

L17 December 2007

ECO Animal Health Group plc

Interim Results for the six months ended 30 September 2007 and placing

Key features

- 700,000 new shares placed with an institution at a premium to share price
- Aivlosin sales (in US dollars) 34 per cent ahead of same period last year
- Strong growth from new Chinese subsidiary
- Scrip dividend alternative to be offered to all shareholders; a number of major shareholders have already indicated their intention to take new shares in lieu of the dividend
- Aivlosin European approval process for poultry in final stages
- Very encouraging results at reduced dose rate for ileitis in pigs with Aivlosin, leading to submission for label change in the EU next year
- Group focused on veterinary pharmaceutical products
- Further important drug registrations granted during period

Peter Lawrence, Chairman of Eco Animal Health Group plc, commented:

“Much has happened to strengthen our animal health business so far this year and following the granting of the new drug registrations, since the period end, current indications are that sales are likely to show a good increase in the second half of the year. I am particularly pleased with the projected low dose submission to the EU on Aivlosin as it, when granted, should lead to our existing sales success being replicated in the major European markets”

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ECO Animal Health Group is a leader in the development, registration and marketing of pharmaceutical products. Our products for these global 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.

ECO Animal Health Group plc

CHAIRMAN'S STATEMENT

At the Annual General Meeting of Lawrence plc in August 2007 shareholders passed a resolution to change the Company's name to ECO Animal Health Group plc from Lawrence plc. As a result of the strategic disposals, which were implemented over recent years, well over 90 per cent of sales are now attributable to our ECO Animal Health operations; the name change reflects this focus. Our web site address is now www.ecoanimalhealthgroupplc.com

The continuing weakness of the US dollar, which fell by a further seven per cent against sterling over the six months under review, has once again masked the underlying performance of the Company as the majority of its sales are invoiced in that currency. Despite this dollar weakness, total sales in sterling were close to last year's level. EBITDA (earnings before interest, tax, depreciation, amortisation and share based payments) on continuing operations for the six months to 30 September 2007 was £674,000.

Our strategy to become a focussed animal health company has been completed successfully, although in terms of trading performance the full benefits have yet to come through. I commented in the 2007 Annual Report that the Company is determined to maximise the long-term value of its drug development and registration programmes. Selling our mature, slow growth businesses has inevitably had a short-term impact on cash generation. Our animal health operations are still in the cash-consuming phase as we invest in drug development and registrations.

In August 2007 the Company raised close to £5.3 million (after expenses) through a share placing to accelerate its registration timetable, which would allow ECO to achieve more authorisations in a shorter time. Furthermore the Board also identified investment opportunities within the pet medication market. Work has begun on these new development projects. The Board believes that these programmes are of high priority and their early completion is an essential component of the Company's strategy to build long-term value through targeted investment.

The Board is declaring an unchanged Interim dividend of 1.7 pence (net) per share, which will be paid on 12 May 2008 to shareholders on the register on 18 April 2008. In addition, the Board has decided to offer a scrip dividend alternative and a circular will be sent to shareholders shortly convening an Extraordinary General Meeting. We are confident that shareholders will benefit from this proposal, as it will allow us to target a greater proportion of our cash resources on the generation of profit from our product registration programmes. A number of major shareholders have already indicated their intention to take new shares in lieu of the dividend.

Operations

I am pleased to report that the Company made steady progress during the period under review. Sales of Aivlosin®, our patented macrolide antibiotic, advanced 34 per cent in US dollars from last year's level in generally challenging market conditions. The principal growth area was in the rest of the world where the level of sales was 54 per cent ahead of last year.

Sales of Aivlosin® in Europe to pig producers, which are principally handled by our distributor Schering Plough, continue to disappoint and were 14 per cent below last year's level. The reason is two fold; firstly farmers are facing economic difficulties as a result of global grain shortages and secondly ECO has been affected by the unexpected imposition of a higher than expected dose rate by the European licensing authority, for the control of ileitis. ECO has responded rapidly by commencing a reduced dose rate trial programme for ileitis in pigs, which has produced very encouraging results. We will submit an application for this lower treatment regimen to the EMEA (European Medicines Evaluation Agency) next year: approval will have a significant positive impact on our EU sales and market penetration.

We are in the final stages of the EMEA approval process for Aivlosin® for poultry. A recent decision by the EMEA now allows us to continue the development work to extend its use to egg laying birds. A European marketing authorisation will open up new markets for Aivlosin® in the Middle East and North Africa where the local regulatory authorities seek the reassurance of a European approval. We have recently received approval for the use of Aivlosin® with poultry in Turkey and our submission to the licensing authorities in India is also progressing well.

We have been granted several new approvals around the world for Aivlosin®, including the very large markets for pigs and poultry in Brazil and a further approval in Japan for pigs is imminent. At the important Latin American Poultry Conference, held recently in Brazil and attended by leading veterinary specialists from Central and Latin America, ECO reinforced its presence with a trade stand manned by its Latin American sales team. ECO was also invited to give a keynote lecture on mycoplasma control, a key benefit of Aivlosin®, during the parallel scientific programme.

The collaborative research programme with Cambridge University's Department of Pathology is progressing well as is the related work on pigs at the University of Iowa. Some of the early results from this research on the effect of Aivlosin® on certain viral respiratory infections were presented to pig veterinarians in China and were particularly well received. In April 2007 we increased our shareholding in Zhejiang ECO-BIOK Animal Health Products Company Ltd and now have control of this company and therefore consolidated its results for the first time. This new Chinese subsidiary delivered a strong performance, with sales exceeding £0.6 million, which represents a very significant increase over the equivalent period last year. This business represents a large potential profit centre for the Company. ECO also exhibited at the World Veterinary Poultry Association Conference in Beijing.

Work on our Ecomectin® marketing authorisations is almost complete. Approval for Ecomectin® horse paste in a further 16 EU countries was recently granted and sales in Ireland, which began earlier in the year, are very encouraging. Once labelling has been agreed with each member state, sales will commence. European marketing

authorisation for Ecomectin® pig premix is also imminent. The US market for Ecomectin® cattle pour-on shows little sign of recovering from the sharp drop in pricing levels that we reported two years ago. Customers in Japan have placed opening orders for Ecoheart®, a combination heartworm and roundworm tablet for dogs, thus opening a substantial and very important market segment.

Board

Kevin Stockdale, who is a chartered accountant, rejoined the Company on 3 August 2007 as Finance Director. Previously he had been responsible for the group accounts of Lawrence plc and was also Finance Director of Lawrence's Interpet operation. Kevin remained with Interpet following its disposal in 2004. Julia Rosu also joined the Board on 3 August as an executive director. Julia has been with the Company since 1993 and fulfilled a number of senior finance roles, initially with our Pet Superstores division. She has been Company Secretary since 2004 and was Group Financial Controller.

Gavin Casey, who joined as a non-executive director five years ago in 2002, will retire from the Board at the end of the year. Gavin has been a most helpful and constructive colleague; we will miss his wisdom and experience. We hope to appoint his replacement in the coming months.

Outlook

Much has happened to strengthen our animal health business so far this year and following the granting of the new drug registrations, since the period end, current indications are that sales are likely to show a good increase in the second half of the year.

Peter Lawrence
Executive Chairman

17 December 2007

ECO ANIMAL HEALTH GROUP PLC (FORMERLY LAWRENCE PLC)
CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS TO 30 SEPTEMBER 2007

	Six months ended 30.09.07 (unaudited) £000	Six months ended 30.09.06 (unaudited) (as restated) £000	Year ended 31.03.07 (audited) (as restated) £000
REVENUE			
Continuing operations	6,292	6,891	14,703
Acquisitions	618	-	-
Discontinued activities	-	2,807	3,593
	<u>6,910</u>	<u>9,698</u>	<u>18,296</u>
Cost of sales	<u>(4,786)</u>	<u>(6,535)</u>	<u>(12,367)</u>
GROSS PROFIT	2,124	3,163	5,929
Administrative expenses	(1,643)	(1,555)	(3,602)
Currency losses	(87)	-	-
Amortisation of intangible assets	(1,014)	(741)	(1,613)
Share based payments	(131)	(87)	(224)
Other operating income	210	-	432
	<u>210</u>	<u>-</u>	<u>432</u>
OPERATING (LOSS)/PROFIT:			
Continuing operations	(576)	338	427
Discontinued activities	-	442	495
Acquisitions	35	-	-
Profit on sale of a division	-	-	2,896
Amounts written off investments	-	-	(40)
	<u>-</u>	<u>-</u>	<u>(40)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST	(541)	780	3,778
Net interest payable	<u>(195)</u>	<u>(206)</u>	<u>(387)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(736)	574	3,391
Taxation	<u>-</u>	<u>-</u>	<u>(571)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	<u>(736)</u>	<u>574</u>	<u>2,820</u>
ATTRIBUTABLE TO:			
Equity holders of the parent	(753)	574	2,820
Minority interest	17	-	-
	<u>(736)</u>	<u>574</u>	<u>2,820</u>
BASIC (LOSS)/EARNINGS PER SHARE	(2.363)p	1.844p	9.056p
FULLY DILUTED (LOSS)/EARNINGS PER SHARE	(2.360)p	1.832p	9.012p
EARNINGS BEFORE INTEREST, TAXATION, DEPRECIATION, AND SHARE BASED PAYMENTS	<u>674</u>	<u>1,667</u>	<u>5,732</u>
BASIC EARNINGS PER SHARE BEFORE DEPRECIATION AND SHARE BASED PAYMENTS	2.062p	5.388p	18.408p

ECO ANIMAL HEALTH GROUP PLC (FORMERLY LAWRENCE PLC)
CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2007

	As at 30.09.07 (unaudited) £000	As at 30.09.06 (unaudited) (as restated) £000	As at 31.03.07 (audited) (as restated) £000
ASSETS			
Non Current Assets			
Property, Plant & Equipment	1,367	1,354	943
Goodwill & Other Intangibles	33,783	30,210	32,140
Investments	<u>342</u>	<u>569</u>	<u>779</u>
	<u>35,492</u>	<u>32,133</u>	<u>33,862</u>
CURRENT ASSETS			
Inventories	4,782	4,337	3,357
Trade and other receivables	8,337	9,699	9,257
Corporation tax	-	58	-
Deferred tax	185	18	185
Other taxes and social security	320	103	-
Cash and cash equivalents	<u>1,360</u>	<u>1,483</u>	<u>936</u>
	<u>14,984</u>	<u>15,998</u>	<u>13,735</u>
Total Assets	<u>50,476</u>	<u>48,131</u>	<u>47,597</u>
Equity			
Capital and reserves			
Called up share capital	1,695	1,558	1,559
Share premium	26,504	21,331	21,367
Revaluation reserve	256	429	256
Other reserves	679	411	548
Retained earnings	<u>9,255</u>	<u>10,105</u>	<u>12,474</u>
	<u>38,389</u>	<u>33,834</u>	<u>36,204</u>
Minority interest	<u>502</u>	<u>2</u>	<u>2</u>
Total Equity	<u>38,891</u>	<u>33,836</u>	<u>36,206</u>
Liabilities			
Non Current Liabilities			
Long term borrowings	630	2,061	630
Long term provisions	111	338	111
Current Liabilities			
Trade and other payables	4,880	4,218	5,321
Short term borrowings	3,155	5,555	3,884
Current portion of long term borrowings	210	210	210
Corporation tax	630	-	630
Other taxes and social security	119	215	92
Dividends payable	1,850	1,698	533
Total Equity and Liabilities	<u>50,476</u>	<u>48,131</u>	<u>47,597</u>

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE PERIOD TO 30 SEPTEMBER 2007

	Share Capital Account £000	Share Premium Account £000	Other Reserves £000	Revaluation Reserves £000	Retained Earnings £000	Total £000	Minority Interest £000	Total Equity £000
At 1 April 2006	1,556	21,272	108	429	11,488	34,849	2	34,851
Changes in accounting policy	-	-	218	-	(218)	-	-	-
At 1 April 2006 restated	<u>1,556</u>	<u>21,272</u>	<u>324</u>	<u>429</u>	<u>11,268</u>	<u>34,849</u>	<u>2</u>	<u>34,851</u>
Profit for the year	-	-	-	-	2,820	2,820	-	2,820
Transfer from revaluation reserve to retained earnings	-	-	-	(170)	170	-	-	-
Foreign currency translation differences	-	-	-	-	271	271	-	271
Arising on issue of shares in the year	3	95	-	-	-	98	-	98
Dividends	-	-	-	-	(2,228)	(2,228)	-	(2,228)
Depreciation written back	-	-	-	(3)	-	(3)	-	(3)
Share based payments	-	-	224	-	-	224	-	224
Actuarial gains on pension scheme assets	-	-	-	-	173	173	-	173
At 31 March 2007	<u>1,659</u>	<u>21,367</u>	<u>548</u>	<u>256</u>	<u>12,474</u>	<u>36,204</u>	<u>2</u>	<u>36,206</u>
Loss for the period	-	-	-	-	(753)	(753)	17	(738)
Foreign currency translation differences	-	-	-	-	(619)	(519)	-	(819)
Arising on issue of shares in the period	136	5,137	-	-	-	5,273	-	5,273
Arising on consolidation of ECO Blok	-	-	-	-	-	-	483	483
Dividends payable	-	-	-	-	(1,847)	(1,847)	-	(1,847)
Share based payments	-	-	131	-	-	131	-	131
At 30 September 2007	<u>1,695</u>	<u>26,504</u>	<u>679</u>	<u>256</u>	<u>9,255</u>	<u>38,389</u>	<u>502</u>	<u>38,891</u>
Prior interim period								
At 1 April 2006	1,556	21,272	106	429	11,488	34,849	2	34,851
Changes in accounting policy	-	-	218	-	(218)	-	-	-
At 1 April 2006 restated	<u>1,556</u>	<u>21,272</u>	<u>324</u>	<u>429</u>	<u>11,268</u>	<u>34,849</u>	<u>2</u>	<u>34,851</u>
Profit for period	-	-	-	-	574	574	-	574
Foreign currency translation differences	-	-	-	-	(39)	(39)	-	(39)
Arising on issue of shares in the period	2	59	-	-	-	61	-	61
Dividends payable	-	-	-	-	(1,698)	(1,698)	-	(1,698)
Share based payments	-	-	87	-	-	87	-	87
At 30 September 2006	<u>1,558</u>	<u>21,331</u>	<u>411</u>	<u>429</u>	<u>10,105</u>	<u>33,834</u>	<u>2</u>	<u>33,836</u>

ECO ANIMAL HEALTH GROUP PLC (FORMERLY LAWRENCE PLC)
CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS TO 30 SEPTEMBER 2007

	Six months ended 30.09.07 (unaudited) £000	Six months ended 30.09.06 (unaudited) (as restated) £000	Year ended 31.03.07 (audited) (as restated) £000
(Loss)/(Profit) from operations	(541)	780	922
Adjustment for:			
Depreciation of plant and equipment	70	59	117
Amortisation of intangible assets	1,014	741	1,613
Actuarial pension losses	-	-	(54)
(Decrease)/increase in pension provision	-	-	(227)
Share based payments	131	87	224
Foreign exchange differences	(618)	(39)	271
Operating cash flow before movement in working capital	56	1,628	2,866
(Increase)/decrease in inventories	(985)	(711)	270
Decrease in receivables	688	449	1,295
(Decrease)/increase in payables	(898)	13	1,219
Cash (absorbed by)/generated from operations	(1,139)	1,379	5,650
Interest paid	(197)	(226)	(477)
Taxation	-	-	(51)
Net cash (outflow)/inflow from operating activities	(1,336)	1,153	5,122
Cash flows from investing activities			
Acquisition of ECO Biok	(61)	-	-
(Less cash acquired with ECO Biok)	276	-	-
Investment in Brazilian Office	(62)	-	-
Proceeds from sale of a division	-	-	3,032
Purchase of property plant and equipment	(10)	(37)	(57)
Costs of acquiring drug registrations	(2,419)	(2,151)	(4,970)
Interest received	2	20	90
Net cash (used in) investing activities	(2,274)	(2,168)	(1,905)
Cash flows from financing activities			
Issue of shares	5,273	61	98
(Repayment of)/Increase in bank borrowings	(709)	1,620	(1,501)
Dividends paid	(530)	(482)	(2,177)
Net cash received from/(used in) financing activities	4,034	1,199	(3,580)
Net increase/(decrease) in cash and cash equivalents	424	184	(363)
Cash and cash equivalents at the beginning of the period	936	1,299	1,299
Cash and cash equivalents at the end of the period	1,360	1,483	936

ECO ANIMAL HEALTH GROUP PLC (FORMERLY LAWRENCE PLC)

NOTES TO THE PRELIMINARY RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

1. Basis of preparation

The group has historically prepared its audited annual accounts and unaudited interim results in accordance with UK generally accepted accounting practice (UK GAAP). Following new accounting standards the group is now required to present its annual report and accounts in accordance with International Accounting and Financial Reporting Standards (IFRS).

The IFRS information in this report for the year ended 31 March 2007 is a restatement of information extracted from the statutory financial statements prepared under UK GAAP on a historical cost basis. Those statutory accounts were filed with the Registrar of Companies. The auditors report on those accounts was unqualified and did not contain a statement under section 237 (2) or section 237 (3) of the Companies Act 1985. The restated IFRS information provided for the year ended 31 March 2007 does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. However these are anticipated to form the comparative period in the statutory accounts for the year ending 31 March 2008, the Group's first report to be prepared in accordance with IFRS.

The unaudited interim results for the six months ended 30 September 2006 and 30 September 2007 have been prepared by the Group in accordance with IFRS and accounting policies that will be applied when the Group prepares its first IFRS financial statements for the year ending 31 March 2008. The financial information for the six months ended 30 September 2007 does not constitute statutory accounts as defined by Section 240 of the Companies Act 1985.

2. The implementation of IFRS and IAS resulted in the following restatements of previously reported figures:

For the six months ended 30th September 2006:

In respect of IFRS 2 'Share-based Payment' – a reduction of reported profit through increased overheads of £87,000, a reduction in retained earnings brought forward of £218,000, and an increase in Share Option Reserve of £305,000.

In respect of IAS 36 – 'Impairment of Assets' – an increase in reported profit through decreased amortisation of goodwill of £511,000 and a corresponding increase in the value of Intangible Assets in the Balance Sheet as at 30th September 2006.

For the year ended 31st March 2007:

In respect of IAS 36 – 'Impairment of Assets' – an increase in reported profit through decreased amortisation of goodwill of £1,021,112, and a corresponding increase in the value of Intangible Assets in the Balance Sheet as at 31st March 2007.

The effect of implementation of IAS 36 on the Financial Statements for the six months ended 30th September 2007 is as follows:

In respect of IAS 36 – 'Impairment of Assets' – an increase in reported profit through decreased amortisation of goodwill of £511,000, an increase in retained earnings brought forward of £1,021,112 and an increase in the value of Intangible Assets in the Balance Sheet as at 31st March 2007 of £1,532,112.

3. Revenue is derived from the Group's animal pharmaceutical business.

4. Earnings per share

	September 2007 Unaudited	September 2006 Unaudited (as restated)	March 2007 Audited (as restated)
Weighted average number of share in issue (000's)	31,864	31,122	31,139
Fully diluted weighted average number of shares in issue (000's)	31,901	31,338	31,290
Profit/(loss) attributable to equity holders of the company (£000's)	(753)	574	2,820
Basic (loss)/earnings per share (pence)	(2.363)	1.844	9.056
Fully diluted (loss)/ earnings per share (pence)	(2.360)	1.832	9.012

5. This financial information was approved by the Board on 14 December 2007

6. Copies of this interim report are being sent to all of the Company's shareholders. Further copies can be obtained from the Company's registered office at 78 Coombe Road, New Malden, Surrey, KT3 4QS.