ECO

Animal Health Group plc

... applying science carefully

Report &
Accounts
2015

3rd July 2015

ECO Animal Health Group plc ("ECO")
(AIM: EAH)

Results for the year ended 31 March 2015

ECO ANIMAL HEALTH REPORTS STRONG PERFORMANCE

HIGHLIGHTS

Financials

- 22% increase in sales to £39.0 million (+28% at constant exchange rates)
- 23% increase in gross profit to £17.4 million with gross profit margin held at 45%
- 22% increase in adjusted EBITDA to £8.6 million (+35% at constant exchange rates)
- 13% increase in total dividend for the year to 4.75p with second interim dividend of 3.0p
- Cash generation from operations up 16% to £7.2 million
- Pre-tax profit up 38% to £5.1 million
- Net cash of £17.7m

Operations

- Demand for Aivlosin® continues to grow strongly with sales up over 30% (+36% at constant exchange rates)
- New marketing authorisations gained in UAE
- Strong performances in North America, China and Europe
- Further advances in Southeast Asian territories following recent acquisition
- Major investment in stockholding and production capacity on schedule

Peter Lawrence, Executive Chairman of ECO Animal Health Group plc, commented:

" The new financial year has started well with sales maintaining momentum. I look forward with confidence to ECO delivering another impressive performance when the interim results are announced "

Contacts:

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Anthony Spiro	020 8336 6196
Peel Hunt LLP (Nominated Adviser)	
Dan Webster, Richard Brown, George Sellar	020 7418 8900

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

ECO ANIMAL HEALTH GROUP PLC

DIRECTORS AND ADVISORS

Directors	Peter Lawrence	Chairman
	Marc Loomes	Chief Executive
	Kevin Stockdale	Finance Director
	Brett Clemo	Executive Director
	Julia Trouse	Executive Director
	David Danson	Non Executive Director
	Anthony Rawlinson	Non Executive Director – Appointed 1 January 2015
Secretary	Julia Trouse	
Company Number	1818170	
Registered office	78 Coombe Road New Malden Surrey KT3 4QS	
Registered auditors	Kreston Reeves LLP Third Floor 24 Chiswell Street London EC1Y 4YX	
Registrars	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL	
Bankers	Natwest plc Mitcham Branch 282 London Road Mitcham Surrey CR4 2ZP	
Nominated Adviser And Broker	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET	

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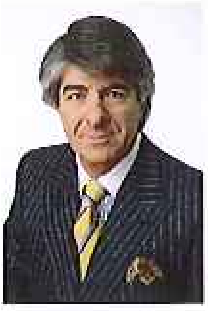
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015



I am delighted to report that ECO Animal Health Group plc has maintained the momentum of its strong first half and delivered an excellent set of results for the year ended 31 March 2015. The recent marketing authorisation granted by the United States Food & Drug Administration (FDA) for the use of our patented drug, Aivlosin®, for pigs is very significant. This approval has reinforced ECO's position as a supplier that conforms to all the current guidelines governing the judicious use of antimicrobials in the farming industry. Our standing as an important supplier of effective, therapeutic medications to meat producers around the world has strengthened as our penetration of these markets has increased.

Financial Performance

Sales for the year increased by 22% to £39.0m (2014: £31.9m). This increase would have risen to 28% at constant exchange rates (CER) i.e. as if the 2014 sales were recalculated using the same daily average exchange rates that applied in 2015. Earnings before interest, tax, depreciation, amortisation, minority interests, share based payments and foreign exchange differences (EBITDA) grew by 22% to £8.6m (2014: £7.1m). The increase in EBITDA at CER would have been 35%. The pound continued to show strength through the year and that had an impact on the translation of ECO's results into sterling. An exception was the US dollar which moved in a narrow band against sterling. The dollar/ sterling exchange rate, calculated as the average of each day's close during the year, was £1 = $1.6133 for the twelve months ended 31 March 2015, weaker than the comparable figure for the previous year which was £1 = $1.5891.

Our balance sheet remains strong and Group cash was £17.7m net of overdrafts (2014: £18.2m) even after our planned strategic stock level increase of almost £3m above the level of the previous year. Cash generated from operations also increased, reaching £7.2m at the year end, an increase of 16%. Pre-tax profit rose 38% to £5.1m (2014: £3.70m) and earnings per share increased by 57% to 6.82 pence per share (2014: 4.35 pence).

The Board is pleased to declare a second interim dividend of 3.0 pence per share to be paid on 2 October 2015 to shareholders on the register on 11 September 2015. This makes a total for the year of 4.75 pence per share (2014: 4.2 pence), an increase of over 13% reflecting the Board's continued confidence in the growth prospects for the Company.

Operations

The Company is now realising the commercial benefit from the considerable investment it has made over many years in the intellectual property inherent in Aivlosin®, its patented molecule. Aivlosin® is used for the treatment of economically important diseases of pigs and poultry. Aivlosin® is prescribed under strict veterinary control at low but efficacious dose rates for short duration treatment of specified diseases and meets all the guidelines for the judicious use of antimicrobials. Marketing authorisations have now been obtained in nearly all the major markets for pigs and poultry. Our continued investment in highly qualified and experienced staff is reflected in our strong sales performance. We will continue to build stock levels to service the anticipated growth in sales as our global business expands. It is pleasing to report that our production capacity has also been increased substantially during the year. ECO has made important investments in both its business and regulatory software capabilities, which will further enhance productivity.

Worldwide sales of Aivlosin® increased by over 30 % compared with the same period last year (over 36% at CER). Aivlosin®, ECO's patented molecule, was granted its first marketing authorisation in the USA in 2012 and the subsequent revenue development of this flagship product has been most gratifying. Sales of Aivlosin® in North America, a region that accounts for more than one third of

Aivlosin®'s potential world market, trebled in the year under review. We are well positioned to build on our excellent start in this important market.

In China, our subsidiary, Zhejiang ECO Biok Animal Health Products, which was established over a decade ago, had another successful year with sales rising 8 % in sterling, or 10 % in local currency.

The late timing this year of the Chinese Spring Festival vacation delayed the benefit of our annual spring sales campaign until after the Company's year end. In July 2014 we acquired the business of our long-standing Southeast Asian distributor, based in Kuala Lumpur with representation throughout the region. This operation has performed extremely well with sales up 84% in sterling or 87% in US dollars compared with the same period in the previous year. ECO has completed a strategic review of the opportunities offered by the important Southeast Asian pig and poultry markets. The findings were very encouraging and as a result we are confident that, with renewed focus and greater technical, sales and marketing support, the region will have a very positive commercial impact on future results.

There was a significant upturn in business in Mexico and key tenders were also won in Brazil. In Latin America, the uncertain economic and political situations in Argentina and Venezuela had a significant effect on local currencies. In Japan, the ongoing weakness of the yen continued to affect our results although Aivlosin® sales volumes did increase. Sales in Europe, including the UK, were up almost 19%, continuing the momentum established last year, although the economic climate in this region remains as challenging as ever.

The Company recently announced approvals for both Aivlosin® and Ecomectin® products in the United Arab Emirates. These marketing authorisations should lead to the granting of further licences in the Gulf Cooperation Council, where the UAE is a key member and, in particular, in the Kingdom of Saudi Arabia which is a very important poultry market.

We have continued to invest in our product development pipeline, with the aim of obtaining additional marketing authorisations in the USA, Europe and the key pig and poultry production markets globally.

Board changes

In December 2014 we announced the appointment of Anthony Rawlinson as a Non-Executive Director with effect from 1 January 2015. Mr Rawlinson is a chartered accountant with over 25 years corporate finance experience advising smaller quoted companies; he is a co-founder and partner in Cairn Financial Advisers LLP, AIM Market corporate advisers.

People

While our business performance is driven by animal health, people remain our principal asset. On behalf of all shareholders, I would like to thank everyone associated with the Company for their unceasing commitment and enthusiasm during another year of considerable progress for ECO.

Outlook

The new financial year has started well with revenue maintaining momentum. I look forward with confidence to ECO delivering another impressive performance when the interim results for the first six months of trading are announced.

Peter A Lawrence

2nd July 2015

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2015

Financial

Group sales in the year to 31 March 2015 rose by 22% to £39m; this increase is 27% at constant exchange rates (CER) i.e. if the 2014 sales are recalculated using the same average exchange rates as applied in 2015. Sales of Aivlosin®, our flagship, patented, therapeutic (disease treating) product, advanced by over 30% in sterling above the level of the previous year. This encouraging performance continues to reflect our strategic decision to focus primarily on our core high margin products and less on lower margin generics. The resulting more profitable product mix was becoming established last year and, despite the strength of sterling, the margins were slightly improved this year.

EBITDA (Earnings before interest, tax, depreciation, amortisation, share based payments, foreign exchange movements and minorities) is our main key performance indicator because we are required to amortise our drug registration costs even though we believe they are increasing in value.

EBITDA advanced by 22% to almost £8.6m, a new record for the Company and, on a like for like basis at CER, the growth would have been approximately 35%. Pre-tax profit increased by almost 38%.

Group cash at the year end was £17.7m net of overdrafts.

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.

A summary of the KPI's is as follows:

	2015	2014	2013
Financial			
Revenue £m	39.0	31.9	29.0
Gross Profit £m	17.5	14.1	13.1
Gross Margin %	44.7	44.5	45.2
EBITDA £m	8.61	7.05	6.67
Cash balances, net of borrowing £m	17.7	18.2	7.7
Non Financial			
Health and Safety - major accidents reported to the board in the year	Nil	Nil	Nil

Currency

Under IFRS rules, financial assets at the period end are translated from foreign currencies using the period end exchange rates. It has been our practice not to convert the majority of the currency balances into sterling, but to use them to pay overseas suppliers in local currency and invest in the business. Therefore the currency losses experienced on bank balances during the last year may well reverse in the current year.

Risks and Uncertainties

All businesses face a number of strategic and operational risks and uncertainties and the Board considers that the following could influence the Group's performance:

Currency Movements

The Group exports its products to almost 60 counties and is exposed to movements in currency. It has not been the Company's practice to convert currencies which are used for purchasing raw materials and services in those currencies and this acts as an extensive hedge against currency fluctuations.

Commercial Risks

There is increasing pressure on veterinarians to prescribe antibiotics appropriately and in accordance with the product label. Aivlosin® meets all current guidelines for the judicious and prudent use of antimicrobials for food producing animals and is never used in human health. The Group spends considerable effort and resource liaising with regulatory authorities and leading consultants to ensure that it remains compliant with all prescribing guidelines.

Supply Risks

The Group is dependent on a small number of suppliers for some of its raw materials and maintains business interruption insurance in respect of each of these. In the longer term the Group continues to build strategic manufacturing partnerships internationally and to increase safety stock levels in order to protect its complex global supply chain.

Dependence on key customers

The Group is dependent on a number of customers and distributors in each of the territories into which it sells. The loss of one or more of its key customers could result in lower than expected sales and have a significant impact on the scale of its operations. The Group seeks to minimise reliance on key territories and individual customers and distributors.

Disease

Although outbreaks of diseases for which our products are indicated are generally beneficial to our sales, some disease outbreaks temporarily impact on production, disrupt the free movement of animals and affect trade. In the face of continued global demand for animal protein, however, any reduction in supply leads to increased prices and therefore benefits those who have taken effective measures to prevent or control the disease. In the medium term, most disease outbreaks are generally well controlled by appropriate intervention strategies.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

Timing of approval of marketing authorisations

Aivlosin® has been licenced for use in pigs and/or in poultry by the European, USA, Canadian, Japanese, Chinese and many other regulatory bodies globally but the exact timing of new approvals of marketing authorisations is difficult to predict. Regulatory authorities may submit additional questions or require supplementary trial work to be performed prior to granting of a license and this can lead to some delay. Therefore, considerable resource is devoted to our licensing work in order to address any issues that may arise in as timely a manner as is possible.

Strategy

ECO Animal Health Group plc is a leader in the development, registration and marketing of pharmaceutical products for animals. The Company has developed into a significant UK based business with subsidiaries, joint ventures and distributors in 60 countries. ECO has been granted over 600 drug registrations around the world for its pharmaceutical products, which are principally, but not exclusively, for the treatment of various conditions in pigs and poultry. The Company uses advanced science in order to offer a wide and effective range of specialist treatments, underpinned by strong customer service.

The Company will continue to pursue organic growth by developing its markets and expanding its customer base. It will also continue to research and develop additional applications for its established and proven ranges of active pharmaceutical ingredients. ECO will also consider acquisition opportunities as they arise, provided they meet its market, financial and strategic objectives.

Post Balance Sheet Events

The Group issued 55,000 shares in April 2015 as a result of the exercise of options by current and former employees.

The Group purchased 6,487 of its own shares at an average price of £2.41 in April 2015 and a further 2,381 shares at an average price of £3.02 in June 2015.

Trading update and outlook

The current year has started well with major markets maintaining their rate of growth with particularly good demand from customers in the US and Canada. The strength of sterling may remain an issue, but it will not divert the Company from its objective of developing a global business. Aivlosin® sales are growing rapidly, boosted particularly by North American demand where business is still in its early stages but showing very significant and exciting potential.

Peter Lawrence
Executive Chairman
2nd July 2015

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and financial statements for the year ended 31 March 2015.

Directors

The following directors have held office since 1 April 2014:

Peter Lawrence	Chairman
Marc Loomes	Chief Executive
Kevin Stockdale	Finance Director
Brett Clemo	Executive Director
Julia Trouse	Executive Director
David Danson	Non Executive Director
Julia Henderson	Non Executive Director (resigned 31st Dec 2014)
Anthony Rawlinson	Non Executive Director (appointed 1st Jan 2015)

Principal activities

The principal activities of the Group in the year under review were those of manufacturers and suppliers of animal health products. These activities were conducted on a global scale, through a network including both regional offices, (notably in Shanghai and Princeton) and overseas subsidiaries.

Results and dividends

The consolidated income statement for the year is set out on page 12.

The profit for the year after tax was £4,621,000 (2014: £3,081,000). The directors have declared a dividend of 3p per share making a total for the year of 4.75p (2014: 4.20p).

Future Developments

The likely future development of the business is covered in the Chairman's Statement and in the Strategic Report.

Substantial shareholdings

At 30 May 2015, the Company had been notified of the following holdings of 3 per cent or more of its issued share capital.

	Ordinary shares	Per cent
P A Lawrence and family	11,373,176	18.02
Schroder Investment Management Limited	10,290,748	16.30
Prudential plc	9,339,659	14.80
Axa Investment Managers SA	4,369,022	6.92
Artemis	3,621,983	5.74
Appleby Trust (Jersey) Limited	2,603,290	4.13
Harrier Trading	2,350,000	3.73

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

Group research and development activities

The Group is continually researching into and developing new products and markets. Details of expenditure incurred and written off during the year are shown in the notes to the financial statements. Following the approval of our first marketing authorisation for Aivlosin® in the USA, the Group remains committed to obtaining further authorisations of its Aivlosin® products in the USA and other key territories.

Share capital

The Company made purchases of 8,078 of its own ordinary shares of 5p each during the year. The Directors considered that the purchase would be in the best interests of shareholders. These shares are held in treasury.

Going concern

The directors believe that the Group is well placed to manage its business risks successfully despite the uncertain economic outlook in some of its key territories. The Group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the Group should be able to operate within the level of its current and expected banking facilities.

After making enquiries, the directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors' interests

Under the Group's executive share option scheme the following directors have the right to acquire Ordinary shares.

M D Loomes	2015	4,040 at £2.15 135,000 at £2.26 150,000 at £1.96 30,000 at £1.615 100,000 at £2.005
	2014	6,270 at £1.085 30,000 at £1.50 50,000 at £1.61 4,040 at £2.15 135,000 at £2.26 150,000 at £1.96
J Trouse	2015	13,950 at £2.15 45,000 at £2.26 50,000 at £1.96 12,500 at £1.615 40,000 at £2.005
	2014	20,000 at £1.61 13,950 at £2.15 45,000 at £2.26 50,000 at £1.96
K Stockdale	2015	27,640 at £1.085 45,000 at £2.26 50,000 at £1.96 12,500 at £1.615 40,000 at £2.005
	2014	27,640 at £1.085 20,000 at £1.61 45,000 at £2.26 50,000 at £1.96
B Clemo	2015	8,070 at £2.15 75,000 at £2.26 100,000 at £1.96 20,000 at £1.615 60,000 at £2.005
	2014	11,640 at £1.085 25,000 at £1.61 8,070 at £2.15 75,000 at £2.26 100,000 at £1.96
D Danson	2015	30,000 at £0.85
	2014	30,000 at £0.85
A Rawlinson	2015	30,000 at £2.005

The following directors also have an interest in shares which they hold jointly with the ECO Animal Health Group plc Employee Benefit Trust, as more fully described in note 22 to the accounts.

M D Loomes	2015	1,131,110 shares (2014:1,131,110 shares)
J Trouse	2015	518,460 shares (2014: 518,460 shares)
K Stockdale	2015	362,360 shares (2014: 362,360 shares)
B Clemo	2015	432,360 shares (2014:432,360 shares)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

Directors' emoluments

The directors who served in the year received the following; emoluments, pension contributions, share-based payments and benefits in kind.

	Audited Information	
	2015	2014
	£000's	£000's
P A Lawrence	1	-
M D Loomes	379	377
J Trouse	145	136
K Stockdale	127	127
B Clemo	243	226
D Danson	16	16
J Henderson	15	20
A Rawlinson	4	-
	930	902

Directors' Insurance

The Company maintains directors' and officers' liability insurance for the benefit of its directors which remained in place at 31 March 2015 and throughout the preceding year.

Financial instruments

The Group's accounting policies for financial instruments and strategy for management of those financial instruments are given in notes 2 and 32 to the financial statements respectively.

Internal financial control

The board of directors is responsible for the Group's system of internal financial control. Internal control systems are designed to meet the particular needs of the companies concerned and the risks to which they are exposed. This provides reasonable, but not absolute, assurance against material misstatement or loss. Strict financial and other controls are exercised by the Group over its subsidiary companies by day to day supervision of the businesses by the directors.

Corporate governance

The Company's shares are traded on the Alternative Investment Market of the London Stock Exchange and the Company is therefore not required to report on compliance with the Combined Code. The directors support the Combined Code and have complied with all the recommendations which they feel are relevant to a business the size of ECO Animal Health Group plc.

Stockbrokers

Peel Hunt LLP were the Company's nominated advisor and stockbrokers at the year end. The closing share price on 31 March 2015 was 205p per share (2014: 169p). During the year the average share price was 183.1p (2014: 217.9p).

Auditors

The auditors Kreston Reeves LLP will be proposed for reappointment in accordance with the provisions of section 489 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

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 Group 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 each of the directors are aware;

(a) there is no relevant audit information of which the Company's auditors are unaware, and
(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Forward-Looking Statements

This document contains certain forward-looking statements. The forward-looking statements reflect the knowledge and information available to the Company and Group during preparation and up to the publication of this document. By their very nature, these statements depend upon circumstances and relate to events that may occur in the future and thereby involving a degree of uncertainty. Therefore, nothing in this document should be construed as a profit forecast by the Company or Group.

On behalf of the board

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Peter Lawrence
Director
2nd July 2015

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ECO ANIMAL HEALTH GROUP PLC

We have audited the financial statements (the "financial statements") of ECO Animal Health Group plc for the year ended 31 March 2015 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statements of changes in equity, the Consolidated and Company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement set out on page 9, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
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 Parent 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.

In addition, we read all the financial and non-financial information in the Group Strategic report and the Directors' 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 will consider the implications for our report.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2015 and of the Group's profit for the year then ended;
- the Group's financial statements have been properly prepared in accordance with IFRSs adopted by the European Union;
- the Parent Company's 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.

INDEPENDENT AUDITORS' REPORT (Continued)
TO THE SHAREHOLDERS OF ECO ANIMAL HEALTH GROUP PLC

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Chairman's Statement, the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not yet been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit.

James O'Brien FCA
Senior Statutory Auditor
For and on behalf of;
Kreston Reeves LLP
Statutory Auditors
Chartered Accountants
London EC1Y 4YX
Date: 2nd July 2015

The maintenance and integrity of the Group's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £000's	2014 £000's
Revenue	2,3,4	**38,997**	**31,865**
Cost of sales		(21,546)	(17,726)
Gross profit		**17,451**	**14,139**
Other income		293	324
Administrative expenses		(12,407)	(10,495)
Profit from operating activities	5	**5,337**	**3,968**
Finance income	6	68	58
Finance costs	6	(327)	(343)
Net finance (expense)/income		**(259)**	**(285)**
Profit before income tax		5,078	3,683
Income tax (charge)	8	(457)	(602)
Profit for the year		**4,621**	**3,081**
Profit attributable to:			
Owners of the parent company		4,094	2,431
Non-controlling interest	24	527	650
Profit for the year		**4,621**	**3,081**
Earnings per share (pence)	7	6.82	4.35
Diluted earnings per share (pence)	7	6.79	4.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 £000's	2014 £000's
Profit for the year		**4,621**	**3,081**
Other comprehensive income (net of related tax effects):			
Foreign currency translation differences		350	(651)
Defined benefit plan actuarial (losses)/gains	21	(55)	25
Revaluation of investment property		35	-
Deferred tax on revaluations		-	10
Other comprehensive income for the year		**330**	**(616)**
Total comprehensive income for the year		**4,951**	**2,465**
Attributable to:			
Owners of the parent company		4,090	1,955
Non-controlling interest	24	861	510
		4,951	**2,465**

All items listed in other comprehensive income have gone through reserves and are shown in the consolidated statement of changes in equity.

The notes on pages 18 to 63 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

CONSOLIDATED	Attributable to the owners of the Parent								
	Share Capital	Share premium Account	Treasury Reserve	Revaluation Reserve	Other Reserves	Retained Earnings	Total	Non-controlling Interest	Total Equity
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance as at 31 March 2013	2,767	37,881	(5,217)	523	5,050	16,829	57,833	2,458	60,291
Profit for the year	-	-	-	-	-	2,431	2,431	650	3,081
Other comprehensive income:									
Foreign currency differences	-	-	-	-	-	(511)	(511)	(141)	(652)
Actuarial gains on pension scheme assets	-	-	-	-	-	25	25	-	25
Deferred taxation	-	-	-	10	-		10	-	10
Total comprehensive income for the year	-	-	-	10	-	1,945	1,955	509	2,464
Transactions with owners recorded directly in equity									
Contributions by and distributions to owners									
Issue of shares in the year	357	12,298	-	-	-	-	12,655	-	12,655
Share-based payments	-	-	-	-	307	-	307	-	307
Transfer from special reserve to share premium	-	3,250	-	-	(3,250)	-	-	-	-
Transfers on expiry of options	-	-	-	-	(291)	291	-	-	-
Dividends relation to 2013	-	-	-	-	-	(2,110)	(2,110)	(799)	(2,909)
Transactions with owners	357	15,548	-	-	(3,234)	(1,819)	10,852	(799)	10,053
Balance as at 31 March 2014	3,124	53,429	(5,217)	533	1,816	16,955	70,640	2,168	72,808
Profit for the year	-	-	-	-	-	4,094	4,094	527	4,621
Other comprehensive income:									
Foreign currency differences	-	-	-	-	-	16	16	334	350
Actuarial (losses) on pension scheme assets	-	-	-	-	-	(55)	(55)	-	(55)
Revaluation of investment property	-	-	-	44	-	-	44	-	44
Deferred taxation	-	-	-	(9)	-	-	(9)	-	(9)
Total comprehensive income for the year	-	-	-	35	-	4,055	4,090	861	4,951
Transactions with owners recorded directly in equity									
Contributions by and distributions to owners									
Issue of shares in the year	33	769	-	-	-	-	802	-	802
Purchase of shares into treasury	-	-	-	-	-	(17)	(17)	-	(17)
Share-based payments	-	-	-	-	252	-	252	-	252
Transfers on expiry of options	-	-	-	-	(293)	293	-	-	-
Dividends relation to 2014	-	-	-	-	-	(2,515)	(2,515)	-	(2,515)
Transactions with owners	33	769	-	-	(41)	(2,239)	(1,478)	-	(1,478)
Balance as at 31 March 2015	3,157	54,198	(5,217)	568	1,775	18,771	73,252	3,029	76,281

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

COMPANY	Attributable to the owners of the Parent						
	Share Capital	Share premium Account	Treasury Reserve	Revaluation Reserve	Other Reserves	Retained Earnings	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance as at 31 March 2013	2,767	37,881	(5,217)	254	5,050	12,236	52,971
Loss for the year	-	-	-	-	-	(43)	(43)
Other comprehensive income:							
Actuarial gains on pension scheme assets	-	-	-	-	-	25	25
Deferred taxation	-	-	-	10	-	-	10
Total comprehensive income for the year	-	-	-	10	-	(18)	(8)
Transactions with owners recorded directly in equity							
Contributions by and distributions to owners							
Issue of shares in the year	357	12,298	-	-	-	-	12,655
Share-based payments	-	-	-	-	307	-	307
Transfer from special reserve to share premium	-	3,250	-	-	(3,250)	-	-
Transfers on expiry of options	-	-	-	-	(291)	291	-
Dividends relation to 2013	-	-	-	-	-	(2,110)	(2,110)
Transactions with owners	357	15,548	-	-	(3,234)	(1,819)	10,852
Balance as at 31 March 2014	3,124	53,429	(5,217)	264	1,816	10,399	63,815
Profit for the year	-	-	-	-	-	4,760	4,760
Other comprehensive income:							
Actuarial (losses) on pension scheme assets	-	-	-	-	-	(55)	(55)
Revaluation of investment property	-	-	-	44	-	-	44
Deferred taxation	-	-	-	(9)	-	-	(9)
Total comprehensive income for the year	-	-	-	35	-	4,705	4,740
Transactions with owners recorded directly in equity							
Contributions by and distributions to owners							
Issue of shares in the year	33	769	-	-	-	-	802
Share-based payments	-	-	-	-	252	-	252
Purchase of shares into treasury	-	-	-	-	-	(17)	(17)
Transfers on expiry of options	-	-	-	-	(293)	293	-
Dividends relation to 2014	-	-	-	-	-	(2,515)	(2,515)
Transactions with owners	33	769	-	-	(41)	(2,239)	(1,478)
Balance as at 31 March 2015	3,157	54,198	(5,217)	299	1,775	12,865	67,077

STATEMENTS OF FINANCIAL POSITION (CO. NUMBER: 01818170)
AS AT 31 MARCH 2015

		Group		Company	
		2015	2014	2015	2014
	Notes	£000's	£000's	£000's	£000's
Non-current assets					
Intangible assets	11	45,660	43,172	-	-
Property, plant and equipment	12	1,619	1,002	640	654
Investment property	13	189	149	189	149
Investments	14	9	9	20,082	20,082
		47,477	44,332	20,911	20,885
Current assets					
Inventories	15	9,833	6,972	-	-
Trade and other receivables	16	11,522	9,868	36,505	33,908
Income tax recoverable		39	27	-	-
Other taxes and social security		110	304	8	102
Cash and cash equivalents	18	20,091	18,240	13,219	9,230
Total current assets		**41,595**	**35,411**	**49,732**	**43,240**
Liabilities					
Trade and other payables	19	(9,542)	(6,343)	(931)	(151)
Short -term borrowings	20	(2,356)	-	(2,356)	-
Income tax		(223)	(206)	-	-
Other taxes and social security		(343)	(178)	(69)	(63)
Dividends		(35)	(31)	(35)	(30)
Current liabilities		**(12,499)**	**(6,758)**	**(3,391)**	**(244)**
Net current assets		**29,096**	**28,653**	**46,341**	**42,996**
Total assets less current liabilities		**76,573**	**72,985**	**67,252**	**63,881**
Non current liabilities					
Provisions					
Deferred tax	17	(192)	(177)	(75)	(66)
Dilapidations on property leases		(100)	-	(100)	-
TOTAL ASSETS LESS TOTAL LIABILTIES		**76,281**	**72,808**	**67,077**	**63,815**
EQUITY					
Issued share capital	23	3,157	3,124	3,157	3,124
Share premium account		54,198	53,429	54,198	53,429
Treasury reserve		(5,217)	(5,217)	(5,217)	(5,217)
Revaluation reserve		568	533	299	265
Other reserves	26	1,775	1,816	1,775	1,816
Retained earnings		18,771	16,955	12,865	10,398
		73,252	70,640	67,077	63,815
Non-controlling interests	24	3,029	2,168	-	-
TOTAL EQUITY		**76,281**	**72,808**	**67,077**	**63,815**

Approved by the Board and authorised for issue on 2nd July 2015

Peter Lawrence Director

The notes on pages 18 to 63 form part of these financial statements.

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Group 2015 £000's	Group 2014 £000's	Company 2015 £000's	Company 2014 £000's
Cashflows from operating activities					
Profit/(loss) before income tax		5,078	3,683	4,761	(36)
Adjustment for:					
Net finance costs/(income)	6	259	285	503	(446)
Depreciation	12 & 13	186	173	20	21
Losses on disposal of non-current assets		41	-	-	-
Amortisation of intangible assets	11	2,538	2,336	-	-
Impairment of intangible assets		256	-	-	-
Pension payments	21	(59)	(54)	(59)	(54)
Pension operating costs	21	4	4	4	4
Share based payments	22	252	307	252	307
Operating cash flows before movements in working capital		**8,555**	**6,734**	**5,481**	**(204)**
Change in inventories		(2,861)	(546)	-	-
Change in receivables		(1,460)	1,321	(2,503)	(3,429)
Change in payables		3,463	(653)	886	(115)
Cash generated from operations		7,697	6,856	3,864	(3,748)
Finance costs		(31)	(34)	(533)	(32)
Income tax		(446)	(619)	-	(6)
Net cash from operating activities		**7,220**	**6,203**	**3,331**	**(3,786)**
Cash flows from investing activities					
Acquisition of property, plant and equipment	12	(778)	(32)	(3)	(1)
Disposal of property, plant and equipment		9	15	-	-
Purchase of intangibles	11	(5,280)	(4,340)	-	-
Purchase of own shares		(17)	-	(17)	-
Finance income	6	68	58	30	478
Net cash (used in)/from investing activities		**(5,998)**	**(4,299)**	**10**	**477**
Cash flows from financing activities					
Proceeds from issue of share capital		802	12,629	802	12,629
Dividends paid		(2,510)	(2,885)	(2,510)	(2,086)
Net cash (used in)/from financing activities		**(1,708)**	**9,744**	**(1,708)**	**10,543**
Net (decrease)/increase in cash and cash equivalents		(486)	11,649	1,633	7,234
Foreign exchange movements		(19)	(939)	-	-
Balance at 1 April 2014		18,240	7,530	9,230	1,996
Balance at 31 March 2015	18	**17,735**	**18,240**	**10,863**	**9,230**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. General information
Eco Animal Health Group plc ("the Company") and its subsidiaries (together "the Group") manufacture and supply animal health products globally.

The Company is traded on the AIM market of the London Stock Exchange and is incorporated and domiciled in the UK. The address of its registered office is 78 Coombe Road, New Malden, Surrey, KT3 4QS.

2. Summary of significant accounting policies

2.1 Basis of preparation
The group has presented its annual report and accounts in accordance with International Financial reporting Standards (IFRS), as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements, in conformity with IFRS as adopted by the European Union, 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 revenue 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 ongoing 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 the 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 Adoption of new and revised standards
The following amendments to existing standards and interpretations were effective for periods beginning after 1 January 2014, but the adoption of these amendments to existing standards and interpretations did not have a material impact on the financial statements of the Group:

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IAS 19 – Defined Benefit Plans: Employee Contributions
- IAS 27 – Separate Financial Statements
- IAS 28 – Investments in Associates and Joint Ventures
- IAS 32 – Offsetting Financial Assets and Liabilities
- IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 – Financial Instruments: Recognition and measurement
- IFRIC 21 – Levies

The following new standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning after 1 January 2015 and have not been applied in preparing these consolidated financial statements.

- IFRS 9 – Financial Instruments (effective 1 January 2018)
- IFRS 11 – Accounting for Acquisitions of Interests in Joint Ventures
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from contracts with customers (effective from 1 January 2017)
- IAS 1 – Disclosure Initiative

2.2 Adoption of new and revised standards (continued)

- IAS 16 and IAS 41 – Agriculture: Bearer Plants
- IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 27 – Equity Method in Separate Financial Statements
- IAS 28 and IFRS 10 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IAS 29, IFRS 10 and IFRS 12– Investment Entities: Applying the consolidation exception

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Group in future periods.

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

2.3 Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its subsidiaries drawn up to 31 March 2015.

An entity is classed as a subsidiary of the company when as a result of contractual arrangements the company has the power to govern its financial and operating policies so as to obtain benefits from its activities.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured, as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value the difference is recognised directly in the income statement.

Accounting policies have been changed where material to ensure consistency with the policies adopted by the Group. Although the subsidiaries in Brazil and China and the Joint Ventures in the USA and Canada all have December year ends, the Group uses management accounts to the end of March to prepare the Group accounts.

Subsidiaries are wholly consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2015

2.5 Foreign currency translation

(a) 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 the Group's presentational currency.

(b) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rates of exchange ruling at the date of the financial statements.

Foreign currency transactions are translated into the functional currency using the 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.

Foreign exchange gains and losses that relate to borrowing and cash and cash equivalents are presented in the income statement within finance income or finance costs.

(c) Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation 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.

When a foreign operation is partially disposed 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 Financial instruments

a) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

2.6 Financial instruments (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

b) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

c) Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: bank overdrafts and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

2.7 Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the costs of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition.
Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal. Goodwill arising before the date of transition to IFRS, on 1 April 2004, has been retained at the previous UK GAAP amounts, subject to being tested for impairment at that date. Goodwill written off to reserves under UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

2.8 Other Intangible assets

Drug registrations, patents and licences

The Group recognises internally generated or externally acquired intangible assets at cost and subsequently recognises them at cost less accumulated amortisation and impairment losses. Intangible assets acquired as part of a business combination are recognised at fair value.

Expenditure on drug registrations and licences is recognised as an internally generated or externally acquired intangible asset only if all the following conditions are met:

- an asset is created that can be identified
- it is probable that the asset created will generate future economic benefits: and
- the development cost of the asset can be measured reliably.

All drug registrations and licences have previously been amortised on a straight-line basis over their useful economic life of 10 years. However, following the granting of Aivlosin's first marketing authorisation in the USA in July 2012, which greatly increased the economic potential of the product, management revised their estimate of the useful life of the Aivlosin drug registrations only from 10 to 20 years and in accordance with IAS8 have amortised the remaining book value of the Aivlosin registrations over the remainder of the useful life of these registrations from that date.

Distribution rights

Distribution rights are recognised at cost and amortised on a straight line basis over their estimated useful economic life of 20 years. They are reviewed for impairment when any indication of potential impairment exists.

2.9 Property, plant and equipment and depreciation

Plant and equipment are stated at cost less depreciation. 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;

Plant and machinery	20% on cost
Fixtures, fittings and equipment	20% on cost
Motor Vehicles	25% on cost

Freehold land and buildings are stated at valuation less depreciation. The property is professionally valued by a qualified surveyor at least once every three years. Surpluses and deficits arising from the periodic valuations are taken to the revaluation reserve in the statement of financial position and are recognised in the statement of comprehensive income for the year. Depreciation is provided at a rate calculated to write off the valuation less estimated residual value over the remaining useful life of the building at a rate of 2 per cent per annum. Land is not depreciated.

2.10 Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each year end, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the impairment loss if any. The recoverable amount is the higher of its fair value and its value in use. For intangible assets with an indefinite useful life, an impairment test is performed at each year end.

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) had no impairment loss been recognised in prior years.

2.11 Investment property

The investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at its valuation less any accumulated impairment and depreciation.

The property is professionally valued by a qualified surveyor at least once every three years. Surpluses and deficits arising from the periodic valuations are taken to the revaluation reserve in the statement of financial position and are recognised in the statement of comprehensive income for the year. Depreciation is provided on a straight line basis over the property's expected useful economic life of 50 years.

2.12 Leasing

The Group leases certain property, plant and equipment.

Assets obtained under finance leases, 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 financial charge allocated to future periods. The financial 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.

2.13 Inventories

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

2.14 Trade receivables

Trade receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowance for estimated, irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

2.15 Investments

Non-current asset investments are stated at fair value, including transaction costs, less impairment. They are recognised or derecognised on the date when the contract for acquisition or disposal requires the delivery of that investment.

Investments in subsidiaries are stated at cost less impairment in the Parent Company's statement of financial position.

An impairment is recognised in profit or loss when there is objective evidence that the asset is impaired and is measured on the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate adjusted for a risk premium. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised costs would have been had the impairment not been recognised.

2.15 Investments (continued)

Investments classified as available-for-sale are stated at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in net profit or loss for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity, determined using the weighted average cost method, is included in the net profit or loss for the period.

2.16 Interest in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control; that is, when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Group reports its interests in jointly controlled entities using proportionate consolidation. The group's share of the assets, liabilities, income, expenses and cash flows of jointly controlled entities are combined with the equivalent items in the results on a line-by-line basis.

2.17 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. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.18 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

2.19 Bank borrowings and loans

Interest-bearing bank loans and overdrafts are recorded as the proceeds received, net of direct issue costs (which equate to fair value). Finance charges including premiums payable on settlement or redemption and direct issue costs are accounted for on an accruals basis in profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2.20 Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

2.21 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation outstanding at the year end and are discounted to present value where the effect is material.

2.22 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 the goods (which the directors believe transfers substantially all the risks and rewards of ownership to the buyer). No goods are despatched on a sale or return basis. Distributors trade on their own account and not as agents.

2.22 Revenue recognition (continued)

The Group also receives interest, rental income, royalty income and management charges in respect of accounting services supplied to certain ex-subsidiaries. The amounts are small and are recognised on an accruals basis.

2.23 Pensions

Defined Contribution Scheme

The pension costs charged against operating profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

Defined Benefit Scheme

The regular cost of providing retirement pensions and related benefits is charged to the income statement over the employees' service lives on the basis of a constant percentage of earnings. The present value of the defined benefit obligation less the fair value of the plan assets is disclosed as an asset or liability in the statement of financial position in accordance with IAS19. The disclosure of a net defined benefit asset is limited to the present value of any economic benefit available in the form of refunds from the plan or reductions in future contributions to the plan.

Actuarial gains or losses are taken directly to equity in the statement of comprehensive income.

2.24 Share-based payments

The Group has applied the requirements of IFRS2 Share-based payments. In accordance with the transitional provisions, IFRS2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

The Group issues equity-settled share-based payments to certain employees in exchange for services from those employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant of such equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions (with a corresponding movement in equity).

The Group's Employee Benefit Trust ("the Trust") was set up on 6 October 2011 to administer the Group's Joint Share Ownership Plan (JSOP). The trust is funded by loans from the Group, with its assets comprising shares in the Company. The Group recognises the assets and liabilities of the Trust in its own accounts and the carrying value of the Company's shares held by the Trust are recorded as a deduction in total equity until such a time as the shares vest unconditionally to employees.

Fair value, for both options and jointly owned shares is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behaviour considerations.

Further details of the inputs to the Black-Scholes model can be found in note 22 to the accounts.

2.25 Taxation

Tax expense for the period comprises current and deferred tax.

Current tax, including UK corporation tax and foreign tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the year end. Tax expenses are recognised in the income statement or statement of comprehensive income according to the treatment of the transactions which give rise to them.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amount in the financial statements.

2.25 Taxation (continued)

Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the date of the statement of financial position and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

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

2.26 Equity

Ordinary shares are classified as equity. 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.

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

The cost of its own shares bought into treasury by the Company is debited to retained earnings as required by the Companies Act 2006. A subsequent sale of these shares would result in this entry being wholly or partly reversed with any profit on the sale being credited to Share Premium.

The Treasury reserve arises when the Company issues equity share capital under its Joint Share Ownership Plan, which is held in trust by ECO Animal Health Group plc Employee Benefit Trust. The interests of this trust are consolidated into the Group's financial statements and the relevant amount treated as a reduction in equity. The expenses of the trust are included in the consolidated income statement.

2.27 Non-controlling interest (Minority)

For each business combination, the Group elects to measure any non-controlling interest in the acquiree either at fair value or at their proportionate share of the acquiree's identifiable net assets which are generally at fair value. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owner. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in the statement of profit or loss.

2.28 Dividend distribution

Final dividend distributions to the Company's shareholders are recognised as liabilities in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recognised when they are paid.

2.29 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:

(a) Estimated impairment value of intangible assets
The Group tests annually whether intangible assets with indefinite life have suffered any impairment. Other intangible assets are reviewed for impairment when an indication of potential impairment exists. Impairment provisions are recorded as applicable based on directors' estimates of recoverable values. Details of the impairment reviews performed can be found in note 11 of the financial statements.

2.29 Critical accounting estimates and judgements (continued)

(b) Income taxes
The Group is subject to income taxes predominantly 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 assets and liabilities based on estimates of the final agreed position.

Where the final tax outcome of these matters is different from 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.

(c) Pension scheme
The Group maintains one defined benefit pension scheme which has been accounted for according to the provisions of IAS19. Although the assumptions were determined by a qualified actuary, any change in those assumptions may materially impact the financial position and results of the Group. Details of the assumptions used can be found in note 21 of the financial statements.

(d) Share-based payments
The charge to the Income Statement in respect of share-based payments has been externally calculated using management's best estimates of the amount of options expected to vest and various other inputs to the Black-Scholes model, as disclosed in note 22. Any variation in those assumptions may have a material impact on the Group's future results and financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2015

3. Segment information

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 geographical perspective. Geographically, management now considers the performance in the UK and Europe, the Far East, Latin America, North America and the Middle East and Africa. This is a change from prior years, so the comparatives have been restated, although the original comparatives are still presented.

Management considers Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"), adjusted for share-based payments.

	U.K. £000's	Europe £000's	Far East £000's	Latin America £000's	North America £000's	Middle East and Africa £000's	Total £000's
Year ended 31 March 2015							
Total segmental revenue	885	6,609	21,823	9,752	15,361	1,779	56,209
Inter-segment revenue	-	-	(4,784)	(3,480)	(8,948)	-	(17,212)
Revenue from external customers	885	6,609	17,039	6,272	6,413	1,779	38,997
Sale of goods	885	6,609	17,039	6,272	6,413	1,579	38,797
Royalties	-	-	-	-	-	200	200
	885	6,609	17,039	6,272	6,413	1,779	38,997
Adjusted EBITDA	(1,504)	1,602	5,015	742	2,215	540	8,610
Total assets	22,775	11,581	27,193	13,547	9,166	4,810	89,072
Year ended 31 March 2014 (Restated)							
Total segmental revenue	784	5,534	18,923	8,487	5,033	1,536	40,297
Inter-segment revenue	-	-	(3,655)	(1,876)	(2,899)	-	(8,430)
Revenue from external customers	784	5,534	15,268	6,608	2,134	1,536	31,867
Sale of goods	784	5,534	15,268	6,608	2,134	1,327	31,655
Royalties	-	-	-	-	-	209	209
	784	5,534	15,268	6,608	2,134	1,536	31,864
Adjusted EBITDA	(1,209)	1,378	4,467	1,248	428	472	6,784
Total assets	21,359	12,837	23,606	14,152	2,901	4,585	79,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2015

3. Segment Information (Continued)

	U.K. £000's	Europe £000's	China, Japan and the India sub continent £000's	Latin America £000's	North America £000's	Rest of the World £000's	Total £000's
Original							
Year ended 31 March 2014							
Total segmental revenue	784	5,534	17,348	8,487	5,033	3,111	40,297
Inter-segment revenue	-	-	(3,655)	(1,876)	(2,899)	-	(8,430)
Revenue from external customers	784	5,534	13,693	6,611	2,134	3,111	31,867
Sale of goods	784	5,534	13,693	6,608	2,134	2,902	31,655
Royalties	-	-	-	-	-	209	209
	784	5,534	13,693	6,608	2,134	3,111	31,864
Adjusted EBITDA	(1,209)	1,378	4,033	1,248	428	906	6,784
Total assets	21,359	12,837	19,968	14,152	2,901	8,223	79,440

Goodwill and other intangible assets are initially allocated to the geographical segments on the basis of the proportion of sales achieved by each segment.

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

	2015 £000's	2014 £000's
Adjusted EBITDA for reportable segments	8,610	6,784
Depreciation	(186)	(173)
Losses on disposal of fixed assets	(41)	-
Amortisation	(2,538)	(2,336)
Impairment of intangible assets	(256)	-
Share-based payment charges	(252)	(307)
Finance (expense)	(259)	(285)
Profit before tax on continuing activities	5,078	3,683

4. Other income

	2015 £000's	2014 £000's
Management charges	145	141
Rental income	143	127
Sundry income	5	56
	293	324

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2015

5. Result from operating activities

	2015 £000's	2014 £000's
Result from operating activities is stated after charging/(crediting)		
Cost of inventories recognised as an expense	21,474	17,635
Employee benefits expenses	4,797	3,819
Amortisation of intangible assets	2,538	2,336
Impairment of intangible assets	256	-
Depreciation (notes 12 &13)	186	173
Losses on disposal of assets	41	-
(Profit)/loss on foreign exchange transactions	(41)	264
Research and development	1	11
Operating lease rentals	504	410
Fees payable to the Company's auditor for the audit of the parent Company and Group annual accounts	19	18
For the audit of the Company's subsidiaries	33	31
Fees payable for audit of the Company's subsidiaries pursuant to legislation	6	4

	2015 £000's	2014 £000's
Earnings due to shareholders before interest, tax, depreciation, amortisation, share-based payments and foreign exchange differences		
Profit from operating activities	5,337	3,968
Depreciation	186	173
Loss on disposal of fixed assets	41	-
Amortisation	2,538	2,336
Impairment of intangible assets	256	-
Share-based payments	252	307
	8,610	6,784
Foreign exchange differences	(41)	264
	8,569	7,048

6. Finance (expense)

	2015 £000's	2014 £000's
Finance costs		
Interest paid	(31)	(34)
Foreign exchange differences on bank loans and overdrafts	(296)	(309)
Finance income		
On short term bank deposits	68	58
Net finance (expense)	(259)	(285)

7. Earnings per share

The calculation of basic earnings per share is based on the post tax profit for the year divided by the weighted average number of shares in issue during the year.

	2015			2014		
	Earnings £000's	Weighted average number of shares 000	Per share amount (pence)	Earnings £000's	Weighted average number of shares 000	Per share amount (pence)
Earnings attributable to ordinary shareholders on continuing operations after tax	4,094	60,007	6.82	2,431	55,871	4.35
Dilutive effect of share options	-	282	(0.03)	-	691	(0.05)
Fully diluted earnings per share	4,094	60,289	6.79	2,431	56,562	4.30

Diluted earnings per share takes into account the dilutive effect of share options. For the purposes of calculating earnings per share, shares held by the Employee Benefit Trust as part of the Joint Share Ownership Plan are excluded from the calculation of the weighted average number of shares. The weighted average number of shares held by the Trust during the year was 2,603,290 (2014: 2,603,290).

8. Taxation

	2015 £000's	2014 £000's
Current tax year		
Foreign corporation tax on profits for the year	451	646
Deferred tax		
Due to change in effective rate	-	(23)
Origination and reversal of temporary differences	6	(21)
Income tax charge	457	602
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	5,078	3,683

	2015	2014
Profit on ordinary activities before taxation multiplied by the applicable rate of UK corporation tax of 21% (2014: 23%)	1,066	847
Effects of:		
Non deductible expenses	210	95
Non chargable credits	(190)	(151)
Witholding tax on inter-company dividends	-	83
Enhanced allowance on research and development expenditure	(829)	(658)
Different tax rate for foreign subsidiaries	72	84
Reduced effective deferred tax rate	-	(23)
Unused tax losses carried forward	128	325
Income tax charge	457	602

	2015 %	2014 %
Applicable tax rate per UK legislation	21.00	23.00
Effects of:		
Non deductible expenses	4.14	2.59
Non chargable credits	(3.75)	(4.11)
Witholding tax on inter-company dividends	-	2.26
Enhanced allowance on research and development expenditure	(16.32)	(17.86)
Different tax rate for foreign subsidiaries	1.43	2.27
Reduced effective deferred tax rate	-	(0.63)
Unused tax losses caried forward	2.51	8.83
Effective tax rate	9.01	16.35

The UK corporation tax rate reduced from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015. Deferred tax balances at the year end have been measured at 20%.

9. Profit for the financial year

	2015 £000's	2014 £000's
Parent Company's profit/(loss) for the financial year	4,760	(43)

10. Dividends

	2015 £000's	2014 £000's
Dividend for the period ended 31 March 2013 of 4.0p per ordinary share	-	2,213
Dividend for the period ended 31 March 2014 of 4.2p per ordinary share	2,624	-
Dividend waived by Employee Benefit Trust	(109)	(103)
	2,515	2,110

The Board is declaring a total dividend of 4.75 pence per share in respect of the year ended 31 March 2015.

11. Intangible fixed assets

Group	Goodwill	Distribution rights	Drug registrations, patents and license costs	Total
	£000's	£000's	£000's	£000's
Cost				
At 1 April 2013	17,930	1,266	43,912	63,108
Additions - internally generated	-	-	4,069	4,069
Additions- acquired separately	-	-	271	271
At 1 April 2014	17,930	1,266	48,252	67,448
Additions - internally generated	-	-	4,786	4,786
Additions- acquired separately	-	176	318	494
At 31 March 2015	17,930	1,442	53,356	72,728
Amortisation				
At 1 April 2013	-	481	21,459	21,940
Charge for the year		63	2,273	2,336
At 1 April 2014	-	544	23,732	24,276
Charge for the year	-	71	2,467	2,538
Impairment in the year	-	-	256	256
Foreign exchange movements	-	-	(2)	(2)
At 31 March 2015	-	615	26,453	27,068
Net Book Value				
At 31 March 2015	17,930	827	26,903	45,660
At 31 March 2014	17,930	722	24,520	43,172
At 31 March 2013	17,930	785	22,454	41,169

The amortisation and impairment charges are included within administrative expenses on the income statement.

Distribution rights are amortised over their estimated useful life of 20 years and reviewed for impairment when any indication of potential impairment exists. The remaining amortisation period at the date of the financial statements ranged from 8 to 19 years.

The carrying value of goodwill is attributable to the following cash generating units:

Entity	Date of acquisition	£000's
Eco Animal Health Limited (acquired 50%)	1 October 2004	17,359
Zhejiang Eco Biok Animal Health Products Limited	1 April 2007	94
ECOpharma Inc. (acquired 80%)	24 December 2009	477
		17,930

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2015

11. Intangible fixed assets (Continued)

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units (CGU's) that are expected to benefit from the business combination.

The recoverable amounts of the CGU's are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding discount rates, growth rates and the estimated remaining useful life of the asset which is maintained at 30 years through ongoing investment in the cash generating unit.

The Group prepares cash flow forecasts derived from the most recent financial budgets and projections that are approved by management for the year ahead and then extrapolates them assuming a 3% annual growth rate which is well below the current performance of the existing business. The directors believe that the long term growth rate assumed does not exceed the average long term growth rate for the relevant markets.

Management estimates discount rates using the pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU's. In the current year management estimated the applicable rate to be 11%. Management considers that there is adequate headroom when comparing the net present value of the cash flows to the carrying value of goodwill to conclude that no impairment is necessary this year. On current assumptions the excess of recoverable amount over carrying value is over £55 million.

Management believes that the most significant assumption in the calculation of value in use is the estimated growth rate. However, even if the growth rate were to be zero, the recoverable amount would still be over £33 million more than the carrying value and no impairment would be necessary. This assumes an earnings multiple of 10 on the current budgeted results in estimating fair value which has been derived from historical data.

The value of Drug registrations and licenses can be broken down as follows:

	£000's
Aivlosin	24,061
Ecomectin	1,550
Others	1,292
	26,903

Aivlosin is a highly effective antibiotic that treats a range of specific enteric (gut) and respiratory diseases in pigs and poultry, ensuring a rapid return to health. In addition to the welfare benefits, healthy animals gain weight faster, digest food more efficiently and get to market earlier which all bring economic benefit to the farmer. Substantial ongoing product development covering more formulations, species and diseases is expected to substantially further increase its revenue generating potential. The remaining amortisation period is from 8 to 20 years.

Ecomectin is an endectocide that controls worms, ticks, lice and mange in grazing stock and pigs. The remaining amortisation period is 0 to 10 years.

Drug registrations and licences are amortised over their estimated useful lives of 10 to 20 years, which is the directors' estimate of the time it would take to develop a new product allowing for the Group's patent protection and the exclusivity period which comes with certain registrations. Given the economic climate the directors have conducted an impairment review in the current year by preparing cash flow projections for the year ahead and extrapolating the results for the remaining life of the registrations assuming zero growth and an 11% discount rate to establish value in use. On the current assumptions the excess of the recoverable amount over carrying value is over £5 million.

The calculations have also shown that on current budget figures a 5 year life is more than enough to justify the current carrying value of these registrations. Moreover, fair value calculated as 10 times the current cash generated by the registrations gives an even higher result, so management has again concluded that no impairment is necessary on this basis.

However, a review of individual projects has identified that an impairment of £256,000 is necessary in respect of Carprofen development costs. This was a project regarding a potential new product to relieve pain in dogs which management have decided is not a current priority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 March 2015

12. Property, plant and equipment

Group	Land and Buildings (freehold)	Plant and machinery	Fixtures, fittings and equipment	Motor Vehicles	Total
	£000's	£000's	£000's	£000's	£000's
Cost or valuation					
At 1 April 2013	650	1,266	649	102	2,667
Additions	-	20	12	-	32
Foreign exchange movements	-	(81)	-	-	(81)
Disposals	-	-	(188)	(27)	(215)
At 1 April 2014	650	1,205	473	75	2,403
Additions	-	593	158	27	778
Foreign exchange movements	-	153	-	(5)	148
Disposals	-	(524)	-	(11)	(535)
At 31 March 2015	650	1,427	631	86	2,794
Depreciation					
At 1 April 2013	-	882	557	52	1,491
Charge for the year	9	113	32	16	170
Foreign exchange movements	-	(61)	1	1	(59)
Disposals	-	-	(188)	(12)	(200)
At 1 April 2014	9	934	402	57	1,402
Charge for the year	9	117	39	18	183
Foreign exchange movements	-	76	1	(2)	75
Disposals	-	(474)	-	(11)	(485)
At 31 March 2015	18	653	442	62	1,175
Net Book Value					
At 31 March 2015	632	774	189	24	1,619
At 31 March 2014	641	271	71	19	1,002
At 1 April 2013	650	384	92	50	1,176

The freehold property at 78 Coombe Road, New Malden was valued on 10 May 2013 by Mr R Sworn of Kelion Sworn Chartered Surveyors and Valuers, London, W1. The fair value in use of the freehold property was determined at £650,000 by means of applying a 7.75% discount rate to the annual rental value of the property as determined by local market conditions. The property will continue to be valued on a regular basis.

The value of non depreciable land included within Land and Buildings is £180,000.

The freehold property of 78 Coombe Road, New Malden is subject to a legal charge held by the Company's bankers dated 20 March 1987.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2015

12. Property, plant and equipment (continued)

The value of the freehold property would have been recorded at £295,000 (2014: £306,000) on a historical cost basis giving rise to the current revaluation surplus of £265,000 net of deferred tax provision. This balance is not distributable to shareholders.

Depreciation has been included in the administrative expenses line on the income statement, except for £72,000 (2014: £90,000) of depreciation of production equipment in the Chinese subsidiary ECO Biok, which is included within cost of sales.

Company	**Land and Buildings (freehold)**	**Fixtures, fittings and equipment**	**Motor Vehicles**	**Total**
Cost or valuation	**£000's**	**£000's**	**£000's**	**£000's**
At 1 April 2013	650	145	26	821
Additions	-	1	-	1
At 1 April 2014	650	146	26	822
Additions	-	3	-	3
At 31 March 2015	650	149	26	825
Depreciation				
At 1 April 2013	-	141	9	150
Charge for the year	9	2	7	18
At 1 April 2014	9	143	16	168
Charge for the year	9	2	6	17
At 31 March 2015	18	145	22	185
Net Book Value				
At 31 March 2015	632	4	4	640
At 31 March 2014	641	3	10	654
At 1 April 2013	650	4	17	671

13. Investment property

Group and Company

	Land and Buildings (freehold) £000's	Total £000's
Cost		
At March 2013 and 2014	157	157
Revaluation in the year	32	32
At March 2015	189	189
Depreciation		
At March 2013	5	5
Charge for the year	3	3
At March 2014	8	8
Charge for the year	3	3
Elimination on revaluation	(11)	(11)
At March 2015	-	-
Net Book Value		
At 31 March 2015	189	189
At 31 March 2014	149	149
At 1 April 2013	152	152

Depreciation has been included in the administrative expenses line on the income statement.

The property in Western Road, Mitcham was valued at £189,000 as at 31 March 2015 by Mr R. Sworn of Kelion Sworn Chartered Surveyors, London W1.

The value of the investment property would have been recorded at £145,000 on a historical cost basis giving rise to the current revaluation surplus of £34,000 net of deferred tax provision. This balance is not distributable to shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2015

14. Fixed asset investment

Group

	Unlisted investments £000's	Total £000's
Cost, fair value and net book value		
At March 2013 ,2014 and 2015	9	9

Company

	Unlisted investments £000's	Total £000's
Cost or fair value		
At March 2013, 2014 and 2015	21,273	21,273
Impairment		
At March 2013, 2014 and 2015	1,191	1,191
Net Book Value		
At March 2013, 2014 and 2015	20,082	20,082

14. Fixed asset investments (continued)

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

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings held by Company			
Zhejiang ECO Biok Animal Health Products Limited	P. R. China	Ordinary	3
Shanghai ECO Biok Veterinary Drug Sale Company Ltd. (via Zhejiang ECO Biok Animal Products Ltd.)	P. R. China	Ordinary	3
Petlove Limited	Great Britain	Ordinary	91
Eco Animal Health Limited	Great Britain	Ordinary	100
Subsidiary undertakings held by Group			
ECO Animal Health Southern Africa (Pty) Limited	South Africa	Ordinary	100
Zhejiang ECO Biok Animal Health Products Limited	P. R. China	Ordinary	48
Shanghai ECO Biok Veterinary Drug Sale Company Ltd. (via Zhejiang ECO Biok Animal Products Ltd.)	P. R. China	Ordinary	48
ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda.	Brazil	Ordinary	100
ECO Animal Health Japan Inc	Japan	Ordinary	100
ECO Animal Health USA Corp.	U.S.A.	Ordinary	100
Interpet LLC	U.S.A.	Ordinary	100
ECO Animal Health de Mexico, S. de R. L. de C. V.	Mexico	Ordinary	100
ECO Argentina S.A.	Argentina	Ordinary	100

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

	Principal activity
ECO Animal Health Limited	Distribution of animal drugs
ECO Animal Health Southern Africa (Pty) Limited	Non-trading
Petlove Limited	Non-trading
Zhejiang ECO Biok Animal Health Products Limited	Manufacture of animal drugs
Shanghai ECO Biok Veterinary Drug Sale Company Ltd.	Distribution of animal drugs
ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda	Distribution of animal drugs
ECO Animal Health Japan Inc.	Distribution of animal drugs
ECO Animal Health USA Corp.	Distribution of animal drugs
Interpet LLC	Non-trading
ECO Animal Health de Mexico, S. de R. L. de C. V.	Distribution of animal drugs
ECO Argentina S.A.	Non-trading

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2015

14. Fixed asset investments (continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were:

	Equity 2015 £000's	Profit/loss for the year 2015 £000's	Equity 2014 £000's	Profit/loss for the year 2014 £000's
ECO Animal Health Limited	6,687	4,141	7,546	1,697
ECO Animal Health Southern Africa (Pty) Limited	338	15	323	(1)
Zhejiang ECO Biok Animal Health Products Ltd	6,178	1,076	4,420	1,326
ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda	1,122	231	1,196	119
ECO Animal Health Japan Inc.	723	45	704	77
ECO Animal Health de Mexico, S. de R. L. de C. V.	(201)	(70)	(135)	(95)
ECO Animal Health USA Corp.	(107)	(62)	(39)	(39)

The equity and results of Shanghai ECO Biok Veterinary Drug Sale Company Ltd are included within those disclosed for Zhejiang ECO Biok Animal Health Products Limited.

All of the subsidiaries listed above were included in the consolidation for the year.

Zhejiang ECO Biok Animal Health Products Limited and ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda both have 31 December year ends. The Group receives management accounts for the three months to 31 March for these subsidiaries for use in preparing the consolidated financial statements.

ECO Argentina S.A. which holds neither assets nor liabilities and which has not traded since its formation has been excluded from consolidation. Interpet LLC has also been excluded from consolidation as it holds no assets or liabilities and has ceased trading.

The following trading subsidiaries have no requirement for audit under local legislation;

ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda.
ECO Animal Health Japan Inc.
ECO Animal Health USA Corp.
ECO Animal Health de Mexico, S. de R. L. de C. V.

The Group also holds (by means of its ownership of ECO Animal Health USA Corp.), a 50% joint venture interest in Pharmgate Animal Health LLC, which is resident in U.S.A. Pharmgate Animal Health LLC distributes the group's products in the U.S.A.

The Group also holds a 50% joint venture interest in Pharmgate Animal Health Canada Inc, which distributes its products into Canada.

14. Fixed asset investments (continued)

Both Pharmgate Animal Health LLC and Pharmgate Animal Health Canada Inc. have accounting years which end on 31 December.

The group's holdings in each of the joint venture companies' share capital is given in the table below:

Pharmgate Animal Health Canada Inc	Holding (shares)	Shares in Issue	Holding %
Common shares	100	200	50
Class A shares	100	100	100
Class B shares	-	100	-

Pharmgate Animal Health USA LLC	Holding (shares)	Shares in Issue	Holding %
Common shares	100	200	50
Class A shares	100	100	100
Class B shares	-	100	-

In each case class A shares carry the rights to dividends payable out of profits attributable to the group. These are made up of profits made by products supplied by the ECO group plus 50% of any profit relating to new products developed jointly by the partners to the joint venture.

The following amounts included in the group's financial statements are related to its interest in these joint ventures.

	Pharmgate LLC		Pharmgate Animal Health Canada Inc	
	2015	2014	2015	2014
	£000's	£000's	£000's	£000's
Current assets	1,325	214	335	143
Current liabilities	(1,308)	(199)	(335)	(143)
Sales	3,660	1,400	2,627	771
Margins	1,639	748	1,508	404
Expenses	(662)	(527)	(270)	(151)

15. Inventories

	Group		Company	
	2015	2014	2015	2014
	£000's	£000's	£000's	£000's
Raw materials and consumables	5,868	3,111	-	-
Finished goods and goods for resale	3,965	3,861	-	-
	9,833	6,972	-	-

15. Inventories (continued)

The cost of inventories recognised as an expense and included in cost of sales in the period amounted to £21,474,000 (2014: £17,635,000).

16. Trade and other receivables

	Group		Company	
	2015 £000's	2014 £000's	2015 £000's	2014 £000's
Trade receivables	9,870	8,574	-	-
Amounts owed by group undertakings	-	-	36,185	33,579
Amounts owed by joint ventures	303	234	-	-
Other receivables	688	573	240	258
Prepayments and accrued income	661	487	80	71
	11,522	9,868	36,505	33,908

As at 31 March 2015, trade receivables of £2,085,000 (2014: £2,336,000) due to the Group and £nil (2014: £nil) due to the Company were past due but not impaired. These relate to long standing distributors with whom we have agreed settlement terms and with whom there is no history of default. The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2015 £000's	2014 £000's	2015 £000's	2014 £000's
Up to 3 months past due	1,546	1,585	-	-
3 to 6 months past due	504	352	-	-
Over 6 months past due	35	399	-	-
	2,085	2,336	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2015

16. Trade and other receivables (continued)

As at 31 March 2015, trade receivables of £276,000 (2014: £105,000) were impaired and provided for. The impaired receivables mainly relate to historic debt for which recovery is still being sought. The Group mitigates its exposure to credit risk by extensive use of commercial credit reference agencies, close management of its customers' trading against terms offered and use of retention of title clauses wherever possible. The ageing analysis of the impaired balances is as follows:

	Group		Company	
	2015 £000's	2014 £000's	2015 £000's	2014 £000's
Up to 3 months past due	17	16	-	-
3 to 6 months past due	17	5	-	-
Over 6 months past due	242	84	-	-
	276	105	-	-

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

Group	2015 £000's	2014 £000's
Balance at 1 April	105	60
Provided in the year	173	50
Written off in the year	(2)	(5)
Balance at 31 March	276	105

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

	Group		Company	
	2015 £000's	2014 £000's	2015 £000's	2014 £000's
Pounds Sterling	780	771	36,505	33,908
Euros	2,194	2,711	-	-
U S Dollars	4,672	3,489		-
Chinese RMB	1,208	682	-	-
Brazilian Real	1,117	698	-	-
Japanese Yen	478	511	-	-
Other currencies	1,073	1,006	-	-
	11,522	9,868	36,505	33,908

The carrying amounts of trade and other receivables are not significantly different to their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2015

17. Deferred tax

Group
Deferred tax assets and liabilities are attributable to the following:

	Liabilities		Net	
	2015	2014	2015	2014
	£000's	£000's	£000's	£000's
Drug registration expenditure	(2,285)	(2,023)	(2,285)	(2,023)
Freehold property	(66)	(66)	(66)	(66)
Investment property	(9)	-	(9)	-
Plant and equipment	(28)	(4)	(28)	(4)
Tax losses carried forward	2,196	1,916	2,196	1,916
Amount (payable) after more than one year	(192)	(177)	(192)	(177)

The movement on the deferred tax account can be summarised as follows:

	Drug registration expenditure	Freehold property	Investment property	Total
	£000's	£000's	£000's	£000's
At 31 March 2014	(111)	(66)	-	(177)
(Charge) for the year through income statement	(6)	-	-	(6)
(Charge) for the year through revaluation reserve	-	-	(9)	(9)
At 31 March 2015	(117)	(66)	(9)	(192)

The tax losses carried forward are not expected to expire under current legislation.

Any future dividend received from the Chinese subsidiary Zhejiang ECO Biok Animal Health Products Limited will be subject to a 10 % withholding tax (reduced to 5% in respect of dividends paid out of profits made in 2014 or after). The deferred tax liability in respect of this has not been recognised.

17. Deferred tax (continued)

Company	2015 Freehold property £000's	2015 Investment property £000's	2015 Total £000's	2014 Freehold property £000's	2014 Total £000's
At 1 April 2014	(66)	-	(66)	(76)	(76)
Movement in the year through revaluation reserve	-	(9)	(9)	10	10
At 31 March 2015	(66)	(9)	(75)	(66)	(66)

No charge or credit (2014: no charge or credit) was recognised in the Company's income statement for the year. A charge of £9,000 (2014: credit of £10,000) was recognised in the Company's Revaluation Reserve.

18. Cash and cash equivalents

Cash and cash equivalents comprise cash and short term deposits held by the Group. The carrying amount of these assets are not significantly different to their fair value.

	Note	Group 2015 £000's	Group 2014 £000's	Company 2015 £000's	Company 2014 £000's
Cash and cash equivalents		20,091	18,240	13,219	9,230
Overdrafts	20	(2,356)	-	(2,356)	-
Net funds per cash flow		17,735	18,240	10,863	9,230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2015

19. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	£000's	£000's	£000's	£000's
Trade payables	6,751	4,973	90	53
Amounts due to joint venture	99	-	-	-
Other payables	1,950	305	761	56
Accruals and deferred income	742	1,065	80	42
	9,542	6,343	931	151

20. Borrowings

Included within payables on the statement of financial position are the following amounts at fair value secured by a debenture on the assets of the group:

	Group		Company	
	2015	2014	2015	2014
	£000's	£000's	£000's	£000's
Short term borrowings	2,356	-	2,356	-

Currency analysis of short term borrowings

	Group		Company	
	2015	2014	2015	2014
	£000's	£000's	£000's	£000's
U S Dollars	2,356	-	2,356	-

The Group has the facility to overdraw in specific currencies but no net facility. The interest rate for all currency overdrafts is 2.75 per cent over the relevant currency base rate and the borrowings are secured by two debentures held over all assets of the Company dated 28 January 1995 and 28 November 2006.

21. Pension and other post-retirement benefit commitments

Defined Contribution pension Scheme
The Group operates defined contribution pension schemes for the benefit of certain directors and senior employees. The assets of the schemes are held separately from the Group and independently administered by insurance companies. The pension cost charge represents contributions payable to the funds in the year and amounted to £330,000 (2014: £388,000).

Defined Benefit Pension Scheme
The Group operates a defined benefit scheme in the UK for ex-employees only. The scheme is funded by the Company. Contributions by the Company are calculated by a separate actuarial valuation based on the funding policies detailed in the scheme agreement. It aims to provide its members with a pension on retirement equal to 1/60th of their final salary per year of service to the point they left employment with the Group (inflation adjusted), up to a maximum of two thirds of salary.

The scheme is legally separate from the Group and is administered by a Board of Trustees. The Board is made up of representatives of the Group and also of former employees. By law, the Board is required to act in the best interests of current and potential pensioners and has the responsibility of setting investment contribution and other relevant policies.

A full actuarial valuation was carried out at 6 April 2012 and updated 31 March 2015 by a qualified independent actuary. The major assumptions used by the actuary were:

	31 March 2015	1 April 2014
Discount rate	3.20%	4.30%
Rate of increase in pension payment	2.20%	2.45%
Inflation assumption with a maximum of 5% p.a.	2.90%	3.15%

Mortality rates
Pre retirement mortality is based on the mortality table known as AMCOO for males and AFCOO for females and 70% of the mortality indicated by this table has been taken, as in the previous year.

Post retirement mortality is based on the mortality table known as PCMAOO for males and PCFAOO for females with reference to members years of birth. Allowance has been made for the improvement in mortality experienced recently and expected in the future by using 100% of the "Medium Cohort" improvement table, subject to a minimum improvement rate of 1% for males and 0.7% for females as in the previous year.

Under these mortality assumptions, the expected future lifetime for a member retiring at age 65 at the year end would be 22.8 years for males (2014: 22.7 years) and 24.7 years for females (2014: 24.6 years). For members retiring in 20 years time, the expectation of life would be 24.7 years for males (2014: 24.6 years) and 26.0 years for females (2014: 26.0 years).

The weighted average term of the liabilities is 17.0 years (2014: 17.0 years).

The scheme is exposed to a number of risks, including:

1. Interest rate risk: Movements in the discount rate used could affect the present value of the defined benefit pension obligations.
2. Longevity risk: Changes in the estimated mortality rates of former employees could affect the present value of the defined benefit pension obligations.
3. Investment risk: Variations in the actual return from the scheme's investments could affect the scheme's ability to meet its future pension obligations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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21. Pension and other post-retirement benefit commitments (continued)

Results	2015 £000's	£000's	2014 £000's	£000's
Assets at start of year	2,680		2,760	
Defined benefit obligation at start of year	(2,478)		(2,631)	
Net asset at 1 April		202		129
Current service cost, including risk benefits	(4)		(4)	
Operating cost		(4)		(4)
Expected return on assets	115		113	
Interest cost	(107)		(108)	
		8		5
Gain on asset return	78		2	
Experience gain	2		4	
(Loss)/gain on changes in assumptions	(135)		19	
Statement of other comprehensive income		(55)		25
Employer contributions gross	59		54	
Expenses paid by trustees	(7)		(7)	
		52		47
Net asset at 31 March 2015		203		202
Actual assets at end of year		2,985		2,680
Actual defined benefit obligation at end of year		(2,782)		(2,478)

The pension fund assets are all held within a policy managed by an insurance company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 MARCH 2015

21. Pension and other post-retirement benefit commitments (continued)

Reconciliation of changes in the asset value during the year

	2015		2014	
	£000's	£000's	£000's	£000's
Fair value of assets at 1 April	2,680		2,760	
Expected return on assets	115		113	
Gain on asset return	78		2	
Employer contributions (gross)	59		54	
Death in service insurance premiums paid	(4)		(4)	
Expenses paid by trustees	(7)		(7)	
Increase/(decrease) in secured pensioners' value due to scheme experience	64		(238)	
Fair value of assets at 31 March 2015		2,985		2,680

Reconciliation of changes in the liability value during the year

	2015		2014	
	£000's	£000's	£000's	£000's
Defined benefit obligation at 1 April	2,478		2,631	
Interest cost	107		108	
Experience (gain) on liabilities	(2)		(4)	
Loss/(gain) on changes in assumptions	135		(19)	
Increase/(decrease) in secured pensioners' value due to scheme experience	64		(238)	
Defined benefit obligation at 31 March 2015		2,782		2,478

The expected contribution to be paid by the employer during the next accounting year is £59,000. This includes a provision of £4,000 for death in service risk premium, (2014: £4,000).

Year ended 31 March	2015	2014	2013	2012	2011
	£000's	£000's	£000's	£000's	£000's
Fair value of plan assets	2,985	2,680	2,760	2,959	2,596
Present value of defined benefit obligation	2,782	2,478	2,631	2,957	2,684
Surplus/(deficit) in plan	203	202	129	2	88
Experience gains on plan liabilities	2	4	(31)	(5)	1

21. Pension and other post-retirement benefit commitments (continued)

Defined benefit obligation – sensitivity analysis

The following amounts are the effect (on the defined benefit obligation) of reasonably possible changes to one key actuarial assumption, holding all other assumptions constant, as required by IAS 19.

Actuarial assumption	Reasonably Possible Change	(Decrease)/Increase in Defined Benefit Obligation £000's	£000's
Discount rate	(+/- 1%)	(125)	162
Increase in inflation	(+/- 1%)	6	(7)
Members' life expectancy	(+/- 1year)	28	(29)

22. Share-based payments

The measurement requirements of IFRS2 have been implemented in respect of share options that were granted after 7 November 2002. The expense recognised for share based payments made during the year is shown in the following table:

	2015 £000's	2014 £000's
Total expense arising from equity settled share-based transactions	252	307

The share based payment plans are described below:

Movements in issued share options and jointly owned shares during the year
The following table illustrates the number and weighted average exercise prices (WAEP) of and movements in, share options and jointly owned shares during the period:

	Options 2015 000's	Options 2015 WAEP £	Jointly owned 2015 000's	Jointly owned 2015 WAEP £	Options 2014 000's	Options 2014 WAEP £	Jointly owned 2014 000's	Jointly owned 2014 WAEP £
Outstanding at 1 April	3,441	1.94	2,603	2.00	3,449	1.50	2,603	2.00
Granted during the period	874	1.89	-	-	979	2.07	-	-
Expired/cancelled during the period	(9)	1.89	-	-	(185)	1.54	-	-
Exercised during the period	(664)	1.20	-	-	(802)	1.42	-	-
Outstanding at 31 March	3,642	1.82	2,603	2.00	3,441	1.94	2,603	2.00
Exercisable at 31 March	1,406	1.48	2,603	2.00	1,665	1.28	315	2.00

The average share price during the year was 183.1p (2014: 217.9p).

22. Share-based payments (continued)

The maximum aggregate number of shares over which options may currently be granted cannot exceed 10 per cent of the nominal share capital of the Company on the grant date. The options outstanding at 31 March 2015 had a weighted average share price of £1.82 and a weighted average contractual life of 4.9 years (2014: 4.6 years).

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

Details of options granted to directors can be found in the Directors Report and notes 29 (Directors Emoluments) and 31 (Related Party Transactions).

The exercise price of the options is equal to the market price of the shares at the date of grant. The options vest three years from the date of grant and if the option holder ceases to be a director or employee of the Company due to injury, disability, redundancy or retirement on reaching pensionable age or any other age at which they are bound to retire at in accordance with the terms of their contract of employment, the option may be exercised within a period of six months after the option holders so ceasing, although the Board may, at its discretion, extend this period by up to 36 months after the date of cessation.
If the option holder ceases employment for any other reason, the option may not be exercised unless the Board permits. The approved and unapproved options will be forfeited where they remain unexercised at the end of their respective contractual lives of ten and seven years.

22. Share-based payments (continued)

An analysis of the expiry dates of the outstanding options is given below:

Date of grant	Unapproved	Approved	Exercise price (pence)	Expiry date
20 February 2006		11,880	252.50	20 February 2016
10 August 2006		12,600	238.00	10 August 2016
03 March 2008		139,455	108.50	03 March 2018
18 September 2008		30,000	85.00	18 September 2018
18 September 2008	80,000		85.00	18 September 2015
30 April 2009		29,600	147.00	30 April 2019
30 April 2009	172,400		147.00	30 April 2016
06 August 2009		22,000	135.00	06 August 2019
06 August 2009	68,000		135.00	06 August 2016
24 December 2009		19,350	155.00	24 December 2019
24 December 2009	10,650		155.00	24 December 2016
20 May 2010		76,100	140.00	20 May 2020
20 May 2010	338,900		140.00	20 May 2017
11 October 2013		127,100	186.50	11 October 2021
11 October 2013	268,400		186.50	11 October 2018
09 July 2013	375,000		222.50	09 July 2018
30 July 2013	10,000		254.00	30 July 2018
24 April 2013		26,060	215.00	24 April 2020
20 August 2013		13,200	226.00	20 August 2023
20 August 2013	306,800		226.00	20 August 2020
09 October 2013		87,940	196.00	09 October 2023
09 October 2013	478,060		196.00	09 October 2020
22 January 2014		14,450	207.50	22 January 2024
22 January 2014	50,550		207.50	22 January 2021
07 August 2014		79,800	161.50	07 August 2024
07 August 2014	178,700		161.50	07 August 2021
13 February 2015		136,300	200.50	13 February 2025
13 February 2015	479,200		200.50	13 February 2022
	2,816,660	825,835		

ECO Animal Health Group plc Joint Share Ownership Plan

In accordance with the Group's Joint Share Ownership Plan (JSOP), jointly owned shares may be awarded to directors and employees of the Company.

The shares are awarded at the market price on the day of the award and are held jointly by the employee concerned and the ECO Animal Health Group plc Employee Benefit Trust. After a three year vesting period, the shares may be sold at the option of the employee. The proceeds of sale are split between the trust and the employee so that the Trust receives the original market value of the shares sold plus a 5.9% per annum carry charge, with the employee receiving any excess over this amount.

22. Share-based payments (continued)

Because these are actual issued shares in the Company rather than options there is no expiry date associated with jointly owned shares. However, they will normally be forfeit if the employee ceases to be an employee of the Company for any reason other than death, injury, redundancy, retirement on or after normal retirement age or disposal by the Group of the employing business entity.

The market price of the shares at 31 March 2015 was 205.0p with a range in the year of 155.5p to 223.5p.

Inputs to the Valuation Model (for options and jointly owned shares)
The fair value of share options granted prior to 31 March 2007 were estimated at the time of grant using trinomial pricing model, taking into account all the terms and conditions upon which the options were granted. For options issued after 1 April 2007, the directors took the decision that a Black-Scholes model would be more appropriate.

The following table lists the inputs to the Black-Scholes model which applies to both options and jointly owned shares.

	2015	2014	2013	2012	2011
Vesting period (years)	3	3	3	3	3
Option expiry (years)	7-10 yrs	7-10 yrs	7-10 yrs	7-10 yrs	7-10 yrs
Dividends expected on the shares	2.0-2.3%	1.4-1.9%	1.40%	1.00%	4.50%
Risk free rate (average)	1.00%	0.5-1.2%	0.50%	2.00%	2.00%
Volatility of share price	15%	20%	25%	27%	45%
Weighted average fair value	19.2	29.1	38.7	41.0	37.8

The risk free rate has been based on the yield from UK Government treasury coupons. The volatility of the share price was estimated based on standard deviation calculations on the historic share price.

No shares were issued under the Joint Share Ownership Plan during the year or the previous year.

The fair value of the part interest in the jointly owned shares was calculated using a Black-Scholes model with the same assumptions as those used for the options issued during the same year.

The weighted average fair value of the Jointly owned shares issued during the year ended 31 March 2012 was 26.1p.

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23. Share capital

	2015 £000's	2014 £000's
Authorised		
68,100,000 Ordinary shares of 5p each	3,405	3,405
10,790 Deferred ordinary shares of 10p each	1	1
32,334 Convertible preference shares of £1 each	32	32
	3,438	3,438
Allotted, called up and fully paid		
63,142,421 (2014: 62,474,231) Ordinary shares of 5p each	3,157	3,124

During the year the Company bought 8,078 of its own shares into treasury at an average price of £2.08.

During the year 668,190 shares were issued at a premium of £769,000 mostly as a result of the exercise of options by employees.

24. Minority interests

	2015 £000's	2015 £000's	2014 £000's	2014 £000's
Balance at 1 April		2,168		2,458
Share of subsidiary's profit for the year	527		650	
Share of foreign exchange gain/(loss) on net investment	334		(141)	
		861		509
Share of dividend paid by subsidiary		-		(799)
Balance at 31 March		3,029		2,168

25. Treasury share reserve

	2015 £000's	2014 £000's
Balance at 1 April 2014 and 31 March 2015	5,217	5,217

Treasury share reserve consists of £5,217,000 (2014: £5,217,000), being the cost of 2,603,290 shares in the Company held by the Group's JSOP.

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26. Other reserves

Group and Company	Capital redemption reserve £000's	Special reserve £000's	Reserve for share-based payments £000's	Total £000's
At 31 March 2013	106	3,250	1,694	5,050
Share-based payments	-	-	307	307
Transfer to retained earnings on expiry of options	-	-	(291)	(291)
Transfer to share premium on issue of equity in the year	-	(3,250)	-	(3,250)
At 1 April 2014	106	-	1,710	1,816
Share-based payments	-	-	252	252
Transfer to retained earnings on expiry of options	-	-	(293)	(293)
At 31 March 2015	106	-	1,669	1,775

The only material reserve remaining at the year end is the reserve for share based payments which records the total amount which has been charged to the Group's results in respect of unexpired share based payment arrangements.

Included in the Group's retained earnings are the following exchange movements which have been taken directly to reserves on consolidation of the subsidiaries and joint ventures listed below:

	At 1 April 2014 £000's	Movement in the year £000's	At 31 March 2015 £000's
In respect of:			
Zhejiang ECO Biok Animal Health Products Limited	398	348	746
ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda	(122)	(305)	(427)
ECO Animal Health Japan Inc.	(135)	(26)	(161)
Eco Animal Health USA Corp.	-	(7)	(7)
ECO Animal Health de Mexico, S. de R. L. de C. V.	(37)	4	(33)
ECO Animal Health Southern Africa (pty) Ltd.	-	-	-
Pharmgate LLC	(1)	2	1
Pharmgate Canada LLC	-	-	-
Foreign currency differences attributable to owner credited directly to reserves.		16	

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27. Financial commitments

At 31 March 2015 the Group had minimum commitments under non-cancellable operating leases as follows:

	Land and Buildings		Other	
	2015	2014	2015	2014
	£000's	£000's	£000's	£000's
Expiry date:				
Within one year	403	377	70	55
Between two and five years	582	628	95	94
In over five years	1,364	1,249	-	-
	2,349	2,254	165	149
Minimum expected sublease rental receipts:				
Within one year	140	120	-	-
Between two and five years	194	285	-	-
	334	405	-	-

28. Capital commitments

The group had no authorised capital commitments as at 31 March 2015 (2014: Nil).

29. Directors' emoluments

	2015	2014
	£000's	£000's
Emoluments for qualifying services	662	545
Company pension contributions to money purchase schemes	94	147
Share-based payments	151	189
Benefits in kind	23	21
	930	902

During the year the directors exercised 112,910 (2014: 698,370) share options realising a gain of £83,000 (2014: £296,000).

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2014: 3). No directors accrued benefits under defined benefit schemes for this or the previous year.

The highest paid director received £379,000 (2014: £377,000) including share-based payments and £40,000 (2014: £50,000) of pension contributions.

30. Employees

Number of employees

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

	2015 Number	2014 Number
Directors	7	7
Production and development	58	52
Administration	40	39
Sales	73	67
	178	165

Employment costs (including amounts capitalised)

	2015 £000's	2014 £000's
Wages and salaries	6,095	4,818
Share-based payments	252	307
Social security costs	419	370
Other pension costs	334	392
	7,100	5,887

31. Related party transactions

During the year P Lawrence and his family received dividends in the form of cash and shares to the value of £478,000 (2014: £451,000). At the year end ECO Animal Health Group plc owed P A Lawrence and members of his family a total of £619,000 (2014: £1,000). The maximum amount briefly outstanding from P Lawrence and connected parties during the year was £312,000. No interest was paid or received in respect of these balances which are payable on demand.

The other directors and their families received dividends to the value of £1,000 (2014: £3,000).

During the year, the Group provided management services to Anpario plc, a company in which P A Lawrence is a Director and holds share options. Fees of £33,000 (2014: £33,000) were charged.

During the year, the Group provided the services of two employees to C-Corp Limited, a company in which P A Lawrence is a Director and shareholder. Fees of £43,000 (2014: £43,000) were charged.

During the year ECO Animal Health Limited made sales on an arm's length basis to the following other companies. The sales and year end balances are given in the table below. Since all of these companies are wholly owned by the Group, these transactions and balances have all been eliminated on consolidation.

31. Related party transactions (continued)

Subsidiary companies	Sales 2015 £000's	Year end (payables)/ receivables (net) 2015 £000's	Sales 2014 £000's	Year end receivables (net) 2014 £000's
Zhejiang ECO Biok Animal Health Products Limited	3,814	292	2,563	-
ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda.	3,334	162	1,590	(1)
ECO Animal Health Japan Inc.	970	196	1,091	177
ECO Animal Health de Mexico, S. de R. L. de C. V.	146	839	289	827
ECO Animal Health USA Corp.	3,324	890	977	551

Interest and management charges from Parent to the other Group companies

During the year the Company made management charges on an arm's length basis to ECO Animal Health Limited amounting to £195,000 (2014: £208,000) and charged interest of £490,000 (2014: £455,000) to the Company. Both of these charges were made through the inter-company account and were eliminated on consolidation.

ECO Animal Health Limited also made management charges on an arm's length basis to ECO Animal Health Japan Inc. amounting to £30,000 (2014: £66,000). The whole transaction was eliminated on consolidation.

ECO Animal Health Limited also paid £341,000 (2014: £302,000) of service charges to ECO Animal Health USA Corp. during the year. This transaction was eliminated on consolidation.

During the year ECO Animal Health Limited paid interest of £15,000 (2014: nil) to ECO Animal Health Southern Africa (Pty) Limited. This transaction was eliminated on consolidation.

During the year Zhejiang ECO Biok Animal Health Products Limited paid no dividend to ECO Animal Health Group plc (2014: £63,000) and no dividend to ECO Animal Health Limited (2014: £768,000).

During the year ECO Animal Health Limited declared a dividend of £5,000,000 payable to ECO Animal Health Group plc (2014: nil). This has been eliminated on consolidation.

Inter Company Guarantee

ECO Animal Health Group plc and ECO Animal Health Limited have each given a guarantee dated 28 January 1995 to the Company's bankers in respect of the £1,000,000 facility which has been extended to them jointly.

Joint Ventures

During the year ECO Animal Health Limited made sales on an arm's length basis of £1,962,000 (2014: £520,000) to Pharmgate Animal Health Canada LLC. The balance outstanding at the year end was £286,000 (2014: £197,000).

31. Related party transactions (continued)

Key management compensation

The group regards the board of directors as its key management.

	2015 £000's	2014 £000's
Salaries and short term benefits	686	566
Retirement benefits	94	147
Share-based payments	150	189
	930	902

The number of directors for which retirement benefits are accruing is 3 (2014: 3).

32. Financial Instruments

The Group uses financial instruments comprising borrowings, cash and liquid resources and various items, such as trade receivables, trade payables etc. that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The directors are responsible for the overall risk management.

The main risks arising from the Group's use of financial instruments are interest rate risk, capital and liquidity risk, credit risk and foreign currency risks and they are summarised below. The policies have remained unchanged throughout the year.

Interest rate risk

The Group finances its operations through a mixture of retained earnings and bank borrowings. At the year end the Group was exposed to interest rates on currency overdraft facilities of £2,356,000 (2014: no exposure).

Capital and liquidity risk

The Group manages its capital to ensure continuity as a going concern whilst maximising returns through the optimisation of debt and equity. As part of this, the Board considers the cost and risk associated with each class of capital. The capital structure of the Group consists of debt which includes the borrowings disclosed in note 20, cash and cash equivalents in note 18 and equity attributable to equity holders of the parent comprising issued capital, reserves and retained earnings as disclosed in the Group's statement of changes in equity.

Liquidity risk is managed by maintaining adequate reserves and banking facilities with continuous monitoring of the latest developments by management.

32. Financial instruments (Continued)

At 31 March 2015 the Group was contractually obliged to make repayments as detailed below:

WITHIN ONE YEAR OR ON DEMAND	2015 £000's	2014 £000's
Bank overdrafts	2,356	-
Trade payables	6,751	4,973
	9,107	4,973

Credit risk

Credit risk is that of financial loss as a result of default by a counterparty on its contractual obligations. The Group's exposure to credit risk arises principally in relation to trade receivables from customers and on short term bank deposits. Customers' creditworthiness is wherever possible checked against independent rating databases and filing authorities or otherwise assessed on the basis of trade knowledge and experience. Exposure and customer credit limits are continually monitored both on specific debts and overall.

The credit risk in relation to short term bank deposits and derivatives is limited because the counterparties are banks with good credit ratings.

The Group operates in certain geographical areas (for example Venezuela) which are from time to time subject to restrictions in the free movement of funds. The Board seeks to minimise the group's exposure to these markets but the nature of our business makes it impossible to eliminate this exposure completely.

Currency risk

The Group operates in overseas markets particularly through its subsidiaries in China, Brazil, the USA and Japan and its Joint Venture in Canada and is subject to currency exposure on transactions undertaken during the year. The Group does some hedging of receivables when the Board feels it is appropriate to do so and foreign exchange differences on retranslation of foreign monetary items are taken to the income statement

32. Financial instruments (Continued)

The table below shows the extent to which the Group companies have monetary assets and liabilities in currencies other than in Sterling:

Foreign currency of Group operations

2015	US Dollar	Euros	Rand	Chinese RMB	Japanese Yen	Brazilian Real	Other
Sterling equivalent (000's)	(2,644)	2,974	364	3,334	422	1,227	1,750
2014							
Sterling equivalent (000's)	2,951	4,206	537	3,274	2,091	1,191	1,002

At 31 March 2015 the Group was mainly exposed to the Dollar, Euro, the Chinese RMB, the Japanese Yen and the Brazilian Real. The following table details the effect of a 10 per cent movement in the exchange rate of these currencies against sterling when applied to outstanding monetary items denominated in foreign currency as at 31 March 2015. A positive number indicates the decrease in profit which would arise from a 10 per cent weakening of the foreign currency concerned.

	2015 £000's	2014 £000's
U S Dollar	(240)	268
Euro	270	382
Chinese RMB	303	298
Japanese Yen	38	190
Brazilian Real	111	108

32. Financial instruments (Continued)

Analysis of financial instruments by category

Group

2015	Loans and receivables £000's	Total £000's
Investments	9	9
Trade and other receivables (excluding prepayments)	10,861	10,861
Cash and cash equivalents	20,091	20,091

2014	Loans and receivables £000's	Total £000's
Investments	9	9
Trade and other receivables (excluding prepayments)	9,381	9,381
Cash and cash equivalents	18,240	18,240

Company

2015	Loans and receivables £000's	Total £000's
Trade and other receivables (excluding prepayments)	36,425	36,425
Cash and cash equivalents	13,219	13,219

2014	Loans and receivables £000's	Total £000's
Trade and other receivables (excluding prepayments)	33,837	33,837
Cash and cash equivalents	9,230	9,230

All financial liabilities in the Group's and Company's statements of financial position are classified as held at amortised cost for both the current and previous year.

33. Post Balance Sheet events

ECO Animal Health Group plc issued 30,000 shares on the 14th April 2015 and a further 25,000 shares on 15th April 2015, both as a result of the exercise of options by current and former employees.

ECO Animal Health Group plc purchased 6,487 of its own shares at an average price of £2.41 on 23 April 2015 and a further 2,381 shares at an average price of £3.02 in June 2015.

ECO

Animal Health Group plc

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 advisor 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 ECO Animal Health Group 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 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 ECO Animal Health Group plc will be held at 78 Coombe Road, New Malden, Surrey KT3 4QS at 10 am on 18th September 2015 to consider and if thought fit, pass the following resolutions other than resolutions 5 and 6 which will be proposed as special resolutions of the Company:

Resolution 1

To receive the Annual Report for the year ended on 31 March 2015.

Resolution 2

To re-elect Mr Marc Loomes, a Director retiring by rotation who, being eligible, offers himself for re-election.

Resolution 3

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

Resolution 4

That pursuant to Section 551 of the Companies Act 2006, the Directors be and are generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £247,879 being the maximum authorised share capital.

Resolution 5

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 5p 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 631,424;

(b) the minimum price (excluding expenses) which may be paid for an Ordinary Share is 5 pence;

(c) the maximum price (excluding expenses) which may be paid for an Ordinary Share is not more that 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 18 September 2016, whichever is earlier; 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.

Resolution 6

That pursuant to the passing of Resolution 4 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 4 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 retrospective 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 £247,879 being the maximum authorised issue share capital of the Company;

(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.

By Order of the Board

Julia Trouse – Company Secretary
03 July 2015

ECO
Animal Health Group plc

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING

I/We..of...
(Please complete in BLOCK CAPITALS)

being (a) Member(s) of the above named Company, owning   shares;
HEREBY APPOINT

....of...

failing whom the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf on any resolution proposed at the Annual General Meeting of the Company to be held on 18th September 2015 at 10am and in particular to vote on the resolutions to be proposed thereat in the manner indicated below

RESOLUTIONS	FOR	AGAINST	VOTE WITHELD
1. To receive the Annual Report for the 12 months ended 31 March 2015.			
2. To re-elect Mr Marc Loomes, a Director retiring by rotation who, being eligible, offers himself for re-election.			
3.To re-elect the auditors, Kreston Reeves LLP, and to authorise the Directors to determine their remuneration.			
4. To allow the Board to allot unissued shares up to an aggregate nominal value of £247,879.			
5. To authorise the Company to make market purchases up to 631,424 of its shares.			
6. To allow the Board to issue equity securities for cash up to a nominal value of £247,879.			

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

Date: ....   Signature: ....

NOTES:

1. If you wish to appoint a proxy other than the Chairman of the meeting, please insert the name and address of your proxy (who need not be a member of the Company).
2. **This form of proxy must be lodged at the Company's Registered Office at 78 Coombe Road, New Malden, Surrey KT3 4QS not less than 48 hours before the time appointed for the holding of the meeting.**
3. In the case of a corporation, this form of proxy must be executed under seal or under the hand of a duly authorised officer of the corporation.
4. In the case of joint holders, the vote of the senior who tends a vote whether in person or by proxy shall be accepted to the exclusion of votes of the other joint holders and or this purpose seniority will be determined by the order in which the names stand in the Register of Members in respect of the joint holdings.
5. Any alterations to this form of proxy should be initialled.