

**Lawrence plc**  
**Interim Results for the six months ended 30 September 2005**

**HIGHLIGHTS**

- EBITDA on continuing businesses increased 51 per cent to £1.43 million (2004: £0.95 million)
- Sales on continuing businesses grew 15 per cent to £9.2 million (2004: £8.0 million)
- Interim dividend raised 11 per cent to 1.55 pence (net) per share (2004: 1.4 pence)
- Aivlosin sales well ahead of same period last year
- Agil increasing global market share of its natural feed additives
- Continued group focus on core animal health and feed businesses
- Strong start to second half of financial year

Peter Lawrence, Chairman of Lawrence plc, commented:

“The results for the first half of the year have highlighted the transition that the Group is undergoing. The full benefit of these changes will be felt increasingly over the coming months. The second half has started strongly with further advances in sales of our animal pharmaceutical products. This growth, coupled with further Aivlosin registration approvals for Europe anticipated before the end of our current financial year, underpins the exciting potential for the Group”

**Contacts:**

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## CHAIRMAN'S STATEMENT

I am pleased to report that the Group made further good progress in the six months ended 30 September 2005. The current year continues to be one of transition for the Group following the disposal of Interpet and Blackfast Chemicals. In October 2004 we purchased the 50 per cent of ECO Animal Health that we did not already own. This transaction reflected our confidence in ECO and the Group's increasing focus on animal pharmaceutical and feed products worldwide. As a result of the ECO purchase we can now take the full benefit of consolidating ECO and no longer have to subtract the minority element. The minority in the equivalent period last year was £151,000; this year on the same basis it would have been close to £370,000. The elimination of the ECO minority is very positive for the Group but makes direct comparison between this year and last at the pre tax level somewhat confusing, particularly in view of the impact of the amortisation of goodwill resulting from the acquisition. Comparison with last year is more meaningful at the EBITDA level (earnings before interest, tax, depreciation and amortisation). EBITDA on continuing operations for the six months to 30 September 2005 was £1.43 million, which is some 51 per cent ahead of last year's level of £948,000. Sales were ahead by 14.5 per cent to £9.2 million for the period and earnings per share, before amortisation of goodwill were 2.26 pence.

The Board has continued its progressive dividend policy and declared an interim dividend of 1.55 pence (net) per share, 10.7 per cent above the level of last year. The dividend will be paid on 7 April 2006 to shareholders on the register on 17 March 2006.

Marc Loomes, Managing Director of ECO Animal Health, was appointed to the Board of Lawrence plc on 1 December 2005. Marc has worked in the animal pharmaceutical industry for many years and joined ECO in 2004. I am pleased to welcome Marc, his knowledge and experience will complement that of the existing Board and I am confident that he will be a great asset to the Group.

**ECO GROUP:** Sales of ECO Animal Health's pharmaceutical products were in line with our expectations for the first six months of the year and thirty per cent above the level of the equivalent period last year. I am pleased to report that sales of Aivlosin have continued to grow apace and this has continued beyond the period end. The third quarter of our financial year has started well and we are expecting to receive further Aivlosin marketing authorisations early in 2006 from the European Agency for the Evaluation of Medicinal Products (EMEA). These approvals should lead to further substantial orders for Aivlosin which we have built in to our budget for the current financial year. In October we announced the receipt of a positive opinion from the EMEA allowing ECO to include its new manufacturing facility on the registration for Aivlosin for swine pneumonia in Europe.

Schering-Plough Animal Health's marketing launch of Aivlosin across the seventeen European countries where they represent ECO, took longer than we would have wanted. The logistics of combining the most important pig vets and experts in one conference was understandably time consuming. The product has been well received and repeat orders already taken; this bodes well for the future. We have continued to expand the registration and sales management departments of ECO in anticipation of the sales growth, which will follow the grant of further drug registrations. As always, the delays we face from the regulatory authorities around the world continue to frustrate us but in the longer term they provide us with greater security via higher barriers to entry to these profitable and growing markets.

Good progress has been made in Japan where we have received new Ecomectin licences. In addition outline terms have been agreed for ECO to take over the sales and marketing effort for Aivlosin in Japan from our previous supplier, who has ceased production. Worldwide sales will be channelled through ECO Animal Health from our new manufacturing facility.

China continues to represent one of the largest opportunities to expand our business and the joint venture at ECO Biok has made significant progress. It currently employs a sales and management team of 18 people who are setting up distributors throughout China and as I have mentioned before, with mandatory Good Manufacturing Practice being imposed on all animal health medication products in China, we should enjoy a more rapid expansion in this exciting and fast growing market.

Registration work continues at full speed in our North American office where we remain optimistic Aivlosin should receive approval within the next two years. In Latin America, we have been granted marketing approval for Venezuela and similar permission for Chile is expected before the year end. The continuing expansion in the meat production industries of Latin America is making this region a most important market for ECO.

Avian flu has been the subject of media speculation and comment over recent weeks. If there is a downturn in poultry consumption in Europe, consumers may switch to alternatives such as beef, lamb and pork. This would be beneficial for ECO as it already holds Aivlosin and Ecomectin drug registrations for these species. Registration applications for Aivlosin for poultry in Europe have been filed but approvals are not expected for some time.

**Agil:** Agil performed at a similar level to last year even though its global marketplace is being affected by the repercussions from the outbreak of avian flu in Asia. Competitor activity in our natural feed additive market is also growing as suppliers seek to benefit from the opportunities resulting from the abolition of antibiotic growth promoters for livestock in Europe. Agil is in a strong position to capitalise on this new situation as one of few companies accredited by FEMAS (Feed Materials Assurance Scheme), the principal regulatory authority, to supply antibiotic free animal feed. As the new regulations come into force, Agil should benefit from the intensive trial work undertaken and the proven efficacy of its range of antibiotic growth promoter replacements. In addition, Agil has embarked on a focused research and development programme to ensure that its pipeline of new products will generate future growth in sales and contribution.

**Outlook:** The results for the first half of the year have highlighted the transition that the Group is undergoing. The full benefit of these changes will be felt increasingly over the coming months. The second half has started strongly with further advances in sales of our animal pharmaceutical products. This growth, coupled with further Aivlosin registration approvals for Europe anticipated before the end of our current financial year, underpins the exciting potential for the Group.

Peter A Lawrence  
Chairman

12 December 2005

### CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Six months ended 30.09.05 (unaudited) £000	Six months ended 30.09.04 (unaudited) £000	Year ended 31.03.05 (audited) £000	Year ended 31.03.05 (audited) £000
<b>TURNOVER</b>				
Continuing operations	9,162	8,000	17,031	
Discontinued operations *	-	399	<u>767</u>	17,798
Cost of sales	<u>(6,090)</u>	<u>(5,352)</u>		<u>(11,310)</u>
<b>GROSS PROFIT</b>	3,072	3,047		6,488
Administrative expenses	(1,642)	(1,494)		(3,470)
Depreciation	(599)	(406)		(921)
Goodwill amortisation	<u>(511)</u>	<u>(12)</u>		<u>(534)</u>
<b>OPERATING PROFIT</b>				
Continuing operations	320	1,038	1,374	
Discontinued operations *		97	<u>189</u>	1,563
Exceptional items	-	-	1,754	
Interest received/(payable)	<u>(126)</u>	<u>128</u>	<u>136</u>	1,890
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	194	1,263		3,453
Taxation	<u>(3)</u>	<u>(310)</u>		<u>(505)</u>
<b>PROFIT AFTER TAX</b>	191	953		2,948
Minority interest	<u>-</u>	<u>(151)</u>		<u>(38)</u>
<b>PROFIT FOR PERIOD</b>	191	802		2,910
Dividends	(482)	(375)		(1,924)
<b>RETAINED PROFIT TRANSFERRED TO RESERVES</b>	<u>(291)</u>	<u>427</u>		<u>986</u>
<b>BASIC EARNINGS PER SHARE</b>	0.62p	3.00p		10.25p
<b>FULLY DILUTED EARNINGS PER SHARE</b>	0.62p	2.96p		10.22p
<b>BASIC EARNINGS PER SHARE BEFORE AMORTISATION OF GOODWILL</b>	2.26p	3.04p		12.13p

\* Blackfast Chemicals

## CONSOLIDATED BALANCE SHEET

	Six months ended 30.09.05 (unaudited) £000	Six months ended 30.09.04 (unaudited) £000	Year ended 31.03.05 (audited) £000
<b>FIXED ASSETS</b>			
Intangible assets	27,544	6,312	26,818
Tangible assets	904	873	881
Investments	1,283	1,252	1,283
	<u>29,731</u>	<u>8,437</u>	<u>28,982</u>
<b>CURRENT ASSETS</b>			
Stock	4,260	3,284	3,375
Debtors	9,170	8,236	10,228
Cash at bank and in hand	1,451	11,530	1,324
	<u>14,881</u>	<u>23,050</u>	<u>14,927</u>
<b>CREDITORS</b>			
Amounts falling due within one year	<u>(7,629)</u>	<u>(7,485)</u>	<u>(6,865)</u>
<b>NET CURRENT ASSETS</b>	7,252	15,565	8,062
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	36,983	24,002	37,044
<b>CREDITORS</b>			
Amounts falling due after more than one year	(2,047)	(1,292)	(2,047)
<b>NET ASSETS</b>	<u>34,936</u>	<u>22,710</u>	<u>34,997</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	1,554	1,341	1,548
Share premium	21,224	7,987	21,037
Capital redemption reserve	106	106	106
Profit and loss account	12,050	11,915	12,304
Minority interest	2	1,361	2
<b>SHAREHOLDERS' FUNDS</b>	<u>34,936</u>	<u>22,710</u>	<u>34,997</u>

**CONSOLIDATED CASH FLOW STATEMENT**

	Six months ended	Year ended
	30.09.05	31.03.05
	(unaudited)	(audited)
	£000	£000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<u>276</u>	<u>15,170</u>
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>		
Interest received	41	318
Interest paid	(167)	(182)
<b>NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>	<u>(126)</u>	<u>136</u>
<b>TAXATION</b>	27	(705)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of intangible fixed assets	(1,775)	(4,705)
Purchase of tangible fixed assets	(85)	(119)
Purchase of investments	-	(6,969)
Sale of tangible fixed assets	-	14
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>	<u>(1,860)</u>	<u>(11,779)</u>
<b>DISPOSALS</b>	1,300	-
<b>EQUITY DIVIDENDS PAID</b>	(434)	(1,870)
<b>FINANCING</b>		
Issue of shares	193	1,311
Increase in borrowing (net)	751	728
<b>NET CASH INFLOW FROM FINANCING</b>	<u>944</u>	<u>2,039</u>
<b>INCREASE IN CASH</b>	<u>127</u>	<u>2,991</u>

<b>Notes</b>	30.09.05	31.03.05	31.03.05	31.03.05
(1) RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES		Continued	Discontinued	Total
	£000	£000	£000	£000
Operating profit	321	1,374	189	1,563
Exchange gains/(losses)	36	(173)	-	(173)
Depreciation charge	599	79	6	85
Amortisation charge	511	1,369	-	1,369
Increase in stocks	(885)	(1,126)	(20)	(1,146)
(Increase)/decrease in debtors	(319)	14,849	(11)	14,838
Increase/(decrease) in creditors	13	(1,394)	28	(1,366)
Net cash inflow from operating activities	<u>276</u>	<u>14,978</u>	<u>192</u>	<u>15,170</u>

(2) RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		30.09.04		31.03.05
		£000		£000
Increase in cash in the period		127		2,991
Increase in debt		<u>(751)</u>		<u>(728)</u>
Change in net debt resulting from cash flows		(624)		2,263
Effect of foreign exchange (losses)		-		(27)
Movement of net debt in the period		<u>(624)</u>		<u>2,236</u>
Net debt at 1st April 2005		<u>(1,514)</u>		<u>(3,750)</u>
Net debt at 30th September 2005		<u>(2,138)</u>		<u>(1,514)</u>

(3) RECONCILIATION ANALYSIS OF CHANGES IN NET DEBT				
	At 1.4.05	Cash flow	At 30.9.05	At 30.9.04
	£000	£000	£000	£000
Cash at bank and in hand	1,324	127	1,451	11,530
Overdrafts	<u>(791)</u>	<u>(751)</u>	<u>(1,542)</u>	-
	533	(624)	(91)	11,530

## NOTES TO THE INTERIM REPORT

The summarised results of the half year to 30 September 2005, which are unaudited, have been prepared in accordance with the accounting policies in the Accounts for the period ended 31 March 2005.

The summary of results for the year ended 31 March 2005 does not constitute full financial statements within the meaning of Section 240 of the Companies Act 1985. The full financial statements for that year have been reported on by the company's auditors and delivered to the Registrar of Companies. The audit report was unqualified and did not contain a statement under Section 237 (2) or Section 237 (3) of the Companies Act 1985.

The directors have declared an interim dividend of 1.55p per share (2004: 1.40p), payable on 7 April 2006 to shareholders on the register on 17 March 2006.

The calculation of basic earnings per ordinary share is based on the profit for the period and 30,975,704 ordinary shares (2004: 26,785,450) being the weighted average number of shares in issue during the half year. The weighted average number of shares in issue during the year ended 31 March 2005 was 28,388,913. There are currently 31,080,227 shares in issue.

A claim has been submitted to the Inland Revenue in respect of our enhanced expenditure on research and development costs in Eco Animal Health and therefore no tax charge has been applied to this subsidiary in the consolidation of these results.

The interim report was issued to the Stock Exchange and the press on 12 December 2005 and will be posted to shareholders. Further copies of the interim report are available at the Company's Registered Office.

DIRECTORS & OFFICERS	Peter A. Lawrence	(Chairman)
	Michael E. Brent	(Director)
	Gavin F. Casey	(Non-Executive Director)
	Marc D. Loomes	(Director– appointed 1 December 2005)
	Michael J. Sanders	(Director)

	Julia Rosu	(Company Secretary)
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