nourishing nature

Anpario plc

Annual Report and Accounts
for the year ended 31 December 2011

Anpario plc supplies natural high performance feed additives to enhance growth, health and sustainability in agriculture and aquaculture.

The Group significantly increased its profit and earnings per share over those of the previous year as a result of re-positioning the UK business to focus on higher margin products and realising the synergy benefits arising from the Optivite acquisition.

Contents:

Anpario plc (AIM: ANP)

Anpario plc (formerly Kiotech International plc), the international supplier of natural high performance feed additives to enhance growth, health and sustainability in agriculture and aquaculture, is pleased to announce its results for the year ended 31 December 2011.

Financial Highlights

- 10% increase in underlying profit before tax and exceptional items[1] to £2.1m (2010: £1.9m)
- 23% increase in underlying earnings per share[2] to 8.94p (2010: 7.27p)
- 2 percentage point increase in gross margin to 30% (2010: 28%)
- Cash balance of £4.4m at 31 December 2011 (2010: £3.5m)
- 20% increase in the proposed final dividend to 2.4 pence per share (2010: 2.0 pence)

Operational highlights

- Re-structured higher margin strategic focus for UK Agriculture increases profitability
- Optivite integration completed with benefits coming through
- Third production line at Manton Wood completed mid-year, more than doubling production capacity of speciality feed additives
- Efficiency improvements reducing operational costs
- Chinese subsidiary begins to make profit enabling future growth opportunities to be self-financing
- Acquisition of Meriden Animal Health Limited completed post year end in March 2012

[1] Underlying profit before tax and exceptional items comprises profit before tax of £1.8m (2010: £1.5m) adjusted for closure and restructuring costs of £0.1m (2010: £0.3m) and share-based payment expense of £0.2m (2010: £0.1m).

[2] Underlying earnings per share represents profit for the year before exceptional items and prior year tax adjustments divided by the weighted average number of shares in issue.

Chairman's statement

I am pleased to report another successful and most encouraging year for the Group, which has delivered an excellent set of results for the year ended 31 December 2011. This performance is driven by two key factors: firstly the success of our strategy to reposition the UK business to focus on higher margin products; and secondly achieving the synergy benefits from the Optivite acquisition.

The results have demonstrated the strength of the Group's broad geographic spread, which has enabled it to offset local issues in Middle Eastern and Southern European markets with strong performances in other territories. In addition we work closely with our national distributors, to minimise credit risk in those countries where there is financial or political concern.

In November 2011 the Group changed its name to Anpario plc from Kiotech International plc. This reflects the significant changes undergone by the Group following the acquisition of Agil in 2006 and Optivite in 2009. The new name will give greater clarity to our corporate structure while allowing each of our trading businesses to maintain its individual identity.

Financial Review

Total underlying profit before tax and exceptional items[1] increased to £2.1m (2010: £1.9m) from total revenues of £19.2m (2010: £21.6m).

Whilst overall gross profit was slightly lower at £5.8m (2010: £5.9m) gross margin percentage was significantly higher, rising from 28% to 30%. Administrative expenses have fallen by 8%, benefiting from acquisition synergies and initiatives.

Profit before tax of £1.8m (2010: £1.5m) includes exceptional costs relating to the write down of our Aldermaston property of £0.1m and in 2010 costs of £0.3m were included in respect of the closure of this and other sites.

Underlying earnings per share[2] increased 23% to 8.94 pence per share (2010: 7.27 pence per share) and diluted underlying earnings per share rose 23% to 8.87 pence per share (2010: 7.20 pence per share).

The balance sheet remains strong and debt free with a year-end cash balance of £4.4m (2010: £3.5m). It is expected that some of these funds will be applied to invest in the expansion of the business through acquisitions. £3m was utilised in March 2012 to fund the acquisition of Meriden Animal Health Limited.

The Board is pleased to declare a final dividend of 2.4 pence per share, an increase of 20% over the previous year of 2.0 pence. Shareholder approval will be sought at the Annual General Meeting, to be held on 26 June 2012, to pay the final dividend on 27 July 2012 to shareholders on the register on 6 July 2012.

Acquisition after year end

On 29 March 2012 the Company acquired 100% of the share capital of Meriden Animal Health Limited for a total consideration of up to £4.1m before costs.

Meriden, based in Bedfordshire in the United Kingdom, supplies the global agriculture and aquaculture markets with natural animal feed additive products, Meriden's Orego-Stim range of products, using essential oils, is the leading brand in its field and is marketed across 60 countries worldwide, with the majority of sales being outside the United Kingdom.

Meriden's sales for the 12 months to December 2011 were £5.3m and adjusted profit before interest and tax was £0.7m. Net assets acquired will be at least £1.6m, the majority being working capital, including cash in excess of £0.4m. The acquisition is expected to be immediately earnings enhancing to the Group as a whole.

Meriden has a close and important partnership in China with sales accounting for 26% of Meriden's total sales during 2011. The Chinese business has been growing well and Anpario intends to give further support to this relationship to capitalise on the vast potential of China's agriculture and aquaculture markets.

Production and administration

We have made further investment in our feed additive manufacturing plant at Manton Wood, which has resulted in improved efficiency. The installation of valve sack packing equipment and new conveyor belts has increased throughput volume significantly and eliminated wastage with a positive impact on our cost base.

These advances have enabled management to re-structure shift patterns. This has resulted in a more economical plant and enables us to increase production capacity without significantly higher incremental costs.

During the year the Agil export and administrative functions were transferred to Manton Wood from Aldermaston. The integration went very smoothly and was a credit to the teams at both locations. The Aldermaston office, which we own, has now closed and is being marketed for sale or rent.

Operations – UK Agriculture

As expected, the re-structuring of the division with its strategic focus on higher margin products and markets has led to lower sales, continuing the trend of the first half, however gross margins and overall profitability have risen. With this transition now complete, certain strategic alliances have been formed with some significant UK agribusinesses providing the Group with the opportunity to accelerate market penetration of its speciality feed additive range. Our partners have substantial sales resources and the benefit to them is that Anpario's broad range of technical products will add value to their product offering.

Vitrition, our organic feed brand, had another solid year delivering growth in profits. This performance is particularly commendable as the challenges of the economic climate increased during the year as consumers switched to purchasing lower priced meat and traditional meat protein products. This trend led to a decline in the overall size of the organic market.

The EU legislation to raise the proportion of organic raw materials in finished feed from 95% to 100% has not yet been implemented and we are now well beyond the target date of January 2012. This delay is creating considerable uncertainty in the industry. Vitrition is one of only two dedicated organic feed plants in the UK and the implementation of this legislation should be positive for our business, as competitors will question their commitment to being solely organic.

As previously reported, the re-positioning of the UK agriculture business continued to shift away from the high volume, low margin commodity products towards the differentiated, added value products within our portfolio, where we have a commanding competitive advantage. The change in volume movements as a result of this has enabled the Group to outsource its haulage function, thereby converting this fixed cost to a variable cost which more aptly meets the needs of the business and reduces costs.

On a wider scale, the continued fragility of the global economy also led to an escalation in the volatility of raw material markets, requiring strong purchasing and price management in order to successfully protect gross margins.

Operations – International Agriculture

The division continues to trade through its two complementary brands, Kiotechagil and Optivite, covering in excess of 60 countries. This linked approach helps smooth out some of the trading peaks and troughs which are inevitable in a global business. 2011 was particularly volatile as we faced a number of local and regional issues including:

- political unrest in the Middle East;
- the application of sanctions, which disrupted our status quo in some countries, such as Iran;
- the financial instability of certain Southern European countries where we have significant sales volumes.

Our reaction to these challenges has been to take a cautious view when offering credit and we have worked closely with our distributors to mitigate the exposure to vulnerable companies along the supply chain. In addition, we have comprehensive credit insurance for most of our customers. We did experience a drop in volumes during the autumn months, but volumes recovered with a strong performance at the end of 2011.

The regional performances within the two trading brands of the division reflect both the challenges and the opportunities in 2011 as well as what lies ahead in 2012, with Latin America leading the way in growth followed by Asia Pacific. The strong performance in these regions highlights a wider trend in both meat consumption and production, which we anticipate will continue as the world population grows and average GDP per capita increases at faster rates in developing countries. Anpario is well positioned to capitalise on these trends and we are investing in additional resource to focus on these regions.

Whilst we are cautious in relation to Europe and the Middle East owing to the continuing turmoil, the division is confident and focused on capturing opportunities in the higher growth regions, especially China and Brazil where the agricultural markets are vast. We are also endeavouring to launch a number of new products to our distributors, which we believe have strong differentiation compared to the competition. By pooling the resources of Optivite and Kiotechagil we have strengthened and centralised the technical team which has accelerated our R&D efforts.

Chairman's statement continued

Significant progress was achieved in China with our wholly owned subsidiary beginning to generate profit within eighteen months of being established, enabling future growth initiatives to be self-financing. The subsidiary continued to successfully gain national registration approvals for key products such as Neutox, a high performance, broad spectrum toxin binder for animal feed and Prefect, a gut conditioner and microbial optimiser for young pigs, particularly in high stress environments. These have received a positive reception in the market and will be key drivers of future growth for the subsidiary.

Operations – Aquaculture

We continue to take positive steps in developing the Aquatice® product from our research base in Thailand and are encouraged by progress in the Philippines, where trial results have been good and a significant aquaculture business has recognised Aquatice®'s effect in stimulating fish which are reluctant to feed whether due to stress, cold weather, or medication. Immediate visual feedback in stimulating feeding convinces farmers of the merits of Aquatice® more readily than an extended trial measuring feed conversion.

We are also working with a number of other multi-national and local companies in the Asia Pacific region to agree distribution arrangements. Innovative technology like Aquatice® takes time to become established in conservative industries such as aquaculture and we believe we are making good progress in developing the product as a useful tool in fish farming for the future.

People

Over the last two years we have implemented many changes affecting individual roles and working practices. Our management and staff have responded very positively and have worked extremely hard to address the challenges presented. Their support is very much appreciated and, on behalf of the Board, I would like to thank each and every one of them for their contribution to the business.

Outlook

The Group has a made a good start to the current year. Management focus is to drive organic growth by aggressively pursuing market share now that we have a scalable production plant. Despite some significant loss of business due to the on-going turbulence in the Middle East and Europe we continue to generate opportunities to grow sales of our speciality feed additive range both in the UK and overseas as well as the launch of a number of new products. Latin America and Asia Pacific will continue to be targeted as priorities, capitalising on the burgeoning development within both regions.

Our strong balance sheet and cash flow allow management to continue to seek acquisition opportunities that offer strategic and commercial benefits to the Group through the broadening of our product portfolio and geographic spread. The acquisition of Meriden brings another strong trading brand to the Anpario Group and increases Anpario's global market share in the feed additive sector.

Richard S Rose
Chairman
26 April 2012

Directors' report

The Directors present their annual report and audited consolidated financial statements for the year ended 31 December 2011.

Directors

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

Richard S Rose
Richard P Edwards
David M A Bullen
Karen L Prior
Peter A Lawrence
Richard H Scragg

Principal activities

The principal activities of the Group and company in the year under review were those of the manufacture and supply of animal feed additives and the commercial development of biochemical stimulants for aquaculture.

Results and dividends

The consolidated income statement for the year is set out on page 14.
The profit for the year before tax was £1.826m (2010: £1.517m). The Directors propose a final dividend of 2.4p per share (2010: 2.0p).

Substantial shareholdings

At 20 April 2012, the Company had been notified of the following holdings of 3 per cent or more of its issued share capital:

	Ordinary shares	% held
ISIS EP LLP	2,898,576	14.6%
Unicorn Asset Management	2,257,986	11.4%
Amati Global Investors	1,877,891	9.5%
RBC cees Trustee Limited	1,483,880	7.5%
Artemis Investment Management	1,479,917	7.5%
Williams de Broë	1,140,751	5.8%
Downing LLP	724,636	3.7%

Review of the business and future developments

A full review of the year, together with an indication of future developments, is given in the Chairman's statement on pages 4 to 6.
On 28 November 2011 the Company changed its name from Kiotech International plc to Anpario plc.

Post balance sheet event

On 29 March 2012 the Company acquired 100% of the share capital of Meriden Animal Health Limited for a total consideration of up to £4.125m before costs. An initial payment of £3.0m in cash on completion has been made from existing cash resources. The remaining £1.125m is payable over the next two years, dependent on Meriden achieving certain performance criteria, and of this, £0.125m is to be satisfied by the issue of ordinary shares of Anpario to Meriden's shareholders.

Principal risks and uncertainties

The Directors present below their review of the principal risks and uncertainties facing the business. If any of the following risks materialise, the Company's business, financial condition, prospects and share price could be materially and adversely affected.

The Directors consider the following risks, along with specific financial risks outlined in Note 2.19 to the financial statements, are the most significant but not necessarily the only ones associated with the Company and its businesses.

- **Competition**

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

- **Dependence on key customers**

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

Directors' report continued

- **Prices of raw materials**

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

Key performance indicators

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

	2011	2010
	£000	£000
Financial		
Revenue	**19,198**	21,565
Gross profit	**5,755**	5,947
Adjusted EBITDA	**2,241**	1,959
Underlying profit before tax, exceptional items and share-based payments	**2,067**	1,878
Non-financial		
Health and safety - major accidents reportable to the Board in the year	**nil**	nil

The Group also regards the on-going achievement of product registrations and quality assurance accreditations as a major KPI.

The Chairman's statement on pages 4 to 6 contains an analysis of the performance of the Group against these KPIs.

Share Capital

On 26 January 2011 the Company purchased in the market 235,000 of its own ordinary shares of 23p each for 70p each, these shares are held in treasury. The Directors considered the purchase would result in an increase in earnings per share and would be in the best interests of the company.

A Special Resolution will be proposed at our AGM to renew the Directors' limited authority last granted in 2011 to repurchase ordinary shares in the market. On 27 September 2011 and 12 December 2011 the Company respectively issued 587,742 and 896,138 ordinary shares of 23p at market price to the Trustees of The Kiotech International plc Employees' Share Trust. Further details of these transactions are set out on page 10.

Property, plant and equipment

The Directors are of the opinion that the carrying value of certain property vacated during the year exceeded its recoverable amount and an impairment provision of £0.1m has been recognised in the income statement.

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.

Creditors payment policy

The Company agrees terms and conditions for its business transactions with its suppliers and payments are made on these terms, subject to the terms and conditions being met by the suppliers. Trade creditors at the year-end amounted to 67 days (2010: 60 days) of average supplies for the year against terms agreed with our suppliers.

Internal financial control

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

Corporate governance

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

Charitable and political contributions

There were no charitable donations made in the year (2010: £nil). There were no donations made to political parties (2010: £nil).

Directors' interests

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

	Ordinary shares of 23p each	
	31 Dec 2011	31Dec 2010
R S Rose	**31,057**	31,057
R P Edwards	**42,681**	32,681
D M A Bullen	**-**	-
K L Prior	**20,000**	9,780
P A Lawrence	**27,950**	27,950
R H Scragg	**144,288**	288,588

Directors' remuneration

Emoluments and compensation includes salary and benefits in kind and an appropriate proportion of the valuation of share based payments.

Director	Emoluments and compensation		Post-employment benefits	
	2011 £000	2010 £000	**2011 £000**	2010 £000
R S Rose	**20**	22	**-**	-
R P Edwards	**135**	232	**13**	37
D M A Bullen	**167**	184	**7**	6
K L Prior	**140**	175	**5**	5
P A Lawrence	**26**	26	**-**	-
R H Scragg	**27**	113	**-**	6
M R Nicholls	**-**	107	**-**	-

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

	Option price (pence per share)	**31 Dec 2011**	31 Dec 2010
R S Rose	161.00	**21,739**	21,739
	115.00	**21,739**	21,739
R P Edwards	69.00	**99,378**	620,734
	31.74	**63,011**	108,694
D M A Bullen	80.50	**21,739**	21,739
	31.74	**32,608**	32,608
	69.00	**105,682**	260,867
	86.25	**-**	86,956
K L Prior	69.00	**130,432**	130,432
	86.25	**-**	86,956
P A Lawrence	169.74	**21,739**	21,739
	115.00	**21,739**	21,739
R H Scragg	86.25	**21,739**	21,739

The Kiotech International plc Employees' Share Trust

The Kiotech International plc Employees' Share Trust ("Trust") and a Joint Share Ownership Plan ("JSOP") were established and approved by resolution of the Non-Executive Directors on 26 September 2011. The JSOP provides for the acquisition by employees, including Executive Directors, of beneficial interests as joint owners (with the Trust) of Ordinary Shares in the Company upon the terms of a Joint Ownership Agreement (JOA). The terms of the JOA provide, inter alia, that if jointly owned shares become vested and are sold, the proceeds of sale will be divided between the joint owners so that the participating employee receives an amount equal to any growth in the market value of the Jointly Owned Shares since the time of issue of these shares, less a "carrying cost" (equivalent to simple interest at 4.5 per cent per annum on the initial market value of the shares), and the Trust receives the initial market value of the jointly owned shares plus the carrying cost.

On 27 September 2011 the Company issued 587,742 ordinary shares of 23p under the terms of the Company's newly established JSOP at a price of 85.5p per share. On 12 December 2011 a further 896,138 ordinary shares of 23p were issued to the JSOP at a price of 79p per share as a modification to existing benefits under the Company's Enterprise Management Incentive Scheme and Unapproved Share Scheme.

£1,210,468 was advanced to the Trust in order that the shares were issued fully paid. To this extent the transaction was effectively cash neutral to the Company. These transactions resulted in an obligation by the Trust to settle the £1,210,468 advanced by the Company at such time as the benefit of the JSOP shares vests to the beneficiaries and they elect to take full ownership of the shares. The beneficiaries and their interests in the JSOP shares are as follows:

	2011	2010
R P Edwards	**609,781**	-
D M A Bullen	**612,143**	-
K L Prior	**261,956**	-

Stockbrokers

FinnCap is the Company's stockbroker and nominated adviser.
The closing share price on 31 December 2011 was 81p per share (2010: 88.3p per share).

Independent Auditors

A resolution proposing that PricewaterhouseCoopers LLP be reappointed will be put to the Annual General Meeting.

Indemnities

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

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement of disclosure to auditors

So far as the Directors are aware;

1. there is no relevant audit information of which the Group's auditors are unaware, and

2. 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 Group's auditors are aware of that information.

On behalf of the Board

Karen L Prior FCA
Company Secretary
26 April 2012

Independent auditors' report to the members of Anpario plc (formerly Kiotech International plc)

We have audited the Group and Parent Company financial statements (the "financial statements") of Anpario plc for the year ended 31 December 2011 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated and parent company balance sheets, the Consolidated and parent company statements of changes in equity, the Consolidated and parent company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 10 to 11, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2011 and of the Group's profit and Group's and Parent Company's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Parent Company, or 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; or
- we have not received all the information and explanations we require for our audit.

Ian Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Sheffield
26 April 2012

Consolidated income statement

for the year ended 31st December 2011

	Notes	**2011 £000**	2010 £000
Revenue	3	**19,198**	21,565
Cost of sales		**(13,443)**	(15,618)
Gross profit		**5,755**	5,947
Administrative expenses		**(3,880)**	(4,225)
Closure and restructuring costs	5	**(88)**	(261)
Operating profit		**1,787**	1,461
Finance income	8	**39**	56
Profit before income tax		**1,826**	1,517
Income tax expense	11	**(150)**	(229)
Profit for the year from continuing operations		**1,676**	1,288
Profit for the year attributable to:			
Owners of the parent		**1,667**	1,282
Non-controlling interests		**9**	6
Profit for the year		**1,676**	1,288

The Consolidated income statement has been prepared on the basis that all operations are continuing operations.

Basic earnings per share (pence)	9	**9.22p**	7.01p
Diluted earnings per share (pence)	9	**9.15p**	6.94p

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Parent Company Income Statement and Statement of Comprehensive Income. The profit for the Parent Company for the year was £1,696,000 (2010: £1,334,000).

Consolidated statement of comprehensive income

for the year ended 31st December 2011

	2011 £000	2010 £000
Profit for the year	**1,676**	1,288
Exchange difference on translating foreign operations	**(42)**	5
Total comprehensive income for the year	**1,634**	1,293
Attributable to the owners of the parent:	**1,635**	1,287
Non-controlling interests	**(1)**	6
Total comprehensive income for the year	**1,634**	1,293

The notes on pages 18 to 39 form part of these financial statements.

Consolidated and parent company balance sheets

as at 31st December 2011

		Group		Company	
	Notes	**2011 £000**	2010 £000	**2011 £000**	2010 £000
Intangible assets	12	**7,161**	7,007	**7,161**	7,007
Property, plant and equipment	13	**2,840**	2,619	**2,837**	2,609
Investments in subsidiaries	14	**-**	-	**233**	233
Deferred tax assets	20	**318**	289	**318**	289
Non-current assets		**10,319**	9,915	**10,549**	10,138
Inventories	15	**1,088**	1,200	**971**	1,042
Trade and other receivables	16	**4,439**	5,284	**4,466**	5,297
Cash and cash equivalents	17	**4,357**	3,531	**4,185**	3,357
Current assets		**9,884**	10,015	**9,622**	9,696
Total assets		**20,203**	19,930	**20,171**	19,834
Called up share capital	24	**4,555**	4,209	**4,555**	4,209
Share premium		**3,828**	2,957	**3,828**	2,957
Other reserves	26	**(695)**	5,054	**(669)**	5,048
Retained earnings	25	**8,264**	2,517	**8,378**	2,602
Non-controlling interest		**50**	51	**-**	-
Total equity		**16,002**	14,788	**16,092**	14,816
Borrowings	19	**-**	3	**-**	3
Deferred tax liabilities	20	**994**	944	**994**	944
Non-current liabilities		**994**	947	**994**	947
Trade and other payables	18	**3,207**	3,907	**3,085**	3,789
Current income tax liabilities		**-**	288	**-**	282
Current liabilities		**3,207**	4,195	**3,085**	4,071
Total liabilities		**4,201**	5,142	**4,079**	5,018
Total equity and liabilities		**20,203**	19,930	**20,171**	19,834

The notes on pages 18 to 39 form part of these financial statements.
The financial statements on pages 14 to 39 were approved by the Board and authorised for issue on 26 April 2012.

D M A Bullen
K L Prior FCA
Directors
Company Number: 03345857

Consolidated and parent company statements of changes in equity for the year ended 31st December 2011

Group	Called up share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Non-controlling interest £000	Total equity £000
Balance at 1st January 2010	4,209	2,957	4,949	1,445	45	13,605
Profit for the year	-	-	-	1,282	6	1,288
Currency translation differences	-	-	5	-	-	5
Total comprehensive income for the year	-	-	5	1,282	6	1,293
Share-based payment adjustments	-	-	100	-	-	100
Dividends relating to 2009	-	-	-	(210)	-	(210)
Transactions with owners	-	-	100	(210)	-	(110)
Balance at 31st December 2010	**4,209**	**2,957**	**5,054**	**2,517**	**51**	**14,788**
Profit for the year	-	-	-	1,667	9	**1,676**
Currency translation differences	-	-	(32)	-	(10)	**(42)**
Total comprehensive income for the year	-	-	(32)	1,667	(1)	**1,634**
Issue of share capital	346	871	-	-	-	**1,217**
Purchase of treasury shares	-	-	(166)	-	-	**(166)**
Joint share ownership plan	-	-	(1,210)	-	-	**(1,210)**
Share-based payment adjustments	-	-	100	-	-	**100**
Release of special reserve to retained earnings	-	-	(4,441)	4,441	-	**-**
Dividends relating to 2010	-	-	-	(361)	-	**(361)**
Transactions with owners	346	871	(5,717)	4,080	-	**(420)**
Balance at 31st December 2011	**4,555**	**3,828**	**(695)**	**8,264**	**50**	**16,002**

Company	Called up share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1st January 2010	4,209	2,957	4,948	1,478	13,592
Profit for the year	-	-	-	1,334	1,334
Total comprehensive income for the year	-	-	-	1,334	1,334
Share-based payment adjustments	-	-	100	-	100
Dividends relating to 2009	-	-	-	(210)	(210)
Transactions with owners	-	-	100	(210)	(110)
Balance at 31st December 2010	**4,209**	**2,957**	**5,048**	**2,602**	**14,816**
Profit for the year	-	-	-	1,696	**1,696**
Total comprehensive income for the year	-	-	-	1,696	**1,696**
Issue of share capital	346	871	-	-	**1,217**
Purchase of treasury shares	-	-	(166)	-	**(166)**
Joint share ownership plan	-	-	(1,210)	-	**(1,210)**
Share-based payment adjustments	-	-	100	-	**100**
Release of special reserve to retained earnings	-	-	(4,441)	4,441	**-**
Dividends relating to 2010	-	-	-	(361)	**(361)**
Transactions with owners	346	871	(5,717)	4,080	**(420)**
Balance at 31st December 2011	**4,555**	**3,828**	**(669)**	**8,378**	**16,092**

The notes on pages 18 to 39 form part of these financial statements.

Consolidated and parent company statements of cash flows for the year ended 31st December 2011

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Cash generated from/(used by) operating activities	**2,451**	1,211	**2,418**	(1,236)
Income tax paid	**(436)**	(197)	**(431)**	(203)
Net cash generated from/(used by) operating activities	**2,015**	1,014	**1,987**	(1,439)
Purchases of property, plant and equipment	**(474)**	(2,071)	**(474)**	(2,069)
Proceeds from disposal of property, plant and equipment	**11**	10	**11**	10
Payments to acquire intangible fixed assets	**(212)**	(256)	**(212)**	(256)
Interest received	**39**	56	**39**	56
Dividends received	**-**	-	**-**	2,391
Net cash generated from/(used by) investing activities	**(636)**	(2,261)	**(636)**	132
Purchase of treasury shares	**(166)**	-	**(166)**	-
Acquisition of shares by JSOP	**(1,210)**	-	**(1,210)**	-
Proceeds from issuance of shares	**1,217**	-	**1,217**	-
Dividend paid to company's shareholders	**(361)**	(210)	**(361)**	(210)
Repayment of borrowings	**(3)**	(27)	**(3)**	(27)
Net cash used in financing activities	**(523)**	(237)	**(523)**	(237)
Net increase/(decrease) in cash & cash equivalents	**856**	(1,484)	**828**	(1,544)
Effect of exchange rate changes	**(30)**	-	**-**	-
Cash and cash equivalents at the beginning of the year	**3,531**	5,015	**3,357**	4,901
Cash and cash equivalents at the end of the year	**4,357**	3,531	**4,185**	3,357

	Group		Company	
	2011	2010	**2011**	2010
Cash generated from/(used by) operating activities	**£000**	£000	**£000**	£000
Profit before income tax	**1,826**	1,517	**1,842**	1,556
Net finance income	**(39)**	(56)	**(39)**	(2,447)
Depreciation, amortisation and impairment	**301**	137	**294**	134
Profit on disposal of property, plant and equipment	**(1)**	(10)	**(1)**	(10)
Share-based payments	**100**	100	**100**	100
Provision against investment in subsidiaries	**-**	-	**-**	2,391
Changes in working capital:				
Inventories	**98**	91	**71**	188
Trade and other receivables	**788**	(373)	**754**	(450)
Trade and other payables	**(622)**	(195)	**(603)**	(2,698)
Cash generated from/(used by) operating activities	**2,451**	1,211	**2,418**	(1,236)

The notes on pages 18 to 39 form part of these financial statements.

Notes to the financial statements

for the year ended 31st December 2011

1 General information

Anpario plc ("the Company") and its subsidiaries (together "the Group") manufacture and supply products to enhance health, growth and sustainability in agriculture and aquaculture.
The Company is traded on the London Stock Exchange AIM market and is incorporated and domiciled in the UK. The address of its registered office is Manton Wood Enterprise Park, Worksop, Nottinghamshire, S80 2RS.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

The principal accounting policies of the Group are set out below, and have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements.

2.2 Basis of consolidation

The consolidated financial statements comprise the accounts of the Company and its subsidiaries drawn up to 31 December 2011.

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 liabilities 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 non-controlling 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.

Acquisition costs are accounted for as an expense as incurred in the income statement.

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

2.3 Revenue recognition

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

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

2.4 Segment reporting

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

2.5 Foreign currency translation

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

(a) Functional and presentational currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The consolidated financial statements are presented in Pounds Sterling, which is the Company's functional and presentational currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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

(c) Group companies
The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
– assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of the balance sheet;
– income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case the income and expenses are translated at the rate on the dates of the transaction); and
– all resulting exchange differences are recognised as a separate component of equity.

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

Notes to the financial statements continued

for the year ended 31st December 2011

2.6 Intangible assets

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

(b) Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to the appropriate cash-generating unit for the purpose of impairment testing. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

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

(d) Brands
Brand names acquired in a business combination are recognised at fair value based on an expected royalty value at the acquisition date. Brand names are deemed to have an indefinite useful life and are not amortised. However, they are allocated to appropriate cash-generating units and subject to impairment testing on an annual basis. Any impairment is recognised immediately through the income statement and is not subsequently reversed.

(e) Customer relationships
Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships are deemed to have a finite useful life and are carried at fair value less amortisation. Amortisation is calculated using the straight-line method over the expected useful life of 10 years.

2.7 Impairment of non-financial assets

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

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

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

2.8 Investments

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

2.9 Property, plant and equipment

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

Buildings	50 years or period of lease if shorter
Plant and machinery	3-10 years
Fixtures, fittings and equipment	3-6 years

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

2.10 Inventories

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

2.11 Trade receivables

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

2.12 Cash and cash equivalents

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

2.13 Derivative financial instruments

The group uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value and gains or losses recognised in the income statement.

2.14 Leasing and hire purchase

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

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

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

Notes to the financial statements continued
for the year ended 31st December 2011

2.15 Taxation

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 balance sheet date.

Deferred income tax is recognised, using the full liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.16 Employee benefits

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

(b) Pension obligations
The Group operates a defined contribution pension scheme and contributes a percentage of salary to individual employee schemes. The pension expense represents contributions payable in the year.

2.17 Equity

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

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

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

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

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

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

The JSOP shares reserve arises when the Company issues equity share capital under its Joint Share Ownership Plan, which is held in trust by The Kiotech International plc Employees' Share Trust.

2.17 Equity Continued

The interests of the Trust are consolidated into the Group's financial statements and the relevant amount treated as a reduction in equity.

2.18 Dividend distribution

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

2.19 Financial risk management

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

(a) Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and deposits with financial institutions. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has an established credit policy under which each new customer is analysed for creditworthiness before the Group's payment and delivery terms and conditions are offered. Where possible, risk is minimised through settlement via letters of credit and purchase of credit insurance. The Group's investment policy restricts the investment of surplus cash to interest bearing deposits with banks and building societies with high credit ratings.

(b) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

(d) Exchange rate risk
The Group's principal functional currency is Pounds Sterling. However, during the year the Group had exposure to Euros and US Dollars. The Group's policy is to maintain natural hedges, where possible, by matching revenue and receipts with expenditure and put in place forward contracts as considered appropriate.

(e) Capital risk
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends payable to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

2.20 Critical accounting estimates and judgements

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

(a) Estimated impairment value of intangible assets
The Group tests annually whether intangible assets have suffered any impairment. Impairment provisions are recorded as applicable based on Directors' estimates of recoverable values.

Notes to the financial statements continued

for the year ended 31st December 2011

2.20 Critical accounting estimates and judgements continued

(b) Income taxes

The Group is subject to income taxes predominately in the United Kingdom but also in other jurisdictions. Significant estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated queries by the tax authorities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different for the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2.21 Impact of accounting standards and interpretations

At the date of authorisation of these financial statements, the following standards and interpretations to existing standards are mandatory for the first time for the accounting period ended 31 December 2011:

		Effective from
IAS 32 (amended 2009)	'Classification of Rights Issue'	1 February 2010
IFRIC 19 (issued 2009)	'Extinguishing Financial Liabilities with Equity Instruments'	1 July 2010
IFRS 1 (amended 2010)	'Limited Exemption from Comparative IFRS Disclosures for first time Adopters'	1 July 2010
IFRIC 14 (amended 2009)	'Prepayments of a Minimum Funding Requirement'	1 January 2011
IAS 24 (revised 2009)	'Related Party Disclosures'	1 January 2011

The adoption of these standards and interpretations has not had a significant impact on the Group. At the date of the authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

		Effective from
IFRS 1 (amended 2010)	'Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters'	1 July 2011
IFRS 7 (amended 2010)	'Financial Instruments: Disclosures'	1 July 2011
IAS 12 (amended 2010)	'Deferred Tax: Recovery of Underlying Assets'	1 January 2012
IFRS 9 (issued 2009)	'Financial Instruments'	1 January 2013
IFRS 10 (issued 2011)	'Consolidated Financial Statements'	1 January 2013
IFRS 11 (issued 2011)	'Joint arrangements'	1 January 2013
IFRS 12 (issued 2011)	'Disclosure of Interests in Other Entities'	1 January 2013
IFRS 13 (issued 2011)	'Fair Value Measurement'	1 January 2013
IAS 1 (issued 2011)	'Presentation of other items of Comprehensive Income'	1 July 2012
IAS 19 (issued 2011)	'Employee Benefits (Revised)'	1 January 2013

A review of the impact of these standards, amendments and interpretations continues. At this stage the Directors do not believe that they will give rise to any significant financial impact.

In 2011, the Group did not early adopt any new or amended standards and does not plan to early adopt any of the standards issued but not yet effective.

3 Segment information

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

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

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

Inter-segment revenue is charged at prevailing market prices.

	UK and Eire £000	International £000	Total £000
Year ended 31 December 2011			
Total segmental revenue	6,704	12,871	**19,575**
Inter-segment revenue	-	(377)	**(377)**
Revenue from external customers	6,704	12,494	**19,198**
Adjusted EBITDA	340	1,901	**2,241**
Depreciation, amortisation and impairment charges	(55)	(246)	**(301)**
Income tax expense	(22)	(128)	**(150)**
Total assets	7,311	12,892	**20,203**
Total liabilities	(1,415)	(2,786)	**(4,201)**
Year ended 31 December 2010			
Total segmental revenue	9,300	12,686	21,986
Inter-segment revenue	-	(421)	(421)
Revenue from external customers	9,300	12,265	21,565
Adjusted EBITDA	243	1,716	1,959
Depreciation and amortisation	(99)	(38)	(137)
Income tax expense	(68)	(161)	(229)
Total assets	8,624	11,306	19,930
Total liabilities	(1,614)	(3,528)	(5,142)

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

	2011 £000	2010 £000
Adjusted EBITDA for reportable segments	**2,241**	1,959
Depreciation and amortisation	**(213)**	(137)
Share-based payment charges	**(153)**	(100)
Finance income	**39**	56
Closure and restructuring costs	**(88)**	(261)
Profit before tax	**1,826**	1,517

The entity is domiciled in the UK.

The total of non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in the UK is £9,998,000 (2010: £9,616,000) and the total of these assets located in other countries is £3,000 (2010: £10,000)

Share-based payment charges of £153,000 includes £53,000 of professional fees that have been expensed during 2011.

Notes to the financial statements continued

for the year ended 31st December 2011

4 Expenses by nature

	2011 £000	2010 £000
Changes in inventories of finished goods	(65)	(72)
Raw materials and consumables used	10,798	13,337
Employee expenses (note 7)	2,828	3,349
Research and development expenditure	46	51
Transportation expenses	1,359	1,194
Other operating expenses	1,848	1,867
Operating lease payments	52	297
Depreciation, amortisation and impairment charges	301	137
Share-based payment charges	153	100
Acquisition costs	50	-
Loss/(Profit) on foreign exchange transactions	41	(156)
Total cost of sales, distribution and administrative expenses	17,411	20,104

5 Closure and restructuring costs

Following the completion of the restructuring exercise in the prior year, the group has identified an impairment provision of £88,000 against the value of a long leasehold property which is no longer required in the normal course of business. During 2010 the Group closed a number of administrative and production sites which resulted in costs associated with staff redundancies, removal costs, early termination costs and asset disposals.

6 Auditors' remuneration

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

	2011 £000	2010 £000
Group		
Fees payable to the Company's auditors for the audit of Parent Company and Consolidated financial statements	31	23
Fees payable to the Company's auditors for other services:		
Tax services	13	26
	44	49

7 Employees

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

	2011 Number	2010 Number
Group		
Production	30	28
Administration	21	21
Sales and Technical	23	23
Total average headcount	74	72
Company		
Production	30	28
Administration	20	20
Sales and Technical	16	17
Total average headcount	66	65

7 **Employees** continued

Employment costs
Group

	2011 £000	2010 £000
Wages and salaries	**2,485**	2,910
Social security costs	**233**	297
Other pension costs	**110**	142
Share-based payment charges	**153**	100
	2,981	3,449

8 **Finance income**

	2011 £000	2010 £000
Interest receivable on short-term bank deposits	**39**	56

9 **Earnings per share**

	2011	2010
Weighted average number of shares in issue (000's)	**18,085**	18,300
Adjusted for effects of dilutive potential ordinary shares (000's)	**139**	173
Weighted average number for diluted earnings per share (000's)	**18,224**	18,473
Profit attributable to equity holders of the company (£000's)	**1,667**	1,282
Basic earnings per share (pence)	**9.22**	7.01
Diluted earnings per share (pence)	**9.15**	6.94

	2011 £000	2010 £000
Underlying profit attributable to equity owners:		
Profit attributable to equity owners	**1,667**	1,282
Closure and restructuring costs (net of tax)	**88**	187
Prior year tax adjustments	**(138)**	(138)
Underlying profit	**1,617**	1,331
Underlying earnings per share (pence)	**8.94**	7.27
Diluted underlying earnings per share (pence)	**8.87**	7.20

10 **Dividend payable**

	2011 £000	2010 £000
2009 final dividend paid: 1.15p per 23p share	**-**	210
2010 final dividend paid: 2.0p per 23p share	**361**	-
	361	210

A dividend in respect of the year ended 31 December 2011 of 2.4 pence per share, amounting to a total dividend of £452,000 is to be proposed at the Annual General Meeting on 26 June 2012. These financial statements do not reflect this dividend payable.

Notes to the financial statements continued

for the year ended 31st December 2011

11 Income tax expense

	2011 £000	2010 £000
Current tax		
Current tax on profits for the year	**247**	288
Adjustment for prior years	**(118)**	(221)
Total current tax	**129**	67

Deferred tax		
Origination and reversal of temporary differences	**41**	79
Adjustment for prior years	**(20)**	83
Total deferred tax (note 20)	**21**	162
Income tax expense	**150**	229

Factors affecting the tax charge for the year	2011 £000	2010 £000
Profit before tax	**1,826**	1,517
Tax at domestic rates applicable to profits in the respective countries	**484**	425
Tax effects of:		
Non-deductible expenses	**104**	27
Capital allowances	**(41)**	2
Research and development tax credits	**(266)**	(119)
Prior year tax adjustments	**(138)**	(138)
Other tax adjustments	**7**	32
Tax charge	**150**	229

12 Intangible assets

Group and Company **Cost**	Goodwill £000	Brands £000	Customer releationships £000	Patents, trademarks and registrations £000	Development costs £000	Total £000
As at 1 January 2010	4,144	1,501	176	46	1,037	6,904
Additions	-	-	-	13	243	256
As at 31 December 2010	4,144	1,501	176	59	1,280	7,160
Additions	-	-	-	5	207	212
As at 31 December 2011	**4,144**	**1,501**	**176**	**64**	**1,487**	**7,372**
Accumulated amortisation/impairment						
As at 1 January 2010	-	-	-	5	126	131
Charge for the year	-	-	18	4	-	22
As at 31 December 2010	-	-	18	9	126	153
Charge for the year	-	-	18	7	-	25
Impairment provision	-	-	-	-	33	33
As at 31 December 2011	**-**	**-**	**36**	**16**	**159**	**211**
Net book value						
As at 31 December 2011	**4,144**	**1,501**	**140**	**48**	**1,328**	**7,161**
As at 31 December 2010	4,144	1,501	158	50	1,154	7,007
As at 1 January 2010	4,144	1,501	176	40	911	6,772

Goodwill is allocated to the Group's cash-generating units (CGU's) identified according to trading brand. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond a five-year period are extrapolated using estimated growth rates of 1.5% per annum (2010: 1%).

12 Intangible assets continued

The discount rate used of 12% (2010: 12%) is pre-tax and reflects specific risks relating to the operating segments.

Goodwill is allocated as follows:

At 31 December 2010 and 2011	£000
Acquisition of Kiotechagil operations	3,552
Acquisition of Optivite operations	592
Total goodwill	**4,144**

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

Amortisation of customer relationships and patents, trademarks and registrations totalling £25,000 (2010: £22,000) is included in administrative expenses.

The carrying amount of development costs of a range of products has been reduced to its recoverable amount through recognition of an impairment provision during the year of £33,000 due to uncertainty regarding future marketability. This provision, included within administrative expenses, was based on management forecasts of the remaining development costs and expected future economic benefits arising to the Group.

13 Property, plant and equipment

Group	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
As at 1st January 2010	330	291	157	778
Additions	1,532	223	316	2,071
As at 1st January 2011	1,862	514	473	2,849
Reclassification	98	78	(176)	-
Additions	47	369	58	474
Disposals	-	(21)	-	(21)
As at 31 December 2011	**2,007**	**940**	**355**	**3,302**
Depreciation				
As at 1 January 2010	8	72	35	115
Charge for the year	1	48	66	115
As at 1st January 2011	9	120	101	230
Reclassification	11	27	(38)	-
Charge for the year	28	94	33	155
Disposals	-	(11)	-	(11)
Impairment provision	88	-	-	88
As at 31 December 2011	**136**	**230**	**96**	**462**
Net book value				
As at 31 December 2011	**1,871**	**710**	**259**	**2,840**
As at 31 December 2010	1,853	394	372	2,619
As at 1 January 2010	322	219	122	663

Notes to the financial statements continued
for the year ended 31st December 2011

13 Property, plant and equipment continued

Held within land and buildings is an amount of £700,000 (2010: £700,000) in respect of non-depreciable land.

Plant and machinery includes the following amounts held under finance lease.

	2011 £000	2010 £000
Cost-capitalised hire purchase contracts	-	11
Accumulated depreciation	-	(3)
Net book value	-	8

Company	**Land and buildings £000**	**Plant and machinery £000**	**Fixtures, fittings and equipment £000**	**Total £000**
Cost				
As at 1st January 2010	330	229	139	698
Reclassification	-	(17)	17	-
Additions	1,532	223	314	2,069
As at 1st January 2011	1,862	435	470	2,767
Reclassification	98	78	(176)	-
Additions	47	369	58	474
Disposals	-	(18)	-	(18)
As at 31 December 2011	**2,007**	**864**	**352**	**3,223**
Depreciation				
As at 1 January 2010	8	17	21	46
Reclassification	-	(3)	3	-
Charge for the year	1	46	65	112
As at 1st January 2011	9	60	89	158
Reclassification	11	27	(38)	-
Charge for the year	28	87	33	148
Disposals	-	(8)	-	(8)
Impairment provision	88	-	-	88
As at 31 December 2011	**136**	**166**	**84**	**386**
Net book value				
As at 31 December 2011	**1,871**	**698**	**268**	**2,837**
As at 31 December 2010	1,853	375	381	2,609
As at 1 January 2010	322	212	118	652

Held within land and buildings is an amount of £700,000 (2010: £700,000) in respect of non-depreciable land.

During 2011 an exercise was undertaken to reclassify certain assets between catagories.

As described in note 5, a provision for impairment of £88,000 was made against the value of a long leasehold property which is no longer required in the normal course of business. The property remains in property, plant and equipment as current market conditions mean it is uncertain as to whether the property will be sold or rented.

14 Investment in subsidiaries

Company Cost	Unlisted Investments £000
As at 1 January 2010, at 31 December 2010 and at 31 December 2011	**2,625**
Provisions for diminution in value	
As at 1 January 2010	1
Charge for the year	2,391
As at 31 December 2010	2,392
Charge for the year	-
As at 31 December 2011	**2,392**
Net book value	
As at 31 December 2011	**233**
As at 31 December 2010	233
As at 1 January 2010	2,624

Holdings of more than 20 per cent

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

Company	Country of registration or incorporation	Principal activity	Percentage held	Shares held Class
Subsidiary undertakings				
Anpario UK Limited	England and Wales	Dormant	100	Ordinary
Kiotech Limited	England and Wales	Dormant	100	Ordinary
Aquatice Limited	England and Wales	Dormant	100	Ordinary
Agil Limited	England and Wales	Dormant	100	Ordinary
Kiotechagil Limited	England and Wales	Dormant	100	Ordinary
Optivite Limited	England and Wales	Dormant	100	Ordinary
Optivite International Limited	England and Wales	Dormant	100	Ordinary
Kiotechagil (Shanghai) Agriculture Science and Technology Limited	China	Technology Services	100	Ordinary
Optivite Animal Nutrition Private Limited	India	Technology Services	100	Ordinary
Optivite Latinoamericana SA de CV	Mexico	Technology Services	98	Ordinary
Optivite SA (Proprietary) Limited	South Africa	Technology Services	60	Ordinary

Anpario UK Limted was incorporated on 29 June 2011 with one subscriber share of £1.

15 Inventories

	Group		Company	
	2011 **£000**	2010 £000	**2011** **£000**	2010 £000
Raw materials and consumables	**752**	799	**752**	799
Finished goods and goods for resale	**336**	401	**219**	243
	1,088	1,200	**971**	1,042

The cost of inventories recognised as expense and included in `cost of sales' amounted to £10,733,000 (2010: £13,265,000) for the Group and £10,239,000 (2010: £12,793,000) for the Company.

Notes to the financial statements continued

for the year ended 31st December 2011

16 Trade and other receivables

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Trade receivables	**4,207**	5,224	**3,815**	4,820
Less: provision for impairment of trade receivables	**(55)**	(244)	**(51)**	(230)
Trade receivables - net	**4,152**	4,980	**3,764**	4,590
Receivables from subsidiary undertakings	**-**	-	**454**	487
Taxes	**106**	165	**88**	99
Prepayments and accrued income	**181**	139	**160**	121
	4,439	5,284	**4,466**	5,297

The ageing analysis of net trade receivables is as follows:

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Up to 3 months	**3,327**	3,500	**2,865**	3,139
3 to 6 months	**799**	1,317	**725**	1,295
Over 6 months	**26**	163	**174**	156
Trade receivables - net	**4,152**	4,980	**3,764**	4,590

As of 31 December 2011 trade receivables of £880,000 (2010: £1,049,000) for the Group and £854,000 (2010: £1,042,000) for the Company were past due but not impaired. These relate to longstanding customers for who there are no recent history of default. The ageing analysis of these receivables is as follows:

	Group		Company	
	2011	2010	**2011**	2010
	£000	£000	**£000**	£000
Up to 3 months	**710**	244	**698**	244
3 to 6 months	**157**	711	**150**	711
Over 6 months	**13**	94	**6**	87
	880	1,049	**854**	1,042

16 Trade and other receivables continued

As of 31 December 2011 trade receivables of £55,000 (2010: £244,000) for the group and £51,000 (2010: £230,000) for the Company were impaired and fully provided for. The individually impaired receivables mainly relate to historic debt for which recovery is still being sought. The Group mitigates its exposure to credit risk by extensive use of credit insurance and letters of credit to remit amounts due. The aging of these trade receivables is as follows:

	Group		Company	
	2011 £000	2010 £000	**2011 £000**	2010 £000
3 to 6 months	**-**	18	**-**	18
Over 6 months	**55**	226	**51**	212
	55	244	**51**	230

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

	Group		Company	
	2011 £000	2010 £000	**2011 £000**	2010 £000
At 1 January 2011	**244**	252	**230**	252
Provisions for receivables created	**12**	56	**8**	42
Amounts written off as unrecoverable	**155**	-	**(155)**	-
Amounts recovered during the year	**(46)**	(64)	**(32)**	(64)
At 31 December 2011	**55**	244	**51**	230

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

	Group		Company	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Pounds sterling	**2,415**	2,775	**2,415**	2,776
Euros	**669**	1,183	**669**	1,183
US dollar	**697**	651	**680**	631
Other currencies	**371**	371	**-**	-
At 31 December 2011	**4,152**	4,980	**3,764**	4,590

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

17 Cash and cash equivalents

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

18 Trade and other payables

	Group		Company	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Trade payables	**2,469**	2,724	**2,305**	2,538
Amounts due to subsidiary undertakings	**-**	-	**89**	114
Taxes and social security costs	**139**	80	**139**	80
Accruals and deferred income	**599**	1,103	**552**	1,057
	3,207	3,907	**3,085**	3,789

Notes to the financial statements continued

for the year ended 31st December 2011

19 Borrowings

The total amount due within one year at 31 December 2011 under hire purchase agreements is as follows:

	Group and Company	
	2011	2010
	£000	£000
Due within one year	**-**	3
	-	3

20 Deferred income tax

	2011	2010
Group	**£000**	£000
At 1 January	**655**	493
Income statement charge (note 11)	**21**	162
At 31 December	**676**	655

During the year, as a result of the change in the UK corporation tax rate from 26% to 25% that was substantively enacted on 5 July 2011 and planned to be effective from 1 April 2012, the relevant deferred tax balances at 31 December 2011 have been re-measured at 25% (2010: 27%).

Further reductions to the UK tax rate have been announced. The changes reduce the rate to 24% from 1 April 2012 and by 1% per annum thereafter to 22% by 1 April 2014. The changes had not been substantively enacted at the reporting date and, therefore, are not recognised in these financial statements. The effects of these changes are not expected to have any material impact on the financial statements.

Deferred tax liabilities / (assets)

	Accelerated tax allowances £000	**Fair value gains £000**	**Losses £000**	**Total £000**
At 1 January 2010	23	470	-	493
Income statement charge (note 11)	473	(22)	(289)	162
At 31 December 2010	496	448	(289)	655
Income statement charge (note 11)	71	(21)	(29)	21
At 31 December 2011	**567**	**427**	**(318)**	**676**
Classified as:				
Deferred income tax asset				**318**
Deferred income tax liability				**994**

	2011	2010
Company	**£000**	£000
At 1 January	**655**	493
Income statement charge	**21**	162
At 31 December	**676**	655

20 Deferred income tax continued

	Accelerated tax allowances £000	Fair value gains £000	Losses £000	Total £000
At 1 January 2010	23	470	-	493
Income statement charge (note 11)	473	(22)	(289)	162
At 31 December 2010	496	448	(289)	655
Income statement charge (note 11)	71	(21)	(29)	21
At 31 December 2011	**567**	**427**	**(318)**	**676**
Classified as:				
Deferred income tax asset				**318**
Deferred income tax liability				**994**

Losses

In addition to the losses noted above the Group and Company have not recognised deferred tax assets of £428,000 (2010: £530,000) in respect of unutilised tax losses totalling £1,712,000 (2010: £1,963,000).

21 Contingent liabilities

On the acquisition of Agil, part of the consideration was deferred pending receipt of trade receivables outstanding at November 2006. In the event that these receivables are collected then these balances will be due to the vendor of the business, ECO Animal Health Group plc. Management is of the opinion that the remaining uncollected trade receivables £155,000 (2010: £157,000) will not prove to be recoverable, this was provided for in 2010 and has been written off in 2011.

22 Financial commitments

At 31 December 2011 the Group has future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Vehicles, plant and equipment		Land and buildings	
	2011 £000	2010 £000	**2011 £000**	2010 £000
Less than one year	**37**	73	**-**	14
Between one and five years	**39**	67	**-**	-

The Group leased properties under non-cancellable operating lease agreements until October 2010, when a long underlease was acquired from the landlord and future obligations ceased.

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

23 Capital commitments

There were no capital commitments as at 31 December 2011 £nil (2010: £187,000 in respect of property, plant and equipment).

Notes to the financial statements continued

for the year ended 31st December 2011

24 Called up share capital

	2011 £000	2010 £000
Authorised		
86,956,521 Ordinary shares of 23p each	**20,000**	20,000
1,859,672 'A' shares of 99p each	**1,841**	1,841
	21,841	21,841
Allotted, called up and fully paid		
18,299,952 Ordinary shares of 23p each	**4,209**	4,209
Issue of Ordinary shares of 23p each to JSOP	**341**	-
Options exercised Ordinary shares of 23p each	**5**	-
	4,555	4,209

On 27 September 2011 and 12 December 2011 the Company respectively issued 587,742 and 896,138 ordinary shares of 23p at market price to the Trustees of The Kiotech International plc Employees' Share Trust. On 28 October 2011 21,739 ordinary shares of 23 pence each were issued pursuant to the exercise of employee share options.

25 Retained Earnings

	Group £000	Company £000
At 1 January 2010	1,445	1,478
Profit for the year	1,282	1,334
Dividends relating to 2009	(210)	(210)
At 31 December 2010	**2,517**	**2,602**
Profit for the year	1,667	1,696
Dividends relating to 2010	(361)	(361)
Transfer from special reserve	4,441	4,441
At 31 December 2011	**8,264**	**8,378**

A Special reserve of £4,441,000 was established following a reduction in capital and Court order on 21 July 2008. Following the satisfaction of the provisions of the Court order this amount has now been released to retained earnings and as such forms part of the Company's distributable reserves.

26 Other Reserves

Other reserves comprise:

	Group		Company	
	2011 £000	2010 £000	2011 £000	2010 £000
Treasury shares	**(166)**	-	**(166)**	-
Joint share ownership plan	**(1,210)**	-	**(1,210)**	-
Special reserve	**-**	4,441	**-**	4,441
Merger reserve	**228**	228	**228**	228
Share-based payment reserve	**479**	379	**479**	379
Translation reserve	**(26)**	6	**-**	-
	(695)	5,054	**(669)**	5,048

On 26 January 2011 the Company purchased in the market 235,000 of its own ordinary shares of 23p each for 70p each, these shares are held in treasury.

Details of the Joint share ownership plan (JSOP) established in the year are set out in note 27.

27 Share-based payments

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

	Weighted average exercise price (p)	**Shares 2011 000**	Weighted average exercise price (p)	Shares 2010 000
Outstanding at 1 January	76	**1,826**	76	1,619
Granted during the year	82	**60**	82	392
Modified by awards under JSOP	67	**(896)**	-	-
Exercised during the year	32	**(22)**	-	-
Forfeited or cancelled during the year	86	**(22)**	95	(185)
Outstanding at 31 December	81	**946**	76	1,826
Exercisable at 31 December		**340**		479

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

	Weighted average exercise price (p)	**Shares 2011 000**	Weighted average exercise price (p)	Shares 2010 000
2015	165	**44**	165	44
2016	99	**223**	86	397
2017	104	**65**	104	65
2018	32	**96**	32	163
2019	68	**262**	69	765
2020	79	**196**	82	392
2021	76	**60**	-	-
		946		1,826

On 30 June 2011 21,739 options were forfeited following a redundancy and on 28 October 2011 21,739 options were exercised. On 5 October 2011 options totalling 60,000 were awarded under the Company's Enterprise Management Incentive Scheme (EMIS).

Under the terms of the Company's newly established Joint share ownership plan (JSOP) on 27 September 2011 the Company issued 587,742 ordinary shares of 23p to the Executive Directors at a price of 85.5p per share; and on 12 December 2011 a further 896,138 ordinary shares of 23p were issued to the Executive Directors at a price of 79p per share as a modification to existing benefits under the Company's Enterprise Management Incentive Scheme (EMIS) and Unapproved Share Scheme.

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

The expense is apportioned over the vesting period and is based on the number of financial instruments which are expected to vest and the fair value of those financial instruments at the date of grant. The charge for the year in respect of share options granted and associated expenses amounts to £153,000 (2010: £100,000) of which £53,000 (2010: £nil) is related to professional fees that have been expensed during year.

Notes to the financial statements continued

for the year ended 31st December 2011

27 Share-based payments continued

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

Plan	EMIS	JSOP	JSOP
Grant date	05-Oct	27-Sep	12-Dec
Number of options granted (000)	60	588	896
Grant price (p)	75.5	85.5	79
Exercise price (p)	75.5	N/A	N/A
Carrying cost (per annum)	N/A	4.50%	4.50%
Vesting period (years)	2	3	3
Option expiry (years)	10	10	10
Expected volatility of the share price	37%	37%	37%
Dividends expected on the shares	3.05%	2.30%	1.31%
Risk-free rate	1.38%	2.00%	2.42%
Fair value (p)	19.27	19.79	0.43
	Black Scholes	Black Scholes	Black Scholes/ Monte Carlo

28 Related party transactions

Group and Company

The following transactions were carried out with related parties:

P A Lawrence, Chairman of ECO Animal Health Group plc, is a Non-Executive Director of the Company and £26,000 (2010: £26,000) was paid to ECO Animal Health Group plc in respect of his services and expenses.

Work done by certain employees of ECO Animal Health Group plc in connection with the research and development of aquaculture technology totalled £Nil (2010: £111,000). ECO Animal Health Group plc had an accounting management agreement with the Group until April 2010 and for which it received £Nil (2010:£10,000). On 31 December 2010 ECO Animal Health Group plc held 362,000 23p ordinary shares amounting to 2.01% of the ordinary Share Capital. These shares were disposed of during 2011.

Electro Switch Limited, a company controlled by close family members of the Chairman, R S Rose, received the sum of £20,000 (2010: £18,000).

Amounts due to related parties at 31 December 2011 were, ECO Animal Health Group plc £7,800 (2010: £Nil), Electro Switch Limited £2,000 (2010: £Nil).

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

	2011 £000	2010 £000
Salaries and other short-term employment benefits	**411**	647
Post employment benefits	**25**	54
Payments made to third parties	**46**	134
Share-based payments	**80**	78
Total	**562**	913

28 Related party transactions continued

Company

The following transactions were carried out with related parties:

	2011 £000	2010 £000
Sales of goods:		
- Subsidiaries	377	421
Sales of services:		
- Subsidiaries	-	29
Purchases of goods:		
- Subsidiaries	-	-
Purchases of services:		
- Subsidiaries	8	23
Dividends received		
- Subsidiaries	-	2,391

Year-end balances with related parties:

Receivables from related parties (note 16):	454	487
- Subsidiaries		
Payables to related parties (note 18):	89	114
- Subsidiaries		

29. Post balance sheet event

Group and Company

On 29 March 2012 the Company acquired 100% of the share capital of Meriden Animal Health Limited (`Meriden')for a total consideration of up to £4.125 million before costs. Costs of £50,000 have been written off to the Income statement in 2011.

An initial payment of £3.0 million in cash on completion has been made from existing cash resources. The remaining £1.125 million is payable over the next two years, dependent on Meriden achieving certain performance criteria, and of this, £125,000 is to be satisfied by the issue of ordinary shares of Anpario plc to Meriden's shareholders.

The acquisition of Meriden brings another strong trading brand to the Anpario Group, broadening its product technology and increasing Anpario's global market share in the feed additive sector.

The acquisition was made after the balance sheet date but before the financial statements were finalised. The accounting for the business combination is not yet complete, consequently certain disclosures have not been made including:

- details relating to the calculation and factors making up goodwill;
- acquisition date fair value of each major class of consideration and an aggregate total;
- identifiable assets, liabilities and contingent liabilities;
- details of transactions with the acquiree that do not form part of the business combination;
- fair value of the Group's interest in the acquiree prior to the combination and information about minority interests remaining after the combination;
- post-acquisition activities.

Notice of Annual General Meeting

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action to take, you should consult your stockbroker, solicitor, accountant or other appropriate independent professional adviser authorised under the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all your shares in Anpario plc, please forward this document and the accompanying form of proxy to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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

Notice of Annual General Meeting (AGM)

Notice is hereby given that the AGM of Anpario plc will be held at the Registered Office, Manton Wood Enterprise Park, Worksop, Nottinghamshire, S80 2RS on Tuesday 26 June 2012, at 10.00 am for the following purposes:

Resolution 1

To receive the Directors' Report and the Financial Statements for the year ended 31 December 2011.

Resolution 2

To declare a final dividend of 2.40p per ordinary share payable on 27 July 2012 to shareholders on the register at close of business on 6 July 2012.

Resolution 3

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

Resolution 4

To re-elect David M A Bullen as a Director, who retires by rotation.

Resolution 5

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

And

To consider and, if thought fit, pass the following resolutions, resolution 6 will be proposed as an ordinary resolution of the Company and Resolutions 7 and 8 as special resolutions of the Company.

Resolution 6

THAT pursuant to Section 551 of the Companies Act 2006, the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £1,485,406, provided that (unless previously revoked varied or renewed) such authority to expire at the conclusion of the next Annual General Meeting of the Company save that the Company may make an offer or agreement before this authority expires which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after this authority expires and the Directors may allot shares or grant such rights pursuant to any such offer or agreement as if this authority had not expired.

Resolution 7

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

(a) in connection with an offer of equity securities (whether by way of a rights issue, open offer or otherwise):

    (i) to holders of ordinary shares in the capital of the Company in proportion (as nearly as practicable) to the respective numbers of ordinary shares held by them; and

    (ii) to holders of other equity securities in the capital of the Company, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

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

(b) otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £225,061 and (unless previously revoked varied or renewed) this power shall expire at the conclusion of the next Annual General Meeting of the Company save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired.

Resolution 8

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

(a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 1,957,057;

(b) the minimum price (excluding expenses) which may be paid for an ordinary share is 23p;

(c) the maximum price (excluding expenses) which may be paid for an ordinary share is not more than the higher of:

(i) an amount equal to 105% of the average of the middle market quotations for an ordinary share as derived from the AIM appendix to the London Stock Exchange Daily Official List for the five business days before the purchase is made; and

(ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the trading venue where the purchase is carried out;

(d) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, on 30 September 2013; and

(e) the Company may make a contract to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority.

By Order of the Board

Karen Prior FCA
Company Secretary
26 April 2012

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

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

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited on 01252 821 390.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be:
   - completed and signed;
   - sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232;
   - alternatively, the completed proxy form can be scanned and emailed to proxies@shareregistrars.uk.com;
   - and received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.

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

Appointment of proxy by joint members

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

Notice of Annual General Meeting continued

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821 390.
   If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:
   By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by facsimile transmission to 01252 719 232. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.
   In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the Meeting.
   If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
   Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. As at 25 April 2012 the Company's issued share capital comprised 19,805,572 ordinary shares of 23p each. The Company holds 235,000 ordinary shares of 23p each as treasury shares. Each ordinary share carries the right to one vote at an Annual General Meeting of the Company and, therefore excluding shares held as treasury shares the total number of voting rights in the Company as at 25 April 2012 is 19,570,572.

Explanatory Notes on the Resolutions to be sent to Shareholders

Resolution 1: Report and Accounts

The Directors must present their report and the annual accounts to the Meeting. This gives shareholders the opportunity to ask questions on the content before voting on the resolution.

Resolution 2: Dividends

Subject to shareholder approval, a final dividend of 2.40 pence per ordinary share payable to ordinary shareholders on 6 July 2012 has been recommended by the Directors for the year ended 31 December 2011. The final dividend cannot exceed the amount recommended by the Directors.

Resolution 3-4: Directors

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

Resolution 5: Appointment of Auditors and Remuneration of the Auditors

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

Resolution 6: Directors' Authority to Allot Shares

This Resolution seeks shareholder approval for the Directors to be authorised to allot shares. Under the provisions of section 551 of the Companies Act 2006, the Directors are not permitted to allot shares unless authorised to do so by the shareholders. This Act provides for such authority to be granted either by the Company in General Meeting or by the Articles of Association and in both cases such authority must be renewed every five years.
This power will last until the conclusion of the next Annual General Meeting of the Company in 2013.

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

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

1. in connection with a rights (or similar) issue, where strict application of the principle in section 561 could (for example) either result in fractional entitlements to shares arising or require the issue of shares where this would be impractical because of local, legal or regulatory requirements in any given overseas jurisdiction; and
2. allotments of shares for cash up to a total nominal value of £225,061 (representing 5% of the Company's issued share capital at 25 April 2012). This gives the Directors flexibility to take advantage of business opportunities as they arise, whilst the 5% limit ensures that existing shareholders' interests are protected in accordance with guidelines issued by institutional investors' bodies.

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

Resolution 8: Company's Authority to Purchase Shares

In some circumstances, companies can find it advantageous to use surplus funds to make market purchases of their own shares. Shares purchased in this way may either be cancelled (thus reducing the total number of shares in issue and potentially increasing future earnings on the remaining shares) or held as treasury shares in accordance with the Companies Act 2006.
This resolution, which will be proposed as a special resolution, seeks to renew the existing authority for the Company to purchase its own shares in the market.
The maximum price at which the shares may be purchased is 105% of the average of the middle market values of those shares for the five business days before the purchase is made.
Purchases of shares under the proposed authority are required by the AIM Rules for Companies of the London Stock Exchange to be made in compliance with the Model Code. Accordingly, the Company would not exercise the authority at a time when the Directors would be precluded from dealing in the Company's shares. Specifically, purchases would not be made within the 60 days preceding the announcement of the interim or final results. This proposal should not be taken as an indication that the Company would purchase shares at any particular price or to imply any opinion on the part of the Directors as to the market or other value of the Company's shares.
The Companies Act 2006 enables certain listed companies to hold shares in treasury, as an alternative to cancelling them, following a purchase of own shares in accordance with that Act. Shares held in treasury may subsequently be cancelled, sold for cash or used to satisfy share options and share awards under the Company's share schemes. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at Meetings in respect of those shares. Further, no dividend or distribution of the Company's assets may be made to the Company in respect of those shares whilst held in treasury.
Accordingly, if the Directors exercise the authority conferred by Resolution 9, the Company will have the option of holding those shares in treasury rather than cancelling them.
As at the date of this document, the Company had 19,805,572 shares in issue. This resolution seeks authority to purchase a maximum of 1,957,057 shares representing approximately 10% of the current issued share capital.

Company information

Directors

Richard S Rose
Richard P Edwards
David M A Bullen
Karen L Prior
Peter A Lawrence
Richard H Scragg

Company Secretary

Karen L Prior

Company Number

Registered in England 03345857

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Stock Exchange

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Code: ANP

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Registrars

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