

LAWRENCE plc

**Report &
Accounts
2003**

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.

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LAWRENCE plc

Head and Registered Office:

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

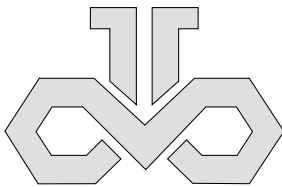
Fax: +44 (0) 20 8336 0909 Tel: +44 (0) 20 8336 2900

www.lawrenceplc.com



Hercules 2, Calleva Park, Aldermaston
Reading RG7 8DN, England
Tel: +44(0)118 9813333 Fax: +44(0)118 9810909
E-mail: sales@agil.com
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
E-mail: sales@blackfast.com
www.blackfast.com

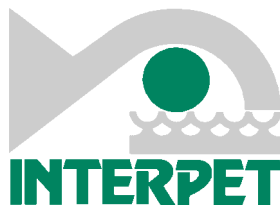
Blackfast Chemicals manufactures and sells a system for room temperature blacking of metal components which is supported by a range of surface preparation and finishing chemicals.



ANIMAL HEALTH

284 Chase Road, Southgate, London N14 6HF
Tel: +44 (0) 20 8447 8899 Fax: +44 (0) 20 8447 9292
E-mail: sales@ecoanimalhealth.com
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
E-mail: sales@interpet.co.uk
www.interpet.co.uk

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 a record pre tax profit for the year of £4.7 million before amortisation of goodwill and minority interest. This is an increase of 34% over the previous year, which was stated before an exceptional item. Turnover in the period of £36.3 million was 7% higher than the previous year. The strength of sterling against the US dollar, particularly in the second half, continues to mask the underlying performance of Eco Group, which invoices principally in dollars. Earnings per share, before amortisation of goodwill, were 11.9 pence, a rise of 23% from last year's level of 9.7 pence, which was stated before an exceptional item. Our balance sheet and cash position remain strong and shareholder approval will be sought at the Annual General Meeting on 30 September to declare a final dividend of 3.95 pence (net) per share to be paid on 3 November 2003 to shareholders on the register on 8 August 2003. This is an increase of 10% over last year's final dividend, making a total for the year of 5.10 pence (net) per share, an uplift of 10.5% for the year.

The improved liquidity in our shares, which resulted from the share split and bonus issue last October, has made a significant contribution to the increase in trading activity in our stock. This was boosted in December when two of our original substantial shareholders and family members each sold most of their holding; that stock was immediately placed with a number of leading financial institutions and consequently has now lowered the family holding by over 16% to 46%. I am delighted that this increased liquidity has benefited our patient and loyal supporters who have seen their investment perform well. We greatly appreciate your support and invite you to register on our new, improved web site so that you can choose to receive our announcements promptly by email.

In December, I referred to the discussions we were having regarding the demerger of Interpet, which would enable us to focus on our animal health and feed products businesses. Much work has been done and discussions with our advisors continue, although investors' valuations are still some distance from ours. Interpet is a sound business, which is trading well. The final decision and its timing will be driven by shareholder value considerations. We will continue discussions to achieve a price level that fairly reflects the true value of the business and which is also in the best interest of our shareholders.



ECO GROUP:

Eco Animal Health continued to make steady progress. This year's highlight being the substantial sales in the USA from our new Ecomectin registrations, which started last December and have continued at an increasing rate since the spring. Overall this was another good year although sales in March were affected by the Iraq war and SARS. Fortunately these issues have now subsided and sales are back on track with Aivlosin and our Ecomectin and Ecotraz antiparasitic range leading the way.

The European registration of Eco's patented antibiotic blockbuster drug, Aivlosin, has moved significantly closer. Following our original submission, all the sections received approval, with the exception of environmental safety, where newly introduced guidelines meant that we had to carry out a Phase 2 test lasting a further 18 months, in addition to the previously acceptable Phase 1 testing which was included in the original dossier. This extensive testing programme has now been completed and, as expected, Aivlosin meets all the required standards. The results will be delivered to the European registration agency (EMA) on 29 July 2003 and it is required to respond within a rigid predetermined timetable. Our original registration application for Aivlosin covered its use for the treatment of respiratory infections in pigs. The delay resulting from the request for additional environmental testing has given us the opportunity to broaden the application to include the important market of digestive infections in pigs. The inclusion of the treatment of poultry respiratory and digestive infections will follow shortly after the granting of the initial registration. This will enable us to extend our sales coverage once the registration is approved.

As shareholders are aware, forecasting the precise timing of the grant of drug registrations is extremely difficult. In December 2002, I stated in the Interim Statement that we expected Aivlosin sales in Europe to be delayed until the end of 2003, unless there was further slippage in the registration process. Nothing has happened to alter that view. If we receive the European marketing authorization in, say, autumn 2003 then we would anticipate delivering initial orders in spring 2004.

The EMA marketing authorization, once it is received, will automatically extend to cover the ten countries joining the EU next year. This significantly widens our accessible markets and could be particularly valuable as many of the new member countries enjoy low cost poultry and pig production, which may at last offer Europe a real competitive alternative to counter cheap imports from Thailand, Brazil, Indonesia etc where the control of both the quality and use of antibiotics is still slack.

In addition to the submission of the Aivlosin registration applications, we are also seeking further approvals under the European Mutual Recognition Procedure (MRP), for Ecomectin injection for cattle, sheep and pigs. Last month we delivered over 600 dossiers in multiple languages and under MRP, applications for registration in the new EU member states will receive preferential consideration, which should shorten the time to market.

Registration of Aivlosin in the USA, now directly under the control of our own new registration office in New Jersey, should be completed by the end of next year, with sales beginning in early 2005. Outside these territories, Aivlosin continues to sell well; it is an exceptionally effective and thoroughly tested product.

AGIL:

Agil had another satisfactory year with sales continuing to develop well across our product ranges. Business in South America has continued to grow following the final registrations of our products in Brazil and also the appointment of a new distributor in Peru. New business was secured in Ecuador and interest from Colombia looks promising while sales in Mexico have improved following the appointment of a new distributor. Technical seminars were held in Brazil, Japan, Mexico, Switzerland and Turkey. We exhibited at the important VIV Asia show in Bangkok, which was well attended and resulted in a high level of enquiries.

Sales of Mitex, our new non-pesticide insect control product for poultry and stored grains, have grown steadily and are expected to accelerate in the next 12 months now that traditional organophosphate treatments have been banned by most governments. Agil continues to be ready with new product replacement ideas, where its expertise delivers natural solutions, whenever competitors' traditional chemical treatments have to be withdrawn as a result of increasingly stringent legislation.



Towards the end of our financial year, the agricultural industry worldwide was affected by a combination of SARS, the Iraq war and Avian Influenza. In Asia, SARS hit the tourist industry causing hotel bookings to fall and the knock on effect impacted demand from local meat suppliers. Travel restrictions to the Far East also frustrated our ability to offer direct technical support to our distributors. Additionally in

Europe, Avian Influenza restricted movement within the agricultural sector and sales and technical visits were almost impossible. The situation has now improved and business is returning to former levels.

However, during these periods of restricted travel, we benefited from the time it gave us to develop new products and sales distribution channels, which have already paid dividends. Reformulation of some existing products has improved their handling characteristics and efficacy. More efficient use of inclusion rates of our Mitex insect control products should now enable us to enter the lucrative baking and brewing sectors. Our new cost-effective antioxidant, Oxihold, has proved successful in trials and a revamped wet feeding product for pigs, Fosplus 50, is now also under trial.

Close links have recently been forged with additional supply companies to expand our product range into the companion animal sector, with "organic" producers and others to apply immunostimulant technology. We also have plans to break into the pre-ruminant and ruminant rations markets within the next 12 months; these are two very important new sectors for Agil products.

In 2004, all animal feed mills that are members of UKASTA (United Kingdom Agricultural Supply Trade Association), will be required to source their feed ingredients solely from UKASTA Feed Assured Suppliers. UKASTA represents some 80% of UK feed mills and this development is part of its programme of continuously raising food standards. Agil has already completed the first two audits towards accreditation to this demanding supplier standard and expects to be among the very first companies to achieve full certification by the middle of 2003.

INTERPET:

Interpet delivered a strong performance with sales and profit well ahead of the previous year. This encouraging result has been achieved through steady organic growth with added impetus from regular new product launches and also the first full contribution from the Ringpress book publishing business, acquired just prior to the start of the financial year.



Customer response to our new ranges launched at GLEE, the principal UK trade show for the garden and leisure industry, held annually in September, was very encouraging. The sell-in of our new pond products is now complete and repeat orders are already coming through. The new Cyclone and Torrent pumps, coupled with our market-leading pond treatments, give a powerful sales opportunity and round off our Blagdon range of outdoor aquatic products. A restructuring of our pre season deals delivered very strong sales in our core pond treatment lines and this momentum has been maintained, aided by the warm early spring weather.

Among our other core businesses, growth has been maintained in the aquarium treatment and accessories areas as well as in the pet division. The publishing division continues to go from strength to strength with the launch of more definitive titles, many in superb colour and packed with key information for pet owners. Last year our total sales exceeded 1.2 million books extending to over 50 countries and 26 languages. As an example of the international reach of our publishing business, one of our best selling books 'Breaking Bad Habits in Dogs' is now available in 18 languages!

In America, Aquarium Products closed the year on a high note with the placement of its new pond treatment range in PETSMART, one of the leading US pet product retailers with over 600 outlets across the country. We will shortly commence distributing our Mikki pet grooming products in the US; the first containers have already been dispatched. This development will benefit from the sourcing and purchasing expertise of our China Office, which has been an excellent investment since we established it over five years ago.

BLACKFAST:

Blackfast Chemicals specialises in the manufacture and sale of environmentally beneficial metal finishing products. Blackfast products have a strong international presence and export sales have grown year on year since they were launched in 1992 and this year was no exception - up a further 5%. The majority of Blackfast sales are now overseas which demonstrates the international attractions of its product range but also emphasises the difficulties of our home market - the UK manufacturing sector.

Blackfast's unique room temperature blacking products, which can be applied to various metals and alloys, continue to replace older traditional and more hazardous processes, wherever they are encountered.

The demand for products that satisfy the increasingly rigorous legislation controlling the use of chemicals worldwide is particularly strong within the European Union. To meet this demand, Blackfast has launched Koldphos, a new low energy treatment for preparing metal surfaces for painting. This clean formulation has many environmental advantages over traditional pre treatments including lower temperature application and much higher efficiency, thus significantly reducing pollution from chemical waste. Applications include industrial machinery, automotive parts and white goods. Trials of Koldphos have been conducted very successfully over the last 12 months and a new range of products is ready for sale.



EMPLOYEES:

We employ over 200 people at our offices, warehouses and factories around the world and I would like to express my thanks to all of them and everyone associated with the company without whose hard work and loyalty we could not continue to flourish.

OUTLOOK:

Demand for our products remains firm and the current year has started satisfactorily. Although this year's sales of Aivlosin in Europe, if any, may be small because there can be a procedural delay between the grant of a registration and sales commencing, we are hopeful that the highlight of the year will be the receipt of the registration for Europe. We believe Eco's existing business, which had a record year, will continue to deliver a strong performance from its core products. We also anticipate that Interpet, which also had a record year, will be demerged once we achieve a satisfactory price level.

We are confident that the group is at the threshold of a period of significant and exciting growth and we look forward to reporting progress to shareholders.

Peter Lawrence
Chairman

REGISTRATION NUMBER:	1818170
REGISTERED OFFICE:	78 Coombe Road New Malden Surrey KT3 4QS
DIRECTORS:	P A Lawrence (Chairman) M E Brent (Managing Director) G F Casey (Non-executive)
SECRETARY:	K A Stockdale
BANKERS:	NatWest Mitcham Branch 282 London Road Mitcham Surrey CR4 2ZP
AUDITORS:	F W Stephens 10 Charterhouse Square London EC1M 6LQ

The directors present their annual report and audited financial statements for the year ended 31 March 2003.

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 1.15p per Ordinary 5p share was paid on 7 April 2003 (2002*: 1.03p per Ordinary 5p share). The directors recommend a final dividend of 3.95p per Ordinary 5p share, making a total of 5.1p per Ordinary 5p share for the year ended 31 March 2003 (2002*: 3.58p per Ordinary 5p share making a total of 4.61p per Ordinary 5p share).

SUBSTANTIAL SHAREHOLDINGS

At 10 July 2003, the company had been notified of the following holdings of 3% or more of its issued share capital.

	Ordinary 5p shares	%
P A Lawrence and family	10,195,794	38.93
D Salmon and family	1,907,981	7.29
F M R Corp. and Fidelity International Ltd	793,124	3.03

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 (Managing director)
G F Casey (Non-executive director) appointed 1 June 2002

The beneficial interests of the directors holding office on 31 March 2003 in the issued share capital of the company were as follows:

	Ordinary 5p shares	
	2003	2002*
P A Lawrence	10,195,794	10,195,794
M E Brent	101,000	228,000
G F Casey	60,000	–

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

M E Brent 2003: 570,000 (60,000 at £0.33; 150,000 at £0.60; 75,000 at £0.97; 195,000 at £1.30; 90,000 at £0.92)
2002*: 630,000 (120,000 at £0.33; 150,000 at £0.60; 75,000 at £0.97; 195,000 at £1.30; 90,000 at £0.92)

* adjusted for the bonus issue and split of 17 October 2002

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 67 days (2002: 85 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 £491 (2002: £3,656). No political donations were made.

STOCKBROKERS

Charles Stanley & Co. are the company's stockbrokers. The closing price on 31 March 2003 was 174p per share (2002*: 135p). During the year the company's share price traded in the range 105p* to 176p.

*Adjusted for the bonus issue and split of 17 October 2002

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

In accordance with Section 385 of the Companies Act, a resolution proposing that F W Stephens be reappointed as auditors will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

K A Stockdale – Secretary
23 July 2003

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 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the group's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and the group's members, as a body for our audit work on the report, or for the opinion we have formed.

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 Auditing 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 2003 and of the profit 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
Registered Auditors
Chartered Accountants

29 July 2003

The financial statements on pages 8 to 30 have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

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 on pages 8 to 30 comprise the accounts of the company and its trading subsidiaries drawn up to 31 March 2003. 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 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 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.

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	– 20% 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 on a straight line basis over their estimated useful economic life of 10 years.

The expenses incurred in the development of books has been included at cost and amortised on a straight line basis 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 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.

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.

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 2003

	Note	2003 £	2002 £
TURNOVER	1	36,264,380	34,037,236
Cost of sales		(21,397,465)	(20,840,817)
GROSS PROFIT		14,866,915	13,196,419
Net operating expenses	2	(10,179,006)	(9,482,794)
OPERATING PROFIT		4,687,909	3,713,625
Income from listed fixed asset investments		64,115	38,622
Exceptional item (amounts written off investments)		–	(2,640,842)
Net interest	3	(204,961)	(350,782)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	4,547,063	760,623
Tax on profit on ordinary activities	6	(1,170,167)	(669,958)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,376,896	90,665
Minority interest - equity		(459,789)	(286,663)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		2,917,107	(195,998)
Dividends - equity	8	(1,414,208)	(1,182,973)
RETAINED PROFIT/(LOSS) TRANSFERRED TO RESERVES	21	1,502,899	(1,378,971)
EARNINGS PER SHARE	9	11.33p	(0.90)p
DILUTED EARNINGS PER SHARE	9	11.17p	(0.89)p
ADJUSTED EARNINGS PER SHARE	9	11.86p	9.66p

**STATEMENT OF TOTAL RECOGNISED
GAINS AND LOSSES**
Year Ended 31 March 2003

	2003 £	2002 £
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD	2,917,107	(195,998)
Exchange differences	(312,699)	(241,674)
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR	2,604,408	(437,672)

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 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	10	7,314,157	5,636,429
Tangible assets	11	1,455,979	1,565,898
Investments	12	805,324	1,107,774
		9,575,460	8,310,101
CURRENT ASSETS			
Stocks	13	7,829,666	7,590,363
Debtors	14	12,762,407	12,421,819
Cash at bank and in hand		581,463	1,464,083
		21,173,536	21,476,265
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(10,955,051)	(11,478,055)
NET CURRENT ASSETS		10,218,485	9,998,210
TOTAL ASSETS LESS CURRENT LIABILITIES		19,793,945	18,308,311
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(1,204,819)	(1,309,897)
PROVISIONS FOR LIABILITIES AND CHARGES	17	–	(570,707)
		18,589,126	16,427,707
CAPITAL AND RESERVES			
Called up share capital	20	1,300,948	854,132
Share premium account	21	7,199,240	7,251,818
Capital redemption reserve	21	105,829	105,829
Profit and loss account	21	9,141,128	7,950,928
EQUITY SHAREHOLDERS' FUNDS	22	17,747,145	16,162,707
Minority interest - equity		841,981	265,000
		18,589,126	16,427,707

The financial statements were approved by the Board of Directors on 23 July 2003

P A Lawrence – Director

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

As at 31 March 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Intangible assets	10	1,260,353	1,003,877
Tangible assets	11	1,267,270	1,374,776
Investments	12	3,102,750	3,385,102
		5,630,373	5,763,755
CURRENT ASSETS			
Stocks	13	4,953,120	5,143,452
Debtors – falling due within one year	14	8,553,483	7,863,516
Debtors – falling due after more than one year	14	6,200,132	5,064,304
Cash at bank and in hand		311,190	1,295,745
		20,017,925	19,367,017
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(8,002,434)	(8,061,533)
NET CURRENT ASSETS		12,015,491	11,305,484
TOTAL ASSETS LESS CURRENT LIABILITIES		17,645,864	17,069,239
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(1,204,819)	(1,309,897)
PROVISIONS FOR LIABILITIES AND CHARGES	17	–	(570,707)
		16,441,045	15,188,635
CAPITAL AND RESERVES			
Called up share capital	20	1,300,948	854,132
Share premium account	21	7,199,240	7,251,818
Capital redemption reserve	21	105,829	105,829
Profit and loss account	21	7,835,028	6,976,856
EQUITY SHAREHOLDERS' FUNDS	22	16,441,045	15,188,635

The financial statements were approved by the Board of Directors on 23 July 2003

P A Lawrence – Director

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

Year Ended 31 March 2003

	Note	2003 £	2002 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	23	5,167,786	4,588,125
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		59,221	28,944
Interest paid		(264,182)	(379,726)
Dividends received		64,115	38,622
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(140,846)	(312,160)
TAXATION		(1,546,256)	(694,781)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of intangible fixed assets		(2,461,966)	(1,402,832)
Purchase of tangible fixed assets		(211,096)	(258,088)
Purchase of investments		–	(1,047,719)
Sale of tangible fixed assets		18,120	41,115
Sale of investments		244,211	–
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(2,410,731)	(2,667,524)
ACQUISITIONS			
Purchase of businesses		–	(1,477,130)
NET CASH OUTFLOW FROM ACQUISITIONS		–	(1,477,130)
EQUITY DIVIDENDS PAID		(1,144,979)	(894,661)
FINANCING			
Issue of shares		394,238	4,143,689
Repayment of debt	25	(199,744)	(410,645)
NET CASH INFLOW FROM FINANCING		194,494	3,733,044
Increase in cash	24	119,468	2,274,913

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

Year Ended 31 March 2003

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 2003 £	Total 2002 £
Distribution costs	550,964	513,291
Administrative expenses	9,921,571	9,093,388
Other operating income	(293,529)	(123,885)
	<u>10,179,006</u>	<u>9,482,794</u>

3. NET INTEREST

	2003 £	2002 £
On bank loans and overdrafts	264,182	379,726
Other interest receivable	(59,221)	(28,944)
	<u>204,961</u>	<u>350,782</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after:

	2003 £	2002 £
Hire of plant and machinery	39,720	32,989
Loss/(Gain) on foreign currency transactions	96,935	(363,345)
Depreciation - owned assets	303,194	304,622
Amortisation of intangible assets	784,238	425,807
Loss on disposal of fixed assets	57,940	8,144
Auditors' remuneration		
– audit services	26,000	25,000
– non audit services	16,388	38,164
	<u>16,388</u>	<u>38,164</u>

Year Ended 31 March 2003

5. DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2003	2002
	£	£
Wages and salaries	3,975,948	3,597,596
Social security costs	348,893	350,496
Pension costs	135,845	131,747
	<u>4,460,686</u>	<u>4,079,839</u>

The average number of employees during the year was:

	Number	Number
Directors	3	2
Production and development	47	51
Administration and distribution	75	73
Sales	44	42
	<u>169</u>	<u>168</u>

Remuneration in respect of directors was as follows:

	Salary	Bonus	2003	2002
	£'000	£'000	Total	Total
			£'000	£'000
P A Lawrence	67	–	67	63
M E Brent	89	58	147	86
G F Casey (Non-executive)	8	–	8	–
	<u>164</u>	<u>58</u>	<u>222</u>	<u>149</u>

In addition, during the year, P A Lawrence received benefits amounting to £1,375 (2002: £8,639) and M E Brent received benefits amounting to £10,244 (2002: £6,695).

During the year one director (2002: one director) participated in a money purchase pension scheme and no directors (2002: no directors) participated in defined benefit schemes.

In August 2002 M E Brent exercised 60,000 share options (2002: 48,000).

The Group made a pension contribution of £30,000 (2002: £32,000) to a pension scheme for the benefit of P A Lawrence.

Information regarding the highest paid director is as follows:

	2003	2002
	£	£
Emoluments	<u>147,000</u>	<u>86,745</u>

The highest paid director's accrued pension at the year end was £nil (2002: £nil) and the highest paid director's lump sum was £nil (2002: £nil).

Non executive Directors' fees arising from the services of P A Lawrence to Baronsmead VCT Plc and Higher Nature plc amounted to £23,750 and were paid to the Company.

Year Ended 31 March 2003

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2003 £	2002 £
UK corporation tax at 30% (2002: 30%)	1,224,025	660,556
US tax paid	–	4,132
Deferred tax	(53,858)	5,270
	<u>1,170,167</u>	<u>669,958</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>4,547,063</u>	<u>760,623</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2002: 30%)	<u>1,364,119</u>	<u>228,187</u>
Effects of:		
Non deductible expenses	32,076	288,211
Depreciation	265,142	183,296
Capital allowances	(70,478)	(79,672)
Other tax adjustments	(366,834)	(106,178)
Intra-group transactions eliminated on consolidation	–	146,712
	<u>(140,094)</u>	<u>432,369</u>
Current tax charge	<u>1,224,025</u>	<u>660,556</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 £2,608,010 (2002: £72,366) which is dealt with in the financial statements of the company.

8. DIVIDENDS

	2003 £	2002 £
Equity dividends:		
Ordinary shares		
Interim dividend of 1.15p per Ordinary 5p share (2002 (on equivalent basis): 1.03p)	386,459	264,781
Proposed final dividend of 3.95p per Ordinary 5p share (2002 (on equivalent basis): 3.58p)	<u>1,027,749</u>	<u>918,192</u>
	<u>1,414,208</u>	<u>1,182,973</u>

Year Ended 31 March 2003

9. EARNINGS PER SHARE

The calculation of earnings per share is based upon the profit for the financial year divided 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.

	2003			2002*		
	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	2,917	25,748	11.33	(196)	21,750	(0.90)
Dilutive effect of securities						
Options	–	372	(0.16)	–	288	0.01
	<u>2,917</u>	<u>26,120</u>	<u>11.17</u>	<u>(196)</u>	<u>22,038</u>	<u>(0.89)</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.

* Adjusted for the bonus issue and split of 17 October 2002

	2003			2002*		
	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	2,917	25,748	11.33	(196)	21,750	(0.90)
Adjustments						
Goodwill amortisation	137		0.53	66		0.30
Exceptional item (amounts written off investments)	–		–	2,641		12.14
Less tax effects	–		–	(409)		(1.88)
Adjusted basic earnings per share	<u>3,054</u>	<u>25,748</u>	<u>11.86</u>	<u>2,102</u>	<u>21,750</u>	<u>9.66</u>

* Adjusted for the bonus issue and split

Year Ended 31 March 2003

10. INTANGIBLE FIXED ASSETS					
Group					
	Book origination £	Goodwill £	Drug registration £	Trade marks £	Total £
Cost:					
At 1 April 2002	1,046,681	2,733,325	2,940,158	68,221	6,788,385
Additions	528,839	45,095	1,888,032	–	2,461,966
At 31 March 2003	1,575,520	2,778,420	4,828,190	68,221	9,250,351
Amortisation:					
At 1 April 2002	205,004	152,667	757,614	36,671	1,151,956
Provided in the year	261,151	136,500	383,175	3,412	784,238
At 31 March 2003	466,155	289,167	1,140,789	40,083	1,936,194
Net book amount:					
At 31 March 2003	1,109,365	2,489,253	3,687,401	28,138	7,314,157
At 31 March 2002	841,677	2,580,658	2,182,544	31,550	5,636,429
Company					
	Book origination £	Goodwill £	Trade marks £	Total £	
Cost:					
At 1 April 2002	1,046,681	154,545	68,221	1,269,447	
Additions	528,839	–	–	528,839	
At 31 March 2003	1,575,520	154,545	68,221	1,798,286	
Amortisation:					
At 1 April 2002	205,004	23,895	36,671	265,570	
Provided in the year	261,151	7,800	3,412	272,363	
At 31 March 2003	466,155	31,695	40,083	537,933	
Net book value:					
At 31 March 2003	1,109,365	122,850	28,138	1,260,353	
At 31 March 2002	841,677	130,650	31,550	1,003,877	

Book origination:

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

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

Year Ended 31 March 2003

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 2002	199,816	505,450	199,674	1,459,489	358,472	191,406	2,914,307
Additions	–	–	43,164	135,256	32,676	–	211,096
Disposals	–	–	–	(19,259)	(120)	(75,950)	(95,329)
At 31 March 2003	199,816	505,450	242,838	1,575,486	391,028	115,456	3,030,074
Depreciation:							
At 1 April 2002	27,724	74,138	70,405	822,734	263,181	90,227	1,348,409
Provided in the year	4,124	10,110	28,446	189,019	35,254	36,241	303,194
Disposals	–	–	–	(19,259)	–	(58,249)	(77,508)
At 31 March 2003	31,848	84,248	98,851	992,494	298,435	68,219	1,574,095
Net book amount:							
At 31 March 2003	167,968	421,202	143,987	582,992	92,593	47,237	1,455,979
At 31 March 2002	172,092	431,312	129,269	636,755	95,291	101,179	1,565,898

Company

	Long leasehold property £	Freehold property £	Alterations to premises £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
Cost:							
At 1 April 2002	184,464	505,450	174,935	190,013	72,313	920,356	2,047,531
Additions	–	–	41,113	10,029	–	109,850	160,992
Disposals	–	–	–	(120)	(75,950)	(19,259)	(95,329)
Presentation Adjustment	–	–	–	–	62,837	–	62,837
At 31 March 2003	184,464	505,450	216,048	199,922	59,200	1,010,947	2,176,031
Depreciation:							
At 1 April 2002	12,372	74,138	50,106	125,987	8,147	402,005	672,755
Provided in the year	4,124	10,110	27,329	22,107	21,068	165,939	250,677
Disposals	–	–	–	–	(58,249)	(19,259)	(77,508)
Presentation Adjustment	–	–	–	–	62,837	–	62,837
At 31 March 2003	16,496	84,248	77,435	148,094	33,803	548,685	908,761
Net book amount:							
At 31 March 2003	167,968	421,202	138,613	51,828	25,397	462,262	1,267,270
At 31 March 2002	172,092	431,312	124,829	64,026	64,166	518,351	1,374,776

The presentation adjustment is in respect of Interpet vehicles which were included at net book value rather than cost on the original consolidation of that company.

Year Ended 31 March 2003

12. FIXED ASSET INVESTMENTS

	Group £	Company £
Cost:		
At 1 April 2002	3,711,020	5,590,480
Additions	–	45,095
Disposals	(244,211)	(269,211)
At 31 March 2003	3,466,809	5,366,364
Provision for diminution in value	(2,661,485)	(2,263,614)
Net book amount:		
At 31 March 2003	805,324	3,102,750
At 31 March 2002	1,107,774	3,385,102

Unlisted investments represent investments in subsidiary undertakings and other unquoted investments

	2003 Group £	2002 Group £	2003 Company £	2002 Company £
Interest in group undertakings	–	–	3,010,720	2,990,622
Investments listed on recognised stock exchanges	92,030	394,480	92,030	394,480
Unlisted investments	713,294	713,294	–	–
	805,324	1,107,774	3,102,750	3,385,102

The market value of listed investments at 31 March 2003 was £92,030 (2002: £460,897).

The listed investments include 641,153 Ordinary shares in Amberley Group plc. (2002: 1,862,210).

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
Eco LLC	50	Ordinary	United States of America
Interpet Limited	100	Ordinary	Great Britain
Mikki Pet Products Limited	100	Ordinary	Great Britain
Petlove Limited	90.9	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.

During the year, one dormant subsidiary undertaking, The Really Disposable Litter Tray Company was wound up and struck off the register.

Year Ended 31 March 2003

12. **FIXED ASSET INVESTMENTS – continued**

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

Interpet LLC

The manufacture and marketing of pet products and accessories.

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.

13. **STOCKS**

	2003 Group £	2002 Group £	2003 Company £	2002 Company £
Raw materials	2,006,750	2,414,371	797,459	1,087,870
Finished goods	5,822,916	5,175,992	4,155,661	4,055,582
	<u>7,829,666</u>	<u>7,590,363</u>	<u>4,953,120</u>	<u>5,143,452</u>

Year Ended 31 March 2003

14.	DEBTORS	2003	2002	2003	2002
		Group	Group	Company	Company
		£	£	£	£
	Trade debtors	11,971,274	11,597,355	7,131,402	6,502,054
	Amounts owed by group undertakings	–	–	899,895	781,136
	Other debtors	297,223	486,329	96,712	295,131
	Prepayments	493,910	338,135	425,474	285,195
		<u>12,762,407</u>	<u>12,421,819</u>	<u>8,553,483</u>	<u>7,863,516</u>
	Amounts falling due after more than one year				
	Amounts owed by group undertakings	–	–	6,200,132	5,064,304
		<u>–</u>	<u>–</u>	<u>6,200,132</u>	<u>5,064,304</u>
<hr/>					
15.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2003	2002	2003	2002
		Group	Group	Company	Company
		£	£	£	£
	Bank loans and overdrafts	1,876,969	2,638,093	1,876,975	2,636,785
	Trade creditors	3,940,705	4,865,970	1,832,578	2,334,829
	Amounts owed to group companies	–	–	75,000	100,089
	Corporation tax	246,813	569,044	335,710	336,655
	Social security and other taxes	332,982	121,461	287,168	92,948
	Proposed dividends	1,452,508	1,183,279	1,452,508	1,183,279
	Other creditors	2,190,856	1,189,268	1,464,508	565,010
	Accruals	914,218	910,940	677,987	811,938
		<u>10,955,051</u>	<u>11,478,055</u>	<u>8,002,434</u>	<u>8,061,533</u>
<hr/>					
16.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2003	2002	2003	2002
		Group	Group	Company	Company
		£	£	£	£
	Bank loans	1,204,819	1,309,897	1,204,819	1,309,897
<hr/>					
	Included within creditors above (notes 15 and 16) are the following amounts secured by a debenture on the assets of the group:				
		2003	2002	2003	2002
		Group	Group	Company	Company
		£	£	£	£
	Bank loans and overdrafts	3,081,788	3,947,990	3,081,794	3,946,682

Year Ended 31 March 2003

17.	PROVISIONS FOR LIABILITIES AND CHARGES				
		2003	2002	2003	2002
		Group	Group	Company	Company
		£	£	£	£
	Provision for deferred taxation	–	50,707	–	50,707
	Anticipated earnout on acquisition of Ringpress Publications (now due within one year)	–	520,000	–	520,000
		<u>–</u>	<u>570,707</u>	<u>–</u>	<u>570,707</u>
<hr/>					
18.	BORROWINGS				
	Borrowings are repayable as follows:				
		2003	2002	2003	2002
		Group	Group	Company	Company
		£	£	£	£
	Within one year				
	Bank borrowings	1,876,969	2,638,093	1,876,975	2,636,785
	After one and within two years				
	Bank borrowings	240,964	384,817	240,964	384,817
	After two and within five years				
	Bank borrowings	963,855	740,284	963,855	740,284
	After more than five years				
	Bank borrowings	–	184,796	–	184,796
		<u>3,081,788</u>	<u>3,947,990</u>	<u>3,081,794</u>	<u>3,946,682</u>
<hr/>					
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.				
	Company and Group				
		Amount provided		Amount unprovided	
		2003	2002	2003	2002
		£	£	£	£
	Accelerated capital allowances	(3,151)	50,707	–	–
	Short term timing differences	–	–	(396)	(396)
	Gains rolled over into assets	–	–	347,764	347,764
		<u>(3,151)</u>	<u>50,707</u>	<u>347,368</u>	<u>347,368</u>
	The provisions of FRS 19 prohibit provision for deferred tax on gains rolled over into new assets.				

Year Ended 31 March 2003

20. CALLED UP SHARE CAPITAL	2003 £	2002 £
Authorised: 29,331,732 ordinary shares of 5p each (2002: 9,665,866 ordinary shares of 10p each)	1,466,587	966,587
10,794 deferred ordinary shares of 10p each	1,079	1,079
32,334 convertible preference shares of £1 each	32,334	32,334
	<u>1,500,000</u>	<u>1,000,000</u>

During the year 195,000 options were granted (2002: 246,000), 394,980 options were exercised (2002: 93,000) and 30,000 options were cancelled (2002: 99,000)

On 17 October 2002 the Company used £428,399 of the balance of its Share Premium account to make a bonus issue of one share for every two held. Each 10p share then in issue was then split into two 5p shares. Throughout these accounts figures have been restated to enable meaningful comparisons to be made between this and the previous period.

Allotted, issued and fully paid: 26,018,952 ordinary shares of 5p (2002: 8,541,324 ordinary shares of 10p)	<u>1,300,948</u>	<u>854,132</u>
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Increased by £17,416 from proceeds of exercised share options and £429,400 from the bonus issue of shares.

Under the company's existing employee share option scheme, employees held options at 31 March 2003 for 1,854,600 ordinary shares (2002: 2,030,580) as follows: (All figures are based on the number of shares in issue after the share split).

Number of shares	Option price per share pence	Options period ending
60,000	33	Jan-05
195,000	60	Oct-05
135,000	97	Aug-03
354,900	130	Aug-04
123,000	130	Aug-07
114,600	125	Oct-05
131,400	125	Oct-08
262,515	132	Oct-06
37,185	132	Oct-09
246,000	92	Oct-08
109,500	125	Oct-09
85,500	125	Oct-12

Year Ended 31 March 2003

21. SHARE PREMIUM ACCOUNT AND RESERVES

Group

	Share premium account £	Capital redemption reserves £	Profit and loss account £
At 1 April 2002	7,251,818	105,829	7,950,928
Retained profit for the year	–	–	1,502,899
Transfer on occasion of bonus issue of shares (see note 20)	(428,399)	–	–
Exchange differences	–	–	(312,699)
Share premium on shares issued during the year	375,821	–	–
At 31 March 2003	<u>7,199,240</u>	<u>105,829</u>	<u>9,141,128</u>

Company

At 1 April 2002	7,251,818	105,829	6,976,856
Retained profit for the year	–	–	1,193,802
Transfer on occasion of bonus issue of shares (see note 20)	(428,399)	–	–
Exchange differences	–	–	(335,630)
Share premium on shares issued during the year	375,821	–	–
At 31 March 2003	<u>7,199,240</u>	<u>105,829</u>	<u>7,835,028</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group

	2003 £	2002 £
Profit/(Loss) for the financial year	2,917,107	(195,998)
Dividends	(1,414,208)	(1,182,973)
	<u>1,502,899</u>	<u>(1,378,971)</u>
Exchange differences	(312,699)	(241,679)
Increase in shares	394,238	4,143,689
	<u>1,584,438</u>	<u>2,523,039</u>
Net increase in shareholders' funds	1,584,438	2,523,039
Shareholders' funds at 1 April 2002	16,162,707	13,639,668
Shareholders' funds at 31 March 2003	<u>17,747,145</u>	<u>16,162,707</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 2003

22.	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
	– continued		
	Company	2003	2002
		£	£
	Profit for the financial year	2,608,010	72,366
	Dividends	(1,414,208)	(1,182,973)
		1,193,802	(1,110,607)
	Exchange differences	(335,630)	(119,264)
	Increase in shares	394,238	4,143,688
	Net increase in shareholders' funds	1,252,410	2,913,817
	Shareholders' funds at 1 April 2002	15,188,635	12,274,818
	Shareholders' funds at 31 March 2003	16,441,045	15,188,635
23.	NET CASH INFLOW FROM OPERATING ACTIVITIES		
		2003	2002
		£	£
	Operating profit	4,687,909	3,713,625
	Exchange gain/(loss)	140,123	(226,048)
	Depreciation	303,194	304,622
	Amortisation charge	784,238	425,807
	Loss on disposal of fixed assets and investments	57,940	8,144
	(Increase)/decrease in stocks	(239,303)	795,959
	(Increase) in debtors	(337,437)	(1,394,245)
	(Decrease)/increase in creditors	(228,878)	960,261
	Net cash inflow from operating activities	5,167,786	4,588,125
24.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
		2003	2002
		£	£
	Increase in cash in the year	119,468	2,274,913
	Decrease in debt	199,744	410,645
	Change in net debt resulting from cash flows	319,212	2,685,558
	Effect of foreign exchange differences	(335,630)	(119,264)
	Movement in net debt in the year	(16,418)	2,566,294
	Net debt at 1 April 2002	(2,483,907)	(5,050,201)
	Net debt at 31 March 2003	(2,500,325)	(2,483,907)

Year Ended 31 March 2003

25. ANALYSIS OF CHANGES IN NET DEBT	At 31 March 2002 £	Cash flow £	Exchange movement £	At 31 March 2003 £
Cash at bank and in hand	1,464,083	(882,620)	–	581,463
Overdraft	(2,638,093)	1,002,088	–	(1,636,005)
	(1,174,010)	119,468	–	(1,054,542)
Debt	(1,309,897)	199,744	(335,630)	(1,445,783)
	<u>(2,483,907)</u>	<u>319,212</u>	<u>(335,630)</u>	<u>(2,500,325)</u>

26. CAPITAL COMMITMENTS

The group had capital commitments amounting to £140,356 as at 31 March 2003 (2002: £154,237).

27. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2003 and 31 March 2002.

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 £105,845 (2002: £98,097).

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 2003 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 March 2003	At 31 March 2002
Rate of increase in salaries	3.6%	4%
Discount rate	5.3%	6%
Rate of increase in pensions in payment	5%	5%
Inflation assumption	2.6%	3%

Year Ended 31 March 2003

28. PENSIONS – continued

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

	Long term rate of return expected at 31 March 2003	Value at 31 March 2003 £000's	Long term rate of return expected at 31 March 2002	Value at 31 March 2002 £000's
Deposit administration contract	6.50%	793	6.50%	1,122
Annuities	5.30%	1,154	6.00%	606
Total market value of assets		1,947		1,728
Present value of scheme liabilities		(2,354)		(1,896)
Deficit in scheme		(407)		(168)
Related deferred tax asset		122		50

If FRS 17 had been adopted in the financial statements the following amounts would have been recognised in the performance statements for the year ended 31 March 2003:

Analysis of the amount charged to operating profit

Current service cost	43
Total operating charge	43

Analysis of amount recognised in statement of total recognised gains and losses (STRGL)

Actual return less expected return on pension scheme assets	62
As % of scheme assets	3.2%
Experience gains and losses arising on the scheme liabilities	8
As % of present value of scheme liabilities	0.3%
Changes in assumptions underlying the present value of the scheme liabilities	(274)
Actuarial loss recognised in statement of total recognised gains and losses	(204)
As % of present value of scheme liabilities	(11.6%)

Analysis of the amount credited to other finance income

Expected return on pension scheme assets	104
Interest on pension scheme liabilities	(102)
Net return	2

Year Ended 31 March 2003

28. PENSIONS – continued

Movement in deficit during the year

	2003
	£000's
Deficit in scheme at beginning of year	(168)
Movement in year:	
Current service costs	(43)
Contributions	62
Loss on settlements/curtailments	(56)
Net returns on assets	2
Actuarial loss	(204)
	<hr/>
Deficit in scheme at end of the year	(407)

29. LEASING COMMITMENTS

Group

Operating lease payments amounting to £615,361 (31 March 2002: £555,946) are due within one year. The leases to which these amounts relate expire as follows:

	2003		2002	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring:				
In one year or less	9,873	24,402	8,000	13,948
Between one and five years	131,535	150,295	161,633	147,989
In five years or more	298,336	920	223,500	876
	<hr/>	<hr/>	<hr/>	<hr/>
	439,744	175,617	393,133	162,813

30. 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 2002.

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 £1,655,843 (2002: £3,109,877) and a South African Rand floating facility of R18,000,000 (2002: R18,000,000). The sterling loans bear an interest rate of 1.25% over bank base rates up to £4,000,000 (2002: £4,500,000) and 2.75% over bank base rates above this amount. The South African Rand 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 Rand by leading banks in the London Interbank Market two business days before the start of each repayment period.

Year Ended 31 March 2003

30. FINANCIAL INSTRUMENTS – continued

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 £2,363,989.

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 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 2003	Net foreign currency monetary assets/(liabilities)				
	US Dollar £'000	Euro £'000	South African Rand £'000	Japanese Yen £'000	Other currencies £'000
Sterling	4,331	256	(2,567)	(225)	46
2002					
Sterling	2,797	270	298	(798)	314

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.

31. RELATED PARTY TRANSACTIONS

Eco Animal Health Limited, a subsidiary of Eco Group which is wholly owned by Lawrence plc, borrowed a further £1,016,352 from Lawrence plc (2002: Repaid £534,240). Eco Animal Health Southern Africa (Pty) Limited paid a management charge of £50,000 to Lawrence plc (2002: £200,000).

At the balance sheet date, £6,080,656 was due to Lawrence plc from Eco Animal Health Limited (2002: £5,064,304).

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 £212,082 (2002: £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 £10,000 (2002: £33,000).

32. NOTIFIABLE SALES FOR THE PURPOSES OF DEFRA AND UKASTA

The UK sales of Snailaway for the year ended 31 March 2003, for the purpose of DEFRA were £20,675 (2002: £20,553)

The UK sales of animal feed additives, for the year ended 31 March 2003, for the purpose of UKASTA were £302,559 (2002: £282,751)

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 30 September 2003 at 2.00 p.m. and in particular to vote on the resolutions to be proposed thereat in the manner indicated below.

RESOLUTIONS	FOR	AGAINST
1. To receive the director's report and financial statements for the 12 months ended 31 March 2003.		
2. To approve the payment of a dividend of 3.95p per Ordinary Share on 3 November 2003 to shareholders on the register on 8 August 2003.		
3 To re-appoint as a director Mr M. E. Brent		
4 To re-appoint F W Stephens 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 your 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 30 September 2003 at 2.00 p.m. for the following purposes:

1. To receive the directors' report and financial statements for the 12 months ended 31 March 2003, together with the auditors' report.
2. To approve the payment of a dividend of 3.95p per Ordinary share payable on 3 November 2003 to shareholders on the register on 8 August 2003.
3. To re-elect Mr. M E Brent, the director retiring by rotation, who, being eligible, offers himself for re-election.
4. To re-appoint F W Stephens 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. 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 £65,047.

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 £65,047.

6. To transact any other business.

By order of the Board

Kevin Stockdale, Secretary

New Malden

23 July 2003

