Genus PLC
13 March 2007

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Genus plc

('Genus' or 'the Company')

Interim Results for the six months ended 31 December 2006

Interim Results

Genus, the world leading animal genetics company, announces its results for the six months ended 31 December 2006. These results are reported under International Financial Reporting Standards ('IFRS').

| | 2006 | 2005 |
|---|---|---|
| | Â£m | Â£m |
| Continuing Operations | | |
| Turnover | 116.3 | 60.9 |
| Adjusted operating profit* | 15.9 | 6.8 |
| Operating profit | 10.6 | 5.5 |
| Profit before taxation | 6.1 | 5.0 |
| Basic earnings per share | 6.9p | 8.4p |
| Adjusted earnings per share** | 13.6p | 9.7p |
| Total Operations | | |
| Profit after tax | 4.4 | 0.4 |
| Basic earnings per share | 8.0p | 1.0p |

* Operating profit before fair value movements on biological assets, amortisation of intangible assets, share based payments and exceptional items.

** Earnings per share based on adjusted earnings (see note 9).

Highlights from Continuing Operations:

â€¢ Company

- Adjusted operating profit more than doubled to Â£15.9m (2005 : Â£6.8m) benefiting from full 6 months contribution from the Sygen acquisition.

- Adjusted operating profit would have been Â£1.0m higher at Â£16.9m if exchange rates had remained constant.

- Adjusted earnings per share of 13.6p was 40% higher (2005 : 9.7p) notwithstanding the issue of 16.9 million new shares to finance part of the Sygen acquisition.

- Net debt before finance leases of Â£118m was Â£4m lower than expected at the time of the Sygen acquisition.

â€¢ Bovine Genetics

- Volume increased by 8% in the USA and prices were 7% higher in Europe.

- Adjusted operating profit in constant currency of Â£7.1m was Â£0.4m higher than the record 2005 result of Â£6.7m, despite drought affected Australia.

â€¢ Porcine Genetics

- Adjusted operating profit in constant currency increased by Â£2.6m to Â£12.9m (2005 pro-forma*** was Â£10.3m).

- Further progress with de-risking of business:

  - o 70% of US and Europe business now on royalty model
  - o 90% of production now sub-contracted

*** Assumes Sygen had been acquired on 1 July 2005

Commenting on prospects Richard Wood, Chief Executive, said:

'We have made excellent progress with the integration of Sygen and have delivered the results expected, despite the negative impact on profits of the weak US dollar.

The second half of the year has started strongly. We expect market conditions to remain unchanged and for the business to continue the strong underlying sales and profit growth demonstrated in these results.

For further information, please contact:

Genus plc Tel: 01256 347 100

Richard Wood, Chief Executive

David Timmins, Finance Director

Buchanan Communications Tel: 020 7466 5000

Charles Ryland/Suzanne Brocks

CHAIRMAN'S STATEMENT

I have pleasure in being able to report a period of significant development and strong results for Genus. A key feature in the enhancement of Genus' performance has been the successful acquisition of Sygen International plc ('Sygen') in December 2005.

This Interim Report has been prepared in accordance with International Financial Reporting Standards ('IFRS').

Group Performance

Turnover from continuing operations for the six months period ended 31 December 2006 increased by 91% to Â£116.3m (2005 : Â£60.9m). Adjusted operating profit from continuing operations more than doubled to Â£15.9m (2005 : Â£6.8m) and operating profit from continuing operations increased 93% to Â£10.6m (2005 : Â£5.5m). These results were achieved despite the negative impact of Â£1m compared to the prior year in translating US dollar operating profits.

This improvement in performance has been achieved through strong trading in our main markets and the rapid and smooth integration of Sygen.

A key driver of the Company's performance was the acquisition of Sygen in December 2005 which contributed a full six months to the current period compared with only one month last year. The adjusted operating profit of porcine for the six months ended 31 December 2006 was Â£11.9m. This was Â£1.6m higher than the pro-forma comparative adjusted operating profit of Â£10.3m, calculated to indicate the contribution Sygen would have made had it been acquired on 1 July 2005. In constant currency, adjusted operating profit of porcine would have been a further Â£1.0m higher (Â£2.6m in total) compared with the pro-forma comparative amount.

On this pro-forma basis, adjusted operating profit from continuing operations for the Company increased by Â£4.9m (45%) to Â£15.9m (2005 : pro-forma Â£11.0m, which includes a Â£4.2m contribution from Sygen for the 5 months period pre-acquisition). The increase of Â£4.9m reflects a strong trading performance and cost reductions. Adjusted operating profit from continuing operations in constant currency would have been a further Â£0.9m higher (Â£5.8m in total) than the pro-forma comparative, but for the weaker US dollar in the current period.

Exceptional expenses for the period of Â£2.3m (2005: Â£0.9m) related to the integration of Sygen to an accelerated timetable in order to secure cost savings earlier. Work associated with the preparation for a move to the Official List, principally the IFRS audited restatement of historical financial statements, cost Â£0.7m.

Disposal of two surplus pig farms and a residual property in the Animal Health business generated a profit of Â£0.7m.

Profit before tax from continuing operations of Â£6.1m, was 22% or Â£1.1m higher than in 2005. Adjusted profit before tax from continuing operations of Â£11.4m, was Â£5.5m (93%) higher than 2005. The effective tax rate on adjusted profit before tax was 34%, as expected.

Adjusted earnings per share from continuing operations increased by 3.9p (40%) to 13.6p (2005 : 9.7p) notwithstanding the issue of 16.9m new shares to fund part of the Sygen acquisition. Basic earnings per share from total operations were 8.0p (2005 : 1.0p).

Cash, Net Debt & Dividend

Net debt before finance leases increased by only Â£1.7m to Â£118.5m in a period which is cash absorbing in working capital for the Bovine sales season. In addition, the final dividend of Â£4.5m was paid within the period. The proceeds from property disposals of Â£2.3m, the disposal proceeds of Shrimp Genetics in Thailand of Â£1.0m and a cash profit of Â£1.75m from terminating a cross-currency swap provided additional cash inflows. A replacement swap was immediately put into place. The net debt at the end of the period was Â£4m lower than expected at the time of the Sygen acquisition.

The Company is pursuing the divestments of the remaining non-core businesses to hasten further reduction in net debt to leave the Company well placed to pursue other opportunities for growth as and when they arise.

In line with previous years and our stated dividend policy, the Board does not recommend an interim dividend due to the high handling costs associated with distribution to the relatively large number of shareholders. The Board expects to recommend a final dividend when the results for the year ending 30 June 2007 are known.

Bovine

Turnover increased by Â£2.2m to Â£50.9m (2005: Â£48.7m) with gains in most territories.

In the Americas, turnover was Â£2.1m (10%) higher in constant currency driven by an 8% increase in volume. However, the currency translation reduced this increase to Â£0.4m. The benefits of our investment in expanding the US sales force over recent years increased operating profit in the USA by Â£0.4m (17%) to Â£2.7m (2005: Â£2.3m) and more in local currency.

In Europe, turnover was up 3.5% driven by a 7% increase in average prices. Volume was slightly down because of phasing of supplies through distributors.

The adjusted operating profit increase of Â£0.2m to Â£6.9m compared with the record performance last year of Â£6.7m was achieved despite both the Â£0.5m decrease in expected profits from drought affected Australia compared with the prior period and the negative currency impact of Â£0.2m. We believe that the expansion into the Australian retail market made last year will assist recovery once markets return to more normal levels.

Porcine

Turnover of Â£65.4m was Â£6.0m lower than pro-forma 2005 (Â£71.4m). This was due to the impact of a weak US dollar on translation to sterling as well as the strategy of replacing direct animal sales with royalty bearing indirect sales in order to de-risk the business from volatility in market prices. Approximately 70% of the business in the USA and Europe has now been moved from direct sales to the royalty model and 90% of production has been outsourced to contract multipliers, in those territories, again as part of the strategy to de-risk the business.

Our new approach to European operations increased volume by 3.3%. Prices improved in developing markets, although the market in China remained depressed.

As the outsourcing strategy progressed, redundant farms in the US and China were sold. Since the interim period end, on 28 February 2007 a farm in France was sold for â‚¬2.75m (Â£1.87m).

Discontinued Businesses

The licensed veterinary pharmaceutical business performed to plan. Phasing of contract wins, following the disruption caused by the temporary office closure last year, due to the Buncefield oil depot fire, delayed profit for Development Consulting. The residual shrimp business in Mexico accrued losses in its low season, but at a much lower rate than expected.

These businesses are being actively marketed and will be sold when an appropriate price is achieved

Taking into account these businesses, group profit after taxation was Â£4.4m (2005 : Â£0.4m) and earnings per share was 8.0p (2005 : 1.0p).

Research

A review of the acquired research programme has identified those projects with the highest potential to create commercial advantage, should they be successful. The identified projects have been consolidated with those already in the Genus programme and any overlaps have been eliminated to achieve annualised cost savings of Â£2m, with no reduction in inventive capability.

Priorities have now been refocused on the two major research platforms of genomics and sexed semen.

Significant progress is being made with genomics research. Potential benefits have been quantified and 45 additional markers (78 in total) have been included in routine genetic evaluations. Looking ahead, our focus is on health and robustness traits. These are difficult to evaluate using traditional quantitative science.

The Company's sexed semen product was launched in the USA and became available in Europe at the end of the reporting period. It was well received by the market and production is currently sold out. An increase in capacity is being considered alongside hastening progress with alternative processes being developed within the R&D programme which are less capacity constrained.

Porcine Product Development

A review of the porcine product development process has concluded that effort should be concentrated in two nucleus herds. Demand from our largest customers is for customised genetic lines. To meet this demand, we propose to build a new larger nucleus facility in the USA and have taken an option on suitable land. This new facility will replace less efficient facilities in the USA. This proposed investment will be of sufficient capacity and diversity to achieve growth and meet projected customer demands for a decade.

Bovine Product Development

The company has achieved consistent long term organic growth in the bovine sector averaging between four and five percent per annum. This level of growth is expected to continue. Currently, volume is serviced by approximately 140 top bulls being collected at six studs. Replacement bulls are selected from a rolling bull programme evaluating 350 bulls per year. In order to increase capacity to meet projected demand, we propose to increase the number of bulls at stud and, accordingly, the test programme will be increased over the next two years to 400 bulls per year. Only minor investments in facilities will be required.

Board

Professor Barry Furr joined the Board as a non-executive director in December 2006. Professor Furr, aged 63 years, recently retired as Chief Scientist and Head of Project Evaluation for AstraZeneca plc. He was awarded an OBE in 2000 for his services to cancer drug discovery and was the inventor of Zolodex and Casodex, world-leading anti-cancer drugs. Professor Furr will provide guidance on fundamental science strategy.

Move to Official List and Share Register

At the Annual General Meeting on 16 November 2006, shareholders voted overwhelmingly in favour of the Board seeking admission to the Official List of the London Stock Exchange. The Board is expecting the move to take place following the publication, in September 2007, of the Preliminary Results for the year ending 30 June 2007.

As part of the Board's strategy of restructuring the share register to continue the process of improving share liquidity, the Company completed a further voluntary buyback scheme in December 2006 which was aimed at investors with shareholdings of 1,000 or fewer shares. The shares sold by these investors were bundled and placed with institutions, which obviated the need to buy back first into Treasury. A total of 836,469 shares (1.5% of issued share capital) were bought back from 1,579 shareholders (7.8% of total number of shareholders) and

placed with institutional investors. The institutional and private client institutional shareholdings now stand at 72% of the total register.

Outlook

The Board expects agricultural market conditions to be largely unchanged in the second half year and trading has started strongly.

As a result, the Board expects the strong underlying performance achieved in the first half to continue and that market expectations will be achieved despite the anticipated weak US dollar. This implies a further upgrade to underlying performance.

John Hawkins

Chairman

Consolidated income statement

For the six months ended 31 December 2006

| | Note | Unaudited 2006 | | Unaudited 2005 | |
|---|---|---|---|---|---|
| | | Â£m | Â£m | Â£m | Â£m |
| Revenue from continuing operations | 1 | | 116.3 | | 60.9 |
| Adjusted operating profit from continuing operations | | | 15.9 | | 6.8 |
| Fair value movement on biological assets | | | 0.3 | | 0.4 |
| Amortisation of intangible assets | | | (2.6) | | (0.4) |
| Share based payments | | | (0.7) | | (0.4) |
| | 3 | | 12.9 | | 6.4 |
| Exceptional items | | | | | |
| Integration and restructuring expenses | | (1.6) | | (0.9) | |
| Preparation for main market listing | | (0.7) | | - | |
| | | | (2.3) | | (0.9) |
| Operating profit from continuing operations | | | 10.6 | | 5.5 |
| Share of profit/(loss) of joint ventures and associates | | | 0.7 | | (0.2) |
| Other gains and losses | | | - | | 0.8 |
| Finance costs | 4 | | (5.2) | | (1.1) |
| Profit before tax from continuing operations | | | 6.1 | | 5.0 |
| Taxation | 5 | | (2.3) | | (1.6) |
| Profit for the period from continuing operations | | | 3.8 | | 3.4 |
| Profit/(loss) for the period from discontinued operations | 2 | | 0.6 | | (3.0) |
| Profit for the period | | | 4.4 | | 0.4 |
| Earnings per share from continuing operations | 9 | | | | |
| Basic earnings per share | | | 6.9p | | 8.4p |
| Diluted earnings per share | | | 6.7p | | 8.2p |
| Adjusted earnings per share | | | 13.6p | | 9.7p |
| Earnings per share from total operations | 9 | | | | |
| Basic earnings per share | | | 8.0p | | 1.0p |
| Diluted earnings per share | | | 7.8p | | 1.0p |

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2006

| | Note | Called up share capital Â£m | Share premium account Â£m | Own shares Â£m | Translation reserve Â£m | Hedging reserve Â£m | Retained earnings Â£m | Total Â£m |
|---|---|---|---|---|---|---|---|---|
| Balance at 1 July 2006 | | 5.5 | 92.2 | (0.2) | 1.3 | 0.8 | 49.6 | 149.2 |
| Foreign exchange translation differences | | - | - | - | (12.0) | - | - | (12.0) |
| Fair value movement on net investment hedge, net of tax | | - | - | - | 0.3 | - | - | 0.3 |
| Fair value movement on cash flow hedges, net of tax | | - | - | - | - | 0.6 | - | 0.6 |
| Actuarial gains / (losses) on defined employee benefit schemes, net of tax | | - | - | - | - | - | 3.4 | 3.4 |
| Net income and expense recognised directly in equity | | - | - | - | (11.7) | 0.6 | 3.4 | (7.7) |
| Profit for the period | | - | - | - | - | - | 4.4 | 4.4 |
| Total recognised income and expense for the period | | - | - | - | (11.7) | 0.6 | 7.8 | (3.3) |
| Recognition of share based payments | | - | - | - | - | - | 0.7 | 0.7 |
| Issue of ordinary shares | | 0.1 | 0.4 | - | - | - | - | 0.5 |
| Dividends | 6 | - | - | - | - | - | (4.5) | (4.5) |
| Balance at 31 December 2006 | | 5.6 | 92.6 | (0.2) | (10.4) | 1.4 | 53.6 | 142.6 |

Consolidated balance sheet

As at 31 December 2006

| | Note | Unaudited 31 ecember 2006 Â£m | Unaudited 31 December 2005 Â£m | Audited 30 June 2006 Â£m |
|---|---|---|---|---|
| Assets | | | | |
| Goodwill | | 73.6 | 75.5 | 74.6 |
| Other intangible assets | | 86.6 | 91.6 | 89.1 |
| Biological assets | 7 | 106.5 | 123.1 | 115.1 |
| Property, plant and equipment | | 27.3 | 34.8 | 29.0 |
| Interests in joint ventures and associates | | 3.5 | 3.8 | 3.2 |
| Deferred tax assets | | 10.1 | 12.7 | 10.8 |
| Total non-current assets | | 307.6 | 341.5 | 321.8 |
| Inventories | | 16.4 | 15.2 | 18.1 |
| Biological assets | 7 | 25.3 | 19.9 | 25.7 |
| Income tax receivable | | 1.3 | 2.7 | 1.6 |
| Trade and other receivables | | 45.2 | 38.7 | 42.9 |
| Cash and cash equivalents | | 26.3 | 27.6 | 32.2 |
| Derivative financial assets | | 2.5 | - | 3.0 |
| Assets held for sale | 2 | 15.5 | 25.2 | 16.9 |
| Total current assets | | 132.5 | 129.3 | 140.4 |
| Total assets | | 440.1 | 470.8 | 462.2 |
| Liabilities | | | | |
| Trade and other payables | | (35.2) | (42.2) | (36.8) |
| Interest-bearing loans and borrowings | | (25.5) | (23.0) | (25.5) |
| Obligations under finance leases | | (1.7) | (2.2) | (2.1) |
| Current tax liabilities | | (4.9) | (5.1) | (4.9) |

| | | | | |
|---|---|---|---|---|
| Liabilities held for sale | 2 | (7.6) | (10.1) | (8.8) |
| Total current liabilities | | (74.9) | (82.6) | (78.1) |
| | | | | |
| Interest-bearing loans and borrowings | | (121.5) | (128.6) | (125.3) |
| Employee benefits | 11 | (18.7) | (25.1) | (22.8) |
| Obligations under finance leases | | - | (0.1) | (0.1) |
| Provisions | | (5.8) | (5.7) | (6.5) |
| Deferred tax liabilities | | (76.6) | (79.4) | (80.2) |
| Total non-current liabilities | | (222.6) | (238.9) | (234.9) |
| Total liabilities | | (297.5) | (321.5) | (313.0) |
| | | | | |
| Net Assets | | 142.6 | 149.3 | 149.2 |
| | | | | |
| Equity | | | | |
| Called up share capital | | 5.6 | 5.5 | 5.5 |
| Share premium account | | 92.6 | 93.8 | 92.2 |
| Own shares | | (0.2) | (0.2) | (0.2) |
| Translation reserve | | (10.4) | 10.5 | 1.3 |
| Hedging reserve | | 1.4 | - | 0.8 |
| Retained earnings | | 53.6 | 39.7 | 49.6 |
| Total equity | | 142.6 | 149.3 | 149.2 |

Consolidated statement of cash flows

For the six months ended 31 December 2006
(comparative period being 6 months ended 31 December 2005)

| | Note | Unaudited 2006 Â£m | Unaudited 2005 Â£m |
|---|---|---|---|
| Net cash flow from operating activities | 10 | 7.3 | 3.2 |
| | | | |
| Cash flows from investing activities | | | |
| Interest received | | 0.3 | - |
| Proceeds from disposal of subsidiaries | | 1.0 | 7.1 |
| Acquisition of subsidiaries and businesses (net of cash acquired of Â£17.3m) | | - | (175.7) |
| Acquisition of property, plant and equipment | | (3.1) | (2.5) |
| Proceeds from sale of property, plant and equipment | | 2.3 | 0.5 |
| Net cash inflow/(outflow) from investing activities | | 0.5 | (170.6) |
| | | | |
| Cash flows from financing activities | | | |
| (Repayment)/drawdown of borrowings | | (4.8) | 146.5 |
| Debt issue costs | | - | (2.2) |
| Interest paid | | (4.3) | (1.1) |
| Payment of finance lease liabilities | | (0.1) | (0.1) |
| Cashflows from derivative financial instruments | | 1.7 | - |
| Dividends paid | | (4.5) | (2.8) |
| New share capital issued | | 0.5 | 54.1 |
| Decrease in bank overdrafts | | (1.7) | (8.0) |
| Net cash (outflow)/inflow from financing activities | | (13.2) | 186.4 |
| | | | |
| Net (decrease) / increase in cash and cash equivalents | | (5.4) | 19.0 |
| | | | |
| Cash and cash equivalents at 1 July | | 34.0 | 13.5 |
| Effect of exchange rate fluctuations on cash held | | (0.1) | (1.3) |
| Total cash and cash equivalents at 31 December | | 28.5 | 31.2 |

Of the cash and cash equivalents of Â£28.5m at 31 December 2006, Â£2.2m is included in assets held for sale in the consolidated balance sheet (31 December 2005: Â£3.6m).

Of the cash and cash equivalents of Â£34.0 m at 1 July 2006, Â£1.8m is included in assets held for sale in the consolidated balance sheet (1 July 2005: Â£5.4m).

Notes to the consolidated financial information

Basis of preparation

Genus plc has historically prepared its audited annual accounts and unaudited interim results in accordance with UK generally accepted accounting practice (UK GAAP). Following European regulation issued in 2002 and as announced on 5 March

2007, the Group will now present its Annual report and accounts in accordance with International Financial Reporting Standards (IFRS).

The IFRS information for the 15 month period ended 30 June 2006 is a restatement of information extracted from the statutory financial statements prepared under UK GAAP on the historical cost basis. Those statutory financial statements were filed with the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain statements under section 237(2) or 237(3) of the Companies Act 1985. The restated IFRS information provided for the 15 month period ended 30 June 2006 does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. However, they are anticipated to form the comparative period in the statutory accounts for the year ending 30 June 2007, the Group's first Annual Report to be prepared in accordance with IFRS. The financial information for the six months ended 31 December 2006 has been the subject of an independent review by the auditors. The financial information for the six months ended 31 December 2005 is shown as comparative financial information and has been neither audited nor subject to independent review by the auditors.

The unaudited interim results for the six months ended 31 December 2005 and 31 December 2006 have been prepared by the Group using its best knowledge of the expected IFRS and accounting policies that will be applied when the Group prepares its first set of IFRS financial statements for the year ending 30 June 2007. There is however, a possibility that some changes to these policies will be necessary when preparing the full annual financial statements as the unaudited interim results, have been prepared using the expected IFRS that is anticipated to be applicable and adopted by the EU, which is not known with certainty at the time of preparing this Interim Financial Information. Therefore, until such time, the possibility that the opening balance sheet and the interim IFRS financial information presented may require amendment cannot be excluded.

IFRS 1 First-time Adoption of International Financial Reporting Standards permits companies adopting IFRS for the first time to take some exemptions from the full requirements of IFRS and also certain elections in the transition period. The exemptions and elections which the Group has taken advantage of are available on the Group's website www.genus.co.uk together with full details of the Group's new accounting policies.

This interim report was approved by the Board on 13 March 2007.

1. Segment reporting

Area of activity

| | Turnover | | Adjusted operating profit | |
|---|---|---|---|---|
| Continuing operations | 2006 Â£m | 2005 Â£m | 2006 Â£m | 2005 Â£m |
| Bovine Genetics | 50.9 | 48.7 | 6.9 | 6.7 |
| Porcine Genetics | 65.4 | 12.2 | 11.9 | 1.9 |
| Unallocated costs | - | - | (2.9) | (1.8) |
| Continuing operations - total | 116.3 | 60.9 | 15.9 | 6.8 |
| Discontinued operations | | | | |
| - Shrimp Genetics | 0.8 | 0.3 | (0.7) | (0.3) |
| - Development Consulting | 9.0 | 13.4 | 0.1 | 0.5 |
| - Animal Health | 4.0 | 27.2 | 0.8 | 1.0 |
| Discontinued operations - total | 13.8 | 40.9 | 0.2 | 1.2 |
| Total | 130.1 | 101.8 | 16.1 | 8.0 |

Notes to the consolidated financial information

1. Segment reporting (continued)

Area of activity

| | Operating profit | |
|---|---|---|
| | 2006 | 2005 |
| Continuing operations | Â£m | Â£m |
| Bovine Genetics | 9.4 | 6.6 |
| Porcine Genetics | 5.5 | 1.1 |

| | | |
|---|---|---|
| Unallocated costs: | | |
| Other | (2.9) | (1.8) |
| Share based payments | (0.7) | (0.4) |
| Preparation for main market listing | (0.7) | - |
| Continuing operations - total | 10.6 | 5.5 |
| Discontinued operations | | |
| - Shrimp Genetics | (0.7) | (0.3) |
| - Development Consulting | 0.1 | 0.5 |
| - Animal Health | 0.2 | (1.2) |
| Discontinued operations - total | (0.4) | (1.0) |
| Total | 10.2 | 4.5 |

Geographical region of origin

| | Turnover | | Adjusted operating profit | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| Continuing operations | Â£m | Â£m | Â£m | Â£m |
| United Kingdom | 19.8 | 16.4 | 3.4 | 3.2 |
| Europe | 32.7 | 10.2 | 4.6 | 2.3 |
| North America | 60.8 | 31.4 | 10.5 | 3.0 |
| Rest of the world | 6.5 | 3.8 | 0.3 | 0.1 |
| Unallocated costs | - | - | (2.9) | (1.8) |
| Inter-segmental sales | (3.5) | (0.9) | - | - |
| Continuing operations - total | 116.3 | 60.9 | 15.9 | 6.8 |
| Discontinued operations | 13.8 | 40.9 | 0.2 | 1.2 |
| Total | 130.1 | 101.8 | 16.1 | 8.0 |

| | Operating profit | |
|---|---|---|
| | 2006 | 2005 |
| Continuing operations | Â£m | Â£m |
| United Kingdom | 3.7 | 2.3 |
| Europe | 4.1 | 2.4 |
| North America | 7.6 | 3.5 |
| Rest of the world | (0.5) | (0.5) |
| Unallocated costs: | | |
| Other | (2.9) | (1.8) |
| Share based payments | (0.7) | (0.4) |
| Preparation for main market listing | (0.7) | - |
| Continuing operations - total | 10.6 | 5.5 |
| Discontinued operations | (0.4) | (1.0) |
| Total | 10.2 | 4.5 |

Notes to the consolidated financial information

2. Non-current assets held for sale and discontinued operation

Discontinued operations

| | 2006 | 2005 |
|---|---|---|
| | Â£m | Â£m |
| Adjusted operating profit/(loss) | | |
| Loss in Shrimp Genetics for the period | (0.7) | (0.3) |
| Profit in Development Consulting in the period | 0.1 | 0.5 |
| Profit in Animal Health for the period | 0.8 | 1.0 |
| Adjusted operating profit from discontinued operations | 0.2 | 1.2 |
| Winding up of legacy pension scheme | (0.6) | - |
| Impairment of goodwill in Animal Health | - | (2.2) |
| Operating profit from discontinued operations | (0.4) | (1.0) |
| Other gains and losses | | |
| Profit arising on sale of Dental products wholesale division | 0.7 | - |
| Loss on sale of Veterinary product wholesale business, a division of Animal Health | - | (2.1) |
| Profit on sale of Thailand operation of Shrimp Genetics | 0.2 | - |
| | 0.9 | (2.1) |
| Profit/(loss) from discontinued operations before tax | 0.5 | (3.1) |
| Tax | 0.1 | 0.1 |
| Profit/(loss) from discontinued operations | 0.6 | (3.0) |

The Board decided in May 2006 that the Shrimp Genetics business would be disposed. Accordingly, the results of this business is shown within discontinued operations, and its assets and liabilities shown as held for sale at 31 December 2006.

The Board decided to dispose of the group's other non-core operations, the Animal Health businesses and Development Consulting prior to 31 December 2005. Accordingly, the results of these entities are shown within discontinued operations, and their assets and liabilities shown as held for sale at 31 December 2006 and 31 December 2005.

The Shrimp Genetics business in Thailand was sold on 9 October 2006 for Â£1.0 million cash resulting in a profit on disposal of Â£0.2 million.

In the period ended 30 June 2006, the Shrimp Genetics business in Brazil was sold on 7 June 2006, and the Animal Health veterinary product and dental product wholesale businesses were sold on 28 October 2005 and 22 February 2006, respectively.

The remaining Mexican Syaqua business, together with the remaining Animal Health business and Development Consulting continue to be actively marketed.

In addition, at 31 December 2006, two freehold properties are classified as held for sale.

Notes to the consolidated financial information

2. Non-current assets held for sale and discontinued operation (continued)

Assets held for sale

The major classes of assets & liabilities comprising the operations held for sale are as follows:

| | 2006 Â£m | 2005 Â£m |
|---|---|---|
| Assets | | |
| Goodwill and Intangibles | 0.5 | 0.3 |
| Biological assets | 1.0 | - |
| Property, plant and equipment | 1.0 | 5.1 |
| Inventories | 1.5 | 1.5 |
| Trade and other receivables | 9.3 | 14.7 |
| Cash and cash equivalents | 2.2 | 3.6 |
| Total assets | 15.5 | 25.2 |
| | | |
| Liabilities | | |
| Trade and other payables | (7.6) | (10.1) |
| Total liabilities | (7.6) | (10.1) |
| | | |
| Net assets of disposal groups | 7.9 | 15.1 |

3. Exceptional items within continuing operations

Exceptional items are as follows:

| | 2006 Â£m | 2005 Â£m |
|---|---|---|
| Integration and restructuring expenses (primarily Sygen | 1.6 | 0.9 |

| | | |
|---|---|---|
| acquisition related) | | |
| Preparation for main market listing | 0.7 | - |
| | 2.3 | 0.9 |

Notes to the consolidated financial information

4. Net finance costs

| | 2006 Â£m | 2005 Â£m |
|---|---|---|
| Interest payable on bank loans & overdrafts | (5.5) | (1.1) |
| Finance charges payable under finance leases and hire purchase contracts | (0.1) | - |
| Amortisation of debt issue costs | (0.2) | - |
| Net interest cost in respect of pension schemes | (0.2) | (0.1) |
| Total finance costs | (6.0) | (1.2) |
| Bank interest receivable | 0.5 | 0.1 |
| Other interest receivable | 0.3 | - |
| Total finance income | 0.8 | 0.1 |
| Net finance costs | (5.2) | (1.1) |

5. Income taxes

Continuing Operations:

| | 2006 Â£m | 2005 Â£m |
|---|---|---|
| Current tax | 3.0 | 2.1 |
| Deferred tax | (0.7) | (0.5) |
| | 2.3 | 1.6 |

The taxation charge for the period is based on the estimated effective tax rate for the full year of 35% (2005 32.9%).In calculating the effective rate, account has been taken of differences from the statutory rate arising from tax rates in foreign jurisdictions, non deductible expenses, tax incentives not recognised in profit or loss and the effect of movements in the amount of tax losses and other temporary differences for which a deferred tax credit has not been recognised.

Deferred taxation is recognised in respect of differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases. This is subject to deferred tax assets only being recognised if it is considered probable that there will be suitable profits from which the future reversal of the temporary differences can be deducted.

There is a deferred tax liability at the period end of Â£76.6m which mainly relates to the recognition at fair value of biological assets and intangible assets arising on acquisition and a deferred tax asset of Â£10.1m which mainly relates to future tax deductions in respect of pension scheme liabilities and share scheme awards.

The total reduction in deferred tax during the period was Â£2.9m of which Â£0.7m was credited to the consolidated income statement and Â£2.2m was credited to reserves.

Notes to the consolidated financial information

5. Income taxes (continued)

Discontinued Operations:

| | 2006 Â£m | 2005 Â£m |
|---|---|---|
| Current tax | (0.1) | (0.1) |
| Deferred tax | - | - |
| | (0.1) | (0.1) |

The tax credit on discontinued operations comprises tax of Â£0.1m on operating losses of Â£0.4m.

There is no tax liability on the profit on disposal of Â£0.9m.

The prior year tax credit of Â£0.1m comprises a tax credit of Â£0.5m in respect of exceptional costs related to the disposal of the veterinary distribution business less a tax charge of Â£0.4m on operating profits of Â£1.2m.

6. Dividends

| | 2006 Â£m | 2005 Â£m |
|---|---|---|
| Amounts recognised as distributions to equity holders in the period | | |
| Final dividend for the 12 month period ended 31 March 2005 of 7.5p per share | - | 2.8 |
| Final dividend for the 15 month period ended 30 June 2006 of 8.25p per share | 4.5 | - |
| | 4.5 | 2.8 |

Notes to the consolidated financial information

7. Fair Value of Biological Assets

| | Bovine Â£000s | Porcine Â£000s | Total Â£000s |
|---|---|---|---|
| Balance at 1 July 2006 - continuing operations | 70.6 | 70.2 | 140.8 |
| - held for sale | - | 0.9 | 0.9 |
| | 70.6 | 71.1 | 141.7 |
| Change in fair value less estimated point-of-sale costs | 9.7 | - | 9.7 |
| Transfers to inventory | (7.1) | (3.1) | (10.2) |
| Effect of movements in foreign exchange | (3.3) | (5.1) | (8.4) |
| Balance at 31 December 2006 | 69.9 | 62.9 | 132.8 |
| | | | |
| Non-current | 69.9 | 36.6 | 106.5 |
| Current | - | 25.3 | 25.3 |
| Held for sale | - | 1.0 | 1.0 |
| Balance at 31 December 2006 | 69.9 | 62.9 | 132.8 |

| | Bovine Â£000s | Porcine Â£000s | Total Â£000s |
|---|---|---|---|
| Balance at 1 July 2005 | 61.6 | - | 61.6 |
| Change in fair value less estimated point-of-sale costs | 8.2 | 0.2 | 8.4 |
| Transfers to inventory | (6.5) | (0.5) | (7.0) |
| Increases resulting from business combinations | - | 78.2 | 78.2 |
| Effect of movements in foreign exchange | 2.1 | (0.3) | 1.8 |
| Balance at 31 December 2005 | 65.4 | 77.6 | 143.0 |
| | | | |
| Non-current | 65.4 | 57.7 | 123.1 |
| Current | - | 19.9 | 19.9 |
| Balance at 31 December 2005 | 65.4 | 77.6 | 143.0 |

Notes to the consolidated financial information

8. Acquisition of Sygen International plc

On 2 December 2005 the company purchased 100% of the issued share capital of Sygen International plc for a total cash consideration, including costs, of Â£193.2m. The table below summarises the adjustments to the book values of the assets and liabilities of Sygen International plc required to present the assets and liabilities on acquisition at fair values in accordance with the group's IFRS accounting policies.

| | | | IFRS Adjustments | | | | |
|---|---|---|---|---|---|---|---|
| | As previously reported under UK GAAP | Hindsight Adjustments | Holiday Pay | Biological Assets | Intangibles | Leases | Revised Fair value acquired net assets |
| | Â£m | Â£m | Â£m | Â£m | Â£m | Â£m | Â£m |
| Non current assets | 33.2 | (0.2) | - | 70.1 | 91.0 | 0.9 | 195.0 |
| Current assets | 42.6 | 2.8 | - | | | - | 45.4 |
| Current liabilities | (23.7) | 0.2 | (0.7) | | | (0.8) | (25.0) |
| Non-current liabilities | (16.0) | (1.7) | - | (25.5) | (30.5) | - | (73.7) |
| Net assets acquired | 36.1 | 1.1 | (0.7) | 44.6 | 60.5 | 0.1 | 141.7 |
| Cash consideration | 193.2 | - | - | - | - | - | 193.2 |
| Goodwill | 157.1 | (1.1) | 0.7 | (44.6) | (60.5) | (0.1) | 51.5 |

Fair value hindsight adjustments to the estimated fair values of the assets and liabilities acquired primarily relate to an increase in current assets of Â£2.8m, being deferred tax and legal fees recoverable of Â£1.8m and increases in non-current liabilities of Â£1.7m, being the recognition of post retirement benefit liabilities, and an increase in non-current liabilities relating to environmental contractual liabilities for past disposals made by Sygen International plc. All hindsight adjustments were determined within the 12 month post acquisition hindsight period under IFRS 3 Business Combinations.

IFRS fair value adjustments to the book values of the assets and liabilities of Sygen International plc for the period ended 31 December 2006 relate to the adoption of International Financial Reporting Standards, IAS 19 'Employee Benefits', IAS 41 'Agriculture', IFRS 3 'Business Combinations'', IAS 17 'Leases' and IAS 12 'Income Taxes'.

Notes to the consolidated financial information

9. Earnings per share

| Earnings per share from continuing operations | 2006 | 2005 |
|---|---|---|
| Basic earnings per share | 6.9p | 8.4p |
| Diluted earnings per share | 6.7p | 8.2p |
| Adjusted earnings per share | 13.6p | 9.7p |
| Earnings per share from total operations | | |
| Basic earnings per share | 8.0p | 1.0p |
| Diluted earnings per share | 7.8p | 1.0p |

Earnings per share measures are calculated on the weighted average number of ordinary shares in issue during the period. The weighted average number of shares amounted to 55.2m (six months ended 31 December 2005: 40.3m). Diluted earnings per share are based on the diluted weighted average number of shares amounted to 56.8m (six months ended 31 December 2005: 41.4m). As in previous years, adjusted earnings per share have been shown, since the Directors consider that this alternative measure gives a more comparable indication of the Group's underlying trading performance.

Continuing operations

Basic earnings per share from continuing operations is calculated on the profit

for the period of Â£3.8m (2005: Â£3.4m)

Adjusted earnings per share is calculated on profit before fair value movements on biological assets, amortisation of intangible assets, share based payments, exceptional items and other gains and losses after charging taxation associated with those profits, of Â£7.5m (six months ended 31 December 2005 : Â£3.9m), as follows:

| Adjusted earnings from continuing operations | 2006 | 2005 |
|---|---|---|
| | Â£m | Â£m |
| Profit before tax from continuing operations | 6.1 | 5.0 |
| Add/(deduct): | | |
| Fair value movement on biological assets | (0.3) | (0.4) |
| Amortisation of intangible assets | 2.6 | 0.4 |
| Share based payments | 0.7 | 0.4 |
| Integration and restructuring expenses | 1.6 | 0.9 |
| Preparation for main market listing | 0.7 | - |
| Fair value movement on biological assets included in share of profit/(loss) of joint ventures and associates | - | 0.4 |
| Other gains and losses | - | (0.8) |
| Profit before fair value movement on biological assets, amortisation of intangible assets, share based payments, exceptional items and other gains and losses | 11.4 | 5.9 |
| Adjusted tax charge | (3.9) | (2.0) |
| Profit before fair value movement on biological assets, amortisation of intangible assets, share based payments, exceptional items and other gains and losses, after taxation | 7.5 | 3.9 |

Notes to the consolidated financial information

9. Earnings per share (continued)

Total operations

Earnings per share for total operations has been calculated as the profit attributable to ordinary shareholders of Â£4.4m (six months ended 31 December 2005 Â£0.4 m) divided by weighted average number of ordinary shares (basic and diluted) as calculated above.

10. Cashflow from operating activities

| | 2006 | 2005 |
|---|---|---|
| | Â£m | Â£m |
| Profit for the period | 4.4 | 0.4 |
| Adjustments for: | | |
| - fair value movements on biological assets | (0.3) | (0.4) |
| - amortisation of intangibles | 2.6 | 0.4 |
| - share based payment expense | 0.7 | 0.4 |
| - share of profits of associates | (0.7) | 0.2 |
| - other gains and losses | - | (0.8) |
| - finance costs | 5.2 | 1.1 |
| - income tax expense | 2.3 | 1.6 |
| - (gain) / loss on disposal of discontinued operations | (0.6) | 3.0 |
| - depreciation of property plant & equipment | 2.5 | 2.1 |
| - Decrease in provisions | (0.8) | (1.1) |
| Operating cash flows before movement in working capital | 15.3 | 6.9 |
| Decrease in inventories | 0.7 | 4.8 |
| (Increase) / decrease in receivables | (1.7) | 1.7 |
| Decrease in payables | (5.4) | (7.9) |
| Cash generated by operations | 8.9 | 5.5 |
| Income taxes paid | (1.6) | (2.3) |
| Net cash inflow from operating activities | 7.3 | 3.2 |

Notes to the consolidated financial information

11. Employee benefits

Pension & medical plans

Obligation recognised in the consolidated financial statements

The Group provides employee benefits under various arrangements, including defined benefit and defined contribution pension plans, the details of which are disclosed in the most recent annual financial statements. Details of total obligation recognised for defined benefit obligations are provided below:

| | December 2006 Â£m | June 2006 Â£m |
|---|---|---|
| Present value of unfunded obligations | (6.5) | (4.8) |
| Present value of funded obligations | (135.8) | (140.4) |
| Fair value of plan assets | 123.6 | 122.4 |
| Gross liability for defined benefit obligations | (18.7) | (22.8) |

Pension plans

A description of the Group's pension plans is set out in the Group's 2006 annual report. The Company is a participating employer of the Milk Pension Fund, a defined benefit scheme administered by Milk Pension Fund Trustees. Although managed on a sectionalised basis the Company, together with other participating employers, is joint and severally liable for the scheme's obligations.

Expense recognised in the consolidated interim income statement

The expense recognised in the consolidated interim income statement consists of the current service costs, interest on the obligation for employee benefits and the expected return on plan assets. For the six months ended 31 December 2006, the Group recognised an expense of Â£1.5m (six months ended 31 December 2005: Â£0.4m).

The principal actuarial assumptions at the date of the most recent actuarial valuations (expressed as weighted averages) are:

| | 2006 % | 2005 % |
|---|---|---|
| Discount rate | 5.3 | 5.4 |
| Expected return on plan assets | 6.1 | 5.7 |
| Future salary increases | 4.1 | 4.3 |
| Medical cost trend rate | 3.1 | 2.8 |
| Future pension increases | 3.1 | 2.8 |

Share-based payments

The fair value of the share award and share option schemes has been established using a binomial model. The liability is adjusted at each balance sheet date and at settlement date as the awards contain non market conditions. During the six months ended 31 December 2006, the Group recognised an expense of Â£0.7m related to the fair value of the share awards and options awarded (six months ended 31 December 2005: Â£0.4m).

Notes to the consolidated financial information

12. Financial instruments

Hedging of fluctuations in interest rates

The Group adopts a policy of ensuring that between 70 and 90 percent of its exposure to changes in interest rates on borrowings is hedged. An interest rate swap, denominated in sterling, has been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy. At 31 December 2006, approximately 90 percent of borrowings are hedged with a fixed rate of interest of 4.74%. The swap matures on an amortised basis as the related borrowings amortise over the next 4 years.

The Group classifies its interest rate swaps as a cash flow hedge. The fair value of the interest rate swap at 31 December 2006 was Â£2.0m (31 December 2005: Â£nil) which is recognised as a financial asset, with a corresponding credit to the hedging reserve.

Hedging of fluctuations in foreign currency

The Group is exposed to foreign currency risk on the net assets of overseas subsidiary entities. To manage this risk a 5 year cross currency swap with a linked interest rate swap was entered into in January 2006, designated as a hedge of the spot rate risk arising on the group's net investment in US dollar denominated subsidiaries.

In September 2006 this instrument was terminated, yielding a gain and cash proceeds of Â£1.8m. In accordance with IAS 39 this gain, net of tax, remains within the foreign exchange reserve. A new swap was put in place and has also been designated as a hedge of the spot rate risk arising on the group's net investment in US dollar denominated subsidiaries.

13. Related parties

Transactions with key management personnel

During the period, the Company incurred costs of Â£0.6m under an agreement with the Salamander Organization Limited ('Salamander'), a party related to Mr J E Hawkins, for the provision of professional IT consultancy services. Mr J E Hawkins is the Chairman of the board of Salamander and he has a financial interest in that company, but he had no involvement in the commercial negotiation of the agreement between the Company and Salamander and the agreement was entered into on an arm's length basis.

INDEPENDENT REVIEW REPORT TO GENUS PLC

Introduction

We have been instructed by the company to review the financial information for the six months ended 31 December 2006 which comprises the consolidated income statement, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated statement of cash flows, and related notes 1 to 13. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the company, in accordance with Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are also responsible for ensuring that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

First-time adoption of International Financial Reporting Standards

As disclosed in the basis of preparation, the next annual financial statements of the group will be prepared in accordance with International Financial Reporting Standards as adopted by the EU. Accordingly, the interim report has been prepared in accordance with the recognition and measurement criteria of IFRS and the disclosure requirements of the Listing Rules that would be applicable if the company were admitted to the Official List.

The accounting policies are consistent with those that the directors intend to use in the annual financial statements. There is, however, a possibility that the directors may determine that some changes to these policies are necessary when preparing the full annual financial statements for the first time in accordance with IFRS as adopted by the EU.

Review work performed

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 31 December 2006.

Deloitte & Touche LLP

Chartered Accountants

London

13 March 2007

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