Genus PLC
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GENUS plc

('Genus' or 'the Company')

Adoption of International Financial Reporting Standards ('IFRS')

As announced on 9 January 2007, Genus will be preparing its consolidated financial statements for the year ending 30 June 2007 under IFRS, in progressing towards the Company's move from AIM to the Official List later this year. The interim financial information for the six months ended 31 December 2006 due to be announced on 13 March 2007 will also be prepared under IFRS.

To assist investors in their understanding of the impact of IFRS on the Company, Genus has today posted to the Company website (www.genusplc.co.uk) a Transition Document setting out the Company's IFRS accounting policies and restated financial information for the previously published fifteen month period ended 30 June 2006, together with a reconciliation from UK Generally Accepted Accounting Principles ('UK GAAP') to IFRS. The financial information presented in the Transition Document has been prepared on the basis of all IFRS that are expected to be applicable for the Company's 2007 reporting. This information is subject to ongoing review and possible amendment as set out in the Transition Document.

Adoption of IFRS as a basis of accounting does not alter the underlying operational performance or cash flows of the Company, or the Company's distributable reserves.

The main changes, when compared with the Company's financial results for the 15 months ended 30 June 2006 prepared under UK GAAP, are:

- â€¢ Operating profit from continuing operations increases from Â£10.8m to Â£20.1m.

- â€¢ Net assets at 30 June 2006 increase by Â£47.8m to Â£149.2m.

- â€¢ Basic EPS for continuing operations increases from 6.8p to 24.5p.

- â€¢ Adjusted EPS* for continuing operations becomes 19.7p due to the exclusion of EPS of 5.3p relating to businesses classified under IFRS 5 as discontinued. Adjusted EPS of 25.4p under UK GAAP includes businesses classified under IFRS as both continuing and discontinued.

* (earnings before the fair value component of the movement in biological assets, amortisation of intangible assets, share based payments expense and exceptional items).

The changes listed above arise principally from the application of International Accounting Standard ('IAS') 41 Biological Assets, IFRS 3 Business Combinations and IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Whilst a more detailed description can be found in the Transition Document, a summary of the impacts of adopting these standards on the Company's profits and

net assets is as follows:

Treatment of Bovine and Porcine Biological Assets (IAS 41)

The animals comprising porcine breeding stock and the bovine bull stud, are defined as 'Biological Assets' under IAS 41. The inventory of bovine and porcine semen is defined as 'Agricultural Produce' under IAS 41 and is transferred to inventory at fair value at point of harvest.

Biological Assets and Agricultural Produce are recognised and measured at fair value at each balance sheet date.

As a result of the adoption of IAS 41, the higher value of Biological Assets and Agricultural Produce increased the Company's total assets by Â£90.0m (before taking into account deferred tax) and increased operating profit for the fifteen months ended 30 June 2006 by Â£7.0m.

Recognition of goodwill and intangible assets on business combinations (IFRS 3)

Under IFRS 3, goodwill is no longer amortised but is subject to annual impairment reviews. Additionally goodwill and intangible assets are treated as being denominated in the functional currency of the operating unit to which they relate. Intangibles are amortised over their useful economic life.

As a result of the adoption of IFRS 3, the Company's total assets have been increased by Â£35.1m (before taking into account deferred tax), and operating profit for the fifteen months ended 30 June 2006 has increased by Â£3.5m, principally due to the elimination of goodwill amortisation.

Discontinued Operations (IFRS 5)

In accordance with IFRS 5, the assets and liabilities of the Development Consulting, Animal Health and Shrimp Genetics businesses at 30 June 2006 have been reclassified as assets and liabilities held for sale and their results reclassified in the income statement as discontinued operations.

Income Taxes

The adoption of IFRS as a basis for accounting has been solely for the Company's consolidated group financial statements. Current taxation is calculated with reference to the performance of the individual legal entities that form the Company's group.

The impact of the transition to IFRS at 30 June 2006 has been to increase the deferred tax asset of Â£9.5m to Â£10.8m and to record a deferred tax liability of Â£80.2m. The latter increase arises primarily as a result of the recognition of a deferred tax liability associated with the fair value of Biological Assets recorded in accordance with IAS 41 and the increase in intangible assets recorded in accordance with IFRS 3.

Other Impacts on IFRS Adoption

There are no other material impacts on the Company's financial statements arising from the adoption of IFRS adoption. Non-material impacts relate to financial instruments, share based payments, finance leases, post employment medical and retirement benefits and short term employee benefits, and are detailed in the Transition Document.

Summary Profit and Loss Impact

The table below sets out a reconciliation of operating profit for continuing operations for the fifteen month period ended 30 June 2006 under UK GAAP and IFRS.

| | Â£m |
|---|---|

| | |
|---|---|
| Operating profit as reported under UK GAAP (audited) | 10.8 |
| IAS 41 Biological Assets | 7.0 |
| IFRS 3 Business Combinations | 3.5 |
| IFRS 5 Discontinued Operations | (1.1) |
| Other | (0.1) |
| Operating profit restated under IFRS (audited) | 20.1 |

A more detailed analysis of the adjustments made to the profit and loss account for the fifteen month period ended 30 June 2006 can be found in the Transition Document.

Summary Balance Sheet Impact

The table below sets out a reconciliation of net assets under UK GAAP and under IFRS at 30 June 2006.

| | Gross Movement | Recorded against Sygen Goodwill | Total Assets | Deferred Tax on Gross Movement | Net Assets |
|---|---|---|---|---|---|
| | Â£m | Â£m | Â£m | Â£m | Â£m |
| Net Assets at 30th June 2006 under UK GAAP | | | | | 101.4 |
| Uplift of Biological Assets and Agricultural Produce to fair value | 135.5 | (45.5) | 90.0 | (48.2) | 41.8 |
| Recognition of Sygen intangible assets | 89.1 | (54.0) | 35.1 | (30.3) | 4.8 |
| | 224.6 | (99.5) | 125.1 | (78.5) | 148.0 |
| Other Impacts | | | | | 1.2 |
| Net Assets at 30 June 2006 under IFRS (audited) | | | | | 149.2 |

A more detailed analysis of the adjustments made to the balance sheet at 1 April 2005 and 30 June 2006 can be found in the Transition Document.

The potential of short term volatility of the Company's income and net assets will be greater under IFRS, principally arising from fair value adjustments under IAS 41. However, the adoption of IFRS will have no impact on the Company's cash flows.

In order to assist in the understanding of the Company's performance, the Board believes it is also important to show profits before the fair value adjustments arising under IAS 41. As a result, the income statement shows separately the fair value adjustments and adjusted operating profits, defined as operating profit from continuing operations before fair value adjustments arising on biological transformation, amortisation of intangibles, share based payments expense and exceptional expenses.

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For further information please contact:

Genus plc
David Timmins
Group Finance Director Tel: 01256 347100

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