ANPARIO

Enhancing nature through science

THE QUEEN'S AWARDS FOR ENTERPRISE: INTERNATIONAL TRADE 2015

Anpario plc
Annual Report 2015

Anpario produce products that naturally add value throughout the life of the animal

salkil
CONSTANT GUT HEALTH

- Dual role product that protects feed and optimises the gut microflora
- Enables the gut to perform effectively to optimise nutrient retention
- Excludes pathogens and boosts innate immunity thereby eliminating the need for prophylactic antibiotics and antibiotic growth promoters

Optomega

- Can help to improve female fertility in all species
- May enhance sperm quality, quantity and motility
- Maintains early life performance

ANPARIO
Enhancing nature through science™

OREGO-STIM®

- Pioneering 100% natural phytogenic feed additive
- Optimizes gut condition and stimulates appetite
- Improves growth rate and feed conversion ratios

pHorce™
instant gut protection

- Concentrated acidifier – formulated to boost the natural gastric barrier in all species
- Enhances growth rates, producing healthier animals with a reduced feed conversion ratio

ULTRABOND

- Binds a wide range of mycotoxins to prevent absorption by the animal
- Evidence of improved somatic cell counts in dairy cows

Clean'n Dry

- A natural powder that will improve the hygiene on farms
- Provides a dry environment which helps to reduce harmful bacteria

Part of our product portfolio

Contents

Strategic report

Anpario plc, the international producer and distributor of natural feed additives for animal health, hygiene and nutrition is pleased to announce its full year results for the twelve months to 31 December 2015.

Financial highlights[1]

- 22% rise in adjusted EBITDA[2] to £4.4m (2014: £3.6m[1])
- 18% increase in profit before tax from continuing operations to £3.6m (2014: £3.1m[1])
- 10% improvement in gross profit to £10.5m (2014: £9.5m[1])
- 8% increase in underlying earnings per share[3] from continuing operations to 15.7p (2014: 14.5p[1])
- 11% increase in the proposed dividend to 5.0p per share (2014: 4.5p)
- Cash balances of £9.3m at 31 December 2015 (2014: £6.6m)

Operational highlights

- Group focused on higher margin speciality feed additive products following the sale of the organic feed division in March
- Strong profit growth from the Americas and Asia Pacific region of 31% and 19% respectively
- Brazilian Subsidiary makes first sales
- Awarded The Queen's Award for Enterprise for outstanding achievement in International Trade

Richard Rose, Chairman, commented:

"Anpario has delivered a strong profit performance during the year and is now focused on its higher added value feed additive products. Our strategy is to grow the business organically in its key market areas and to develop local commercial teams closer to our customers which will help increase our business with the larger end users. The strong balance sheet continues to provide a sound platform from which to implement our strategy. We look forward with confidence as we continue to build the business for the benefit of all its stakeholders."

[1] All prior year values have been restated to reflect the disposal of the organic division as discontinued operations.

[2] Adjusted EBITDA represents profit before tax from continuing operations £3.6m (2014: £3.1m) adjusted for: share based payments £0.3m (2014: £0.2m); net finance income £0.1m (2014: £nil); and depreciation, amortisation and impairment charges of £0.6m (2014: £0.3m).

[3] Underlying earnings per share represents profit for the period before unwinding of discount on contingent consideration and prior year tax adjustments, divided by the weighted average number of shares in issue.

Strategic report continued

Chairman's statement

Anpario has once again delivered a strong profit performance for the twelve months to 31 December 2015. Demand for meat protein is expanding and food producers are under pressure to ensure production is aligned with best practice to maximise performance and reduce disease risk. The increasing demand on food producers to use natural feed additives in place of antibiotics provides the Group with exciting growth opportunities.

The Group is now focused on the manufacture and sale of higher margin natural feed additive products to global agricultural markets. The disposal in March 2015 of the organic feed division, which generated significant sales, albeit at low margins, is a key step towards driving growth to higher margin business and raising overall profitability.

The appointment of Richard Edwards as Chief Executive, who has been with the Group since 2006, ensures there is a smooth transition from David Bullen and continuity in implementing the Group strategy.

Financial review

Profit before tax from continuing operations increased by 18% to £3.6m (2014: £3.1m). Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) rose by 22% to £4.4m (2014: £3.6m). During the year there has been a 1% reduction in revenue as the business continues to focus on selling specialist feed additives into growth markets. This strategy along with continued production efficiencies and the positive effect of operational gearing has resulted in a gross profit improvement of 10% to £10.5m (2014: £9.5m) with gross margin advancing by over four percentage points to 44.9% (2014: 40.5%).

Operating expenses are some 7% above the level of last year as a result of the Group's continued investment in its sales and technical teams to support continued expansion in Brazil, China and the US.

In March 2015 the group disposed of its interest in the manufacture of organic feed in the UK, resulting in profit from discontinued operations after tax of £0.5m.

Underlying earnings per share from continuing operations increased by 8% to 15.7p (2014: 14.5p).

The balance sheet remains strong and debt free and at the period end the cash balance had reached £9.3m (2014: £6.6m).

The Group has maintained its policy of capital investment to generate efficiencies and further increased production capacity with £0.3m spent in September 2015 on a new production line. During the year a global enterprise resource planning system was successfully implemented and will now be rolled out to overseas subsidiaries. Further investment has been made throughout the year on the Group's product registrations and protection of global brand and product trademarks.

The Board is recommending a full year dividend of 5.0 pence per share, an increase of 11% over last year's payment of 4.5 pence per share. Shareholder approval will be sought at the Annual General Meeting, to be held on 28 June 2016, to pay the dividend on 29 July 2016 to shareholders on the register on 15 July 2016.

Operations – International agriculture

Anpario delivered a strong performance supplying customers in the Americas, with gross profit increasing by 31 per cent compared with the previous year. Sales to customers in Argentina, Chile, Costa Rica, Dominican Republic and Mexico were well ahead of the level achieved in 2014. In Argentina, sales were boosted by the successful launch of a new enzyme product, which helps animals digest nutrients within the feed more effectively, leading to tangible financial benefits. In Brazil, as a result of gaining the necessary product registrations and import licence, our Subsidiary took delivery of stock into its Sao Paulo warehouse to service that market. Anpario Brazil has already made its first sales from this local stock, thus offering customers a quicker and more effective service than previously possible. In addition, our Orego-Stim brand will also be marketed in the territory by Anpario Brazil.

The Asia Pacific region also achieved very good results with gross profit advancing by 19 per cent compared with 12 months earlier. Sales to the Philippines delivered a 43 per cent volume growth demonstrating the benefit of working alongside our partners to secure larger volumes by directly accessing the major food producers. Thailand similarly had a very strong year with our pellet binder, Mastercube, being particularly in demand. Sales to customers in Bangladesh also achieved double digit growth.

Our Subsidiary in China recorded sales growth in local currency of 25 per cent, compared with the previous year. This performance is particularly commendable given the volatility in pork prices in that market in the early months of the year. The company is now looking to make inroads into the feed mill and poultry sectors, which are promising areas for growth.

Our initial focus in the US has been to market Orego-Stim and our acidifier range including pHorce. These products are targeted at the swine and poultry markets to improve gut health, thereby preventing the incidence of disease and consequently improving the performance and health of animals. In the past six months we have also launched one of our mycotoxin control products to the feed sector. Ultrabond, which has been successful in the ruminant segment in the UK, has now been introduced into the US and has already achieved its first sales to a sizeable dairy farm. Orego-Stim continues to penetrate the US market and is now also being supplied to an organic egg laying operation.

Europe and the Middle East remain difficult markets for a variety of reasons. The import ban imposed by the Russian government affected sales not only to that country but also to some of its neighbours. The continued weakness of European markets has led to Anpario exiting some lower margin areas where pricing pressure has made the business uneconomic. Political tensions in parts of the Middle East and Africa also impacted sales especially in Egypt, Iran, Nigeria, and Saudi Arabia. The recent lifting of sanctions should, in due course, lead to sales in Iran, a territory which offers exciting opportunities and where we have previously enjoyed significant business.

Having set up a number of subsidiaries in key countries and an office in Kuala Lumpur, the next stage of the strategy is to recruit senior commercial leaders with key customer relationships and end market knowledge in these regions. As such, the Group has recently appointed a Commercial Director for the Asia Pacific region. This appointment and others will lead a local technical and sales team in marketing our products to the large end users and in conjunction with our distributors. They will be able to agree commercial terms to help win business and build stronger relationships with the large producers. In effect, the Group will now be devolving more decision making to the regions to better match the needs of the local market and its customers, and to deeply understand the local key markets around the world.

Anpario's growth in its international business was recognised during the year by the achievement of The Queen's Award for Enterprise.

Operations – UK agriculture

Following the sale of the organic feed operation, the UK business is now focused on higher margin feed additives. The division continued to progress and improved its gross profit by focusing on a number of areas where Anpario has strong technology. Sales of Genex, which enables pig farmers to achieve improved sow and piglet performance through removing zinc oxide from the animals' rations, have been particularly encouraging and provide a financial and environmental saving. The return on investment from these benefits is significant for the farmer.

Toxins produced by moulds can impact on animal performance and milk quality. Ultrabond has been developed to provide a cost effective solution to mycotoxin challenge and it has increased its market share as farmers seek out cost effective solutions to potential problems and low global dairy prices.

Innovation and development

During 2015 our technical team worked on a number of projects including conducting trials and assessing the performance of our products both in the feed and the animal. Some of this work will be used to support specific sales initiatives in 2016 and beyond.

One technical initiative is in the combination of our organic acid products to work with our enzymes to give the animal improved performance, but at no extra cost to the farmer. This beneficial effect is achieved by improving the overall gut health of the animal, an area where Anpario has substantial expertise and capability.

Strategic report continued

Trials in the US have demonstrated that when Orego-Stim is used in combination with a coccidiosis vaccine on broiler chickens, it subdues the vaccine so that it does not affect the performance of the bird, yet is still effective in controlling the disease. The poultry flocks of major integrators suffer from performance issues soon after applying the vaccine and have been looking for ways to overcome this. Our sales teams will be capitalising on these findings in the coming months.

Such initiatives help us to differentiate the Anpario technology from competition and further support the farmer in efficiently producing meat protein. With our technical and commercial teams located in their local market regions, we are able to explain these important yet complex messages to the key producers and work alongside them to achieve real financial benefits from our products.

People

Anpario employs 100 people across the globe and it is the quality and experience of our staff that make the difference in growing and developing the business. We would like to express our thanks to all our employees for their commitment and hard work.

Outlook

Anpario has delivered a strong profit performance during the year and is now focused on its higher added value feed additive products. Our strategy is to grow the business organically in its key market areas and to develop local commercial teams closer to our customers which will help increase our business with the larger end users. The investment in senior commercial staff in our regions will increase overhead costs in the short term in order to support stronger long term performance. The strong balance sheet continues to provide a sound platform from which to implement our strategy. We look forward with confidence as we continue to build the business for the benefit of all its stakeholders.

Richard S Rose
Chairman
8 March 2016

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:

Financial	**2015 £000**	restated[1] 2014 £000
Revenue	**23,322**	23,449
Gross profit	**10,470**	9,496
Adjusted EBITDA from continuing operations[2]	**4,389**	3,600
Underlying earnings per share from continuing operations[3]	**15.7p**	14.5p

Non-financial

Health and safety - major accidents reportable to the Board in the year nil (2014: nil).

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

Principal risks and uncertainties

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

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

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

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

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

Strategic report continued

Principal risks and uncertainties continued

- **Exchange rates**
  The Group's competitiveness, profitability and net assets may be affected by significant currency fluctuations. The Group seeks to minimise the impact through implementation of a Board approved hedging policy and entering into financial instrument contracts in respect of anticipated exposures.
- **Regulatory requirements**
  The Group's products are subject to national regulatory requirements in every country its products are sold. These can be subject to sudden and unpredictable changes and can therefore affect the Group's ability to sell products in certain countries. The Group has clearly established quality systems and procedures in place to obtain required regulatory approvals and always strives to meet or exceed regulatory requirements and ensure that its employees have detailed experience and knowledge of the regulations. The compliance and legal teams remain constantly updated in respect of proposed and actual changes in order to ensure that the business is equipped to deal with and adhere to such changes. Where any changes are identified which could affect our ability to continue to market and sell any of our products a response team is created in order to mitigate such risk and to retain effective communication with the relevant regulators.

Anpario's strategy for growth

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

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

Our opportunity

Global population growth

- The world population is due to grow from 7bn to over 9bn by 2050
- There is an increasing growth of middle classes in the emerging markets
- The demand for meat protein continues to grow
- All these demands need to be met from a finite land resource
- Farming has to intensify significantly in order to satisfy these requirements

Legislation and food safety

- Intensification of livestock production is increasing
- Management and biosecurity practices are lagging, particularly in developing economies, increasing the risk of disease
- The resistance to antibiotics magnifies the risk of exposure
- Consumers demand improved levels of food safety
- Legislation is tightening in many countries

Anpario

- Supply natural alternatives to protect and improve performance of livestock
- Our diverse geographic reach enables us to get closer to our customers and generates significant upside
- Consolidating family run businesses through acquisition has offered transformational scope
- Our innovative product portfolio will add value and fuel our growth

Our platform for growth

Regionalisation

- We target key markets that offer the greatest growth prospects and prioritise resources, time and investment
- We focus on the fastest developing regions of Asia Pacific and Latin America
- Wholly owned Subsidiaries have been set up in China, Brazil and the USA: the top three meat producing countries in the world, which account for over 50% of production output
- A regional office set up in Malaysia to service the Asia Pacific region
- Specific countries in Europe, Middle East and Africa are also being targeted

Growth will fuel the self-financing of further initiatives within the Subsidiaries and key regions

Differentiation

- We combine science and marketing to add value to our offering and drive differentiation from our competitors
- Our technical team are highly qualified, the majority are PhDs or veterinarians
- Our expanding database of trials continues to demonstrate improvements in food conversion, productivity, weight gain and mortality reduction
- Investment in category managers will utilise the science to transform our products into brands and strengthen our identity

Leveraging the innovations of our offering supports the sustainability of our growth and creates value for our brands

Efficiency

- We maximise efficient use of our resources to generate continued, consistent and sustained value for our shareholders
- We aim to drive growth by focusing on higher penetration of our product portfolio in key countries
- We are profitable, cash generative, debt free and pay an increasing dividend
- The strength of our operational gearing positions us well to disproportionately accelerate profit growth with volume increases
- Our operational gearing continues to increase with improvements in our production facility

Driving efficiency throughout the organisation serves to accelerate the profitability of the Group

Corporate governance

Corporate social responsibility

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

- **Products and operations**
  Anpario supplies products to over 70 countries and provide products to enhance animal health and nutrition. Internal quality control ensures: the safety of its products; the operation of its manufacturing facilities to the highest standards; and the achievement of industry recognised quality standards. Responsible procurement policies are in place to source raw materials to high specification. We have an established Group health and safety policy and we are committed to achieving a safe and secure working environment in all our own locations.
- **Employees**
  Over 100 employees work for Anpario in the UK and its operations in Brazil, China, USA and Malaysia. It is the Group's policy to involve colleagues in the business and to ensure that matters of concern to them, including the Group's aims and objectives and its financial performance, are communicated in an open way. Where appropriate, employees are offered the opportunity to become shareholders in order to promote active participation in, and commitment to, the Group's success. The provision of a SAYE share scheme has resulted in 39 employees contributing to the scheme.

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

Anpario is an inclusive organisation where no-one receives less favourable treatment on the grounds of gender, nationality, marital status, colour, race, ethnic origin, creed, sexual orientation or disability. The promotion of equal opportunities for all employees is regarded as an important Group priority. An analysis of Directors, senior managers and other employees by gender as at 8 March 2016 is as follows:

	Male	**Female**
Directors	3	1
Senior Managers	6	4
Other Employees	53	32
	62	37

Corporate governance

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

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

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

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

  All Directors are subject to reappointment by shareholders at the first Annual General Meeting following their appointment and thereafter by rotation.

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

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

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

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

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

Corporate governance continued

- **Internal financial control** continued
  The key procedures that have been established to provide effective internal control, including over the financial reporting process and the preparation of consolidated financial statements include a formalised reporting structure which includes the setting of detailed annual budgets and key performance indicators which are updated on a regular basis to form forecasts. These are reviewed at both management and Board meetings where all key aspects of the business are discussed including comparison of actual performance against budgets and forecasts;
  - detailed monthly reports to the Executive Board and quarterly reports to the Board;
  - defined authorisation levels for: expenditure; the placing of orders and contracts; and signing authorities;
  - segregation of accounting duties to control major financial risks;
  - daily cash movements are reconciled and monitored by the finance department and the Group's cash flow is monitored;
  - weekly updates on key statistics including sales, production and margin analysis from the Group's reporting systems.
- **Audit Committee**
  The Audit Committee throughout the financial year comprised the two Non-Executive Directors and is chaired by Peter A Lawrence. It meets at least twice each financial year with the external auditors and considers any issues that are identified during the course of their audit work. The Board is satisfied that the Committee members have recent and relevant financial experience.

  The Committee met twice during the year ended 31 December 2015 with full attendance by the Committee members. Meetings are also attended, by invitation, by the Finance Director and the external auditors and other management.

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

  The Committee reviews the independence of the external auditors, PricewaterhouseCoopers LLP on an annual basis. It receives a detailed audit plan from PricewaterhouseCoopers LLP, identifying their assessment of the key risks. The Committee assesses the effectiveness of the audit process in addressing these matters through the reporting it receives from PricewaterhouseCoopers LLP at both the half-year and year ends.
- **Shareholders**
  Communications with shareholders are given high priority. Following the announcement of the Company's half-year and full-year results, the Directors, normally represented by the Chief Executive Officer and the Finance Director, make detailed business presentations to institutional shareholders and investment analysts. The Chairman meets or has contact with major shareholders as necessary. Feedback directly from shareholders and via the Company's advisers after these regular analyst and shareholder meetings ensures that the Board understands shareholder views. The Directors between them hold a significant number of shares in the Company which also ensures that their interests are fully aligned with those of other shareholders. The Board uses the AGM to communicate with both private and institutional investors and welcomes their attendance.

Directors’ remuneration report

Directors’ remuneration is determined by the Remuneration Committee which is comprised of the two Non-Executive Directors and is chaired by Richard S Rose. It meets at least once each financial year. The Committee met twice during the year ended 31 December 2015 with full attendance by the Committee members. The policy for the current and future financial years for the remuneration and incentivisation of the Executive Directors is:

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

The key components of Executive Remuneration are:

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

Directors' remuneration report continued

Directors' remuneration

	Emoluments and compensation		Post-employment benefits	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Director				
R S Rose	**56**	45	**–**	–
R P Edwards	**222**	253	**–**	3
D M A Bullen	**184**	275	**18**	15
K L Prior	**179**	216	**13**	13
P A Lawrence	**34**	33	**–**	–

Emoluments and compensation includes salary, bonus and benefits. Remuneration relating to Share-Based payments is disclosed in note 26.

Directors' interests

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

	Ordinary shares of 23p each	
	31 Dec 2015	31 Dec 2014
R S Rose	**31,057**	31,057
R P Edwards	**195,070**	62,681
D M A Bullen	**160,028**	–
K L Prior	**195,183**	64,751
P A Lawrence	**27,950**	27,950

There has been no change in the Directors' interests between 31 December 2015 and 8 March 2016.

Management Incentive Schemes

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

	Option price (pence per share)	**31 Dec 2015**	31 Dec 2014
R S Rose	161.00	**-**	21,739
	115.00	**-**	1,739
R P Edwards	69.00	**-**	99,378
	31.74	**-**	63,011
	158.50	**80,000**	80,000
	117.60	**7,653**	7,653
	227.04	**3,964**	3,964
	290.00	**42,400**	–
D M A Bullen	80.50	**-**	21,739
	31.74	**-**	32,608
	69.00	**-**	105,682
	158.50	**80,000**	80,000
	117.60	**7,653**	7,653
	227.04	**3,964**	3,964
	290.00	**42,400**	–
K L Prior	69.00	**-**	130,432
	158.50	**80,000**	80,000
	117.60	**7,653**	7,653
	227.04	**3,964**	3,964
	290.00	**42,400**	–
P A Lawrence	169.74	**-**	21,739
	115.00	**-**	21,739

Joint Share Ownership Plan

On 9 March 2015, a total of 1,176,718 new Ordinary Shares were allotted. The Ordinary Shares have been issued at a subscription price of 290p per Ordinary Share, being the closing price of an Ordinary Shares on 6 March 2015, pursuant to The Anpario plc Employees' JSOP (the "Plan").

The Ordinary Shares have been issued into the respective joint beneficial ownership of (i) each of the participating executive Directors and (ii) the Trustee of the Trust upon and subject to the terms of joint ownership agreements ("JOAs") respectively entered into between the Director concerned, the Company and the Trustee. The subscription price has been paid by the Trust out of funds advanced to it by the Company.

The terms of the JOAs 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 Director receives an amount equal to any growth in the market value of the jointly owned Ordinary Shares above the initial market value (290 pence per share), less a "carrying cost" (equivalent to simple interest at 4.5 per cent per annum on the initial market value) and the Trust receives the initial market value of the jointly owned shares plus the carrying cost. Jointly owned Ordinary Shares will become vested if the participant remains with the Company for a minimum period of 3 years.

£3,412,482 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 £3,412,482 advanced by the Company at such time as the benefit of the JSOP shares vest 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:

	2015	2014
R P Edwards	**609,781**	609,781
D M A Bullen	**612,143**	612,143
K L Prior	**609,781**	261,956

Directors' report

The Directors present their annual report and audited consolidated financial statements for the year ended 31 December 2015.

Results and dividends

The profit for the year after tax from continuing operations was £3.2m (2014: £3.0m). The Directors propose a final dividend of 5.0p per share (2014: 4.5p), amounting to a total dividend of £1.0m (2014: £0.9m).

Directors

The Directors during the year under review were:

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

Mr David Bullen resigned on 13 January 2016.

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

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

Substantial shareholdings

At 4 March 2016, the Company had been notified of the following holdings of 3 per cent or more of its issued share capital:

	Ordinary shares (000)	% held
Unicorn Asset Management Limited	2,363	10.8
Royal Trust Corp of Canada Custodians	1,832	8.4
Livingbridge VC LLP	1,399	6.4
Downing LLP	1,352	6.2
Investec Wealth & Investment Limited	1,327	6.1
Allianz Global Investors Europe GmbH	1,000	4.6
Shroder Investment	876	4.0
Miton Group plc	761	3.5

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.

Group research and development activities

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

Share capital

During the year 1,879,972 (2014: 213,486) Ordinary shares of 23p each were issued pursuant to the exercise of share options. A Special Resolution will be proposed at our AGM to renew the Directors' limited authority last granted in 2015 to repurchase Ordinary shares in the market. The Company holds 143,042 (2014: 143,042) ordinary shares of 23p in treasury.

Independent auditors

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

Stockbrokers

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

The closing share price on 31 December 2015 was 350.0p per share (2014: 290.0p per share).

Indemnities

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

Financial risk management

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

Directors' report continued

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial year.

Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement of disclosure to auditors

So far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Karen L Prior
Company Secretary
8 March 2016

Independent auditors' report to the members of Anpario plc

Report on the financial statements

Our opinion

In our opinion:

- Anpario plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2015 and of the group's profit and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Consolidated and parent company balance sheets as at 31 December 2015;
- the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated and parent company statements of cash flows for the year then ended;
- the Consolidated and parent company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Anpario plc
continued

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

What an audit of financial statements involves

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

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

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

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

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

Andy Ward (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Sheffield
8 March 2016

Consolidated income statement
for the year ended 31 December 2015

	Notes	2015 £000	restated[1] 2014 £000
Continuing operations			
Revenue	3	**23,322**	23,449
Cost of sales		**(12,852)**	(13,953)
Gross profit		**10,470**	9,496
Administrative expenses		**(6,916)**	(6,447)
Operating profit		**3,554**	3,049
Finance income	7	**62**	48
Finance cost of contingent consideration	7	**-**	(21)
Profit before income tax		**3,616**	3,076
Income tax expense	10	**(367)**	(107)
Profit for the year from continuing operations		**3,249**	2,969
Discontinued operations			
Profit for the year on disposal of discontinued operations (attributable to owners of the parent)	27	**487**	191
Profit for the year		**3,736**	3,160
Profit attributable to:			
Owners of the parent		**3,736**	3,160
Profit for the year		**3,736**	3,160
Basic earnings per share from continuing operations	8	**16.52p**	16.14p
Diluted earnings per share from continuing operations	8	**15.97p**	14.76p
Basic earnings per share	8	**18.99p**	17.18p
Diluted earnings per share	8	**18.37p**	15.71p

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the Parent Company income statement. The profit for the Parent Company for the year was £4,402,000 (2014: £2,691,000).

Consolidated statement of comprehensive income
for the year ended 31 December 2015

	2015 £000	restated[1] 2014 £000
Profit for the year	**3,736**	3,160
Items that may be subsequently reclassified to profit or loss:		
Exchange difference on translating foreign operations	**(88)**	(42)
Total comprehensive income for the year	**3,648**	3,118
Attributable to the owners of the parent:	**3,648**	3,118
Total comprehensive income attributable to equity owners arises from:		
Continuing operations	**3,161**	2,927
Discontinued operations	**487**	191
Total comprehensive income for the year	**3,648**	3,118

[1] All prior year values have been restated to reflect the disposal of the organic division as discontinued operations.

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

Consolidated and parent company balance sheets

as at 31 December 2015

		Group		Company	
	Notes	**2015 £000**	2014 £000	**2015 £000**	2014 £000
Intangible assets	11	**10,168**	9,826	**10,164**	9,826
Property, plant and equipment	12	**3,069**	3,018	**3,063**	3,010
Investment in Subsidiaries	13	**-**	-	**4,738**	4,738
Deferred tax assets	18	**306**	179	**268**	179
Non-current assets		**13,543**	13,023	**18,233**	17,753
Inventories	14	**1,815**	1,711	**1,329**	1,227
Trade and other receivables	15	**6,791**	7,699	**8,088**	8,296
Cash and cash equivalents	16	**9,337**	6,631	**8,835**	6,144
Current assets		**17,943**	16,041	**18,252**	15,667
Total assets		**31,486**	29,064	**36,485**	33,420
Called up share capital	21	**5,058**	4,622	**5,058**	4,622
Share premium		**7,613**	4,051	**7,613**	4,051
Other reserves	23	**(3,374)**	(389)	**(1,203)**	1,694
Retained earnings	22	**17,287**	14,462	**16,471**	12,980
Total equity		**26,584**	22,746	**27,939**	23,347
Deferred tax liabilities	18	**1,176**	1,044	**1,176**	1,044
Non-current liabilities		**1,176**	1,044	**1,176**	1,044
Trade and other payables	17	**3,681**	5,129	**7,370**	8,916
Current income tax liabilities		**45**	145	**-**	113
Current liabilities		**3,726**	5,274	**7,370**	9,029
Total liabilities		**4,902**	6,318	**8,546**	10,073
Total equity and liabilities		**31,486**	29,064	**36,485**	33,420

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

The financial statements on pages 19 to 52 were approved by the Board and authorised for issue on 8 March 2016.

Richard P Edwards
Chief Executive Officer

Karen L Prior
Group Finance Director

Company Number: 03345857

Consolidated and parent company statements of changes in equity for the year ended 31 December 2015

Group	Called up share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2014	4,573	3,922	(345)	11,979	20,129
Profit for the year	-	-	-	3,160	3,160
Currency translation differences	-	-	(42)	-	(42)
Total comprehensive income for the year	-	-	(42)	3,160	3,118
Issue of share capital	49	129	-	-	178
Purchase of treasury shares	-	-	(116)	-	(116)
Share-based payment adjustments	-	-	114	-	114
Dividends relating to 2013	-	-	-	(677)	(677)
Transactions with owners	49	129	(2)	(677)	(501)
Balance at 31 December 2014	**4,622**	**4,051**	**(389)**	**14,462**	**22,746**
Profit for the year	-	-	-	3,736	3,736
Currency translation differences	-	-	(88)	-	(88)
Total comprehensive income for the year	-	-	(88)	3,736	3,648
Issue of share capital	436	3,562	-	-	3,998
Deferred tax regarding share–based payments	-	-	455	-	455
Cash flow hedge reserve	-	-	(23)	-	(23)
Joint share ownership plan	-	-	(3,415)	-	(3,415)
Share–based payment adjustments	-	-	86	-	86
Dividends relating to 2014	-	-	-	(911)	(911)
Transactions with owners	436	3,562	(2,897)	(911)	190
Balance at 31 December 2015	**5,058**	**7,613**	**(3,374)**	**17,287**	**26,584**

Company	Called up share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
Balance at 1 January 2014	4,573	3,922	(325)	10,966	19,136
Profit for the year	-	-	-	2,691	2,691
Total comprehensive income for the year	-	-	-	2,691	2,691
Issue of share capital	49	129	-	-	178
Purchase of treasury shares	-	-	(116)	-	(116)
Share-based payment adjustments	-	-	114	-	114
Arising on hive up of subsidiary	-	-	2,021	-	2,021
Dividends relating to 2013	-	-	-	(677)	(677)
Transactions with owners	49	129	2,019	(677)	1,520
Balance at 31 December 2014	**4,622**	**4,051**	**1,694**	**12,980**	**23,347**
Profit for the year	-	-	-	4,402	**4,402**
Total comprehensive income for the year	-	-	-	4,402	**4,402**
Issue of share capital	436	3,562	-	-	**3,998**
Deferred tax regarding share-based payments	-	-	455	-	**455**
Cash flow hedge reserve	-	-	(23)	-	**(23)**
Joint share ownership plan	-	-	(3,415)	-	**(3,415)**
Share-based payment adjustments	-	-	86	-	**86**
Dividends relating to 2014	-	-	-	(911)	**(911)**
Transactions with owners	436	3,562	(2,897)	(911)	**190**
Balance at 31 December 2015	**5,058**	**7,613**	**(1,203)**	**16,471**	**27,939**

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

Consolidated and parent company statements of cash flows for the year ended 31 December 2015

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Cash generated from operating activities	**3,599**	3,500	**3,527**	3,459
Income tax paid	**(205)**	(253)	**(205)**	(108)
Net cash generated from operating activities	**3,394**	3,247	**3,322**	3,351
Investment in Subsidiary	**-**	-	**-**	(206)
Cash acquired from hived up Subsidiaries	**-**	-	**-**	330
Purchases of property, plant and equipment	**(301)**	(289)	**(300)**	(284)
Proceeds from disposal of property, plant and equipment	**-**	34	**-**	27
Payments to acquire intangible assets	**(690)**	(574)	**(686)**	(559)
Net proceeds on disposal of discontinued operations	**623**	-	**623**	-
Interest received	**62**	48	**60**	45
Net cash used in investing activities	**(306)**	(781)	**(303)**	(647)
Purchase of treasury shares	**-**	(116)	**-**	(116)
Joint share ownership plan	**(3,415)**	-	**(3,415)**	-
Proceeds from issuance of shares	**3,998**	178	**3,998**	178
Dividend paid to Company's shareholders	**(911)**	(677)	**(911)**	(677)
Net cash used in financing activities	**(328)**	(615)	**(328)**	(615)
Net increase in cash and cash equivalents	**2,760**	1,851	**2,691**	2,089
Effect of exchange rate changes	**(54)**	1	**-**	-
Cash and cash equivalents at the beginning of the year	**6,631**	4,779	**6,144**	4,055
Cash and cash equivalents at the end of the year	**9,337**	6,631	**8,835**	6,144

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Cash generated from operating activities				
Profit before income tax (including discontinued operations)	**4,227**	3,319	**4,916**	2,654
Net finance income	**(62)**	(27)	**(60)**	(23)
Net proceeds on disposal of discontinued operations	**(623)**	-	**(623)**	-
Depreciation, amortisation and impairment	**573**	357	**570**	282
Loss/(Profit) on disposal of property, plant and equipment	**24**	(16)	**24**	(16)
Share-based payments	**86**	114	**86**	114
Changes in working capital:				
Inventories	**(141)**	129	**(102)**	369
Trade and other receivables	**907**	(755)	**286**	1,329
Trade and other payables	**(1,392)**	379	**(1,570)**	(1,250)
Cash generated from operating activities	**3,599**	3,500	**3,527**	3,459

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

Notes to the financial statements

for the year ended 31 December 2015

1 General information

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The Group has presented its financial statements in accordance with International Financial Reporting Standards ("IFRSs"), as endorsed by the European Union, IFRS IC 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 2015.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Notes to the financial statements continued
for the year ended 31 December 2015

2.2 **Basis of consolidation** continued

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

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

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

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

2.3 **Revenue recognition**

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

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

2.4 **Segment reporting**

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

2.5 **Foreign currency translation**

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

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

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

2.5 Foreign currency translation continued

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

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

2.6 Intangible assets

- Patents, trademarks and registrations
  Separately acquired patents, trademarks and registrations are shown at historical cost. Patents, trademarks and registrations have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patents, trademarks and registrations over their estimated useful lives of 5 to 20 years.
- Goodwill
  Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is reviewed for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses and is allocated to the appropriate cash-generating unit for the purpose of impairment testing. Any impairment is recognised immediately through the income statement and is not subsequently reversed.
- Development costs
  Development costs are stated at cost less accumulated amortisation and impairment. Development costs are recognised if it is probable that there will be future economic benefits attributable to the asset, the cost of the asset can be measured reliably, the asset is separately identifiable and there is control over the use of the asset. The assets are amortised when available for use on a straight-line basis over the period over which the Group expects to benefit from these assets. Research expenditure is written off to the income statement in the year in which it is incurred.

Notes to the financial statements continued
for the year ended 31 December 2015

2.6 Intangible assets continued

- Development costs continued
  Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the Group are recognised as intangible assets when the following criteria are met:

  - it is technically feasible to complete the product so that it will be available for use;
  - management intends to complete the product and use or sell it;
  - there is an ability to use or sell the product;
  - it can be demonstrated how the product will generate probable future economic benefits;
  - adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
  - the expenditure attributable to the product during its development can be reliably measured.

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

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

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

2.7 Impairment of non-financial assets

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

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

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

2.8 Investments

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

2.9 Joint ventures

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

2.10 Property, plant and equipment

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

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

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

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

2.11 Inventories

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

2.12 Trade receivables

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

2.13 Trade payables

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

Notes to the financial statements continued
for the year ended 31 December 2015

2.14 Cash and cash equivalents

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

2.15 Derivative financial instruments

The Group uses derivative financial instruments to manage certain exposures to fluctuations in foreign currency exchange rates, these have been designated as qualifying cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense. Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place).

2.16 Leasing and hire purchase

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

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

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

2.17 Exceptional items

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

2.18 Taxation

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

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

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

2.18 Taxation continued

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

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

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

2.19 Employee benefits

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

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

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

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

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

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

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

Notes to the financial statements continued
for the year ended 31 December 2015

2.19 **Employee benefits** continued

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

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

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

2.20 **Equity**

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

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

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

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

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

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

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

2.21 **Dividend distribution**

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

2.22 Financial risk management

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

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

2.23 Critical accounting estimates and judgements

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

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

Notes to the financial statements continued
for the year ended 31 December 2015

2.24 Impact of accounting standards and interpretations

There are no new standards and interpretations which materially impact the current year Financial Statements.

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

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted subject to EU endorsement. The Group is yet to assess the impact of IFRS 15.

IFRS 16, 'Leases', replaces the current guidance in IAS 17. IFRS 16 defines a lease as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Under IFRS 16 lessees have to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for almost all lease contracts. In the income statement lessees will have to present interest expense on the lease liability and depreciation on the right-of-use asset. As under IAS 17, the lessor has to classify leases as either finance or operating, depending on whether substantially all of the risk and rewards incidental to ownership of the underlying asset have been transferred. For both lessees and lessors IFRS 16 adds significant new, enhanced disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted, subject to EU endorsement, but only in conjunction with IFRS 15, 'Revenue from contracts with customers'. The Group is yet to assess the impact of IFRS 16.

3 Segment information

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

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

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

Inter-segment revenue is charged at prevailing market prices.

	UK and Eire £000	International £000	Total £000
Year ended 31 December 2015			
Total segmental revenue	**3,540**	**21,277**	**24,817**
Inter-segment revenue	**-**	**(1,495)**	**(1,495)**
Revenue from external customers	**3,540**	**19,782**	**23,322**
Adjusted EBITDA	**315**	**4,074**	**4,389**
Depreciation, amortisation and impairment charges	**(79)**	**(494)**	**(573)**
Income tax expense	**(26)**	**(341)**	**(367)**
Total assets	**8,081**	**23,405**	**31,486**
Total liabilities	**(1,424)**	**(3,478)**	**(4,902)**
Year ended 31 December 2014 (restated)			
Total segmental revenue	3,733	21,155	24,888
Inter-segment revenue	(281)	(1,158)	(1,439)
Revenue from external customers	3,452	19,997	23,449
Adjusted EBITDA	276	3,324	3,600
Depreciation, amortisation and impairment charges	(46)	(303)	(349)
Income tax credit/(expense)	59	(166)	(107)
Total assets	7,907	21,157	29,064
Total liabilities	(1,526)	(4,792)	(6,318)

Notes to the financial statements continued

for the year ended 31 December 2015

3 Segment information continued

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

	2015 £000	restated 2014 £000
Adjusted EBITDA for reportable segments	**4,389**	3,600
Depreciation, amortisation and impairment charges	**(573)**	(349)
Share-based payment charges	**(262)**	(202)
Finance income	**62**	48
Finance cost of contingent consideration	**-**	(21)
Profit before income tax	**3,616**	3,076

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 £13,227,000 (2014: £12,836,000) and the total of these assets located in other countries is £10,000 (2014: £8,000).

Share-based payment charges of £262,000 (2014: £202,000) includes £84,000 (2014: £88,000) of professional fees that have been expensed during 2015.

4 Expenses by nature

	2015 £000	restated 2014 £000
Changes in inventories of finished goods	**(68)**	(28)
Raw materials and consumables used	**10,544**	11,260
Employee expenses (note 6)	**4,118**	3,929
Research and development expenditure	**21**	25
Transportation expenses	**1,304**	1,804
Other operating expenses	**3,181**	2,848
Operating lease payments	**34**	34
Depreciation, amortisation and impairment charges	**573**	349
Share-based payment charges	**262**	202
Gain on foreign exchange transactions	**(201)**	(23)
Total cost of sales, distribution and administrative expenses	**19,768**	20,400

5 Auditors' remuneration

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

Group	**2015 £000**	2014 £000
Fees payable to Company's auditors for the audit of Parent Company and consolidated financial statements	**52**	48
Fees payable to Company's auditors for other services:		
The audit of Company Subsidiaries	**1**	5
Tax compliance service	**35**	28
Other non-audit services	**3**	15
	91	96

6 Employees

Number of employees

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

Group	**2015 Number**	restated 2014 Number
Production	**25**	24
Administration	**22**	23
Sales and Technical	**58**	51
Total average headcount	**105**	98

Company		
Production	**25**	24
Administration	**19**	19
Sales and Technical	**40**	37
Total average headcount	**84**	80

Employment costs

Group	**2015 £000**	restated 2014 £000
Wages and salaries	**3,592**	3,461
Social security costs	**377**	332
Other pension costs	**149**	136
Share-based payment charges	**262**	202
	4,380	4,131

Notes to the financial statements continued
for the year ended 31 December 2015

7 Finance income

	2015 £000	restated 2014 £000
Interest receivable on short-term bank deposits	**62**	48
Finance income	**62**	48
Unwinding of discount on contingent consideration	**-**	(21)
Finance cost of contingent consideration	**-**	(21)
Net finance income	**62**	27

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

8 Earnings per share

	2015	restated 2014
Weighted average number of shares in Issue (000's)	**19,669**	18,393
Adjusted for effects of dilutive potential Ordinary shares (000's)	**673**	1,717
Weighted average number for diluted earnings per share (000's)	**20,342**	20,110
Profit attributable to owners of the Parent from continuing operations (£000's)	**3,249**	2,969
Result of discontinued operations	**487**	191
Profit attributable to owners of the Parent (£000's)	**3,736**	3,160
Basic earnings per share from continuing operations	**16.52p**	16.14p
Diluted earnings per share from continuing operations	**15.97p**	14.76p
Basic earnings per share	**18.99p**	17.18p
Diluted earnings per share	**18.37p**	15.71p

	2015 £000	restated 2014 £000
Underlying profit attributable to owners of the Parent		
Profit attributable to owners of the Parent	**3,249**	2,969
Unwinding of discount on contingent consideration	**-**	21
Prior year tax adjustments	**(157)**	(318)
Underlying profit from continuing operations	**3,092**	2,672
Result of discontinued operations	**487**	191
Underlying profit attributable to owners of the Parent	**3,579**	2,863
Underlying earnings per share from continuing operations	**15.72p**	14.53p
Diluted underlying earnings per share from continuing operations	**15.20p**	13.29p
Underlying earnings per share	**18.20p**	15.57p
Diluted underlying earnings per share	**17.59p**	14.24p

9 Dividend payable

	2015 £000	2014 £000
2013 final dividend paid: 3.5p per 23p share	**-**	677
2014 final dividend paid: 4.5p per 23p share	**911**	-
	911	677

A dividend in respect of the year ended 31 December 2015 of 5.0p per share, amounting to a total dividend of £1.0m, is to be proposed at the Annual General Meeting on 28 June 2016. These financial statements do not reflect this dividend payable.

10 Income tax expense

	Group	
	2015 £000	2014 £000
Current tax		
Continuing operations:		
Current tax on profits for the year	**100**	174
Adjustment for prior years	**17**	(136)
Total current tax	**117**	38
Deferred tax		
Origination and reversal of temporary differences	**424**	251
Adjustment for prior years	**(174)**	(182)
Total deferred tax (note 18)	**250**	69
Income tax expense from continuing operations	**367**	107
Current tax		
Discontinued operations:		
Current tax on profits for the year	**124**	52
Income tax expense from discontinued operations	**124**	52
Income tax expense charged to the Income Statement	**491**	159

	Group	
	2015 £000	2014 £000
Current tax		
Continuing operations:		
Current tax on profits for the year	**(210)**	-
Total current tax credited directly to equity	**(210)**	-
Deferred tax		
Origination and reversal of temporary differences	**139**	-
Adjustment for prior years	**(384)**	-
Total deferred tax (note 18)	**(245)**	-
Income tax expense credited directly to equity	**(455)**	-

Adjustments in respect of prior years represent the benefits from enhanced research and development tax credits and the corresponding increased availability of losses in future periods. The adjustment for prior years reflects the recognition of a deferred tax asset at 31 December 2014 to recognise the market value of share options excercisable at that date.

Notes to the financial statements continued
for the year ended 31 December 2015

10 Income tax expense continued

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

Factors affecting the charge for the year

	2015 £000	2014 £000
Profit before tax from continuing operations	**3,616**	3,076
Result of discontinued operations (note 27)	**611**	243
Profit before tax	**4,227**	3,319
Tax at domestic rates applicable to profits in the respective countries - 20.25% (2014: 21.5%)	**856**	713
Tax effects of:		
Non-deductible expenses	**37**	39
Losses not recognised for deferred tax	**132**	54
Research and development tax credits	**(253)**	(282)
Prior year tax adjustments	**(157)**	(318)
Tax credit recognised directly in equity	**210**	-
Other tax adjustments	**(334)**	(47)
Income Tax expense	**491**	159

Corporation tax is calculated at 20.25% (2014: 21.5%) of the estimated assessable profit for the year.

Reductions to the UK tax rate were announced as part of the Finance Bill (No2) 2015. The changes reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These changes have been enacted by the balance sheet date and considered when measuring the deferred tax balances.

11 Intangible assets

Group	Goodwill £000	Brands £000	Customer relationships £000	Patents, trademarks and registrations £000	Development costs £000	Total £000
Cost						
As at 1 January 2014	5,490	2,210	686	248	1,891	10,525
Additions	-	-	-	175	399	574
Reclassification from property, plant and equipment	-	-	-	-	102	102
As at 31 December 2014	5,490	2,210	686	423	2,392	11,201
Additions	-	-	-	265	425	690
As at 31 December 2015	**5,490**	**2,210**	**686**	**688**	**2,817**	**11,891**
Accumulated amortisation/impairment						
As at 1 January 2014	-	62	159	40	962	1,223
Charge for the year	-	36	69	32	15	152
As at 31 December 2014	-	98	228	72	977	1,375
Charge for the year	-	36	69	66	177	348
As at 31 December 2015	**-**	**134**	**297**	**138**	**1,154**	**1,723**
Net book value						
As at 31 December 2015	**5,490**	**2,076**	**389**	**550**	**1,663**	**10,168**
As at 31 December 2014	5,490	2,112	458	351	1,415	9,826
As at 1 January 2014	5,490	2,148	527	208	929	9,302

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

11 Intangible assets continued

Company	Goodwill £000	Brands £000	Customer relationships £000	Patents, trademarks and registrations £000	Development costs £000	Total £000
Cost						
As at 1 January 2014	4,144	1,501	176	224	1,866	7,911
Additions	-	-	-	173	385	558
Reclassification from property, plant and equipment	-	-	-	-	102	102
Arising on hive up of subsidiary (note 25)	1,346	620	383	18	36	2,403
As at 31 December 2014	5,490	2,121	559	415	2,389	10,974
Additions	-	-	-	261	425	686
As at 31 December 2015	**5,490**	**2,121**	**559**	**676**	**2,814**	**11,660**
Accumulated amortisation/impairment						
As at 1 January 2014	-	-	70	35	962	1,067
Charge for the year	-	9	31	29	12	81
As at 31 December 2014	-	9	101	64	974	1,148
Charge for the year	-	36	69	66	177	348
As at 31 December 2015	**-**	**45**	**170**	**130**	**1,151**	**1,496**
Net book value						
As at 31 December 2015	**5,490**	**2,076**	**389**	**546**	**1,663**	**10,164**
As at 31 December 2014	5,490	2,112	458	351	1,415	9,826
As at 1 January 2014	4,144	1,501	106	189	904	6,844

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

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

These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond a five-year period are extrapolated using estimated growth rates of 1.5% per annum (2014: 1.5%).

The discount rate used of 12% (2014: 12%) is pre-tax and reflects specific risks relating to the operating segments.

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

Notes to the financial statements continued

for the year ended 31 December 2015

11 Intangible assets continued

Goodwill is allocated as follows:

Goodwill	
Acquisition of Kiotechagil operations	3,552
Acquisition of Optivite operations	592
Acquisition of Meriden operations	1,346
As at 31 December 2014	**5,490**
As at 31 December 2015	**5,490**

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

Amortisation of brands, customer relationships and patents, trademarks and registrations is included in administrative expenses, totalling £348,000 (2014: £152,000) for the Group and £348,000 (2014: £81,000) for the Company.

12 Property, plant and equipment

Group	**Land and buildings £000**	**Plant and machinery £000**	**Fixtures, fittings and equipment £000**	**Assets in the course of construction £000**	**Total £000**
Cost					
As at 1 January 2014	2,032	1,073	464	163	3,732
Additions	78	117	94	-	289
Transfer of assets in construction	61	-	-	(61)	-
Reclassification to intangible assets	-	-	-	(102)	(102)
Disposals	-	(64)	(62)	-	(126)
As at 31 December 2014	2,171	1,126	496	-	3,793
Additions	-	275	26	-	301
Disposals	-	(44)	-	-	(44)
As at 31 December 2015	**2,171**	**1,357**	**522**	**-**	**4,050**
Accumulated depreciation					
As at 1 January 2014	185	309	184	-	678
Charge for the year	29	111	65	-	205
Disposals	-	(62)	(46)	-	(108)
As at 31 December 2014	214	358	203	-	775
Charge for the year	31	117	77	-	225
Disposals	-	(19)	-	-	(19)
As at 31 December 2015	**245**	**456**	**280**	**-**	**981**
Net book value					
As at 31 December 2015	**1,926**	**901**	**242**	**-**	**3,069**
As at 31 December 2014	1,957	768	293	-	3,018
As at 1 January 2014	1,847	764	280	163	3,054

12 Property, plant and equipment continued

Company	Land and buildings £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Assets in the course of construction £000	Total £000
Cost					
As at 1 January 2014	2,032	1,060	443	163	3,698
Additions	78	111	94	-	283
Transfer of assets in construction	61	-	-	(61)	-
Reclassificiation to intangible assets	-	-	-	(102)	(102)
Hive up of subsidiary	-	-	4	-	4
Disposals	-	(64)	(48)	-	(112)
As at 31 December 2014	2,171	1,107	493	-	3,771
Additions	-	274	26	-	300
Disposals	-	(44)	-	-	(44)
As at 31 December 2015	**2,171**	**1,337**	**519**	**-**	**4,027**
Accumulated depreciation					
As at 1 January 2014	185	300	177	-	662
Charge for the year	29	109	63	-	201
Disposals	-	(62)	(40)	-	(102)
As at 31 December 2014	214	347	200	-	761
Charge for the year	31	114	77	-	222
Disposals	-	(19)	-	-	(19)
As at 31 December 2015	**245**	**442**	**277**	**-**	**964**
Net book value					
As at 31 December 2015	**1,926**	**895**	**242**	**-**	**3,063**
As at 31 December 2014	1,957	760	293	-	3,010
As at 1 January 2014	1,847	760	266	163	3,036

Held within land and buildings is an amount of £700,000 (2014: £700,000) in respect of non-depreciable land.

Notes to the financial statements continued
for the year ended 31 December 2015

13 Investment in subsidiaries

Company	Unlisted investments £000
Cost	
As at 1 January 2014	6,691
Investment in Subsidiaries	536
Arising on hive up of Subsidiary operations (note 25)	(97)
As at 31 December 2014 and at 31 December 2015	**7,130**
Provisions for diminution in value	
As at 1 January 2014, 31 December 2014 and at 31 December 2015	**2,392**
Net book value	
As at 31 December 2015	**4,738**
As at 31 December 2014	4,738
As at 1 January 2014	4,299

The increase in investment in 2014 is principally in Anpario Saúde Nutrição Animal Ltda.

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

Full list of investments

The Group holds share capital in the following Companies which are accounted for as Subsidiaries.

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

The Group has no associates or joint-ventures.

14 Inventories

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Raw materials and consumables	**1,098**	1,062	**1,098**	1,062
Finished goods and goods for resale	**717**	649	**231**	165
	1,815	1,711	**1,329**	1,227

The cost of inventories recognised as expense and included in 'cost of sales' amounted to £10,476,000 (2014: £11,232,000) for the Group and £10,189,000 (2014: £8,616,000) for the Company.

15 Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Trade receivables	**6,381**	6,728	**6,147**	6,441
Less: provision for impairment of trade receivables	**(201)**	(64)	**(201)**	(64)
Trade receivables – net	**6,180**	6,664	**5,946**	6,377
Receivables from Subsidiary undertakings	**-**	-	**1,676**	1,247
Taxes	**317**	224	**269**	209
Prepayments and accrued income	**294**	811	**197**	463
	6,791	7,699	**8,088**	8,296

The ageing analysis of net trade receivables is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Up to 3 months	**4,775**	5,386	**4,588**	5,125
3 to 6 months	**1,333**	1,084	**1,307**	1,083
Over 6 months	**72**	194	**51**	169
Trade receivables – net	**6,180**	6,664	**5,946**	6,377

Notes to the financial statements continued
for the year ended 31 December 2015

15 Trade and other receivables continued

As of 31 December 2015 trade receivables of £1,164,000 (2014: £1,109,000) for the Group and £1,117,000 (2014: £1,084,000) for the Company were past due but not impaired. These relate to longstanding customers where there is no recent history of default. The ageing analysis of these receivables is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Up to 3 months	**861**	940	**835**	940
3 to 6 months	**50**	65	**50**	65
Over 6 months	**253**	104	**232**	79
	1,164	1,109	**1,117**	1,084

As of 31 December 2015 trade receivables of £201,000 (2014: £64,000) for the Group and £201,000 (2014: £64,000) for the Company were impaired and fully provided for. The individually impaired receivables mainly related to historic debt for which recovery is still being sought. The Group mitigates its exposure to credit risk by extensive use of credit insurance and letters of credit to remit amounts due. The ageing of these trade receivables is as follows:

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Over 6 months	**201**	64	**201**	64
	201	64	**201**	64

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

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
As at 1 January	**64**	126	**64**	119
Provisions for receivables created	**188**	63	**188**	63
Amounts written off as unrecoverable	**-**	(7)	**-**	-
Amounts recovered during the year	**(51)**	(118)	**(51)**	(118)
As at 31 December	**201**	64	**201**	64

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

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Pounds sterling	**2,413**	2,814	**2,413**	2,814
Euros	**740**	1,227	**740**	1,227
US dollars	**2,807**	2,367	**2,793**	2,335
Other currencies	**220**	256	**-**	1
As at 31 December	**6,180**	6,664	**5,946**	6,377

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

16 Cash and cash equivalents

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

17 Trade and other payables

	Group		Company	
	2015 £000	2014 £000	**2015 £000**	2014 £000
Trade payables	**2,481**	3,315	**2,438**	3,269
Amounts due to subsidiary undertakings	**-**	-	**4,171**	4,368
Taxes and social security costs	**131**	237	**78**	185
Other payables	**202**	207	**114**	150
Accruals and deferred income	**867**	1,370	**569**	944
	3,681	5,129	**7,370**	8,916

Included within 'Other payables' above is £71,000 (2014: £71,000) in respect of contingent consideration arising on the acquisition of Meriden.

18 Deferred income tax

Group	**2015 £000**	2014 £000
As at 1 January	**865**	796
Income statement charge (note 10)	**250**	69
Deferred tax credited directly to equity	**(245)**	-
As at 31 December	**870**	865

Deferred tax liabilities/(assets)

	Accelerated tax allowances £000	**Fair value gains £000**	**Losses £000**	**Other timing difference £000**	**Total £000**
As at 1 January 2014	385	615	(204)	-	796
Income statement charge/(credit) (note 10)	145	(101)	25	-	69
As at 31 December 2014	530	514	(179)	-	865
Income statement charge/(credit) (note 10)	153	(21)	156	(38)	250
Deferred tax credited directly to equity	-	-	-	(245)	(245)
As at 31 December 2015	**683**	**493**	**(23)**	**(283)**	**870**

Classified as:	
Deferred income tax asset	**(306)**
Deferred income tax liability	**1,176**

Reductions to the UK tax rate were introduced in Finance Act (No2) 2015. The changes reduced the corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020. These changes have been enacted at the Balance Sheet date and, therefore, are recognised in these Financial Statements.

Notes to the financial statements continued

for the year ended 31 December 2015

18 Deferred income tax continued

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

Company	2015 £000	2014 £000
As at 1 January	**865**	634
Arising on hive up of Meriden trade and assets into the company	**-**	232
Income statement charge/(credit)	**288**	(1)
Deferred tax credited directly to equity	**(245)**	-
As at 31 December	**908**	865

Deferred tax liabilities/(assets)

	Accelerated tax allowances £000	Fair value gains £000	Losses £000	Other timing difference £000	Total £000
As at 1 January 2014	468	370	(204)	-	634
Income statement charge/(credit)	60	(86)	25	-	(1)
Arising on hive up of Meriden trade and assets into the company	2	230	-	-	232
As at 31 December 2014	530	514	(179)	-	865
Income statement charge/(credit)	153	(21)	156	-	288
Deferred tax credited directly to equity	-	-	-	(245)	(245)
As at 31 December 2015	**683**	**493**	**(23)**	**(245)**	**908**

Classified as:	
Deferred income tax asset	**(268)**
Deferred income tax liability	**1,176**

19 Capital commitments

The Group had authorised capital commitments as at 31 December 2015 as follows:

	2015 £000	2014 £000
Property, plant and equipment	**-**	26
	-	26

20 Financial commitments

At 31 December 2015 the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2015 £000	2014 £000
Less than one year	**72**	76
Between one and five years	**68**	110
Greater than five years	**-**	-
	140	186

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

21 Called up share capital

	2015 £000	2014 £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		
20,094,275 (2014: 19,880,789) Ordinary shares of 23p each	**4,622**	4,573
Options exercised Ordinary shares of 23p each	**436**	49
21,992,247 (2014: 20,094,275) Ordinary shares of 23p each	**5,058**	4,622

During the year 1,897,972 (2014: 213,486) Ordinary shares of 23 pence each were issued pursuant to the exercise of employee share options.

22 Retained earnings

	Group £000	Company £000
As at 1 January 2014	11,979	10,966
Profit for the year	3,160	2,691
Dividends relating to 2013	(677)	(677)
As at 31 December 2014 (restated)	14,462	12,980
Profit for the year	3,736	4,402
Dividends relating to 2014	(911)	(911)
As at 31 December 2015	**17,287**	**16,471**

Notes to the financial statements continued
for the year ended 31 December 2015

23 Other reserves

Other reserves comprise:

	Group		Company	
	2015	2014	**2015**	2014
	£000	£000	**£000**	£000
Treasury shares	**(185)**	(185)	**(185)**	(185)
Joint Share Ownership Plan	**(4,625)**	(1,210)	**(4,625)**	(1,210)
Merger reserve	**228**	228	**228**	228
Unrealised reserve (note 25)	**-**	-	**2,021**	2,021
Share-based payment reserve	**1,381**	840	**1,381**	840
Cash flow hedge	**(23)**	-	**(23)**	-
Translation reserve	**(150)**	(62)	**-**	-
	(3,374)	(389)	**(1,203)**	1,694

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

24 Share-based payments

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

	Weighted average exercise price (p)	**Shares 2015 000**	Weighted average exercise price (p)	Shares 2014 000
Outstanding at 1 January	104	**1,468**	101	1,447
Granted during the year	283	**232**	242	234
Exercised during the year	81	**(721)**	83	(213)
Outstanding at 31 December	196	**979**	104	1,468
Exercisable at 31 December		**120**		807

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 2015 000**	Weighted average exercise price (p)	Shares 2014 000
2015	-	**-**	165	44
2016	124	**65**	99	223
2017	-	**-**	98	45
2018	-	**-**	32	96
2019	-	**-**	69	240
2020	69	**11**	79	55
2021	-	**-**	76	10
2022	89	**24**	89	94
2023	143	**413**	144	427
2024	242	**233**	242	234
2025	283	**233**	-	-
		979		1,468

24 **Share-based payments** continued

During the year options totalling 232,000 (2014: 120,000) were awarded under the Company's Enterprise Management Incentive Scheme (EMIS) and 721,254 options were exercised.

During the year, on 9 March 2015, under the joint share ownership plan the company issued 1,176,718 shares of 23p each to the Executive Directors at a price of 290p per share.

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

The expense is apportioned over the vesting period and is based on the number of financial instruments which are expected to vest and the fair value of those financial instruments at the date of the grant. The charge for the year in respect of share options granted and associated expenses amounts to £262,000 (2014: £202,000) of which £84,000 (2014: £88,000) is related to professional fees that have been expensed during the year.

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

Plan	EMI	EMI	EMI	JSOP
Grant date	24-Feb	2-Mar	9-Mar	9-Mar
Number of options granted (000)	35	70	127	1,177
Grant price (p)	267.5	277.5	290.0	290.0
Exercise price (p)	267.5	277.5	290.0	290.0
Carrying cost (per annum)	N/A	N/A	N/A	4.5%
Vesting period (years)	3	3	3	3
Option expiry (years)	10	10	10	10
Expected volatility of the share price	20%	20%	20%	20%
Dividends expected on the shares	1.68%	1.62%	1.55%	1.55%
Risk-free rate	1.23%	1.29%	1.42%	1.42%
Fair value (p)	36.25	33.50	35.24	37.59

Notes to the financial statements continued

for the year ended 31 December 2015

25 Business combinations

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

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

	Carrying value £000
Goodwill	1,346
Brands	620
Customer relationships	383
Trademarks, registrations and development	54
Cash and cash equivalents	330
Property, plant and equipment	4
Inventories	232
Trade and other receivables	4,346
Trade and other payables	(744)
Corporation tax	(250)
Deferred tax liabilities	(234)
Carrying value of assets hived up	**6,087**

The consideration for the hive up represented the carrying value of the assets and liabilities as recorded in the statutory accounting records of Meriden Animal Health Limited and amounted to £3,969,000.

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

26 Related party transactions

Group and Company

The following transactions were carried out with related parties:

P A Lawrence, Chairman of ECO Animal Health Group plc, is a Non-Executive Director of the Company and £34,375 (2014: £32,500) was paid to ECO Animal Health Group plc in respect of his services and expenses. £16,000 (2014: £16,000) was received from ECO Animal Health Group plc in respect of pension commitments to a former employee.

Electro Switch Limited, a company controlled by close family members of the Chairman, R S Rose, received the sum of £nil (2014: £1,250).

There were no amounts due to related parties at 31 December 2015 (2014: £nil).

Key management comprises the Directors of Anpario plc; excluding P A Lawrence as noted above, the remaining Directors emoluments are as follows:

	2015 **£000**	2014 £000
Short-term employment benefits	**641**	790
Post employment benefits	**31**	32
Share-based payments	**111**	43
	783	865

A breakdown of the emoluments by director is included in the Directors' remuneration report, on pages 11 to 13.

Company

The following transactions were carried out with related parties:

	2015 **£000**	2014 £000
Sales of goods:		
Subsidiaries	**1,495**	1,337
Sales of services:		
Subsidiaries	**-**	62
Purchases of goods:		
Subsidiaries	**-**	40
Purchases of services:		
Subsidiaries	**-**	34

Year–end balances with related parties:		
Receivables from related parties (note 15):		
Subsidiaries	**1,676**	1,247
Payables to related parties (note 17):		
Subsidiaries	**4,171**	4,368

Notes to the financial statements continued

for the year ended 31 December 2015

27 Discontinued operations

On 3 March 2015, the Group sold assets, as part of the disposal of its organic feed business, Vitrition, for £500,000 net proceeds. Further to this an amount of £296,000 contingent consideration was received during the year in respect of a production related earn out.

The post tax gain on disposal of discontinued operations was determined as follows:

	£000
Initial consideration received	**500**
Contingent consideration	**296**
Proceeds from sale of inventory	**144**
Total consideration	**940**
Assets disposed:	
Property, plant and equipment	**(25)**
Inventory	**(144)**
Costs of disposal	**(173)**
Pre tax gain on disposal of discontinued operation	**598**
Related tax expense	**(121)**
Post tax gain on disposal of discontinued operation	**477**

The results of discontinued operations was determined as follows:

	2015 £000	2014 £000
Revenue	**481**	3,119
Cost of sales	**(460)**	(2,826)
Administrative expenses	**(8)**	(50)
Tax expense	**(3)**	(52)
Post tax gain on disposal of discontinued operations	**477**	-
Profit from discontinued operations	**487**	191

Cashflows relating to discontinued operations were as follows:

	2015 £000	2014 £000
Operating cash flows	**(15)**	191
Investing cash flows	**623**	-
Financing cash flows	**-**	-
Total cash flows	**608**	191

Notice of Annual General Meeting

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

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

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

Notice of Annual General Meeting ("AGM")

Notice is hereby given that the AGM of Anpario plc will be held at the offices of Peel Hunt LLP, Moor House, 120 London Wall, London, EC2Y 5ET on Tuesday 28 June 2016, at 10.30 am to consider and, if thought fit, pass the following resolutions as ordinary resolutions other than resolutions 6 and 7 which will be proposed as special resolutions of the Company.

Resolution 1

To receive the accounts for the year ended 31 December 2015, together with the reports of the Directors and of the auditors thereon.

Resolution 2

To declare a final dividend of 5.0p per Ordinary share payable on 29 July 2016 to shareholders on the register at close of business on 15 July 2016.

Resolution 3

To re-elect Richard S Rose as a Director, who retires by rotation.

Resolution 4

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

Notice of Annual General Meeting continued

Resolution 5

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

(a) up to an aggregate nominal amount of £1,658,354; and

(b) up to an additional aggregate nominal amount of £1,658,354 provided that such Rights are offered by way of a rights issue to holders of Ordinary shares in the capital of the Company on the register of members at such record date(s) as the Directors may determine, where the shares or equity securities respectively attributable to the interests of the Ordinary shareholders are proportionate (as nearly as may be practicable) to the respective number of Ordinary shares held or deemed to be held by them on any such record date(s), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter;

and provided that:

i. such authority shall, unless revoked, varied or renewed by the Company, expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, on 28 September 2017, save that the Company may make an offer or agreement before this authority expires which would or might require shares to be allotted or Rights to subscribe for or to convert any security into shares to be granted after this authority expires and the Directors may allot shares or grant such Rights pursuant to any such offer or agreement as if this authority had not expired; and

ii. this resolution revokes and replaces all unexercised authorities previously granted to the Directors in accordance with Section 551 of the Companies Act 2006 to allot shares or grant Rights but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

Resolution 6

That, subject to the passing of resolution 5 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 5 as if Section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

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

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

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

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

(b) otherwise than pursuant to paragraph (a) of this resolution, up to an aggregate nominal amount of £502,532;

Resolution 6 continued

(c) this power shall, unless revoked varied or renewed by the Company, expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, on 28 September 2017, save that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted for cash after this power expires and the Directors may allot equity securities for cash pursuant to any such offer or agreement as if this power had not expired; and

(d) this resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if Section 561(1) of the Companies Act 2006 did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

Resolution 7

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 2,184,921;

(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, unless revoked varied or renewed by the Company, expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, on 28 September 2017; and

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

Recommendation

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

By Order of the Board

Karen L Prior
Company Secretary
11 May 2016

Notice of Annual General Meeting continued

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

Entitlement to attend and vote

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

Appointment of proxies

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

Appointment of proxy using hard copy proxy form

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

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

Appointment of proxy by joint members

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

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see note 6 above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821390 during normal office opening hours.

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

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

Issued shares and total voting rights

10. As at 8 March 2016 the Company's issued share capital comprised 21,992,247 Ordinary shares of 23p each. The Company holds 143,042 Ordinary shares of 23p each as treasury shares. Each Ordinary share carries the right to one vote at an AGM of the Company and, therefore excluding shares held as treasury shares the total number of voting rights in the Company as at 8 March 2016 is 21,849,205.

Notice of Annual General Meeting continued

Explanatory Notes on the Resolutions to be sent to Shareholders

Resolution 1: Annual Report

The Directors must present the annual accounts (together with their report and the auditors' report) to the Annual General Meeting. This gives shareholders the opportunity to ask questions on the content before voting on the resolution. The accounts and reports are all contained in the Company's Annual Report.

Resolution 2: Dividend

Subject to shareholder approval, a final dividend of 5.0p per Ordinary share payable to Ordinary shareholders on 29 July 2016 has been recommended by the Directors for the year ended 31 December 2015. The final dividend cannot exceed the amount recommended by the Directors.

Resolution 3: Directors

The Company's Articles of Association require one third of the Directors to retire and submit themselves for election each year. Under the Articles, this year it is the turn of Richard S Rose to retire and submit himself to re-election at this year's AGM. There are no Directors of the Company who are eligible to submit themselves for re-election having been appointed since the last AGM.

Resolution 4: Appointment of Auditors and Remuneration of the Auditors

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

Resolution 5: Directors' Authority to Allot Shares

This resolution seeks shareholder approval for the Directors to be authorised under the provisions of Section 551 of the Companies Act 2006 to allot shares or grant such subscription or conversion rights up to a maximum aggregate nominal value of £3,316,708 representing approximately two-thirds of the existing share capital, but subject to the proviso that half of such sum (being shares with an aggregate nominal value of £1,658,354) may only be allotted in connection with a rights issue or similar pre-emptive share issue. This power will last until the conclusion of the next AGM of the Company in 2017 or, if sooner, until 28 September 2017.

Resolution 6: 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 5. 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 6 is passed, the requirement imposed by Section 561 will not apply to allotments by the Directors in two cases:

i. in connection with a rights (or similar) issue, where strict application of the principle in Section 561 could (for example) either result in fractional entitlements to shares arising or require the issue of shares where this would be impractical because of local, legal or regulatory requirements in any given overseas jurisdiction; and

ii. allotments of shares for cash up to a total nominal value of £502,532 (representing 10% of the Company's issued share capital at 8 March 2016). This gives the Directors flexibility to take advantage of business opportunities as they arise, whilst the 10% limit ensures that existing shareholders' interests are protected in accordance with guidelines issued by institutional investors' bodies.

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

Resolution 7: Company's Authority to Purchase Shares

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

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

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

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

The Companies Act 2006 enables the Company 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 7, the Company will have the option of holding those shares in treasury rather than cancelling them.

As at 8 March 2016, the Company had 21,992,247 shares in issue. This resolution seeks authority to purchase a maximum of 2,184,921 shares, representing approximately 10% of the current issued share capital less shares held in treasury.

Company information

Company Number
Registered in England and Wales 03345857

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Company Secretary
Karen L Prior

Stock Exchange
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Code: ANP

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Board of Directors

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

Chief Executive Officer (N)

Richard Edwards joined the Board in December 2006 as Chief Executive following the acquisition of Agil. He was appointed Executive Vice-Chairman in April 2011 with specific responsibility for implementing acquisition strategy. Richard was appointed to the position of CEO in January 2016.

Richard has extensive general management and corporate strategy experience gained in the sales and distribution sector both in the UK and internationally. Previously he was Director and General Manager of WF Electrical, a £140 million turnover division of Hagemeyer (UK) plc, a distributor of industrial products, and gained significant experience in corporate development at Saint Gobain's UK building materials business.

Karen L Prior, BSc (Hons), FCA.

Group Finance Director

Karen joined the board in October 2009 as Group Finance Director. Previously, Karen has had roles as Finance Director of Town Centre Securities PLC, a listed property group and UK Finance Director of Q-Park, where she was instrumental in its establishment and growth in the UK.

Karen has also been Financial Controller of train builders Bombardier Transportation and has spent 10 years of her early career with Ernst and Young specialising in providing audit and business services to entrepreneurial businesses.

Richard S Rose.

Non-Executive Chairman (A, N, R)

Richard joined the Board in March 2005 and was appointed Chairman in July 2006. Richard is also non-executive chairman of AO World plc, Crawshaw Group plc, Watchstone Group plc and Blue Inc Limited. Previously, he has held a number of positions in organisations including Booker Group plc, AC Electrical Wholesale, and Whittard of Chelsea plc. In 2016, Richard won The Quoted Company Awards' Chairman of the Year award.

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

Non-Executive Director (A, N, R)

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

Key A: Audit Committee N: Nomination Committee R: Remuneration Committee
The Terms of Reference of the Audit, Nomination and Remuneration Committees are available on the Company's website: www.anpario.com/shareholder-information/aim-26

Anpario plc

Manton Wood Enterprise Park,
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Enhancing nature through science