774	3,385,102
At 31 March 2001	2,187,952	2,370,282

	2002 Group £	2001 Group £	2002 Company £	2001 Company £
Interest in group undertakings	–	–	2,990,622	1,293,492
Interest in associate	–	1,080,178	–	682,310
Investments listed on recognised stock exchanges	394,480	394,480	394,480	394,480
Unlisted investments	713,294	713,294	–	–
	1,107,774	2,187,952	3,385,102	2,370,282

The market value of listed investments at 31 March 2002 was £460,897 (2001: £394,480).

The listed investments include 1,862,210 Ordinary 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	%	Class of shares	Country of incorporation
	Holdings		
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
Ringpress Publishing 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 Africa (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 Group.

Year Ended 31 March 2002

12. **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 2001.

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

Eco LLC

Non trading

Interpet Limited

Non trading

Ringpress Publishing 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 were as follows:

Idatchi Group Limited

The distribution and blending of colour pigments and speciality chemicals.

During the year under review, the company was offered the opportunity to acquire a controlling interest in the Idatchi Group. However after due diligence work it became apparent that the company could not survive without significant further support from Lawrence plc. Accordingly after due consideration, receivers were appointed and full provision has been made for the value of the investment in Lawrence plc's accounts. The amount provided was £2,640,842 and has been shown as the exceptional item. (2001: £475,349 – provision for permanent diminution in value of holding in Amberley Group plc.)

The unlisted investments comprise a holding of loan notes arising from the disposal several years ago of part of the group's non core business. The purchasers have been attempting to redeem them for a sum substantially below book value. The directors are strenuously resisting these attempts, and have commissioned an independent valuation which gives the directors confidence that the value assigned to the investment in these financial statements is appropriate.

Year Ended 31 March 2002

13.	STOCKS				
		2002	2001	2002	2001
		Group	Group	Company	Company
		£	£	£	£
	Raw materials	2,414,371	3,780,781	1,087,870	1,132,751
	Finished goods	5,175,992	4,305,541	4,055,582	3,308,508
		<u>7,590,363</u>	<u>8,086,322</u>	<u>5,143,452</u>	<u>4,441,259</u>
14.	DEBTORS				
		2002	2001	2002	2001
		Group	Group	Company	Company
		£	£	£	£
	Trade debtors	11,597,355	10,146,990	6,502,054	6,049,934
	Amounts owed by group undertakings	–	–	781,136	540,541
	Amounts owed by associated company	–	365,908	–	365,908
	Other debtors	486,329	341,160	295,131	229,396
	Prepayments	338,135	486,461	285,195	413,170
		<u>12,421,819</u>	<u>11,340,519</u>	<u>7,863,516</u>	<u>7,598,949</u>
	Amounts falling due after more than one year				
	Amounts owed by group undertakings	–	–	5,064,304	5,598,191
15.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
		2002	2001	2002	2001
		Group	Group	Company	Company
		£	£	£	£
	Bank loans and overdrafts	2,638,093	4,274,096	2,636,785	4,263,100
	Trade creditors	4,865,970	4,201,119	2,334,829	2,137,714
	Amounts owed to group companies	–	–	100,089	158,954
	Corporation tax	569,044	599,137	336,655	466,331
	Social security and other taxes	121,461	108,225	92,948	98,980
	Proposed dividends	1,183,279	894,967	1,183,279	894,967
	Other creditors	1,189,268	906,437	565,010	403,163
	Accruals	910,940	711,592	811,938	518,039
		<u>11,478,055</u>	<u>11,695,573</u>	<u>8,061,533</u>	<u>8,941,248</u>

Year Ended 31 March 2002

16.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2002 Group £	2001 Group £	2002 Company £	2001 Company £
	Bank loans	<u>1,309,897</u>	<u>1,176,815</u>	<u>1,309,897</u>	<u>1,176,815</u>
	Included within creditors above (notes 15 and 16) are the following amounts secured by a debenture on the assets of the group:				
		2002 Group £	2001 Group £	2002 Company £	2001 Company £
	Bank loans and overdrafts	<u>3,947,990</u>	<u>5,450,911</u>	<u>3,946,682</u>	<u>5,439,915</u>
17.	PROVISIONS FOR LIABILITIES AND CHARGES	2002 Group £	2001 Group £	2002 Company £	2001 Company £
	Provision for deferred taxation	50,707	45,437	50,707	45,437
	Anticipated earnout on acquisition of Ringpress Publishing Limited (see note 26)	520,000	–	520,000	–
		<u>570,707</u>	<u>45,437</u>	<u>570,707</u>	<u>45,437</u>
18.	BORROWINGS				
	Borrowings are repayable as follows:				
		2002 Group £	2001 Group £	2002 Company £	2001 Company £
	Within one year				
	Bank borrowings	2,638,093	4,274,096	2,636,785	4,263,100
	After one and within two years				
	Bank borrowings	384,817	499,978	384,817	499,978
	After two and within five years				
	Bank borrowings	740,284	525,904	740,284	525,904
	After more than five years	184,796	150,933	184,796	150,933
		<u>3,947,990</u>	<u>5,450,911</u>	<u>3,946,682</u>	<u>5,439,915</u>
	The general terms of these loans are disclosed in Note 31.				

Year Ended 31 March 2002

19. DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below. All amounts have been provided for according to the provisions of FRS 19 and the liability arising in previous years has been brought into account by means of a Prior Year Adjustment (Note 21)

Company and Group

	Amount provided		Amount unprovided	
	2002 £	2001 £	2002 £	2001 £
Accelerated capital allowances	50,707	45,437	–	–
Short term timing differences	–	–	–	(396)
Gains rolled over into assets	–	–	347,764	347,764
	<u>50,707</u>	<u>45,437</u>	<u>347,764</u>	<u>347,368</u>

The provisions of FRS 19 prohibit provision for deferred tax on gains rolled over into new assets.

20. CALLED UP SHARE CAPITAL

Authorised:

9,665,866 ordinary shares of 10p each

10,794 deferred ordinary shares of 10p each

32,334 convertible preference shares of £1 each

Allotted, issued and fully paid:

8,541,324 ordinary shares of 10p (2001: 7,160,324 ordinary shares of 10p)

2002 £	2001 £
966,587	966,587
1,079	1,079
32,334	32,334
<u>1,000,000</u>	<u>1,000,000</u>
<u>854,132</u>	<u>716,032</u>

Under the company's existing employee share option scheme, employees held options at 31 March 2002 for 694,860 ordinary shares (2001: 676,860) as follows:

Number of shares	Option price per share pence	Options period ending
20,000	100	September 2002
25,000	100	January 2005
66,660	180	October 2002
85,000	290	August 2003
148,300	390	August 2004
43,000	390	August 2007
63,200	375	October 2005
46,800	375	October 2008
99,735	395	October 2006
15,165	375	October 2009
82,000	275	October 2008

During the year 82,000 options were granted (2001: nil); and 31,000 options were exercised (2001: nil) and 33,000 options were cancelled (2001: nil).

On 11 March 2002, the Company issued by means of an institutional placing, 1,350,000 new Ordinary shares of 10p each at a price of £3.20 each. After issue expenses of £219,310 this raised net funds of £4,100,690. These proceeds were used to fund the acquisition of Ringpress Publishing Limited and also to reduce group borrowings.

Year Ended 31 March 2002

21. SHARE PREMIUM ACCOUNT AND RESERVES

Group

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 April 2001	3,246,228	105,829	9,617,016
Provision for deferred tax per FRS 19 treated as prior year adjustment	—	—	(45,437)
At 1 April 2001 (as restated)	3,246,228	105,829	9,571,579
Retained loss for the year	—	—	(1,378,971)
Exchange differences	—	—	(241,680)
Share premium on shares issued during the year	4,005,590	—	—
At 31 March 2002	7,251,818	105,829	7,950,928

Company

At 1 April 2001	3,246,228	105,829	8,252,166
Provision for deferred tax per FRS 19 treated as prior year adjustment	—	—	(45,437)
At 1 April 2001 (as restated)	3,246,228	105,829	8,206,729
Retained loss for the year	—	—	(1,110,609)
Exchange differences	—	—	(119,264)
Share premium on shares issued during the year	4,005,590	—	—
At 31 March 2002	7,251,818	105,829	6,976,856

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2002 £	2001 £
(Loss)/profit for the financial year	(195,998)	2,029,417
Dividends	(1,182,973)	(895,040)
Exchange differences	(1,378,971)	1,134,377
Increase in shares	(241,679)	8,472
Net increase in shareholders' funds	4,143,689	—
Shareholders' funds at 1 April 2001 (as restated)	2,523,039	1,142,849
Shareholders' funds at 31 March 2002	13,639,668	12,496,819
	16,162,707	13,639,668

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 2002

22.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS – continued		
	Company		
		2002	2001
		£	£
	Profit for the financial year	72,366	1,456,527
	Dividends	(1,182,973)	(895,040)
		(1,110,607)	561,487
	Exchange differences	(119,264)	(10,615)
	Increase in shares	4,143,688	–
	Net increase in shareholders' funds	2,913,817	550,872
	Shareholders' funds at 1 April 2001	12,274,818	11,723,946
	Shareholders' funds at 31 March 2002	<u>15,188,635</u>	<u>12,274,818</u>
23.	NET CASH INFLOW FROM OPERATING ACTIVITIES		
		2002	2001
		£	£
	Operating profit	3,713,625	4,156,573
	Exchange loss	(226,048)	(4,612)
	Depreciation	304,622	275,593
	Amortisation charge	425,807	319,070
	Loss/(profit) on disposal of fixed assets	8,144	(5,174)
	Decrease/(increase) in stocks	795,959	(837,551)
	(Increase) in debtors	(1,394,245)	(1,775,336)
	(Decrease)/increase in creditors	960,261	(78,941)
	Net cash inflow from operating activities	<u>4,588,125</u>	<u>2,049,622</u>
24.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
		2002	2001
		£	£
	Increase/(decrease) in cash in the year	2,274,913	(1,230,819)
	Decrease/(increase) in debt	410,645	(2,405)
	Change in net debt resulting from cash flows	2,685,558	(1,233,224)
	Effect of foreign exchange differences	(119,264)	(10,615)
	Movement in net debt in the year	2,566,294	(1,243,839)
	Net debt at 1 April 2001	(5,050,201)	(3,806,362)
	Net debt at 31 March 2002	<u>(2,483,907)</u>	<u>(5,050,201)</u>

Year Ended 31 March 2002

25. ANALYSIS OF CHANGES IN NET DEBT

	At 31 March 2001 £	Cash flow £	Exchange movement £	At 31 March 2002 £
Cash at bank and in hand	400,710	1,063,373	–	1,464,083
Overdraft	(3,849,633)	1,211,540	–	(2,638,093)
	(3,448,923)	2,274,913	–	(1,174,010)
Debt	(1,601,278)	410,645	(119,264)	(1,309,897)
	<u>(5,050,201)</u>	<u>2,685,558</u>	<u>(119,264)</u>	<u>(2,483,907)</u>

26. ACQUISITION – RINGPRESS PUBLISHING LIMITED

On 12 February 2002 the company effectively acquired the business and trading stock of Ringpress Books Limited for an anticipated consideration of £1.82 million. This comprises an initial payment of £1.3 million and an anticipated earnout of £0.52 million based on projected results of the first two years post acquisition trading. The maximum earnout under the agreement is £2.1million. Acquisition accounting has been used to account for the transaction, and goodwill arising has been capitalized.

The acquisition may be summarized as follows:

Assets acquired (after fair value adjustments)	£
Stock acquired	300,000
Goodwill	1,697,130
Cost of acquisition	<u>1,997,130</u>
Satisfied by:	£
Cash (see below)	1,477,130
Provision for earnout	520,000
	<u>1,997,130</u>

Cost of acquisition includes £177,130 of related legal expenses. Although the vendors received their consideration in the form of loan notes, Lawrence plc have been required to deposit cash as surety for those notes with the National Westminster Bank plc and therefore the consideration has been described as cash in this note.

The earnout is calculated as follows:

Profit as defined in the sale agreement	Anticipated £	Maximum £
£0 – £650,000	–	–
£650,001 – £900,000	500,000	500,000
£900,001 – £950,000	20,000	20,000
£950,001 – £1,100,000	–	60,000
£1,100,001 – £1,430,000	–	1,518,000
	<u>£520,000</u>	<u>£2,098,000</u>

Year Ended 31 March 2002

27. CAPITAL COMMITMENTS

The group had capital commitments amounting to £154,237 as at 31 March 2002 (2001:nil).

28. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2002 and 31 March 2001.

29. 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 £99,097 (2001: £80,151).

Defined Benefit Pension Scheme

The group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 6 April 2000 and updated to 31 March 2002 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 March 2002
Rate of increase in salaries	4%
Discount rate	6%
Rate of increase in pensions in payment	5%
Inflation assumption	3%

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 31 March 2002	Value at 31 March 2002 £'000
Deposit administration contract	6.5%	1,122
Annuities	6%	606

Total market value of assets		1,728
Present value of scheme liabilities		(1,896)

Deficit in scheme		(168)

Related deferred tax asset		50

30. LEASING COMMITMENTS

Group

Operating lease payments amounting to £555,946 (31 March 2001: £530,075) are due within one year. The leases to which these amounts relate expire as follows:

	2002		2001	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring:				
In one year or less	8,000	13,948	-	8,233
Between one and five years	161,633	147,989	49,000	146,362
In five years or more	223,500	876	325,499	981
	-----	-----	-----	-----
	393,133	162,813	374,499	155,576
	-----	-----	-----	-----

Year Ended 31 March 2002

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 2001.

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 £3,109,877 (2001: £4,659,178) and a South African rand floating facility of R18,000,000 (2001: R9,017,841). The sterling loans bear an interest rate of 1.25% over bank base rates up to £4,500,000 (2001: £6,500,000) 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 £1,390,123.

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 Euro £'000	South African Rand £'000	Japanese Yen £'000	Other currencies £'000
2002					
Sterling	2,797	270	298	(798)	314
	-----	-----	-----	-----	-----
2001					
Sterling	2,095	422	(707)	(56)	95
	-----	-----	-----	-----	-----

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 of financial assets and liabilities are not materially different to their fair values.

Year Ended 31 March 2002**32. RELATED PARTY TRANSACTIONS**

Eco Animal Health Limited, a subsidiary of Eco Group which is wholly owned by Lawrence plc, repaid loans amounting to £534,240 to Lawrence plc. Eco Animal Health Southern Africa (Pty) Limited paid a management charge of £200,000 to Lawrence plc.

At the balance sheet date, £5,064,304 was due to Lawrence plc from Eco Animal Health Limited.

At the balance sheet date, Lawrence plc owed P A Lawrence, a director of Lawrence plc, and members of his family a balance amounting to £525,502. This amount represents dividends reinvested into the company.

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 £33,000.

33. NOTIFIABLE SALES FOR THE PURPOSES OF DEFRA

The UK sales of Snailaway for the year ended 31 March 2002 were £20,553 (2001: £17,621)

The UK sales of animal feed additives, for the year ended 31 March 2002, for the purpose of UKASTA were £282,751 (2001: £233,053).

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 17 October 2002 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 2002.		
2. To approve the payment of a dividend of 10.75p per Ordinary Share on 1 November 2002 to shareholders on the register on the 13 September 2002.		
3a. To re-elect Mr P A Lawrence as a Director who retires in rotation and, being eligible, offers himself for re-election. 3b. To re-elect Mr G F Casey as a Non-executive Director.		
4. To appoint F W Stephens & Co as Auditors of the Company and to authorise the Directors to determine their remuneration.		
5A. To approve the increase of the authorised share capital of the Company. 5B. To approve a share issue of one bonus share for every two Ordinary issued shares. 5C. To approve that the capital of the Company be subdivided into Ordinary Shares of 5p each		
6. To disapply the pre-emption rights in relation to allotments of shares made in the special resolution		
7. 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 or 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.



Notice is hereby given that the Annual General Meeting of Lawrence plc will be held at 78 Coombe Road, New Malden, Surrey on the 17 October 2002 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 2002, together with the Report of the Auditors.
2. To approve the payment of a dividend of 10.75p per Ordinary share payable on 1 November 2002 to shareholders on the register on 13 September 2002.
3.
 - a) To re-elect Mr. P A Lawrence, the Director retiring by rotation, who, being eligible, offers himself for re-election.
 - b) To re-elect Mr. G F Casey as a Non-executive Director following his appointment to the Board in June 2002.
4. To appoint the Auditors, F W Stephens & Co and to authorise the Directors to determine their remuneration.

To consider and, if thought fit, to pass the following Ordinary resolution.

- 5A. The authorized share capital of the Company be increased from £966,586.60 representing 9,665,866 Ordinary Shares of 10p each to £1,466,586.60 representing 14,665,866 Ordinary Shares of 10p each by the creation of an additional 5,000,000 Ordinary Shares of 10p each.
- 5B. £428,399 of the £7,275,812 standing to the credit of the Company's share premium account be capitalized and applied in making a bonus issue of 4,283,992 Ordinary Shares of 10p each to the members on the basis of one bonus share for every two Ordinary Shares in the capital of the company held by such members.
- 5C. Subject to the bonus issue having taken place pursuant to Resolution 5A above the 12,851,976 issued Ordinary Shares of 10p each in the capital resulting from the bonus issue be subdivided into 25,703,952 Ordinary Shares of 5p each and the 1,813,890 unissued Ordinary Shares of 10p each in the capital of the Company resulting from the bonus issue be subdivided into 3,627,800 Ordinary Shares of 5p each.

To consider and, if thought fit, to pass the following Special resolution.

6. The Directors of the Company be generally and unconditionally authorized in accordance with Article 6 of the Company's Articles of Association and pursuant to section 80 of the Companies Act 1985 ("the Act") to exercise all powers of the Company to allot relevant securities (within the meaning given in Section 80(2) of the Act) up to an aggregate nominal value of £64,260.

The Directors be empowered pursuant to section 95(1) of the Act to allot equity securities (as defined in section 94(2) of the Act) for cash pursuant to the authority given pursuant to Resolution 6A above as if sub section (1) of section 89 of the Act did not apply to any such allotment provided that the authority conferred by Resolution 6A above and by this Resolution 6B shall expire twelve months from the passing of these Resolutions or if sooner, at the Company's next annual general meeting (save that the Company may, before the expiry of such authority, make offers or arrangements requiring relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offers or arrangements as if the authority conferred had not expired) and provided that the disapplication of section 89 of the Act effected by this Resolution 6B is limited to allotment of equity securities up to an aggregate nominal value of £64,260.

7. To transact any other business.

By order of the Board

Kevin Stockdale, Secretary
New Malden

5 September 2002

