

LAWRENCE plc

**Report &
Accounts
2004**

Lawrence plc is a leader in the development, manufacture and distribution of principally specialist chemical and pharmaceutical products for the animal health and farming 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
10	Statement of Total Recognised Gains and Losses
11	Consolidated Balance Sheet
12	Company Balance Sheet
13	Consolidated Cashflow Statement
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



ANIMAL HEALTH

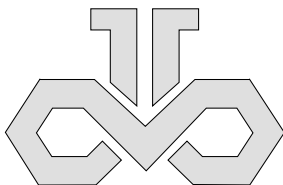
284 Chase Road, Southgate, London N14 6HF
Tel: +44 (0) 20 8447 8899 Fax: +44 (0) 20 8447 9292
E-mail: sales@ecoanimalhealth.com
www.ecoanimalhealth.com

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



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.



I am pleased to report on one of the most significant periods in the strategic development of your company. After the year-end, in the space of six weeks in April and May 2004, we announced two extremely important events, which will shape the future of the company for many years to come; the disposal of Interpet, our UK pet business, and a positive opinion on Aivlosin, our exciting patented veterinary antibiotic.

Pre-tax profit for the year to 31 March 2004 was £5.4 million, which includes goodwill adjustments arising from the corporate activity. This Group result compares with a pre tax profit of £4.5 million in the previous year. Earnings per share advanced to 16.3 pence.

The strongest sales months for Interpet are February and March, the last two months of our financial year, as customers stock up for the outdoor pond and gardening season. The reorganisation of our animal health trading arrangements in South Africa, which was effective from 1 March 2004, meant that we did not include its March sales, which are normally the highest of the year as they include pesticide tenders. The absence of these sales is reflected in the group turnover figure of £33.3 million, which is below the £36.3 million achieved in the previous twelve months.

The sale of Interpet for £14.5 million in cash and the reorganisation in South Africa, which realised cash of £1.7 million, have together had a very positive impact on the group. Our cash position is the strongest it has ever been and net assets are in excess of £22.1 million, some £3.5 million above the previous year's record level.

The proceeds from these two transactions were received after the year-end and have been treated as a post balance sheet event. The current strength of our balance sheet allows us to return surplus cash to our shareholders, which we plan to achieve through a specially enhanced dividend payment. At the Annual General Meeting on 23 September 2004 shareholders will be asked to approve a payment of 5.725 pence (net) per share, which comprises a final ordinary dividend of 4.425 pence plus a one off payment of 1.30 pence (net) per share. This makes a total dividend for the year, including the one off payment, of 7.00 pence (net) per share.

The underlying final dividend of 4.425p (net) per share is 12.0 per cent above last year's final dividend of 3.95 pence (net) and maintains our progressive payment record. The total payment of 5.725 pence (net) per share will be made on 1 November 2004 to shareholders on the register on 6 August 2004. The payment of 1.30 pence (net) allows us to reward shareholders without impairing the efficient capital structure of the company going forward. The balance of our cash will continue to be used to finance the expansion of the company through organic growth and strategic acquisitions. This includes our intention to purchase the 50 per cent of the shares of ECO Animal Health, which the company does not own, and discussions with the ECO shareholders have already commenced.

The sale of our Interpet pet business to Central Garden and Pet Company Limited, marks the end of one of the traditional areas of business of your company. Over 30 years ago, we began by introducing cat litter to the UK pet industry and this led to the creation of MOR Products Ltd, our pet wholesale business and to our retail operation, Petworld Superstores Ltd. We subsequently sold these businesses and in 1997 acquired Interpet, which grew strongly under our ownership; turnover increased fourfold and profit twelve fold. I would like to offer my good wishes and thanks to the excellent staff, past and present of Interpet and wish them success in their exciting future with Central Garden and Pet. Our exit from the pet industry emphasises our commitment to our core business, animal health and animal feed additives. We are now sharply focused on our future as a leading supplier to the animal food farming industry worldwide.

The sale of our US business, Aquarium Products, has not yet been concluded; we continue to make every effort to complete this transaction in line with our original agreement with Central Garden and Pet.

In order to facilitate improved dealings in our shares, approval was given by shareholders at an EGM on 2 July 2004 for our shares to be traded through CREST as uncertificated securities.

ECO GROUP:

ECO's animal health business delivered another strong performance with sales and profit ahead of the previous year. Ecomectin, our endectocide range for all grazing animals, completed its first full year of sales in the USA and is being very well received in this important market. The pour-on product for cattle, sold under the Coopermec name by Schering Plough, has rapidly established itself as a leading brand.

Sales of Ecomectins in Europe and Japan also progressed well. We expect further growth in sales in the current year, particularly in Europe where the recent expansion of the EU has created a larger market opportunity.

During the last year, we were granted over 40 new registrations for a range of our products both in Europe and the rest of the world which brings our current number of registrations to over 350 with a further 250 grants still pending.

Following the year-end, on 12 May 2004, ECO was awarded a European marketing authorisation for Aivlosin for the treatment and prevention of swine pneumonia. The registration process started over ten years ago and it is expected that further registrations for Aivlosin for different diseases in other species of animals and geographic territories will be forthcoming over the next few years. We expect to commence sales of Aivlosin in Europe in the autumn through distribution arrangements, which have been recently finalised. Further European registrations for Aivlosin for use in treating other conditions in pigs and for its use with chickens, turkeys and other poultry should follow over the coming months.



Earlier this month, the Committee for Medicinal Products for Veterinary Use adopted a further opinion recommending the establishment of provisional maximum residue limits for Aivlosin in poultry species. This is another major hurdle that has been overcome and we expect to complete our full documentation for regulatory approval for poultry before the end of the year.

Submission of our registration dossiers to the Food and Drug Administration in the USA for Aivlosin should be made towards the end of 2004 with a view to receiving a marketing authorisation some twelve months later. As has always been the case, forecasting the precise timing of the grant of drug registrations is impossible, but now that the first European authorisation is in place we look forward to a sharply increasing level of sales and profit over the coming years.

We already have registrations for Aivlosin and Ecomectin in China and in June 2004 ECO signed a joint venture agreement with Zhejiang Shenghua BIOC Biology Co. Ltd. to manufacture these and other animal health products for this fast expanding market. Our joint venture partner is a first class business and is one of the very few Chinese pharmaceutical manufacturers to have achieved the essential GMP (Good Manufacturing Practice) accreditation standard. The day-to-day management and expansion of our business in China continues to be controlled from our Shanghai office, which we opened in 1996. Following the sale of our trading business in South Africa to Afrivet Business Management earlier this year, ECO has retained all its drug registrations and has agreed to their exclusive use by Afrivet. ECO will receive a continuing payment based on Afrivet's total sales, which should enhance the profitability of ECO.

We have further strengthened our sales, management and registration teams at ECO Animal Health to ensure we are able to cope efficiently with the increasing workload that these additional registrations and projects generate. A number of second and third generation anti parasitic and anti infective products have completed their testing and the registration process has already begun. First sales of these products were made in South Africa this year and we expect that other parts of the world should start selling them during the next financial year and will be followed by sales in Europe and the USA a year later.



AGIL:

Agil's performance improved steadily over the course of the year and the company has benefited significantly from the strong ties it has built with its worldwide distributors. It is rewarding to see business recovering in South East Asia following SARS and avian flu. Agil introduced a number of new products during the year including Credence, a treatment for animal drinking water supplies and veterinary disinfectants that has been well received. Agil will continue to add new and innovative products to its range including one with a novel approach to the administration of vitamins to growing animals.

A new market for Agil is in crop protection systems for stored grains for brewing and malting. Demeter, our chemical free pesticide, has recently been approved by the Central Scientific Laboratory and Home Grown Cereals Authority in the UK as a replacement for traditional organophosphate insecticides. This could prove to be an exciting new business area for us.

The biggest opportunity for Agil remains the expected heavy use of natural digestion improvers to replace antibiotic growth promoters in Europe when they are banned at the end of 2005. Agil is well placed for this change, having sold its range of Prefect, Salkil and Bact-A-Cid antibiotic free products to the pig and poultry industry for some years. It is particularly encouraging that many poultry and pork exporters outside the EU and America are now adopting a regime of drugs and additives, which meet European and FDA standards for meat products. This will benefit Agil and we expect continuing growth and success in this area.

BLACKFAST:

Blackfast Chemicals enjoyed a record year with exports continuing to account for more than half of total sales. A second sales manager has been appointed to help support and supervise the many distributors we have around the world. It is encouraging to note an increase in the number of larger automated installations that are now using our room temperature ecologically favourable process in favour of traditional hot blacking methods.

INTERPET:

This business performed well during the ten months prior to its sale, with a good advance in profit and improvement in operating margin.

EMPLOYEES:

I would like to express my thanks to all employees and everyone associated with the company without whose hard work and loyalty we could not continue to flourish.

OUTLOOK:

The current year has started well and while the future looks very different in its turnover and profit makeup from the past, we have good reason to be confident. We expect ECO to grow strongly in the years ahead and be boosted by the grant of further valuable marketing authorisations for Aivlosin and other new products. I look forward to reporting further progress to shareholders.

Peter Lawrence
Chairman



July 2004

REGISTERED NUMBER:	1818170
REGISTERED OFFICE:	78 Coombe Road New Malden Surrey KT3 4QS
DIRECTORS:	Peter A Lawrence (Chairman) Michael E Brent (Managing director) Gavin F Casey (Non-executive)
SECRETARY:	Julia Rosu
BANKERS:	NatWest Mitcham Branch 282 London Road Mitcham Surrey CR4 2ZP
AUDITORS:	FW Stephens 10 Charterhouse Square London EC1M 6LQ

The directors present their annual report and audited financial statements for the year ended 31 March 2004.

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

During the year, the company disposed of its Interpet pet accessory business in the UK and also of the sales and marketing activities of its animal health division in South Africa. A full review of the year, together with an indication of future developments, is given in the chairman's statement on pages 2 to 3.

DIVIDENDS

An interim dividend of 1.275p per Ordinary 5p share was paid on 7 April 2004 for the six months ended 30 September 2003 (2003: 1.15p per Ordinary 5p share). The directors recommend a final dividend of 4.425p per Ordinary 5p share, making a total of 5.7p per Ordinary 5p share for the year ended 31 March 2004 (2003: 3.95p per Ordinary 5p share making a total of 5.1p per Ordinary 5p share). In addition to the final dividend the Directors have proposed to pay an exceptional dividend of 1.3p per Ordinary 5p share.

SUBSTANTIAL SHAREHOLDINGS

At 10 July 2004, 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	9,595,794	35.86
Fidelity Investments	3,039,003	11.36
Schroder Investment Management	1,964,188	7.34
D Salmon and family	1,878,481	7.02
Framlington Investments	1,595,000	5.96
Artemis Investment Management	1,055,000	3.94

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)

The beneficial interests of the directors holding office on 31 March 2004 in the issued share capital of the company were as follows:

	Ordinary 5p shares	
	2004	2003
P A Lawrence	9,595,794	10,195,794
M E Brent	101,000	101,000
G F Casey	60,000	60,000

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

M E Brent 2004: 415,000 (60,000 at £0.33: 195,000 at £1.30: 90,000 at £0.92: 70,000 at £2.025)
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)

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 at the year end amounted to 86 days (2003: 67 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 £3,270 (2003: £491). No political donations were made.

STOCKBROKERS

Charles Stanley & Co. are the company's nominated advisor and joint stockbrokers with Durlacher Limited. The closing price on 31 March 2004 was 370p per share (2003: 174p). During the year the company's average share price was 274p.

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 FW Stephens be reappointed as auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Julia Rosu – Secretary
27 July 2004

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAWRENCE PLC

We have audited the financial statements of Lawrence plc on pages 8 to 30 for the year ended 31 March 2004. 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 company'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 company'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 company and the company'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 2004 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.

FW Stephens
Registered Auditors
Chartered Accountants

28 July 2004

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

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

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the accounts of the company and its trading subsidiaries drawn up to 31 March 2004. 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.

Goodwill arising on acquisitions in accounting periods ending before 23 December 1998, the implementation date of FRS10, was written off against reserves.

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 have 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 2004

	Note	2004 £	2003 £
TURNOVER	1	33,330,767	36,264,380
Continuing operations		16,128,118	
Discontinued operations		17,202,649	
Cost of sales		(19,876,277)	(21,397,465)
GROSS PROFIT		13,454,490	14,866,915
Net operating expenses	2	(10,787,836)	(10,179,006)
OPERATING PROFIT		2,666,654	4,687,909
Continuing operations		770,215	
Discontinued operations	5	1,896,439	
Loss on sale of listed investments		(5,901)	
Exceptional write down of goodwill		(674,488)	
Exceptional bonus provisions		(1,080,504)	
Income from listed fixed asset investments		64,115	64,115
Profit on sale of a division	3	4,543,826	–
Net interest	4	(158,957)	(204,961)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	5,354,745	4,547,063
Tax on profit on ordinary activities	7	(677,199)	(1,170,167)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	8	4,677,546	3,376,896
Minority interest – equity		(382,545)	(459,789)
PROFIT FOR THE FINANCIAL YEAR		4,295,001	2,917,107
Dividends – equity	9	(1,753,491)	(1,414,208)
RETAINED PROFIT TRANSFERRED TO RESERVES	22	2,541,510	1,502,899
EARNINGS PER SHARE	10	16.26p	11.33p
DILUTED EARNINGS PER SHARE	10	15.97p	11.17p

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
Year Ended 31 March 2004

	2004 £	2003 £
PROFIT FOR THE FINANCIAL YEAR	4,295,001	2,917,107
Exchange differences	(164,371)	(312,699)
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR	4,130,630	2,604,408

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

As at 31 March 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Intangible assets	11	5,660,510	7,314,157
Tangible assets	12	864,669	1,455,979
Investments	13	713,252	805,324
		<u>7,238,431</u>	<u>9,575,460</u>
CURRENT ASSETS			
Stocks	14	2,316,261	7,829,666
Debtors	15	23,924,648	12,762,407
Cash at bank and in hand		524,265	581,463
		<u>26,765,174</u>	<u>21,173,536</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	<u>(10,596,031)</u>	<u>(10,955,051)</u>
NET CURRENT ASSETS		<u>16,169,143</u>	<u>10,218,485</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>23,407,574</u>	<u>19,793,945</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	<u>(1,291,989)</u>	<u>(1,204,819)</u>
		<u>22,115,585</u>	<u>18,589,126</u>
CAPITAL AND RESERVES			
Called up share capital	20	1,337,368	1,300,948
Share premium account	21	7,936,115	7,199,240
Capital redemption reserve	21	105,829	105,829
Profit and loss account	21	11,518,267	9,141,128
EQUITY SHAREHOLDERS' FUNDS	22	<u>20,897,579</u>	<u>17,747,145</u>
Minority interest – equity		1,218,006	841,981
		<u>22,115,585</u>	<u>18,589,126</u>

The financial statements were approved by the Board of Directors on 27 July 2004

P A Lawrence – Director

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

As at 31 March 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Intangible assets	11	24,726	1,260,353
Tangible assets	12	682,060	1,267,270
Investments	13	173,183	3,102,750
		879,969	5,630,373
CURRENT ASSETS			
Stocks	14	388,718	4,953,120
Debtors – falling due within one year	15	20,111,613	8,553,483
Debtors – falling due after more than one year	15	6,312,708	6,200,132
Cash at bank and in hand		296,280	311,190
		27,109,319	20,017,925
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(8,128,604)	(8,002,434)
NET CURRENT ASSETS		18,980,715	12,015,491
TOTAL ASSETS LESS CURRENT LIABILITIES		19,860,684	17,645,864
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(1,291,989)	(1,204,819)
		18,568,695	16,441,045
CAPITAL AND RESERVES			
Called up share capital	20	1,337,368	1,300,948
Share premium account	21	7,936,115	7,199,240
Capital redemption reserve	21	105,829	105,829
Profit and loss account	21	9,189,383	7,835,028
EQUITY SHAREHOLDERS' FUNDS	22	18,568,695	16,441,045

The financial statements were approved by the Board of Directors on 27 July 2004

P A Lawrence – Director

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

Year Ended 31 March 2004

	Note	2004 £	2003 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	23	3,381,368	5,167,786
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		95,343	59,221
Interest paid		(254,300)	(264,182)
Dividends received		64,115	64,115
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(94,842)	(140,846)
TAXATION		(801,672)	(1,546,256)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of intangible fixed assets		(2,870,852)	(2,461,966)
Purchase of tangible fixed assets		(246,671)	(211,096)
Sale of tangible fixed assets		20,773	18,120
Sale of investments		86,170	244,211
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(3,010,580)	(2,410,731)
ACQUISITIONS AND DISPOSALS		(59,139)	–
EQUITY DIVIDENDS PAID		(1,333,684)	(1,144,979)
FINANCING			
Issue of shares		773,295	394,238
Repayment of borrowing (net)	25	(17,434)	(199,744)
NET CASH INFLOW FROM FINANCING		755,861	194,494
(Decrease)/Increase in cash	24	(1,162,688)	119,468

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

Year Ended 31 March 2004

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 2004 £	Total 2003 £
Distribution costs	499,961	550,964
Administrative expenses	10,350,278	9,921,571
Other operating income	(62,403)	(293,529)
	10,787,836	10,179,006

3. This relates to the sale of our Interpet division to Central Garden and Pet Company Limited.

4. NET INTEREST

	2004 £	2003 £
On bank loans and overdrafts	254,300	264,182
Other interest receivable	(95,343)	(59,221)
	158,957	204,961

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after:

	2004 £	2003 £
Hire of plant and machinery	38,901	39,720
Loss on foreign currency transactions	170,684	96,935
Depreciation – owned assets	307,776	303,194
Amortisation of intangible assets	922,794	784,238
Loss on disposal of fixed assets	–	57,940
Auditors' remuneration		
– audit services	28,000	26,000
– non audit services	17,475	16,388
	1,487,630	1,378,315

Profit on ordinary activities before taxation is stated after charging £536,818 in respect of a provision against the value of the company's investment in Interpet LLC, trading as Aquarium Products.

Year Ended 31 March 2004

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION – continued

Discontinued operations

Details relating to the operations that were discontinued during the year are as follows:

	2004	2003
	£	£
Turnover	17,202,649	19,834,924
Cost of sales	(9,033,395)	(11,143,701)
Net operating expenses	(6,272,815)	(5,721,166)
Operating profit	<u>1,896,439</u>	<u>2,970,057</u>

The operating profit from discontinued operations includes £489,213, stated before depreciation and currency differences, in respect of Eco Animal Health Southern Africa (PTY) Limited. However income will be receivable in the future in the form of a 5% commission based on the income of the business sold.

6. DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2004	2003
	£	£
Wages and salaries	3,909,116	3,975,948
Social security costs	359,747	348,893
Pension costs	106,551	135,845
	<u>4,375,414</u>	<u>4,460,686</u>

The average number of employees during the year was:

	Number	Number
Directors	3	3
Production and development	50	47
Administration and distribution	71	75
Sales	45	44
	<u>169</u>	<u>169</u>

Remuneration in respect of directors was as follows:

	Salary	Bonus	2004	2003
	£'000	£'000	Total	Total
			£'000	£'000
P A Lawrence	70	–	70	67
M E Brent	91	976	1,067	147
G F Casey (Non-executive)	10	–	10	8
	<u>171</u>	<u>976</u>	<u>1,147</u>	<u>222</u>

In addition, during the year, P A Lawrence received benefits amounting to £1,516 (2003: £1,375) and M E Brent received benefits amounting to £11,098 (2003: £10,244).

During the year one director (2003: one director) participated in a money purchase pension scheme and no directors (2003: no directors) participated in defined benefit schemes.

In August 2003 M E Brent exercised 75,000 share options, and in September 2003 he exercised 150,000 share options totalling 225,000 share options. (2003: 60,000).

The Group made a pension contribution of £30,000 (2003: £30,000) to a pension scheme for the benefit of P A Lawrence.

Year Ended 31 March 2004

6. DIRECTORS AND EMPLOYEES – continued

Information regarding the highest paid director is as follows:

	2004	2003
	£	£
Emoluments	<u>1,067,080</u>	<u>147,000</u>

Non executive Directors' fees arising from the services of P A Lawrence to Baronsmead VCT Plc and Higher Nature plc amounted to £24,337 and were paid to the Company.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2004	2003
	£	£
UK corporation tax at 30% (2003: 30%)	677,199	1,224,025
Deferred tax	–	(53,858)
	<u>677,199</u>	<u>1,170,167</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>5,354,745</u>	<u>4,547,063</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30% (2003: 30%)	<u>1,606,424</u>	<u>1,364,119</u>
Effects of:		
Non deductible expenses	337,906	32,076
Depreciation	151,665	265,142
Capital allowances	(55,676)	(70,478)
Other tax adjustments	(5,498)	(366,834)
Sale of division	(1,331,646)	–
Chargeable disposals	(25,976)	–
	<u>(929,225)</u>	<u>(140,094)</u>
Current tax charge	<u>677,199</u>	<u>1,224,025</u>

8. PROFIT FOR THE FINANCIAL YEAR

The parent company has not included its own profit and loss account in these financial statements as permitted by Section 230 of the Companies Act 1985. The group profit for the year includes £3,212,448 (2003: £2,608,010) which is dealt with in the financial statements of the company.

Year Ended 31 March 2004

9.	DIVIDENDS		
		2004	2003
		£	£
	Equity dividends:		
	Ordinary shares		
	Interim dividend of 1.275p per Ordinary 5p share (2003: 1.15p)	337,364	386,459
	Proposed final dividend of 4.425p per Ordinary 5p share (2003: 3.95p)	1,187,235	1,027,749
	Proposed exceptional dividend of 1.3p per Ordinary 5p share	347,716	–
	Over-provision in 2003	(118,824)	–
		<u>1,753,491</u>	<u>1,414,208</u>

10. 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.

	2004			2003		
	Earnings £'000	Weighted average number of shares '000	Per share amount (pence)	Earnings £'000	Weighted average number of shares '000	Per share amount (pence)
Basic earnings per share						
Earnings attributable to ordinary shareholders	4,295	26,420	16.26	2,917	25,748	11.33
Dilutive effect of securities options	–	469	(0.29)	–	372	(0.16)
	<u>4,295</u>	<u>26,889</u>	<u>15.97</u>	<u>2,917</u>	<u>26,120</u>	<u>11.17</u>

Year Ended 31 March 2004

11. INTANGIBLE FIXED ASSETS					
Group					
	Book origination £	Goodwill £	Drug registration £	Trade marks £	Total £
Cost:					
At 1 April 2003	1,575,520	2,778,420	4,828,190	68,221	9,250,351
Additions	322,439	415,030	2,133,383	–	2,870,852
Disposals	(1,897,959)	(2,778,420)	–	–	(4,676,379)
At 31 March 2004	–	415,030	6,961,573	68,221	7,444,824
Amortisation:					
At 1 April 2003	466,155	289,167	1,140,789	40,083	1,936,194
Provided in the year	275,508	43,844	600,030	3,412	922,794
Disposals	(741,663)	(333,011)	–	–	(1,074,674)
At 31 March 2004	–	–	1,740,819	43,495	1,784,314
Net book amount:					
At 31 March 2004	–	415,030	5,220,754	24,726	5,660,510
At 31 March 2003	1,109,365	2,489,253	3,687,401	28,138	7,314,157
Company					
	Book origination £	Goodwill £	Trade marks £	Total £	
Cost:					
At 1 April 2003	1,575,520	154,545	68,221	1,798,286	
Additions	322,439	–	–	322,439	
Disposals	(1,897,959)	(154,545)	–	(2,052,504)	
At 31 March 2004	–	–	68,221	68,221	
Amortisation:					
At 1 April 2003	466,155	31,695	40,083	537,933	
Provided in the year	275,508	–	3,412	278,920	
Disposals	(741,663)	(31,695)	–	(773,358)	
At 31 March 2004	–	–	43,495	43,495	
Net book value:					
At 31 March 2004	–	–	24,726	24,726	
At 31 March 2003	1,109,365	122,850	28,138	1,260,353	

Year Ended 31 March 2004

12. TANGIBLE FIXED ASSETS

Group

	Long leasehold property £	Freehold property £	Alterations to premises £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:							
At 1 April 2003	199,816	505,450	242,838	1,575,486	391,028	115,456	3,030,074
Additions	–	–	12,548	141,522	86,654	5,947	246,671
Disposals	–	–	(180,592)	(1,499,536)	(83,122)	(44,547)	(1,807,797)
At 31 March 2004	199,816	505,450	74,794	217,472	394,560	76,856	1,468,948
Depreciation:							
At 1 April 2003	31,848	84,248	98,851	992,494	298,435	68,219	1,574,095
Provided in the year	4,124	10,110	26,947	200,088	45,378	21,129	307,776
Disposals	–	–	(96,675)	(1,060,670)	(89,287)	(30,960)	(1,277,592)
At 31 March 2004	35,972	94,358	29,123	131,912	254,526	58,388	604,279
Net book amount:							
At 31 March 2004	163,844	411,092	45,671	85,560	140,034	18,468	864,669
At 31 March 2003	167,968	421,202	143,987	582,992	92,593	47,237	1,455,979

Company

	Long leasehold property £	Freehold property £	Alterations to premises £	Fixtures and fittings £	Motor vehicles £	Plant and machinery £	Total £
Cost:							
At 1 April 2003	184,464	505,450	216,048	199,922	59,200	1,010,947	2,176,031
Additions	–	–	9,403	19,170	4,898	122,275	155,746
Disposals	–	–	(173,135)	(26,493)	(32,202)	(1,096,536)	(1,328,366)
At 31 March 2004	184,464	505,450	52,316	192,599	31,896	36,686	1,003,411
Depreciation:							
At 1 April 2003	16,496	84,248	77,435	148,094	33,803	548,685	908,761
Provided in the year	4,124	10,110	25,609	22,887	13,718	150,183	226,631
Disposals	–	–	(89,193)	(26,866)	(22,624)	(675,358)	(814,041)
At 31 March 2004	20,620	94,358	13,851	144,115	24,897	23,510	321,351
Net book amount:							
At 31 March 2004	163,844	411,092	38,465	48,484	6,999	13,176	682,060
At 31 March 2003	167,968	421,202	138,613	51,828	25,397	462,262	1,267,270

Year Ended 31 March 2004

13. FIXED ASSET INVESTMENTS	Group £	Company £
Cost:		
At 1 April 2003	805,324	3,102,750
Additions	–	–
Disposals	(92,072)	(1,834,259)
	713,252	1,268,491
At 31 March 2004		
Provision for diminution in value	–	(1,095,308)
Net book amount:		
At 31 March 2004	713,252	173,183
At 31 March 2003	805,324	3,102,750

Unlisted investments represent investments in subsidiary undertakings and other unquoted investments

	2004 Group £	2003 Group £	2004 Company £	2003 Company £
Interest in group undertakings	–	–	173,183	3,010,720
Investments listed on recognised stock exchanges	–	92,030	–	92,030
Unlisted investments	713,252	713,294	–	–
	713,252	805,324	173,183	3,102,750

The market value of listed investments at 31 March 2004 was £NIL (2003: £92,030).

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

Subsidiary undertakings	% Holding	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
Lawrence (2004) Limited (formerly Interpet Limited)	100	Ordinary	Great Britain
Petlove Limited	90.9	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. This year, the South African company incurred a first tax charge in relation to its trading business.

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 2004

13. 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

Lawrence (2004) Limited (formerly Interpet 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 and action to recover the full value will now be taken in the coming months.

14. STOCKS

	2004 Group £	2003 Group £	2004 Company £	2003 Company £
Raw materials	1,086,427	2,006,750	156,884	797,459
Finished goods	1,229,834	5,822,916	231,834	4,155,661
	<u>2,316,261</u>	<u>7,829,666</u>	<u>388,718</u>	<u>4,953,120</u>

Year Ended 31 March 2004

15. DEBTORS	2004 Group £	2003 Group £	2004 Company £	2003 Company £
Trade debtors	6,084,522	11,971,274	2,526,949	7,131,402
Amounts owed by group undertakings	–	–	–	899,895
Other debtors	17,680,527	297,223	17,479,728	96,712
Prepayments	159,599	493,910	104,936	425,474
	<u>23,924,648</u>	<u>12,762,407</u>	<u>20,111,613</u>	<u>8,553,483</u>
Amounts falling due after more than one year				
Amounts owed by group undertakings	–	–	<u>6,312,708</u>	<u>6,200,132</u>

Since the 31 March 2004 the other debtors have reduced by £16,595,000 received in cash from the sale of the Interpet division and Eco Animal Health's South African business.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2004 Group £	2003 Group £	2004 Company £	2003 Company £
Bank loans and overdrafts	2,982,457	1,876,969	2,984,768	1,876,975
Trade creditors	2,730,912	3,940,705	756,380	1,832,578
Amounts owed to group companies	–	–	104,781	75,000
Corporation tax	122,341	246,813	12,409	335,710
Social security and other taxes	74,213	332,982	61,012	287,168
Proposed dividends	1,872,314	1,452,508	1,872,314	1,452,508
Other creditors	1,090,237	2,190,856	773,309	1,464,508
Accruals	1,723,557	914,218	1,563,631	677,987
	<u>10,596,031</u>	<u>10,955,051</u>	<u>8,128,604</u>	<u>8,002,434</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2004 Group £	2003 Group £	2004 Company £	2003 Company £
Bank loans	<u>1,291,989</u>	<u>1,204,819</u>	<u>1,291,989</u>	<u>1,204,819</u>

Included within creditors above (notes 16 and 17) are the following amounts secured by a debenture on the assets of the group:

	2004 Group £	2003 Group £	2004 Company £	2003 Company £
Bank loans and overdrafts	<u>4,274,446</u>	<u>3,081,788</u>	<u>4,276,757</u>	<u>3,081,794</u>

The average interest rate payable on these borrowings is 5.4%

Since the 31 March 2004, the overdraft has been repaid in full.

Year Ended 31 March 2004

18. BORROWINGS				
Borrowings are repayable as follows:				
	2004	2003	2004	2003
	Group	Group	Company	Company
	£	£	£	£
Within one year				
Bank borrowings	2,982,457	1,876,969	2,984,768	1,876,975
After one and within two years				
Bank borrowings	258,398	240,964	258,398	240,964
After two and within five years				
Bank borrowings	1,033,591	963,855	1,033,591	963,855
	4,274,446	3,081,788	4,276,757	3,081,794

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	
	2004	2003	2004	2003
	£	£	£	£
Accelerated capital allowances	–	(3,151)	3,124	–
Short term timing differences	–	–	–	(396)
Gains rolled over into assets	–	–	120,625	347,764
	–	(3,151)	123,749	347,368

In accordance with FRS 19 deferred tax is not provided on gains rolled over into new assets.

20. CALLED UP SHARE CAPITAL

	2004	2003
	£	£
Authorised: 29,331,732 ordinary shares of 5p each (2003: 29,331,732 ordinary shares of 5p each)	1,466,587	1,466,587
10,794 deferred ordinary shares of 10p each	1,079	1,079
32,334 convertible preference shares of £1 each	32,334	32,334
	1,500,000	1,500,000

During the year 920,000 options were granted (2003: 195,000), 728,400 options were exercised (2003: 394,980) and nil options were cancelled (2003: 30,000)

Allotted, issued and fully paid:

26,747,352 ordinary shares of 5p (2003: 26,018,952 ordinary shares of 5p)	1,337,368	1,300,948
---	------------------	-----------

Increased by £36,420 from proceeds of exercised share options (total proceeds £773,295).

Year Ended 31 March 2004

20. CALLED UP SHARE CAPITAL – continued

Under the company's existing employee share option scheme, employees held options at 31 March 2004 for 2,046,200 5p ordinary shares (2003: 1,854,600) as follows:

Number of shares	Option price per share pence	Options period ending
60,000	33	Jan-05
45,000	60	Oct-05
195,000	130	Aug-04
34,500	130	Aug-07
23,400	125	Oct-05
66,600	125	Oct-08
226,035	132	Oct-06
34,665	132	Oct-09
246,000	92	Oct-08
109,500	125	Oct-09
85,500	125	Oct-12
590,750	203	Aug-10
329,250	203	Aug-13

21. SHARE PREMIUM ACCOUNT AND RESERVES

Group

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 April 2003	7,199,240	105,829	9,141,128
Retained profit for the year	–	–	2,541,510
Exchange differences	–	–	(164,371)
Share premium on shares issued during the year	736,875	–	–
At 31 March 2004	7,936,115	105,829	11,518,267

Company

At 1 April 2003	7,199,240	105,829	7,835,028
Retained profit for the year	–	–	1,458,957
Exchange differences	–	–	(104,602)
Share premium on shares issued during the year	736,875	–	–
At 31 March 2004	7,936,115	105,829	9,189,383

Year Ended 31 March 2004

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2004 £	2003 £
Profit for the financial year	4,295,001	2,917,107
Dividends	(1,753,491)	(1,414,208)
	2,541,510	1,502,899
Exchange differences	(164,371)	(312,699)
Increase in shares	773,295	394,238
Net increase in shareholders' funds	3,150,434	1,584,438
Shareholders' funds at 1 April 2003	17,747,145	16,162,707
Shareholders' funds at 31 March 2004	20,897,579	17,747,145

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. £4,866,775 of goodwill attributable to the division disposed of during the year had been written off directly to reserves in previous years.

Company	2004 £	2003 £
Profit for the financial year	3,212,448	2,608,010
Dividends	(1,753,491)	(1,414,208)
	1,458,957	1,193,802
Exchange differences	(104,602)	(335,630)
Increase in shares	773,295	394,238
Net increase in shareholders' funds	2,127,650	1,252,410
Shareholders' funds at 1 April 2003	16,441,045	15,188,635
Shareholders' funds at 31 March 2004	18,568,695	16,441,045

23. NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 Continuing £	2004 Discontinued £	2004 Total £	2003 £
Operating profit	770,215	1,896,439	2,666,654	4,687,909
Exchange (loss)/gain	(66,287)	–	(66,287)	140,123
Depreciation	136,508	171,268	307,776	303,194
Amortisation charge	567,488	355,306	922,794	784,238
Loss on disposal of fixed assets and investments	–	–	–	57,940
Increase in stocks	(472,386)	(995,492)	(1,467,878)	(239,303)
Decrease/(Increase) in debtors	82,410	1,031,438	1,113,848	(337,437)
Increase/(Decrease) in creditors	692,902	(788,441)	(95,539)	(228,878)
Net cash inflow from continuing operating activities	1,710,850			
Net cash inflow from discontinued activities		1,670,518		
Net cash inflow from operating activities			3,381,368	5,167,786

Year Ended 31 March 2004

24.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		
		2004	2003
		£	£
	(Decrease)/Increase in cash in the year	(1,162,688)	119,468
	Decrease in debt	17,434	199,744
	Change in net debt resulting from cash flows	(1,145,254)	319,212
	Effect of foreign exchange differences	(104,602)	(335,630)
	Movement in net debt in the year	(1,249,856)	(16,418)
	Net debt at 1 April 2003	(2,500,325)	(2,483,907)
	Net debt at 31 March 2004	(3,750,181)	(2,500,325)

25.	ANALYSIS OF CHANGES IN NET DEBT			
	At 31 April 2003	Cash flow	Exchange movement	At 31 March 2004
	£	£	£	£
	Cash at bank and in hand	581,463	(57,198)	524,265
	Overdraft	(1,876,967)	(1,105,490)	(2,982,457)
	Debt	(1,295,504)	(1,162,688)	(2,458,192)
		(1,204,821)	17,434	(1,291,989)
		<u>(2,500,325)</u>	<u>(1,145,254)</u>	<u>(3,750,181)</u>

Sale of businesses

	Interpet	Eco South Africa	Total
Net assets disposed of			
Fixed Assets	3,141,901	–	3,141,901
Stocks	5,284,345	1,696,937	6,981,282
Debtors	3,474,800	748,901	4,223,701
Creditors	(1,579,795)	(417,490)	(1,997,285)
	<u>10,321,251</u>	<u>2,028,348</u>	<u>12,349,599</u>
Sales costs	263,923	–	263,923
Profit on disposal	4,543,826	–	4,543,826
	<u>15,129,000</u>	<u>2,028,348</u>	<u>17,157,348</u>
Sales proceeds outstanding at the year end – to be satisfied in cash.	<u>15,129,000</u>	<u>2,028,348</u>	<u>17,157,348</u>

See note 15.

26. The group had authorised capital commitments amounting to £546,000 as at 31 March 2004 (2003: £140,356).

27. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2004 and 31 March 2003.

Year Ended 31 March 2004

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 £56,995 (2003: £105,845).

Defined Benefit Pension Scheme

The group operates a defined benefit scheme in the UK. The pension cost for the company was £49,556. A full actuarial valuation was carried out at 6 April 2000 and updated to 31 March 2004 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 March 2004	At 31 March 2003
Rate of increase in salaries	4.3%	3.6%
Discount rate	5.4%	5.3%
Rate of increase in pensions in payment	5%	5%
Inflation assumption	3.1%	2.6%

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

	Long term rate of return expected at 31 March 2004	Value at 31 March 2004 £000's	Long term rate of return expected at 31 March 2003	Value at 31 March 2003 £000's
Deposit administration contract	6.50%	926	6.50%	793
Annuities	5.40%	1,302	5.30%	1,154
Total market value of assets		2,228		1,947
Present value of scheme liabilities		(2,586)		(2,354)
Deficit in scheme		(358)		(407)
Related deferred tax asset		107		122
Net pension liability		(251)		(285)

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 2004.

Analysis of the amount charged to operating profit

Current service cost	38	43
Total operating charge	38	43

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

Actual return less expected return on pension scheme assets	190	62
As % of scheme assets	8.5%	3.20%
Experience gains and losses arising on the scheme liabilities	5	8
As % of present value of scheme liabilities	0.2%	0.3%
Changes in assumptions underlying the present value of the scheme liabilities	(131)	(274)
Actuarial profit/(loss) recognised in statement of total recognised gains and losses	64	(204)
As % of present value of scheme liabilities	(5.1%)	(11.6%)

Analysis of the amount credited to other finance income

Expected return on pension scheme assets	112	104
Interest on pension scheme liabilities	(125)	(102)
Net return	(13)	2

Year Ended 31 March 2004

28. PENSIONS – continued

Movement in deficit during the year

	2004 £000's	2003 £000's
Deficit in scheme at beginning of year	(407)	(168)
Movement in year:		
Current service costs	(38)	(43)
Contributions	37	62
Loss on settlements/curtailments	(1)	(56)
Net returns on assets	(13)	2
Actuarial gains/(losses)	64	(204)
Deficit in scheme at end of the year	<u>(358)</u>	<u>(407)</u>

29. LEASING COMMITMENTS

Group

Operating lease payments amounting to £264,510 (31 March 2003: £615,361) are due within one year. The leases to which these amounts relate expire as follows:

	2004		2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring:				
In one year or less	8,667	4,333	9,873	24,402
Between one and five years	53,950	67,444	131,535	150,295
In five years or more	130,116	–	298,336	920
	<u>192,733</u>	<u>71,777</u>	<u>439,744</u>	<u>175,617</u>

Company

Operating lease payments amounting to £168,979 (31 March 2003: £519,057) are due within one year. The leases to which these amounts relate expire as follows:

	2004		2003	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiring:				
In one year or less	–	–	–	21,333
Between one and five years	–	38,863	77,585	120,883
In five years or more	130,116	–	298,336	920
	<u>130,116</u>	<u>38,863</u>	<u>375,921</u>	<u>143,136</u>

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 2003.

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

Year Ended 31 March 2004

30. FINANCIAL INSTRUMENTS – continued

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 £2,728,681 (2003: £1,655,843) and a South African Rand floating facility of R18,000,000 (2003: R18,000,000). The sterling loans bear an interest rate of 1.25% over bank base rates up to £4,000,000 (2003: £4,000,000) 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 Rand by leading banks in the London Interbank Market two business days before the start of each repayment period.

Liquidity 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 £1,271,319.

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	Net foreign currency monetary assets/(liabilities)				
	US Dollar £'000	Euro £'000	South African Rand £'000	Japanese Yen £'000	Other currencies £'000
2004					
Sterling	2,455	449	(1,551)	(819)	137
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
2003					
Sterling	4,331	256	(2,567)	(225)	46
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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 2004**31. RELATED PARTY TRANSACTIONS**

Eco Animal Health Limited, a subsidiary of Eco Group which is wholly owned by Lawrence plc, borrowed a further £232,052 from Lawrence plc (2003: £1,016,352).

At the balance sheet date, £6,312,708 was due to Lawrence plc from Eco Animal Health Limited (2003: £6,080,656).

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 £107,892 (2003: 212,082). 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 (2003: £10,000).

32. NOTIFIABLE SALES FOR THE PURPOSES OF THE AGRICULTURAL INDUSTRIES CONFEDERATION.

The UK sales of animal feed additives, for the year ended 31 March 2004, for the purposes of A.I.C. were £283,022, (2003: £302,559).

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 23 September 2004 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 2004.		
2. To approve the payment of a dividend of 5.725p per Ordinary Share on 1 November 2004 to shareholders on the register on 6 August 2004.		
3. To re-elect Mr G F Casey as a Non-executive Director who retires and, being eligible, offers himself for re-election.		
4. To appoint F W Stephens as Auditors of the Company and to authorise the Directors to determine their remuneration.		
5. To approve the increase of the authorised share capital of the Company.		
6. To allow the Board to allot unissued shares up to 33% of the current issued share capital.		
7. To allow the Board to allot equity securities for cash by up to 5% of the current issued share capital.		
8. 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 at 78 Coombe Road, New Malden, Surrey KT3 4QS 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 KT3 4QS on the 23 September 2004 at 4.00 p.m. for the following purposes:

1. To receive and adopt the Report of the Directors and the Group financial statements for the 12 months ended 31 March 2004, together with the Report of the Auditors.
2. To approve the payment of a dividend of 5.725p per Ordinary share payable on 1 November 2004 to shareholders on the register on 6 August 2004.
3. To re-elect Mr G F Casey, the Director retiring by rotation who, being eligible, offers himself for re-election.
4. To appoint the Auditors, F W Stephens and to authorise the Directors to determine their remuneration.

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

5. That the authorised share capital of the Company be increased from £1,466,586.60 representing 29,331,732 Ordinary Shares of 5p each to £2,000,000 representing 40,000,000 Ordinary Shares of 5p each by the creation of an additional 10,668,268 Ordinary Shares of 5p each.
6. That in substitution for the authority granted to the directors pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 30 September 2003, the directors be generally and unconditionally authorised for the purpose of section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £441,552 provided that this authority shall expire on the day preceding the fifth anniversary of the date of the resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired. All authorities previously conferred under section 80 of the Act are revoked, but such revocation shall not have retrospective effect.

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

7. That subject to the passing of and pursuant to the passing of the resolution numbered 6 in the notice containing this special resolution, and in substitution for the authority granted to the directors pursuant to a special resolution passed at the annual general meeting of the Company held on 30 September 2003, the directors be empowered pursuant to the authority so conferred as if section 89(1) of the Act did not apply to any such allotment, provided that this allotment, provided that this power be limited to:

the allotment of equity securities in connection with any rights issue, open offer or other pre-emptive offer to holders of equity securities in proportion (as nearly as may be practicable) to their respective holdings of such equity securities, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange in any territory or any other matter whatsoever; and

otherwise than pursuant to paragraph 7.1 above, the allotment of equity securities up to an aggregate nominal amount of £66,900 being 5% of the nominal value of the existing issued share capital and shall expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution except that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

8. To transact any other business.

By order of the Board

Julia Rosu, Secretary
New Malden

27 July 2004

