LAWRENCE plc

. . . applying science carefully

Report & Accounts 2007

Lawrence plc is a leader in the development, registration and marketing of pharmaceutical products for global animal health markets. Our products for these growth markets promote well-being in animals. Our financial goals are achieved through the careful and responsible application of science to generate value for our shareholders.

www.lawrenceplc.com

www.ecoanimalhealth.com

LAWRENCE plc

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ECO
ANIMAL HEALTH

ECO GROUP's subsidiaries in animal health products market a range of therapeutic medicines to the food farming industry all around the world.

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Contents

"I am confident that ECO is evolving to become a truly major force in the animal health industry"

The year to 31 March 2007 saw the near completion of our strategy to dispose of non-core businesses, which means that well over 90 per cent of Lawrence's sales are now attributable to our ECO animal health operation. In view of this, authorisation will be sought at the Annual General Meeting to change the name of the Company to ECO Animal Health Group plc.

Group turnover reached a satisfactory £18.3 million. Comparison with the previous year's figure of £20.3 million is distorted by the sale, in November 2006, of our Agil natural animal feed additive business, as its contribution is only included for eight months in the year under review. Agil has a seasonal bias towards the winter months and therefore its disposal further skews comparison between the year just ended and the previous twelve months. In addition, the US dollar weakened by 8.5 per cent against sterling during the financial year and as the majority of sales are invoiced in dollars, this had a negative translational impact on our results.

Profit before interest, tax, depreciation, amortisation and impairment for the year to 31 March 2007 was £5.8 million (2006: £3.4 million) and includes discontinued activities and the profit on the Agil disposal. Amortisation rose during the year from £2.2 million to £2.6 million reflecting the high level of investment in new drug registrations. The amortisation figure reflects the Company's investment in the future of the ECO business. Amortisation is a non-cash item and has no effect on our underlying trading performance.

Profit before tax for the year ended 31 March 2007 was £2.4 million, which included discontinued activities and the profit on the Agil disposal (2006: loss £66,741), while the earnings per share were 5.77p (2006: loss 0.135p).

ECO has successfully obtained in excess of 600 marketing authorisations (also known as drug registrations), in over 70 countries. Marketing authorisations are a prerequisite in every country before sales can begin. The regulatory authorities granting these authorisations have become increasingly stringent in order to ensure the safety of the animals treated and also that of the consumers and the environment. These ever-rising standards have inevitably led to longer development lead times and increased costs in obtaining registrations.

Within this very tight global regulatory framework, we have invested some £20 million since 1994 applying for and obtaining marketing authorisations. In addition, applications for approximately 100 further approvals have been submitted or trial work is being undertaken. This is a huge achievement for a company the size of Lawrence, which has to date funded all the work from its own resources. At a recent animal health conference, a speaker suggested that the cost of achieving marketing approval for a new drug today is now approaching £100 million and the process can take up to 15 years. Our total investment in intangible assets (drug registrations) could represent exceptional value, which we believe is not reflected in the stock market capitalisation of the company.

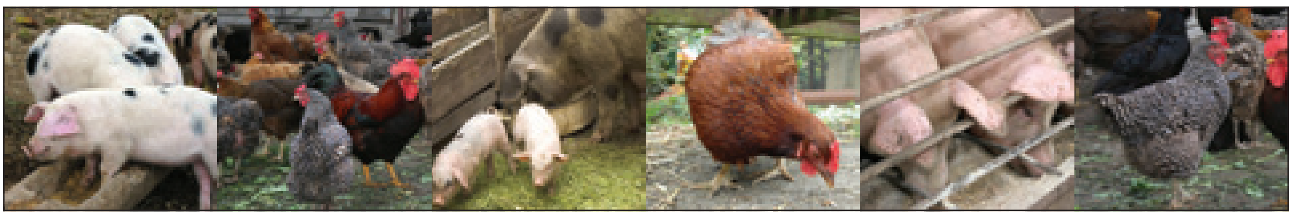
On 27 November 2006 we sold the business and assets of the Agil division to Kiotech International plc for a total consideration of up to £5.5 million. Lawrence received a cash payment of £4.695 million and 8,333,334 new ordinary Kiotech shares. A further payment of up to £0.555 million is due to Lawrence by May 2008.

To enable management to accelerate further and expand the company's veterinary drug development programmes we have today announced a placing of 2,718,500 new ordinary shares with a number of institutional and other investors to raise, subject to shareholder approval at an Extraordinary General Meeting to be held on 14 August 2007, £5.44 million before expenses. The effect of this placing will be to bring forward our anticipated profit growth.

Over the past few years we have successfully implemented a strategy to sell our mature businesses to focus on animal health, which we are confident will deliver a far superior long-term performance. Mature businesses tend to be more cash generative because they require less investment than fast growing operations. We believe it is right to forgo this short-term cash benefit for the longer-term attractions of the animal health industry. The board considers it is now appropriate to rebase the dividend so that the company's cash resources are used to maximum effect in building long-term value for shareholders. We therefore recommend a final dividend of 5.45 pence (net) per share, the same as for the equivalent period last year, making a total for the year of 7.15 pence (net) per share (2006: total dividend 7.0 pence). Shareholder approval will be sought at the Annual General Meeting on 20 September 2007 to pay the final dividend on 5 November 2007 to shareholders on the register on 19 October 2007. In future years the board's policy will be to grow the dividend in line with earnings.

ECO Group

Our core animal health business continued to make good progress with sales in US dollars some five per cent ahead of the previous year. Aivlosin®, our patented macrolide antibiotic, increased its global revenues by almost 33 per cent compared with the previous year. This significant advance demonstrates the growing acceptance of Aivlosin®, which now contributes close to half of total ECO sales, as a premium position drug. Aivlosin® sales in Europe were ahead by 70 per cent year on year albeit from a low base, while sales outside Europe and the USA (where registration is not expected for another couple of years) were up by one-quarter over the same period.



Although sales of Aivlosin® in Europe advanced, the rate of progress was below our expectations. Under the very strict EU rules, a higher than anticipated dose rate was approved for the treatment of swine enteric diseases; this has treatment cost implications. However, the higher dose rate results in a faster return to health for the animal and virtually no impact on productivity, thereby justifying its premium pricing. We are confident that, with the provision of additional data, we will be able to support the use of Aivlosin® at a lower and even more cost-effective dose rate. This will provide our European distributors, principally Schering Plough, with a product capable of securing a significant market share. It is encouraging that sales in several EU countries have been good, although late launches in some, resulting from delays in agreeing labelling requirements, have meant that only a few weeks sales are included in these results.

We are delighted that Aivlosin®, which was a new molecule in Europe when we introduced it in 2004, has been approved for use in pigs and we shall continue to work closely with Schering Plough and our other European distributors to gain higher sales and profits in line with our targets.

An application for the use of Aivlosin® for treating mycoplasmosis in poultry has been submitted to the European Agency for the Evaluation of Medicinal Products (EMEA) and it is hoped that marketing authorisations will be gained before the end of 2007. Sales should commence in individual EU member countries some six months after the approval of local labelling requirements. This approval should allow non-EU poultry producers in countries where Aivlosin® is already approved to export their products to the EU. Only drugs licensed within the EU can be used outside the EU for production animals destined for the European market. We expect a commensurate rise in sales in those exporting countries to reflect this. Additional important new Aivlosin® approvals are expected before the financial year end in Australia, India and Japan, where submissions have already been made. In Europe, further submissions to the EMEA will be made shortly for other presentations and dosage levels of Aivlosin®.

Sales of Ecomectin®, our antiparasitic treatment for all grazing animals, were in aggregate some ten per cent ahead of the previous year in markets outside the USA. Sales in the USA were significantly lower, principally as a result of our distributor, Schering Plough, withdrawing from the market segment. As the USA is a significant market for Ecomectin®, the disappointing performance in that country resulted in total Ecomectin® sales falling below the level of the previous year. Further new Ecomectin® marketing authorisations are expected in Europe and Japan before the end of 2007.

Our success over the years in obtaining drug approvals is attributable to the quality, knowledge and experience of our product development and registration department. Within our traditional drug markets for production animals our team has identified several immediate new opportunities, including the pet medication sector and also one for Aivlosin® in swine.

Whilst sales of these new products will build over a period of years, we expect that the margins attaching to them will be very attractive. In addition, in order to complete the work in progress in our production animal drugs programme, we estimate a further £8.3 million will be spent over the next three years. These new registrations, together with our on going work with the Center for Veterinary Medicine in America, should complete our current development and registration programme and as a consequence result in a progressive reduction in our cash spend.

In my Interim Statement of November 2006 I referred to a collaborative research agreement with Cambridge University's Department of Pathology to investigate new indications for Aivlosin®. The results suggest that Aivlosin® may have a far wider reach than was previously thought and be suitable for treating additional diseases in pigs and poultry. Subsequent related studies by Iowa State University have indicated significant results.

Our joint venture company in China continues to make progress, with production now growing apace and several new marketing authorisations have been obtained. In April 2007, after the year end, we increased our shareholding and now have control of this company; as a result we expect to enjoy faster growth in this very large and fast growing market. In Japan, we have launched Ecopharma.com, an innovative web-based sales and marketing platform for our medications, which gives customers direct access to this important market.

People

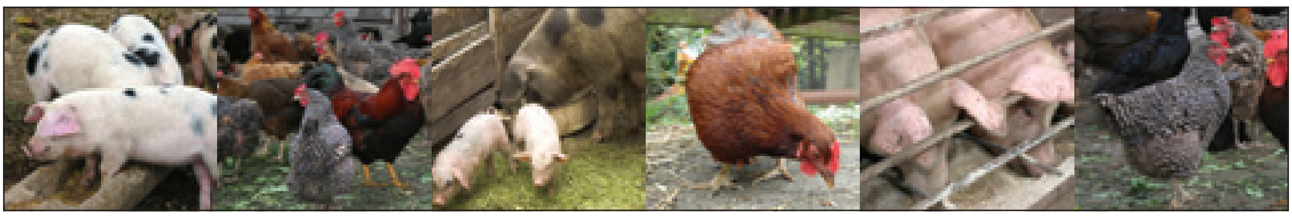
We currently employ close to 70 people in our 16 offices around the world; their hard work and dedication to growing our company is never underestimated. They underpin the development of the company and are committed to generating greater value for both our shareholders and themselves, through our share option incentive programme.

Outlook

The year has commenced in line with our expectations. We have transformed the company over the last four years through the disposal of our non-core activities and I am confident that ECO, now our key business, is evolving to become a truly major force in the animal health industry.

Peter Lawrence
Executive Chairman

21 July 2007



REGISTRATION:	Registered in England number 1818170
REGISTERED OFFICE:	78 Coombe Road New Malden Surrey KT3 4QS
DIRECTORS:	Peter A Lawrence (Executive Chairman) Marc D Loomes (Executive) Gavin F Casey (Non-executive)
SECRETARY:	Julia Rosu
BANKERS:	NatWest 282 London Road Mitcham Surrey CR4 2ZP
REGISTERED AUDITORS:	F W Stephens Third Floor 24 Chiswell Street London EC2R 5TA
NOMINATED ADVISER AND JOINT BROKER:	Charles Stanley Securities 25 Luke Street London EC2A 4AR
JOINT BROKER:	Nomura Code Securities 1 Carey Lane London EC2V 8AE
REGISTRARS:	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN Telephone: 01252 821390
WEBSITE:	www.lawrenceplc.com

The directors present their report and financial statements for the year ended 31 March 2007.

DIRECTORS
The following directors have held office since 1 April 2006:

Peter A Lawrence
Marc D Loomes
Gavin F Casey

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS
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, and manufacturers and distributors of aquarium and pet accessories.

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

RESULTS AND DIVIDENDS
The consolidated profit and loss account for the year is set out on page 8.

A final dividend of 5.45p per Ordinary share, in respect of the year ended 31 March 2006, was paid on 1 November 2006 (2005: 5p per Ordinary share) and an interim dividend of 1.7p per Ordinary share, in respect of the year ended 31 March 2006, was paid on 7 April 2007 (2005: 1.55p per Ordinary share).

SUBSTANTIAL SHAREHOLDINGS
At 15 June 2007, 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	9,000,000	28.86
Schroder Investment Management Limited	7,826,154	25.10
Hargreave Hale & Co	2,300,000	7.38
Artemis Investment Management Limited	2,196,174	7.06
Axa Framlington Investment Managers UK Limited	1,984,424	6.36
D Salmon and family	1,878,481	6.02

GROUP RESEARCH AND DEVELOPMENT ACTIVITIES
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' INTERESTS
The directors' interests in the shares of the company and other group companies were as stated below:

	Ordinary 5p shares	
	31 March 2007	1 April 2006
P A Lawrence and family	**9,000,000**	9,000,000
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 D Loomes	2007:	403,750 at 238 pence.
	2006:	200,000 which were cancelled during the year.

DONATIONS

	2007	2006
	£	£
During the year the group made the following payments:		
Charitable donations	**363**	3,023

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 suppliers. Trade creditors at the year end amounted to 115 days (2006: 94 days) of average supplies for the year against terms agreed with 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 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.

STOCKBROKERS

Charles Stanley Securities is the company's nominated adviser and joint stockbroker with Nomura Code Securities Limited. The closing price per share on 31 March 2007 was 226.25p per share (2006: 230.5p). During the year the company's average share price was 265.56p.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of 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 group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITOR

(a) so far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board

Peter A Lawrence
Director
20 July 2007

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAWRENCE plc

We have audited the group and parent company financial statements of Lawrence plc for the year ended 31 March 2007, which comprise of the consolidated profit and loss account, the consolidated and company balance sheet, the consolidated cash flow statement and related notes. These financial statements have been prepared under 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, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

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

OPINION

In our opinion:

— the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's and the group's affairs as at 31 March 2007 and of the group's profit for the year then ended;

— the financial statements have been properly prepared in accordance with the Companies Act 1985; and

— the information given in the directors' report is consistent with the financial statements.

F W Stephens
Chartered Accountants
Registered Auditors

Third Floor
24 Chiswell Street
London
EC1Y 4YX

20 July 2007

For the Year Ended 31 March 2007

	Note	**2007** £	**2007** £	2006 £	2006 £ as restated
TURNOVER	2				
Continuing operations		**14,702,667**		20,332,752	
Discontinued activities		**3,593,165**		—	
			18,295,832		20,332,752
Cost of sales			**(12,367,047)**		(13,752,749)
GROSS PROFIT			**5,928,785**		6,580,003
Administrative expenses			**(6,459,584)**		(6,051,847)
Other operating income			**432,275**		401,275
OPERATING (LOSS)/PROFIT	5				
Continuing operations		**(593,674)**		929,431	
Discontinued activities		**495,150**		—	
			(98,524)		929,431
Profit on sale of a division	4		**2,895,875**		—
Amounts written off investments	6		**(40,449)**		(713,294)
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST			**2,756,902**		216,137
Other interest receivable and similar income			**89,667**		64,930
Interest payable and similar charges	7		**(476,624)**		(347,808)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			**2,369,945**		(66,741)
Tax on profit/(loss) on ordinary activities	9		**(571,286)**		24,859
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION			**1,798,659**		(41,882)

EARNINGS PER SHARE	Note	**2007 Basic**	**2007 Diluted**	2006 Basic	2006 Diluted
CONTINUING OPERATIONS	13	**(3.27p)**	**(3.26p)**	(0.135p)	(0.134p)
DISCONTINUED ACTIVITIES		**9.04p**	**8.99p**	—	—
TOTAL		**5.77p**	**5.73p**	(0.135p)	(0.134p)

Details of dividends paid and proposed are shown in note 12.

For the Year Ended 31 March 2007

	2007 £	2006 £ as restated
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	**1,798,659**	(41,882)
Revaluation reserve	**—**	428,532
Actuarial gain/(loss) on pension scheme	**173,500**	(16,000)
Currency translation differences on foreign currency net investments	**271,264**	10,467
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	**2,243,423**	381,117
Prior year adjustment	**(218,389)**	1,098,982
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS	**2,025,034**	1,480,099

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

As at 31 March 2007

	Note	Group 2007 £	Group 2006 £ as restated	Company 2007 £	Company 2006 £ as restated
FIXED ASSETS					
Intangible assets	14	**31,119,408**	28,799,870	**—**	18,475
Tangible assets	15	**942,883**	1,375,813	**665,384**	1,039,667
Investments	16	**778,822**	569,271	**21,462,912**	21,212,912
		32,841,113	30,744,954	**22,128,296**	22,271,054
CURRENT ASSETS					
Stocks	17	**3,356,703**	3,626,256	**—**	308,828
Debtors	18	**9,442,453**	10,626,685	**18,149,518**	17,419,759
Cash at bank and in hand		**935,911**	1,299,196	**778,005**	1,042,555
		13,735,067	15,552,137	**18,927,523**	18,771,142
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	20	**(10,649,255)**	(8,025,311)	**(7,496,848)**	(5,094,918)
NET CURRENT ASSETS		**3,085,812**	7,526,826	**11,430,675**	13,676,224
TOTAL ASSETS LESS CURRENT LIABILITIES		**35,926,925**	38,271,780	**33,558,971**	35,947,278
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	21	**(630,098)**	(3,082,497)	**(630,098)**	(3,082,497)
PROVISIONS FOR LIABILITIES	22	**(110,500)**	(338,000)	**(110,500)**	(338,000)
		35,186,327	34,851,283	**32,818,373**	32,526,781
CAPITAL AND RESERVES					
Called up share capital	24	**1,559,011**	1,556,011	**1,559,011**	1,556,011
Share premium account	25	**21,367,211**	21,271,961	**21,367,211**	21,271,961
Revaluation reserve	25	**256,237**	428,532	**256,237**	428,532
Other reserves	25	**548,231**	324,218	**548,231**	324,218
Profit and loss account	25	**11,453,162**	11,268,086	**9,087,683**	8,946,059
SHAREHOLDERS' FUNDS	28	**35,183,852**	34,848,808	**32,818,373**	32,526,781
Minority interests	27	**2,475**	2,475	**—**	—
		35,186,327	34,851,283	**32,818,373**	32,526,781

Approved by the board and authorised for issue on 20 July 2007

Peter A Lawrence
Director

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

For the Year Ended 31 March 2007

	Note	**2007** £	**2007** £	2006 £	2006 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	36		**5,650,044**		2,968,979
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		**89,667**		64,930	
Interest paid		**(476,624)**		(347,808)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			**(386,957)**		(282,878)
TAXATION			**(51,210)**		27,306
CAPITAL EXPENDITURE					
Payments to acquire intangible assets		**(4,969,912)**		(4,188,184)	
Payments to acquire tangible assets		**(56,582)**		(188,092)	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE			**(5,026,494)**		(4,376,276)
Sale of division		**3,031,786**		—	
NET CASH INFLOW FOR ACQUISITIONS AND DISPOSALS			**3,031,786**		—
EQUITY DIVIDENDS PAID			**(2,177,454)**		(1,982,987)
NET CASH INFLOW/(OUTFLOW) BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING			**1,039,715**		(3,645,856)
FINANCING					
Issue of ordinary share capital		**98,250**		243,199	
(Decrease)/increase in borrowing		**(2,452,398)**		1,035,377	
NET CASH (OUTFLOW)/INFLOW FROM FINANCING			**(2,354,148)**		1,278,576
Decrease in cash in the year	37, 38		**(1,314,433)**		(2,367,280)

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

For the Year Ended 31 March 2007

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards as modified by the revaluation of certain fixed assets.

The principal accounting policies of the group 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.

1.2 CHANGES IN ACCOUNTING POLICIES

This is the first accounting period in which the group and company have adopted the Financial Reporting Standard 20 "Share-based Payments". The adoption of FRS 20 and the effect on the financial statements are stated in note 8 of this report. FRS 20 requires the group to reflect in its profit and loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted to employees.

In addition to adopting the accounting standard in the current year, the group is also required to restate comparative financial information to show the effect had the accounting standard been in place at those dates. Consequently, all comparatives in the financial information are stated after the adjustments required by the new accounting standard have been made.

1.3 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the accounts of the company and its subsidiaries drawn up to 31 March 2007. Profit or losses on intra-group transactions are eliminated in full on consolidation.

1.4 TURNOVER

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 GOODWILL

Goodwill arising on consolidation, representing the excess of the consideration given over the fair values of the identifiable new 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 FRS 10, was written off against reserves.

1.6 INTANGIBLE FIXED ASSETS

Trademarks purchased separately from a business are amortised over 20 years, and drug registrations are included at cost and amortised on a straight-line basis over their estimated useful economic life of 10 years.

1.7 RESEARCH AND DEVELOPMENT

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.8 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.

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

The part of the annual depreciation charge on revalued assets which relates to the revaluation surplus is transferred from the revaluation reserve to the profit and loss account.

For the Year Ended 31 March 2007

1 ACCOUNTING POLICIES — continued

1.9 LEASING

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 outstandiing 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.

1.10 INVESTMENTS

Investments are stated at cost less amounts written off.

1.11 STOCK

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

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

1.12 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 in accordance with FRS 17.

1.13 DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. The deferred tax balance has not been discounted.

1.14 FOREIGN CURRENCY TRANSLATION

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 reserves 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.

1.15 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.

1.16 SHARE-BASED PAYMENTS

For equity-settled share-based payment transactions, the group, in accordance with FRS 20 (effective from 1 January 2006), measures their value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The fair value of those equity instruments is measured at grant date, using the trinomial method. The expense is apportioned over the vesting period of the financial instrument and is based on the number which are expected to vest and the fair value of those financial instruments at the date of grant. If the equity instruments granted vest immediately, the expense is recognised in full.

For the Year Ended 31 March 2007

2 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 (Segment 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.

3 COST OF SALES AND NET OPERATING EXPENSES

	2007 Continuing £	**2007** Dis-continued £	**2007** Total £	2006 Continuing £	2006 Dis-continued £	2006 Total £
Cost of sales	**9,889,482**	**2,477,565**	**12,367,047**	13,752,749	—	13,752,749
Administrative expenses	**5,839,134**	**620,450**	**6,459,584**	6,051,847	—	6,051,847
Other operating income	**(432,275)**	**—**	**(432,275)**	(401,275)	—	(401,275)
	15,296,341	**3,098,015**	**18,394,356**	19,403,321	—	19,403,321

4 PROFIT ON SALE OF DIVISION

The profit relates to the sale of the Agil division for a total consideration of £5.5m (including reserved consideration of £555,000). The reserved consideration, recognised in these accounts, is payable in instalments commencing on 4 May 2008, based on Agil achieving certain performance criteria under the terms of the sale agreement.

5 OPERATING (LOSS)/PROFIT

	2007 £	2006 £
Operating (loss)/profit is stated after charging:		
Depreciation of intangible assets	**2,634,193**	2,206,358
Depreciation of tangible assets	**116,892**	121,745
Research and development	**15,781**	70,093
Operating lease rentals	**100,611**	179,372
Auditors' remuneration (company £20,575; 2006: £28,729)	**45,000**	41,000
Remuneration of auditors for non-audit work	**11,757**	3,000
and after crediting:		
Profit on foreign exchange transactions	**—**	10,467

6 AMOUNTS WRITTEN OFF INVESTMENTS

	2007 £	2006 £
Amounts written off fixed asset investments:		713,294
— temporary diminution in value	**40,449**	

The group's investment in Zhejiang ECO-BIOK Animal Health Products Company Limited has been written down to bring the value in line with the company's share of its assets.

For the Year Ended 31 March 2007

7 INTEREST PAYABLE

	2007	2006
	£	£
On bank loans and overdrafts	**453,624**	347,808
Other interest	**23,000**	—
	476,624	347,808

8 EQUITY-SETTLED SHARE-BASED PAYMENTS

The measurement requirements of FRS 20 have been implemented in respect of share options that were granted after 7 November 2002. The expense recognised for share-based payments made during the year is shown in the following table:

	2007	2006
	£	£
Total expense arising from equity-settled share-based transactions	**224,000**	103,000

The share-based payment plan is described below. There have been no cancellations or modifications to this plan during 2007 or 2006.

Lawrence plc Executive Share Option Scheme
In accordance with the Executive Share Option Scheme, approved and unapproved share options are granted to full-time directors and employees who devote at least 25 hours per week to the performance of duties or employment with the company.

The exercise price of the options is equal to the market price of the shares at the date of grant. The options vest three years from the date of grant and if the option holder ceases to be a director or employee of the company due to injury, disability, redundancy or retirement on reaching pensionable age or any other age at which he is bound to retire in accordance with the terms of his contract of employment, the option may be exercised within a period of six months after the option holders so ceasing, although the board may at its discretion extend this period by up to 36 months after the date of cessation.

If the option holder ceases employment for any other reason , the option may not be exercised, unless the board permits. The approved and unapproved options will be forfeited where they remain unexercised, at the end of their respective contractual lives of ten and seven years.

The fair value of share options granted is estimated at the date of grant using a trinomial pricing model, taking into account all the terms and conditions upon which the options were granted.

For the Year Ended 31 March 2007

8 EQUITY SETTLED SHARE BASED PAYMENTS — continued

Movements in issued share options during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the period:

	2007	**2007 WAEP £**	2006	2006 WAEP £
Outstanding at the beginning of the year	**2,265,825**	**2.88**	1,716,625	2.63
Granted during the year	**1,757,340**	**2.38**	799,500	3.08
Forfeited/cancelled during the year	**1,131,000**	**3.34**	60,000	2.72
Exercised during the year	**40,000**	**1.44**	190,300	1.60
Outstanding at the year end	**2,852,165**	**2.41**	2,265,825	2.88
Exercisable at the end of the year	**523,325**	**1.89**	148,325	1.22

The maximum aggregate number of shares over which options may currently be granted cannot exceed 10% of the issued share capital of the company on the grant date.

The weighted average share price on the date of exercise for share options exercised during the year was £2.65. The options outstanding at 31 March 2007 had a weighted average share price of £1.89, and a weighted average remaining contractual life of 6.2 years.

Inputs to the trinomial valuation model

The fair value of share options granted is estimated at the time of grant using a trinomial pricing model, taking into account all the terms and conditions upon which the options were granted.

The following table lists the inputs to the trinomial model in 2007:

Expected dividend yield	5.00%
Expected volatility	25.00%
Contractual life of the options	7–10 years
Weighted average risk-free interest rate	4.66%
Weighted average fair value	£0.42

The expected volatility was estimated by reference to the historical volatility of the company's share price. The risk-free rate of return is estimated as the yield on zero coupon UK government bonds of a term consistent with the contractual life of the options granted.

For the Year Ended 31 March 2007

9 TAXATION

	2007	2006
	£	£
Domestic current year tax		
UK corporation tax	**660,000**	(24,859)
Adjustment for prior years	**(134,156)**	—
Current tax charge	**525,844**	(24,859)
Deferred tax		
Origination and reversal of timing differences	**45,442**	—
	571,286	(24,859)
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	**2,369,945**	(66,741)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006: 30.00%)	**710,984**	(20,022)
Effects of:		
Non-deductible expenses	**1,750**	405,685
Depreciation add-back	**25,646**	26,924
Capital allowances	**(16,883)**	(21,926)
Relief for enhanced expenditure	**(422,978)**	(503,021)
Other tax adjustments	**227,325**	245,000
Payment of accrued bonus	**—**	(132,640)
	(185,140)	20,022
Current tax charge	**525,844**	—

Deferred taxation unprovided for in the financial statements is set out below. All amounts have been provided for according to the provisions of FRS 19.

Unprovided deferred tax for gains rolled over into new assets is £51,252 (2006: £120,625).

For the Year Ended 31 March 2007

10 PRIOR YEAR ADJUSTMENT

Changes in accounting policy

The prior year adjustment made as a result of the changes in accounting policies which is reported in the Statement of Total Recognised Gains and Losses and adjusted to opening reserves in note 25 is analysed as follows:

	2007 £	2006 £ as restated
FRS 21 — Dividends proposed for 2005 declared in 2006	—	1,547,997
FRS 17 — Increase in pension liability in 2005 (net of deferred tax)	—	(83,000)
FRS 17 — Increase in pension liability in 2004 (net of deferred tax)	—	(251,000)
FRS 20 — Share-based payments	**(218,389)**	(115,015)
	(218,389)	1,098,982

The effect of these changes in the accounting policies is to decrease the current years retained profit as set out below:

	2007 £	2006 £
FRS 21 — Dividends proposed for 2005 declared in 2006	—	(1,547,997)
FRS 17 — Increase in pension liability in 2006 (net of deferred tax)	—	(4,000)
FRS 20 — Share-based payments	**(224,013)**	—
	(224,013)	(1,551,997)

The effect of these changes in the accounting policies on the comparative profit and loss account is set out below:

	2006 £	2005 £
FRS 21 — Dividends proposed for 2004 declared in 2005	—	1,534,951
FRS 21 — Dividends proposed for 2005 declared in 2006	—	(1,547,997)
FRS 17 — Increase in pension liability in 2005 (net of deferred tax)	—	(83,000)
FRS 20 — Share-based payments	**(103,374)**	—
	(103,374)	(69,954)

11 PROFIT/(LOSS) FOR THE FINANCIAL YEAR

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit/(loss) for the financial year is made up as follows:

	2007 £	2006 £
Holding company's profit/(loss) for the financial year	**1,752,602**	(422,154)

For the Year Ended 31 March 2007

12 DIVIDENDS

	2007 £	2006 £
Final dividend for the period ended 31 March 2005 of 5p per ordinary share	—	1,547,997
Interim dividend for the period ended 31 March 2006 of 1.55p per ordinary share	—	482,364
Underprovision for the period ended 31 March 2005	—	57,294
Final dividend for the period ended 31 March 2006 of 5.45p per ordinary share	**1,697,687**	—
Interim dividend for the period ended 31 March 2007 of 1.7p per ordinary share	**530,064**	—
	2,227,751	2,087,655

13 EARNINGS PER SHARE

Basic earnings per share is calculated upon the result of the continuing activities for the financial year shown in the profit and loss account divided by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share takes into account the dilutive effect of share options.

	2007			2006		
	Earnings £'000	**Number of shares '000**	**Earnings per share (pence)**	Earnings £'000	Number of shares '000	Earnings per share (pence)
Basic	**(1,021)**	**31,202**	**(3.27)**	(42)	31,042	(0.135)
Dilutive effect of share options		**152**	**0.01**		251	0.001
Diluted	**(1,021)**	**31,354**	**(3.26)**	(42)	31,293	(0.134)

The earnings per share relating to discontinued activities is calculated after adjustment to include the profit on the sale of a division less applicable corporation tax.

The total earnings per share is presented combining continuing operations and discontinued activities to assist shareholders in understanding the overall performance of the group's business.

For the Year Ended 31 March 2007

14 INTANGIBLE FIXED ASSETS

Group

	Trademarks	Goodwill	Drug registrations	Total
	£	£	£	£
Cost				
At 1 April 2006	68,808	20,258,054	13,832,624	34,159,486
Additions	—	—	4,969,912	4,969,912
Disposals	(68,808)	—	—	(68,808)
At 31 March 2007	—	**20,258,054**	**18,802,536**	**39,060,590**
Amortisation				
At 1 April 2006	50,333	1,554,324	3,754,959	5,359,616
Amortisation on disposals	(52,627)	—	—	(52,627)
Charge for the year	2,294	1,021,112	1,610,787	2,634,193
At 31 March 2007	—	**2,575,436**	**5,365,746**	**7,941,182**
Net book value				
At 31 March 2007	—	**17,682,618**	**13,436,790**	**31,119,408**
At 31 March 2006	18,475	18,703,730	10,077,665	28,799,870

Company

	Patents
	£
Cost	
At 1 April 2006	68,808
Disposals	(68,808)
At 31 March 2007	—
Amortisation	
At 1 April 2006	50,333
Amortisation on disposals	(52,627)
Charge for the year	**2,294**
Net book value	
At 31 March 2007	—
At 31 March 2006	18,475

For the Year Ended 31 March 2007

15 TANGIBLE FIXED ASSETS

Group	Freehold property £	Long leasehold property £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 April 2006	650,000	340,532	324,669	618,781	32,907	1,966,889
Additions	—	—	414	56,168	—	56,582
Disposals	—	(325,000)	(13,328)	(152,898)	(32,907)	(524,133)
At 31 March 2007	**650,000**	**15,532**	**311,755**	**522,051**	**—**	**1,499,338**
Depreciation						
At 1 April 2006	—	15,532	153,896	388,741	32,907	591,076
On disposals	—	—	(9,634)	(111,862)	(32,907)	(154,403)
Charge for the year	13,000	—	40,846	65,936	—	119,782
At 31 March 2007	**13,000**	**15,532**	**185,108**	**342,815**	**—**	**556,455**
Net book value						
At 31 March 2007	**637,000**	**—**	**126,647**	**179,236**	**—**	**942,883**
At 31 March 2006	650,000	325,000	170,773	230,040	—	1,375,813

The freehold property was valued on 21 June 2007 by Mr R L Sworn of Kelion Sworn, Chartered Surveyors and Valuers, London W1. The freehold property was valued at £650,000 with value in use. The properties will continue to be revalued on a regular basis.

Company	Freehold property £	Long leasehold property £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 April 2006	650,000	325,180	12,914	247,884	15,703	1,251,681
Additions	—	—	414	23,113	—	23,527
Disposals	—	(325,000)	(13,328)	(152,898)	(15,703)	(506,929)
At 31 March 2007	**650,000**	**180**	**—**	**118,099**	**—**	**768,279**
Depreciation						
At 1 April 2006	—	180	9,209	186,922	15,703	212,014
On disposals	—	—	(9,634)	(111,862)	(15,703)	(137,199)
Charge for the year	13,000	—	425	14,655	—	28,080
At 31 March 2007	**13,000**	**180**	**—**	**89,715**	**—**	**102,895**
Net book value						
At 31 March 2007	**637,000**	**—**	**—**	**28,384**	**—**	**665,384**
At 31 March 2006	650,000	325,000	25,892	38,775	—	1,039,667

For the Year Ended 31 March 2007

16 FIXED ASSET INVESTMENTS

Group	Unlisted investments £
Cost or valuation	
At 1 April 2006	569,271
Additions	250,000
At 31 March 2007	**819,271**
Provisions for diminution in value	
At 1 April 2006	—
Charge for the year	40,449
At 31 March 2007	**40,449**
Net book value	
At 31 March 2007	**778,822**
At 31 March 2006	569,271

	Total £
At 31 March 2007	**499,179**
At 31 March 2006	539,628

Company	Unlisted investments £
Cost or valuation	
At 1 April 2006	21,212,912
Additions	250,000
At 31 March 2007	**21,462,912**
At 31 March 2006	21,212,912

For the Year Ended 31 March 2007

16 FIXED ASSET INVESTMENTS — continued

HOLDINGS OF MORE THAN 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Eco Animal Health Limited	England & Wales	Ordinary	100
Eco Animal Health (Europe) Limited	BVI	Ordinary	100
Eco Group Limited	BVI	Ordinary	100
Eco Animal Health SA (Pty) Limited	South Africa	Ordinary	100
Petlove Limited	England & Wales	Ordinary	91
Interpet LLC	USA	Ordinary	100
Other significant interests			
Zhejiang ECO-BIOK Animal Health Products Company Limited	PRC	Ordinary	49

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Eco Animal Health Limited	Licensing, manufacture and sale of drugs for animals
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 SA (Pty) Limited	Licensing, manufacture and sale of drugs for animals
Petlove Limited	Non-trading
Interpet LLC	Manufacture and sale of pet products

17 STOCKS

	Group		Company	
	2007	2006	**2007**	2006
	£	£	**£**	£
Raw materials and consumables	**2,308,467**	2,412,817	**—**	233,680
Finished goods and goods for resale	**1,048,236**	1,213,439	**—**	75,148
	3,356,703	3,626,256	**—**	308,828

For the Year Ended 31 March 2007

18 DEBTORS

	Group		Company	
	2007	2006	**2007**	2006
	£	£	**£**	£
Trade debtors	**8,045,856**	9,179,450	**67,771**	2,530,128
Amounts owed by group undertakings	**—**	—	**17,107,394**	13,740,093
Corporation tax	**—**	56,441	**—**	211,484
Deferred tax	**185,282**	18,374	**—**	18,374
Other debtors	**859,538**	1,138,542	**813,681**	861,862
Prepayments and accrued income	**351,777**	233,878	**160,672**	57,818
	9,442,453	10,626,685	**18,149,518**	17,419,759

Amounts falling due after more than one year and included in the debtors above are:

	2007	2006	**2007**	2006
	£	£	**£**	£
Amounts owed by group undertakings	**—**	—	**17,107,394**	13,740,093
	—	—	**17,107,394**	13,740,093

19 CASH AT BANK AND IN HAND

Included within "Cash at bank and in hand" is the sum of £528,853 (2006: £919,595) on interest bearing deposit with Investec Asset Management. This is subject to a charge pending repayment of their loan to Afrivet Business Management (Pty) Ltd.

20 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2007	2006	**2007**	2006
	£	£	**£**	£
Bank loans and overdrafts	**4,073,802**	3,122,654	**4,073,802**	3,120,296
Trade creditors	**4,589,880**	3,695,229	**2,143,601**	1,259,403
Corporation tax	**630,541**	—	**471,038**	—
Other taxes and social security costs	**91,853**	177,607	**82,411**	145,435
Other creditors	**225,470**	133,438	**—**	—
Accruals and deferred income	**505,048**	414,019	**193,335**	87,420
Proposed dividend	**532,661**	482,364	**532,661**	482,364
	10,649,255	8,025,311	**7,496,848**	5,094,918

For the Year Ended 31 March 2007

21 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2007	2006	**2007**	2006
	£	£	**£**	£
Bank loans	**630,098**	3,082,497	**630,098**	3,082,497
Analysis of loans				
Wholly repayable within five years	**630,098**	3,082,497	**630,098**	3,082,497
	630,098	3,082,497	**630,098**	3,082,497
Loan maturity analysis				
In more than one year but not more than two years	**210,033**	2,246,997	**210,033**	2,246,997
In more than two years but not more than five years	**420,065**	835,500	**420,065**	835,500

Included within creditors (notes 18 and 19) are the following amounts secured by a debenture on the assets of the group:

	Group		Company	
	2007	2006	**2007**	2006
	£	£	**£**	£
Bank loans and overdrafts	**4,703,900**	3,955,796	**4,703,900**	3,955,796

The average interest rate payable on these borrowings is 9.15%

22 PROVISIONS FOR LIABILITIES AND CHARGES

	Pension obligations
Group	**£**
Balance at 1 April 2006	338,000
Contributions paid to pension schemes	(227,500)
Balance at 31 March 2007	**110,500**
Company	
Balance at 1 April 2006	338,000
Contributions paid to pension schemes	(227,500)
Balance at 31 March 2007	**110,500**

For the Year Ended 31 March 2007

23 PENSION COSTS

Defined Contribution Pension Scheme

The group operates a defined contribution pension 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 £111,736 (2006: £90,422).

Defined Benefit Pension Scheme

The group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 6 April 2003 and updated to 31 March 2007 by a qualified independent actuary. The major assumptions used by the actuary were:

	At 31 March 2007	At 31 March 2006
Rate of increase in salaries	**4.3%**	4.3%
Discount rate	**5.3%**	4.9%
Rate of increase in pensions in payment	**3.1%**	3.0%
Inflation assumption	**3.1%**	3.0%

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

	Long-term rate of return expected at 31 March 2007	**Value at 31 March 2007 £**	Long-term rate of return expected at 31 March 2006	Value at 31 March 2006 £
Deposit administration contract	**6.00%**	**751,000**	6.00%	600,000
Annuities	**5.30%**	**1,716,000**	4.90%	1,767,000
Total market value of assets		**2,467,000**		2,367,000
Present value of scheme liabilities		**(2,625,000)**		(2,850,000)
Deficit in scheme		**(158,000)**		(483,000)
Related deferred tax asset		**48,000**		145,000
		(110,000)		(338,000)

For the Year Ended 31 March 2007

23 PENSION COSTS — continued

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

	2007 £
Actual return less expected return on pension scheme assets	**13,000**
As % of scheme assets	**0.50%**
Experience gains and losses arising on the scheme liabilities	**12,000**
As % of present value of scheme liabilities	**0.50%**
Changes in assumptions underlying the present value of the scheme liabilities	**255,000**
As % of present value of scheme liabilities	**9.70%**
Actuarial loss recognised in statement of total recognised gains and losses	**280,000**
As % of present value of scheme liabilities	**10.67%**
Analysis of amount charged to operating profit	
Current service cost	**33,000**
Analysis of amount credited to other finance costs/income	
Expected return on pension scheme assets	**123,000**
Interest on pension scheme liabilities	**(139,000)**
Net return	**(16,000)**
Movement in deficit during the year	
Deficit in scheme at beginning of year	**(483,000)**
Movement in year:	
Current service costs	**(33,000)**
Contributions	**110,000**
Loss on settlements/curtailments	**—**
Net returns on assets	**(16,000)**
Actuarial gains/(losses)	**271,000**
Expenses paid by scheme	**(7,000)**
Deficit in scheme at end of the year	**(158,000)**

24 SHARE CAPITAL

	2007 £	2006 £
Authorised		
40,000,000 Ordinary shares of 5p each	**2,000,000**	2,000,000
10,794 deferred Ordinary shares of 10p each	**1,079**	1,079
32,334 convertible preference shares of £1 each	**32,334**	32,334
	2,033,413	2,033,413
Allotted, called up and fully paid		
31,180,220 Ordinary shares of 5p each	**1,559,011**	1,556,011

During the year 60,000 ordinary shares of 5p each were issued at a premium of £95,250.

For the Year Ended 31 March 2007

25 STATEMENT OF MOVEMENTS ON RESERVES

Group	Share premium account £	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 April 2006	21,271,961	428,532	105,829	11,486,475
Prior year adjustment	—	—	218,389	(218,389)
Balance at 1 April 2006 as restated	21,271,961	428,532	324,218	11,268,086
Profit for the year	—	—	—	1,798,659
Transfer from revaluation reserve to profit and loss account	—	(169,404)	—	169,404
Foreign currency translation differences	—	—	—	271,264
Premium on shares issued during the year	95,250	—	—	—
Dividends payable	—	—	—	(2,227,751)
Depreciation written back	—	(2,891)	—	—
Movement during the year	—	—	224,013	—
Actuarial gains or losses on pension scheme assets	—	—	—	173,500
Balance at 31 March 2007	**21,367,211**	**256,237**	**548,231**	**11,453,162**

Other reserves

	£
Capital redemption reserve	
Balance at 1 April 2006 and at 31 March 2007	**105,829**
Share option reserve	
Balance at 1 April 2006	218,389
Other reserve movement	224,013
Balance at 31 March 2007	**442,402**

For the Year Ended 31 March 2007

26 STATEMENT OF MOVEMENTS ON RESERVES

Company	**Share premium account £**	**Revaluation reserve £**	**Other reserves (see below) £**	**Profit and loss account £**
Balance at 1 April 2006	21,271,961	428,532	105,829	9,164,448
Prior year adjustment	—	—	218,389	(218,389)
Balance at 1 April 2006 as restated	21,271,961	428,532	324,218	8,946,059
Profit for the year	—	—	—	1,752,602
Transfer from revaluation reserve to profit and loss account	—	(169,404)	—	169,404
Foreign currency translation differences	—	—	—	273,869
Premium on shares issued during the year	95,250	—	—	—
Dividends payable	—	—	—	(2,227,751)
Depreciation written back	—	(2,891)	—	—
Movement during the year	—	—	224,013	—
Actuarial gains or losses on pension scheme assets	—	—	—	173,500
Balance at 31 March 2007	**21,367,211**	**256,237**	**548,231**	**9,087,683**

Other reserves

	£
Capital redemption reserve	
Balance at 1 April 2006 and at 31 March 2007	**105,829**
Share option reserve	
Balance at 1 April 2006	218,389
Other reserve movement	224,013
Balance at 31 March 2007	**442,402**

27 MINORITY INTERESTS

	2007 £	2006 £
Minority interests	**2,475**	2,475
	2,475	2,475

For the Year Ended 31 March 2007

28 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2007 £	2006 £
Profit/(loss) for the financial year	**1,798,659**	(41,882)
Dividends	**(2,227,751)**	—
	(429,092)	(41,882)
Other recognised gains and losses	**444,764**	438,999
Proceeds from issue of shares	**98,250**	—
Cost of share options granted	**224,013**	103,374
Write back of depreciation	**(2,891)**	—
Net addition to shareholders' funds	**335,044**	500,491
Opening shareholders' funds	**34,848,808**	34,348,317
Closing shareholders' funds	**35,183,852**	34,848,808

29 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Company	2007 £	2006 £
Profit/(loss) for the financial year	**1,752,602**	(422,154)
Dividends	**(2,227,751)**	—
	(475,149)	(422,154)
Other recognised gains and losses	**447,369**	428,532
Proceeds from issue of shares	**98,250**	—
Cost of share options granted	**224,013**	103,374
Write-back of depreciation	**(2,891)**	—
Net addition to shareholders' funds	**291,592**	109,752
Opening shareholders' funds	**32,526,781**	32,417,029
Closing shareholders' funds	**32,818,373**	32,526,781

30 CONTINGENT LIABILITIES

Group
There were no contingent liabilities at 31 March 2007 or 31 March 2006.

For the Year Ended 31 March 2007

31 FINANCIAL COMMITMENTS

At 31 March 2007 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2007	2006	**2007**	2006
	£	£	**£**	£
Expiry date:				
Within one year	**—**	121,847	**6,215**	18,594
Between two and five years	**123,345**	113,845	**15,358**	58,478
In over five years	**—**	37,500	**—**	—
	123,345	273,192	**21,573**	77,072

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2007	2006	**2007**	2006
	£	£	**£**	£
Expiry date:				
Within one year	**—**	112,347	**—**	3,859
Between two and five years	**—**	—	**—**	22,618
In over five years	**—**	37,500	**—**	—
	—	149,847	**—**	26,477

32 CAPITAL COMMITMENTS

The group had no authorised capital commitments as at 31 March 2007 (2006: Nil).

For the Year Ended 31 March 2007

33 DIRECTORS' EMOLUMENTS

	2007 £	2006 £
Remuneration	**216,000**	383,000
	216,000	383,000
Emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The highest paid director	**150,304**	181,034

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 0 (2006: 0).

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 0 (2006: 0).

The group made no contribution (2006: £60,000) to a pension scheme for the benefit of P A Lawrence.

Non-executive directors' fees arising from the services of P A Lawrence to Baronsmead VCT Plc, Baronsmead AIM VCT Plc, First State Investments AIM VCT Plc, Higher Nature Limited and Kiotech International Plc amounted to £82,202 (2006: £54,941) and were paid to the company.

34 EMPLOYEES

Number of employees
The average monthly number of employees (including directors) during the year was:

	2007 Number	2006 Number
Directors	**4**	5
Production and development	**32**	33
Admin and distribution	**22**	49
Sales	**13**	12
	71	99

Employment costs	2007 £	2006 £
Wages and salaries	**1,719,747**	1,834,378
Social security costs	**265,130**	168,644
Other pension costs	**6,156**	69,758
	1,991,033	2,072,780

For the Year Ended 31 March 2007

35 RELATED PARTY TRANSACTIONS

Group

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 £1,593,585 (2006: £31,326). This amount represents dividends reinvested into the company and a loan to the company of £998,000.

During the year the group provided management services to Kiotech International plc, a company in which P A Lawrence is a director and holds share options. Fees charged were £37,500 (2006: £29,375). In addition, the group sold a division to Kiotech International plc for a total consideration of £5.5m (see also note 4).

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 £6,000 (2006: £6,000).

The group made sales to Zhejiang ECO-BIOK Animal Health Products Co. Limited on an arm's length basis to the value of £166,700 (2006: £336,220). At the end of the year there was a balance owing from this company of £257,666 (2006: £253,188). Eco Animal Health Limited is a 49% shareholder in the company.

36 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007	2006
	£	£
Operating (loss)/profit	**(98,524)**	929,431
Depreciation of tangible assets	**116,892**	121,744
Amortisation of intangible assets	**2,634,193**	2,206,358
Actuarial pension losses	**(54,000)**	(16,000)
Cost of granting share options	**224,014**	103,374
Decrease/(increase) in stocks	**269,553**	(251,419)
Decrease/(increase) in debtors	**1,294,699**	(400,800)
Increase/(decrease) in creditors within one year	**1,219,453**	(61,709)
Net effect of foreign exchange differences	**271,264**	—
(Decrease)/increase in pension provision	**(227,500)**	338,000
Net cash inflow from operating activities	**5,650,044**	2,968,979

For the Year Ended 31 March 2007

37 ANALYSIS OF NET DEBT

	1 April 2006 £	Cash flow £	Other non-cash changes £	**31 March 2007 £**
Net cash:				
Cash at bank and in hand	1,299,196	(363,285)	—	**935,911**
Bank overdrafts	(3,122,654)	(951,148)	—	**(4,073,802)**
	(1,823,458)	(1,314,433)	—	**(3,137,891)**
Debts falling due after one year	(3,082,497)	2,452,399	—	**(630,098)**
Net debt	(4,905,955)	1,137,966	—	**(3,767,989)**

38 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2007 £	2006 £
Decrease in cash in the year	**(1,314,433)**	(2,367,280)
Cash outflow/(inflow) from decrease/(increase) in debt	**2,452,396**	(1,035,377)
Net effect of foreign exchange differences	**—**	10,467
Movement in net debt in the year	**1,137,963**	(3,392,190)
Opening net debt	**(4,905,952)**	(1,513,762)
Closing net debt	**(3,767,989)**	(4,905,952)

For the Year Ended 31 March 2007

39 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 reviews and agrees 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 it operations through a mixture of retained profits and bank borrowings. At the year end the interest rate exposure of the group arose on sterling flotation facilities of £4,073,802 (2006: £2,841,798) and a South African rand floating facility of R12,000,000 (2006: R12,000,000). The sterling loans bear an interest rate of 1.25% over bank base rates up to £5,500,000 (2006: £4,000,000) 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 the leading banks in the London Interbank Market two business days before the start of each repayment period.

LIQUIDITY OF RISK
The group ensures short-term flexibility through the use of the overdraft facilities. The board does not at present consider that it is necessary to adopt a detailed borrowings policy as there are sufficient funds available within the current facilities. The maturity of liabilities is shown on note 20. The committed undrawn borrowing facilities of the group were £1,426,198 (2006: £1,158,202).

For the Year Ended 31 March 2007

39 FINANCIAL INSTRUMENTS — continued

CURRENCY RISK

The group has one overseas subsidiary which operates in South Africa and whose revenues and expenses are denominated exclusively in rand. 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	US $ £'000	Euro £'000	Rand £'000	Other £'000
2007	1,233	86	(832)	53
2006	4,343	872	(942)	15

FINANCIAL ASSETS AND LIABILITIES

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

40 NOTIFIABLE SALES FOR THE PURPOSES OF THE AGRICULTURAL INDUSTRIES CONFEDERATION

The UK sales of animal feed additives, for the year ended 31 March 2007, for the purposes of AIC were £169,445 (2006: £244,515)

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 20 September 2007 at 11:00 a.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 2007, together with the report of the auditors.
2. To approve the payment of a dividend of 5.45 pence per ordinary share payable on 5 November 2007 to shareholders on the register on 19 October 2007.
3. To re-elect Mr Gavin F Casey, the director retiring by rotation who, being eligible, offers himself for re-election.
4. To re-elect Mr Kevin Stockdale as finance director of the Company following his appointment to the Board on 3 August 2007.
5. To re-elect Ms Julia Rosu as an executive director of the Company following her appointment to the Board on 3 August 2007.
6. 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 resolutions as Special Resolutions.

7. That the name of the Company be changed to Eco Animal Health Group plc.
8. That the Company adopt new Articles of Association which, inter alia, take into account some of the changes arising from the Companies' Act 2006 and which appear in the shareholders' section on the Company's website.
9. That in substitution for the authority granted to the directors pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 14 August 2007, the directors be generally and unconditionally authorised for the purposes 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 £2,250,000 provided that this authority shall expire on the day preceding the fifth anniversary of the date of this resolution save 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.

10. 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 extraordinary general meeting of the Company held on 14 August 2007, 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 6 above as if subsection (1) of Section 89 of the Act did not apply to any such allotment provided that the authority conferred by Resolution 6 above and by this Resolution 7 shall expire twelve months from the passing of this Special Resolution 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 7 is limited to the allotment of equity securities up to an aggregate nominal value of £84,746.
11. To transact any other business.

By order of the Board

Julia Rosu
Secretary
New Malden
22 August 2007

LAWRENCE plc

FORM OF PROXY

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 20 September 2007 and in particular to vote on the resolutions to be proposed thereat in the manner indicated below

RESOLUTIONS	FOR	AGAINST
1. To receive the directors' report and financial statements for the 12 months ended 31 March 2007.		
2. To approve the payment of a dividend of 5.45p per Ordinary Share on 5 November 2007 to shareholders on the register on 19 October 2007.		
3. To re-elect Mr Gavin F Casey as a non-executive director who retires and, being eligible, offers himself for re-election.		
4. To re-elect Mr Kevin Stockdale as finance director of the Company.		
5. To re-elect Ms Julia Rosu as an executive director of the Company.		
6. To appoint F W Stephens as auditors of the Company and to authorise the directors to determine their remuneration.		
7. To approve the change of the Company's name to Eco Animal Health Group plc.		
8. To adopt new and updated Articles of Association.		
9. To allow the board to allot unissued shares up to an aggregate nominal value of £2,250,000.		
10. To allow the board to allot equity securities for cash up to a nominal value of £84,746 being 5% of the current issued share capital.		

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

Date: .... Signature ....

NOTES:

1. If you wish to appoint a proxy other than the Chairman of the meeting, please insert the name and address of your proxy (who need not be a member of the Company).
2. **This form of proxy must be lodged at the company's Registered Office 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.

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AFFIX
STAMP

Lawrence plc
78 Coombe Road
New Malden
Surrey
KT3 4QS

First fold

Third fold
and tuck in flap opposite

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