ECO ANIMAL HEALTH GROUP PLC

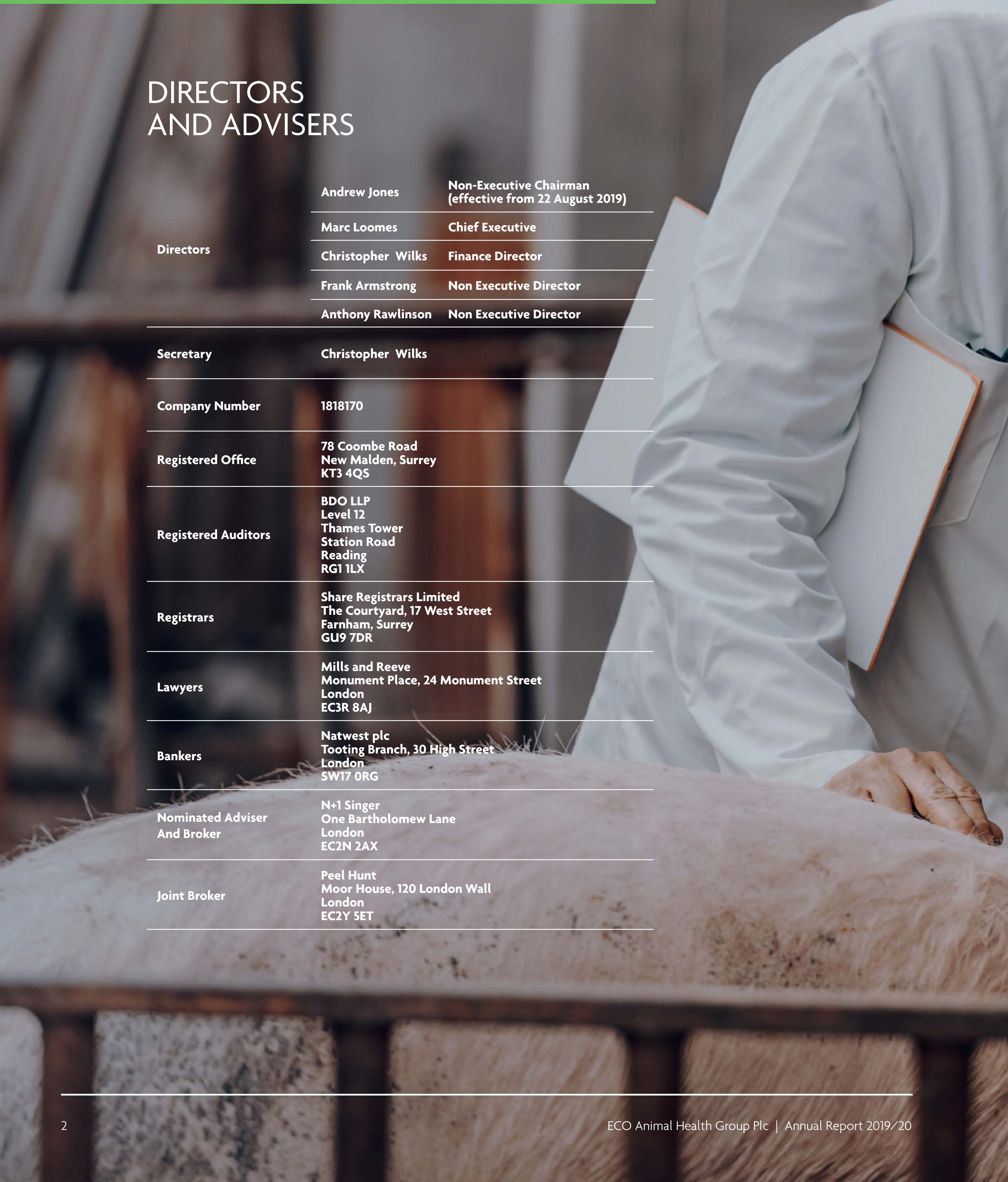
ANNUAL REPORT & ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

ECO

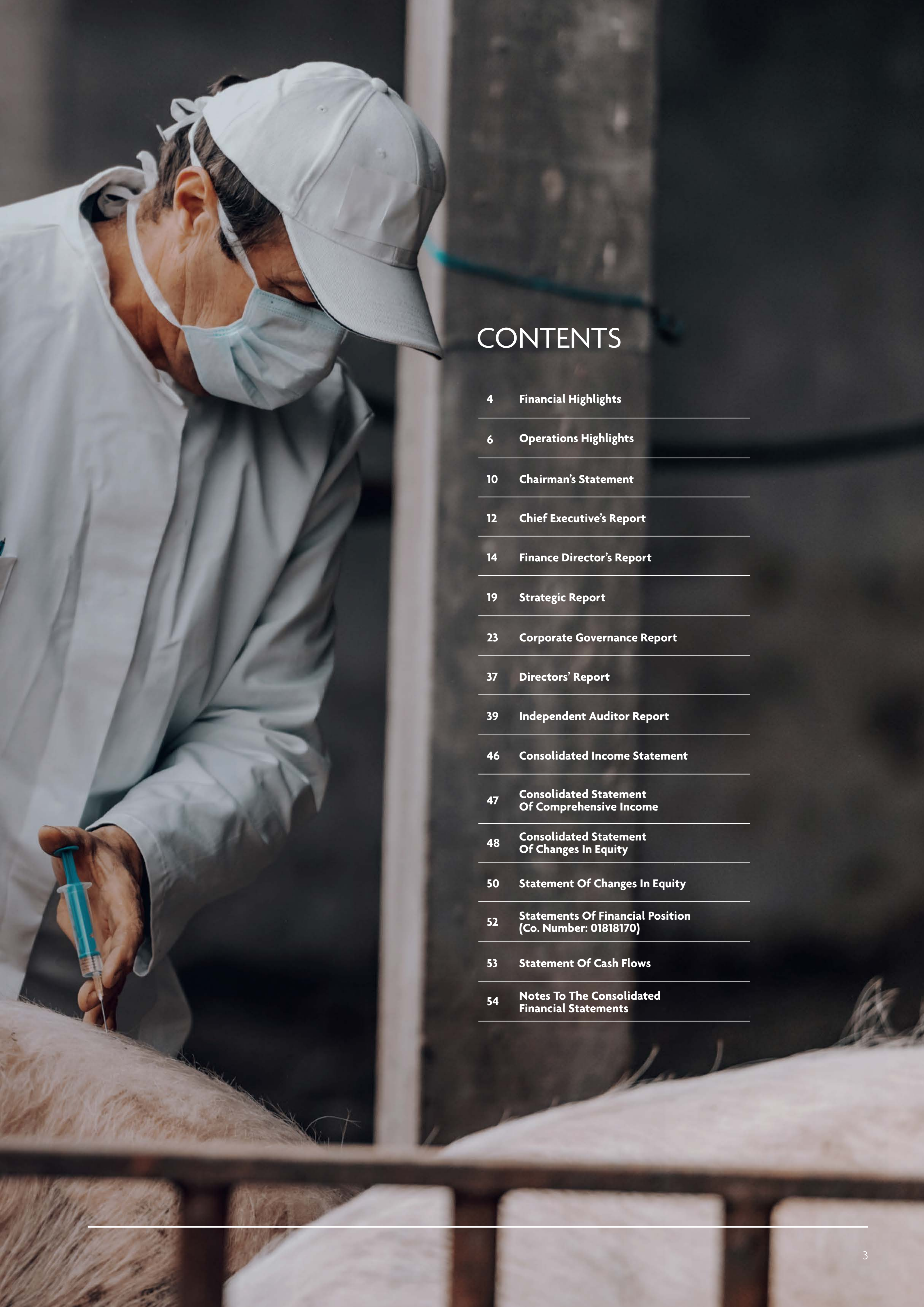
ECO Animal Health Group Plc

ECO ANIMAL HEALTH GROUP PLC

DIRECTORS AND ADVISERS



Directors	Andrew Jones	Non-Executive Chairman (effective from 22 August 2019)
	Marc Loomes	Chief Executive
	Christopher Wilks	Finance Director
	Frank Armstrong	Non Executive Director
	Anthony Rawlinson	Non Executive Director
Secretary	Christopher Wilks	
Company Number	1818170	
Registered Office	78 Coombe Road New Malden, Surrey KT3 4QS	
Registered Auditors	BDO LLP Level 12 Thames Tower Station Road Reading RG1 1LX	
Registrars	Share Registrars Limited The Courtyard, 17 West Street Farnham, Surrey GU9 7DR	
Lawyers	Mills and Reeve Monument Place, 24 Monument Street London EC3R 8AJ	
Bankers	Natwest plc Tooting Branch, 30 High Street London SW17 0RG	
Nominated Adviser And Broker	N+1 Singer One Bartholomew Lane London EC2N 2AX	
Joint Broker	Peel Hunt Moor House, 120 London Wall London EC2Y 5ET	



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FINANCIAL HIGHLIGHTS

SALES 7% HIGHER

AT £72.1m

(2019 restated: £67.3m)

GROSS MARGIN CONSISTENT TO

within 1%

(2020 46%, 2019 47%)

INCREASED R&D INVESTMENT RESULTS IN ADJUSTED EBITDA 33%

LOWER AT £8.4m

(2019 restated: £12.5m)

EARNINGS PER SHARE 65% LOWER

AT 3.82p
(2019 restated: 10.86p)

STRONG CASH GENERATION FROM OPERATIONS OF

£5.5m
(2019 restated: £7.1m)

NEW PRODUCT DEVELOPMENT EXPENDITURE 17% HIGHER

AT £10.9m
(2019 £9.3m)

NET CASH LOWER

AT £9.8m
(2019 restated: £16.9m)

OPERATIONS HIGHLIGHTS

- **DEMAND FOR AIVLOSIN®**
  CONTINUED TO GROW STRONGLY,
  with two new marketing authorisations gained in Europe and Indonesia for breeding chickens and laying chickens, respectively.

- **STRONG REVENUE IN CHINA IN**
  SECOND HALF AS MARKET RECOVERS
  from worst effects of African Swine Fever (ASF).

- **SALES GROWTH AND MARGIN RECOVERY IN THE**
  USA AS TRADE TENSIONS
  between the USA and China recede.

- **TWO NEW POULTRY VACCINE**
  COLLABORATIONS SIGNED DURING THE YEAR
  with the Pirbright Institute.

- **TRANSITION TO REMOTE WORKING AND**
  COVID-19 SAFE WORKING SEAMLESS
  and uninterrupted

- **CONTINUED**
  CORPORATE GOVERNANCE
  improvements.

Marc Loomes, CEO of ECO Animal Health Group plc, commented:

These results reflect a solid recovery in our key markets, particularly in the second half of the year and we have continued our investment at record levels in new product development. We are proud of the Group's ability to seamlessly adapt to safe working during the Coronavirus pandemic. We are confident that our development programmes will deliver exciting new products which will augment the natural growth from current products and sustain long term growth. For the year ahead we expect to report profitable growth and to perform in line with the market expectations.

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

ECO GLOBAL OFFICES

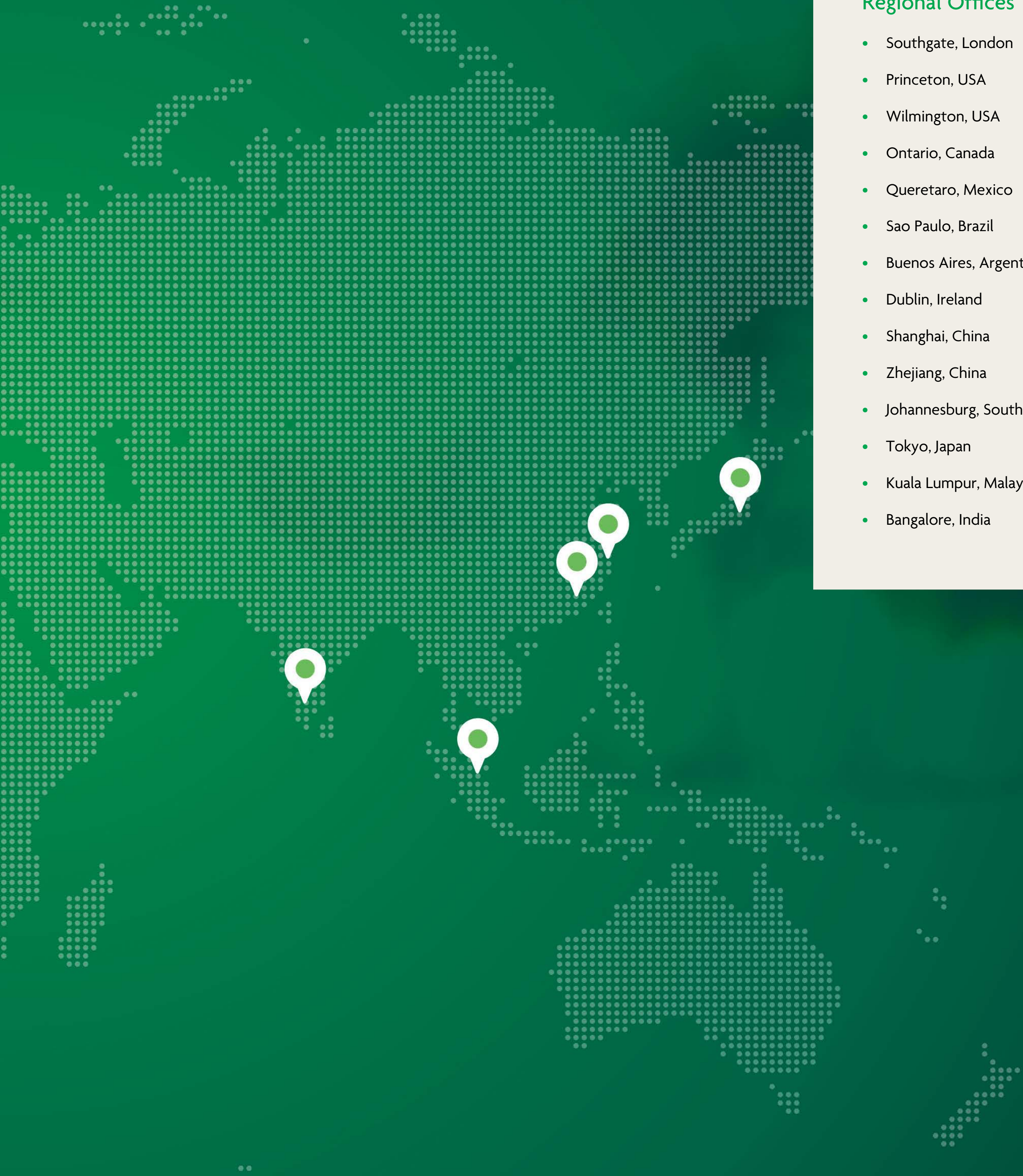
SALES IN MORE THAN 70 COUNTRIES

Head Office

- New Malden, London

Regional Offices

- Southgate, London
- Princeton, USA
- Wilmington, USA
- Ontario, Canada
- Queretaro, Mexico
- Sao Paulo, Brazil
- Buenos Aires, Argentina
- Dublin, Ireland
- Shanghai, China
- Zhejiang, China
- Johannesburg, South Africa
- Tokyo, Japan
- Kuala Lumpur, Malaysia
- Bangalore, India



CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

This has been a challenging year for our business. The combination of the ASF outbreak in Asia and the USA trade war with China particularly impacted our business in the first half of the year, although this was partly offset by very strong performance in other parts of the world. Performance in the second half of the year saw substantial recovery in revenues from the USA and China. The net result was revenue ahead of the prior year but below our internal budget.

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The ECO Board is confident that our R&D portfolio has the potential to deliver major value to our shareholders and so despite the lower than budget top line revenue, we decided to maintain the budgeted increased investment in R&D to keep our portfolio progressing towards commercialisation.

This has resulted in a reduction in our immediate profits in the 2019-20 year, but we are confident this will be more than offset by the growth in long term value of the company through progression of our R&D portfolio.

We have decided not to pay a dividend for the financial year 2019-20 in order to maintain cash reserves at a prudent level, particularly in the light of the economic uncertainty arising from the COVID-19 pandemic, and to build value by continued investment in key R&D programs.

The Board places the highest priority on good corporate governance. We have taken several actions in this important area during the year:

- We appointed new auditors and undertook a major revision of the application of accounting standards across our business and we are now confident that our approach is fully compliant and reflects best practice.

- We recruited a new, highly experienced CFO and have significantly expanded and strengthened the finance team. We have also established an internal audit capability.

We have worked with a major city advisor to thoroughly review our key codes and policies and procedures and to institute training programs where needed.

We made significant changes at Board level during the year including the addition, shortly after the year end, of a new and highly experienced Non-Executive Director. The board now has a good base of experience and skills to lead the Company from the current period of challenge and change through its next stage of development and value-based growth.

We are disappointed that the release of our annual results was delayed due to the scale of work needed for the audit combined with the restrictions in working associated with COVID-19, but believe it was essential to enable completion of an extensive and thorough review of our accounting policies and statements with our new auditors.

This is my first statement as Chairman, having succeeded Richard Wood in August 2019; I am grateful for his leadership and implementing various change initiatives.

I started my report by noting that is has been a challenging year for the Company. I am hugely grateful for how the Board, Executive and wider ECO team have risen to the challenges, delivered a strong performance considering the conditions and have kept motivation and energy to keep ECO moving and developing value. Finally, I sincerely thank our shareholders for their patience and much valued strong support through this period.

Current trading and prospects

Performance in the current financial year ending 31 March 2021 has been strong with the strength seen in both our Chinese and US markets towards the end of the last financial year continuing into the current financial year. In October 2020, we announced that the revenue performance in the first six months of the current financial year was "significantly ahead of management expectations and the prior year". We also advised that notwithstanding the historical second half weighting to the Group's revenue, if these revenue trends continued through the second half of the financial year the Board expected that the Group's full year revenue for the year ending 31 March 2021 would exceed market expectations. This resulted in an upgraded market expectation both for revenue and profitability

On 24 November 2020 we confirmed that strong trading had continued during November and, being mindful of the continuing global uncertainties and four months remaining until the end of the financial year, we were confident of meeting the upgraded market expectations.

On 21 January 2021 we issued a positive trading update, confirming Group revenues and EBITDA were expected to be significantly ahead of market expectations for the year ending 31 March 2021. We noted that the strength in the Chinese market, supported by the rebuilding of pig herds and the high price for pork, continued through the third quarter and the outlook for the final quarter sales continued these strong trading trends.

We look forward to the rest of this financial year and our reporting prospects for 2021 with continuing optimism.

Dr Andrew Jones
Chairman
3 February 2021

> *"The Board places the highest priority on good corporate governance. We have taken several actions in this important area during the year."*

NET CASH AT YEAR END OF £9.8m

CHIEF EXECUTIVE'S REPORT
FOR THE YEAR ENDED 31 MARCH 2020

Global revenue grew by 7% to £72.1 million illustrating the value of ECO's global footprint, with sales generated in more than seventy countries, in the face of significant headwinds, and the commoditised nature of pork and poultry production.

I am pleased to report that ECO demonstrated considerable fortitude during a particularly challenging year for the Company. The impact of African Swine Fever (ASF) in China which then spread into neighbouring territories, the ongoing tensions between Washington and Beijing and the onset of the COVID-19 pandemic presented significant challenges to the business. The determination, dedication and resilience of our employees combined with the value of our product offering delivered a strong second half performance during the year ended 31 March 2020 with results for the full year being in line with the adjusted market expectations.

Operational Review

Global revenue grew by 7% to £72.1 million illustrating the value of ECO's global footprint, with sales generated in more than seventy countries, in the face of significant headwinds, and the commoditised nature of pork and poultry production.

Sales of Aivlosin®, our patented antimicrobial which is used under veterinary prescription for the treatment of economically important diseases in pigs and poultry, increased by 16%, accounting for 84% of total revenue.

Sales of the smaller Ecomectin® anti-parasitic range at £4 million, increased by 7% and represented 6% of the Group revenue.

Sales of all other products were £7.5 million (2019 – £11.4 million) and mainly comprised a range of supportive antimicrobial products for pigs in China.

The China revenue from external customers declined by 17% reflecting a year of two remarkably different periods. In December 2019, we reported for the six month period ended 30 September 2019 ("Interims") that the well-publicised effects of the ASF outbreak in China provided significant headwinds in our largest market whist noting encouraging signs for the second half of the financial year with a reported reduction in the rate of new ASF outbreaks in China and an indication of some restocking of pig herds by certain high value producers, including some of our customers. These early encouraging signs were supported by rapidly rising pork prices resulting in a strong second half ("H2") with revenue ahead of the prior year. Our Chinese subsidiary has focused on the respiratory health of replacement breeding sows whose numbers at the major producers have increased rapidly in response to the pork shortage and very high pork prices. The high value of these sows and their offspring has enabled the subsidiary to secure the business of an increasing number of key accounts.

Revenue in Japan rose by 16%, driven again by growth in the swine business to large producers.

North American revenue from external customers increased by 10% reflecting the growing importance of Aivlosin®'s low yet effective dose rate and short treatment duration in medication protocols as veterinarians and producers adhere to responsible use of antimicrobial guidelines.

In the USA, revenue was 22% higher, reflecting a strong H2 performance. The first half had been marred by China-USA trade tensions which had left US pig producers with limited ability to capitalise on the anticipated export market created by the pork shortage in China which led to overproduction of pigs with depressed prices and margins. The strong H2 was marked by better pork prices linked to global supply shortages brought about by ASF in China, an increase in commercial activities by a strengthened sales and technical team during the autumn and winter months armed with adjusted customer incentive programmes for the year 2020. Canadian revenue fell by 11% largely as a result of restrictions imposed by China on Canadian pork imports. These restrictions were lifted but the poor first half performance was not fully recovered in the second half of the financial period.

Latin America revenue rose strongly by 17%, with the Brazilian and the Mexican subsidiaries up 80% and 23% respectively, reflecting the benefits of ECO's key account management approach and the development of strong partnerships with local third party distributors in these two key markets. Argentina delivered a record result and important tenders were again won in Cuba although these results were tempered by challenging market conditions in Central America and other Latin American countries such as Columbia and Peru.

In South and Southeast Asia, revenue was 75% higher. Thailand was the best performing market with Aivlosin® on all major account approved product lists resulting in both swine and poultry revenue growth. New business was won in Malaysia resulting in almost a doubling of sales over the prior year. These two outstanding performances were moderated by extremely challenging conditions in India, where the poultry market contracted significantly amidst a transition to a more consolidated integrated market with higher

quality standards and away from an informal market characterised by small producers, and in Vietnam and The Philippines, both affected by ASF.

European revenue declined by 4%. Aivlosin® sales were strong in key markets such as Spain and Poland although overall revenue into continental markets fell slightly.

Sales in the United Kingdom, which represent just over 2% of global revenue, rose 25%, across all products, led by strong Aivlosin® sales during an outbreak of swine dysentery.

In Russia, an increasingly active exporter of meat, revenue was affected by disease outbreaks in swine and in poultry although market share gains were made with the most important customers. The previously reported delays to the inspection of manufacturing facilities and laboratories by the Russian authorities have been resolved.

Sales in the Rest of the World declined by half a million pounds to £1.2million reflecting in equal parts a declining presence in South Africa and softer demand in Middle East and North Africa.

Product Research and Development

The Company's early stage research and proof of concept development activities are outsourced to leading research institutions and universities with later stage full development work managed in-house. This model mitigates the significant costs associated with in-house laboratories and owned research functions.

Product Approvals

Two Aivlosin® for poultry marketing authorisations were received. The first, from the European Medicines Agency (EMA), allowed ECO to market Aivlosin® 625 mg/g Water Soluble Granules in Europe for the treatment and metaphylaxis (control) of respiratory infections caused by Mycoplasma gallisepticum in breeding chickens, whilst the second allows the use of the same Aivlosin® formulation in chickens laying eggs for human consumption, with a zero day drug withdrawal period for eggs in Indonesia the most important market in Southeast Asia for laying birds. The Aivlosin® approval for high value breeding chickens will, like the commercial layer indication, be rolled out to the multi-million dollar international poultry markets.

Pipeline

ECO is building a significant product portfolio pipeline with a mix of well-established concepts and novel, highly competitive technologies, and approaches with the emphasis on vaccines and other new products to complement our existing antimicrobial business. The pipeline is focused on providing solutions to respiratory and gastrointestinal (gut) diseases of major economic importance in pigs and poultry. Two worldwide exclusive research partnerships with The Pirbright Institute, United Kingdom were signed in September 2019 to develop novel poultry vaccines against respiratory and systemic viral diseases in commercial chicken flocks globally. Several additional new proprietary concepts and third-party opportunities entered ECO's product development screening programme during the year. New product development expenditure in the year rose by 17% to £10.9 million (2019: £9.3 million) and is being continued at a significant level in 2020/21. This will ensure that we have several mid and late stage projects able to deliver early revenues from 2022/23.

COVID-19 Impact

ECO transitioned smoothly to home working during the final weeks of the year building on the new ways of communicating with customers developed during the ASF outbreak and without losses of efficiency. Outsourced manufacturing and the Group's supply chain operated smoothly through the year end.

Brexit

ECO's EU marketing authorisations have been transferred to the European subsidiary, ECO Animal Health Europe Limited registered in Dublin, Republic of Ireland and all our Brexit contingency plans are in place. The financial and operational impact of Brexit is expected to be minimal, particularly given the recently announced trade deal between the UK and the EU. ECO's sales to the EU (excluding the UK) represented 8% of total revenue for the year.

People

I would like to thank all our employees for their extraordinary levels of energy, engagement, and professionalism in addressing the challenges of the year. Individually and collectively their ability to innovate and to adapt combined with sheer hard work underpins these results and ECO's prospects.

Marc Loomes
Chief Executive Officer
3 February 2021

NORTH AMERICA REVENUE
ROSE BY 10%

LATIN AMERICAN REVENUE
ROSE BY 17%

SOUTH & SOUTH EAST ASIA REVENUE
ROSE BY 75%

FINANCE DIRECTOR'S REPORT
FOR THE YEAR ENDED 31 MARCH 2020

During the year ended 31 March 2020, ECO recorded its highest second half revenue weighting to date being 60% of the full year revenue.

Introduction

I was delighted to join ECO in September 2019 as Group Finance Director.

It has been a significant year of change for the Group. In addition to the many commercial challenges faced by the Group during the year such as African Swine Fever in China, USA-China trade tensions and, in the latter part of the financial period, the advent of the COVID-19 pandemic, we have continued our journey of improvements in governance. These improvements have been previously signalled and were introduced in last year's Annual Report. During the year ended 31 March 2020 we appointed new external auditors (this is their first audit report on ECO), we established a new internal audit function, overhauled much of the control environment around the group – in particular around financial controls and processes and, with the assistance of external professional advisors, moved the governance agenda forward, particularly in relation to the group leadership and the Board. The financial control environment has been significantly strengthened – specifically in relation to custodianship of assets, banking and cash. These actions protect the business and individuals working within the business with customary segregation of duties and multiple authorisations. From a finance and governance point of view we are now well positioned to support the strong growth the Group is experiencing and driving.

Prior Year Restatements

One of the results of the changes described in my introductory comments was to consider the accounting policies adopted by the Group previously and to review the implementation of IFRS across the Group. In a number of areas, technical non – conformance with IFRS was identified and in other areas, interpretation of the relevant standard was considered to have been incorrect. As a result, in our interim report, released in December 2019, we published extensive prior year restatements, describing the nature of the adjustments and their financial effect. Those restatements form part of these Financial Statements and have been audited for the first time. The principles of the prior year restatements are as previously described and fall into the following categories:

- Accounting for revenue in accordance with IFRS15 – revenue recognition and accounting for sales discounts (note 3.1)
- Accounting for expenditure on research and development – in particular the portion of expenditure which should be capitalised under IAS38 (note 3.2)
- Accounting for our Joint Arrangements in the USA and Canada under IFRS11 (note 3.3)
- Accounting for bonus payments on an accruals basis (note 3.4)
- Accounting for leases under IFRS16 (note 3.5)
- Accounting for foreign exchange (note 3.6)
- Accounting for Free Goods Incentive (note 3.7)
- Accounting for share based payments (note 3.8 and 3.9(Company only))

The notes to these accounts describe these changes in detail.

Audit

As stated earlier this was the first audit of the group performed by BDO. This also coincided with a period of remote working and lock-down amidst COVID-19 affecting the world. This added some distinct challenges to the audit task.

EXPENDITURE IN R&D £10.9m

The first and most obvious challenge was that except in China where COVID-19 was ahead of the initial European and US impact, the auditors were unable to physically attend our year end stock takes. Attendance at stock takes is a fundamental audit test. The Institute of Chartered Accountants in England and Wales suggests that auditors seek alternative means of satisfying themselves in the event of being unable to attend stock takes. Notwithstanding that the Group's stock is held at third party warehouses (and third party certification of quantities on hand was provided by these warehouses) and there was no indication that the valuation of inventory was incorrect, the audit opinion is limited in scope regarding inventory. The stock take was attended in China and therefore this limitation in scope qualification is in respect of stock held elsewhere in the group and amounted to 82% of the stock value (£14million).

The effect of the prior year restatements, described above, was to reduce profitability in the year ended 31 March 2019. Accordingly, our new auditors considered that the materiality threshold to which our previous auditors worked (£757,000) was no longer appropriate and took a decision to reduce it. As a result, BDO have performed a re-audit of the statement of financial position at 31 March 2019. A significant balance within this statement of financial position is the net book value of Intangible Assets representing the accumulated capitalised and amortised costs historically incurred by the Group. These costs are in the main related to the development and commercialisation of Aivlosin® and Ecomectin®, the Group's main families of marketing authorisations. The capitalised net book value of these intangible assets at 31 March 2020 was £22.9 million and the revenue during the year ended 31 March 2020 derived from Aivlosin® and Ecomectin® was £64.6 million; the net book value of these assets was therefore only about one third of the annual revenue derived from their usage. However, in order to verify the original costs within the net book value of these assets our auditors required evidence of costs dating back to 2004. The Group retains invoices and records from third parties for seven years in line with statutory practice but, unfortunately, we were unable to provide some support for the audit sampling requests prior to this. In addition, for expediency, it was decided that provision of evidence to support the audit would be confined to the trading periods being audited. As a result, BDO has further limited the scope of their audit opinion in respect of Intangible assets. The net book value at 31 March 2020 relating to costs capitalised more than seven years previously (and therefore the element of audit sampling not able to be supported by physical invoices) was £8.4 million.

Trading

During the year ended 31 March 2020, ECO recorded its highest second half revenue weighting to date being 60% of the full year revenue. This compares to an equivalent second half weighting in the year ended 31 March 2019 of 55%. Year on year the second half of this financial year was 18% greater than the prior year reversing a shortfall at the half year and resulting in an overall revenue improvement for the year ended 31 March 2020 of 7% compared with the year ended 31 March 2019. The primary driver of this strong second half performance was a recovery in China (from the effects of African Swine Fever, described in our Chief Executive's report) and strong performance in the USA. A geographical analysis of revenue is as follows:

	Year ended 31 March		
Revenue Summary	**2020 (£'m)**	**2019 (£'m) Restated**	**% change 2019 to 2020**
China and Japan	**23.1**	26.8	(14%)
North America (USA and Canada)	**11.6**	10.5	10%
South and South East Asia	**14.2**	8.1	75%
Latin America	**12.6**	10.8	17%
Europe	**7.6**	7.9	(4%)
Rest of World and UK	**3.0**	3.2	(6%)
	72.1	67.3	7%

Revenue from China in the second half of the year was £14.4 million compared to the equivalent six months ended 31 March 2019 of £12.4 million underlining the recovery in that market. Trade with India (included within Asia in the above analysis) softened towards the end of the financial year, however the rest of the region including Indonesia, Malaysia, Thailand and the Philippines continued the trend set in the first half of the year resulting a year on year increase in Asia of 75% becoming the Group's second largest segment this year. The thawing in trade tensions between the USA and China resulting in strengthening swine market conditions in the second half of the year is also evident in the second half revenue from the USA of £5.8 million (2019 - £3.6 million). Latin America, and in particular Brazil, continued to benefit from pig exports to China, resulting in buoyant commodity prices and a consequent strong market for the Group's products. Europe benefitted from pork exports to China, in particular from Spain.

Gross margins at 46% in the year ended 31 March 2020 (2019: 47%) were reasonably consistent and represented a strong recovery from poor first half margins (43%) – this being associated in the main with improvements in the USA.

Overheads, at £28.3 million were significantly greater in the year ended 31 March 2020 compared with the year ended 31 March 2019 (£21.8 million). The greatest contributors to this increase were expenditure on Research and Development, employment costs and foreign exchange movements. Expensed research and development expenditure increased from £5.8 million in the year ended 31 March 2019 to £8.8 million in the year ended 31 March 2020. This increase of £3.0 million reflects the nature of the earlier stage projects being undertaken (and therefore expensed to the income statement) particularly in respect of vaccine development as well as an overall increase of 17% in the cash expenditure in R&D. Expensed employment costs increased from £9 million in the year ended 31 March 2019 to £10 million in the year ended 31 March 2020. Whilst the staff numbers reduced from an average of 217 in 2019 to 204 in 2020, the amount of capitalised in house labour in research and development also fell resulting in the greater charge to the income statement. The foreign exchange loss in 2020 amounted to £0.5 million whereas a gain of £0.7 million was recorded in 2019.

Total cash expenditure on research and development in the year was £10.9 million (2019: £9.3 million). This expenditure was expensed to the extent that it related to projects at the research phase and capitalised in accordance with IAS38 to the extent that it related to projects in the later stage (development phase) of the project life-cycle. The total cash expenditure in R&D is analysed below.

EBITDA is considered by the Board and the Group leadership team to represent a key performance measure; the removal of amortisation (which is a significant annual non-cash charge to profits) and depreciation provides a good indication of the underlying trading performance of the business. The EBITDA margin (EBITDA expressed as a percentage of revenue in the period) was 11.6% in the year ended 31 March 2020 compared with 18.5% in the year ended 31 March 2019. This reduction arises in part from the small reduction in gross margin (1%) as well as the increased investment in R&D, referred to previously.

The Group continues to benefit from a low effective tax rate. In the year ended 31 March 2020 the effective tax rate for the Group was 19.8% (2019 – 12.3%). The historical low effective tax rate is largely a result of the significant R&D investment on which the Group receives tax credits. These tax credits continue but in 2020 a prudent assessment has been taken of the likely taxes due in foreign jurisdictions carrying a higher tax rate than the UK and no account has been taken of the likely benefit that will accrue from "patent box claims". Historic tax losses result in zero tax payable in the year. Discussions with HMRC will commence concerning the tax treatment of the prior year restatements; the accounting treatment to expense previously capitalised R&D investment may result in a reduction in prior year taxable profits. No benefit of this tax re-computation has been recognised in this Annual Report.

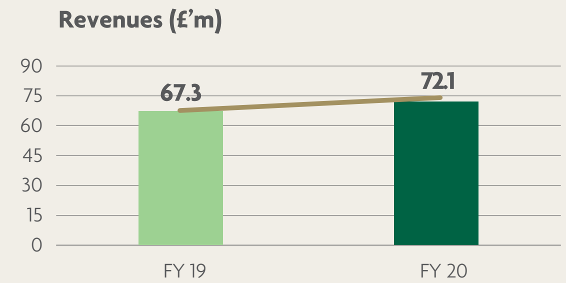
The consolidated cash position in the Group has declined from £16.9 million at 31 March 2019 to £11.9 million at 31 March 2020. This consolidated cash position at 31 March 2020 includes £5.3 million (2019 - £4.0 million) which is held in the Group's subsidiary in China. A portion of this cash is repatriated from China once per annum by dividend declaration; the Group's share which is received in the UK is 51%.

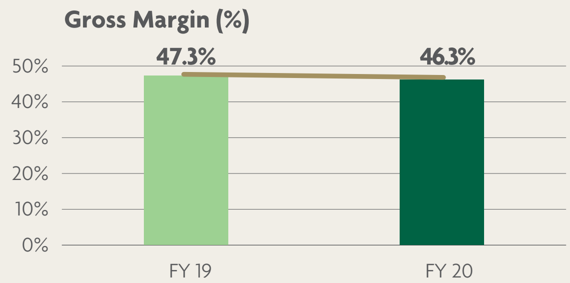
The cash generated from operations was 23% lower in the year ended 31 March 2020 at £5.5 million (2019 - £7.1 million) which fell less than the lower profitability due to better working capital management. From operating cash, dividends of £8.4 million were paid in September 2019 and investment of £2.1 million in capitalised development costs, together with income tax paid of £1.1 million, acquisitions of tangible fixed assets (£0.8 million) and other sundry cash movements (£0.1 million) resulted in an overall net cash draw down of £7.0 million and the lower cash balance at 31 March 2020.

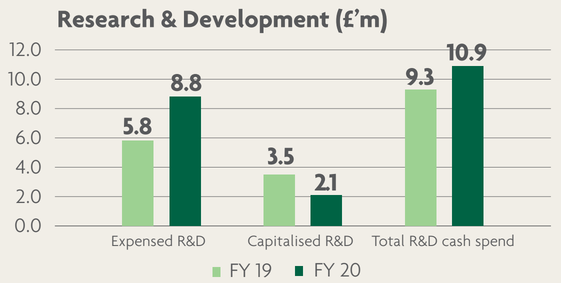
	Year ended 31 March	
	2020 £000's	**2019 £000's (Restated)**
Research expenditure – included in administrative expenses	**8,775**	5,868
Development expenditure – capitalised in intangible assets	**2,115**	3,477
Total cash expenditure (excluding employment costs)	**10,890**	9,345

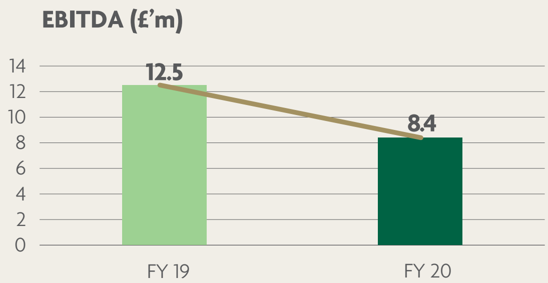
Key performance indicators

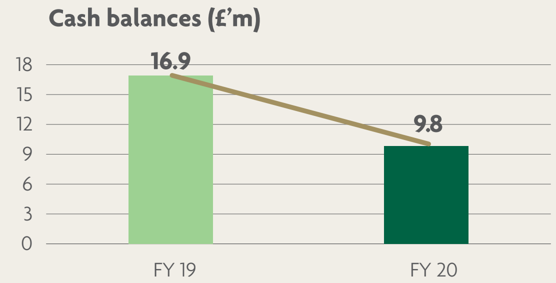
A summary of the KPI's is as follows:

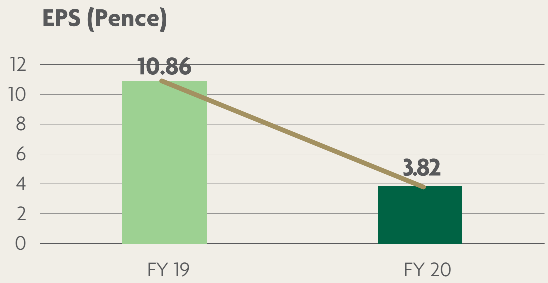












An explanation of the various trends in the KPIs above is included in the CEO's and Finance Director's reports.

Post balance sheet event

There have been no material post balance sheet events to note.

Christopher Wilks
Finance Director
3 February 2021

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2020

ECO Animal Health strives to provide best in class, scientifically proven ethical solutions to optimise the health, productivity and wellbeing of pigs and poultry. Our vision is to achieve this responsibly, working in partnership with veterinarians, animal health professionals and livestock producers bringing value to all by improving animal health around the world.

The business strategy is to generate shareholder value by achieving the maximum sales potential and profit from the existing product portfolio whilst investing in Research and Development (R&D) for new products, particularly vaccines, and seeking to in-license new products. We also seek to diversify by acquisition. The Company will continue to invest in skilled people.

Growth of existing product portfolio

ECO prioritises sales and development activities for existing products through ECO operating companies in key growth markets, principally China, North America, South and Southeast Asia and selected Latin American countries. Third party distributors are used in smaller markets to contain costs, recognising that this approach does lead to margin sacrifice for ECO. The cost base is managed to reflect achievable growth rates particularly when individual markets experience slowdowns. In all markets, Key Account management frameworks are adopted with major producers. The primary competitive targets for our portfolio are branded, well established, first generation products, concentrating on the additional value added by our products.

Focus on investment in R&D

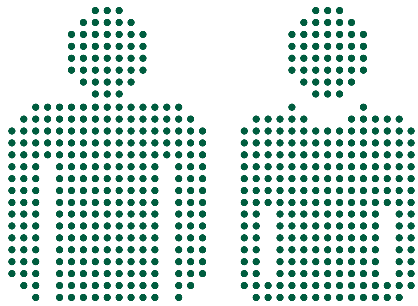
ECO's increase in R&D investment is focused on several late, mid and early stage projects which collectively provide a balanced mix of well-established concepts and novel technologies and approaches. This investment in R&D Staff and the pipeline will lead to further approvals for Aivlosin® in key markets, an acceleration and broadening of the introduction potential for vaccines in pigs and poultry and to an expansion of the search for new products in collaboration with leading universities and research institutions where an exclusive position with worldwide commercial rights can be obtained for any invention made.

Licensing and acquisition

ECO seeks to both license-in new products for pigs and poultry and to diversify by acquisition to complement our organic growth and provide enhanced product portfolio breadth in core markets.

Skilled people

ECO has highly professional, experienced and committed staff throughout the business. Our strategy is to build on this core strength and to develop an organisational culture that attracts and rewards top talent in a company that offers challenges and opportunities for growth.



ECO HAS PROVED TO BE HIGHLY ADAPTABLE IN A CHANGING WORLD

Principal Risks and Risk management

The Group has an established process for the identification and management of risk, working within the governance framework. Ultimately, the management of risk is the responsibility of the Board of Directors, working through the business leadership team.

The Board's role in risk management includes promoting a culture that emphasises integrity at all levels of business operations and setting the overall policies for risk management and control. As stated earlier in the Chief Financial Officer's report specific action has been taken to strengthen financial controls in order to ensure that the risk of financial impropriety is reduced to the fullest extent possible.

During the year the principal risks affecting the Group were comprehensively reviewed. Each identified risk was considered for likelihood of arising and consequent impact. Careful consideration was given to identifying any other emerging risks. The risks were reviewed on a quarterly basis by the Board of Directors.

Each risk area continues to have priority controls allocated to it that are the responsibility of the Executive Directors to manage and review during the financial year. This process inherently manages risk by ensuring the principal risks are being mitigated by prioritised business activity.

The principal risks are listed on the following pages in order of significance by category. We have made this assessment by reference to the likelihood of each risk occurring and assessing the potential severity of impact it would have on the business from high to low. We have also assessed the future trend of each risk as far as we can predict. As there are a range of impacts in all areas which are mitigated to a high degree, the mitigations in the form of control structures are shown next to each identified risk.

TABLE KEY: H = HIGH M = MEDIUM L = LOW

Strategic risk

Risk	Likelihood	Controls	Impact	Forward Trend
High reliance on one supplier for key products.	M	New API manufacturing plant built, commissioned and approved in China. Business Interruption insurance with a target of 6 months strategic safety stock in place. Investing in supply chain dual supply capacity.	H	↔
Reliance placed on key directors, senior managers and staff members.	M	NomCom – succession plans being expanded New RemCom policies being implemented - Performance management, structured Bonus and LTIP for staff and executive Director's. Salary benchmarking and staff development.	H	↘
High dependency on a single product	M	Innovation fund and development pipeline of new products – vaccines and other products. Generic defence plans. The current year's short term R&D budget reduction as a result of Covid-19 to focus on core projects	H	↘
Potential threat from Generic Producers	M	Generic defence strategy – combining strong regulatory and legal stance in country with patent and trademark infringement enforcement.	M	↔
Disease impact on growth (African Swine Fever; Coronavirus)	M	Experienced international and local management teams. Global organisation driving strategy in other geographical territories. Strategy to increase focus on poultry. Remote working capabilities established and proven	M	↔

Operational risk

Risk	Likelihood	Controls	Impact	Future Trend
Brexit – logistics delays	M	European legal entity established and marketing authorisations transferred. Pharmacovigilance, Site of Quality Control Testing and Site of Batch Release arrangements in place. Financial Q4 European business fulfilled ahead of Brexit day.	L	↘
Operational activities result in environmental pollution.	L	Virtual supply chain – use of third parties limits our own exposure. Internal audits of third party facilities. Staff training.	H	↔
Failure to achieve/maintain Good Manufacturing Practice and quality standards	M	Regular competent authority inspections. Independent and internal QA function. Audits of third party facilities. Track record of successful audits. Multidisciplinary team to integrate marketing authorisations with change control processes and artwork for labels.	H	↘
Risk of trial failure impeding registration and approval of pipeline products.	M	High calibre staff recruited. Use of only reputable and well established laboratories and subcontractors. Regular replenishment of R&D pipeline to counter effect of attrition.	M	↔
Continuity of IT services.	M	Retained IT consultancy monitor, investigate and improve the IT infrastructure. Servers hosted on Azure cloud based system with multiple daily back-ups to a second remote server. Active monitoring and correction of system issues. Roll out of laptop encryption.	H	↔
Risk of business interruption due to fire, flood, explosion, natural disaster impacting ECO premises.	L	Business risk insurance cover. Business continuity plan. Cloud based servers with immediate backup restoration. High level of staff with remote working capability. Team had demonstrated during the global Coronavirus pandemic that can operate remotely with the same level of efficiency. Safety stocks in strategic markets.	L	↔
Risk of corporate manslaughter.	L	Maintain adequate health and safety procedures and insurances. Only responsible for one manufacturing plant, all other facilities are third party contracted services.	M	↔
Seasonal and unforecasted demand impact on supply chain responsiveness.	M	Forecasting Project, Implementation of MRP on the SAGE ERP system, monthly Regional S&OP meetings, increased manufacturing capacity in USA, strategic review of lead times/responsiveness and the value benefit of last minute customisation	M	↔
New EU Veterinary Regulations entering into force **(End 2021/Start 2022)**	M	Maintain proactive approach to understanding new requirements Ensure measures in place to maintain compliance	L	↔

Financial risk

Risk	Likelihood	Controls	Impact	Future Trend
Fraud and depletion of company funds.	L	Enhanced corporate governance. Implementing robust systems and controls. Keep international cash balances to a minimum. Daily/weekly monitoring of all bank account cash balances with explanations for material increases and depletions of balances. Change overseas local bank accounts to international banks with internet access. Appointment of Internal Auditor.	M	↘
Cyber attack	M	Strong firewalls in place. Regular back up of data on duplicate servers. Continual review and strengthening of controls and security.	H	↔
Insufficient funding for business growth	M	Cashflow and working capital management. Close monthly monitoring of budget to actual results. Robust credit control in place.	H	↔
Currency	M	Monitoring of exchange rates and report in constant currency. Operationally transact in multiple currencies which are held and switched when appropriate. In house treasury function to hedge when necessary.	M	↔
Risk of bank deposits being lost through collapse of bank	M	Daily monitoring of bank balances. Spread cash deposits over a number of stable and internationally recognised banks.	M	↘
Recession in major regions in the world (EU, NA, LATAM) Coronavirus effects to linger into 2021 in major economies in the world.	H	Our global teams will continue to strengthen relationships and business with key customers and accounts.	L	↔

Dr Andrew Jones
Chairman
3 February 2021

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2020

A strong business requires strong governance

> *"During the year and in the period since year-end, we have made some important changes to our governance systems"*

Chairman's introduction to governance

Dear Shareholders

I am pleased to introduce this section on governance, which describes the activities of the Board and its Committees during 2019-20 and in the period since the end of the year and how we have ensured governance provides a pivotal part in the strategic development and day-to-day running of this business.

Ensuring strong systems of good governance

During the year and in the period since year-end, we have made some important changes to our governance systems, including:

- Appointment of a new auditor and conducting a review of key accounting policies. This resulted in the accounting restatements announced in our interim results last December.
- A thorough review, with the assistance of external advisors, of all our key governance policies and processes to ensure they are fully up to date and reflect best practice. This was followed by externally led training sessions for the board and the Executive Leadership Team ("ELT").
- Update of the Remuneration Policy and Schemes for Executive Directors and ELT, including the addition of a deferred element to the annual bonus and the introduction of Malus and Clawback provisions. The new remuneration plans are to be presented for approval by shareholders at a general meeting to follow the AGM in March 2021.
- Board changes implemented during the year have resulted in an independent non-executive board and the appointment of a highly experienced new Finance Director. We have also strengthened the skills and experience on the Board Committees.
- We are pleased to report that we have established an Internal Audit function to underpin the Audit Committee's role in monitoring internal controls throughout the organisation.

As an AIM quoted company, our governance framework is underpinned by the AIM Rules and the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 (the 'QCA Code'). In addition to the QCA Code, we monitor developments and guidance in the UK Corporate Governance Code, applicable to main market listed companies, to keep abreast of matters which we feel could also be embedded as best practice as part of a progressive approach. We also review the Investment Association guidelines and seek to comply with these where applicable.

In the sections that follow, we set out our governance structures, along with an overview of how the Company complies with the Principles of the QCA Code and the Board Committee reports.

Your support as Shareholders is vital to the success of the Company and we intend to remain responsive to shareholder's views and to engage with you so that the Company will deliver on its and your objectives.

Thank you for you continued support.

Yours sincerely

Dr Andrew Jones
Chairman
3 February 2021

Board of Directors

Andrew Jones

Chairman
Appointed 1 December 2017
Year of Birth 1960

Andrew has over 32 years of experience in international life science-based businesses including Syngenta AG., Arysta Lifesciences Inc. and Phoqus Pharmaceuticals Plc. During this time, he worked in product development, international sales and marketing, merger and acquisition and general management.

He currently runs his own consulting Company, Trioza Limited, which provides strategic advice to the animal health, crop protection and seeds sectors and is Chairman of Downland Marketing Ltd a UK based animal health distribution group.

Andrew has a BSc degree and PhD in agricultural biology.

Andrew brings substantial strategic marketing and business development experience and skills to the business.

Marc Loomes

Chief Executive
Appointed 1 December 2005
Year of Birth 1961

Marc joined ECO Animal Health in 2004, became MD in 2005 and CEO in 2010.

Marc, a qualified veterinarian and Member of the Royal College of Veterinary Surgeons, has extensive international senior management experience of the animal health and crop protection industries obtained with blue chip multi-national companies in South Africa, Germany, Switzerland and the UK.

He brings the ability to balance strategic vision and operational delivery to the business.

Christopher Wilks

Finance Director
Appointed 3 September 2019
Year of Birth 1964

Chris has considerable experience in the fields of both finance and science. Chris began his career after graduating from the University of Durham with a BSc in Applied Physics and Electronics. Initially he joined Marconi Space Systems, applying his degree skills to the design of power systems for spacecraft. He then trained as a Chartered Accountant at Arthur Young (now EY), and after qualifying as a Chartered Accountant in audit, he became a manager in its Corporate Finance team. Mr Wilks is a Fellow of the Institute of Chartered Accountants in England and Wales.

He is also currently a non-executive director (and Chair of the Audit Committee) of Kromek Group plc, an AIM listed worldwide supplier of radiation detection technology and was previously Chief Financial Officer of Signum Technology Limited, a leading group of specialised engineering businesses operating in the safety and critical service flow control sector, which he co-founded. Prior to Signum Technology, Mr Wilks was Chief Financial Officer at Sondex plc, a specialist manufacturer of technical instruments for the oil and gas industry.

Anthony (Tony) Rawlinson

Independent Non-Executive Director
Appointed 1 January 2015
Year of Birth 1957

Tony is a Chartered Accountant with over 30 years corporate finance experience advising smaller quoted companies. After spending 14 years at Henry Ansbacher & Co and Strand Partners, he co-founded Dowgate Capital Advisers in 2001 and led its growth and development. He was also Chairman of its AIM quoted parent Company, Dowgate Capital, which was sold to a competitor in a recommended transaction in 2009. In 2010 he co-founded Cairn Financial Advisers LLP, a Nominated Adviser to a number of AIM companies and a corporate advisory firm. Tony retired from Cairn in November 2020.

Frank Armstrong

Independent Non-Executive Director
Appointed 1 May 2020
Year of Birth 1957

Frank is a medical doctor, a Fellow of the Royal College of Physicians and a Fellow of the Faculty of Pharmaceutical Medicine. His career has been in R & D. He is currently Non-Executive Chairman of Faron Pharmaceutical Oy (AIM), Non-Executive Chairman of Caldan Therapeutics Ltd, a Non-Executive Director of Newcells Biotech Ltd and a Member of the Court of the University of Edinburgh. He has previously held Non-Executive roles in listed companies with Summit Therapeutics (AIM and NASDAQ), Redx Pharma (AIM), Mereo Biopharma (AIM and NASDAQ) and Juniper Therapeutics (NASDAQ). He started his career at ICI Pharma/Zeneca Pharma before moving to Bayer AG where he became head of worldwide product development.

Attendance at meetings

All Committee and Board meetings held in the year were quorate. Director's attendance during the year ended 31 March 2020 was as follows;

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of formal meetings held	**16**	**2**	**3**	**2**
Andrew Jones	16	2	3	1
Marc Loomes	16			2
Chris Wilks (appointed 3 September 2019)	13			
Tony Rawlinson	16	2	3	2
Richard Wood (resigned 22 August 2019)	3		1	
Kevin Stockdale (resigned 19 August 2019)	3			
Julia Trouse (resigned 19 August 2019)	3			
Brett Clemo (retired 19 September 2019)	5			

Compliance with the Principles of the QCA Code

The Company's shares are traded on the AIM market of the London Stock Exchange and as such, the Company is subject to the continuing requirements of the AIM Rules for Companies. As stated in the Chairman's introduction, the Board has adopted the QCA's Corporate Governance Code. The following table summarises how we apply the ten principles of the QCA Code, further detail is provided on our website:

	QCA Principle	Explanation
1	To establish a strategy and business model which promote long-term value for shareholder	The Board meets annually to review the strategy for the Group. The strategic plan and business model are reviewed by the Executive Leadership Team on an ongoing basis with relevant operational and management updates being reported to demonstrate delivery and progress. Decisions of the Board are made in line with the strategic plan and business model for the Group. Further details of the strategy can be found in the Strategic Report.
2	To seek to understand and meet shareholder needs and expectations	The Directors are committed to open communication with the Group's shareholders to ensure that they clearly understand its business, strategy and performance. The Board actively seeks dialogue with its shareholders via investor roadshows, one-to-one meetings and regular reporting. The Board believes that open communication with investors and analysts is the best way to ensure it understands what is expected of the Group in order to allow it to drive its business forward.
3	To take into account wider stakeholder and social responsibilities and their implications for long-term success	The Board values the opinions of key stakeholders in the business and regularly seeks to ensure that the views of its employees, suppliers, customers and partners are known and where relevant to the success of our business they are acted upon.

	QCA Principle	Explanation
4	To embed effective risk management, considering both opportunities and threats, throughout the organisation	The Board, assisted by the Audit Committee, is responsible for overseeing management's activities in identifying, evaluating and managing the risks facing the Group and records them on the Group risk register. Where these risks are not ones which the Board is prepared to take, these are avoided, eliminated as far as possible and/or transferred to insurers. The management of both risks and opportunities feeds into the decision-making process. Further details of our risk management, risks and internal; controls can be found in the Strategic Risk section of the Strategic Report.
5	To maintain the Board as a well-functioning, balanced team led by the Chair	The Board keeps under review its current balance and composition in order to ensure that it has a sufficiently wide range of skills and experience to enable it to pursue its strategic goals and address anticipated issues in the foreseeable future. Led by the Chair, deliberations are not dominated by one person or any group. The Board is supported by the Audit, Remuneration and Nominations Committees. Further details of the role of the board and how it operates can be found in the Chairman's introduction to governance and the Board Committee reports that follow this section.
6	To ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities	The Nominations Committee reviews at least annually the balance and composition of the Board and its Committees to ensure the skill and experience needed for successful operation are in place. Update training is undertaken periodically and a comprehensive training course was attended by all Directors and senior managers during the Summer of 2020.
7	To evaluate Board performance based on clear and relevant objectives, seeking continuous improvement	The Chairman evaluates the performance of the Board through a combination of questionnaires and one-to-one meetings with each Director. This process offers Directors an opportunity to discuss their contribution in terms of their skills and experience as well as identifying improvements or development to enhance the capabilities of the Board as a whole.
8	To promote a culture that is based on ethical values and behaviours	The Board aims to lead by example and make decisions that are in the best interest of the Group as a whole. Our culture is underpinned by a clear set of values, which guide decision making at all levels in the business. The Board reviews and approves the Group's policies which are then implemented and communicated internally and externally to those who are expected to adhere to them.
9	To maintain governance structures and processes that are fit for purpose and support good decision-making by the Board	The Board, led by the Audit Committee, has recently undertaken a major review of its governance and remuneration framework to ensure that the Group's governance structures remain appropriate and are fit for purpose. This framework sets out leadership and embeds delegated responsibilities to enable informed and confident decision-making.
10	To communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders	The Board ensures that all stakeholders across the business are actively engaged through the relevant areas of responsibility. This includes making sure that the business as a whole upholds its values and monitors behaviour for acceptability.

Leadership and the Board

The Role of the Board

The Board comprises two Executive Directors and three Non-Executive Directors (including the Chairman). The Board considers the Chairman and the two current Non-Executive Directors to be independent in judgement and character.

The Board is responsible for providing effective leadership to promote the long term success of the Company. There is a formal list of matters reserved for the Board, which may only be amended by the Board. The key responsibilities of the Board include:

- setting the Company's vision and strategy;
- ensuring the necessary financial and human resources are in place to support implementation of the strategy;
- maintaining the policy and decision-making process through which the strategy is implemented;
- providing entrepreneurial leadership within a framework of good governance and risk management;
- monitoring performance against key financial and non-financial indicators;
- responsibility for risk management and systems of internal control; and
- setting values and standards in corporate governance matters.

Division of Responsibilities

The responsibilities of both the Chairman and CEO are clearly defined and understood:

- The Chairman, Andrew Jones, has primary responsibility for leading the Board, facilitating the effective contribution of all members and ensuring that it operates effectively in the interests of the shareholders. In addition, he maintains a strong focus on governance to ensure good practice is embedded in the day to day operations with good flows in communication and reporting. He maintains a regular dialogue with the CEO to ensure the business receives the support from the Board necessary to progress the strategy. The Chairman also meets with the Non-executive Directors on their own together at several times a year. Shareholders have an opportunity to engage with the Chairman and the Board at the Company's AGM.
- The Chief Executive Officer (CEO), Marc Loomes, is responsible for the day-to-day running of the business which includes implementation of the strategy. He is supported by an Executive Leadership Team (ELT) who have management responsibility for the business operations and support functions. Relevant matters are reported to the Board by the CEO and, as appropriate, the Chief Financial Officer and other members from the ELT.

The role of our Non-Executive Directors is to:

- provide oversight and scrutiny of the performance of the Executive Directors;
- constructively challenge to help develop and execute on the agreed strategy;
- satisfy themselves as to the integrity of the financial reporting systems and the information they provide;
- satisfy themselves as to the robustness of the internal controls;
- ensure that the systems of risk management are robust and defensible; and
- review corporate performance and the reporting of performance to shareholders.

Board Committees

The Board has delegated and empowered three Committees: a Remuneration Committee, a Nominations Committee and an Audit Committee. Each Committee has written terms of reference set by the Board, which are reviewed annually and are available on the Company's website. Membership of each Committee is determined by the Board on the recommendation of the Nominations Committee. Each Committee Chair reports to the Board on the activities considered and determined by the relevant Committee. A summary of the Committees' responsibilities and their work during the year can be found in the reports from the Committees appearing later in this section.

Board activities

The Board held seven scheduled meetings during the year at which it considered all matters of a routine nature, structured through clear agenda setting, written reports and presentations from both internal members of staff as well as external advisors and consultants. In addition, there were ten ad-hoc meetings of the Board to deal with non-routine business.

Board support, meeting management and attendance

The Board and its Committees meet regularly on scheduled dates. In leading and controlling the Company, the Directors are expected to attend all meetings and their attendance for the financial year 2019-20 is shown in the Corporate Governance section of this report, immediately before the Compliance with the Principles of the QCA Code.

The Company Secretary plays a vital role in ensuring good governance, assisting the Chairman. Procedures are in place for distributing meeting agendas and reports so that they are received in good time, with the appropriate information. Ahead of each Board meeting, the Directors each receive reports which include updates on strategy, finance, including management accounts, operations, commercial activities, business development, risk management, legal and regulatory, people and infrastructure and on investor relations.

The Directors may have access to independent professional advice, where needed, at the Company's expense.

Board Effectiveness

The Board conducts an assessment of effectiveness each year through a questionnaire in a process led by the Chairman. The questionnaire provides Directors with the opportunity to express their views on a variety of topics including: board leadership, effectiveness and accountability. The detailed findings of the evaluation are reviewed and actions generated. In addition, the Chairman has regular one-to-one meetings with Directors.

Re-election of Directors

All directors are put forward for re-election on a three-year rotational basis as set out in the articles of association of the Company, taking into account the performance of each Director.

Stakeholder engagement

The Board and its Committees recognise that to meet its responsibilities to shareholders and other stakeholders.

The Company communicates with shareholders through the Annual Report and Accounts, regulatory announcements, the AGM as well as meetings with existing or potential new shareholders. Annual reports as well as other regulatory announcements and related information are all available on the Company's website. The Company's broker also publishes research from time to time.

A list of the Company's major shareholders can be found in the investor section of our website which is regularly updated following formal notifications of movements to the Company.

The Company maintains regular communication and dialogue with other stakeholders such as employees, customers, suppliers and regulators to understand their needs and concerns and factors these requirements into its decisions and activities.

Annual General Meeting ('AGM')

This year's AGM will take place on 4th March 2021 at 1.30pm. This will take the form of a closed meeting and the notice, proxy voting card and Chairman's letter is posted to shareholders today.

Internal controls

There is a clearly defined delegation of authority from the Board to the Executive Leadership Team, with appropriate reporting lines to individual Executive Directors. There are procedures for the authorisation of Research and Development, capital expenditure and other investments. Board review of progress in these investment initiatives, together with "milestone" achievement assessment is a regular feature of the Board agenda.

Internal controls are in place which are intended to provide reasonable assurance of the custodianship of assets, the recognition and measurement of liabilities, the maintenance of proper accounting records and the reliability of financial information used within the business. This control framework has significantly improved during the course of the last year and continues to evolve to support the needs of the business, the business environment and the geographies in which the business operates. Further description of these changes are referred to in the Audit Committee Report.

The Group finance team manages the financial reporting process to ensure that there is appropriate control and review of the financial information including the production of timely financial information for Board meetings as well as for annual and half-yearly financial reporting responsibilities. Group Finance is supported by the operational finance team throughout the Group, who have responsibility and accountability for providing information in compliance with the policies, procedures and internal best practices.

The Board has issued a Code of Conduct to all staff which reinforces the importance of a robust internal control framework throughout the Group. The Board recognises that an open and honest culture is key to understanding concerns within the business and to uncovering and investigating any potential wrongdoing.

The Code of Conduct sets out the procedure whereby staff may raise concerns in matters of financial reporting or any other matter of concern with management and directly with the Chairman of the Audit Committee to ensure independent investigation and appropriate follow up action. In addition to this "Whistleblowing" policy, new policies have been issued in relation to anti-bribery and corruption, fraud, modern slavery, share dealing in ECO securities, the use of social media and business travel arrangements. These policies are communicated directly to all members of staff by email, are re-enforced through periodic training and are available on the Group's intranet site.

Although the Board itself retains the ultimate power and authority in relation to decision making, the Audit Committee meets at least twice a year with external auditors to review specific accounting, reporting and financial control matters. The Committee also reviews the interim and final accounts and has primary responsibility for making a recommendation on the appointment, reappointment and removal of external auditors.

Section 172 Statement

Under s172 of the Companies Act 2006, Company Directors have a duty to act in good faith that is likely to promote the success of the Company. This duty is for the benefit of the members as a whole, having regard to the likely consequences of decisions for the long-term. In addition, the Directors' duty must have regard to:

- **a.** The interests of the company's employees
- **b.** The need to foster the company's business relationships with suppliers, customers and others
- **c.** The impact of the company's operations on the community and the environment
- **d.** The desirability of the company maintaining a reputation for high standards of business conduct, and
- **e.** The need to act fairly as between members of the company.

As set out in The Corporate Governance report, the Directors have met many times during the year ended 31 March 2020. Discussion topics at each meeting included Research and Development, Health safety and environment, Investor feedback, staff welfare concerns, customer and supplier feedback and capital investment. Key decisions during the Financial Year ended 31 March 2020 included the membership of the Board of Directors, Investment levels in New Product Development, Governance changes, investment in the refurbishment of the Group's main UK office in London and the Group's response to the COVID-19 global pandemic towards the end of the financial year.

These decisions have been described further in the various reports from the Chairman, Chief Executive and Committee Chairs. In each case employee impact, supplier and customer benefit and shareholder interests have weighed upon decisions made. The decision described in the Chief Executive's report to continue expenditure in Research and Development at the planned level despite a shortfall in revenue (compared with budget) weighed the long term benefit of future increased revenue and cashflow against the short term reduction in profitability and available funds for distribution. The decision to not pay a dividend this year was a consequence and was considered to be beneficial to shareholders, customers, suppliers and staff over the medium to long term.

Shareholder engagement this year has been frequent. The top 10 investors represent 62.8% of the Company shares and investor meetings, investor calls and a "fireside chat" together with regular trading updates throughout the year assisted with communication. Both of the Company's stockbrokers provide feedback from shareholders and this feedback is discussed at the next available Board meeting.

The Group employed an average of 196 people during the financial year ended 31 March 2020. All company announcements were simultaneously circulated to all members of staff. Communications of note during the year included key new product announcements, new members of staff and retirements, new procedures and governance processes and towards the end of the year the arrangements for remote and safe working during the Coronavirus pandemic. In addition all members of staff were invited to technical webinars, product launch discussions and presentations.

Although completed during the "lockdown" the Group's main UK office in Southgate was refurbished at a cost of £750,000 in response to the need to provide a more modern, comfortable and inviting environment for the staff based there. We look forward to re-occupying the office when it is safe and welcoming staff, customers and suppliers to the new and improved work place.

The office improvements have helped reduce the energy footprint of the Group. In addition, the Group is considering other ways to reduce its environmental impact; the Group's business model (largely outsourced manufacturing and research) is low impact. The Group has successfully traded through the "lockdown" period, utilising to a much greater extent electronic communications and these tools will continue to be exploited further helping with the Group's carbon footprint.

Going concern

After making appropriate enquiries, the Directors have, at the time of approving the financial statements, formed a judgement that there is a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

This conclusion is based on a review of the resources available to the Group, taking account of the Group's financial projections together with available cash and committed borrowing facilities.

In reaching this conclusion, the Board has considered the magnitude of potential impacts resulting from uncertain future events or changes in conditions, the likelihood of their occurrence and the likely effectiveness of mitigating actions that the Directors would consider undertaking.

Audit Committee Report

Dear Shareholder

The Audit Committee comprises Tony Rawlinson (Chairman), Dr Andrew Jones and Dr Frank Armstrong who joined the committee on 1 May 2020. Richard Wood was a member of the committee for part of the financial year, joining it on 7 March 2019 and leaving it when he stepped down from the board on 22 August 2019.

All committee members are considered by the board to be independent directors of the Company and to have appropriate skills and expertise to enable them to carry out their role effectively.

The committee meets at least twice a year linked to the timing of the Company's half year and full year results and also meets on an ad hoc basis. During the financial year under review the committee held 2 formal meetings and numerous ad hoc meetings. All meetings, formal or otherwise were attended by all members of the committee.

Terms of reference of the Audit Committee

The terms of reference of the committee are set out on the Company's website.

The committee operates within terms of reference approved by the board, including:

- considering the appointment of external auditors;
- reviewing the relationship with external auditors;
- reviewing the financial reporting and internal control procedures;
- reviewing the management of financial matters and focusing upon the independence and objectivity of the external auditors;
- reviewing the consistency of accounting policies both on a year to year basis and across the Group; and
- internal audit remit and activities.

The committee may, if it requires, call for information from the Executive Management team and consult with the external and internal advisers and auditors directly.

Committee Report

On behalf of the Board, I am pleased to present the 2020 Audit Committee Report.

The Committee has had a very busy year on a number of fronts.

We completed the appointment of BDO as the Group's new statutory auditor in September 2019, the same month in which our new Finance Director, Chris Wilks, joined the Company.

Following these appointments, a review of the historical accounts was initiated which identified a number of previous errors in the application of accounting policies which resulted in the accounts for the year ended 31 March 2019 being restated. These restatements were reported on in the Company's interims accounts for the 6 months ended 30 September 2019 published on 31 December 2019 and are further commented on in the Finance Director's report above.

The Company's Finance Director, Chris Wilks has built a mainly new, skilled and enlarged finance team to meet the Group's current and anticipated requirements.

As indicated in last year's report, the Audit Committee initiated the formation of a new internal audit function and to this end, hired our new head of Internal Audit, Caitlin Pennington, who joined us in January 2020. We formulated and agreed an Internal Audit Charter and an Internal Audit Manual. The task of reviewing controls has been impaired by the travel restrictions imposed by Covid-19 but despite this, significant progress has been made liaising with overseas management remotely and mapping out control systems and procedures in key overseas territories pending site visits when possible. Once travel restrictions are lifted, overseas site visits will be commenced.

As mentioned in the Chairman's overview above, the committee initiated a review of all key corporate governance areas during the year. Working with external legal advisers, practices and procedures have been updated and revised documents have been circulated to staff and externally led training sessions held.

Last year we reported that we were reviewing and documenting the Company's financial controls and procedures and that this was work in progress. Work on this was slowed during the summer of 2019 due to the number of Board changes and the appointment of the new auditors and finance team, but significant progress was made in early 2020 following publication of the interims. As well as work done on overseas territories as reported above, key UK financial systems and internal controls have been reviewed, updated as required and documented. Specific regard has been paid to custodianship of assets, including bank account signatories and controls. A rolling programme to test internal controls is being initiated by Internal Audit

The Audit Committee has been working closely with the Company's new auditors, BDO ensuring that their familiarisation routines went smoothly. The Audit Committee has also worked closely with BDO on the 2020 audit. In relation to the accounts the committee has focused and is satisfied with regards to the following matters:

- that key judgements made in preparing the annual accounts are appropriate;
- that significant accounting policies have been correctly applied;
- that the going concern statement has been made after due and careful consideration; and
- that the annual report has been fairly presented and is balanced and understandable.

Audit Committee has been closely monitoring the progress of the 2020 audit and are very disappointed by the delay in the publication of the accounts. As mentioned above in the Finance Director's report, the reduction in 2019 profits arising from the prior year restatements resulted in a reduced audit materiality threshold for those accounts and the need to reaudit 2019 balances down to the new threshold. This has placed a heavy burden on all concerned but the outcome is positive in that a very thorough review has been carried out by the new teams. Also as mentioned in the Finance Director's report, the audit report contains two limitations of scope in respect of non attendance at some of our year end stock takes and also intangible

assets. The former is due to the Covid 19 pandemic preventing the auditors attending stocktakes. The latter is mainly due to the Company not retaining audit evidence of some costs incurred many years ago to support the intangibles balance. Older records would not have been required in normal circumstances but arose from the reduced materiality threshold referred to above.

We are grateful to Chris Wilks and his finance team for their hard work and expertise during this year of significant change. We also thank the BDO audit team and our external legal advisers for their advice and assistance.

Tony Rawlinson
Audit Committee Chairman
3 February 2021

Remuneration Committee Report

Committee report

The Remuneration Committee comprises Tony Rawlinson (Chairman), Dr Andrew Jones and Dr Frank Armstrong. During the year until 22 August 2019 the Remuneration Committee chairman was Dr Andrew Jones. Dr Jones stepped down as committee chairman at the time he was appointed Non-executive Chairman of the Board. Richard Wood was also a member of the committee until 22 August 2019 when he stepped down from the Board. Dr Frank Armstrong joined the committee on 1 May 2020.

Role of the Remuneration Committee

On behalf of the Board and Shareholders, the Remuneration Committee reviews and determines the pay, benefits and other terms of service of the Company's Executive Directors and the Executive Leadership Team ("ELT"). The committee also keep under review the broad pay strategy with respect to all other Company employees.

Remuneration Policy

During the year the committee conducted a review of the remuneration policy objectives, the updated objectives are:

- to develop remuneration packages which motivate the senior management team and support the delivery of business objectives in the short, medium and long-term;
- to ensure the alignment of the interests of the senior management team with those of long-term shareholders;
- to encourage executives to operate within the risk parameters set by the board; and
- to ensure that the Company can recruit and retain high-quality executives through packages which are fair and attractive, but not excessive.

A revised remuneration structure is being proposed by the committee and is explained further below.

Strategic alignment

The Remuneration Committee's aim, at each level of performance, as in previous years, is that the rewards that can be earned provide a proper level of incentive and are appropriate for a Company of comparable size and complexity at each level of performance. To this end, the committee considers appropriate goals from time to time which it believes will best ensure delivery of the Board's short and long term objectives and ensure alignment with stakeholder interests.

Remuneration in practice

The basic structure of remuneration during the 2020 financial year under review was unchanged from 2019 in that the components comprised a basic salary, discretionary bonus (where appropriate) and (also where appropriate) an award of market priced share options from the Company's established Executive Share Option Plan ("ESOP").

Executive directors also benefit from private medical and critical illness insurance. In addition, all Executive Directors are covered under the Company's life assurance policy.

The Group makes contributions to auto enrolment defined contribution pension schemes for the benefit of staff, executive directors and senior management. The assets of the scheme are held separately from the Group and are independently administered by insurance companies. The Group also operates a legacy defined benefit scheme in the UK under the Auto enrolment regulations. Further information on these pension arrangements is set out in note 23 to these accounts.

In September 2019, the committee conducted a benchmark review of the structure and levels of remuneration of Executive Directors using publicly available surveys. As a result of this review the base salary of Marc Loomes, the Company's Chief Executive Officer, was increased and his potential annual bonus payment reduced with the aim of rebalancing remuneration structure to align it more closely to current market standards.

During the financial year, Kevin Stockdale, Julia Trouse, Brett Clemo and Richard Wood stepped down from the board. No ex gratia payments were made to these former directors who were paid in accordance with their contracts up to their respective termination dates. Brett Clemo provided some manufacturing and supply chain consultancy services to the Group, following his retirement from the Board and the termination of his employment. Clemo Consultancy Limited provides consultancy services to the Group according to specific areas of engagement and expertise. An agreed hourly rate is charged and the hours incurred in providing the services are itemised on the invoice.

Dr Frank Armstrong was appointed to the board as a Non executive director on 1 May 2020.

Due to the unique and unforeseen circumstances which arose in 2020, senior management have, where appropriate, been rewarded with a cash bonus based on their particular contributions during the year rather than on any predetermined profit (normally EBITDA) or other basis as in previous years. The lower levels of bonus paid reflect the reduced profits in the period but, despite this, strong achievement of strategic and personal objectives.

No awards of options were made in respect of the financial year out of the existing approved or unapproved executive share option plans.

Directors Remuneration

The aggregate remuneration payable to the Directors in respect of the period was as follows:

	Salary or Fees		**Other**		**Pension**		**Bonus**		**Total Remuneration**		**Share Based Payments**		**Total**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019R***	**2020**	**2019R***	**2020**	**2019**	**2020**	**2019R***
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
M. Loomes	294	222	3	2	10	10	40	213	347	447	38	191	385	638
C. Wilks	129	-	1	-	13	-	50	-	193	-	-	-	193	-
A Jones[1]	69	25	-	-	-	-	-	-	69	25	-	-	69	25
A Rawlinson[1]	50	16	-	-	-	-	-	-	50	16	-	4	50	20
J Trouse	38	99	1	1	1	1	-	46	40	147	9	53	49	200
K Stockdale	33	85	5	12	2	5	-	46	40	148	9	53	49	201
B Clemo	99	117	1	1	-	-	-	70	100	188	14	103	114	291
R Wood	46	4	-	-	-	-	-	-	46	4	-	-	46	4

Notes

* The 2018/19 bonus values have been restated to include the amount accrued for the financial year and related to performance in the financial year, not as previously reported, the amount paid in the year. The adjustments for the financial year 2018/19 were reductions of £129,000, £37,000, £37,000 and £80,000 for M. Loomes, J. Trouse, K. Stockdale and B. Clemo, respectively.

1. Andrew Jones and Tony Rawlinson were each awarded an ex gratia payment of £10,000 in respect of significant additional work done in the year.

Directors' interests

Details of share options held by Directors as at 31 March 2020 and 2019 are set out below:

	Option Price (pence per share)	**31-Mar-20**	**31-Mar-19**
M D Loomes	545.0	3,900	3,900
	435.0	400,000	400,000
	312.5	350,000	350,000
B Clemo	435.0	150,000	150,000
	312.5	250,000	250,000
	265.0	250,000	250,000
	200.5	60,000	60,000

	Option Price (pence per share)	31-Mar-20	31-Mar-19
K Stockdale	435.0	-	120,000
	312.5	-	50,000
	265.0	-	150,000
J Trouse	435.0	-	120,000
	312.5	-	50,000
	265.0	-	75,000

Details of shareholdings of Directors who served during the year are as follows:

B Clemo and family		-	7,962
K Stockdale and family		-	8,051

Others

Marc Loomes has an interest in 200,000 existing ordinary shares pursuant to the grant of an option over these shares by persons connected with Peter Lawrence, the former Chairman of the Company. These shares will vest with Mr Loomes providing he continues to be employed by the Company for three years from the date of grant of the option.

Proposed remuneration plans

In order to provide the incentives needed to meet current and future business objectives, the Remuneration Committee have decided that the existing senior management remuneration structure should be updated. To this end, a circular containing revised remuneration proposals is today being sent to shareholders along with this Annual Report. A General Meeting is being convened immediately following the Annual General Meeting in order to present these proposals to shareholders and seek their approval for them.

The key elements of the proposals are as follows:

Annual bonus scheme ("ABS")

- The new ABS will apply to both executive directors and the Executive Leadership Team;
- Maximum and on-target awards will, as previously, be kept in line with those of comparable companies as shown in recent AIM remuneration surveys. On target awards are set at 60% of base salary and maximum possible awards are capped at 100% of base salary;
- Performance assessments will be split as to 35% linked to growth in profit before tax, 35% linked to ROCE with the 30% remainder linked to the achievement of personal targets set by the committee. The committee may change these objectives from year to year. The proposed personal objectives for the CEO and FD in the current year are focused around corporate governance targets, implementing agreed initiatives set out in the Board's corporate strategy plan, communicating to investors and certain near term internal objectives. Remcom believes that the broader focus under the proposed scheme will ensure all aspects (profits and balance sheet) are focused upon;
- Annual awards under the ABS will include a deferred element (33 % of the award) to be settled which will vest after 3 years subject to malus provisions in the year of the award and clawback provisions during the 3 year vesting period for the deferred element.

Long term incentives

- The Company's existing ESOP under which employees may be awarded market priced options will be complemented with a new long term incentive plan (LTIP) for senior management which will allow for awards of nil cost options. This is being done with the aim of reducing shareholder dilution and moving the Company towards compliance with the Investment Association Remuneration guideline limiting dilution to 10% over 10 years. The new LTIP will also introduce focused vesting conditions designed to strengthen alignment with shareholders' interest and will introduce malus and clawback provisions;
- Vesting of awards under the new LTIP will be over a 3 year period and will be subject to achievement of performance conditions. 25% of any award will be linked to an adjusted EBITDA target, a further 25% linked to R&D targets and the balance of 50% based on a comparison of the Company's TSR to an absolute TSR growth target set by Remcom over the vesting period.
- On target awards are set at 50% of base salary.
- LTIP awards will be subject to malus (during the vesting period) and clawback (in the 3 years following vesting) provisions.
- All other staff will continue to be eligible to be awarded market priced options. The terms of the ESOP are being amended to allow for any future gains to be settled in shares or cash (at the committees' discretion) depending on what it considers to be in the Company's best interests.

Share ownership

Executive directors will be given share ownership targets to achieve over time. These targets will be in line with market guidance (125% of basic salary for the CEO and 100% of salary for the FD). These target holdings will be expected to build up as soon as possible with the aim of achieving the target over a three year period.

Other considerations

Inevitably unanticipated situations arise with regard to remuneration structures which can produce anomalous outcomes. Remcom therefore has discretionary powers to deal with any such situations to ensure appropriate outcomes arise.

Overview

The proposals are designed to bring the Company into line with best remuneration practice and improve alignment of senior management and shareholder interests, thereby supporting future value creation.

Further details of the proposals are set out in the letter to shareholders contained in the circular to shareholders dated 4 February 2021.

Other Information

All Executive Directors are employed under service agreements.

Remuneration of the Non-Executive Directors is determined by the Chairman and the Chief Executive Officer. The Non-Executive Directors are not entitled to annual bonuses, employee benefits or participation in the LTIP. However, they may be awarded ex gratia payments in the event that their workloads are significantly in excess of their contractual obligations.

The Chairman's remuneration is determined by Remuneration Committee in conjunction with the Chief Executive Officer. However, the Chairman is not entitled to vote on the matter.

The Executive Directors are employed under rolling service contracts. The services of all Executive Directors may be terminated by the Company or the individual giving 12 months' notice, or immediately in the event that the director is not re-elected by shareholders at an AGM.

Non-Executive Directors are retained under Letters of Appointment. Non-executive director appointments may be terminated by either the Company or the individual giving 3 months' notice, or immediately in the event that the director is not re-elected by shareholders at an AGM.

The Executive Directors' service agreements and the Non-executive directors' appointment letters are normally available for inspection by shareholders at the Company's registered office. However, due to the events surrounding Covid 19 and the revised format of the AGM, these will not be available at the 2020 AGM.

Tony Rawlinson
Remuneration Committee Chairman
3 February 2021

Nomination Committee Report

The Nomination Committee comprises all the Non-Executive Directors and the CEO.

Main responsibilities

The main responsibilities of the Committee are as follows;

- Regularly reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board.
- Giving full consideration to succession planning.
- Keeping under review the leadership needs of the organisation.
- Being responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Reviewing the results of the Board performance evaluation process that relate to the composition of the Board.
- Formulating plans for succession for both Executive and Non-Executive Directors.
- Nominating membership of the Audit and Remuneration Committees.
- The re-election by shareholders of Directors under the annual re-election provisions and of the retirement by rotation provisions in the Company's Articles of Association.
- Any matters relating to the continuation in office of any Director at any time including the appointment or removal of any Director to Executive or other office.

The Nomination Committee is also responsible for the Board's policy on diversity. The Board recognises the benefits of diversity. Diversity of skills, background knowledge, international and industry experience and gender, amongst many other factors, will be taken into consideration when seeking to appoint new Directors to the Board. Notwithstanding the foregoing, all Board appointments will always be made on merit.

Activities during the year

The Committee met two times during the year.

During the year Andrew Jones succeeded Richard Wood as Chairman of the Company in November 2019, and Chris Wilks joined the Board, in September 2019, as CFO.

The Committee considered the need for a third Non-executive Director. It concluded that in line with best practice a majority Non-executive Board would further contribute to the governance improvements described elsewhere in this Annual Report. Furthermore, the Committee concluded that additional skills to complement those of the existing Directors – particularly in relation to R&D programme management and commercialisation should be sought. After an intensive search process the Committee was delighted to be able to recommend that Dr Frank Armstrong should be appointed to the Board of Directors and that became effective shortly after the year end on 1 May 2020.

In addition, Kevin Stockdale and Julia Trouse resigned as Directors in August 2019. Brett Clemo retired from the Board in September 2019.

During the year the Committee also reviewed the work carried out within the business on succession planning, talent development and leadership at the senior management level as well as undertaking a Board performance review. The Committee managed the induction process for new Directors.

Dr Andrew Jones
Chairman
3 February 2021

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The Directors present their report and financial statements for the year ended 31 March 2020.

Directors

The following Directors have held office since 1 April 2019:

Andrew Jones	Senior Non-Executive Director and Non-executive Chairman with effect from 22 August 2019
Anthony Rawlinson	Non-Executive Director
Marc Loomes	Chief Executive
Christopher Wilks (appointed 3 September 2019)	Finance Director
Kevin Stockdale (resigned 19 August 2019)	Finance Director
Brett Clemo (retired 19 September 2019)	Executive Director
Julia Trouse (resigned 19 August 2019)	Executive Director
Richard Wood (resigned 22 August 2019)	Non-Executive Chairman

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 46.

The profit for the year after tax was £4.2 million (2019 restated: £8.8 million). The Company has paid a dividend of Nil per share (2019 – 6.0p) making a total for the year of Nil (2019: 12.70p, including a special distribution of 3.5p per share).

Future Developments

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

Substantial shareholdings

At 12 November 2020, the Company had been notified of the following holdings of 3% or more of its issued share capital.

Name	**No. of ordinary shares**	**%**
AXA Framlington Investment Managers	9,121,931	13.50
P A Lawrence and family	6,958,954	10.30
Danske Bank Asset Management	4,299,062	6.36
Chelverton Asset Management	4,000,000	5.92
Schroder Investment Management	3,603,793	5.33
Soros Fund Management	3,579,294	5.30
Canaccord Genuity Wealth Management	2,963,166	4.39
Artemis Investment Management	2,897,015	4.29
BlackRock	2,725,489	4.03
Amati Global Investors	2,267,248	3.36

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. The Group remains committed to obtaining further authorisations of its Aivlosin® products in other key territories and for additional disease applications, while at the same time expanding its product offering to include vaccines and other biologicals relevant to the swine and poultry markets.

Directors' insurance

The Company maintains Directors' and Officers' liability insurance for the benefit of its Directors which remained in place at 31 March 2020 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 2.6 and 32 to the financial statements respectively.

Internal financial controls

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.

Stockbrokers

N+1 Singer were the Company's nominated advisor and stockbroker at the year end. Peel Hunt is joint broker. The closing share price on 31 March 2020 was 220p per share (2019: 440.0). During the year the average share price was 318.8 p (2019: 481.41p).

Auditors

The auditors BDO LLP are being proposed for reappointment at the forthcoming Annual General Meeting of the Company.

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 accounting standards in conformity with the requirements of the Companies Act 2006. 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 at the date of approval of this report 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

Dr Andrew Jones
Chairman
3 February 2021

Qualified opinion

We have audited the financial statements of ECO Animal Health Group Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020, which comprise 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 cashflow and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report:

- 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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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.

Basis for qualified opinion

a) Physical inventory observations (Group)

We were not able to observe the counting of physical inventories around the Group, except for the China locations, ("non-China Group inventories") held at 31 March 2020 due to restrictions and control measures arising as a result of the COVID 19 pandemic. We were unable to satisfy ourselves by alternative means concerning the non-China Group inventories quantities held at 31 March 2020, which are included in the consolidated statement of financial position at a value of £14,003,000 (representing 82% of total inventory) by using other audit procedures. Consequently, we were unable to determine whether any adjustment to this amount was necessary.

If any adjustment to the non-China Group inventories quantities and derived values were to be required, there would be an impact on recorded cost of sales, recorded tax amounts, results recorded in the statement of comprehensive income, inventory values and total assets less total liabilities values recorded in the statement of financial position.

b) Verification of capitalised distribution rights, drug registrations, patents and license costs (together referred to as "capitalised development costs") (Group)

Given the issues connected to the recording of capitalised development costs that resulted in a prior year adjustment (as described in note 3.2 to the financial statements), we requested access to supporting information for all development costs originally capitalised in the statement of financial position. Historic accounting records for periods prior to 2013 were not required to be retained by the Group; certain sample accounting records and explanations for periods between 2013 and 1 April 2018, were not made available due to the impracticable time estimated to be required by the Directors, after commencing and carefully assessing the scope of the exercise. As a result, we were unable to obtain sufficient appropriate audit evidence concerning the net carrying value of capitalised development costs, as restated, totalling £21,726,000 at 1 April 2018.

Consequently, we were unable to determine whether any adjustment to this amount, related amortisation and deferred tax liabilities thereon, were necessary, either in respect of the current year to 31 March 2020, or the opening balances at 31 March 2019.

For the same reasons described above, we were unable to audit the prior year adjustment described in note 3.2 to the financial statements. We were not able to audit the adjustment to the net carrying value of historically capitalised costs, totalling £18,207,000, recorded as a prior year adjustment, as of 1 April 2018.

If any adjustment to the capitalised development costs were to be required, there would be an impact on recorded amortisation recognised in administrative expenses, related deferred tax charges/credits, results recorded in the statement of comprehensive income, intangible asset carrying values, deferred tax on related timing differences and total assets less total liabilities values recorded in the statement of financial position.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the basis for qualified opinion section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTER	HOW WE ADDRESSED THE KEY AUDIT MATTER IN THE AUDIT
Revenue recognition and discount accounting The Group's revenue recognition policy is included within the accounting policies in note 2 and the components of revenue are set out in note 4. The Group's revenue is a key performance indicator for the market upon which the results of the Group will be assessed. The Group has one main source of revenue representing direct sales of animal pharmaceutical products into UK, European and global markets. The Group recognises revenue at the point its performance obligation is met, which is generally on delivery of product to the customer, but may occur at different points in the revenue cycle dependent on contractual terms. Prior period errors were identified in the Group's original revenue recognition policies, and application thereof, as explained in note 3. Given the potential for misstatement of revenue whether due to fraud or error, the inherent judgements and estimates involved in revenue recognition and cut-off assessments, as well as the identified misstatements in the prior period, we considered revenue recognition a significant risk of material misstatement in the financial statements.	We reviewed the revenue recognition policy applied by the Group and considered its compliance with IFRS 15 'Revenue from Contracts with Customers'. Our work included review of management's identification of performance obligations and assessment of contractual terms to determine when these performance obligations were met, both throughout the year and around year-end. We tested a sample of the Group's revenue transactions to verify that revenue was accurately recorded in the correct accounting period. This testing was performed through review of contracts, invoices and delivery notes and agreement to the recognition of revenue in the accounting system. Certain revenue arrangements include the offering of volume and other discounts to customers. We reviewed management's assessment of the value of these discounts at year end, reviewed contractual terms and re-performed calculations for a sample of accrued balances. Where the Directors identified errors in prior periods, we reviewed the underlying support for adjustments proposed, testing to supporting documents such as delivery and shipment details and agreed the correct application of IFRS 15 in respect of these adjustments. **Key Observations** Based on the work performed, and following the restatements explained in note 3, we consider that revenue has been recognised in accordance with the Group's revenue recognition accounting policy and the requirements of IFRS 15.

KEY AUDIT MATTER	HOW WE ADDRESSED THE KEY AUDIT MATTER IN THE AUDIT
Intangible assets – Capitalised development expenditure The Group's accounting policy for intangible assets is included within the accounting policies in note 2 and the components of intangible assets are set out in note 12. The Group's policy is to capitalise development expenditure in accordance with IAS 38. During the period, the Directors reviewed past capitalised development expenditure and identified misstatements in prior periods as a result of the Group capitalising items which did not meet the criteria of IAS 38. As a result of the errors identified, there was a significant audit risk that past capitalised expenditure was not appropriately capitalised and capitalised costs, in respect of projects not yet available for use, are impaired. Given the potential for misstatement of capitalised development expenditure, as well as the identified misstatements in the prior period, we considered development expenditure capitalisation a key audit matter.	We reviewed the Directors' narrative re-assessment of the appropriateness of intangible assets capitalised in the past, against the Group's revised accounting policy included in note 2.8. Where management concluded that past costs were appropriately capitalised, for all periods up to 31 March 2019, we sampled those costs and planned to agree the cost to underlying supporting documentation and to management's assessment of whether the cost met the criteria of IAS 38 at the point of capitalisation. We performed the same procedures on capitalised costs for the year ended 31 March 2020. We also sampled amortisation entries during the period 1 April 2018 to 31 March 2020, to ensure amortisation commenced in the correct period and over the useful life in accordance with Group policy. We reviewed the useful lives applied, for appropriateness, by corroborating the historical periods during which the Group's products have been sold and the periods over which competitor's products have been marketed. Our work was limited for the periods prior to 1 April 2018, where certain information was not available for review, as set out in the Basis for qualified opinion section of our report. Our work was not limited for movements in capitalised development costs for the period from 1 April 2018 to 31 March 2020. We reviewed management's impairment assessment at 31 March 2020, for capitalised development costs not yet available for use. We challenged the future estimated forecast cashflows and whether or not technical feasibility continued to be highly probable. **Key Observations** We consider the Group's revised accounting policy to be appropriate, Our audit scope was limited in respect of the capitalised development expenditure assets' carrying value brought forward as of 1 April 2018. We did not identify anything to suggest that the judgements applied by management, in respect of capitalisation and amortisation from 1 April 2018, and their impairment assessment as of 31 March 2020, were inappropriate.

KEY AUDIT MATTER

Unauthorised related party transactions and subsequent investigation

As reported in note 31, during the year ended 31 March 2020 a longstanding former Director and Company Secretary of the Group withdrew cash from the Company totalling £25,748 (2019 - £46,920) which was recorded in the Parent Company and Group's financial statements as administrative costs in each year. Further cash was withdrawn over an extended period starting in 2014, the cumulative amount identified was £322,109 as at 31 March 2020.

These withdrawals were not approved, were outside the normal course of the Group's business and were in excess of contractual remuneration levels.

The Group's internal audit department identified the payments and reported their findings to the Board in April 2020. The Internal Audit department and an external law firm performed further work to assess the full extent of the withdrawals.

Repayment of £307,113 was made to the Group in August 2020.

A significant risk had been identified, that further unauthorised transactions remain undetected. We considered this to be a key audit matter.

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HOW WE ADDRESSED THE KEY AUDIT MATTER IN THE AUDIT

In response to the Directors' findings, we included internal forensic specialists as part of the audit team.

The audit team's work included review of the subsequent reports produced, both those of internal audit and the external law firm, and assessment of the completeness of their procedures and enquiries.

Following our review of the initially produced findings reports, we recommended a subsequent extended scope of work, and procedures were performed by the external law firm and internal audit department, supported by senior management. These extended procedures covered further electronic record investigation, examination of bank payments over a period of 7 years and an investigation into the appropriateness of supplier and payroll payments. These reports were subsequently reviewed by the audit team, including forensic audit specialists, which included re-performance of certain procedures.

Our overall audit approach included testing designed to identify and detect material misstatements in order to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud.

Key Observations

The results of the extended scope of work, and our enquiries thereon, did not identify further material undetected unauthorised transactions. We consider the accounting for, and disclosure of, the transactions identified to be appropriate.

KEY AUDIT MATTER	HOW WE ADDRESSED THE KEY AUDIT MATTER IN THE AUDIT
Prior period errors and opening balance sheet propriety As disclosed in note 3, prior period errors were identified in respect of the following areas: - IFRS 15 Revenue from contracts with customers - IAS 38 Intangible Assets - IFRS 11 Joint Arrangements - Bonuses - IFRS 16 - Leases - Foreign exchange - Accruals accounting - Share-based payments - Related party transaction disclosures - Taxation Given the extent of the errors identified in the prior periods, our audit of the opening balance sheet at 31 March 2019, formed a key part of the audit. A significant risk of material misstatement was identified relating to whether: - the assets recorded in the opening balance sheet exist; - the liabilities in the opening balance sheet were complete; - both assets and liabilities were accurately recorded; and - all disclosures required were made	Given the extent of prior period errors identified by the Directors and the audit process, we have re-audited the opening statement of financial position at 31 March 2019. To the extent that our scope was not limited in respect of capitalised development costs, procedures included the audit of the opening statement of financial position to current period materiality and, where prior period errors were corrected, audit of those adjustments. This included a review of management's revised assessment, calculations and disclosures in note 3, by agreement to supporting documentation and inspection of underlying evidence on a sample basis. Our audit procedures were designed to provide reasonable assurance that the restated opening statement of financial position is materially correct. This was required to ensure that the starting point for the movement between the opening and closing statements of financial position, reflected by the income statement and statement of cashflows for the year ended 31 March 2020, are also materially correct. **Key Observations** Based on the work performed, and except for the capitalised development cost limitation described in the Basis for Qualified Opinion section of our report, we have obtained sufficient assurance on the opening statement of financial position in order to form our opinion for the year ended 31 March 2020.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect or misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower level, "performance materiality", to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial, as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £250,000. This was determined by reference to the Group's profit before tax and was set at 5%. Profit before tax is considered the most appropriate measure in assessing the performance of the Group given it is an AIM listed PLC and therefore the number of users and level of interest in the financial statements is expected to be higher. Performance materiality was set at 50% of the Group materiality level, being £125,000. Performance materiality was set at this level based on the risks identified in respect of prior period errors and that this was the first year we conducted an audit of the Group.

Where financial information from components was audited separately, component materiality was set for this purpose at lower levels, varying between £45,000 and £180,000. Component performance materiality levels varied between £22,500 and £90,000.

The materiality for auditing the Parent Company financial statements, on a standalone basis, was determined with reference to 1.9% of the Parent Company's net assets. Materiality for assessing the parent company financial statements was therefore set at £1,450,000 and performance materiality was set at £725,000.

Materiality applied for group opinion purposes (component materiality) was limited to an appropriate proportion of Group materiality, and set at £45,000 for this purpose; performance materiality was set at 50% of component materiality, £22,500.

We agreed with the Audit Committee that we would report to the committee all individual audit differences in excess of £5,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements at the Group level.

We obtained an understanding of the internal control environment related to the financial reporting process and assessed the appropriateness, completeness and accuracy of Group journals and other adjustments performed on consolidation.

At 31 March 2020, the Group comprised the Parent Company; one UK trading company, ECO Animal Health Limited, a two entity sub-Group in China headed by Zhejang Eco Biok Animal Health Products Limited; a US joint operation in Pharmgate Animal Health LLC and 16 other entities.

The Parent, the UK trading entity, the sub-Group in China and the US joint operation were deemed to be the significant components of the Group. Full scope audits were carried out, for the Parent Company and ECO Animal Health Limited, by the Group audit team. The audit of the Pharmgate Animal Health LLC component was carried out by the Group audit team. The audit of the sub-Group, headed by Zhejang ECO Biok Animal Health Products Limited, was conducted by BDO China under instruction from and reporting to BDO LLP as the Group auditor. We received reporting documents from the component auditor relating to the period under audit as well as opening balance sheet procedures; we conducted file reviews of the underlying audit evidence.

Significant components for the year ended 31 March 2020 comprise 77% of consolidated Group revenue, 128% of consolidated Group profit before tax (due to losses in non-significant components) and 100% of consolidated Group net assets (due to a combination of net assets and net liabilities in non-significant components).

The remaining entities were deemed insignificant to the Group due to the size of operations and balances within each entity. Audit work on these components has been limited to analytical review and sample revenue cut-off procedures carried out by the Group audit team.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities held at 31 March 2020 and the intangible assets carrying value at 31 March 2019 and 31 March 2020. We have concluded that where the other information refers to these balances or related balances, it may be materially misstated for the same reason.

Opinions on other matters prescribed by the Companies Act 2006

Except for the possible effects of the matters described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Except for the possible effect of the matters described in the basis for qualified opinion section of our report, in the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

Arising solely from the limitations on the scope of our work relating to inventory and intangible assets referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept by the Parent Company.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- returns adequate for our audit have not 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website : www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company'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 Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Oliver
(Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Reading
United Kingdom
3 February 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £000's	2019 £000's Restated*
Revenue	4	**72,106**	**67,253**
Cost of sales		(38,742)	(35,448)
Gross profit		**33,364**	**31,805**
Other income	5	105	35
Administrative expenses		(28,274)	(21,772)
Profit from operating activities	6	**5,195**	**10,068**
Finance income	7	112	127
Finance costs	7	(142)	(124)
Net finance (cost)/income		**(30)**	**3**
Share of profit of associate	16	42	14
		42	**14**
Profit before income tax		5,207	10,085
Income tax charge	9	(1,032)	(1,239)
Profit for the year		**4,175**	**8,846**
Profit attributable to:			
Owners of the parent Company		2,582	7,253
Non-controlling interest	26	1,593	1,593
Profit for the year		**4,175**	**8,846**
Earnings per share (pence)	8	3.82	10.86
Diluted earnings per share (pence)	8	3.67	10.71
Earnings before Interest, Tax, Depreciation, Amortisation, Share Based Payments and Foreign Exchange Differences	6	8,362	12,452

* Please refer to Note 3 for further details on prior year restatements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £000's	2019 £000's Restated*
Profit for the year		**4,175**	**8,846**
Other comprehensive income (losses) (net of related tax effects):			
Revaluation of freehold property	13	(92)	-
Foreign currency translation differences		98	(8)
Remeasurement of defined benefit pension schemes	23	12	(36)
Other comprehensive income (losses) for the year		**18**	**(44)**
Total comprehensive income for the year		**4,193**	**8,802**
Attributable to:			
Owners of the parent Company		2,561	7,200
Non-controlling interest	26	1,632	1,602
		4,193	**8,802**

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

The notes on pages 54 to 131 form part of these financial statements.

* Please refer to Note 3 for further details on prior year restatements.

	Share Capital	Share Premium Account	Revaluation Reserves	Other Reserves	Foreign Exchange 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 2018	3,291	58,847	664	2,823	-	34,065	99,690	5,185	104,875
Adjustment re revenue cut-off (Note 3.1A)	-	-	-	-	-	(632)	(632)	33	(599)
Adjustment re intangible assets (Note 3.2)	-	-	-	-	-	(17,153)	(17,153)	-	(17,153)
Adjustment re bonuses (Note 3.4)	-	-	-	-	-	(954)	(954)	-	(954)
Adjustment re foreign exchange (Note 3.6)	-	-	-	-	484	(484)	-	-	-
Adjustment re discounts (Note 3.7A)	-	-	-	-	-	(109)	(109)	(105)	(214)
Adjustment re provisions (Note 3.7C)	-	-	-	-	-	43	43	41	84
Adjustment re Share based payments (Note 3.8)	-	-	-	(2,717)	-	2,956	239	-	239
Balance as at 1 April 2018 - restated	**3,291**	**58,847**	**664**	**106**	**484**	**17,732**	**81,124**	**5,154**	**86,278**
Adjustment on implementation of IFRS16	-	-	-	-	-	(17)	(17)	1	(16)
Further IFRS16 adjustment (Note 3.5)	-	-	-	-	-	(37)	(37)	(12)	(49)
IFRS 16 adjusted balance as at 1 April 2018 - restated	**3,291**	**58,847**	**664**	**106**	**484**	**17,678**	**81,070**	**5,143**	**86,213**
Profit for the year - restated*	-	-	-	-	-	7,253	7,253	1,593	8,846
Other comprehensive income									
Foreign currency differences	-	-	-	-	(17)	-	(17)	9	(8)
Actuarial gains/(losses) on pension scheme assets	-	-	-	-	-	(36)	(36)	-	(36)
Total comprehensive income for the year	-	-	-	-	(17)	7,217	7,200	1,602	8,802
Transactions with owners recorded directly in equity									
Issue of shares in the year	81	3,803	-	-	-	-	3,884	-	3,884
Share-based payments	-	-	-	-	-	631	631	-	631
Deferred tax on share-based payments	-	-	-	-	-	173	173	-	173
Dividends	-	-	-	-	-	(8,485)	(8,485)	(1,643)	(10,128)
Transactions with owners	81	3,803	-	-	-	(7,681)	(3,797)	(1,643)	(5,440)
Balance as at 31 March 2019 - restated	3,372	62,650	664	106	467	17,214	84,473	5,102	89,575
Profit for the year	-	-	-	-	-	2,582	2,582	1,593	4,175
Other comprehensive income:	-	-	-	-	-	-	-	-	
Foreign currency differences	-	-	-	-	59	-	59	39	98
Revaluation of freehold property	-	-	(92)	-	-	-	(92)	-	(92)
Actuarial gains on pension scheme assets	-	-	-	-	-	12	12	-	12
Total comprehensive income for the year	-	-	(92)	-	59	2,594	2,561	1,632	4,193

	Share Capital	Share Premium Account	Revaluation Reserves	Other Reserves	Foreign Exchange 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
Transactions with owners recorded directly in equity									
Issue of shares in the year	5	232	-	-	-	-	237	-	237
Share-based payments	-	-	-	-	-	284	284	-	284
Deferred tax on share-based payments	-	-	-	-	-	(373)	(373)	-	(373)
Dividends	-	-	-	-	-	(7,453)	(7,453)	(968)	(8,421)
Transactions with owners	5	232	-	-	-	(7,542)	(7,305)	(968)	(8,273)
Balance as at 31 March 2020	**3,377**	**62,882**	**572**	**106**	**526**	**12,266**	**79,729**	**5,766**	**85,495**

The notes on pages 54 to 131 form part of these financial statements.

* Please refer to Note 3 for further details on prior year restatements.

COMPANY

	Share Capital	Share Premium Account	Other Reserves	Revaluation Reserves	Retained Earnings	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Balance as at 31 March 2018	**3,291**	**58,847**	**2,823**	**395**	**7,189**	**72,545**
Prior year adjustments:						
Adjustment re bonuses (Note 3.4)	-	-	-	-	(172)	(172)
Adjustment re Share based payments (Note 3.8)	-	-	(2,717)	-	2,807	90
Adjustment re share-based payments (Note 3.9)	-	-	-	-	1,324	1,324
Balance as at 31 March 2018 - restated	3,291	58,847	106	395	11,148	73,787
Adjustment on implementation of IFRS 16 (Note 3.5)	-	-	-	-	(7)	(7)
IFRS 16 adjusted balance as at 1 April 2018 - restated	**3,291**	**58,847**	**106**	395	**11,141**	**73,780**
Profit for the year - as reported	-	-	-	-	15,041	15,041
Prior year adjustments:						
Adjustment re bonuses (Note 3.4)	-	-	-	-	71	71
Adjustment re IFRS 16 (Note 3.5)	-	-	-	-	(3)	(3)
Adjustment re share options (Note 3.9)	-	-	-	-	154	154
Profit for the year – as restated	-	-	-	-	15,263	15,263
Other comprehensive income:						
Actuarial gains/(losses) on pension scheme assets	-	-	-	-	(36)	(36)
Total comprehensive income for the year	-	-	-	-	15,227	15,227
Transactions with owners recorded directly in equity						
Issue of shares in the year	81	3,803	-	-	-	3,884
Share-based payments	-	-	-	-	631	631
Adjustment re share-based payments (Note 3.8)	-	-	-	-	(5)	(5)
Dividends	-	-	-	-	(8,485)	(8,485)
Transactions with owners	81	3,803	-	-	(7,859)	(3,975)
Balance as at 31 March 2019 - restated	**3,372**	**62,650**	**106**	**395**	**18,509**	**85,032**
Loss for the year	-	-	-	-	(151)	(151)
Other comprehensive income:						
Revaluation of freehold property	-	-	-	(92)	-	(92)
Actuarial gains on pension scheme assets	-	-	-	-	12	12
Total comprehensive loss for the year	-	-	-	(92)	(139)	(231)

	Share Capital	Share Premium Account	Other Reserves	Revaluation Reserves	Retained Earnings	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Transactions with owners						
Issue of shares in the year	5	232	-	-	-	237
Share-based payments	-	-	-	-	284	284
Deferred tax on share-based payments	-	-	-	-	(63)	(63)
Deferred tax on property revaluations	-	-	-	(1)	-	(1)
Dividends	-	-	-	-	(7,453)	(7,453)
Transactions with owners	5	232	-	(1)	(7,232)	(6,996)
Balance as at 31 March 2020	**3,377**	**62,882**	**106**	**302**	**11,138**	**77,805**

The notes on pages 54 to 131 form part of these financial statements.

*Please refer to Note 3 for further details on prior year restatements.

		Group			Company		
		2020	2019	2018	2020	2019	2018
	Notes	£000's	£000's Restated*	£000's Restated*	£000's	£000's Restated*	£000's Restated*
Non-current assets							
Intangible assets	12	41,439	41,009	39,656	-	-	-
Property, plant and equipment	13	2,426	2,144	1,866	622	769	716
Investment property	14	305	200	200	305	200	200
Right of use assets	15	1,658	1,675	-	25	57	-
Investments	16	166	116	98	20,032	20,077	20,077
Amounts due from subsidiary Company	18	-	-	-	59,295	59,988	47,650
Total non-current assets		**45,994**	**45,144**	**41,820**	**80,279**	**81,091**	**68,643**
Current assets							
Inventories	17	17,264	19,477	18,654	-	-	-
Trade and other receivables	18	28,353	23,333	15,219	55	46	213
Income tax recoverable		1,265	827	343	-	14	22
Other taxes and social security		652	462	1,160	36	145	518
Cash and cash equivalents	20	11,877	16,863	20,343	177	4,236	4,959
Total current assets		**59,411**	**60,962**	**55,719**	**268**	**4,441**	**5,712**
TOTAL ASSETS		**105,405**	**106,106**	**97,539**	**80,547**	**85,532**	**74,355**
Current Liabilities							
Trade and other payables	21	(14,486)	(13,363)	(10,983)	(567)	(296)	(428)
Borrowings	22	(2,032)	-	-	(2,001)	-	-
Income tax payable		(940)	(816)	(128)	-	-	-
Other taxes and social security		-	(533)	(108)	-	(90)	(98)
Lease liabilities	22	(342)	(330)	-	(24)	(36)	-
Dividends		(50)	(49)	(42)	(50)	(49)	(42)
Current liabilities		**(17,850)**	**(15,091)**	**(11,261)**	**(2,642)**	**(471)**	**(568)**
Net current assets / (liabilities)		**41,561**	**45,871**	**44,458**	**(2,374)**	**3,970**	**5,144**
Total assets less current liabilities		**87,555**	**91,015**	**86,278**	**77,905**	**85,061**	**73,787**
Non-current liabilities							
Deferred tax	19	(636)	-	-	(95)	-	-
Lease liabilities	22	(1,424)	(1,440)	-	(5)	(29)	-
TOTAL ASSETS LESS TOTAL LIABILITIES		**85,495**	**89,575**	**86,278**	**77,805**	**85,032**	**73,787**
EQUITY							
Issued share capital	25	3,377	3,372	3,291	3,377	3,372	3,291
Share premium account		62,882	62,650	58,847	62,882	62,650	58,847
Revaluation reserve		572	664	664	302	395	395
Other reserves	27	106	106	106	106	106	106
Foreign exchange revaluation reserve	27	526	467	484	-	-	-
Retained earnings		12,266	17,214	17,732	11,138	18,509	11,148
Shareholders' funds		79,729	84,473	81,124	77,805	85,032	73,787
Non-controlling interests	26	5,766	5,102	5,154	-	-	-
Total equity		**85,495**	**89,575**	**86,278**	**77,805**	**85,032**	**73,787**

Approved by the Board and authorised for issue on 3 February 2021.

Dr Andrew Jones, Chairman.

* Please refer to Note 3 for further details on prior year restatements.

The notes on pages 54 to 131 form part of these financial statements.

	Notes	Group 2020 £000's	Group 2019 Restated* £000's	Company 2020 £000's	Company 2019 Restated* £000's
Cash flows from operating activities					
Profit/(loss) before income tax		5,207	10,085	(151)	15,272
Adjustment for:					
Finance income	7	(112)	(127)	(895)	(917)
Finance cost	7	142	124	30	-
Foreign exchange gain/(loss)		62	(504)	-	-
Depreciation	13	334	340	17	17
Amortisation of right-of-use assets	15	389	380	32	15
Revaluation of investment property		(64)	(55)	(64)	(55)
Amortisation of intangible assets	12	1,685	1,745	-	-
Pension payments	23	(59)	(59)	-	(59)
Share of associate's results	16	(42)	(14)	-	-
Impairment of investments	16	-	-	45	-
Share based charge	24	284	631	114	305
Dividends received		-	-	(77)	-
Operating cash flows before movements in working capital		**7,826**	**12,546**	**(949)**	**14,578**
Change in inventories		2,212	(823)	-	-
Change in receivables		(5,209)	(7,416)	962	(11,472)
Change in payables		662	2,828	253	(103)
Cash generated from operations		**5,491**	**7,135**	**266**	**3,003**
Finance costs		(17)	-	(30)	(2)
Income tax		(1,076)	(862)	-	(13)
Net cash from operating activities		**4,398**	**6,273**	**236**	**2,988**
Cash flows from investing activities					
Acquisition of property, plant and equipment	13	(767)	(566)	(1)	(2)
Disposal of property, plant and equipment	13	-	5	-	-
Purchase of intangibles	12	(2,115)	(3,098)	-	-
Finance income	7	112	127	895	938
Dividends received		-	-	77	-
Net cash (used in)/from investing activities		**(2,770)**	**(3,532)**	**971**	**936**
Cash flows from financing activities					
Change in borrowings	22	2,032	-	2,001	-
Proceeds from issue of share capital		237	3,884	237	3,884
Interest paid on lease liabilities		(125)	(139)	(13)	(22)
Principal paid on lease liabilities		(364)	(338)	(38)	(31)
Dividends paid		(8,421)	(10,121)	(7,453)	(8,478)
Net cash (used in)/from financing activities		**(6,641)**	**(6,714)**	**(5,266)**	**(4,647)**
Net (decrease) in cash and cash equivalents		(5,013)	(3,973)	(4,059)	(723)
Foreign exchange movements		27	493	-	-
Balance at the beginning of the period		16,863	20,343	4,236	4,959
Balance at the end of the period	20	**11,877**	**16,863**	**177**	**4,236**

A net cash reconciliation has been provided in note 22.
The notes on pages 54 to 131 form part of these financial statements. *Please refer to Note 3 for further details on prior year restatements

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 accounting standards in conformity with the requirements of the Companies Act 2006, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements, in conformity with international accounting standards in conformity with the requirements of the Companies Act 2006, 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. Further details of estimates and judgements are provided in note 2.30.

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.

Going Concern

After making appropriate enquiries, the Directors have, at the time of approving the financial statements, formed a judgement that there is a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

This conclusion is based on a review of the resources available to the Group, taking account of the Group's financial projections together with available cash and committed borrowing facilities. The Directors have performed a reverse stress test on the business, by considering what quantum of revenue and gross margin reduction would be required to exhaust all available funds within 12 months of the date of approving the accounts. The Directors concluded that the likelihood of such a reduction was remote, and therefore that no material uncertainty exists with respect of going concern.

2.2 Adoption of new and revised standards

The following new standards, amendments and interpretations for existing standards have been published and are mandatory for accounting periods beginning after 1 January 2019 (unless otherwise stated) and have been applied in preparing these consolidated financial statements. These did not result in any material changes.

- IFRS 9 – Financial Instruments (amendments)
- IFRIC 23 – Uncertainty over income tax
- IAS 28 – Investments in associates and joint ventures
- IAS 19 – Employee benefits

The following amendments to existing standards and interpretations will be effective and adopted for period ended 31 March 2021 and the adoption of these amendments to existing standards and interpretations are not expected to have a material impact on the financial statements of the Group:

- IFRS 3 Business combinations – Definition of a business
- IAS 1 Presentation of financial statements, and IAS 8 Accounting policies, changes in accounting estimates and errors – Definition of material
- IFRS 11 – Joint Arrangements
- IAS 12 – Income Taxes
- IAS 23 – Amendments under 2015-2017 Cycle of Annual Improvements

The following new standards, amendments and interpretations for existing standards have been published that are mandatory for accounting periods beginning after 1 January 2020 (unless otherwise stated) and have not been applied in preparing these consolidated financial statements.

- IFRS 9, IAS 39 and IFRS 17 - Interest rate benchmark reform

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 2020.

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 of subsidiaries 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 operations 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.

2.5 Foreign currency translation

(a) Functional and presentation 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 presentation 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 within administrative expenses.

Foreign exchange gains and losses that relate to borrowing and cash and cash equivalents are presented in the income statement within administrative expenses.

(c) Group companies

The results and financial position of all Group entities that have a functional currency different from the Group's functional and presentation currency are translated into the Group's functional and presentation currency as follows;

- assets and liabilities for each Statement of financial position presented are translated at the closing exchange rate at the date of the Statement of financial position;
- 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 through other comprehensive income 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

Financial assets

The Group's financial assets comprise mainly trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. These financial assets arise principally from the provision of goods to customers and are measured at amortised cost.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within Administrative expenses in the consolidated income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial liabilities

The Group's financial liabilities comprise mainly trade and other payables and bank overdrafts in the consolidated statement of financial position. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost in accordance with IFRS 9.

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 annually.

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

IAS 38 – Intangible Assets includes guidance on the accounting for Research and Development expenditure. Such an intangible asset is a resource that is controlled by the entity as a result of past events (for example, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected. The three critical attributes of an intangible asset are:

- identifiability
- control (power to obtain benefits from the asset)
- future economic benefits (such as revenues or reduced future costs)

Identifiability: an intangible asset is identifiable when it:

- is separable (capable of being separated and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract) or
- arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Development expenditure – whether purchased or self-created (internally generated) is an example of an intangible asset, governed under IAS 38.

Recognition criteria: IAS 38 requires an entity to recognise an intangible asset (at cost) if, and only if:

- it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

IAS 38 includes additional recognition criteria for internally generated intangible assets.

Expenditure on the research phase of an internal project is expensed as incurred. Expenditure in the development phase of an internal project is capitalised if the entity can demonstrate:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale.

(b) its intention to complete the intangible asset and use or sell it.

(c) its ability to use or sell the intangible asset.

(d) how the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

(f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

The probability of future economic benefits must be based on reasonable and supportable assumptions about conditions that will exist over the life of the asset.

Initial recognition: research and development costs

- Charge all research cost to expense.
- Development costs are capitalised only after technical and commercial feasibility of the asset for sale or use have been established. This means that the entity must intend and be able to complete the intangible asset and either use it or sell it and be able to demonstrate how the asset will generate future economic benefits.

If an entity cannot distinguish the research phase of an internal project to create an intangible asset from the development phase, the entity treats the expenditure for that project as if it were incurred in the research phase only.

If recognition criteria are not met

If an intangible item does not meet both the definition of and the criteria for recognition as an intangible asset, IAS 38 requires the expenditure on this item to be recognised as an expense when it is incurred.

The Group context of IAS 38

Since the early start-up stages of the business, the Group has and continues to invest significant expenditure in research and development into new animal treatments and therapies. This has resulted in a significant family of pharmaceutical treatments for pigs and poultry. Branded as Aivlosin, this product has developed over 20 years into treatments for multiple respiratory and intestinal infections – each of which have separate regulatory and marketing approvals in each target market. The work to bring Aivlosin from the laboratory to the commercial farm has moved through the classical phases of pharmaceutical development and the ECO Animal Health R&D model can be described by the following broad phases:

- The discovery phase – in vitro, in laboratory
- The proof of concept phase – key efficacy trials in small groups of animals
- The exploratory development phase – optimisation of dose, economic validation
- The full development phase – building the data set for dossier submission
- Submission of an application for regulatory approval
- Marketing and regulatory approval granted – commercial revenue begins

The application of the principles of IAS 38 to the above model is to treat expenditure on Research and Development as an expense until the likely commercial benefits that will flow from the project can be judged to be highly probable. This means that the technical feasibility (judged by reference to efficacy) must be certain, the economic feasibility (judged by reference to manufacturing methodology, market intelligence, overall programme cost) has to be highly probable and the likelihood of gaining regulatory approval must be judged to be highly probable. The Directors consider that capitalisation will generally commence once a project enters the full development phase.

In practice, work that is undertaken to build towards regulatory approval for a new treatment claim using Aivlosin (or other product) or an approval for marketing Aivlosin in a new geographical market can be viewed as starting at the full development phase and are likely to meet the capitalisation criteria whereas costs in relation to some of the Group's more recently announced projects (for example the vaccine collaboration projects with The Pirbright Institute) would be considered to have not yet met the criteria for capitalisation and should have therefore been expensed. Such projects' costs are likely to meet the capitalisation requirements once they are approved internally to commence the full development phase, subject to careful consideration of residual technical feasibility/risk.

Amortisation of capitalised expenditure is determined with reference to the point at which regulatory approval is given to the product to which the expenditure relates. For historic periods, the approach adopted has been to amalgamate the expenditure incurred on all projects relating to the same product, since the last regulatory approval and then identify the next nearest regulatory approval given for that product in either the same or a subsequent half-year. Amortisation begins in the half-year following the receipt of regulatory approval. A full six months of amortisation is charged in the first half-year for which costs are amortised.

Where the Group has capitalised costs which relate to multiple products, a proportional method is adopted to determined what ratio of costs capitalised to date should be subject to amortisation. This method first looks at capitalised costs that relate to specific products and identifies the proportion of such costs that are subject to amortisation at the end of any given half-year period. The ratio thus calculated is then applied to those costs that relate to multiple products to determine the portion that should be subject to amortisation.

These approaches have been modified where it is possible to allocate an individual capitalised cost to a single identifiable project. In these cases the start date for amortisation is the half-year following the half-year period in which the project receives regulatory approval. Where regulatory approval has not been received for a project, the amortisation has not started.

Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Aivlosin	5% on cost
Ecomectin	10% on cost
Trade marks and patents	10% on cost

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	10%-20% on cost
Fixtures, fittings and equipment	10%-20% on cost
Motor vehicles	25% on cost

Freehold land and buildings valuations are measured as a level 3 recurring fair value measurement. The property is professionally valued by a qualified surveyor at least once every three years. Surpluses (which are not reversals of previous deficits) arising from the periodic valuations are taken to other comprehensive income, and deficits (which are not reversals of previous surpluses) are taken to the income statement within administrative expenses. Depreciation is provided at a rate calculated to expense the valuation less estimated residual value over the remaining useful life of the building at a rate of 2% per annum on a straight line basis. 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 or not available for use, an impairment test is performed at each year end.

In assessing value in use, the expected future cashflows 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 for costs other than goodwill 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 and no reversal of impairment losses recognised on goodwill.

2.11 Investment property

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 fair value as a level 3 recurring fair value measurement.

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 income statement within administrative expenses.

2.12 Investments in subsidiaries

An investment in a subsidiary is where the Group own a controlling interest in an entity. Non-current asset investments are stated at fair value. 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 as the difference between the investment's carrying amount and the present value of estimated future cashflows 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.

2.13 Joint Arrangements

A joint arrangement 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 classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement
- The legal form of joint arrangements structured through a separate vehicle
- The contractual terms of the joint arrangement agreement
- Any other facts and circumstances (including any other contractual arrangements).

The Group has interests in joint operations. The Group recognises its share of the assets, liabilities, income, expenses and cashflows of joint operations combined with the equivalent items in the consolidated financial statements on a line by line basis.

2.14 Investments in Associates

An associate is an entity in which an investor has significant influence but not control or joint control. Significant influence is defined as "the power to participate in the financial and operating policy decisions but not to control them".

The Group reports its interests in associates using the equity method of accounting. Under this method, an equity investment is initially recorded at cost (subject to initial fair value adjustment if acquired as part of the acquisition of a subsidiary) and is subsequently adjusted to reflect the Group's share of the net profit or loss of the associate. If the Group's share of losses of an associate equals or exceeds its "interest in the associate", the Group discontinues recognising its share of further losses. If the associate subsequently reports profits, the investor resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

2.15 Leasing

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases under IFRS 16, as applied from the transition date of 1 April 2018, except for short-term leases and leases of low-value assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease, which is the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in the section 2.10.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (for example, changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases, being those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. The Group also applies the recognition exemption to leases of which the underlying asset is of low value, comprising assets below the Group's capitalisation threshold. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Practical expedients

The Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

In particular, the Group applied:

- not to reassess whether a contract is, or contains, a lease at the date of initial application;
- application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- hindsight to determine the lease term;
- exclusion of low-value leases – leases for which the underlying assets are below the Group's capitalisation threshold; and
- exclusion of short-term leases – leases with lease term ending within twelve months of the date of initial application.

2.16 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the historical batch price of the principal raw materials and the historical average cost for other ingredients and other product costs. The cost of finished goods comprises raw materials, packaging costs and sub-contracted manufacturing costs. Net realisable value is the estimated selling price in the ordinary course of business, less any costs which would be incurred in completing the goods ready for sale..

2.17 Trade receivables

Trade receivables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Trade receivables are presented net of discounts or other variable consideration adjustments earned, where the expectation and intention is to settle the balance net. Impairment provisions are recognised based on the simplified approach in accordance with IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. See impairment section in section '2.6 Financial instruments' for more details.

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

2.19 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.

2.20 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 amortised cost 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.

2.21 Trade payables

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

2.22 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.

2.23 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. Transaction price is determined by the contract and variable consideration relating to discounts, free goods or volume rebates have been constrained in estimating contract revenue that is highly probable by using the most likely amount method.

The Group's contracts for delivery of goods are less than 12 months, there are no warranties within its sales contracts.

Revenue is recognised when the performance obligation is fulfilled and the amount can be measured reliably. The performance obligation is fulfilled when control of the goods passes to the customer, which is normally in accordance with Incoterms or receipt by customer. No goods are dispatched on a sale or return basis. Distributors trade on their own account and not as agents.

The Group also receives interest, royalty income. The amounts are small and are recognised on an accruals basis.

2.24 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 IAS 19. 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 recognised through other comprehensive income.

2.25 Share-based payments

The Group issues equity-settled share options to certain employees in exchange for services from those employees. Equity-settled share options 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 date of such equity-settled share options 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).

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been established based on management's best estimate of 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 24 to the accumulating share based payment charges in reserves . Share-based payment charges are credited to retained earnings only; subsequent to the prior year adjustment explained in note 3, the share-based payment reserve account balance is subsumed within retained earnings.

2.26 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 profit or loss or other 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.

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.

IFRIC 23 Uncertainty over Income Tax Treatments

IFIRC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation requires:

- The Group to determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- The Group to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. The measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

2.27 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.

Amounts arising from share-based payment expenses recorded in the Group's results are recorded within retained earnings.

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.

Amounts arising from the revaluation of non-monetary assets and liabilities held in foreign subsidiaries, and joint operations are held within the foreign exchange revaluation reserve.

Amounts arising from revaluations of assets not taken through the income statement or other comprehensive income are held within the Revaluation reserve.

2.28 Non-controlling (minority) interest

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. 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.

2.29 Dividend distribution

Dividends are recorded when they become a legal obligation of the Company. For final dividends, this will be when they are approved by the shareholders at the AGM. For interim dividends, this will be when they have been paid.

2.30 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:

- Capitalisation and impairment review of intangible assets

  The Group assesses development costs incurred for capitalisation in accordance with the requirements of IAS38 and the Group's accounting policy described in Note 2.8. The stage of development and assessment of technical and commercial feasibility, in particular, require the use of judgements and estimates in consultation with the new product development team.

  The Group tests annually whether intangible assets with indefinite life, not yet available for use or 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.

  The recoverable amounts of the Cash Generating Units (CGU's) to which intangible assets are allocated 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. The Group also reviews and quantifies the tax implications related to any recognised impairments and these are included within tax calculations as appropriate.

  Further details of the impairment reviews performed can be found in note 12 of the financial statements.

- 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.

  Deferred tax assets on timing differences are recognised to the extent by which future profits will be generated to utilise the underlying costs or losses to which they relate.

- Pension scheme

  The Group maintains one defined benefit pension scheme which has been accounted for according to the provisions of IAS 19. 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 23 of the financial statements.

- 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 valuation model, as disclosed in note 24. Variations in those assumptions in the model may have a material impact on the Group's results and financial position at the time of valuation.

- Leases – estimating the incremental borrowing rate

  Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

  In practice, the Group considered the following aspects in the assessment of IBR. Once decided, the IBR will remain unchanged unless there are modifications in lease terms or changes in the assessment of an option to purchase the underlying asset.

  - A base rate that reflects economic environment and the term of the lease. This is mainly derived from the yield of a government bond issued by the country in which the Group has in scope leases. Where the term of the lease does not conform with the maturity period of the bond, the Group considered other available information such as yields on the bonds with the nearest maturity period, or the yield curve published by the country's treasury department. Considering there is often a difference in the cash flow profile between a lease and government bond, the Group has decided to reduce the base rate by 0.05% to 0.10%.

  - Financing factors that reflect the lessee companies' risk premium on borrowing. Management considered the financial strength and credit risk of lessee companies and estimated the credit spread to be in the range of 1.50% to 5.00%.

  - Asset factors that reflect the quality of hypothetical security. Depending on the location and type of underlying assets, the Group expects the quality of security in this hypothetical borrowing transaction to vary. For example, the right to use a warehouse in rural areas may provide less relevant security compared to commercial office in a major city's central business district. Based on the Group's assessment, the asset factor ranges between -0.45% to -0.50%.

  At 31 March 2020, the Group used a weighted average discount rate of 7.10% (2019 restated: 7.84%).

	2020	**2019 Restated***	**Transition date 1 April 2018**
Property	5.9%	5.8%	5.9%
Vehicle	29.0%	29.0%	29.0%
Other	4.0%	4.0%	4.0%
Weighted average	7.10%	7.84%	7.03%

  *Please refer to Note 3 for further details on prior year restatements.

- Fair value measurement

  A number of assets and liabilities included in the Group's financial statements require measurement, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1 : Quoted prices in active markets for identical items (unadjusted)
- Level 2 : Observable direct or indirect inputs other than Level 1 inputs
- Level 3 : Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of inputs used that has a significant effect on the fair value measurement of the item.

The Group measures a number of items at fair value.

- Revalued land and buildings (note 13)
- Investment property (note 14)
- Pension and other post-retirement benefit commitments (note 23)
- Share-based payments (note 24)
- Initial recognition of Financial instruments (note 32)

For more detailed information in relation to the fair value measure of the items above please refer to the applicable notes.

3. Prior year restatements

The following corrections to the application of the Group's accounting policies to comply with International Financial Reporting Standards have been made as restatements of prior period financial statements for the correction of errors in accordance with IAS 8.

3.1 IFRS 15 Revenue from Contracts with Customers

The Group adopted IFRS 15 – Revenue from Contracts with Customers with effect from 1 April 2018. It was noted in the consolidated financial statements of the Group for the year ended 31 March 2019 that the effect of adoption of this standard was immaterial to the Group.

IFRS 15 provides a single, principles-based five step model to be applied to all sales contracts, based on the transfer of control of goods and services to customers. It replaced the separate guidance in IAS 11 for Construction Contracts and IAS 18 for Revenue. Under IAS 18, the guiding principle for determining when revenue should be recognised was to establish when the transfer of risk and reward of ownership in the goods had passed to customers. IFRS 15 requires a determination of when transfer of control has passed to customers in order to establish when revenue can be recognised.

IFRS 15 (and IAS 18) also requires that sales discounts, commissions, rebates and other sales incentives provided to customers are accounted for as an offset to Revenue.

3.1A Revenue recognition

Historical Treatment	Revised treatment and impact
Revenue has been recognised when goods have been dispatched from the Group's warehouses and factories (third party owned facilities). Historically certain revenue recognition has occurred prior to satisfying the performance obligation.	Having reference to the contractual trading terms with customers, the shipping and transportation methods, Incoterms guidance and other GAAP guidance the moment when control is judged to have passed to the customer was in most cases later than the date that the goods left the warehouse. Accordingly, some revenue previously incorrectly recorded shortly before the relevant period end was moved to the subsequent month and the subsequent accounting period.
	The associated cost of sale was similarly moved to the subsequent accounting period.
	The carrying value of Trade Debtors and Inventory at the relevant Statement of financial position date was consequently adjusted. A retained earnings adjustment reflects the cumulative value of net profit so adjusted in the financial period.

3.1B Sales Discounts

Historical Treatment	Revised treatment and impact
Sales incentives provided to customers comprising volume rebates, discounts and commissions have historically been incorrectly accounted for as a cost of sale.	These allowances have been set off against revenue in the relevant period and cost of sale appropriately adjusted. Trade receivables are presented net of discounts or other variable consideration adjustments earned, where the expectation and intention is to settle the balance net. There is no impact on gross profit or net profit.

3.2 IAS 38 – Intangible Assets

Historical Treatment	Revised treatment and impact
Certain costs relating to the Research and Development team including regulatory affairs were incorrectly capitalised and amortised over a period of 10 or 20 years. Amortisation commenced immediately from the date the costs were capitalised.	Historical costs have been considered in the light of the ECO Animal Health R&D model. IAS 38 (and IAS 36 in respect of amortisation) have been applied to each year and where expenses meet the criteria for capitalisation such costs have remained as capitalised intangible assets , as explained in more detail in note 2.8. Development costs for projects not yet generating sales are subject to annual impairment reviews. Development costs are amortised over their useful economic lives starting from the half year after regulatory approval is obtained to commence product sales, which is the best estimate of when the asset is available for use.
	All other expenses incurred in research, development, technical and regulatory affairs and technical support to the organization have been expensed.
	The impact has been to increase the Research and Development expense (and reduce the amortisation) in the Income Statement in each year and to reduce the value of capitalised intangible assets on the Statement of financial position.

3.3 IFRS 11 – Joint Arrangements

IFRS 11 – Joint Arrangements defines an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:

- The parties are bound by a contractual arrangement.
- The contractual arrangement gives two or more of those parties joint control of the arrangement.

A joint arrangement is either a joint operation or a joint venture. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

In assessing the relationship between the Group and its commercial collaborator in the USA and Canada management has considered the nature of the commercial arrangements, the legal agreement between the parties and other contractual arrangements.

Historical Treatment	**Revised treatment and impact**
The joint arrangements with Pharmgate in the USA and Canada have historically been correctly classified as joint operations. Accordingly, the Group has correctly included in into its income statement the revenue and cost of sale, together with any sales incentives provided to customers, for sales of Aivlosin in those territories. The Group has correctly brought 50% of all administrative costs into its income statement. However, the Group has incorrectly included 50% of each amount held in the Statement of Financial Position of the joint operation's legal entities into the Group's own Statement of financial position totals, being 50% of tangible fixed assets, 50% of trade and other receivables, 50% of cash and 50% of trade and other payables.	The Group has rights and obligations over the individual assets and liabilities in the Statement of financial position. Management considers that the nature of the commercial arrangements and the control that the Group has over the trade receivables and trade payables indicates that the joint arrangement should be also treated as a joint operation in the statement of financial position. The historical Income statement treatment correctly reflects that of a joint operation but on the Statement of financial position the Group should incorporate those assets and liabilities over which it has rights and obligations. Accordingly, the Group has restated past Statements of Financial Position to include the Group's own trade debtors (for Aivlosin sales) and related payable balance, together with 50% of any assets and liabilities pertaining to shared overheads (for example prepayments and accruals of administrative expenses).
	There is no change to the net assets position of the group and the remaining balance of the specific assets and liabilities to be brought into the Group statement of financial position is either cash or a payable to the joint operation. Accordingly, together with trade receivables and payables, the cash/payable to the joint operation balance in the Group's Consolidated Statement of Financial Position has changed.

3.4 Bonuses

An entity may have no legal obligation to pay a bonus. Nevertheless, in some cases, an entity has a practice of paying bonuses. In such cases, the entity has a constructive obligation because the entity has no realistic alternative but to pay the bonus.

Historical Treatment	Revised treatment and impact
Bonuses paid to Directors and Employees in the Group are discretionary, however no assessment was previously performed as to whether a constructive obligation to pay bonuses was present at each year end. As a result the Historical treatment of Bonuses has been to account for them as an expense in the period in which they are paid – normally in October of each year.	Bonuses have been paid in each financial period. Notwithstanding that the bonuses are subject to management and Remuneration Committee discretion, they are customarily paid and the amount paid is considered by reference to individual performance and Group performance in the preceding financial period. Accordingly, it is considered that in accordance with IAS 19 a constructive obligation to pay bonuses has been created at 31 March 2018 and 2019 and the correct accounting treatment is to accrue for these bonuses in the year in which the employment services were received. All periods presented were adjusted.

3.5 IFRS 16 – Leases

Management reviewed the Group's existing list of identified leases under IFRS 16 and reassessed the reasonableness of key inputs used in calculating the lease liabilities and right-of-use assets. Comparing the results, material differences have been identified in the following four areas:

- Leases for two properties and three vehicles have been identified where the Group has only capitalised 50% of the actual lease payments in its original IFRS 16 calculation when 100% is required to be capitalised.
- Leases for one property, one vehicle and two pieces of equipment have not been captured by the original assessment.
- Two contracts have been incorrectly identified as leases as they do not meet the definition of lease under IFRS 16.
- The IBR for all identified leases was originally estimated at 4%. The Group re-estimated its incremental borrowing rate for each class of leases based on consideration over the economic, financing and asset factors. Please see Note 2.30 Critical accounting estimates and judgements for more details. The weighted average IBR based on the Directors' reassessment is 7.03% on transition at 1 April 2018, and 7.84% as at 31 March 2019.

	2019	Transition date 1 April 2018
Property	5.8%	5.9%
Vehicle	29.0%	29.0%
Other	4.0%	4.0%
Weighted average	7.84%	7.03%

Because of the findings above, the Directors consider it necessary to provide a corrected reconciliation between the lease commitment under IAS 17 and the Group's opening lease liabilities on transition date.

	£000's
Operating lease commitments at 31 Mar 2018 under IAS 17 - restated	2,910
Recognition exemption for short-term leases	(36)
Extension and termination options reasonably certain to be exercised	549
Adjusted lease commitments at 31 Mar 2018 before discount	3,423
Discount on lease commitment	(945)
Lease liabilities recognised at 1 Apr 2018	2,478
of which are:	
Current lease liabilities	782
Non-current lease liabilities	1,696

The following table gives details of the amounts introduced into the Group Statement of financial position at 1 April 2018, the IFRS16 transition date, split by category of asset.

	Property £000's Restated	Vehicles £000's Restated	Other £000's Restated	Total £000's Restated
Right-of-use assets introduced				
Cost	2,224	144	22	2,390
Accumulated Depreciation	(395)	(44)	(6)	(445)
Net book value	1,829	100	16	1,945
Lease liabilities introduced	(1,885)	(110)	(17)	(2,012)
Adjustment to opening reserves	(56)	(10)	(1)	(67)

The effect of IFRS 16 "Leases" on net profit for the year ended 31 March 2019 was a reduction in reported profit of £90,000 and the effect on net assets as at 31 March 2019 was a reduction of £157,000.

3.6 Foreign exchange

IAS 21 – The Effects of Changes in Foreign Exchange Rates requires the accumulated foreign exchange gains or losses from the translation of foreign operations on consolidation to be presented as a separate component of equity. Previously this foreign exchange reserve was included in and presented as part of the Group's retained earnings. It was separately disclosed in the notes.

Additionally, the Group has corrected how the foreign exchange gains and losses on its consolidated income statement are presented. Previously they were spread across multiple captions, such as revenue, cost of sales and finance expenses. With this change the overall foreign exchange impact on translation in the income statement is only presented as part of administrative expenses.

3.7A Free Goods Incentive

Zhejiang ECO Biok Animal Health Products Limited (hereafter "ECO BIOK") offers to its customers goods with nominal price (hereafter "free goods") in December each year, based on a percentage of the year-to-date sales to the customer. To qualify for the free goods incentive, the customer will need to meet their annual sales target, which is set upfront in an annual contract at the beginning of each calendar year.

Historically, ECO BIOK assess whether each of the in-scope customers meet their annual target in December each year and ship out the free goods before the end of that month. The cost to ECO BIOK, as a result of this incentive, was recorded in the entity's cost of sales, at the value of the inventory that are shipped out as free goods.

Under IFRS 15, this free goods incentive is viewed as a material right given to customers for future purchases at a discounted price. Therefore, an element of the consideration received on normal sales throughout the year should be allocated to this future performance obligation to provide free goods, which should be in turn recognised as revenue only when the free goods are delivered.

Based on historical data and contractual terms management was able to establish which customers were expected to meet their annual sales targets, the actual percentage against reported sales to be used in the calculation of free goods and confirm the correct amount of contract liabilities to be recognised at the previous year ends. The year-on-year movements of the contract liabilities are reflected in the relevant year's revenue line.

3.7B Bonus accrual

Historically, ECO BIOK has accrued for its staff bonus in December, in respect of the calendar year then ended, with payment in January or February, prior to the Chinese New Year. At the Group's March year-end no bonus accrual was calculated on a pro rata basis, for the anticipated next December bonus. This was incorrect as, in accordance with IAS 19 the correct accounting treatment is to accrue for these bonuses in the corresponding year-end. The restatement has recalculated the year-end accrual to the correct level, which is calculated based on a proportion of the actual paid amount for the year.

3.7C Other prior year adjustments

ECO BIOK incorrectly recognised, at 31 March 2018 and 31 March 2019, accruals for its national promotion conference planned for December each year. The restatement has released the overstated accrual.

3.7D Related party transactions disclosure

Certain related party transactions disclosures were not made in 31 March 2019 financial statements. The required disclosures, including 31 March 2019 comparative amounts, have been made in note 31.

3.8 Share-based payments

The Company and Group has adopted a change in policy to combine the previously reported reserve for share-based payment into retained earnings. The updated accounting policy is included in note 2.24.

Historically the Group has not recognised a deferred tax asset on the expected future tax deduction in respect of share options held at the statement of financial position date. The prior year results have been restated to recognise a tax asset on share options, capped at a level for which there is a right of offset against the deferred tax liability arising on other temporary differences.

3.9 Share-based payments expense – Company only

Historically no separate accounting has been recorded for share based payment charges that related to options issued to employees of subsidiaries of ECO Animal Health Group PLC – the company. The share based payment charge has historically been incorrectly recognised in full in the company income statement.

Intercompany agreements exist which give the company the ability to recharge share-based payment charges to its subsidiary companies. Accordingly when the Directors have reassessed the company accounting for share based payments, they have determined that the expense should be recharged and a related intercompany receivable asset recognised.

Whilst not impacting the consolidated results, the company share based payment charge in the company income statement has decreased and the amounts due from subsidiary companies in the company statement of financial position have increased.

3.10 Impact of restatements of the financial statements

The following tables summarise the impact of adopting the changes, as described above in notes 3.1 to 3.9 on the Group's consolidated financial statements. Prior year adjustments impacting the Company only profit/loss for the year ended 31 March 2019 are presented in the Company Statement of Changes in Equity. References to the specific changes to which those adjustments relate are presented in the table headings as required.

Impact on the Group statement of comprehensive income for the year to 31 March 2019

	As reported	Adjustment Note 3.1A	Adjustment Note 3.1B	Adjustment Note 3.2	Adjustment Note 3.4	Adjustment Note 3.5	Adjustment Note 3.6	Adjustment Note 3.7A	Adjustment Note 3.7B	Adjustment Note 3.7C	Adjustment Note 3.8	Restated
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Revenue	**74,578**	**(4,223)**	**(2,900)**	**-**	**-**	**-**	**(290)**	**88**	**-**	**-**	**-**	**67,253**
Cost of sales	(40,725)	2,379	2,900	-	-	-	(2)	-	-	-	-	(35,448)
Gross Profit	**33,853**	**(1,844)**	**-**	**-**	**-**	**-**	**(292)**	**88**	**-**	**-**	**-**	**31,805**
Other income	35	-	-	-	-	-	-	-	-	-	-	35
Administrative expenses	(14,466)	-	-	-	311	68	-	-	(451)	354	-	(14,184)
R&D expense	-	-	-	(5,868)	-	-	-	-	-	-	-	(5,868)
Currency profits/(losses)	(138)	-	-	-	-	(1)	796	-	-	-	-	657
Amortisation of intangible assets	(3,982)	-	-	2,236	-	-	-	-	-	-	-	(1,746)
Share based payments	(631)	-	-	-	-	-	-	-	-	-	-	(631)
Profit from operating activities:	**14,671**	**(1,844)**	**-**	**(3,632)**	**311**	**67**	**504**	**88**	**(451)**	**354**	**-**	**10,068**
Net finance income/(costs)	562	-	-	-	-	(55)	(504)	-	-	-	-	3
Share of profit of associate	14	-	-	-	-	-	-	-	-	-	-	14
Profit before income tax	**15,247**	**(1,844)**	**-**	**(3,632)**	**311**	**12**	**-**	**88**	**(451)**	**354**	**-**	**10,085**
Income tax charge	(1,680)	348	-	59	(59)	-	-	(23)	117	(92)	91	(1,239)
Profit for the period	**13,567**	**(1,496)**	**-**	**(3,573)**	**252**	**12**	**-**	**65**	**(334)**	**262**	**91**	**8,846**
Attributable to:												
Owner of parent company	11,755	(1,273)	-	(3,573)	252	4	-	33	(170)	134	91	7,253
Non-controlling interest	1,812	(223)	-	-	-	8	-	32	(164)	128	-	1,593
	13,567	**(1,496)**	**-**	**(3,573)**	**252**	**12**	**-**	**65**	**(334)**	**262**	**91**	**8,846**

	As reported	Adjustment Note 3.1A	Adjustment Note 3.1B	Adjustment Note 3.2	Adjustment Note 3.4	Adjustment Note 3.5	Adjustment Note 3.6	Adjustment Note 3.7A	Adjustment Note 3.7B	Adjustment Note 3.7C	Adjustment Note 3.8	Restated
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Earnings per share (pence)	17.60	(1.91)	-	(5.35)	0.38	0.01	-	0.05	(0.25)	0.20	0.13	10.86
Diluted earnings per share (pence)	17.35	(1.88)	-	(5.27)	0.37	0.01	-	0.05	(0.25)	0.20	0.13	10.71
Earnings before interest, taxation, depreciation, amortisation and share based payments **(EBITDA)**	**19,949**	**(1,844)**	**-**	**(5,868)**	**311**	**66**	**504**	**88**	**(451)**	**354**	**-**	**13,109**
Exclude foreign exchange differences	138	-	-	-	-	1	(796)	-	-	-	-	(657)
Adjusted EBITDA excluding foreign exchange differences	20,087	(1,844)	-	(5,868)	311	67	(292)	88	(451)	354	-	12,452

Impact on the Group statement of financial position as at 31 March 2019

	As reported	Adjustment Note 3.1A	Adjustment Note 3.1B	Adjustment Note 3.2	Adjustment Note 3.3	Adjustment Note 3.4	Adjustment Note 3.5	Adjustment Note 3.6	Adjustment Note 3.7A	Adjustment Note 3.7B	Adjustment Note 3.7C	Adjustment Note 3.8	Restated
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Non-current assets													
Intangible assets	62,734	-	-	(21,839)	-	114	-	-	-	-	-	-	41,009
Property, plant and equipment	2,144	-	-	-	-	-	-	-	-	-	-	-	2,144
Investment property	200	-	-	-	-	-	-	-	-	-	-	-	200
Right of use assets	1,930	-	-	-	-	-	(255)	-	-	-	-	-	1,675
Investments	116	-	-	-	-	-	-	-	-	-	-	-	116
	67,124	**-**	**-**	**(21,839)**	**-**	**114**	**(255)**	**-**	**-**	**-**	**-**	**-**	**45,144**
Current assets													
Inventories	16,107	3,370	-	-	-	-	-	-	-	-	-	-	19,477
Trade and other receivables	29,537	(5,901)	(570)	-	11	-	-	-	-	-	256	-	23,333
Income tax recoverable	466	252	-	-	-	62	-	-	52	117	(122)	-	827
Other taxes and social security	462	-	-	-	-	-	-	-	-	-	-	-	462
Cash and cash equivalents	18,068	-	-	-	(1,205)	-	-	-	-	-	-	-	16,863
	64,640	**(2,279)**	**(570)**	**-**	**(1,194)**	**62**	**-**	**-**	**52**	**117**	**134**	**-**	**60,962**
Total assets	**131,764**	**(2,279)**	**(570)**	**(21,839)**	**(1,194)**	**176**	**(255)**	**-**	**52**	**117**	**134**	**-**	**106,106**

Impact on the Group statement of financial position as at 31 March 2019

	As reported	Adjustment Note 3.1A	Adjustment Note 3.1B	Adjustment Note 3.2	Adjustment Note 3.3	Adjustment Note 3.4	Adjustment Note 3.5	Adjustment Note 3.6	Adjustment Note 3.7A	Adjustment Note 3.7B	Adjustment Note 3.7C	Adjustment Note 3.8	Restated
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Current liabilities													
Trade and other payables	(13,809)	-	570	-	1,194	(878)	-	-	(201)	(451)	212	-	(13,363)
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax	(1,000)	184	-	-	-	-	-	-	-	-	-	-	(816)
Other taxes and social security	(533)	-	-	-	-	-	-	-	-	-	-	-	(533)
Amounts due under leases	(415)	-	-	-	-	-	85	-	-	-	-	-	(330)
Dividends	(49)	-	-	-	-	-	-	-	-	-	-	-	(49)
	(15,806)	**184**	**570**	**-**	**1,194**	**(878)**	**85**	**-**	**(201)**	**(451)**	**212**	**-**	**(15,091)**
Total assets less current liabilities	**115,958**	**(2,095)**	**-**	**(21,839)**	**-**	**(702)**	**(170)**	**-**	**(149)**	**(334)**	**346**	**-**	**91,015**
Non current liabilities													
Deferred tax	(1,616)	-	-	1,113	-	-	-	-	-	-	-	503	-
Amounts due under leases	(1,573)	-	-	-	-	-	133	-	-	-	-	-	(1,440)
Total assets less total liabilities	**112,769**	**(2,095)**	**-**	**(20,726)**	**-**	**(702)**	**(37)**	**-**	**(149)**	**(334)**	**346**	**503**	**89,575**
Equity													
Capital and reserves													
Issued share capital	3,372	-	-	-	-	-	-	-	-	-	-	-	3,372
Share premium account	62,650	-	-	-	-	-	-	-	-	-	-	-	62,650
Revaluation reserve	664	-	-	-	-	-	-	-	-	-	-	-	664
Other reserves	3,342	-	-	-	-	-	-	-	-	-	-	(3,236)	106
Foreign exchange reserve	-	-	-	-	-	-	-	467	-	-	-	-	467
Retained earnings	37,377	(1,905)	-	(20,726)	-	(702)	(33)	(467)	(76)	(170)	177	3,739	17,214
Shareholders' funds	**107,405**	**(1,905)**	**-**	**(20,726)**	**-**	**(702)**	**(33)**	**-**	**(76)**	**(170)**	**177**	**503**	**84,473**
Non-controlling interests	5,364	(190)	-	-	-	-	(4)	-	(73)	(164)	169	-	5,102
Total equity	**112,769**	**(2,095)**	**-**	**(20,726)**	**-**	**(702)**	**(37)**	**-**	**(149)**	**(334)**	**346**	**503**	**89,575**

Impact on the Group statement of financial position as at 31 March 2018

	As reported	Adjustment Note 3.1A	Adjustment Note 3.2	Adjustment Note 3.3	Adjustment Note 3.4	Adjustment Note 3.6	Adjustment Note 3.7A	Adjustment Note 3.7C	Adjustment Note 3.8	Restated
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's		£000's
Non-current assets										
Intangible assets	57,631	-	(18,207)	-	232	-	-	-	-	39,656
Property, plant and equipment	1,866	-	-	-	-	-	-	-	-	1,866
Investment property	200	-	-	-	-	-	-	-	-	200
Right of use assets	-	-	-	-	-	-	-	-	-	-
Investments	98	-	-	-	-	-	-	-	-	98
	59,795	**-**	**(18,207)**	**-**	**232**	**-**	**-**	**-**	**-**	**41,820**
Current assets										
Inventories	17,663	991	-	-	-	-	-	-	-	18,654
Trade and other receivables	17,193	(1,678)	-	(296)	-	-	-	-	-	15,219
Income tax recoverable	113	64	-	-	121	-	75	(30)	-	343
Other taxes and social security	1,160	-	-	-	-	-	-	-	-	1,160
Cash and cash equivalents	21,261	-	-	(918)	-	-	-	-	-	20,343
	57,390	**(623)**	**-**	**(1,214)**	**121**	**-**	**75**	**(30)**	**-**	**55,719**
Total assets	**117,185**	**(623)**	**(18,207)**	**(1,214)**	**353**	**-**	**75**	**(30)**	**-**	**97,539**

	As reported	Adjustment Note 3.1A	Adjustment Note 3.2	Adjustment Note 3.3	Adjustment Note 3.4	Adjustment Note 3.6	Adjustment Note 3.7A	Adjustment Note 3.7C	Adjustment Note 3.8	Restated
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's		£000's
Current liabilities										
Trade and other payables	(10,715)	-	-	1,214	(1,307)	-	(289)	114	-	(10,983)
Borrowings	-	-	-	-	-	-	-	-	-	-
Income tax payable	(152)	24	-	-	-	-	-	-	-	(128)
Other taxes and social security	(108)	-	-	-	-	-	-	-	-	(108)
Lease liabilities	-	-	-	-	-	-	-	-	-	-
Dividends	(42)	-	-	-	-	-	-	-	-	(42)
	(11,017)	**24**	**-**	**1,214**	**(1,307)**	**-**	**(289)**	**114**	**-**	**(11,261)**
Total assets less current liabilities	106,168	(599)	(18,207)	-	(954)	-	(214)	84	-	86,278
Non current liabilities										
Deferred tax	(1,293)	-	1,054	-	-	-	-	-	239	-
Lease liabilities	-	-	-	-	-	-	-	-	-	-
Total assets less total liabilities	**104,875**	**(599)**	**(17,153)**	**-**	**(954)**	**-**	**(214)**	**84**	**239**	**86,278**
Equity										
Capital and reserves										
Issued share capital	3,291	-	-	-	-	-	-	-	-	3,291
Share premium account	58,847	-	-	-	-	-	-	-	-	58,847
Revaluation reserve	664	-	-	-	-	-	-	-	-	664
Other reserves	2,823	-	-	-	-	-	-	-	(2,717)	106
Foreign exchange revaluation reserve	-	-	-	-	-	484	-	-	-	484
Retained earnings	34,065	(632)	(17,153)	-	(954)	(484)	(109)	43	2,956	17,732
Shareholders' funds	**99,690**	**(632)**	**(17,153)**	**-**	**(954)**	**-**	**(109)**	**43**	**239**	**81,124**
Non-controlling interests	5,185	33	-	-	-	-	(105)	41	-	5,154
Total equity	**104,875**	**(599)**	**(17,153)**	**-**	**(954)**	**-**	**(214)**	**84**	**239**	**86,278**

Impact on the Group statement of cash flows for the year ended 31 March 2019

	As reported	Adjustment Note 3.1A	Adjustment Note 3.1B	Adjustment Note 3.2	Adjustment Note 3.3	Adjustment Note 3.4	Adjustment Note 3.5	Adjustment Note 3.7A	Adjustment Note 3.7B	Adjustment Note 3.7C	Adjustment Note 3.8	Restated
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cashflows from operating activities												
Profit before income tax	15,247	(1,844)	-	(3,632)	-	311	12	88	(451)	354	-	10,085
Adjustment for:												
Finance income	(127)	-	-	-	-	-	-	-	-	-	-	(127)
Finance cost	69	-	-	-	-	-	55	-	-	-	-	124
Foreign exchange gain/(loss)	(504)	-	-	-	-	-	-	-	-	-	-	(504)
Depreciation	340	-	-	-	-	-	-	-	-	-	-	340
Amortisation of right-of-use assets	380	-	-	-	-	-	-	-	-	-	-	380
Revaluation of freehold property	(55)	-	-	-	-	-	-	-	-	-	-	(55)
Amortisation of intangible assets	3,982	-	-	(2,237)	-	-	-	-	-	-	-	1,745
Pension payments	(59)	-	-	-	-	-	-	-	-	-	-	(59)
Share of post-tax profits of equity accounted joint operations	(14)	-	-	-	-	-	-	-	-	-	-	(14)
Impairment of investments	-	-	-	-	-	-	-	-	-	-	-	-
Share based charge	631	-	-	-	-	-	-	-	-	-	-	631
Operating cash flow before movement in working capital	**19,890**	**(1,844)**	**-**	**(5,869)**	**-**	**311**	**67**	**88**	**(451)**	**354**	**-**	**12,546**

	As reported	Adjustment Note 3.1A	Adjustment Note 3.1B	Adjustment Note 3.2	Adjustment Note 3.3	Adjustment Note 3.4	Adjustment Note 3.5	Adjustment Note 3.7A	Adjustment Note 3.7B	Adjustment Note 3.7C	Adjustment Note 3.8	Restated
	£000's	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**	**£000's**
Increase)/decrease in inventories	1,556	(3,370)	-	-	-	-	-	-	-	-	-	(1,814)
(Increase)/decrease in trade and other receivables	(11,646)	5,901	570	-	(307)	-	-	-	-	(256)	-	(5,738)
Increase/(decrease) in trade and other payables	3,540	(478)	(570)	(1,112)	40	816	15	149	334	(90)	(503)	2,141
Cash generated from operations	**13,340**	**209**	**-**	**(6,981)**	**(267)**	**1,127**	**82**	**237**	**-**	**8**	**(503)**	**7,135**
Finance costs	(69)	-	-	-	-	-	(69)	-	-	-	-	-
Income tax	(862)	-	-	-	-	-	-	-	-	-	-	(862)
Net cash from operating activities	**12,409**	**209**	**-**	**(6,981)**	**(267)**	**1,127**	**(151)**	**237**	**(117)**	**8**	**(503)**	**6,273**

	As reported	Adjustment Note 3.1A	Adjustment Note 3.1B	Adjustment Note 3.2	Adjustment Note 3.3	Adjustment Note 3.4	Adjustment Note 3.5	Adjustment Note 3.7A	Adjustment Note 3.7B	Adjustment Note 3.7C	Adjustment Note 3.8	Restated
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cash flows from investing activities												
Acquisition of property plant and equipment	(566)	-	-	-	-	-	-	-	-	-	-	(566)
Disposal of property plant and equipment	5	-	-	-	-	-	-	-	-	-	--	5
Purchase of intangibles	(9,085)	-	-	5,869	-	118	-	-	-	-		(3,098)
Finance income	127	-		-	-	-	-	-	-	-	-	127
Net cash from investing activities	**(9,519)**	**-**	**-**	**5,869**	**-**	**118**	**-**	**-**	**-**	**-**	**-**	**(3,532)**
Cash flows from financing activities												
Proceeds from issue of share capital	3,884	-	-	-	-	-	-	-	-	-	-	3,884
Interest paid on lease liabilities	67	-	-	-	-	-	(206)	-	-	-	-	(139)
Principal paid on lease liabilities	(406)	-	-	-	-	-	68	-	-	-	-	(338)
Dividends paid	(10,121)	-	-	-	-	-	-	-	-	-	-	(10,121)
Net cash from financing activities	**(6,576)**	**-**	**-**	**-**	**-**	**-**	**(138)**	**-**	**-**	**-**	**-**	**(6,714)**
Net decrease in cash and cash equivalents	**(3,686)**	**209**	**-**	**(1,112)**	**(267)**	**1,245**	**13**	**237**	**(117)**	**8**	**(503)**	**(3,973)**
Foreign exchange movements	493	-	-	-	-	-	-	-	-	-	-	493
Balance at the beginning of the period	21,261	-	-	-	(918)	-	-	-	-	-	-	20,343
Cash and cash equivalents at the end of the period	**18,068**	**209**	**-**	**(1,112)**	**(1,185)**	**1,245**	**13**	**237**	**(117)**	**8**	**(503)**	**16,863**

Impact on the Company statement of financial position as at 31 March 2019

	As reported	Adjustment Note 3.4	Adjustment Note 3.5	Adjustment Note 3.8	Adjustment Note 3.9	Restated
	£000's	£000's	£000's	£000's	£000's	£000's
Non current assets						
Intangible assets	-	-	-	-	-	-
Property, plant and equipment	769	-	-	-	-	769
Investment property	200	-	-	-	-	200
Right of use assets	30	-	27	-	-	57
Investments	20,077	-	-	-	-	20,077
Amounts due from subsidiary Company	58,510	-	-	-	1,478	59,988
	79,586	**-**	**27**	**-**	**1,478**	**81,091**
Current assets						
Inventories	-	-	-	-	-	-
Trade and other receivables	46	-	-	-	-	46
Income tax recoverable	-	14	-	-	-	14
Other taxes and social security	145	-	-	-	-	145
Cash and cash equivalents	4,236	-	-	-	-	4,236
	4,427	**14**	**-**	**-**	-	**4,441**
Total assets	**84,013**	**14**	**27**	**-**	**1,478**	**85,532**

	As reported	Adjustment Note 3.4	Adjustment Note 3.5	Adjustment Note 3.8	Adjustment Note 3.9	Restated
	£000's	£000's	£000's	£000's	£000's	£000's
Current liabilities						
Trade and other payables	(181)	(115)	-	-	-	(296)
Borrowings	-	-	-	-	-	-
Income tax	-	-	-	-	-	-
Other taxes and social security	(90)	-	-	-	-	(90)
Amounts due under leases	(16)	-	(20)	-	-	(36)
Dividends	(49)	-	-	-	-	(49)
	(336)	**(115)**	**(20)**	**-**	**-**	**(471)**
Total assets less current liabilities	**83,677**	**(101)**	**7**	**-**	**1,478**	**85,061**
Non current liabilities						
Deferred tax	(85)	-	-	85	-	-
Amounts due under leases	(12)	-	(17)	-	-	(29)
Total assets less total liabilities	**83,580**	**(101)**	**(10)**	**85**	**1,478**	**85,032**
Equity						
Capital and reserves						
Issued share capital	3,372	-	-	-	-	3,372
Share premium account	62,650	-	-	-	-	62,650
Revaluation reserve	395	-	-	-	-	395
Other reserves	3,342	-	-	(3,236)	-	106
Foreign exchange revaluation reserve	-	-	-	-	-	-
Retained earnings	13,821	(101)	(10)	3,321	-	18,509
Shareholders' funds	**83,580**	**(101)**	**(10)**	**85**	**1,478**	**85,032**
Non-controlling interests	-	-	-	-	-	-
Total equity	**83,580**	**(101)**	**(10)**	**85**	**1,478**	**85,032**

Impact on the Company statement of financial position as at 31 March 2018

	As reported	Adjustment Note 3.4	Adjustment Note 3.8	Adjustment Note 3.9	Restated
	£000's	£000's	£000's	£000's	£000's
Non current assets					
Intangible assets	-	-	-	-	-
Property, plant and equipment	716	-	-	-	716
Investment property	200	-	-	-	200
Right of use assets	-	-	-	-	-
Investments	20,077	-	-	-	20,077
Amounts due from subsidiary Company	46,326	-	-	1,324	47,650
	67,319	**-**	**-**	**1,324**	**68,643**
Current assets					
Inventories	-	-	-	-	-
Trade and other receivables	213	-	-	-	213
Income tax recoverable	-	22	-	-	22
Other taxes and social security	518	-	-	-	518
Cash and cash equivalents	4,959	-	-	-	4,959
	5,690	**22**	**-**	**-**	**5,712**
Total assets	**73,009**	**22**	**-**	**1,324**	**74,355**

	As reported	Adjustment Note 3.4	Adjustment Note 3.8	Adjustment Note 3.9	Restated
	£000's	£000's	£000's	£000's	£000's
Current liabilities					
Trade and other payables	(234)	(194)	-	-	(428)
Borrowings	-	-	-	-	-
Income tax	-	-	-	-	-
Other taxes and social security	(98)	-	-	-	(98)
Amounts due under leases	-	-	-	-	-
Dividends	(42)	-	-	-	(42)
	(374)	**(194)**	**-**	**-**	**(568)**
Total assets less current liabilities	**72,635**	**(172)**	**-**	**1,324**	**73,787**
Non current liabilities				-	
Deferred tax	(90)	-	90	-	-
Amounts due under leases	-	-	-	-	-
Total assets less total liabilities	**72,545**	**(172)**	**90**	**1,324**	**73,787**
Equity					
Capital and reserves				**-**	
Issued share capital	3,291	-	-	-	3,291
Share premium account	58,847	-	-	-	58,847
Revaluation reserve	395	-	-	-	395
Other reserves	2,823	-	(2,717)	-	106
Foreign exchange revaluation reserve	-	-	-	-	-
Retained earnings	7,189	(172)	2,807	1,324	11,148
Shareholders' funds	**72,545**	**(172)**	**90**	**1,324**	**73,787**
Non-controlling interests	-	-	-	-	-
Total equity	**72,545**	**(172)**	**90**	**1,324**	**73,787**

Impact on the Company statement of cash flows for the year ended 31 March 2019

	As reported	Adjustment Note 3.4	Adjustment Note 3.5	Adjustment Note 3.9	Restated
	£000's	£000's	£000's	£000's	£000's
Profit before income tax	15,050	71	(3)	154	15,272
Adjustment for:					
Finance income	(937)	-	20	-	(917)
Finance cost	-	-	-	-	-
Depreciation	19	-	(2)	-	17
Amortisation of right-of-use assets	-	-	15	-	15
Revaluation of freehold property	(55)	-	-	-	(55)
Pension payments	(59)	-	-	-	(59)
Share based charge	631	-	-	(326)	305
Operating cash flow before movement in working capital	**14,649**	**71**	**30**	**(172)**	**14,578**
Change in inventories	-	-	-	-	-
Change in receivables	(11,644)	-	-	172	(11,472)
Change in payables	(39)	(79)	15	-	(103)
Cash generated from operations	**2,966**	**(8)**	**45**	**-**	**3,003**
Finance costs	(2)	-	-	-	(2)
Income tax	(13)	-	-	-	(13)
Net cash from operating activities	**2,951**	**(8)**	**45**	**-**	**2,988**
Cash flows from investing activities					
Acquisition of property plant and equipment	(2)	-	-	-	(2)
Disposal of property plant and equipment	-	-	-	-	-
Purchase of intangibles	-	-	-	-	-
Finance income	938	-	-	-	938
Net cash from investing activities	**936**	**-**	**-**	**-**	**936**
Cash flows from financing activities					
Proceeds from issue of share capital	3,884	-	-	-	3,884
Interest paid on lease liabilities	1	-	(23)	-	(22)
Principal paid on lease liabilities	(17)	-	(14)	-	(31)
Dividends paid	(8,478)	-	-	-	(8,478)
Net cash (used in)/from financing activities	**(4,610)**	**-**	**(37)**	**-**	**(4,647)**
Net decrease in cash and cash equivalents	**(723)**	**(8)**	**8**	**-**	**(723)**
Foreign exchange movements	-	-	-	-	-
Balance at the beginning of the period	4,959	-	-	-	4,959
Cash and cash equivalents at the end of the period	**4,236**	**(8)**	**8**	**-**	**4,236**

4. Segment information

Management has determined the operating segments based on the reports reviewed by the Board to make strategic decisions. The Board considers the business from a geographical perspective. Geographically, management considers the performance in the Corporate/UK, China and Japan, North America, South and South East Asia, Latin America, Europe and the Rest of the World.

Revenues are geographically allocated by the destination of customer.

The performance of these geographical segments is measured using Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"), adjusted to exclude share based payments expenses.

	Corporate/ U.K.	China & Japan	North America	S & SE Asia	Latin America	Europe	Rest of World	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Year ended 31 March 2020								
Total segment revenue	3,507	27,085	22,297	25,303	19,540	14,549	2,378	114,659
Inter-segment revenue	(1,739)	(3,937)	(10,662)	(11,128)	(6,939)	(6,959)	(1,189)	(42,553)
Revenue from external customers	1,768	23,148	11,635	14,175	12,601	7,590	1,189	72,106
Sale of goods	1,768	23,148	11,635	14,175	12,601	7,590	1,032	71,949
Royalties	-	-	-	-	-	-	157	157
	1,768	23,148	11,635	14,175	12,601	7,590	1,189	72,106
Adjusted EBITDA	(15,011)	6,499	4,196	6,266	2,286	2,951	636	7,823
Total Assets	30,923	31,417	17,212	7,968	12,355	4,585	945	105,405
Year ended 31 March 2019 (All 2019 figures have been restated)								
Total segment revenue	2,835	34,400	18,678	19,034	13,972	15,519	3,466	107,904
Inter-segment revenue	(1,418)	(7,613)	(8,135)	(10,943)	(3,193)	(7,616)	(1,733)	(40,651)
Revenue from external customers	1,417	26,787	10,543	8,091	10,779	7,903	1,733	67,253
Sale of goods	1,417	26,787	10,543	8,091	10,779	7,903	1,576	67,096
Royalties	-	-	-	-	-	-	157	157
	1,771	26,787	10,543	8,091	10,779	7,903	1,733	67,253
Adjusted EBITDA	(1,771)	6,443	2,242	2,293	1,133	2,234	535	13,109
Total Assets	21,630	24,982	12,492	14,757	15,978	12,523	3,744	106,106

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

Adjusted EBITDA includes (Gain)/Loss on foreign exchange transactions.

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

	2020	2019
	£000's	£000's Restated
Adjusted EBITDA for reportable segments	7,823	13,109
Depreciation	(334)	(340)
Amortisation of right of use assets	(389)	(380)
Revaluation of freehold property	-	55
Revaluation of investment property	64	-
Amortisation	(1,685)	(1,745)
Share-based payment charges	(284)	(631)
Profit before tax on continuing activities	5,195	10,068

Product Revenues

	2020	2019
	£000's	£000's Restated*
Aivlosin	60,686	52,212
Ecomectin	3,951	3,686
Others	7,469	11,355
Total	72,106	67,253

Contract Balances

	2020	2019
Within one year or on demand	£000's	£000's Restated*
At 1 April	847	289
Amounts included in contract liabilities that was recognised as revenue during the period	(847)	(289)
Cash received in advance of performance and not recognised as revenue during the period	594	847
At 31 March	594	847

*Please refer to Note 3 for further details on prior year adjustments

The Group recognised contract liabilities of £594,000 at 31 March 2020 (2019: restated £847,000). The Group does not hold any long term sales contracts and any rebates, discounts or free goods incentives are settled and recognised as revenue within the next accounting period. Contract balances are reported within trade and other payables on the Statement of Financial Position.

5. Other income

	2020 £000's	2019 £000's
Management charges	7	30
Sundry income	98	5
	105	35

6. Result from operating activities

	2020 £000's	2019 £000's Restated
Result from operating activities is stated after charging/(crediting)		
Cost of inventories recognised as an expense	38,381	35,337
Employee benefits expenses	9,968	8,969
Amortisation of intangible assets (note 12)	1,685	1,745
Depreciation (note 13)	334	340
Amortisation of right of use assets (note 15)	389	380
Revaluation of freehold property	-	(55)
Revaluation of investment property (note 14)	(64)	-
Gain/(Loss) on foreign exchange transactions	(539)	657
Research and development	8,775	5,868
Impairment losses on trade receivables	139	64
Fees payable to the Company's auditor for the audit of the parent Company and Group annual accounts	54	18
Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries	47	66

*Please refer to Note 3 for further details on prior year adjustments

Fees payable to the Company's auditor for the audit of the parent Company and Group annual accounts, for the year ended 31 March 2020, were £414,000 (2019: £18,000), and fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries were £460,000 (2019: £66,000).

	2020	2019
	£000's	£000's Restated
Earnings before interest, tax, depreciation, amortisation and impairment, share-based payments and foreign exchange differences (adjusted EBITDA)		
Profit from operating activities	5,195	10,068
Depreciation	334	340
Amortisation of right of use assets	389	380
Revaluation of investment property	(64)	(55)
Amortisation	1,685	1,745
Share-based payments	284	631
	7,823	13,109
Foreign exchange differences	539	(657)
	8,362	12,452

Management believe that adjusted EBITDA is the most appropriate measure of the Group's performance as it is the initial source for all re-investment and for all returns to shareholders. Investors, bankers and analysts all focus on this important measure of underlying performance because it enables them to make judgements about the Group's ability to generate sufficient cash to meet all the re-investment needs of the business while still providing adequate returns to shareholders. Therefore, adjusted EBITDA has a direct relationship with the value of the Group and is seen by our investors as a Key Performance Indicator for management.

The following items are adjusted for in the calculation of adjusted EBITDA as defined by the Group.

Item	Rationale for Adjustment
Depreciation and Amortisation	These items are a result of past investments and therefore, although they are correctly recorded as a cost of the business, they do not reflect current or future cash outflows. Additionally, Depreciation and Amortisation calculations are subject to judgement regarding useful lives and residual values of particular assets and the adjustment removes the element of judgement.
Revaluation of Investment Property	These are subject to judgement and do not reflect cash flows.
Gains and Losses on Disposal of Fixed Assets and Impairment of Intangibles	These items are a result of past investments and therefore, although they are correctly recorded as income or cost of the business, they do not reflect current or future cash outflows
Share Based Payments	This item is subject to judgement and will never be reflected in the Group's cash flows.
Foreign Exchange differences	Since the key driver of this figure is the revaluation of monetary assets denominated in foreign currency at the period end, which may reverse prior to settlement, taking this figure out of the EBITDA figure removes volatility from the performance measure. Foreign exchange movements are largely outside of the Group's control, so this gives a better measure of the Group's progress than statutory profit measures which include them.

7. Finance income/(costs)

	2020	2019
	£000's	£000's Restated
Finance income		
Interest received on short term bank deposits	112	127
Finance costs		
Interest paid	(18)	(1)
Interest paid on lease liabilities	(124)	(123)
	(142)	(124)
	(30)	3

8. 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.

	2020			2019		
	Earnings 2020	Weighted average number of shares 2020	Per share amount 2020	Earnings 2019	Weighted average number of shares 2019	Per share amount 2019
	£000's	000's	(pence)	£000's Restated	000's	(pence) Restated
Earnings attributable to ordinary shareholders on continuing operations after tax	2,582	67,530	3.82	7,253	66,794	10.86
Dilutive effect of share options	-	2,783	(0.15)	-	943	(0.15)
Fully diluted earnings per share	2,582	70,313	3.67	7,253	67,737	10.71

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

9. Taxation

	2020	2019
Current tax year	**£000's**	**£000's Restated**
Foreign corporation tax on profits for the year	1,520	1,493
Withholding tax on intercompany dividend	54	92
Research and development tax credits claimed in the year	(1,000)	(414)
Research and development tax credits - adjustment for prior year	196	(104)
Deferred tax		
Origination and reversal of temporary differences	187	261
Due to change in effective rate	75	(89)
Income tax charge	1,032	1,239
Deferred tax recognised through reserves	373	(173)
Origination and reversal of temporary differences	1	-
Due to change in effective rate	374	(173)

	2020	2019
Factors affecting the tax charge for the year	**£000's**	**£000's Restated**
Profit on ordinary activities before taxation	5,207	10,085
Profit on ordinary activities before taxation multiplied by the applicable rate of UK corporation tax of 19% (2019: 19%)	989	1,916
Effects of:		
Non deductible expenses	324	1,451
Non chargeable credits	(103)	(984)
Withholding tax on inter-company dividends	54	92
Enhanced allowance on research and development expenditure	(756)	(1,116)
Different tax rate for foreign subsidiaries	165	186
Reduced effective deferred tax rate	76	(89)
Origination and reversal of temporary differences	47	(91)
Unused tax losses carried forward	236	141
Patent box claim	-	(267)
Income tax charge	1,032	1,239

	2020	2019
	%	%
Applicable tax rate per UK legislation	19.00	19.00
Effects of:		
Non-deductible expenses	6.22	14.39
Non-chargeable credits	(1.98)	(9.76)
Withholding tax on inter-company dividends	1.04	0.91
Enhanced allowance on research and development expenditure	(14.52)	(11.07)
Different tax rate for foreign subsidiaries	3.17	1.85
Reduced effective deferred tax rate	1.46	(0.88)
Origination and reversal of temporary differences	0.90	(0.90)
Unused tax losses carried forward	4.53	1.40
Patent box claim	-	(2.65)
Effective tax rate	19.82	12.29

Future tax changes

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. On 11 March 2020 the government announced that the reduction to 17% would not take effect and the prevailing rate of corporation tax would remain at 19%. Deferred taxes at the Statement of financial position date have been measured at 19% (2019: hybrid tax rate of 18%). At the year ended 31 March 2020 the Group had unused overseas tax losses amounting to £3.8 million (2019: £2.0 million) for which no deferred tax asset has been recognised. These tax losses are not expected to expire.

10. Profit for the financial year

	2020	2019
	£000's	£000's Restated
Parent Company's profit/(loss) for the financial year	(151)	15,263

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Parent Company income statement.

11. Dividends

	2020	2019
	£000's	£000's
Interim dividend for the year ended 31 March 2019 at 4.0p per ordinary share (settled 12 April 2019)	2,698	-
Final dividend for the year ended 31 March 2019 at 7.04p per ordinary share (settled 16 October 2019)	4,755	-
Special dividend for the year ended 31 March 2019 of 3.5p per ordinary share (settled 9 January 2019)	-	2,350
Interim dividend for the year ended 31 March 2018 at 3.2p per ordinary share (settled 12 April 2018)	-	2,106
Final dividend for the year ended 31 March 2018 at 6.0p per ordinary share (settled 17 October 2018)	-	4,029
	7,453	8,485

In light of the economic situation caused by the coronavirus pandemic, the Board of Directors proposes that no dividend will be paid for the year ended 31 March 2020.

12. 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 2018 - as reported	17,930	1,442	74,819	94,191
Prior year adjustment	-	-	(38,447)	(38,447)
At 1 April 2018 - restated	17,930	1,442	36,372	55,744
Additions - as reported	-	-	9,085	9,085
Prior year adjustment	-	-	(5,987)	(5,987)
At 31 March 2019 - restated	17,930	1,442	39,470	58,842
Additions	-	-	2,115	2,115
At 31 March 2020	17,930	1,442	41,585	60,957
Amortisation				
At 1 April 2018 - as reported	-	(831)	(35,729)	(36,560)
Prior year adjustment	-	167	20,305	20,472
At 1 April 2018 - restated	-	(664)	(15,424)	(16,088)
Charge for the year - as reported	-	(72)	(3,910)	(3,982)
Prior year adjustment	-	1	2,236	2,237
At 31 March 2019 - restated	-	(735)	(17,098)	(17,833)
Charge for the year	-	(70)	(1,615)	(1,685)
At 31 March 2020	-	(805)	(18,713)	(19,518)
Net Book Value				
At 31 March 2020	17,930	637	22,872	41,439
At 31 March 2019 - restated	17,930	707	22,372	41,009
At 31 March 2018 - restated	17,930	778	20,948	39,656

The amortisation and impairment charges are included within administrative expenses in 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 5 to 15 years.

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

Entity	Date of acquisition	2019 and 2020
		£000's
ECO Animal Health Limited	1 October 2004	17,359
Zhejiang Eco Biok Animal Health Products Limited	1 April 2007	94
ECO Animal Health Japan Inc	24 December 2009	477
		17,930

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.

The Group prepares cashflow forecasts that cover the two year period after the Statement of financial position date and then extrapolates them assuming a 3% annual growth rate which is well below the past performance of the 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 8% (2019: 11%). Management considers that there is adequate headroom when comparing the net present value of the cashflows to the carrying value of goodwill to conclude that no impairment is necessary this year. On assumptions as at each period end the excess of recoverable amount over carrying value is over £130 million (2019 restated: £114 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 £119 million (2019 restated: £76 million) more than the carrying value and no impairment would be necessary.

The net book value of Drug registrations, patents and license costs can be broken down as follows:

	2020	2019
	£000's	£000's Restated
Aivlosin	18,009	17,659
Ecomectin	4,310	3,993
Others	553	720
	22,872	22,372

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 useful life is from 4 to 20 years.

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

At 31 March 2020 Intangible assets included £7,063,000 (2019 restated: £4,834,000) of assets capitalised that had not commenced their useful life, of which approximately £4,663,000 (2019: £3,234,000) were Aivlosin related products. The directors have conducted impairment reviews and no impairment is required. Following restatement, no impairment indicators have been identified in relation to intangible assets in commercial use.

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. All such costs are recorded in the UK/Corporate reporting segment.

The Directors have assessed the restated carrying value of intangible assets (as set out in note 3.2) for indicators of value impairment for the years ended 31 March 2019 and 31 March 2020 and have concluded that no impairment is necessary.

13. Property, plant and equipment

Group	Land and Buildings (freehold)	Leasehold improve-ments	Plant and machinery	Fixtures, fittings and equipment	Motor Vehicles	Total
	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation						
At 1 April 2018	730	-	1,602	1,083	61	3,476
Additions	-	-	341	198	27	566
Disposals	-	-	(68)	-	-	(68)
Revaluation in the year	30	-	-	-	-	30
Foreign exchange movements	-	-	11	1	(6)	6
At 31 March 2019	760	-	1,886	1,282	82	4,010
Additions	-	555	40	157	15	767
Disposals	-	-	-	(432)	(6)	(438)
Revaluation in the year	(145)	-	-	-	-	(145)
Reclassification	53	-	(937)	648	236	-
Foreign exchange movements	-	-	(3)	(5)	(16)	(24)
At 31 March 2020	**668**	**555**	**986**	**1,650**	**311**	**4,170**
Depreciation						
At 1 April 2018	(26)	-	(864)	(706)	(14)	(1,610)
Charge for the year	-	-	(171)	(154)	(15)	(340)
Disposals	-	-	63	-	-	63
Revaluation in the year	26	-	-	-	-	26
Foreign exchange movements	-	-	(6)	-	1	(5)
At 31 March 2019	-	-	(978)	(860)	(28)	(1,866)
Charge for the year	(15)	-	(44)	(241)	(34)	(334)
Disposals	-	-	-	426	4	430
Revaluation in the year	13	-	-	-	-	13
Reclassification	(7)	-	310	(137)	(166)	-
Foreign exchange movements	-	-	2		11	13
At 31 March 2020	**(9)**	**-**	**(710)**	**(812)**	**(213)**	**(1,744)**
Net Book Value						
At 31 March 2020	659	555	276	838	98	2,426
At 31 March 2019	760	-	908	422	54	2,144
At 31 March 2018	704	-	738	377	47	1,866

The freehold land and buildings at 78 Coombe Road, New Malden was valued at £615,000 as at 31 March 2020 by Colliers International Valuation UK LLP (external independent qualified valuers). The fair value of the freehold property was determined by applying a 7.5% 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.

Property and related fixtures and fittings held by Zhejiang ECO Biok Animal Health Products Limited has been reclassified from Plant and machinery to Land and buildings, and Furniture, fittings and equipment. These adjustments have been made retrospectively to 1 April 2018.

Valuation Technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
RICS Valuation – Global Standards ('Red Book Global Standards')	Estimated market rent Capital Value Price per square foot in local market. Yield in local market General condition Statutory searches Environmental matters	Reduced marketability and hence rent achievable by the property.

In determining the fair value of freehold land and buildings level-3 fair value inputs are used. The significant unobservable inputs used in establishing the fair value of freehold land and buildings are the estimated market rent and capital value. The Directors believe that the fair value of freehold land and buildings reflects the carrying value and a significant change in unobservable inputs would not significantly increase or reduce the fair value of the freehold land and buildings.

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.

Depreciation has been included in the administrative expenses line in the income statement, except for £129,000 (2019: £110,000) of depreciation of production equipment in the Chinese subsidiary ECO Biok, which is included within cost of sales.

The value of the freehold property would have been recorded at £249,000 (2019: £259,000) on a historical cost basis.

Company	**Land and Buildings (freehold)**	**Fixtures, fittings and equipment**	**Total**
Cost or valuation	**£000's**	**£000's**	**£000's**
At 1 April 2018	730	165	895
Additions	-	2	2
Revaluation in the year	30	-	30
At 31 March 2019	760	167	927
Additions	-	1	1
Disposals	-	(154)	(154)
Revaluation in the year	(145)	-	(145)
At 31 March 2020	615	14	629
Depreciation			
At 1 April 2018	(25)	(154)	(179)
Charge for the year	(13)	(4)	(17)
Revaluation in the year restated	38	-	38
At 31 March 2019 Restated	-	(158)	(158)
Charge for the year	(13)	(4)	(17)
Disposals	-	155	155
Revaluation in the year	13	-	13
At 31 March 2020	-	(7)	(7)
Net Book Value			
At 31 March 2020	615	7	622
At 31 March 2019	760	9	769
At 31 March 2018	705	11	716

14. Investment property

Group and Company	Land and Buildings (freehold)	Total
	£000's	£000's
At 1 April 2018 and 31 March 2019	200	200
Revaluation in 2020	105	105
At 31 March 2020	305	305

The property in Western Road, Mitcham was valued at £305,000 as at 31 March 2020 by Colliers International Valuation UK LLP (external independent qualified valuer). The fair value of the investment property was determined by applying a 7.75% discount rate to the annual rental value of the property as determined by local market conditions. This property was previously the Head Office of Lawrence plc (now ECO Animal Health Group plc) and is occupied by a charity at zero cost. The Directors believe that the open market value of this property is not significantly different to the carrying value.

The value of the investment property would have been recorded at £130,000 on a historical cost basis.

Valuation Technique used	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value
RICS Valuation – Global Standards ('Red Book Global Standards')	Estimated market rent Capital Value Price per square foot in local market. Yield in local market General condition Statutory searches Environmental matters	Reduced marketability and hence rent achievable by the property.

In determining the fair value of investment property level-3 fair value inputs are used. The significant unobservable inputs used in establishing the fair value of investment property are the estimated market rent and capital value. The Directors believe that the fair value of investment property reflects the carrying value and a significant change in unobservable inputs would not significantly increase or reduce the fair value of the investment property.

15. Right of use assets

Group	Property	Vehicles	Other	Total
	£000's	£000's	£000's	£000's
Cost				
Introduction on inception of IFRS 16	2,297	203	7	2,507
Additions	118	85	-	203
Prior year adjustments*	(192)	(37)	15	(214)
Disposals	-	(19)	-	(19)
Foreign exchange movements	16	(3)	-	13
At 31 March 2019 - restated	2,239	229	22	2,490
Additions	370	-	-	370
Disposals	(494)	(33)	-	(527)
Foreign exchange movements	(2)	2	1	1
At 31 March 2020	2,113	198	23	2,334
Depreciation				
Introduction on inception of IFRS 16	(328)	(70)	(2)	(400)
Charge for the year	(318)	(60)	(2)	(380)
Prior year adjustments*	(62)	18	(6)	(50)
Disposals	-	19	-	19
Foreign exchange movements	(6)	2	-	(4)
At 31 March 2019 - restated	(714)	(91)	(10)	(815)
Charge for the year	(323)	(61)	(5)	(389)
Disposals	494	33	-	527
Foreign exchange movements	1	-	-	1
At 31 March 2020	(542)	(119)	(15)	(676)
Net Book Value				
At 31 March 2020	1,571	79	8	1,658
At 31 March 2019 - restated*	1,525	138	12	1,675

*Please refer to Note 3 for further details on prior year adjustments.

Company	**Vehicles**	**Other**	**Total**
	£000's	**£000's**	**£000's**
Cost			
Introduction on inception of IFRS 16	21	7	28
Additions	26	-	26
Prior year adjustments	70	-	70
Disposals	-	-	-
Foreign exchange movements	(2)	-	(2)
At 31 March 2019	115	7	122
Additions	-	-	-
Disposals	(19)	-	(19)
Foreign exchange movements	(1)	-	(1)
At 31 March 2020	95	7	102
Depreciation			
Introduction on inception of IFRS 16	(7)	(2)	(9)
Charge for the year	(13)	(2)	(15)
Prior year adjustments	(42)	-	(42)
Foreign exchange movements	1	-	1
At 31 March 2019	(61)	(4)	(65)
Charge for the year	(31)	(1)	(32)
Disposals	19	-	19
Foreign exchange movements	1	-	1
At 31 March 2020	(72)	(5)	(77)
Net Book Value			
At 31 March 2020	23	2	25
At 31 March 2019	54	3	57

16. Fixed asset investments

Group

	Investment in Associate	Unlisted investments	Total
	(Equity) £000's	(Cost) £000's	£000's
At 31 March 2018	89	9	98
Share of associate's result for the year	14	-	14
Foreign exchange differences	4	-	4
At 31 March 2019	107	9	116
Share of associate's result for the year	42	-	42
Foreign exchange differences	8	-	8
At 31 March 2020	157	9	166

Company

	Unlisted investments	Total
Cost	(subsidiaries) £000's	£000's
At 31 March 2018, 2019 and 2020	20,077	20,077
Impairment		
At 31 March 2018, 2019	-	-
Impairment charge	(45)	(45)
At 31 March 2020	(45)	(45)
Net Book Value		
At 31 March 2020	20,032	20,032
At 31 March 2018, 2019	20,077	20,077

The Company's subsidiary Petlove Limited became dormant during the financial year ended 31 March 2020 therefore was fully impaired at the year end.

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

Subsidiary undertakings held by the Company

Company	Registered office address	Country of registration or incorporation	Class	Shares held %
Zhejiang ECO Biok Animal Health Products Limited	Zhongguan Industrial Area, Deqing, Zhejiang Province	P. R. China	Ordinary	3*
Petlove Limited	78 Coombe Road, New Malden, Surrey, KT3 4QS	Great Britain	Ordinary	91
ECO Animal Health Limited	78 Coombe Road, New Malden, Surrey, KT3 4QS	Great Britain	Ordinary	100

Subsidiary undertakings held by the Group

ECO Animal Health Southern Africa (Pty) Limited.	228 Athol Road, Highlands North, Johannesburg 2192	South Africa	Ordinary	100
Zhejiang ECO Biok Animal Health Products Limited.	Zhongguan Industrial Area, Deqing, Zhejiang Province	P. R. China	Ordinary	48*
Shanghai ECO Biok Veterinary Drug Sale Company Ltd. (via Zhejiang ECO Biok Animal Products Ltd.)	Room 1502-3, Imago Plaza, No. 99 Wuning Road, Ptro District, Shanghai 200063	P. R. China	Ordinary	100
ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda.	Av. Dr. Cardoso de Melo, 1470, Cl311, Villa Olimpia, CEP 04548-005, Sao Paulo	Brazil	Ordinary	100
ECO Animal Health Japan Inc.	1-2-1, Hamamatsu-cho, Minato-Ku, Tokyo	Japan	Ordinary	100
ECO Animal Health USA Corp.	344 Nassau Street, Princeton, New Jersey, 08540	U.S.A.	Ordinary	100
Interpet LLC.	3775 Columbia Pike, Ellicott City, Maryland, 21043	U.S.A.	Ordinary	100
ECO Animal Health de Mexico, S de R.L. de C.V.	Av Techologico Sur 134-4, Unidad Habitacional Moderna, Queretaro, 76030	Mexico	Ordinary	100
ECO Animal Health de Argentina S.A.	Calle 4 E 43/44 N: 581 P.6 D:B La Plata, Buenos Aires	Argentina	Ordinary	100
ECO Animal Health Malaysia Sdn. Bhd.	10th Floor, Menara Hap Seng, No 1 & 3, Jalan P Ramlee, 50250 Kuala Lumpur	Malaysia	Ordinary	100
ECO Animal Health India (Private) Ltd.	No 33/5, Second Floor, Mount Kailash Building, Meanee Avenue Road, Ulsoor Bangalore, Karnataka, 560042	India	Ordinary	100
ECO Animal Health Europe Ltd.	6 Northbrook Road, Dublin 6, Eire	Republic of Ireland	Ordinary	100

*The Group's control over its China based subsidiary Zhejiang ECO Biok Animal Health Products Limited is achieved via a joint holding of 51% of the entity's Ordinary share capital between the Company (3%) and its UK based trading subsidiary ECO Animal Health Limited (48%).

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

Company Name	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	Distribution of animal drugs
ECO Animal Health Japan Inc.	Distribution of animal drugs
ECO Animal Health USA Corp.	Distribution of animal drugs
Interpret	Non-trading
ECO Animal Health de Mexico, S. de R. L. de C. V.	Distribution of animal drugs
ECO Animal Health de Argentina S.A.	Non-trading
ECO Animal Health Malaysia Sdn. Bhd	Non-trading
ECO Animal Health India (Private) Ltd	Non-trading
ECO Animal Health Europe Ltd	Non-trading

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

	Equity	Profit/(loss) for the year	Equity	Profit/(loss) for the year
	2020	2020	2019	2019
	£000's	£000's	£000's	£000's
			Restated	Restated
ECO Animal Health Limited	1,021	1,834	44,486	(4,346)
ECO Animal Health Southern Africa (Pty) Limited	276	19	271	19
Zhejiang ECO Biok Animal Health Products Ltd	11,965	3,473	11,622	2,885
ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltd	(227)	(571)	317	(163)
ECO Animal Health Japan Inc.	1,505	152	1,255	175
ECO Animal Health de Mexico, S. de R. L. de C. V.	141	99	136	53
ECO Animal Health USA Corp.	(1,648)	(997)	96	(725)
ECO Animal Health India (Private) Ltd	-	-	-	-
ECO Animal Health Europe Ltd	-	-	(244)	(244)
ECO Animal Health Malaysia Sdn Bhd	(21)	(7)	(826)	(812)

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.

Interpet LLC has 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.

ECO Animal Health Group PLC has given statutory guarantees against all the outstanding liabilities of ECO Animal Health Ltd, thereby allowing its subsidiary to be exempt from the annual audit requirement under Section 479A of the Companies Act, for the year ended 31 March 2020.

Non-controlling interests

Zhejiang ECO Biok Animal Health Products Limited (Zhejiang ECO Biok) and Shanghai ECO Biok Veterinary Drug Sale Company Limited (Shanghai ECO Biok), both 51% owned subsidiaries of the Group, have material non-controlling interests (NCI). Summarised financial information in relation to these two subsidiaries is presented below together with amounts attributable to NCI.

Please note as Shanghai ECO Biok is a 100% owned subsidiary of Zhejiang ECO Biok, the summarised results below are consolidated on Zhejiang ECO Biok level, before wider group eliminations.

	2020	**2019**
For the year ended 31 March	**£000's**	**£000's**
		Restated*
Revenue	20,169	24,300
Cost of sales	(10,374)	(14,311)
Gross Profit	9,795	9,989
Administrative expenses	(5,275)	(5,232)
Operating profit	4,520	4,757
Finance expense	(67)	(71)
Profit before tax	4,453	4,686
Tax expense	(1,201)	(1,435)
Profit after tax	3,252	3,251
Profit / (loss) allocated to NCI	1,593	1,593
Other comprehensive income allocated to NCI	39	(2)
Dividend paid to NCI	(968)	(1,643)

As at 31 March	2020 £000's	2019 £000's
Assets:		
Property plant and equipment	704	799
Right-of-use assets	891	816
Deferred tax assets	30	30
Inventories	3,150	4,055
Trade and other receivables	6,457	7,530
Cash and cash equivalents	5,339	4,045
	16,571	17,275
Liabilities:		
Trade and other payables	3,306	5,261
Contract liabilities	605	848
Lease liabilities – short term	96	87
Lease liabilities – long term	857	775
	4,864	6,971
Accumulated NCI	5,766	5,102

*Please refer to Note 3 for further details on prior year restatements.

Joint Operations

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

The Group also holds (by means of its ownership of ECO Animal Health Ltd) a 50% interest in Pharmgate Animal Health Canada Inc, which distributes its products into Canada.

The Group also holds (by means of its ownership of ECO Animal Health Europe Ltd) a 50% interest in ECO-Pharm Limited, based in the Republic of Ireland. ECO-Pharm Limited has not yet commenced trading.

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 operations' 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	-

ECO-Pharm Limited	**Holding (shares)**	**Shares in issue**	**Holding %**
Common Shares	25,000	50,000	50
Class A Shares	1	1	100
Class B Shares	-	1	-

In the case of Pharmgate Animal Health Canada Inc and Pharmgate Animal Health USA LLC, 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 operation.

In the case of ECO-Pharm Limited, profits attributable to the Group are made up of profits made by products supplied by the ECO Group plus 33% of any profit relating to new products developed jointly by the partners to the joint operation.

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

	Pharmgate Animal Health LLC		**Pharmgate Animal Health Canada Inc**	
	2020	**2019**	**2020**	**2019**
	£000's	**£000's**	**£000's**	**£000's**
		Restated		**Restated**
Current assets	2,325	968	511	461
Current liabilities	(2,310)	(1,363)	(510)	(569)
Sales	7,612	9,161	3,358	3,764
Profit	-	-	-	-

Associated Company

The Group also holds (by means of its ownership of ECO Animal Health Japan Inc.) a 47.62% interest in EcoPharma.com which is resident in Japan. This Company distributes Animal Health products and other general merchandise within Japan.

ECO Animal Health Japan Inc's holding in EcoPharma.com is 10,000,000 shares out of a total of 21,000,000 shares.

The following amounts included in the Group's financial statements are related to its interests in this associated Company.

	2020	**2019**
Investments (share of net assets)	**£000's**	**£000's**
At 1 April	107	89
Share of results for the year	42	14
Foreign exchange movement	8	4
At 31 March	157	107

	2020	**2019**
Summarised financial information	**£000's**	**£000's**
		Restated
At 31 March		
Current assets	541	386
Non-current assets	19	19
Current liabilities	221	181
Non-current liabilities	12	5
Net assets (100%)	327	219
Group share of net assets (47.62%)	156	104
Year ended 31 March		
Revenue	1,634	1,514
Net profit	79	30

17. Inventories

	Group		Company	
	2020	2019	2020	2019
	£000's	£000's	£000's	£000's
		Restated		Restated
Raw materials and consumables	6,734	13,960	-	-
Finished goods and goods for resale	4,397	5,393	-	-
Work in progress	6,133	124	-	-
	17,264	19,477	-	-

The cost of inventories recognised as an expense and included in cost of sales in the period amounted to £38,381,000 (2019 restated: £35,337,000).

18. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019 Restated
Non-current	£000's	£000's	£000's	£000's
Amounts owed by group undertakings	-	-	59,295	59,988

The intercompany debt is due on demand, however the company has classified the receivable as a non-current asset as it does not expect to realise the asset within 12 months after the reporting period.

	Group		Company	
	2020	2019	2020	2019
Current	£000's	£000's	£000's	£000's
		Restated		Restated
Trade receivables	25,974	22,525	-	-
Other receivables	1,884	339	30	35
Prepayments and accrued income	495	469	25	11
	28,353	23,333	55	46

As at 31 March 2020, trade receivables of £11,402,000 (2019: £2,592,000) due to the Group and £nil (2019: £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	
	2020	2019	2020	2019
	£000's	£000's	£000's	£000's
Up to 3 months past due	6,974	1,547	-	-
3 to 6 months past due	2,899	515	-	-
Over 6 months past due	1,529	530	-	-
	11,402	2,592	-	-

As at 31 March 2020, impairment provisions of £419,000 on gross receivables of £705,000 (2019: £280,000 on gross receivables of £280,000) were impaired and provided for. The impaired receivables mainly relate to 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 Group has experienced minimal bad debt history and concluded that a wholly immaterial expected credit loss provision would be required. This consideration includes the potential risks arising from COVID on its customers. Its experience with customers since 31 March 2020, is consistent with those considerations that credit risk has not increased. No collateral is held against customer receivable balances.

The ageing analysis of the impaired balances is as follows:

	Group		Company	
	2020	2019	2020	2019
	£000's	£000's	£000's	£000's
Current debt	152	1	-	-
Up to 3 months past due	4	-	-	-
3 to 6 months past due	2	68	-	-
Over 6 months past due	261	211	-	-
	419	280	-	-

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

Group	2020	2019
	£	£
Balance at 1 April	280	470
Additional provision made	140	-
(Recovered) in the year	-	(33)
Written off in the year	(1)	(157)
Balance at 31 March	419	280

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

	Group		Company	
	2020	2019	2020	2019 Restated
	£000's	£000's	£000's	£000's
		Restated		
Pounds Sterling	759	1,130	55	46
Euros	2,875	3,288	-	-
U S Dollars	12,875	7,053	-	-
Chinese RMB	6,757	7,805	-	-
Brazilian Real	2,233	946	-	-
Japanese Yen	841	695	-	-
Canadian dollars	511	816	-	-
Mexican Pesos	1,499	1,477	-	-
Other currencies	3	123	-	-
	28,353	23,333	55	46

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

19. Deferred tax

Group

Deferred tax assets and liabilities are attributable to the following:

	Assets / (Liabilities)		Net	
	2020	2019	2020	2019
	£000's	£000's	£000's	£000's
		Restated		Restated
Trade related temporary differences	(2,487)	(2,152)	(2,487)	(2,152)
Overseas trade related temporary differences	30	-	30	-
Freehold property	(76)	(75)	(76)	(75)
Investment property	(19)	(10)	(19)	(10)
Plant and equipment	(77)	(49)	(77)	(49)
Deferred tax on share options	-	503	-	503
Tax losses carried forward	1,993	1,783	1,993	1,783
Amount (payable) after more than one year	(636)	-	(636)	-

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

	Trade related temporary differences	Freehold property	Investment property	Plant and machinery	Share options	Total
	£000's	£000's	£000's	£000's		£000's
At 31 March 2019 - Restated	(369)	(75)	(10)	(49)	503	-
(Charge) for the year through income statement	(398)	-	(9)	(28)	(130)	(565)
Credit for the year through income statement	303	-	-	-	-	303
(Charge) for the year through reserves	-	(1)	-		(373)	(374)
At 31 March 2020	(464)	(76)	(19)	(77)	-	(636)

Trade related temporary differences are predominantly related to research and development tax deductions claimed in advance of expense recognition in the income statement. 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 5% withholding tax. The deferred tax liability in respect of this has not been recognised.

Company	Freehold property	Investment property	Share options	Total	Freehold property	Investment property	Share options	Total
	2020	2020	2020	2020	2019	2019	2019	2019
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
At 1 April	(75)	(10)	85	-	(79)	(11)	90	-
(Charge) for the year through income statement	-	(9)	(22)	(31)	-	-	-	-
Credit for the year through income statement	-	-	-	-	4	1	34	39
(Charge) for the year through reserves	(1)	-	(63)	(64)	-	-	(39)	(39)
At 31 March	(76)	(19)	-	(95)	(75)	(10)	85	-

At the year ended 31 March 2020 the Group had a deferred tax asset of £nil on share options. (2019 restated: A deferred tax asset on share options of £139k was unrecognised).

At the year ended 31 March 2020 the Group has an unrecognised deferred tax asset in relation to unused overseas tax losses amounting to £700,000 (2019: £350,000). These tax losses are not expected to expire.

In the year ended 31 March 2020 £978,000 of recoverable tax assets were deemed no longer recoverable and expensed through retained earnings.

20. 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.

	Group		Company	
	2020	2019	2020	2019
	£000's	£000's	£000's	£000's
		Restated		
Cash and cash equivalents	11,877	16,863	177	4,236
Net funds per cash flow	11,877	16,863	177	4,236

21. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	£000's	£000's	£000's	£000's
		Restated		Restated
Trade payables	7,608	9,520	189	17
Contract liabilities	594	847	-	-
Other payables	2,093	1,641	197	132
Accruals and deferred income	4,191	1,355	181	147
	14,486	13,363	567	296

22. Borrowings

Reconciliation of movement in borrowings

	Group		Company	
	2020	2019	2020	2019
	£000's	£000's	£000's	£000's
		Restated		
Opening Borrowings	-	-	-	-
Overdraft drawn	2,032	-	2,001	-
Overdraft paid	-	-	-	-
Closing borrowings	**2,032**	**-**	**2,001**	**-**

Overdraft facility

The Group has the facility (up to £5,000,000) to overdraw in specific currencies but no net facility. The interest rate for all currency overdrafts is 1.8% over the relevant currency base rate and the borrowings are secured by two debentures held over all assets of the Company. This facility is repayable on demand. The Company and ECO Animal Health Limited have each given a guarantee to the Group's bankers for the foreign currency overdraft facility.

The undrawn facility is £2,968,000 (2019: no facility).

	Group		Company	
	2020	2019	2020	2019
	£000's	£000's	£000's	£000's
		Restated		
Cash and cash equivalents	11,877	16,863	177	4,236
Overdraft	(2,032)	-	(2,001)	-
Lease Liabilities	(1,766)	(1,770)	(27)	(67)
Net Cash	**8,079**	**15,093**	**(1,851)**	**(4,169)**

Reconciliation of Lease Liabilities

	Group		Company	
	2020	2019	2020	2019
	£000's	£000's	£000's	£000's
		Restated		Restated
Opening lease liabilities	**(1,770)**	**-**	**(65)**	**-**
Recognition of Lease Liabilities on adoption of IFRS16	-	(2,012)	-	(67)
New lease liabilities	(359)	(88)	-	(30)
Repayment of lease liabilities principal	364	338	38	31
Lease liabilities interest	(125)	(139)	(13)	(22)
Lease liabilities interest repayment	125	139	13	22
Foreign exchange	(1)	(8)	(2)	1
Closing lease Liabilities	**(1,766)**	**(1,770)**	**(29)**	**(65)**
Current lease liabilities	**(342)**	**(330)**	**(24)**	**(36)**
Non-current lease liabilities	**(1,424)**	**(1,440)**	**(5)**	**(29)**

The Group leases a number of properties and motor vehicles in the jurisdictions it operates in. At 31 March 2020 there were no termination or extension options on leases.

The Group expensed £47,000 for the year ended 31 March 2020 (2019: restated £91,000) for short term and low value leases.

Group Leases Maturity

At 31 March 2020 the Group held the following number of leases in each of the maturity categories below.

	Property	Vehicle	Other	Total
Up to 1 year	-	3	-	3
Between 2 - 5 years	5	8	3	16
Over 5 years	3	-	-	3
Total number of leases	8	11	3	22
Average lease term (in years)	**10**	**4**	**5**	

The weighted average incremental borrowing rate applied to lease liabilities recognised in the statement of financial position was 7.10% at 31 March 2020 (2019 restated: 7.84%, initial application date: 7.03%).

Weighted average incremental borrowing rate:

	Group 2020	Group 2019 Restated	Group Transition 2018
Property	**5.9%**	**5.8%**	**5.9%**
Vehicle	**29.0%**	**29.0%**	**29.0%**
Other	**4.0%**	**4.0%**	**4.0%**
Weighted average	**7.10%**	**7.84%**	**7.03%**

Amounts payable under lease arrangements for the Group:

The undiscounted contractual cash flows payable under the existing lease arrangements at 31 March 2020 are analysed into the following maturity categories.

	Up to 1 year £000's	Between two - five years £000's	Over five years £000's	Total £000's
Amounts payable under lease arrangements	**502**	**1,025**	**1,621**	**3,148**

23. Pension and other post-retirement benefit commitments

Defined Contribution Pension Scheme

The Group operates defined contribution pension schemes. 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 £262,000 (2019: £321,000).

Defined Benefit Pension Scheme

The Group operates a defined benefit scheme in the UK for ex-employees only. A full actuarial valuation was carried out at 6 April 2018 and updated to 31 March 2020 for IAS 19 purposes by a qualified independent actuary. The major assumptions used by the actuary were:

	31 March 2020	31 March 2019
Discount rate	2.40%	2.15%
Pension revaluation	2.70%	2.25%
Inflation assumption with a maximum of 5% p.a.	2.70%	2.25%

Mortality rates

No pre-retirement mortality is assumed (2019: none)

Post retirement mortality is based on 100% of the SAPS "S2" normal tables, based on the members' year of birth, improving in line with CMI 2019 projections with a 1.25% long term trend rate (2019: CMI 2018).

Under these mortality assumptions, the expected future lifetime for a member retiring at age 65 at the year-end would be 22.4 years for males (2019: 21.7 years) and 24.4 years for females (2019: 23.7 years). For members retiring in 20 years' time, the expectation of life would be 23.7 years for males (2019: 23.0 years) and 25.9 years for females (2019: 25.2 years).

The weighted average term of the liabilities is 10 years (2019: 10 years).

The scheme is exposed to a number of risks including:

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

	2020		2019	
Results	**£000's**	**£000's**	**£000's**	**£000's**
Assets at start of year	1,802		2,503	
Defined benefit obligation at start of year	(1,899)		(2,603)	
Net (liability) at 1 April		(97)		(100)
Return on assets	38		61	
Interest cost	(39)		(62)	
Past service cost	-		(19)	
		(1)		(20)
(Loss) on asset return	(2)		(38)	
Gain/(loss) on changes in assumptions	14		2	
Statement of other comprehensive income		12		(36)
Employer contributions (gross)		59		59
Net (liability) at 31 March		(27)		(97)
Actual assets at end of year		1,787		1,802
Actual defined benefit obligation at end of year		(1,814)		(1,899)

The pension fund assets (principally made up of annuities for the benefit of active pensioners) are all held within a policy managed by an insurance company regulated by the Financial Conduct Authority of the United Kingdom and the United Kingdom Pensions Regulator. By law, the trustees are required to act in the best interests of participants to the schemes. Responsibility for governance of the plans – including investment decisions and contributions schedules lies with trustees.

Reconciliation of changes in the asset value during the year	**2020**		**2019**	
	£000's	**£000's**	**£000's**	**£000's**
Fair value of assets at 1 April	1,802		2,503	
Return on assets	38		61	
(Loss) on asset return	(2)		(38)	
Employer contributions (gross)	59		59	
(Decrease)/increase in secured pensioners' value due to scheme experience	(110)		(783)	
Benefits paid	-		-	
Fair value of assets at 31 March		1,787		1,802
Reconciliation of changes in the liability value during the year				
Defined benefit obligation at 1 April	1,899		2,603	
Interest cost	39		62	
Past service cost	-		19	
(Gain)/loss on changes in assumptions	(14)		(2)	
(Decrease)/increase in secured pensioners' value due to scheme experience	(110)		(783)	
Benefits paid	-		-	
Defined benefit obligation at 31 March		1,814		1,899

The expected contribution to be paid by the employer during the next accounting year is £59,000 (2019: £59,000).

Year ended 31 March	**2020**	**2019**	**2018**	**2017**	**2016**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
		restated			
Fair value of plan assets	1,787	1,802	2,503	2,314	2,715
Present value of defined benefit obligation	1,814	1,899	2,603	2,435	2,431
(Deficit)/Surplus in plan	(27)	(97)	(100)	(121)	284
Experience (losses)/gains on plan liabilities	(2)	(38)	(7)	(300)	13

Plan Assets

	2020	**2019**
	£000's	**£000's**
Assets under management	145	102
Annuities	1,642	1,700
Total	1,787	1,802

Assets under management composition

	2020 £000's	2019 £000's
Gilts	9.80%	9.40%
Corporate Bonds	37.00%	35.50%
UK Equities	15.60%	17.30%
Overseas Equities	26.10%	26.60%
Property	10.10%	9.90%
Cash	1.40%	1.30%
	100.00%	100.00%

Defined benefit obligation – sensitivity analysis

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

Actuarial assumption	Reasonably Possible Change	(Decrease)/Increase in Defined Benefit Obligation			
		2020		2019	
		£000's	£000's	£000's	£000's Restated*
Discount rate	(+/- 0.25%)	(42)	44	(50)	50
Members' life expectancy	(+/- 1year)	(97)	101	(100)	110

*2019 figures have been recalculated in order to be comparable.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The Company has given a floating charge dated 1 December 2006 over all of its assets to the trustees of the pension fund to secure all present and future obligations and liabilities to the pension fund.

24. Share-based payments

The expense recognised for share-based payments made during the year is shown in the following table:

	2020	2019
	£000's	£000's
Total expense arising from equity settled share based payments transactions	284	631

The share-based payment plans are described below:

Movements in issued share options during the year

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

	Options		Options	
	2020	2020	2019	2019
	000's	WAEP	000's	WAEP
		£		£
Outstanding at 1 April	4,292	3.62	5,556	3.26
Granted during the period	-	-	387	3.82
Cancelled during the period	(668)	3.55	(33)	3.54
Exercised during the period	(105)	2.27	(1,618)	2.40
Outstanding at 31 March	3,519	3.68	4,292	3.62
Exercisable at 31 March	2,812	3.36	2,279	2.78

The average share price during the year was 319.10p (2019: 481.41p).

The maximum aggregate number of shares over which options may currently be granted cannot exceed 10% of the nominal share capital of the Company on the grant date. The options outstanding at 31 March 2020 had a weighted average share price of £3.68 (2019: £3.62) and a weighted average remaining contractual life of 3.1 years (2019: 4.4 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 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 respectively.

An analysis of the expiry dates of the outstanding options at 31 March 2020 is given below:

Date of grant	Unapproved	Approved	Exercise price (pence)	Expiry date
11 October 2011		11,000	186.50	11 October 2021
09 October 2013		23,340	196.00	09 October 2023
09 October 2013	3,050		196.00	09 October 2020
21 August 2014		14,400	161.50	07 August 2024
21 August 2014	14,000		161.50	07 August 2021
13 February 2015		34,500	200.50	13 February 2025
13 February 2015	138,500		200.50	13 February 2022
26 August 2015		35,400	265.00	26 August 2025
26 August 2015	572,100		265.00	26 August 2022
18 December 2015	600,000		312.50	18 December 2022
18 January 2016		10,200	315.00	18 January 2026
18 January 2016	286,800		315.00	18 January 2023
17 February 2016		19,600	312.50	17 February 2026
17 February 2016	400		312.50	17 February 2023
01 March 2016		9,600	312.50	01 March 2026
01 March 2016	40,400		312.50	01 March 2023
12 September 2016		25,100	432.50	12 September 2026
12 September 2016	423,900		432.50	12 September 2023
15 September 2016		5,900	435.00	15 September 2026
15 September 2016	544,100		435.00	15 September 2023
21 September 2017		53,475	620.00	21 September 2027
21 September 2017	287,525		620.00	21 September 2024
12 April 2018		3,900	545.00	12 April 2028
23 October 2018		75,200	380.00	23 October 2028
23 October 2018	276,800		380.00	23 October 2025
19 December 2018		7,800	380.00	19 December 2028
19 December 2018	2,200		380.00	19 December 2025
	3,189,775	329,415		

The market price of the shares at 31 March 2020 was 220.0p (2019: 440.0p) with a range in the year of 135.0p to 445.0p (2019: 367.0p to 581.0p).

The Company uses a Black-Scholes model to value share based payments and the following table lists the inputs to this model for the last five years. No new options were issued in the year ended 31 March 2020.

	2020	2019	2018	2017	2016
Vesting period (years)	n/a	3	3	3	3
Option expiry (years)		7-10 yrs	7-10 yrs	7-10 yrs	7-10 yrs
Dividends expected on the shares		1.90%	1.10%	1.50%	1.50%
Risk free rate (average)		1.00%	1.00%	1.00%	1.00%
Volatility of share price		20%	20%	20%	20%
Weighted average fair value (pence)		51.0	98.6	61.4	43.0

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.

The Company recognised £284,000 share-based payment expense in the income statement in the year ended 31 March 2020.

25. Share capital

	2020	2019
	£000's	£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		
67,547,626 (2019: 67,443,126) ordinary shares of 5p each	3,377	3,372

During the year 104,500 shares were issued at a premium of £232,000 as a result of the exercise of options by employees. (2019: 1,618,310 shares at a premium of £3,803,000).

26. Non-controlling (minority) interests

	2020	2020	2019	2019
	£000's	£000's	£000's	£000's
			Restated	Restated
Balance at 1 April		5,102		5,154
Share of adjustment to reserves on implementation of IFRS 16		-		1
Prior year adjustment on IFRS 16 opening		-		(12)
Balance at 1 April – restated		5,102		5,143
Share of subsidiary's profit for the year	1,593		1,593	
Share of foreign exchange gain/(loss) on net investment	39		9	
		1,632		1,602
Share of dividend paid by subsidiary		(968)		(1,643)
Balance at 31 March		5,766		5,102

27. Other reserves

The Group and Company held a Capital redemption reserve of £106,000 as at 31 March 2020 (2019 restated: £106,000, 2018 restated: £106,000).

Included in the Group's foreign currency revaluation reserve are the following exchange movements on consolidation of the subsidiaries and joint operations listed below:

	At 1 April 2019	Movement in the year	At 31 March 2020
	£000's	£000's	£000's
	Restated		
In respect of:			
Zhejiang ECO Biok Animal Health Products Limited	854	40	894
ECO Animal Health do Brasil Comercio de Produtos Veterinarios Ltda	(381)	35	(346)
ECO Animal Health Japan Inc.	(5)	99	94
ECO Animal Health USA Corp.	(21)	(46)	(67)
ECO Animal Health de Mexico, S. de R. L. de C. V.	15	(75)	(60)
Pharmgate LLC	5	6	11
Foreign currency differences attributable to owner credited directly to reserves.	467	59	526

28. Capital commitments

The Group had no authorised capital commitments as at 31 March 2020 (2019: Nil).

29. Directors' emoluments

	2020	2019
	£000's	£000's
		Restated*
Emoluments for qualifying services	847	943
Company pension contributions to money purchase schemes	26	16
Share-based payments	70	404
Benefits in kind	11	16
	954	1,379

* Please refer to Note 3 for further details on prior year adjustments.

During the year the Directors exercised nil (2019: 715,000) share options realising a gain of £nil (2019: £1,861,800).

The highest paid Director received £385,000 (2019: Restated £638,000) including £38,000 (2019: £191,000) of share-based payments and £10,000 (2019: £10,000) of pension contributions.

The bonus values have been restated to include the amount accrued for the financial year and not the amount related to performance of the previous financial year, as previously reported.

30. Employees

Number of employees

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

	2020	2019
	Number	Number
Directors	5	7
Production and development	66	70
Administration	45	47
Sales	88	93
	204	217

Employment costs (including amounts capitalised)

	2020	2019
	£000's	£000's
		Restated*
Wages and salaries	9,584	9,878
Share-based payments	284	631
Social security costs	764	914
Other pension costs	269	353
	10,901	11,776

* The bonuses have been restated in accordance with note 3.4.

31. Related party transactions

During the year ended 31 March 2020 Julia Trouse, a longstanding former Director and Company Secretary of the Group, withdrew cash from the Company totalling £25,748 (2019: - £46,920) which was recorded in the Company and Group's financial statements as administrative costs in each period.

Mrs Trouse withdrew further cash over an extended period starting in 2014, the cumulative amount of which was £322,109 as at 31 March 2020 (£296,361 as at 31 March 2019; and £249,441 as at 31 March 2018). These withdrawals were not approved, were outside the normal course of the Group's business and were in excess of Mrs Trouse's contractual remuneration levels. The highest total value of withdrawals in any year was £87,187. No reimbursement of these withdrawals was assured at any of the reporting dates to 31 March 2020, therefore all amounts remain expensed in the periods in which each payment was made and no asset for reimbursement has been included in the financial statements as at 31 March 2020. Mrs Trouse resigned as a director of the Company on 19 August 2019 and ceased employment with the Company on 31 January 2020.

The Group's Internal Audit department identified the payments and reported their findings to the Board in April 2020. Further work was performed to help assess the full extent of the withdrawals. Mrs Trouse agreed to repay these amounts to the Company and Group and repayment of £307,113 was made in August 2020. No interest was received. The reimbursement will be recorded as Other Income in the financial statements for the year ending 31 March 2021. Discussions are on-going with regard to repayment of the remaining £14,996.

During the year Clemo Consultancy Ltd, a company in which B Clemo is a director, shareholder and person with significant control received consultancy fees of £14,500 (2019: £nil).

During the year P Lawrence and his family received dividends to the value of £489,000 (2019: £882,000).

The other Directors and their families received dividends to the value of £1,000 (2019: £2,000).

During the year ended 31 March 2019, the Group provided management services to Anpario plc, a Company in which P A Lawrence is a Director and holds share options. Fees of £7,000 were charged (2020: £nil).

During the year ended 31 March 2019, the Group provided management services to Amati Aim VCT plc, a Company in which P A Lawrence is a Director. Fees of £14,579 were charged (2020: £nil).

During the year ended 31 March 2019, the Group employed two adult children of P A Lawrence and provided their services to Emmelle Construction Limited, a Company in which P A Lawrence is both a Director and shareholder. All employment costs of the two adult children, for five months of the year until August 2018 when the arrangement was terminated, of £18,000 (2020: nil) were fully recharged to Emmelle Construction Limited.

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 £475,000 (2019: £473,000) and charged interest of £890,000 (2019: £910,000) to the Company. Both of these charges were made through the inter-company account and were eliminated on consolidation.

During the year Zhejiang ECO Biok Animal Health Products Limited paid dividends of £77,000 to ECO Animal Health Group plc (2019: £131,000) and £930,000 to ECO Animal Health Limited (2019: £1,578,000).

During the year ECO Animal Health Group plc received no dividend from ECO Animal Health Limited (2019: £15,000,000).

Key management compensation

The Group regards the Board of Directors as its key management.

	2020	2019
	£000's	£000's
		Restated*
Salaries and short term benefits	858	959
Retirement benefits	26	16
Share-based payments	70	404
	954	1,379

* The bonus values have been restated to include the amount accrued for the financial year and not the amount related to performance of the previous financial year, as previously reported.

The number of Directors for which retirement benefits were accruing was 4 (2019: 3).

32. Financial instruments

The Group uses financial instruments comprising borrowings, cash and cash equivalents 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 capital and liquidity risk, credit risk and foreign currency risks and they are summarised below. The policies have remained unchanged throughout the year.

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 cash and cash equivalents in note 20, borrowings in note 22 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.

The Group's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group sets the amount of capital it requires in proportion to risk. The group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

As an AIM quoted company, our governance framework is underpinned by the AIM Rules and the Quoted Companies Alliance (QCA) Corporate Governance Code 2018 (the 'QCA Code'). In addition to the QCA Code, we monitor developments and guidance in the UK Corporate Governance Code, applicable to main market listed companies, to keep abreast of matters which we feel could also be embedded as best practice as part of a progressive approach. We also review the Investment Association guidelines and seek to comply with these where applicable.

At 31 March 2020, the Group was contractually obliged to make repayments as detailed below:

	2020	2019
Within one year or on demand	**£000's**	**£000's**
		Restated
Trade payables	7,608	9,520
Other payables	2,093	1,641
Accruals	4,191	1,355
Borrowings	2,032	-
	15,924	12,516

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 is limited because the counterparties are banks with good credit ratings.

The Group operates in certain geographical areas 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.

None of those receivables has been subject to a significant increase in credit risk since initial recognition and, consequently, 12-month expected credit losses have been recognised, and there are no non-current receivable balances lifetime expected credit losses.

Currency risk

The Group operates in overseas markets particularly through its subsidiaries in China, Brazil, Mexico, the USA and Japan as well as its joint operation in Canada and is therefore subject to currency exposure on transactions undertaken during the year. The Group does some simple economic hedging of receivables when the Board feels it is appropriate to do so and foreign exchange differences on retranslation of foreign monetary items are recorded in administrative expenses in the income statement.

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

2020	US Dollar	Euros	Chinese RMB	Japanese Yen	Brazilian Real	Canadian Dollar	Mexican Peso	Other
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Trade and other receivables	12,850	2,875	6,650	837	2,230	511	1,472	3
Trade and other payables	(1,183)	(12)	(3,375)	(233)	(131)	(129)	(329)	(1)
Cash and cash equivalents	4,527	525	5,609	80	360	452	200	123
Total	**16,194**	**3,388**	**8,884**	**684**	**2,459**	**834**	**1,343**	**125**

2019 Restated	US Dollar	Euros	Chinese RMB	Japanese Yen	Brazilian Real	Canadian Dollar	Mexican Peso	Other
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Trade and other receivables	7,016	3,288	7,757	689	944	817	1,397	123
Trade and other payables	(644)	(7)	(2,680)	(107)	(51)	-	(13)	(114)
Cash and cash equivalents	5,239	906	4,340	256	433	1,104	175	34
Total	**11,611**	**4,187**	**9,417**	**838**	**1,326**	**1,921**	**1,559**	**43**

At 31 March 2020 the Group was mainly exposed to the US Dollar, Euro, Chinese RMB, Japanese Yen, Brazilian Real, Canadian Dollar and Mexican Peso. The following table details the effect of a 10% movement in the exchange rate of these currencies against sterling when applied to outstanding monetary items denominated in foreign currency as at 31 March 2020.

	2020	2019
	£000's	£000's
		Restated*
U S Dollar	1,799	1,290
Euro	376	465
Chinese RMB	987	1,046
Japanese Yen	76	93
Brazilian Real	273	147
Canadian Dollar	93	213
Mexican Peso	149	173

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Analysis of financial instruments by category

Group	**Financial assets**	**Financial liabilities**	**Total**
2020	**£000's**	**£000's**	**£000's**
Trade and other receivables (excluding prepayments)	27,858	-	27,858
Cash and cash equivalents	11,877	-	11,877
Trade and other payables	-	(13,892)	(13,892)
Amounts due under leases	-	(1,766)	(1,766)
Borrowings	-	(2,032)	(2,032)

2019	**£000's**	**£000's**	**£000's**
	Restated*	**Restated***	**Restated***
Trade and other receivables (excluding prepayments)	22,864	-	22,864
Cash and cash equivalents	16,863	-	16,863
Trade and other payables	-	(12,516)	(12,516)
Amounts due under leases	-	(1,770)	(1,770)

Company	**Financial assets**	**Financial liabilities**	**Total**
2020	**£000's**	**£000's**	**£000's**
Trade and other receivables (excluding prepayments)	30	-	30
Cash and cash equivalents	177	-	177
Trade and other payables	-	(567)	(567)
Amounts due under leases	-	(29)	(29)
Borrowings	-	(2,001)	(2,001)

2019	**£000's**	**£000's**	**£000's**
	Restated*	**Restated***	**Restated***
Trade and other receivables (excluding prepayments)	35	-	35
Cash and cash equivalents	4,236	-	4,236
Trade and other payables	-	(296)	(296)
Amounts due under leases	-	(65)	(65)

* Please refer to Note 3 for further details on prior year adjustments.

All financial assets and 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

Covid-19 Impact

The Group transitioned smoothly to home working during the final weeks of the year building on the new ways of communicating with customers developed during the African swine flu outbreak and without losses of efficiency. Outsourced manufacturing and the Group's supply chain operated smoothly through the year end.

Brexit

The Group's EU marketing authorisations have been transferred to the European subsidiary, ECO Animal Health Europe Ltd registered in Dublin, Republic of Ireland and all our Brexit contingency plans are in place. The financial and operational impact of Brexit is expected to be minimal, particularly given the recently announced trade deal between the UK and the EU. The Group's sales to the EU (excluding the UK) represented 8% of total revenue for the year.

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