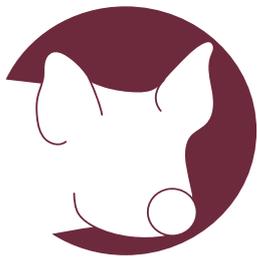


# ANPARIO

Enhancing nature through science

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Anpario plc - Annual Report 2014



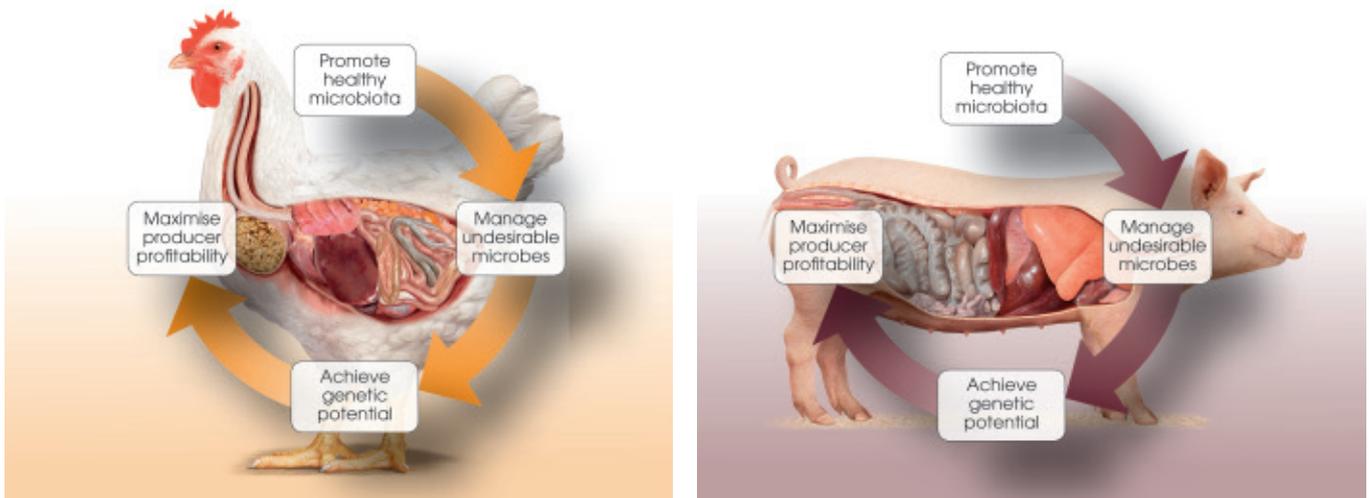
THE QUEEN'S AWARDS  
FOR ENTERPRISE:  
INTERNATIONAL TRADE  
2015

# ANPARIO

Enhancing nature through science

Anpario market and produce a range of products developed to help livestock achieve their genetic potential through supporting a healthy gut environment

Our product family is designed to optimise gut integrity and function, to provide the best opportunity for producer profitability



Our aim is to add value throughout the life of the animal

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## Strategic report

### Highlights

Anpario plc, the international producer and distributor of natural feed additives for animal health, hygiene and nutrition is pleased to announce its results for the twelve months to 31 December 2014<sup>1</sup>.

### Financial highlights<sup>1</sup>

- 18% increase in underlying earnings per share<sup>2</sup> to 15.6p (2013: 13.2p<sup>1</sup>)
- 14% rise in profit before tax to £3.3m (2013: £2.9m)
- 10% rise in adjusted EBITDA<sup>3</sup> to £3.9m (2013: £3.5m)
- 29% increase in the proposed dividend to 4.5p per share (2013: 3.5p)
- Cash balances of £6.6m at year-end (2013: £4.8m)

### Operational highlights

- US Subsidiary gains momentum rapidly with initial sales to pig and poultry market
- Double digit revenue growth continues in the key regions of the Americas and Asia Pacific
- Subsidiary in China makes strong progress
- UK business increases gross profit by 53% from £0.8m to £1.2m

Richard Rose, Chairman, commented:

**“Anpario delivered a strong performance in the twelve months to 31 December 2014 with impressive advances in sales and profit coupled with further market share improvement in its key geographic areas. These results have been achieved during a year when challenges have included currency headwinds and continued political turmoil in a number of our territories.**

**Our strong trading position, debt free balance sheet and the continuing cash generative nature of the business, leave Anpario well positioned to finance further organic growth and consider selective investments or earnings enhancing acquisitions to further enhance value for all its stakeholders.”**

<sup>1</sup> All prior year values have been restated under IFRS 11 to reflect the use of the equity method of accounting which has replaced proportionate consolidation and is disclosed in note 2.24 to the financial statements.

<sup>2</sup> Underlying earnings per share represents profit for the period before unwinding of discount on contingent consideration and prior year tax adjustments, divided by the weighted average number of shares in issue.

<sup>3</sup> Adjusted EBITDA represents operating profit £3.3m (2013: £2.9m) adjusted for: share based payments £0.2m (2013: £0.2m); and depreciation, amortisation and impairment charges of £0.4m (2013 £0.4m).

## Strategic report continued

### Chairman's statement

Anpario delivered a strong performance in the twelve months to 31 December 2014 with impressive advances in sales and profit coupled with further market share improvement in its key geographic areas. These results have been achieved during a year when challenges have included currency headwinds and continued political turmoil in a number of territories.

Anpario has continued to focus on developing its presence in two principal geographic areas, the Americas and Asia Pacific. During the year further investments were made in Brazil, China and the United States, the principal pig and poultry producing countries, accounting for more than half global output. Whilst the establishment of our operations in these countries is still at an early stage, progress has been encouraging. Our newest Subsidiary, in the United States, is growing faster than expected, demonstrating the interest in that country for alternatives to antibiotic growth promoters.

The global agricultural market offers exciting prospects for growth; demand for meat protein is growing and food producers are under increasing pressure to ensure production is aligned with best practice to maximise performance and minimise disease risk. Anpario's broad range of nutritional and biosecurity led natural products offers the industry a comprehensive solution to its problems and the Group remains well placed and confident that it can maintain its consistent growth record.

Our focus is to accomplish the implementation of the growth strategy by broadening the customer base in countries that offer the most potential, prioritising key brands and ensuring that the necessary sales and technical resource are in place locally.

### Financial review

Profit before tax for the year to 31 December 2014 increased by 14% to £3.3m (2013: £2.9m).

Revenue rose by 2% to £26.6m (2013: £26.0m), this increase equates to 6% at constant exchange rates based on 2013 sales recalculated at the same average exchange rates as applied in 2014. This difference totalling £0.8m on revenue and £0.5m on profit reflects the impact of the strength of sterling in the period, which was compounded by a change in the Group's currency mix with sales in US dollars increasing by 27%. The currency drag on profit has been offset by margin improvements, particularly in the UK, and further production efficiencies. The continued focus on selling specialist feed additive products in growth markets, coupled with the effect of operational gearing has seen gross profit increase by 8% to £9.8m (2013: £9.1m) with a further improvement in gross margin.

Overheads are some 6% above the level of last year as a result of the Group's investment in its sales and technical teams to support expansion in Brazil, China and the US. During the year the Group disposed of its interest in a small Australian joint venture.

Underlying earnings per share<sup>2</sup> rose 18% to 15.6p (2013: 13.2p). Adjusted EBITDA<sup>3</sup> advanced by 10% to £3.9m (2013: £3.5m).

The balance sheet remains strong and debt free with year-end cash balances of £6.6m (2013: £4.8m). During the year the Group invested £0.9m in a number of important areas including IT systems, plant automation and securing international trademark protection for its leading global brands and products. Significant progress has been made implementing a global enterprise resource planning system.

The objective to prioritise the growth of our value-added specialist feed additives has also led to the Group's decision to dispose of our organic feed business, leaving the Group solely focused on this single objective. Subsequent to the year end the Group has sold its interest in organic feed for £0.75m net proceeds inclusive of £0.25m relating to a production related earn out. Based on 2014 results the annual impact on revenues is £3.1m, however, the low margin nature of this business generates a negligible impact on profits. The cash proceeds have further strengthened the balance sheet.

The Board is recommending a full year dividend of 4.5 pence per share, an increase of 29% over last year's payment of 3.5 pence per share. Shareholder approval will be sought at the Annual General Meeting, to be held on 25 June 2015, to pay the dividend on 31 July 2015 to shareholders on the register on 17 July 2015.

## Operations – International agriculture

The International Division continued to make good progress in its key markets of the Americas and Asia Pacific with revenue in sterling increasing 23% and 10% respectively. At constant exchange rates the increase would have been 28% and 13% respectively, reflecting the impact of currency volatility.

In Asia Pacific, Group sales to customers in Australia, Bangladesh, New Zealand, Philippines and South Korea advanced strongly while in the Americas there were similar sales improvements to customers in Bolivia, Colombia, Ecuador and Mexico.

Anpario sold product in 71 countries in 2014 with the ten largest countries contributing 64% of total revenue and 60% of total gross profit. These statistics endorse the Group's strategy to prioritise investment and resources on those countries that offer the greatest potential and opportunity for growth. The ongoing adverse political situation in parts of the Middle East and Africa continued to restrict access to and limit business in these regions. There have been early signs of improvement in some of these territories and we remain ready to respond rapidly when local conditions permit.

Brazil, China and the United States are the Group's largest and most important markets. In China, low pig prices in the early months of the year did not hamper the development of our operation in that country, which has now built a key account list of close to fifty customers. Each of these accounts has over 10,000 breeding sows and our Subsidiary is focused on increasing its share of these accounts. Broadening our product offering in China through a conservative launch into the poultry and feed mill channels will serve to lower exposure to the ongoing short term volatility in the swine segment and build our growth over the medium term. Our Brazilian business continued to develop its databank of trials, whilst supporting growth in the region through servicing its customers.

2014 was the Company's first year trading in the United States, the largest poultry meat producer in the world and the third largest pork producer after China and the European Union. Our initial focus is on pig and poultry and we are encouraged by the response from customers to our product technology. In the US, we have introduced the Anpario brand and are marketing leading products from the Group's extensive portfolio of best in class feed additives including Orego-Stim, our 100% natural essential oil product, which is being marketed to pig, chicken, and turkey farmers in a number of states. Building on this successful launch, we have now introduced our acidifier range, including the Salkil and pHorce brands. These products are part of our gut health range and have attracted notable interest from some of the largest poultry producers in the US.

The introduction in the US of our natural product technology, which promotes gut health and helps animals perform to their genetic potential, is proving timely as the Food and Drug Administration and consumer groups are increasingly demanding that food producers reduce the use of antibiotics in the food chain. Anpario's natural feed additives are well positioned to take advantage of this opportunity. A number of poultry trials have been successfully completed, with Orego-Stim showing feed conversion ratio benefits and a reduction in the incidence of coccidiosis, a serious poultry disease, as well as a number of other benefits, which can help the farmer improve profitability. Further trials are due to commence with some of these key producers.

The prevalence of porcine epidemic diarrhoea virus (PEDv) in the US has caused significant losses for the industry. A number of Anpario products were used to conduct small-scale trials with pigs fed an infected diet to which our products were then added. The pigs were then tested daily for PEDv and it was found that the incidence of PEDv had declined. This work was reinforced by some of our Japanese and Thai customers who also experienced a lower incidence rate of PEDv when using our products. Although these were small-scale trials they have given confidence to customers to buy our products in order to combat PEDv, as well as gaining the other benefits associated with our technology.

The US is a large market and we believe our products are well placed to make this a significant growth opportunity. It is still early days but the signs are encouraging.

The International agricultural Division is well positioned for the year ahead and will remain focused on implementing its strategy to work with local distributors to build sales and market penetration while remaining close to the customer.

## **Strategic report** continued

### **Operations – UK agriculture**

The success of the Group's strategy to focus on supplying value-added specialist natural feed additives and work closely with customers has been demonstrated by the progress of the UK Division. Following the acquisition of Optivite in 2009, this division has been re-structured and re-positioned. During this time, fundamental changes were made to facilitate this process with sales and profit momentum building over the last couple of years. The delivery of a 53% rise in gross profit in 2014 over 2013 emphasises the potential of the division and gives us encouragement and confidence for the future.

The successful launch in 2014 of a new toxin binder, Ultrabond, has enabled the Division to become a major force within the industry. This innovative product is supplied to the ruminant and pig home-mix sectors, alongside our acidifier range, to manage life stages from birth to breeding in the pig and poultry sectors. Detailed work with universities and customers is ongoing to further improve product efficacy as well as combating diseases caused by bacteria, such as campylobacter.

The success of the UK operation has led to close co-operation with the International Division, thus ensuring that market know-how and product performance data is available and utilised throughout the Group. An example of this knowledge transfer is the UK business's success in promoting Clean n Dry, a drying agent and anti-viral product for the farm environment, which was conceived by our team in China. The UK Division has recently agreed a partnership with a leading agricultural hygiene company to market this product incorporating their anti-viral compound through their on-farm sales team.

### **Innovation and product development**

The research effort and resulting product portfolio is constantly being refreshed to optimise animal health, hygiene and nutrition and to ultimately deliver quality and value for consumers.

The Group's technical team is working closely with customers and leading universities to develop a pipeline of new or improved products to enhance the health and performance of livestock and to overcome global disease challenges such as PEDv and campylobacter. This research includes a number of product trials across several different territories and initiatives in aquaculture. The Group will continue to review and, where applicable, invest in improving the efficiency of its manufacturing facility in order to maintain the highest quality standards for our customers whilst maximising operational gearing to enhance earnings and create further value for our shareholders.

### **People**

We now employ over 100 people across the globe. We have made significant progress across Anpario in developing our teams through the recruitment of high quality staff with many years of experience and success in our markets. This diverse and talented workforce is, and continues to be, the key to our success and on behalf of all shareholders I thank everyone for their hard work and commitment.

### **Outlook**

The current year has started well with the Group's performance in line with our expectations. The successful establishment of Subsidiaries in the three largest meat producing markets provides Anpario with a sound platform from which to continue to grow the business.

Our strong trading position, debt free balance sheet and the continuing cash generative nature of the business, leave Anpario well positioned to finance further organic growth and consider selective investments or earnings enhancing acquisitions to further enhance value for all its stakeholders.

### **Richard S Rose**

Chairman

4 March 2015

## Key performance indicators

The key performance indicators (“KPIs”) for the Group are those that communicate the financial performance and strength of the Group, as a whole, to shareholders. In addition, other key non-financial performance indicators are also used by management in running and assessing the performance of the individual businesses within the Group. A summary of the KPIs is as follows:

	<b>2014</b>	restated 2013
<b>Financial</b>	<b>£000</b>	£000
Revenue	<b>26,568</b>	25,950
Gross profit	<b>9,789</b>	9,075
Adjusted EBITDA	<b>3,851</b>	3,497
Underlying earnings per share	<b>15.6p</b>	13.2p

### Non-financial

Health and safety - major accidents reportable to the Board in the year nil (2013: nil).

The Group also regards growth of business in key target markets and the on-going achievement of product registrations and quality assurance accreditations as major KPIs.

## Principal risks and uncertainties

The Directors present below their review of the principal risks and uncertainties facing the business. If any of the following risks materialise, the Group’s business, financial condition, prospects and share price could be materially and adversely affected. The Directors consider the following risks, along with specific financial risks outlined in the notes to the financial statements, are the most significant but not necessarily the only ones associated with the Group and its businesses:

- **Competition**

The Group operates in competitive global markets and there are no assurances that the Group’s competitiveness will improve or that it will win any additional market share from any of its competitors or maintain existing market shares. We review our pricing and take action to control our cost base to ensure that we remain as competitive as possible and protect our margins. Failure to do this may result in materially lower margins and loss of market share.

- **Dependence on key customers**

The Group is dependent on a number of customers and distributors in each of the territories it sells to. The loss of one or more of its key customers could result in lower than expected sales and potential bad debt exposure. The Group seeks to minimise reliance on key territories and individual customers and distributors by increasing geographic spread and market penetration. Where possible, risk is mitigated through settlement by letters of credit and purchase of credit insurance.

- **Prices of raw materials**

The Group’s profitability may be reduced due to increases in the price of raw materials and commodities, which can experience price volatility, caused by the price of oil, demand and specific commodity market and currency fluctuations. To mitigate this risk the Group closely monitors costs and seeks to pass on increases to its customers; a number of suppliers are used in order to secure the best raw material prices.

- **Exchange rates**

The Group’s competitiveness, profitability and net assets may be affected by significant currency fluctuations. The Group seeks to minimise the impact through implementation of a Board approved hedging policy and entering into financial instrument contracts in respect of anticipated exposures.

- **Intellectual property risk**

The commercial success of the Group and its ability to compete effectively with other companies depend, amongst other things, on its ability to obtain and maintain product registrations and trademarks to provide protection for the Group’s intellectual property rights. The failure to obtain product registrations and trademark protection may have a material adverse effect on the Group’s ability to conduct and develop its business. The Group seeks to reduce this risk by ensuring registrations are in place and regularly maintained as required in each jurisdiction that it exports to; seeking trademark protection for the Group’s brands and products as considered appropriate; maintaining confidentiality agreements regarding Group know-how and technology; and monitoring the registration of patents and trademarks by other parties.

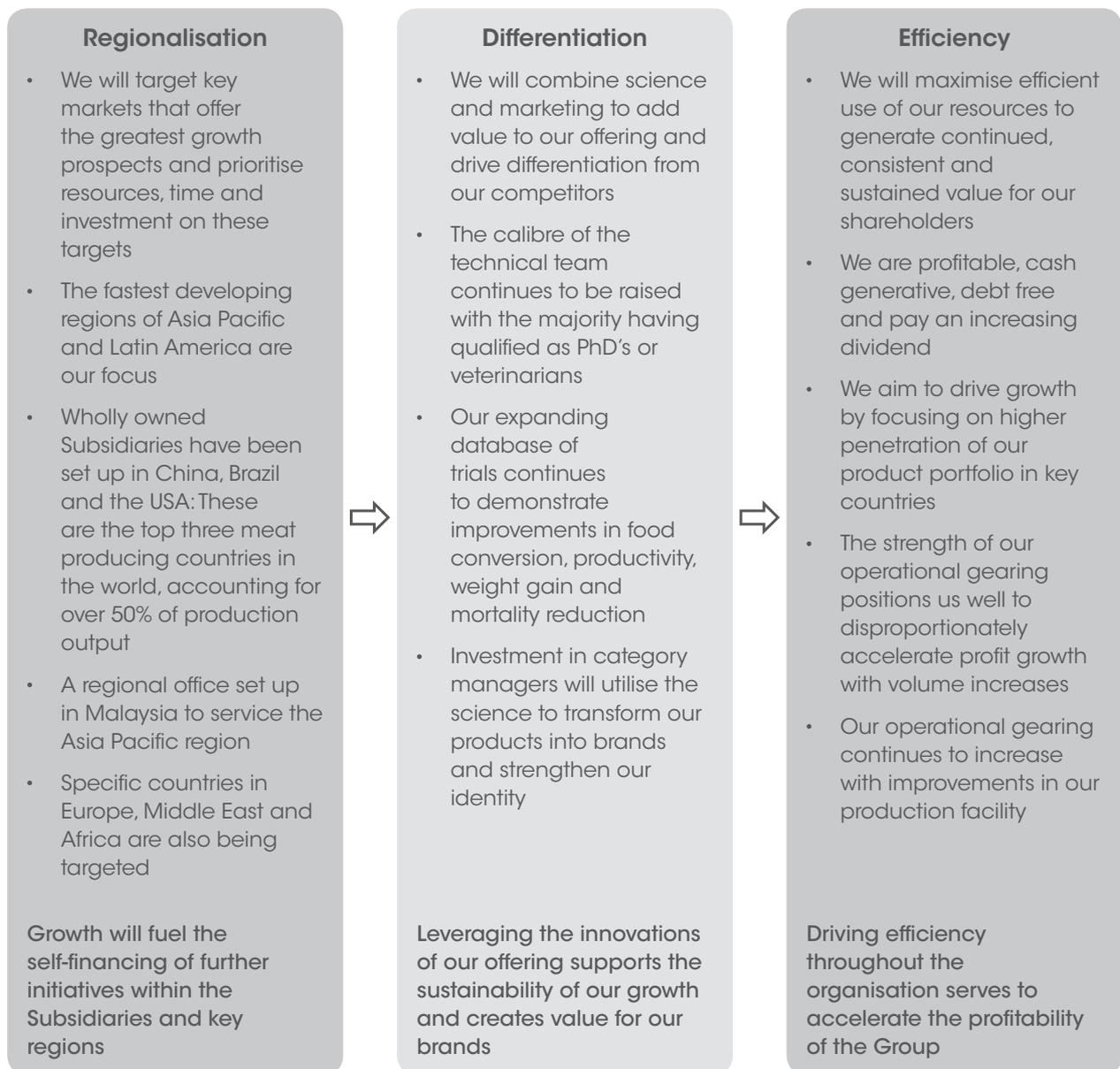
## Strategic report continued

### Anpario's strategy for growth

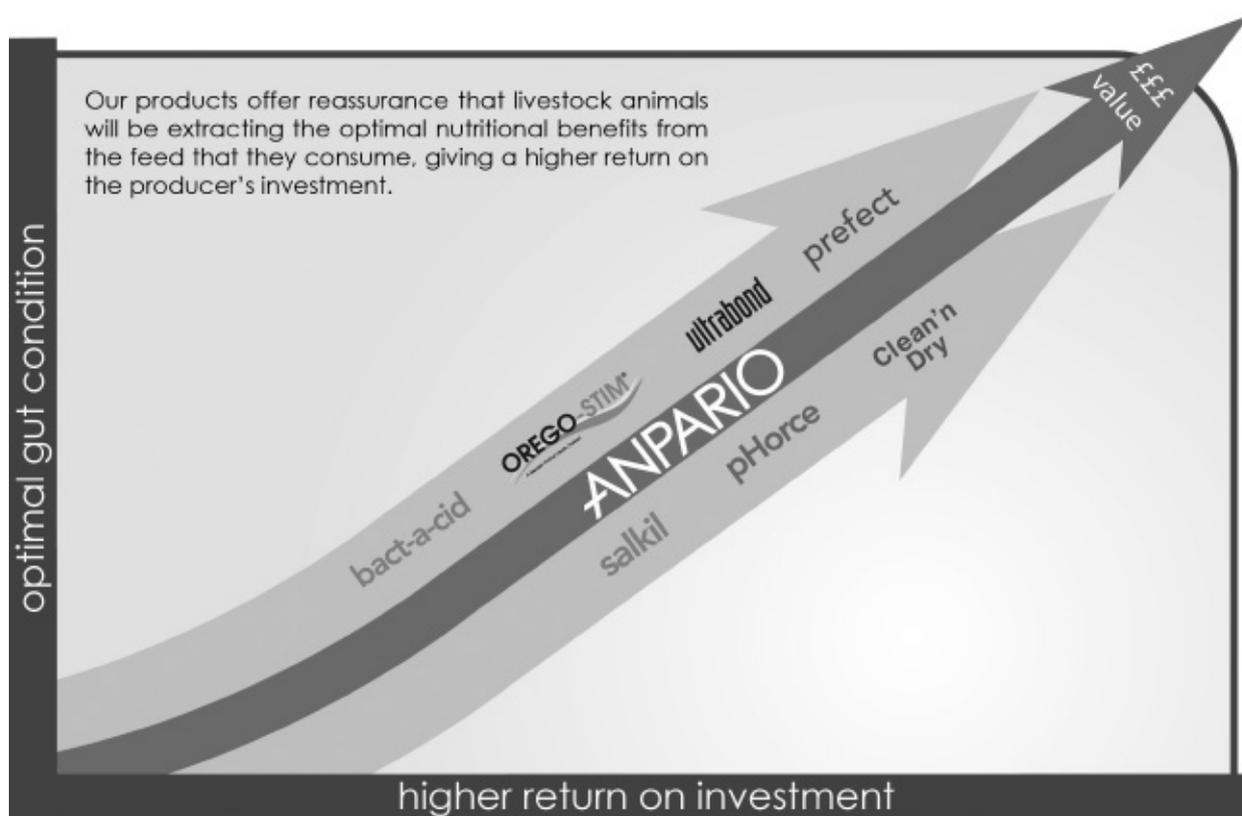
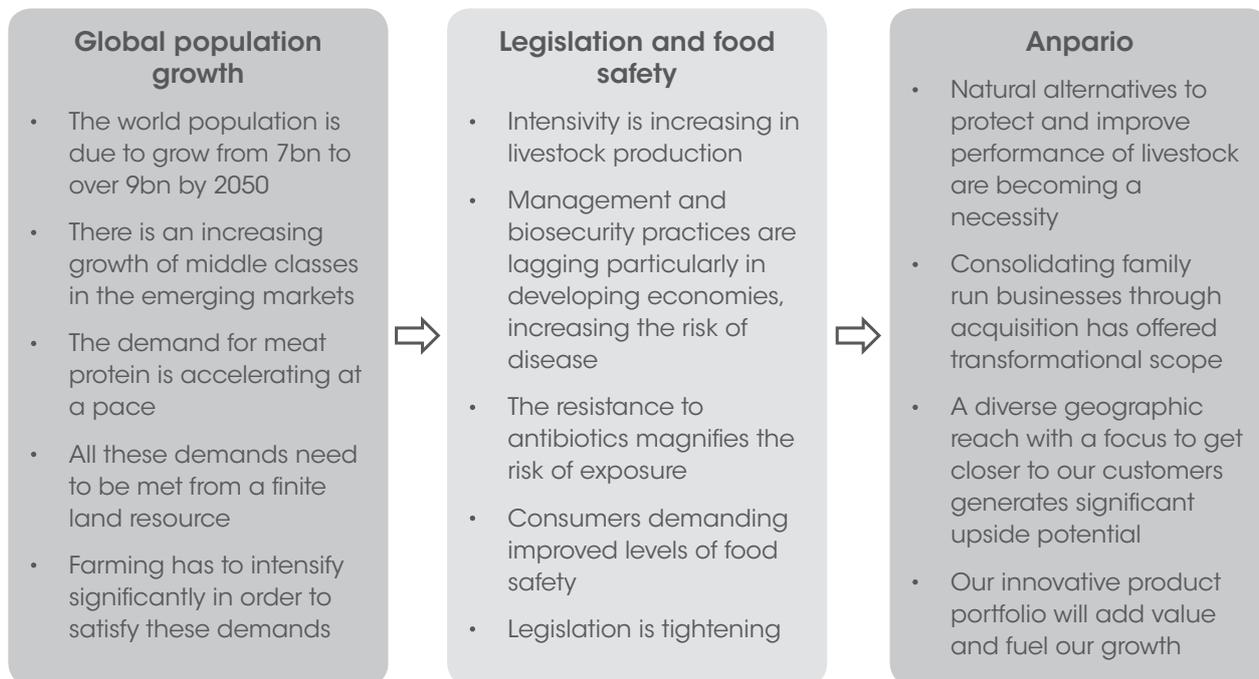
Anpario plc is an international producer and distributor of high performance natural feed additives for animal health, hygiene and nutrition. The Group's portfolio of products is developed with the customer and the consumer in mind. Each product is designed to improve the health or output of animals, helping the livestock producer maximise their returns.

We are positioned to benefit from the trends in growth of the world's population, the increasing demand for meat and fish protein in developing countries and the tightening of global regulation which favours more natural feed additive solutions.

### Our platform for growth



## Our opportunity



## Corporate governance

### Corporate social responsibility

Anpario seeks to ensure a sustainable business, behaving socially, ethically and environmentally responsibly in relation to all its key stakeholders, including the communities in which the Group operates, its people and the environment. This is demonstrated through its:

- **Products and operations**

Anpario supplies animal products to over 70 countries and provide products to enhance animal health and nutrition. Internal quality control ensures: the safety of its products; the operation of its manufacturing facilities to the highest standards; and the achievement of industry recognised quality standards. Responsible procurement policies are in place to source raw materials to high specification. We have an established Group health and safety policy and we are committed to achieving a safe and secure working environment in all our own locations.

- **Employees**

Over 100 employees work for Anpario in the UK and its operations in Brazil, China, USA and Malaysia. It is the Group's policy to involve colleagues in the business and to ensure that matters of concern to them, including the Group's aims and objectives and its financial performance, are communicated in an open way. Where appropriate, employees are offered the opportunity to become shareholders in order to promote active participation in, and commitment to, the Group's success. The provision of a SAYE share scheme has resulted in 39 employees contributing to the scheme.

We encourage our employees to further develop their skills and provide appropriate training in order to support our people and grow organisational capabilities.

Anpario is an inclusive organisation where no-one receives less favourable treatment on the grounds of gender, nationality, marital status, colour, race, ethnic origin, creed, sexual orientation or disability. The promotion of equal opportunities for all employees is regarded as an important Group priority. An analysis of Directors, senior managers and other employees by gender as at 28 February 2015 is as follows:

	Male	Female
Directors	4	1
Senior Managers	5	3
Other Employees	59	30
	<hr/> 68	<hr/> 34

## Corporate governance

The Company's shares are traded on the Alternative Investment Market ("AIM") of the London Stock Exchange and the Company is therefore not required to report on compliance with the UK Corporate Governance Code. The Directors support the UK Corporate Governance Code and are implementing many of the recommendations which are relevant to a business the size of Anpario plc. The Board is committed to high standards of corporate governance.

- **The Board**

The Board of Directors is collectively responsible and accountable to shareholders for the long-term success of the Company. The Board provides leadership within a framework of prudent and effective controls designed to enable risk to be assessed and managed.

The Board regularly reviews the operational performance and plans of the Company and determines the Company's strategy, ensuring that the necessary financial and human resources are in place in order to meet the Company's objectives. The Board also sets the Company's values and standards, mindful of its obligations to shareholders and other stakeholders.

The Board meets formally at least five times per annum. All Board members receive agendas and comprehensive papers prior to each Board meeting. The Finance Director is also the Company Secretary and is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are adhered to.

All Directors are subject to reappointment by shareholders at the first Annual General Meeting following their appointment and thereafter at intervals of no more than three years.

The Board delegates its authority for certain matters to its Audit, Remuneration and Nomination Committees. The Board approves and reviews the terms of reference of each of the Committees which are available on the Company's website, [www.anpario.com/shareholder-information/aim-26/](http://www.anpario.com/shareholder-information/aim-26/)

In addition to formal Board and Committee meetings, ad hoc decisions of the Board and Committees are taken after discussion throughout the financial year as necessary through the form of written resolutions.

- **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.

The Group's control environment is the responsibility of the Company's Directors and managers at all levels. The Board is therefore responsible for establishing and maintaining the Group's system of internal control and for reviewing its effectiveness. No control system can provide absolute protection against material misstatement or loss, but it is designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide the Directors with reasonable assurance that problems should be identified on a timely basis and dealt with appropriately.

Due to the size of the Group, the Executive Directors are able to monitor performance and evaluate and manage on a continual basis the risks faced by the Group.

## Corporate governance continued

- **Internal financial control** continued

The key procedures that have been established to provide effective internal control, including over the financial reporting process and the preparation of consolidated financial statements include;

- a formalised reporting structure which includes the setting of detailed annual budgets and key performance indicators which are updated on a regular basis to form forecasts. These are reviewed at both management and Board meetings where all key aspects of the business are discussed including comparison of actual performance against budgets and forecasts;
- monthly reports to the Board made by the Executive Directors;
- defined authorisation levels for: expenditure; the placing of orders and contracts; and signing authorities;
- segregation of accounting duties to control major financial risks;
- daily cash movements are reconciled and monitored by the finance department and the Group's cash flow is monitored;
- weekly updates on key statistics including sales, production and margin analysis from the Group's reporting systems.

- **Audit Committee**

The Audit Committee throughout the financial year comprised the two Non-Executive Directors and is chaired by Peter A Lawrence. It meets at least twice each financial year with the external auditors and considers any issues that are identified during the course of their audit work. The Board is satisfied that the Committee members have recent and relevant financial experience.

The Committee met twice during the year ended 31 December 2014 with full attendance by the Committee members. Meetings are also attended, by invitation, by the Finance Director and the external auditors and other management.

The Committee regularly reviews its terms of reference and makes recommendations to the Board for any changes as appropriate. The current terms of reference are available on the Company's website.

The Committee reviews the independence of the external auditors, PricewaterhouseCoopers LLP on an annual basis. It receives a detailed audit plan from PricewaterhouseCoopers LLP, identifying their assessment of the key risks. The Committee assesses the effectiveness of the audit process in addressing these matters through the reporting it receives from PricewaterhouseCoopers LLP at both the half-year and year ends.

- **Shareholders**

Communications with shareholders are given high priority. Following the announcement of the Company's half-year and full-year results, the Directors, normally represented by the Chief Executive Officer and Finance Director, make detailed business presentations to institutional shareholders and investment analysts. The Chairman meets or has contact with major shareholders as necessary. Feedback directly from shareholders and via the Company's advisers after these regular analyst and shareholder meetings ensures that the Board understands shareholder views. The Directors between them hold a significant number of shares in the Company which also ensures that their interests are fully aligned with those of other shareholders. The Board uses the AGM to communicate with both private and institutional investors and welcomes their attendance.

## Directors' remuneration report

Directors' remuneration is determined by the Remuneration Committee which is comprised of the two Non-Executive Directors and is chaired by Richard R Rose. It meets at least once each financial year. The Committee met twice during the year ended 31 December 2014 with full attendance by the Committee members. The policy for the current and future financial years for the remuneration and incentivisation of the Executive Directors is:

- to ensure that individual rewards and incentives are aligned with the performance of the Group and interest of shareholders;
- to ensure that performance-related elements of remuneration constitute a significant proportion of an Executive's remuneration package; and
- to maintain a competitive remuneration package which enables the Group to attract, retain and incentivise Executives of the calibre required. All of the Executive Directors have service contracts with the Company. The notice period of all Executive Directors' service contracts is twelve months.

The key components of Executive Remuneration are:

- **Salary**  
The purpose is to provide a competitive base salary for the market in which the Company operates to attract and retain Executives of a suitable calibre. Salaries are usually reviewed annually, although interim reviews will be undertaken if considered appropriate. Salary levels are determined taking into account a range of factors, which may include:
  - underlying Group performance;
  - role, experience and individual performance;
  - competitive salary levels and market forces; and
  - pay and conditions elsewhere in the Group.
- **Benefits Package**  
The purpose is to provide broadly market competitive benefits as part of the total remuneration package. Executive Directors receive benefits in line with market practice, and these include principally life insurance, permanent health insurance, private medical insurance and company car.
- **Pension benefits**  
The purpose is to provide an appropriate level of retirement benefit or cash allowance equivalent. Executive Directors are eligible to participate in an approved personal pension. In appropriate circumstances, such as where contributions exceed the annual or lifetime allowance, Executive Directors may be permitted to take a cash supplement instead of contributions to a pension plan.
- **Performance bonus**  
The purpose is to incentivise Executive Directors to deliver annual business performance and achieve wider Group objectives. Awards are based on annual performance against key financial and strategic targets and/or the delivery of personal objectives. Pay-out levels are determined by the Remuneration Committee after the year end based on performance against those targets.
- **Share Incentives**  
The purpose is to directly align Directors' interests with those of shareholders. Share options and jointly owned shares have been issued to Executives and other senior managers under management incentive schemes over a number of years. The usual vesting period is three years or on a change of control if earlier. Interests in these schemes are disclosed below.
- **Sharesave scheme**  
To create alignment with the Group and promote a sense of ownership. Executive Directors are entitled to participate in a tax qualifying all employee Sharesave scheme under which they may make monthly savings contributions over a period of three years linked to the grant of an option over the Company's shares with an option price which can be at a discount of up to 20% to the market value of shares at grant.

## Directors' remuneration report continued

### Directors' remuneration

Director	Emoluments and compensation		Post-employment benefits	
	2014	2013	2014	2013
	£000	£000	£000	£000
R S Rose	45	38	-	-
R P Edwards	253	183	3	11
D M A Bullen	275	234	15	15
K L Prior	216	196	13	13
P A Lawrence	33	33	-	-

Emoluments and compensation includes salary, bonus, benefits and payments in respect of capped share option gains.

### Directors' interests

The Directors' interests in the shares of the Company were as stated below:

	Ordinary shares of 23p each	
	31 Dec 2014	31 Dec 2013
R S Rose	31,057	31,057
R P Edwards	62,681	62,681
D M A Bullen	-	-
K L Prior	64,751	52,751
P A Lawrence	27,950	27,950

There has been no change in the Directors' interests between 31 December 2014 and 4 March 2015.

### Management Incentive Schemes

Under the Company's Enterprise Management Incentive Scheme, SAYE Scheme and Unapproved Share Scheme the following Directors have the right to acquire Ordinary shares of 23p each as follows:

	Option price (pence per share)	<b>31 Dec 2014</b>	31 Dec 2013
R S Rose	161.00	<b>21,739</b>	21,739
	115.00	<b>1,739</b>	21,739
R P Edwards	69.00	<b>99,378</b>	99,378
	31.74	<b>63,011</b>	63,011
	158.50	<b>80,000</b>	80,000
	117.60	<b>7,653</b>	7,653
	227.04	<b>3,964</b>	-
D M A Bullen	80.50	<b>21,739</b>	21,739
	31.74	<b>32,608</b>	32,608
	69.00	<b>105,682</b>	105,682
	158.50	<b>80,000</b>	80,000
	117.60	<b>7,653</b>	7,653
K L Prior	227.04	<b>3,964</b>	-
	69.00	<b>130,432</b>	130,432
	158.50	<b>80,000</b>	80,000
	117.60	<b>7,653</b>	7,653
	227.04	<b>3,964</b>	-
P A Lawrence	169.74	<b>21,739</b>	21,739
	115.00	<b>21,739</b>	21,739

### Joint Share Ownership Plan

The Joint Share Ownership Plan ("JSOP") and the Anpario plc Employees Shares Trust ("the Trust") were established and approved by resolution of the Non-Executive Directors on 26 September 2011. The JSOP provides for the acquisition by employees, including Executive Directors, of beneficial interests as joint owners (with the Trust) of Ordinary Shares in the Company upon the terms of a Joint Ownership Agreement ("JOA").

The terms of the JOA provide, *inter alia*, that if jointly owned shares become vested and are sold, the proceeds of sale will be divided between the joint owners so that the participating employee receives an amount equal to any growth in the market value of the Jointly Owned Shares since the time of issue of these shares, less a "carrying cost" (equivalent to simple interest at 4.5 per cent per annum on the initial market value of the shares), and the Trust receives the initial market value of the jointly owned shares plus the carrying cost.

The beneficiaries and their interests in the JSOP shares are as follows:

	<b>2014</b>	2013
R P Edwards	<b>609,781</b>	609,781
D M A Bullen	<b>612,143</b>	612,143
K L Prior	<b>261,956</b>	261,956

## Directors' report

The Directors present their annual report and audited consolidated financial statements for the year ended 31 December 2014.

### Results and dividends

The profit for the year after tax was £3.2m (2013: £2.6m). The Directors propose a final dividend of 4.5p per share (2013: 3.5p), amounting to a total dividend of £0.9m (2013: £0.7m).

### Directors

The Directors during the year under review and up to the date of signing the financial statements were:

Richard S Rose	Non-Executive Chairman
Richard P Edwards	Executive Vice-Chairman
David M A Bullen	Chief Executive Officer
Karen L Prior	Group Finance Director
Peter A Lawrence	Non-Executive Director

The Board regards the Non-Executive Directors as being independent. The biographies and roles of all Directors and their roles on the Audit, Remuneration and Nomination Committees are set out at the end of this report.

Details of the Directors' interests in the shares of the Company are provided in the Directors' remuneration report.

### Substantial shareholdings

At 3 March 2015, the Company had been notified of the following holdings of 3 per cent or more of its issued share capital:

	Ordinary shares (000)	% held
Unicorn Asset Management Limited	2,363	11.8
Livingbridge LLP	1,899	9.5
Royal Trust Corp of Canada Custodians	1,484	7.4
Investec Wealth & Investment Limited	1,270	6.4
Allianz Global Investors Europe GmbH	1,100	5.5
Downing LLP	997	5.0
Miton Group plc	879	4.4
Amati Global Investors Limited	652	3.3

### Review of the business and future developments

A full review of the year, together with an indication of future developments, is given in the Chairman's statement.

### **Post balance sheet event**

On 3 March 2015 the Group sold its interest in organic feed for £0.75m net proceeds inclusive of £0.25m relating to a production related earn out. Based on 2014 results the annual impact on revenues is £3.1m, however, the low margin nature of this business generates a negligible impact on profits. The cash proceeds have further strengthened the balance sheet.

### **Group research and development activities**

The Group is continually researching into and developing new products. Details of expenditure incurred and impaired or written off during the year are shown in the notes to the financial statements.

### **Share capital**

During the year 213,486 Ordinary shares of 23p each were issued pursuant to the exercise of share options under the Company's Enterprise Management Incentive Scheme. A Special Resolution will be proposed at our AGM to renew the Directors' limited authority last granted in 2014 to repurchase Ordinary shares in the market. The Company made the following purchases in the market of its own ordinary shares of 23p each: on 9 September 2014 31,000 shares for 254p each; and on 6 October 2014 15,000 shares for 248p each. The Directors considered the purchase would result in an increase in earnings per share and would be in the best interests of the company. These shares are held in treasury.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP (PwC), have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the AGM.

### **Stockbrokers**

Peel Hunt LLP is the Company's stockbroker and nominated adviser.

The closing share price on 31 December 2014 was 290.0p per share (2013: 335.5p per share).

### **Indemnities**

By virtue of, and subject to, Article 172 of the current Articles of Association of the Company, the Company has granted an indemnity to every Director, alternate Director, Secretary or other officer of the Company. Such provisions remain in force at the date of this report. The Group has arranged appropriate insurance cover for any legal action against the Directors and officers.

### **Financial risk management**

Details of the Company's financial risk management policy are set out in note 2.22 of the financial statements.

## Directors' report continued

### Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and 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 prepared the Group and parent company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. 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.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Statement of disclosure to auditors

So far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- 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 Company's auditors are aware of that information.

By order of the Board

### Karen L Prior

Company Secretary  
4 March 2015

# Independent auditors' report to the members of Anpario plc

## Report on the financial statements

### Our opinion

In our opinion:

- Anpario plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2014 and of the group's profit and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### What we have audited

Anpario plc's financial statements comprise:

- the Consolidated and parent company balance sheets as at 31 December 2014;
- the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated and parent company statements of cash flows for the year then ended;
- the Consolidated and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Other matters on which we are required to report by exception

#### Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

## **Independent auditors' report to the members of Anpario plc**

continued

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Andy Ward (Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Sheffield  
4 March 2015

## Consolidated income statement

for the year ended 31 December 2014

	Notes	2014 £000	restated <sup>1</sup> 2013 £000
<b>Revenue</b>	3	<b>26,568</b>	25,950
Cost of sales		<b>(16,779)</b>	(16,875)
<b>Gross profit</b>		<b>9,789</b>	9,075
Administrative expenses		<b>(6,497)</b>	(6,144)
<b>Operating profit</b>		<b>3,292</b>	2,931
Finance income	7	<b>48</b>	50
Finance cost of contingent consideration	7	<b>(21)</b>	(78)
<b>Profit before income tax</b>		<b>3,319</b>	2,903
Income tax expense	10	<b>(159)</b>	(329)
<b>Profit for the year from continuing operations</b>		<b>3,160</b>	2,574
Profit attributable to:			
Owners of the parent		<b>3,160</b>	2,574
<b>Profit for the year from continuing operations</b>		<b>3,160</b>	2,574
Basic earnings per share	8	17.18p	14.10p
Diluted earnings per share	8	15.71p	13.13p

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the Parent Company income statement. The profit for the Parent Company for the year was £2,691,000 (2013: £1,858,000).

## Consolidated statement of comprehensive income

for the year ended 31 December 2014

	2014 £000	restated <sup>1</sup> 2013 £000
<b>Profit for the year</b>	<b>3,160</b>	2,574
Items that may be subsequently reclassified to profit or loss:		
Exchange difference on translating foreign operations	<b>(42)</b>	(17)
<b>Total comprehensive income for the year</b>	<b>3,118</b>	2,557
<b>Attributable to the owners of the parent:</b>	<b>3,118</b>	2,557
Non-controlling interests	-	-
<b>Total comprehensive income for the year</b>	<b>3,118</b>	2,557

<sup>1</sup> Prior year comparatives have been restated following the adoption of IFRS11 as disclosed in note 2.24

The notes on pages 23 to 52 form part of these financial statements.

## Consolidated and parent company balance sheets

as at 31 December 2014

	Notes	Group restated <sup>1</sup>		Company	
		2014 £000	2013 £000	2014 £000	2013 £000
Intangible assets	11	<b>9,826</b>	9,302	<b>9,826</b>	6,844
Property, plant and equipment	12	<b>3,018</b>	3,054	<b>3,010</b>	3,036
Investment in Subsidiaries	13	-	-	<b>4,738</b>	4,299
Deferred tax assets	18	<b>179</b>	204	<b>179</b>	204
<b>Non-current assets</b>		<b>13,023</b>	12,560	<b>17,753</b>	14,383
Inventories	14	<b>1,711</b>	1,816	<b>1,227</b>	1,364
Trade and other receivables	15	<b>7,699</b>	6,979	<b>8,296</b>	5,282
Cash and cash equivalents	16	<b>6,631</b>	4,779	<b>6,144</b>	4,055
<b>Current assets</b>		<b>16,041</b>	13,574	<b>15,667</b>	10,701
<b>Total assets</b>		<b>29,064</b>	26,134	<b>33,420</b>	25,084
Called up share capital	21	<b>4,622</b>	4,573	<b>4,622</b>	4,573
Share premium		<b>4,051</b>	3,922	<b>4,051</b>	3,922
Other reserves	23	<b>(389)</b>	(345)	<b>1,694</b>	(325)
Retained earnings	22	<b>14,462</b>	11,979	<b>12,980</b>	10,966
<b>Total equity</b>		<b>22,746</b>	20,129	<b>23,347</b>	19,136
Deferred tax liabilities	18	<b>1,044</b>	1,000	<b>1,044</b>	838
<b>Non-current liabilities</b>		<b>1,044</b>	1,000	<b>1,044</b>	838
Trade and other payables	17	<b>5,129</b>	4,693	<b>8,916</b>	5,104
Current income tax liabilities		<b>145</b>	312	<b>113</b>	6
<b>Current liabilities</b>		<b>5,274</b>	5,005	<b>9,029</b>	5,110
<b>Total liabilities</b>		<b>6,318</b>	6,005	<b>10,073</b>	5,948
<b>Total equity and liabilities</b>		<b>29,064</b>	26,134	<b>33,420</b>	25,084

<sup>1</sup> Prior year comparatives have been restated following the adoption of IFRS11 as disclosed in note 2.24

The notes on pages 23 to 52 form part of these financial statements.

The financial statements on pages 19 to 52 were approved by the Board and authorised for issue on 4 March 2015.

**David M A Bullen**  
Chief Executive Officer

**Karen L Prior**  
Group Finance Director

Company Number: 03345857

## Consolidated and parent company statements of changes in equity for the year ended 31 December 2014

Group	Called up share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2013 restated <sup>1</sup>	4,555	3,884	(497)	9,973	17,915
Profit for the year	-	-	-	2,574	2,574
Currency translation differences	-	-	(17)	-	(17)
Total comprehensive income for the year	-	-	(17)	2,574	2,557
Issue of share capital	18	38	-	-	56
Share-based payment adjustments	-	-	169	-	169
Dividends relating to 2012	-	-	-	(568)	(568)
Transactions with owners	18	38	169	(568)	(343)
<b>Balance at 31 December 2013 restated<sup>1</sup></b>	<b>4,573</b>	<b>3,922</b>	<b>(345)</b>	<b>11,979</b>	<b>20,129</b>
Profit for the year	-	-	-	3,160	3,160
Currency translation differences	-	-	(42)	-	(42)
Total comprehensive income for the year	-	-	(42)	3,160	3,118
Issue of share capital	49	129	-	-	178
Purchase of treasury shares	-	-	(116)	-	(116)
Share-based payment adjustments	-	-	114	-	114
Dividends relating to 2013	-	-	-	(677)	(677)
Transactions with owners	49	129	(2)	(677)	(501)
<b>Balance at 31 December 2014</b>	<b>4,622</b>	<b>4,051</b>	<b>(389)</b>	<b>14,462</b>	<b>22,746</b>

Company	Called up share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2013	4,555	3,884	(494)	9,676	17,621
Profit for the year	-	-	-	1,858	1,858
Total comprehensive income for the year	-	-	-	1,858	1,858
Issue of share capital	18	38	-	-	56
Share-based payment adjustments	-	-	169	-	169
Dividends relating to 2012	-	-	-	(568)	(568)
Transactions with owners	18	38	169	(568)	(343)
<b>Balance at 31 December 2013</b>	<b>4,573</b>	<b>3,922</b>	<b>(325)</b>	<b>10,966</b>	<b>19,136</b>
Profit for the year	-	-	-	2,691	2,691
Total comprehensive income for the year	-	-	-	2,691	2,691
Issue of share capital	49	129	-	-	178
Purchase of treasury shares	-	-	(116)	-	(116)
Share-based payment adjustments	-	-	114	-	114
Arising on hive up of Subsidiary	-	-	2,021	-	2,021
Dividends relating to 2013	-	-	-	(677)	(677)
Transactions with owners	49	129	2,019	(677)	1,520
<b>Balance at 31 December 2014</b>	<b>4,622</b>	<b>4,051</b>	<b>1,694</b>	<b>12,980</b>	<b>23,347</b>

<sup>1</sup> Prior year comparatives have been restated following the adoption of IFRS11 as disclosed in note 2.24

The notes on pages 23 to 52 form part of these financial statements.

## Consolidated and parent company statements of cash flows for the year ended 31 December 2014

	Group		Company	
	2014	2013 <sup>1</sup>	2014	2013
	£000	£000	£000	£000
<b>Cash generated from operating activities</b>	<b>3,500</b>	3,099	<b>3,459</b>	4,361
Income tax paid	<b>(253)</b>	(176)	<b>(108)</b>	(59)
<b>Net cash generated from operating activities</b>	<b>3,247</b>	2,923	<b>3,351</b>	4,302
Investment in Subsidiary	-	-	<b>(206)</b>	-
Acquisition of Subsidiary, net of cash acquired	-	(429)	-	(429)
Cash acquired from hived up Subsidiaries	-	-	<b>330</b>	-
Purchases of property, plant and equipment	<b>(289)</b>	(470)	<b>(284)</b>	(463)
Proceeds from disposal of property, plant and equipment	<b>34</b>	-	<b>27</b>	-
Payments to acquire intangible assets	<b>(574)</b>	(401)	<b>(559)</b>	(377)
Interest received	<b>48</b>	50	<b>45</b>	50
<b>Net cash used in investing activities</b>	<b>(781)</b>	(1,250)	<b>(647)</b>	(1,219)
Purchase of treasury shares	<b>(116)</b>	-	<b>(116)</b>	-
Proceeds from issuance of shares	<b>178</b>	56	<b>178</b>	56
Dividend paid to Company's shareholders	<b>(677)</b>	(568)	<b>(677)</b>	(568)
<b>Net cash used in financing activities</b>	<b>(615)</b>	(512)	<b>(615)</b>	(512)
Net increase in cash and cash equivalents	<b>1,851</b>	1,161	<b>2,089</b>	2,571
Effect of exchange rate changes	<b>1</b>	(48)	-	-
Cash and cash equivalents at the beginning of the year	<b>4,779</b>	3,666	<b>4,055</b>	1,484
<b>Cash and cash equivalents at the end of the year</b>	<b>6,631</b>	4,779	<b>6,144</b>	4,055

	Group		Company	
	2014	2013 <sup>1</sup>	2014	2013
	£000	£000	£000	£000
<b>Cash generated from operating activities</b>				
Profit before income tax	<b>3,319</b>	2,903	<b>2,654</b>	1,975
Net finance (income)/cost	<b>(27)</b>	28	<b>(23)</b>	28
Depreciation, amortisation and impairment	<b>357</b>	375	<b>282</b>	282
Profit on disposal of property, plant and equipment	<b>(16)</b>	-	<b>(16)</b>	-
Share-based payments	<b>114</b>	169	<b>114</b>	169
Changes in working capital:				
Inventories	<b>129</b>	(230)	<b>369</b>	(151)
Trade and other receivables	<b>(755)</b>	82	<b>1,329</b>	1,225
Trade and other payables	<b>379</b>	(228)	<b>(1,250)</b>	833
<b>Cash generated from operating activities</b>	<b>3,500</b>	3,099	<b>3,459</b>	4,361

<sup>1</sup> Prior year comparatives have been restated following the adoption of IFRS11 as disclosed in note 2.24

The notes on pages 23 to 52 form part of these financial statements.

# Notes to the financial statements

for the year ended 31 December 2014

## 1 General information

Anpario plc ("the Company") and its Subsidiaries (together "the Group") produce and distribute natural feed additives for animal health, hygiene and nutrition.

The Company is traded on the London Stock Exchange AIM market and is incorporated and domiciled in the UK. The address of its registered office is Manton Wood Enterprise Park, Worksop, Nottinghamshire, S80 2RS.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The Group has presented its financial statements in accordance with International Financial Reporting Standards ("IFRSs"), as endorsed by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements are prepared on a going concern basis under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in a period of the revision and future periods if the revision affects both current and future periods.

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.

### 2.2 Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its Subsidiaries drawn up to 31 December 2014.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a Subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

## Notes to the financial statements continued

for the year ended 31 December 2014

### 2.2 Basis of consolidation continued

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the Subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of Subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### 2.3 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue on despatch of goods to the customer.

### 2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board.

### 2.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are included in the profit or loss for the period.

- **Functional and presentational currency**  
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in pounds sterling, which is the Company's functional and presentational currency.
- **Transactions and balances**  
Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised as part of the fair value gain or loss.

## 2.5 Foreign currency translation continued

- Group companies

The results and financial position of all Group entities that have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of the balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the income and expenses are translated at the rate on the dates of the transaction); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recognised in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

## 2.6 Intangible assets

- Patents, trademarks and registrations

Separately acquired patents, trademarks and registrations are shown at historical cost. Patents, trademarks and registrations have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patents, trademarks and registrations over their estimated useful lives of 5 to 20 years.

- Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses and is allocated to the appropriate cash-generating unit for the purpose of impairment testing. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

- Development costs

Development costs are stated at cost less accumulated amortisation and impairment. Development costs are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. The assets are amortised when available for use on a straight-line basis over the period over which the Group expects to benefit from these assets. Research expenditure is written off to the income statement in the year in which it is incurred.

## Notes to the financial statements continued

for the year ended 31 December 2014

### 2.6 Intangible assets continued

- Development costs continued  
Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:
  - it is technically feasible to complete the product so that it will be available for use;
  - management intends to complete the product and use or sell it;
  - there is an ability to use or sell the product;
  - it can be demonstrated how the product will generate probable future economic benefits;
  - adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
  - the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the product include the development employee costs and an appropriate portion of relevant overheads.

- Brands  
Brands are stated at cost less accumulated amortisation and impairment. Brand names acquired in a business combination are recognised at fair value based on an expected royalty value at the acquisition date. Useful lives of brand names are estimated and amortised over 20 years, except where they are deemed to have an indefinite life and consequently are not amortised. Brands with an indefinite useful life are reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. However, they are allocated to appropriate cash-generating units and subject to impairment testing on an annual basis. Any impairment is recognised immediately through the income statement and is not subsequently reversed.
- Customer relationships  
Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships are deemed to have a finite useful life and are carried at original fair value less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful life of 10 years.

### 2.7 Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, if so; the asset's recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use. For intangible assets that are not yet available for use, goodwill or other intangible assets with an indefinite useful life, an impairment test is performed at each balance sheet date.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation and or amortisation) had no impairment loss been recognised in prior years. For goodwill, a recognised impairment loss is not reversed.

## 2.8 Investments

Investments in Subsidiaries are stated at cost less provision for diminution in value.

## 2.9 Joint ventures

Joint ventures are accounted for using the equity method following the adoption of IFRS 11. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The effects of the change in accounting policy on the financial position and consolidated income statement of the Group are shown in note 2.24.

## 2.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Land is not depreciated. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Buildings	50 years or period of lease if shorter
Plant and machinery	3-10 years
Fixtures, fittings and equipment	3-10 years

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment and an impairment loss is recognised in the income statement where appropriate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the income statement.

## 2.11 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the average cost method. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business.

## 2.12 Trade receivables

Trade receivables are recognised and carried at original invoice amounts less an allowance for any amount estimated to be uncollectable.

## 2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

## **Notes to the financial statements** continued

for the year ended 31 December 2014

### **2.14 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

### **2.15 Derivative financial instruments**

The Group uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates, although these have not been designated as qualifying cash flow hedges. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value and gains or losses recognised in the income statement.

### **2.16 Leasing and hire purchase**

The Group has entered into hire purchase contracts and leases certain property, plant and equipment.

Assets obtained under finance leases and hire purchase contracts, where the Group has substantially all the risks and rewards of ownership are capitalised as property, plant and equipment and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in borrowings net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the income statement so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

### **2.17 Exceptional items**

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

### **2.18 Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's Subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

## 2.18 Taxation continued

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in Subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2.19 Employee benefits

- Share-based payments

The Group issues equity-settled share-based payments and shares under the Joint Share Ownership Plan ("JSOP") to certain employees. These are measured at fair value and along with associated expenses are recognised as an expense in the income statement with a corresponding increase (net of expenses) in equity. The fair values of these payments are measured at the dates of grant using appropriate option pricing models, taking into account the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards subject to the Group's estimate of the number of awards which will lapse, either due to employees leaving the Group prior to vesting or due to non-market based performance conditions not being met. Proceeds received on the exercise of share options are credited to share capital and share premium.

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions; (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

## Notes to the financial statements continued

for the year ended 31 December 2014

### 2.19 Employee benefits continued

- Share-based payments continued  
When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the Company of options over its equity instruments to the employees of Subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in Subsidiary undertakings, with a corresponding credit to equity in the Parent entity accounts.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the change will be treated as a cash-settled transaction.

- Pension obligations  
The Group operates a defined contribution pension scheme and contributes a percentage of salary to individual employee schemes. Pension contributions are recognised as an expense as they fall due and the Group has no further payment obligations once the contributions have been paid.

### 2.20 Equity

Share capital is determined using the nominal value of Ordinary shares that have been issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The share premium account includes any premiums received on the initial issuing of the share capital. Any transaction costs associated with the issue of shares are deducted from the share premium account, net of any related income tax benefits.

The premium arising on the issue of consideration shares to acquire a business is credited to the merger reserve.

Amounts arising on the restructuring of equity and reserves to protect creditor interests are credited to the special reserve.

Exchange differences arising on the consolidation of foreign operations are taken to the translation reserve.

The share-based payment reserve is credited with amounts charged to the income statement in respect of the movements in the fair value of equity-settled share-based payments and shares issued under the JSOP.

The JSOP shares reserve arises when the Company issues equity share capital under the JSOP, which is held in trust by Anpario plc Employees' Share Trust ("the Trust"). The interests of the Trust are consolidated into the Group's financial statements and the relevant amount treated as a reduction in equity.

### 2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 2.22 Financial risk management

The Group is exposed to a number of financial risks, including credit risk, liquidity risk, exchange rate risk and capital risk.

- **Credit risk**  
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and deposits with financial institutions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has an established credit policy under which each new customer is analysed for creditworthiness before the Group's payment and delivery terms and conditions are offered. Where possible, risk is minimised through settlement via letters of credit and purchase of credit insurance. The Group's investment policy restricts the investment of surplus cash to interest bearing deposits with banks and building societies with high credit ratings.
- **Liquidity risk**  
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.
- **Exchange rate risk**  
The Group's principal functional currency is pounds sterling. However, during the year the Group had exposure to euros, US dollars and other currencies. The Group's policy is to maintain natural hedges, where possible, by matching revenue and receipts with expenditure and put in place forward contracts as considered appropriate to mitigate the risk.
- **Capital risk**  
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

## 2.23 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- **Estimated impairment value of intangible assets**  
The Group tests annually whether intangible assets have suffered any impairment. Impairment provisions are recorded as applicable based on Directors' estimates of recoverable values.
- **Income taxes**  
The Group is subject to income taxes predominately in the United Kingdom but also in other jurisdictions. Significant estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated queries by the tax authorities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different for the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## Notes to the financial statements continued

for the year ended 31 December 2014

### 2.24 Impact of accounting standards and interpretations

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2014.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The consolidated financial statements have been restated on the adoption of IFRS 11. The impact on key financial information is immaterial and a summary of the main changes are detailed in the following table:

	as reported 2013 £000	adjustments £000	restated 2013 £000
Revenue	26,264	(314)	<b>25,950</b>
Gross profit	9,219	(144)	<b>9,075</b>
Administrative expenses	(6,306)	162	<b>(6,144)</b>
Operating profit	2,913	18	<b>2,931</b>
<b>Profit before income tax</b>	<b>2,885</b>	<b>18</b>	<b>2,903</b>
Current assets	13,554	20	<b>13,574</b>
Equity	20,089	40	<b>20,129</b>
Current Liabilities	5,025	(20)	<b>5,005</b>

Retained earnings at 1 January 2013 have been restated by £30,000.

The impact on the cashflow is immaterial but has been restated for consistency.

In addition the following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2014, none of which have a material impact on the Group:

- IFRS 10, 'Consolidated financial statements'
- IFRS 12, 'Disclosures of interests in other entities'
- IAS 27 (revised 2011) 'Separate financial statements'
- IAS 28 (revised 2011) 'Associates and joint ventures'
- Amendment to IAS 32, 'Financial instruments: Presentation'
- Amendments to IAS 36, 'Impairment of assets'
- Amendment to IAS 39, 'Financial instruments: Recognition and measurement'

A number of new standards and amendments to standards and interpretations are effective for annual years beginning after 1 January 2015, and have not been applied in preparing these consolidated financial statements. These have been set out below:

- IFRS 9, 'Financial instruments'
- IFRS 15, 'Revenue from contracts with customers'
- IFRIC 21, 'Levies'

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods.

### 3 Segment information

All revenues from external customers are derived from the sale of goods in the ordinary course of business to the agricultural markets and are measured in a manner consistent with that in the income statement.

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions. The Board considers the business from a geographic perspective.

Management considers adjusted EBITDA to assess the performance of the operating segments, which comprises profit before interest, tax, depreciation and amortisation adjusted for share-based payments and exceptional items.

Inter-segment revenue is charged at prevailing market prices.

	UK and Eire £000	International £000	Total £000
<b>Year ended 31 December 2014</b>			
<b>Total segmental revenue</b>	<b>6,852</b>	<b>21,155</b>	<b>28,007</b>
<b>Inter-segment revenue</b>	<b>(281)</b>	<b>(1,158)</b>	<b>(1,439)</b>
<b>Revenue from external customers</b>	<b>6,571</b>	<b>19,997</b>	<b>26,568</b>
<b>Adjusted EBITDA</b>	<b>527</b>	<b>3,324</b>	<b>3,851</b>
<b>Depreciation, amortisation and impairment charges</b>	<b>(54)</b>	<b>(303)</b>	<b>(357)</b>
<b>Income tax credit/(expense)</b>	<b>7</b>	<b>(166)</b>	<b>(159)</b>
<b>Total assets</b>	<b>7,907</b>	<b>21,157</b>	<b>29,064</b>
<b>Total liabilities</b>	<b>(1,526)</b>	<b>(4,792)</b>	<b>(6,318)</b>

Year ended 31 December 2013 (restated)

Total segmental revenue	6,314	20,358	26,672
Inter-segment revenue	-	(722)	(722)
Revenue from external customers	6,314	19,636	25,950
Adjusted EBITDA	312	3,185	3,497
Depreciation, amortisation and impairment charges	(44)	(331)	(375)
Income tax expense	(15)	(314)	(329)
Total assets	7,506	18,628	26,134
Total liabilities	(1,483)	(4,522)	(6,005)

## Notes to the financial statements continued

for the year ended 31 December 2014

### 3 Segment information continued

A reconciliation of adjusted EBITDA to profit before income tax is provided as follows:

	<b>2014</b>	restated
	<b>£000</b>	2013
		£000
Adjusted EBITDA for reportable segments	<b>3,851</b>	3,497
Depreciation, amortisation and impairment charges	<b>(357)</b>	(375)
Share-based payment charges	<b>(202)</b>	(191)
Finance income	<b>48</b>	50
Finance cost of contingent consideration	<b>(21)</b>	(78)
<b>Profit before income tax</b>	<b>3,319</b>	2,903

The entity is domiciled in the UK.

The total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in the UK is £12,836,000 (2013: £12,352,000) and the total of these assets located in other countries is £8,000 (2013: £4,000).

Share-based payment charges of £202,000 (2013: £191,000) includes £88,000 (2013: £22,000) of professional fees that have been expensed during 2014.

### 4 Expenses by nature

	<b>2014</b>	restated
	<b>£000</b>	2013
		£000
Changes in inventories of finished goods	<b>(28)</b>	(120)
Raw materials and consumables used	<b>13,759</b>	14,005
Employee expenses (note 6)	<b>4,033</b>	3,859
Research and development expenditure	<b>25</b>	4
Transportation expenses	<b>1,887</b>	1,816
Other operating expenses	<b>3,022</b>	2,852
Operating lease payments	<b>42</b>	37
Depreciation, amortisation and impairment charges	<b>357</b>	375
Share-based payment charges	<b>202</b>	191
Gain on foreign exchange transactions	<b>(23)</b>	-
<b>Total cost of sales, distribution and administrative expenses</b>	<b>23,276</b>	23,019

## 5 Auditors' remuneration

During the year the Group obtained the following services from the Company's auditors:

<b>Group</b>	<b>2014</b> <b>£000</b>	restated 2013 £000
Fees payable to Company's auditor for the audit of Parent Company consolidated financial statements	<b>48</b>	36
Fees payable to Company's auditor for other services:		
The audit of Company Subsidiaries	<b>5</b>	8
Tax compliance service	<b>28</b>	28
Other non-audit services	<b>15</b>	11
	<b>96</b>	83

## 6 Employees

Number of employees

The average monthly number of employees including Directors during the year was:

<b>Group</b>	<b>2014</b> <b>Number</b>	restated 2013 Number
Production	<b>27</b>	28
Administration	<b>23</b>	25
Sales and Technical	<b>51</b>	38
<b>Total average headcount</b>	<b>101</b>	91
<b>Company</b>		
Production	<b>27</b>	28
Administration	<b>19</b>	15
Sales and Technical	<b>37</b>	30
<b>Total average headcount</b>	<b>83</b>	73

Employment costs

<b>Group</b>	<b>2014</b> <b>£000</b>	restated 2013 £000
Wages and salaries	<b>3,554</b>	3,373
Social security costs	<b>341</b>	348
Other pension costs	<b>138</b>	138
Share-based payment charges	<b>202</b>	191
	<b>4,235</b>	4,050

## Notes to the financial statements continued

for the year ended 31 December 2014

### 7 Finance income/(cost)

	<b>2014</b>	2013
	<b>£000</b>	£000
Interest receivable on short-term bank deposits	<b>48</b>	50
Finance income	<b>48</b>	50
Unwinding of discount on contingent consideration	<b>(21)</b>	(78)
Finance cost of contingent consideration	<b>(21)</b>	(78)
<b>Net finance income/(cost)</b>	<b>27</b>	(28)

The unwinding of the discount on the contingent consideration is not a borrowing related cost however, it is required to be classified as finance cost.

### 8 Earnings per share

	<b>2014</b>	restated 2013
Weighted average number of shares in Issue (000's)	<b>18,393</b>	18,260
Adjusted for effects of dilutive potential Ordinary shares (000's)	<b>1,717</b>	1,341
Weighted average number for diluted earnings per share (000's)	<b>20,110</b>	19,601
Profit attributable to owners of the Parent (£000's)	<b>3,160</b>	2,574
Basic earnings per share	<b>17.18p</b>	14.10p
Diluted earnings per share	<b>15.71p</b>	13.13p
	<b>2014</b>	restated 2013
	<b>£000</b>	£000
Underlying profit attributable to owners of the Parent		
Profit attributable to owners of the Parent	<b>3,160</b>	2,574
Unwinding of discount on contingent consideration	<b>21</b>	78
Prior year tax adjustments	<b>(318)</b>	(250)
Underlying profit	<b>2,863</b>	2,402
Underlying earnings per share	<b>15.57p</b>	13.15p
Diluted underlying earnings per share	<b>14.24p</b>	12.25p

## 9 Dividend payable

	<b>2014</b>	2013
	<b>£000</b>	£000
2012 final dividend paid: 3.0p per 23p share	-	568
2013 final dividend paid: 3.5p per 23p share	<b>677</b>	-
	<b>677</b>	568

A dividend in respect of the year ended 31st December 2014 of 4.5p per share, amounting to a total dividend of £0.9m, is to be proposed at the Annual General Meeting on 25 June 2015. These financial statements do not reflect this dividend payable.

## 10 Income tax expense

	<b>Group</b>	
	<b>2014</b>	2013
	<b>£000</b>	£000
<b>Current tax</b>		
Current tax on profits for the year	<b>226</b>	349
Adjusted for prior years	<b>(136)</b>	-
<b>Total current tax</b>	<b>90</b>	349
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>251</b>	230
Adjustment for prior years	<b>(182)</b>	(250)
<b>Total deferred tax (note 18)</b>	<b>69</b>	(20)
<b>Income tax expense</b>	<b>159</b>	329

Adjustments in respect of prior years represent the benefits from enhanced research and development tax credits and the corresponding increased availability of losses in future periods.

The tax on the Company's profit before tax, differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the Company as follows:

### Factors affecting the charge for the year

	<b>2014</b>	2013
	<b>£000</b>	£000
Profit before tax	<b>3,318</b>	2,903
Tax at domestic rates applicable to profits in the respective countries - 21.5% (2013: 23.25%)	<b>713</b>	671
Tax effects of:		
Non-deductible expenses	<b>39</b>	100
Losses not recognised for deferred tax	<b>54</b>	-
Research and development tax credits	<b>(282)</b>	(206)
Prior year tax adjustments	<b>(318)</b>	(250)
Other tax adjustments	<b>(47)</b>	14
<b>Income tax expense</b>	<b>159</b>	329

Corporation tax is calculated at 21.5% (2013: 23.25%) of the estimated assessable profit for the year.

Reductions to the UK tax rate were introduced in the Finance Act 2013. The changes reduced the corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes have been enacted at the balance sheet date and therefore are recognised in these Financial Statements.

## Notes to the financial statements continued

for the year ended 31 December 2014

### 11 Intangible assets

<b>Group</b>	<b>Goodwill £000</b>	<b>Brands £000</b>	<b>Customer relationships £000</b>	<b>Patents, trademarks and registrations £000</b>	<b>Development costs £000</b>	<b>Total £000</b>
<b>Cost</b>						
As at 1 January 2013	5,490	2,210	686	116	1,622	10,124
Additions	-	-	-	132	269	401
As at 31 December 2013	5,490	2,210	686	248	1,891	10,525
Additions	-	-	-	175	399	574
Reclassification from property, plant and equipment	-	-	-	-	102	102
<b>As at 31 December 2014</b>	<b>5,490</b>	<b>2,210</b>	<b>686</b>	<b>423</b>	<b>2,392</b>	<b>11,201</b>
<b>Accumulated amortisation/impairment</b>						
As at 1 January 2013	-	27	91	26	904	1,048
Charge for the year	-	35	68	14	8	125
Impairment provision	-	-	-	-	50	50
As at 31 December 2013	-	62	159	40	962	1,223
Charge for the year	-	36	69	32	15	152
<b>As at 31 December 2014</b>	<b>-</b>	<b>98</b>	<b>228</b>	<b>72</b>	<b>977</b>	<b>1,375</b>
<b>Net book value</b>						
<b>As at 31 December 2014</b>	<b>5,490</b>	<b>2,112</b>	<b>458</b>	<b>351</b>	<b>1,415</b>	<b>9,826</b>
As at 31 December 2013	5,490	2,148	527	208	929	9,302
As at 1 January 2013	5,490	2,183	595	90	718	9,076

Reclassification from property, plant and equipment relates to software development.

## 11 Intangible assets continued

Company	Goodwill £000	Brand £000	Customer relationships £000	Patents, trademarks and registrations £000	Development costs £000	Total £000
<b>Cost</b>						
As at 1 January 2013	4,144	1,501	176	91	1,622	7,534
Additions	-	-	-	133	244	377
As at 31 December 2013	4,144	1,501	176	224	1,866	7,911
Additions	-	-	-	173	385	558
Reclassification from property, plant and equipment	-	-	-	-	102	102
Arising on hive up of Subsidiary (note 25)	1,346	620	383	18	36	2,403
<b>As at 31 December 2014</b>	<b>5,490</b>	<b>2,121</b>	<b>559</b>	<b>415</b>	<b>2,389</b>	<b>10,974</b>
<b>Accumulated amortisation/impairment</b>						
As at 1 January 2013	-	-	53	24	904	981
Charge for the year	-	-	17	11	8	36
Impairment provision	-	-	-	-	50	50
As at 31 December 2013	-	-	70	35	962	1,067
Charge for the year	-	9	31	29	12	81
<b>As at 31 December 2014</b>	<b>-</b>	<b>9</b>	<b>101</b>	<b>64</b>	<b>974</b>	<b>1,148</b>
<b>Net book value</b>						
<b>As at 31 December 2014</b>	<b>5,490</b>	<b>2,112</b>	<b>458</b>	<b>351</b>	<b>1,415</b>	<b>9,826</b>
As at 31 December 2013	4,144	1,501	106	189	904	6,844
As at 1 January 2013	4,144	1,501	123	67	718	6,553

Reclassification from property, plant and equipment relates to software development.

Goodwill is allocated to the Group's cash-generating units ("CGU's") identified according to trading brand. The recoverable amount of a CGU is determined based on value-in-use calculations.

These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond a five-year period are extrapolated using estimated growth rates of 1.5% per annum (2013: 1.5%).

The discount rate used of 12% (2013: 12%) is pre-tax and reflects specific risks relating to the operating segments.

Based on the calculations of the recoverable amount of each CGU, no impairment to goodwill was identified.

Goodwill is allocated as follows:

### Goodwill

Acquisition of Kiotechagil operations	3,552
Acquisition of Optivite operations	592
Acquisition of Meriden operations	1,346
<b>As at 31 December 2013</b>	<b>5,490</b>
<b>As at 31 December 2014</b>	<b>5,490</b>

## Notes to the financial statements continued

for the year ended 31 December 2014

### 11 Intangible assets continued

Brands relate to the fair value of the Optivite brands acquired in the year ended 31 December 2009 and Meriden brands acquired in the year ended 31 December 2012. These are deemed to have between 20 years and an indefinite useful life due to the inherent intellectual property contained in the products, the longevity of the product lives and global market opportunities. Brands with indefinite useful lives are assessed for impairment with goodwill in the annual impairment review as described above.

Amortisation of brands, customer relationships and patents, trademarks and registrations is included in administrative expenses, totalling £152,000 (2013: £125,000) for the Group and £81,000 (2013: £36,000) for the Company.

The total impairment provision against development costs that has been provided in the year is nil (2013: £50,000).

### 12 Property, plant and equipment

Group	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Assets in the course of construction £000	Total £000
<b>Cost</b>					
As at 1 January 2013	2,034	900	387	-	3,321
Additions	3	226	78	163	470
Disposals	(5)	(53)	(1)	-	(59)
As at 31 December 2013	2,032	1,073	464	163	3,732
Additions	78	117	94	-	289
Transfer of assets in construction	61	-	-	(61)	-
Reclassification to intangible assets	-	-	-	(102)	(102)
Disposals	-	(64)	(62)	-	(126)
<b>As at 31 December 2014</b>	<b>2,171</b>	<b>1,126</b>	<b>496</b>	<b>-</b>	<b>3,793</b>
<b>Accumulated depreciation</b>					
As at 1 January 2013	162	246	129	-	537
Charge for the year	28	116	56	-	200
Disposals	(5)	(53)	(1)	-	(59)
As at 31 December 2013	185	309	184	-	678
Charge for the year	29	111	65	-	205
Disposals	-	(62)	(46)	-	(108)
<b>As at 31 December 2014</b>	<b>214</b>	<b>358</b>	<b>203</b>	<b>-</b>	<b>775</b>
<b>Net book value</b>					
<b>As at 31 December 2014</b>	<b>1,957</b>	<b>768</b>	<b>293</b>	<b>-</b>	<b>3,018</b>
As at 31 December 2013	1,847	764	280	163	3,054
As at 1 January 2013	1,872	654	258	-	2,784

## 12 Property, plant and equipment continued

Company	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Assets in the course of construction £000	Total £000
<b>Cost</b>					
As at 1 January 2013	2,034	889	371	-	3,294
Additions	3	224	73	163	463
Disposals	(5)	(53)	(1)	-	(59)
As at 31 December 2013	2,032	1,060	443	163	3,698
Additions	78	111	94	-	283
Transfer of assets in construction	61	-	-	(61)	-
Reclassification to intangible assets	-	-	-	(102)	(102)
Hive up of Subsidiary	-	-	4	-	4
Disposals	-	(64)	(48)	-	(112)
<b>As at 31 December 2014</b>	<b>2,171</b>	<b>1,107</b>	<b>493</b>	<b>-</b>	<b>3,771</b>
<b>Accumulated depreciation</b>					
As at 1 January 2013	162	238	125	-	525
Charge for the year	28	115	53	-	196
Disposals	(5)	(53)	(1)	-	(59)
As at 31 December 2013	185	300	177	-	662
Charge for the year	29	109	63	-	201
Disposals	-	(62)	(40)	-	(102)
<b>As at 31 December 2014</b>	<b>214</b>	<b>347</b>	<b>200</b>	<b>-</b>	<b>761</b>
<b>Net book value</b>					
<b>As at 31 December 2014</b>	<b>1,957</b>	<b>760</b>	<b>293</b>	<b>-</b>	<b>3,010</b>
As at 31 December 2013	1,847	760	266	163	3,036
As at 1 January 2013	1,872	651	246	-	2,769

Held within land and buildings is an amount of £700,000 (2013: £700,000) in respect of non-depreciable land.

## Notes to the financial statements continued

for the year ended 31 December 2014

### 13 Investment in Subsidiaries

<b>Company</b>	<b>Unlisted investments £000</b>
<b>Cost</b>	
As at 1 January 2013 and at 31 December 2013	6,691
Investment in Subsidiaries	536
Arising on hive up of Subsidiary operations	(97)
<b>As at 31 December 2014</b>	<b>7,130</b>
<b>Provisions for diminution in value</b>	
<b>As at 1 January 2013, 31 December 2013 and at 31 December 2014</b>	<b>2,392</b>
<b>Net book value</b>	
<b>As at 31 December 2014</b>	<b>4,738</b>
As at 31 December 2013	4,299
As at 1 January 2013	4,299

The increase in investment in Subsidiaries is principally in Anpario Saúde Nutrição Animal Ltda.

On 31 March 2014 the Company disposed of its investment in Meriden Trading Pty Limited for Australian \$1.

### 13 Investment in Subsidiaries continued

#### Holdings of more than 20 per cent

The Company holds more than 20 per cent of the share capital of the following companies:

Company	Country of registration or incorporation	Principal activity	Percentage held	Shares held Class
Anpario (Shanghai) Biotech Co., Ltd. (formerly, Kiotechagil (Shanghai) Agriculture Science and Technology Limited)	China	Technology Services	100	Ordinary
Anpario Inc	US	Technology Services	100	Ordinary
Anpario Saúde Nutrição Animal Ltda	Brazil	Technology Services	100	Ordinary
Anpario UK Limited	England and Wales	Dormant	100	Ordinary
Meriden Animal Health Limited	England and Wales	Technology Services	100	Ordinary
Orego-Stim Limited	England and Wales	Dormant	100	Ordinary
Meriden (Shanghai) Chemical Products Co., Ltd.	China	Technology Services	100	Ordinary
Optivite Animal Nutrition Private Limited	India	Dormant	100	Ordinary
Optivite Latinoamericana SA de CV	Mexico	Technology Services	98	Ordinary
Optivite SA (Proprietary) Limited	South Africa	Technology Services	100	Ordinary
Optivite Limited	England and Wales	Dormant	100	Ordinary
Optivite International Limited	England and Wales	Dormant	100	Ordinary
Aquatic Limited	England and Wales	Dormant	100	Ordinary
Agil Limited	England and Wales	Dormant	100	Ordinary
Kiotechagil Limited	England and Wales	Dormant	100	Ordinary
Kiotech Limited	England and Wales	Dormant	100	Ordinary

### 14 Inventories

	Group		Company	
	2014 £000	restated 2013 £000	2014 £000	2013 £000
Raw materials and consumables	<b>1,062</b>	1,195	<b>1,062</b>	1,067
Finished goods and goods for resale	<b>649</b>	621	<b>165</b>	297
	<b>1,711</b>	1,816	<b>1,227</b>	1,364

The cost of inventories recognised as expense and included in 'cost of sales' amounted to £13,731,000 (2013: £13,885,000) for the Group and £11,115,000 (2013: £10,412,000) for the Company.

## Notes to the financial statements continued

for the year ended 31 December 2014

### 15 Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Trade receivables	<b>6,728</b>	6,524	<b>6,441</b>	4,470
Less: provision for impairment of trade receivables	<b>(64)</b>	(126)	<b>(64)</b>	(119)
Trade receivables – net	<b>6,664</b>	6,398	<b>6,377</b>	4,351
Receivables from Subsidiary undertakings	-	-	<b>1,247</b>	713
Receivables from joint ventures	-	236	-	-
Taxes	<b>224</b>	96	<b>209</b>	87
Prepayments and accrued income	<b>811</b>	249	<b>463</b>	131
	<b>7,699</b>	6,979	<b>8,296</b>	5,282

The ageing analysis of net trade receivables is as follows:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Up to 3 months	<b>5,386</b>	4,383	<b>5,125</b>	3,192
3 to 6 months	<b>1,084</b>	1,659	<b>1,083</b>	829
Over 6 months	<b>194</b>	356	<b>169</b>	330
Trade receivables – net	<b>6,664</b>	6,398	<b>6,377</b>	4,351

As at 31 December 2014 trade receivables of £1,109,000 (2013: £1,292,000) for the Group and £1,084,000 (2013: £917,000) for the Company were past due but not impaired. These relate to longstanding customers where there is no recent history of default. The ageing analysis of these receivables is as follows:

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Up to 3 months	<b>940</b>	1,240	<b>940</b>	904
3 to 6 months	<b>65</b>	26	<b>65</b>	13
Over 6 months	<b>104</b>	26	<b>79</b>	-
	<b>1,109</b>	1,292	<b>1,084</b>	917

## 15 Trade and other receivables continued

As at 31 December 2014 trade receivables of £64,000 (2013: £126,000) for the Group and £64,000 (2013: £119,000) for the Company were impaired and fully provided for. The individually impaired receivables mainly related to historic debt for which recovery is still being sought. The Group mitigates its exposure to credit risk by extensive use of credit insurance and letters of credit to remit amounts due. The ageing of these trade receivables is as follows:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Up to 3 months	-	-	-	-
3 to 6 months	-	-	-	-
Over 6 months	<b>64</b>	126	<b>64</b>	119
	<b>64</b>	126	<b>64</b>	119

Movement on the provision for impairment of trade receivables was as follows:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
As at 1 January	<b>126</b>	109	<b>119</b>	102
Provisions for receivables created	<b>63</b>	60	<b>63</b>	60
Amounts written off as unrecoverable	<b>(7)</b>	(19)	-	(19)
Amounts recovered during the year	<b>(118)</b>	(24)	<b>(118)</b>	(24)
As at 31 December	<b>64</b>	126	<b>64</b>	119

The carrying amounts of net trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014 £000	2013 £000	2014 £000	2013 £000
Pounds sterling	<b>2,814</b>	3,605	<b>2,814</b>	2,423
Euros	<b>1,227</b>	1,174	<b>1,227</b>	1,106
US dollars	<b>2,367</b>	1,418	<b>2,335</b>	822
Other currencies	<b>256</b>	201	<b>1</b>	-
As at 31 December	<b>6,664</b>	6,398	<b>6,377</b>	4,351

The other classes within trade and other receivables do not contain impaired assets.

## 16 Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term deposits held by Group companies. The carrying amount of these assets approximates to their fair value.

## Notes to the financial statements continued

for the year ended 31 December 2014

### 17 Trade and other payables

	Group		Company	
	2014	restated 2013	2014	2013
	£000	£000	£000	£000
Trade payables	3,315	3,086	3,269	2,115
Amounts due to Subsidiary undertakings	-	-	4,368	1,651
Taxes and social security costs	237	155	185	88
Other payables	207	577	150	508
Accruals and deferred income	1,370	875	944	742
	<b>5,129</b>	4,693	<b>8,916</b>	5,104

Included within 'Other payables' above is £71,000 (2013: £550,000) in respect of contingent consideration arising on the acquisition of Meriden.

### 18 Deferred income tax

Group	2014 £000	2013 £000
As at 1 January	796	816
Income statement expense/(credit) (note 10)	69	(20)
<b>As at 31 December</b>	<b>865</b>	796

#### Deferred tax liabilities/(assets)

	Accelerated tax allowances £000	Fair value gains £000	Losses £000	Total £000
As at 1 January 2013	377	667	(228)	816
Income statement expense/(credit) (note 10)	8	(52)	24	(20)
As at 31 December 2013	385	615	(204)	796
Income statement expense/(credit) (note 10)	145	(101)	25	69
<b>As at 31 December 2014</b>	<b>530</b>	<b>514</b>	<b>(179)</b>	<b>865</b>

#### Classified as:

Deferred income tax asset	(179)
Deferred income tax liability	1,044

Reductions to the UK tax rate were introduced in the Finance Act 2013. The changes reduced the corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015. These changes have been enacted at the balance sheet date and therefore are recognised in these Financial Statements.

A deferred tax asset has been recognised for UK tax losses carried forward on the grounds that sufficient future taxable profit is forecast to be realised. No deferred tax asset is recognised in respect of losses incurred in overseas Subsidiaries, due to the uncertainty surrounding the timing of the utilisation of those losses.

## 18 Deferred income tax continued

<b>Company</b>	<b>2014</b> <b>£000</b>	2013 £000
As at 1 January	<b>634</b>	548
Arising on hive up of Meriden trade and assets into the company	<b>232</b>	-
Income statement expense/(credit)	<b>(1)</b>	86
<b>As at 31 December</b>	<b>865</b>	634

<b>Deferred tax liabilities / (assets)</b>	<b>Accelerated tax allowances £000</b>	<b>Fair value gains £000</b>	<b>Losses £000</b>	<b>Total £000</b>
As at 1 January 2013	402	374	(228)	548
Income statement expense/(credit)	66	(4)	24	86
As at 31 December 2013	468	370	(204)	634
Arising on hive up of Meriden trade and assets into the company	2	230	-	232
Income statement expense/(credit)	60	(86)	25	(1)
<b>As at 31 December 2014</b>	<b>530</b>	<b>514</b>	<b>(179)</b>	<b>865</b>

### **Classified as:**

<b>Deferred income tax asset</b>	<b>(179)</b>
<b>Deferred income tax liability</b>	<b>1,044</b>

## 19 Capital commitments

The Group had authorised capital commitments as at 31st December 2014 as follows:

	<b>2014</b> <b>£000</b>	2013 £000
Property, plant and equipment	<b>26</b>	164
	<b>26</b>	164

## 20 Financial commitments

At 31 December 2014 the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>2014</b> <b>£000</b>	2013 £000
Less than one year	<b>76</b>	38
Between one and five years	<b>110</b>	22
Greater than five years	-	-
	<b>186</b>	60

The lease expenditure charged to the income statement during the year is disclosed in note 4.

## Notes to the financial statements continued

for the year ended 31 December 2014

### 21 Called up share capital

	<b>2014</b>	2013
	<b>£000</b>	£000
<b>Authorised</b>		
86,956,521 Ordinary shares of 23p each	<b>20,000</b>	20,000
1,859,672 'A' Shares of 99p each	<b>1,841</b>	1,841
	<b>21,841</b>	21,841
<b>Alloted, called up and fully paid</b>		
19,880,789 (2013: 19,805,572) Ordinary shares of 23p each	<b>4,573</b>	4,555
Options exercised Ordinary shares of 23p each	<b>49</b>	18
20,094,275 (2013: 19,880,789) Ordinary shares of 23p each	<b>4,622</b>	4,573

During the year 213,486 (2013: 75,217) ordinary shares of 23 pence each were issued pursuant to the exercise of employee share options.

### 22 Retained earnings

	<b>Group</b>	Company
	<b>£000</b>	£000
As at 1 January 2013	9,973	9,676
Profit for the year	2,574	1,858
Dividends relating to 2012	(568)	(568)
As at 31 December 2013 restated	11,979	10,966
Profit for the year	3,160	2,691
Dividends relating to 2013	(677)	(677)
<b>As at 31 December 2014</b>	<b>14,462</b>	<b>12,980</b>

### 23 Other reserves

Other reserves comprise:

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	2013	<b>2014</b>	2013
	<b>£000</b>	£000	<b>£000</b>	£000
Treasury shares	<b>(185)</b>	(69)	<b>(185)</b>	(69)
Joint Share Ownership Plan	<b>(1,210)</b>	(1,210)	<b>(1,210)</b>	(1,210)
Merger reserve	<b>228</b>	228	<b>228</b>	228
Unrealised reserve (note 25)	<b>-</b>	-	<b>2,021</b>	-
Share-based payment reserve	<b>840</b>	726	<b>840</b>	726
Translation reserve	<b>(62)</b>	(20)	<b>-</b>	-
	<b>(389)</b>	(345)	<b>1,694</b>	(325)

On 16 September 2014 the company purchased 31,000 of its own Ordinary shares of 23p each for 254p each. On 6 October 2014 the company purchased 15,000 of its own Ordinary shares of 23p each for 248p each. The total number of Ordinary shares of 23p each held in treasury at the year end was 143,042 (2013: 97,042).

## 24 Share-based payments

Movements in the number of share options outstanding are as follows:

	Weighted average exercise price (p)	<b>Shares 2014 000</b>	Weighted average exercise price (p)	Shares 2013 000
Outstanding as at 1 January	101	<b>1,447</b>	81	1,096
Granted during the year	242	<b>234</b>	144	426
Exercised during the year	83	<b>(213)</b>	74	(75)
Outstanding as at 31 December	104	<b>1,468</b>	101	1,447
Excercisable as at 31 December		<b>807</b>		870

Share options outstanding at the end of the year have the following expiry dates and weighted average exercise prices:

	Weighted average exercise price (p)	<b>Shares 2014 000</b>	Weighted average exercise price (p)	Shares 2013 000
2015	165	<b>44</b>	165	44
2016	99	<b>223</b>	99	223
2017	98	<b>45</b>	104	65
2018	32	<b>96</b>	32	96
2019	69	<b>240</b>	68	262
2020	79	<b>55</b>	81	121
2021	76	<b>10</b>	76	60
2022	89	<b>94</b>	89	150
2023	144	<b>427</b>	144	426
2024	242	<b>234</b>	-	-
		<b>1,468</b>		1,447

On 9 June 2014 39,397 options were issued to employees under the Group's SAYE scheme. During the year options totalling 120,000 (2013: 150,000) were awarded under the Company's Enterprise Management Incentive Scheme (EMIS) and 213,486 options were exercised.

The fair value of services received in return for share options granted and the shares which have been issued into the joint beneficial ownership of the participating Executive Directors and the Trustee of The Anpario plc Employees' Share Trust is calculated based on appropriate valuation models.

The expense is apportioned over the vesting period and is based on the number of financial instruments which are expected to vest and the fair value of those financial instruments at the date of the grant. The charge for the year in respect of share options granted and associated expenses amounts to £202,000 (2013: £191,000) of which £81,000 (2013: £22,000) is related to professional fees that have been expensed during the year.

## Notes to the financial statements continued

for the year ended 31 December 2014

### 24 Share-based payments continued

The weighted average fair value of options granted during the year was determined based on the following assumptions using the Black-Scholes pricing model.

Plan	Unapproved 01 Feb	Unapproved 26 Mar	SAYE 09 Jun	EMIS 23 Jul	EMIS 20 Oct	EMIS 01 Dec
Grant date	01 Feb	26 Mar	09 Jun	23 Jul	20 Oct	01 Dec
Number of options granted (000)	25	50	39	10	10	100
Grant price (p)	253.0	248.0	283.8	237.5	231.5	242.0
Exercise price (p)	253.0	248.0	227.0	237.5	231.5	242.0
Carrying cost (per annum)	N/A	N/A	N/A	N/A	N/A	N/A
Vesting period (years)	5	3	3	3	3	3
Option expiry (years)	10	10	10	10	10	10
Expected volatility of the share price	20%	20%	20%	20%	20%	20%
Dividends expected on the shares	1.38%	1.41%	1.22%	1.47%	1.47%	1.45%
Risk-free rate	1.78%	1.82%	1.88%	1.93%	1.48%	1.30%
Fair value (p)	43.74	42.86	80.19	41.15	39.26	39.16

### 25 Business combinations

On 30 September 2014 the operations and net assets of Meriden Animal Health Limited, a wholly owned Subsidiary, were transferred to Anpario plc as a hive up transaction.

This represents a common control transaction and hence is outside the scope of IFRS3. The Group has therefore selected to account for the transaction using predecessor values which represent the value of the assets and liabilities in the highest level of the Group. These values have therefore been determined from the carrying value of assets and liabilities in the consolidated Group as at 30 September 2014. The assets and liabilities transferred as at 30 September 2014 are as follows:

	<b>Carrying value £000</b>
Goodwill	1,346
Brands	620
Customer relationships	383
Trademarks, registrations and development	54
Cash and cash equivalents	330
Property, plant and equipment	4
Inventories	232
Trade and other receivables	4,346
Trade and other payables	(744)
Corporation tax	(252)
Deferred tax liabilities	(232)
<b>Carrying value of assets hived up</b>	<b>6,087</b>

The consideration for the hive up represented the carrying value of the assets and liabilities as recorded in the statutory accounting records of Meriden Animal Health Limited and amounted to £3,969,000. The balance of £2,118,000 represents net assets previously recognised on consolidation and which are also hived up under the provisions of predecessor accounting.

To correctly reflect the accounting for the hive up, the Company has therefore credited investments in Subsidiaries by £97,000 and reserves by £2,021,000. This reserve remains unrealised until the investment in Meriden is recovered by means of a dividend payable from Meriden Animal Health Limited to Anpario plc.

## 26 Related party transactions

### Group and Company

The following transactions were carried out with related parties:

P A Lawrence, Chairman of ECO Animal Health Group plc, is a Non-Executive Director of the Company and £32,500 (2013: £39,000) was paid to ECO Animal Health Group plc in respect of his services and expenses. £16,000 (2013: £16,000) was received from ECO Animal Health Group plc in respect of pension commitments to a former employee.

Electro Switch Limited, a company controlled by close family members of the Chairman, R S Rose, received the sum of £1,000 (2013: £15,000).

Steve Harris was a director of Meriden Animal Health Limited until 14 April 2014 and was also a director and shareholder of Meriden (Guangzhou) Biotech Co., Ltd. Sales to Meriden (Guangzhou) Biotech Co., Ltd. until this date were £271,000 (2013: £1,002,000).

Amounts due to related parties at 31 December 2014 were, ECO Animal Health Group plc £3,000 (2013: nil), Electro Switch Limited £nil (2013: £2,000).

Key management comprises the Directors of Anpario plc and their emoluments are as follows:

	<b>2014</b>	2013
	<b>£000</b>	£000
Short-term employment benefits	<b>790</b>	650
Post employment benefits	<b>32</b>	39
Share-based payments	<b>43</b>	40
	<b>865</b>	729

A breakdown of the emoluments by Director is included in the Director's remuneration report.



## 26 Related party transactions continued

### Company

The following transactions were carried out with related parties:

	<b>2014</b>	2013
	<b>£000</b>	£000
Sales of goods:		
Subsidiaries	<b>1,337</b>	721
Sales of services:		
Subsidiaries	<b>62</b>	-
Purchases of goods:		
Subsidiaries	<b>40</b>	23
Purchases of services:		
Subsidiaries	<b>34</b>	54

Year-end balances with related parties:

Receivables from related parties (note 15):		
Subsidiaries	<b>1,247</b>	713
Payables to related parties (note 17):		
Subsidiaries	<b>4,368</b>	1,651

## 27 Post balance sheet event

Subsequent to the year end the Group has sold its interest in organic feed for £0.75m net proceeds inclusive of £0.25m relating to a production related earn out. Based on 2014 results the annual impact on revenues is £3.1m, however, the low margin nature of this business generates a negligible impact on profits. The cash proceeds have further strengthened the balance sheet.

## Notice of Annual General Meeting

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.**

If you have sold or otherwise transferred all your shares in Anpario plc, please forward this document and the accompanying form of proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee save that you should not forward or transmit such documents in or into any jurisdiction in which to do so would constitute a violation of that jurisdiction's relevant laws. If you sell or have sold or otherwise transferred only part of your holding of shares, you should retain this document and the accompanying proxy form.

This document is being sent to you solely for the purpose of convening the Annual General Meeting referred to below and to provide information to you as a member of the Company to help you to decide how to cast your vote in respect of the Resolutions. No reliance may be placed on this document for any other purpose.

### Notice of Annual General Meeting ("AGM")

Notice is hereby given that the AGM of Anpario plc will be held at the offices of Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET on Thursday 25 June 2015, at 10.30 am to consider and, if thought fit, pass the following resolutions as ordinary resolutions other than resolutions 7 and 8 which will be proposed as special resolutions of the Company.

#### Resolution 1

To receive the Annual Report for the year ended 31 December 2014.

#### Resolution 2

To declare a final dividend of 4.5p per Ordinary share payable on 31 July 2015 to shareholders on the register at close of business on 17 July 2015.

#### Resolution 3

To re-elect Peter A Lawrence as a Director, who retires by rotation.

#### Resolution 4

To re-elect Richard P Edwards as a Director, who retires by rotation.

#### Resolution 5

To re-elect PricewaterhouseCoopers LLP as auditors and to authorise the Directors to agree the auditors' remuneration.

#### Resolution 6

That pursuant to Section 551 of the Companies Act 2006, the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company ("Rights"):

(a) up to an aggregate nominal amount of £1,517,532; and

## Notice of Annual General Meeting continued

### Resolution 6 continued

(b) up to an additional aggregate nominal amount of £1,517,532 provided that such Rights are offered by way of a rights issue to holders of Ordinary shares each in the capital of the Company on the register of members at such record date(s) as the Directors may determine, where the shares or equity securities respectively attributable to the interests of the Ordinary shareholders are proportionate (as nearly as may be practicable) to the respective number of Ordinary shares held or deemed to be held by them on any such record date(s), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter;

and provided that:

- i. such authority shall, unless revoked varied or renewed by the Company, expire at the conclusion of the next AGM of the Company save that the Company may make an offer or agreement before this authority expires which would or might require shares to be allotted or Rights to subscribe for or to convert any security into shares to be granted after this authority expires and the Directors may allot shares or grant such Rights pursuant to any such offer or agreement as if this authority had not expired; and
- ii. this resolution revokes and replaces all unexercised authorities previously granted to the Directors in accordance with section 551 of the Companies Act 2006 to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

### Resolution 7

That subject to the passing of resolution 6 and pursuant to Section 570 of the Companies Act 2006, the Directors be and are generally empowered to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) for cash pursuant to the authority granted by resolution 6 as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- (a) in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):
- i. to holders of Ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of Ordinary shares held by them; and
  - ii. to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange;

(b) otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £459,858;

(c) this power shall expire at the conclusion of the next AGM of the Company (unless previously revoked varied or renewed) save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired; and

(d) this resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

## Resolution 8

That pursuant to Section 701 of the Companies Act 2006, the Company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of Ordinary shares of 23p each in the capital of the Company (Ordinary shares) provided that:

- (a) the maximum aggregate number of Ordinary shares hereby authorised to be purchased is 1,999,384;
- (b) the minimum price (excluding expenses) which may be paid for an Ordinary share is 23p;
- (c) the maximum price (excluding expenses) which may be paid for an Ordinary share is not more than the higher of:
  - i. an amount equal to 105% of the average of the middle market quotations for an Ordinary share as derived from the AIM appendix to the London Stock Exchange Daily Official List for the five business days before the purchase is made; and
  - ii. an amount equal to the higher of the price of the last independent trade of an Ordinary share and the highest current independent bid for an Ordinary share on the trading venue where the purchase is carried out;
- (d) unless previously renewed, varied or revoked, the authority hereby conferred shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, on 30 September 2016; and
- (e) the Company may make a contract to purchase Ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and the Company may make a purchase of Ordinary shares in pursuance of any such contract or contracts.

## Recommendation

The Board of Anpario plc considers all of the proposed resolutions to be in the best interests of shareholders as a whole and accordingly recommends that shareholders vote in favour of all the resolutions proposed.

By Order of the Board

**Karen L Prior**  
Company Secretary  
4 March 2015

## Notice of Annual General Meeting continued

### Notes to the Notice of Annual General Meeting ("AGM")

#### Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members 48 hours (excluding non-business days) before the time of the Meeting shall be entitled to attend and vote at the Meeting.

#### Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821390.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

#### Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
  - completed and signed;
  - sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719232;
  - alternatively, the completed proxy form can be scanned and emailed to [proxies@shareregistrars.uk.com](mailto:proxies@shareregistrars.uk.com); and received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

#### Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

#### Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of proxy appointments**

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719232. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

### **Issued shares and total voting rights**

10. As at 4 March 2015 the Company's issued share capital comprised 20,136,883 Ordinary shares of 23p each. The Company holds 143,042 Ordinary shares of 23p each as treasury shares. Each Ordinary share carries the right to one vote at an AGM of the Company and, therefore excluding shares held as treasury shares the total number of voting rights in the Company as at 4 March 2015 is 19,993,841.

## Notice of Annual General Meeting continued

### Explanatory Notes on the Resolutions to be sent to Shareholders

#### Resolution 1: Annual Report

The Directors must present their Annual Report to the meeting. This gives shareholders the opportunity to ask questions on the content before voting on the resolution.

#### Resolution 2: Dividends

Subject to shareholder approval, a final dividend of 4.5p per Ordinary share payable to Ordinary shareholders on 31 July 2015 has been recommended by the Directors for the year ended 31 December 2014. The final dividend cannot exceed the amount recommended by the Directors.

#### Resolution 3-4: Directors

The Company's Articles of Association require one third of the Directors to retire and submit themselves for election each year. Peter A Lawrence and Richard P Edwards must, therefore, retire and submit themselves to re-election at this AGM. There are no Directors of the Company who are eligible to submit themselves for re-election having been appointed since the last AGM.

#### Resolution 5: Appointment of Auditors and Remuneration of the Auditors

An ordinary resolution will be proposed to re-appoint PricewaterhouseCoopers LLP as the Company's auditors to hold office from the conclusion of the AGM until the conclusion of the next general meeting at which accounts are laid before the Company; and to authorise the Directors to determine the remuneration payable to the auditors.

#### Resolution 6: Directors' Authority to Allot Shares

This resolution seeks shareholder approval for the Directors to be authorised under the provisions of section 551 of the Companies Act 2006 to allot shares or grant such subscription or conversion rights up to a maximum aggregate nominal value of £3,035,064 representing approximately two-thirds of the existing share capital, but subject to the proviso that half of such sum (being shares with an aggregate nominal value of £1,517,532) may only be allotted in connection with a rights issue or similar pre-emptive share issue. This power will last until the conclusion of the next AGM of the Company in 2016.

#### Resolution 7: Directors' Power to Disapply Pre-emption Rights

This resolution, which will be proposed as a special resolution, supplements the Directors' authority to allot shares in the Company proposed by resolution 6. Section 561 of the Companies Act 2006 requires a company proposing to allot equity securities (which includes selling shares held in treasury) to offer them first to existing shareholders in proportion to their existing shareholdings. Equity securities includes Ordinary shares (the only class of share capital the Company has at present) but does not include shares issued under employee share schemes. If resolution 7 is passed, the requirement imposed by section 561 will not apply to allotments by the Directors in two cases:

- i. in connection with a rights (or similar) issue, where strict application of the principle in section 561 could (for example) either result in fractional entitlements to shares arising or require the issue of shares where this would be impractical because of local, legal or regulatory requirements in any given overseas jurisdiction; and
- ii. allotments of shares for cash up to a total nominal value of £459,858 (representing 10% of the Company's issued share capital at 4 March 2015). This gives the Directors flexibility to take advantage of business opportunities as they arise, whilst the 10% limit ensures that existing shareholders' interests are protected in accordance with guidelines issued by institutional investors' bodies

This authority will expire at the conclusion of the next AGM except in so far as commitments to allot shares have been entered into before that date.

### **Resolution 8: Company's Authority to Purchase Shares**

In some circumstances, companies can find it advantageous to use surplus funds to make market purchases of their own shares. Shares purchased in this way may either be cancelled (thus reducing the total number of shares in issue and potentially increasing future earnings on the remaining shares) or held as treasury shares in accordance with the Companies Act 2006.

This resolution, which will be proposed as a special resolution, seeks to renew the existing authority for the Company to purchase its own shares in the market.

The maximum price at which the shares may be purchased is 105% of the average of the middle market values of those shares for the five business days before the purchase is made.

Purchases of shares under the proposed authority are governed by the AIM Rules for Companies of the London Stock Exchange and to assist in compliance with the AIM Rules, the Company adheres to the Model Code. Accordingly, the Company would not exercise the authority at a time when the Directors would be precluded from dealing in the Company's shares. Specifically, purchases would not be made within the 60 days preceding the announcement of the interim or final results. This proposal should not be taken as an indication that the Company would purchase shares at any particular price or to imply any opinion on the part of the Directors as to the market or other value of the Company's shares.

The Companies Act 2006 enables certain listed companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares in accordance with that Act. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under the Company's share schemes. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of those shares. Further, no dividend or distribution of the Company's assets may be made to the Company in respect of those shares whilst held in treasury.

Accordingly, if the Directors exercise the authority conferred by resolution 8, the Company will have the option of holding those shares in treasury rather than cancelling them.

As at the date of this document, the Company had 20,136,883 shares in issue. This resolution seeks authority to purchase a maximum of 1,999,384 shares, representing approximately 10% of the current issued share capital less shares held in treasury.

## Company information

### Company Number

Registered in England 03345857

### Registered Office and Head Office

Manton Wood Enterprise Park  
Worksop  
Nottinghamshire  
S80 2RS  
England

Telephone: 01909 537380

### Company Secretary

Karen L Prior

### Stock Exchange

London  
Code: ANP

### Website

[www.anpario.com](http://www.anpario.com)

### Registrars

Share Registrars Limited  
Suite E  
First Floor  
9 Lion and Lamb Yard  
Farnham  
Surrey  
GU9 7LL  
England

Telephone: 01252 821390

### Chartered Accountants and Statutory Auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St. Paul's Place  
121 Norfolk Street  
Sheffield  
S1 2LE  
England

### Bankers

Barclays Bank PLC  
1 Chapel Quarter  
Maid Marion Way  
Nottingham  
NG1 6HQ  
England

HSBC Bank PLC  
1st Floor  
The Arc  
NG2 Business Park  
Enterprise Way  
Nottingham  
NG2 1EN  
England

### Nominated Adviser and Broker

Peel Hunt LLP  
Moor House  
120 London wall  
London  
EC2Y 5ET  
England

Telephone: 0207 418 8900

## Board of Directors



### **David M A Bullen, BSc (Hons).**

#### **Chief Executive Officer**

David joined the Board in October 2009 as Chief Operating Officer and became Chief Executive Officer in April 2011. He was originally employed in July 2007 as General Manager of Kiotechagil. David was instrumental in setting up Anpario's wholly owned Subsidiary in China and played a key role in managing the successful integration of Optivite. Previously, David worked for the Animal Health division of Novartis where he was Head of Sales and Marketing for the Benelux region and on the Management Board for Central Europe.

### **Richard P Edwards, B Eng (Hons), C Eng, MBA.**

#### **Executive Vice-Chairman (N)**

Richard joined the Board in December 2006 originally as Chief Executive following the acquisition of Agil. He was appointed Executive Vice-Chairman in April 2011 with responsibility for implementing new market development and acquisition strategy. Richard has extensive general management and corporate strategy experience gained in the sales and distribution sector both in the UK and internationally. Previously he was Director and General Manager of WF Electrical, a £140 million turnover division of Hagemeyer (UK) Ltd, a distributor of industrial products, and gained significant experience in corporate development at Saint-Gobain's UK building materials business.



### **Karen L Prior, BSc (Hons), FCA.**

#### **Group Finance Director**

Karen joined the Board in October 2009 as Group Finance Director. Previously, Karen has had roles as Finance Director of Town Centre Securities plc, a listed property group and UK Finance Director of Q-Park, where she was instrumental in its establishment and growth in the UK. Karen has also been Financial Controller of train builders Bombardier Transportation and has spent 10 years of her early career with Ernst and Young specialising in providing audit and business services to entrepreneurial businesses.

### **Richard S Rose.**

#### **Non-Executive Chairman (A, N, R)**

Richard joined the Board in March 2005 and was appointed Chairman in July 2006. Richard is also Non-Executive Chairman of two listed businesses, Booker Group plc and AO World plc, as well as an AIM business and a private company. He was formerly CEO of WF Electrical plc, and Whittard of Chelsea plc, two listed companies, and was a director of Hagemeyer (UK) Ltd, a multi £billion International Distribution business. He received Entrepreneur of the year Award presented by PLC Awards 2003.



### **Peter A Lawrence, BSc, MSc, DIC, ACGI.**

#### **Non-Executive Director (A, N, R)**

Peter joined the Board in August 2005 as a Non-executive Director. Peter is the founder of ECO Animal Health Group plc where he has been an Executive Director ever since its formation in 1972. He is also the Non-Executive Chairman of Baronsmead VCT plc and Amati VCT plc, and a Non-Executive Director of Algatechnologies Ltd and Higher Nature Ltd. Peter received the Entrepreneur of the year Award at the 2003 AIM awards.





Anpario plc is delighted to have been granted The Queen's Award for Enterprise in recognition of their outstanding achievement in International Trade.

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## Anpario plc

Manton Wood Enterprise Park,  
Worksop, Nottinghamshire, S80 2RS, England

**ANPARIO**  
Enhancing nature through science

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BIOSECURITY MATTERS



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