Genus PLC
18 September 2007

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Genus plc

Preliminary Results for the twelve months ended 30 June 2007

Genus plc ('Genus'), a world leading animal genetics company, announces its preliminary results for the year to 30 June 2007. These results are reported under International Financial Reporting Standards ('IFRS').

Un-audited Pro-forma(*)	2007 (12 mths) Actual Rates Â£m	2006 (12 mths) Constant Rates Â£m	%	2006 (12 mths) Actual Rates Â£m
Total Operations				
Profit for the period	14.6	5.9	+147	7.7
Basic EPS	26.6p	10.8p	+146	14.1p
Continuing Operations				
Revenue	233.8	225.2	+4	236.7
Adjusted Operating Profit	28.7	21.6	+33	23.6
Operating Profit	28.4	21.7	+31	24.1
Basic EPS	23.1p	20.9p	+11	24.1p
Basic adjusted EPS	22.6p	16.0p	+41	18.4p

Audited Statutory Results	2007 (12 mths) Â£m	2006 (15 mths) Â£m	%
Total Operations			
Profit for the period	14.6	7.8	+87
Basic EPS	26.6p	17.2p	+55
Continuing Operations			
Revenue	233.8	201.2	+16
Adjusted Operating Profit	28.7	19.8	+45
Operating Profit	28.4	20.1	+41
Basic EPS	23.1p	24.5p	-6
Basic adjusted EPS	22.6p	19.7p	+15

(*) Results for the 15 months to 30 June 2006 included Sygen International plc ('Sygen') from 1 December 2005. Un-audited pro-forma 12 month comparatives to 30 June 2006 have been prepared on a constant currency basis as if the Sygen acquisition and related financing had taken place at 1 July 2005. A reconciliation from actual reported results to pro-forma results, together with details of the underlying assumptions, is set out in the Appendix.

Highlights from Continuing Operations
(comparisons based on un-audited pro-forma results*)

Group

- â€¢ Revenue increased by 4% to Â£234m (2006: Â£225m)
- â€¢ Bovine volume up 7% to 11.3m doses. Reduced porcine revenue compensated by a margin increase of 2% to 37% of sales following accelerated adoption of new business model
- â€¢ Adjusted operating profit# increased by 33% to Â£28.7m
- â€¢ Basic adjusted earnings per share increased by 41% to 22.6p
- â€¢ Net debt reduced by a further Â£9m to Â£111m

â€¢ Disposal strategy progressed with disposal of SyAqua Thailand
â€¢ Board recommending dividend increase of 10% to 9.1p per share

The Americas

â€¢ Revenue increased by 4% to Â£119m (2006: Â£114m)
â€¢ Bovine volume up 11% to 7.6m doses and porcine margin improved from 47% to 50% of sales
â€¢ Bovine market share increased
â€¢ Adjusted operating profit rose by 22% to Â£20.8m (2006: Â£17.1m)
â€¢ Â£1.7m of foreign exchange translation losses absorbed

Europe & Asia

â€¢ Revenue increased by 3% to Â£122m, (2006: Â£118m)
â€¢ Bovine volume 3.7m doses (Australia drought -15%). Porcine margin improved from 21% to 23% of sales
â€¢ Adjusted operating profit rose by 24% to Â£14.3m (2006: Â£11.5m)
â€¢ Â£0.3m of foreign exchange translation losses absorbed

Commenting on these results Genus' Chief Executive, Richard Wood, said:

'While driving business growth and generating further synergy benefits from integrating the porcine business, we have continued to deliver strong underlying financial results and excellent EPS growth.

With an improving global agricultural climate and a more robust and diverse business, the Board is confident that Genus will continue to deliver strong operational progress and solid long term growth.'

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

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This announcement is available on the Genus website, www.genusplc.com

Notes to Editors:

Pro-forma information

Because of the complexity of these results, un-audited pro-forma results for the 12 months to June 2006 have also been provided. Statutory results for the 12 months to 30 June 2007 are compared with the 15 month period to 30 June 2006, because of the change in the Group's year end. Part way through the comparative period, the acquisition of Sygen was made. There was also a significant currency movement arising on translation of the results of overseas entities.

The un-audited pro-forma comparatives have been prepared on both actual and a constant currency basis, as if the Sygen acquisition and related financing had taken place at 1 July 2005. The Financial Review included in the preliminary results, sets out the reported audited statutory IFRS results. Details of the assumptions underlying the pro-forma results, and a reconciliation of pro-forma to actual results are set out in the notes and in the appendix to the accounts.

About Genus

Genus creates and sells added value products for livestock farming and food producers by creating advances to animal breeding through biotechnology. Its non-Genetically Modified Organism (GMO) technology is applicable across all livestock species but is only commercialised by Genus in the bovine and porcine farming sectors.

Genus' worldwide sales are made in seventy countries under the trade marks 'ABS' (dairy and beef cattle) and 'PIC' (pigs) and comprise semen and breeding animals with superior genetics to those animals currently in production. Customers produce offspring with greater production efficiency, milk and meat output and quality and use these to supply the global dairy and meat supply chain.

Genus' competitive edge has been created from the ownership and control of proprietary lines of breeding animals, the biotechnology used to improve them and the Group's global production and distribution network.

Headquartered in Basingstoke, England, Genus companies operate in 30 countries on five continents, with research laboratories located in Madison, USA.

CHAIRMAN'S STATEMENT

Genus has made excellent progress this year. Trading was strong in all sectors and territories, with the exception of Australia that had a major drought.

The acquired PIC business has now been successfully integrated, with synergies contributing to the strong financial results achieved.

Strong EPS growth has been achieved even after foreign exchange losses.

Group Performance

The results for the financial year to 30 June 2007 compare with a fifteen month extended period to 30 June 2006 as a result of the Group's change in the financial year end.

Statutory Results

For the Group as a whole, profit and basic earnings per share for the period were Â£14.6m (2006 15 months: Â£7.8m) and 26.6p (2006 15 months: 17.2p) respectively. Operating profit was Â£28.4m (2006 15 months: Â£20.1m).

Revenue for the period increased by 16% to Â£234m (15 months to 30 June 2006: Â£201m). Adjusted operating profit for the period of Â£28.7m was 45% ahead of the result for the 15 months to 30 June 2006 (Â£19.8m).

Whilst these figures show strong improvements, the implication of Genus' change in year end last year to June, acquisition of Sygen International plc ('Sygen') part way through last year and losses on translation of overseas earnings mask the truly impressive strength of the underlying performance. In order to demonstrate this underlying performance, we have shown the remaining comparisons in this statement, and in the business review which follows by reference to un-audited pro-forma results for the year to June 2006. These pro-forma comparatives are reconciled to actual reported results in the appendix to this announcement, including details of the assumptions. The financial review discusses the results on a statutory basis.

Un-audited Pro-forma Results

At constant exchange rates, revenue for the period was 4% higher, despite the revenue reduction implicit in the strategy for reducing the impact of market volatility on porcine profits. Adjusted operating profit was 33% higher at constant exchange rates, with the increase being 22% at reported exchange rates. Adjusted earnings per share show equally strong growth, up 41% on a constant currency basis.

Dividend

To reflect the Board's continuing confidence in its long-term strategy for growth, it is again recommending a 10% increase in the dividend to 9.1 pence per ordinary share. Subject to shareholder approval at Genus' AGM to be held on 15 November 2007, this dividend will be paid on 4 January 2008 to shareholders on the register at the close of business on 7 December 2007.

Employees

Genus' continued success is a result of our talented employees across the Group.

I would like to pay tribute to all Genus employees for their efforts, enthusiasm and dedication during a period of considerable change.

Board

Professor Barry Furr joined the Board as a non-executive director in December 2006. Professor Furr, aged 63 years, was previously 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.

Martin Boden joined the Board on 2 April 2007 as Group Finance Director. Martin joined Genus from GUS plc, a FTSE 100 retail and business services group, where he was Group Financial Controller. He succeeds David Timmins whom the Board would like to thank for his contribution to the success of the Group.

As announced in March 2007, Richard Wood, the Company's Chief Executive, is to continue with the Group until 31 March 2009, during its next stage of development, including the intended move to the Official List.

Move from AIM to the Official List

It remains the Company's intention to move its listing from AIM to the Official List of the London Stock Exchange. The Board expects to make a formal announcement in the near future concerning this move and will post a circular to shareholders giving full details of the move in due course.

The Board is aware that a number of small shareholders hold AIM listed stock for Inheritance Tax purposes and we intend to offer these investors an opportunity to exit from their investment at minimum cost, should they so wish. This will be accomplished by offering a low cost dealing facility under which Genus shares will be bought in and placed with institutional shareholders.

We will also be asking our brokers to help manage the transition for the larger IHT motivated shareholders who wish to sell their shares as a result of the move to the Official List.

Non - Core Businesses

The Board has progressed its strategy to concentrate on the bovine and porcine genetics businesses and has accordingly disposed of SyAqua Thailand for Â£1m in the period and progressed the divestment of the non-core businesses Animalcare Limited, Development Consulting and the Mexican shrimp business.

Trading in Animalcare Limited, the principal non-core veterinary pharmaceutical business, has been profitable and to plan, as has trading in the non-core development consultancy business. A recovery has been achieved in our Mexican shrimp business.

Outlook

The new financial year has started well. Genus is in an unique position to benefit from changing world agricultural markets and to deliver solid long-term growth. This will arise from organic growth in the market and productivity improvements as further country markets are integrated.

BUSINESS OVERVIEW

Genus creates and sells added value products for livestock farming and food producers by creating advances to animal breeding through biotechnology. Its non-Genetically Modified Organism (GMO) technology is applicable across all livestock species but is only commercialised by Genus in the bovine and porcine farming sectors.

Genus' worldwide sales are made in seventy countries under the trade marks 'ABS' (dairy and beef cattle) and 'PIC' (pigs) and comprise semen and breeding animals with superior genetics to those animals currently in production. Customers produce offspring with greater production efficiency, milk and meat output and quality and use these to supply the global dairy and meat supply chain.

The Group's competitive edge has been created from the ownership and control of proprietary lines of breeding animals, the biotechnology used to improve them and its global production and distribution network.

Genus' research and product development expenditure for the 12 months to June 2007 was Â£17.7m. Approximately 20% was spent on research and 40% each on bovine and porcine product development.

Genus operates bovine studs in five countries. More than 170 world leading beef

and dairy animals of the commercial breeds are in production in these studs, with around 2,000 in various stages of product development. The breeding selection programme was recently expanded to test 400 dairy bulls per year in a rolling five year programme which includes creating and measuring the output of 40,000 daughters. The commercially active stud has a replacement rate of 25-35% per annum.

Approximately 12 million doses of semen are collected from these studs each year. The semen is frozen in tanks containing liquid nitrogen so that it can be kept indefinitely and can be transferred and sold in any country of the world.

Genus is unique amongst its competitors in that it operates a global insemination service through a network of employees and self-employed exclusive agents who operate under the 'ABS' trademark.

The Genus porcine business sells breeding males, females and semen. The company owns nine pure-bred pig lines which it is continuing to develop in its two nucleus herds, located in the USA and Canada. These animals are crossed and then multiplied in around 1,000 predominantly sub-contracted multiplication units located in all our markets around the world.

More than 100 million slaughter pigs produced each year contain Genus genetics and we believe that these pigs are those with the highest value and can be produced with the lowest production cost of any of our competitors supplying large integrated pig production units.

Headquartered in Basingstoke, England, Genus companies operate in 30 countries on five continents, with laboratories located in Madison, USA.

Corporate Objectives & Strategy

The principal objectives for the year under review have been to drive underlying growth in the bovine and porcine businesses while integrating the acquired PIC business in order to drive the potential for productivity improvement in future years.

To do this, we have re-organised operations using a territorial matrix under two regional Chief Operating Officers (the Americas region, headed by Ian Biggs and the Europe & Asia region, headed by Philip Acton), supported by consolidated global Research, Development and Production facilities under a third global Chief Operating Officer, Steve Amies.

In this way, barriers to change have been reduced and synergies at an annualised rate of approximately Â£6m per year have been driven out of non-sales related functions. For example, the Americas organisation now comprises:-

- â€¢ Bovine semen sales under the trademark, ABS;
- â€¢ Porcine breeding sales under the trademark, PIC; and
- â€¢ Regional services provided centrally in one location.

Due to the relatively fragmented nature of the European and Asian businesses, full consolidation into an equivalent structure in these businesses has yet to be completed. Additionally, the regional management has concentrated upon a turn-round of the historically loss-making porcine operations in Europe and an expansion in the Far East.

The Company plans to seek further productivity improvements and achieve additional administrative function savings from consolidating worldwide business systems using the Oracle platform already being used by the acquired business. This complex project has been progressed with the help of external consultants and is likely to create potential for further productivity improvement.

There will also be some potential for productivity improvements from continuing integration of country businesses.

The Board continues to believe that it should concentrate the Group's efforts on growing the animal genetics business while driving down debt. In this respect, we have actively pursued the divestment of the remaining non-core businesses, while ensuring that such sales will realise good shareholder value.

BUSINESS REVIEW

Group Performance

As noted in the Chairman's statement, the comparisons in this review have been made for continuing operations against un-audited pro-forma figures, on a constant currency basis, for the twelve months to 30 June 2006. The performance against IFRS reported statutory figures is summarised in the financial review below.

Revenue for the year to 30 June 2007 increased by 4% to Â£234m despite the impact of changes to the porcine business model, as discussed in the Business Review below. The weakening of the US dollar lowered this increase by Â£10m when translated into actual exchange rates with the result that revenue was 1% lower than in 2006.

Bovine sales volume increased by 7% with prices remaining firm. However, the Group's strategy for de-risking pig operations from the volatility of the 'hog cycle', by increasing the proportion of business using the indirect royalty model lowered porcine sales as expected when compared with 2006, whilst improving margins from 35% to 37% of sales.

The Board believes that adjusted operating profit provides an informative measure of the underlying performance for the business. This measure is defined as operating profit before exceptional items and a number of non cash items:

- â€¢fair value movement of biological assets;
- â€¢amortisation of intangible assets; and
- â€¢share based payments.

Adjusted operating profit increased by 33%, at constant exchange rates, to Â£28.7m (2006: Â£21.6m). A Â£2.0m exchange impact lowered this increase to 22%. Operating profit increased by 31%, at constant exchange rates, and by 18% to Â£28.4m (2006: Â£24.1m) at actual exchange rates.

Exceptional expenditure of Â£4.7m (2006: Â£2.7m) related to the integration of the porcine and bovine businesses, to an adjustment to goodwill required as a result of recognition of pre-acquisition tax assets, and to work associated with preparation for the move to the Official List, principally the work carried out to complete the IFRS restatement. The Board believes the integration expenditure will deliver continuing operating expense benefits.

The effective rate of tax on adjusted profit before tax was 34% as expected.

Adjusted earnings per share increased by 41% at constant currency to 22.6p (2006: 16.0p) and by 23% from 18.4p at actual exchange rates.

Basic earnings per share for the Group as a whole were 26.6p, an increase of 146% over the pro-forma period.

Net debt was reduced by Â£9m to Â£111m at 30 June 2007 (2006: Â£120m). It is intended to use any proceeds from divestments of the remaining non-core businesses to reduce net debt further to leave the Group well placed to pursue other opportunities for growth, as and when they arise.

World Agricultural Markets

There was a general improvement in market conditions towards the end of the year, although two growth markets, Brazil and Australia, remained depressed. This was largely due to an outbreak of Foot & Mouth Disease (FMD) in Brazil and the harsh drought in Australia.

Foot & Mouth Disease (FMD) in Brazil prevented farmers from selling meat in their export markets. This reduced farm profitability and the potential for the sale of semen and breeding pigs. However, there was a partially compensating upside in that other producers, the USA in particular, experienced a more buoyant export market.

In Australia, the extended drought caused the previously strong and growing market to contract. In this depressed market situation the company nonetheless increased its market share and cemented its new position in the retail sector. This bodes well for the future especially now that the rainfall has returned and farming has begun the long haul to recovery.

During the latter part of the year, the dynamics of the general agricultural markets improved. The long term pattern of supply and demand moved strongly from surpluses to deficits. As a result, milk prices hardened strongly in the USA in the latter part of the year and have started to rise in the UK and more generally in Europe. The demand for milk and meat products in the Far East has accelerated and the shortfall in world capacity is improving farmer sentiment so that the dairy semen market, in particular, should improve further in the new financial year.

The export growth for US producers offset the expected cyclical downturn in hog prices. Elsewhere, prices remained generally flat, although shortages of supply increased prices in the Far East to the level at which farmers began to re-invest in extending capacity.

Market commentators are predicting structural rather than cyclical increases in

agricultural commodity prices in the future. This change is being driven by increased demand for milk and meat products, particularly in the Far East. In addition, agricultural crops are increasingly being used to produce ethanol, a renewable fuel source. A visible indication of the change is the disappearance of the highly controversial EU food mountain.

These changes are being accelerated by an ever increasing world population, whilst droughts and flash floods caused by climate change are adversely affecting yields.

Together, these changes will mean that food prices are likely to rise and farmers and governments will increasingly seek to increase farming productivity. Improved animal genetics will be a key ingredient in this quest. Genus' scientific and marketing leadership will ensure that the company is well placed to take advantage of this positive change in market growth.

We view the markets, particularly in dairy, as being favourable for the coming year.

Genus Products

The current bovine product strength, led by Shottle, Bolton and Boliver, three of the highest regarded bulls in the world, contributed to sales volume growth of 10% in the year to 30 June 2007. A particularly encouraging aspect was that this growth was achieved across the world, with increases in 12 of Genus' 13 owned semen sales subsidiaries, the exception being in Australia that was affected by the harsh drought.

We have also made progress with the sexed semen project. During the reporting year, we started selling sexed semen under the trademark ABS Sexation, in a range of markets, including the large US market. From a standing start, sexed semen sales revenue rose to an annualised 5% of dairy semen revenue. We are currently in the process of increasing capacity on the expectation that sales will more than double in the new financial year.

In response to the changing market conditions over the last few years, we have developed two value added services, to support semen sales. The first is a computer assisted Genetic Mating Service (GMS) and the second is a comprehensive Reproductive Management Service (RMS). Already a key component for the US business these services are now being introduced to other markets, with great success. The services have been developed particularly for use by larger farms, where improving management control is important for financial success. One of the benefits of the farmers contracting to use the service is that they also enter into a semen supply contract that provides Genus with a stronger forward order book.

In our porcine business, we have been hastening the de-risking strategy begun by PIC to reduce the sensitivity of business profit to movements in the market price of pigs ('the hog cycle'). To achieve this change, PIC had begun to subcontract pig multiplication to third parties, thereby reducing the proportion of sales of live animals from in-house production. Approximately 90% of multiplication in the USA, Western Europe and a number of other large country markets has now been subcontracted.

Another change we have accelerated in many developed agricultural markets has been to move away from selling breeding animals on an outright basis. Instead we now sell on an indirect model whereby breeding animals are sold for a lower price but with a royalty attached to any progeny they produce. This change in business practice has substantially been made in North America, Western Europe and a few other markets, but will not be applied in less developed markets in order to protect our intellectual property.

The impact of the implemented changes has been to lower headline sales in the year of introduction, even though market share may have increased. Margins improve from the accumulation of royalties and for the longer term, sales accrue throughout the breeding life of the animals sold. In addition, this indirect royalty model smooths cash flow.

During the year, we extended and refreshed our product range of elite parents by adding a new dam line, called C29. This parent female is as prolific as the Company's world renowned breeding dam line, the Camborough, but is cheaper to maintain. This latter trait will be increasingly important for pig producers now that the average cost of feed is increasing.

The C29 product was launched in its first market, the USA, during the 2007 financial year and should add growth and market share to the business in the new financial year.

An increased uptake of the Company's new products is expected, particularly for bovine sexed semen and porcine female lines.

The Americas Region

Nature of the Business

Trading in the North and South American continents takes place through wholly owned subsidiaries in the six largest markets in the region and through agents in the smaller markets.

Growth Drivers

In the developed agricultural markets of the USA and Canada, customers continue to expand and consolidate in all sectors.

In the developing markets of Latin America, primarily Mexico, Brazil, Argentina and Chile, growth came from the underlying expansion of the markets, driven by:-

- â€¢ Increased demand to address an expanding and wealthier population;
- â€¢ Growth in exports as the region took advantage of its inherently lower agricultural cost base; and
- â€¢ Greater use of advances in agricultural techniques.

Competitive Position

Most competitors are co-operatives, particularly in the bovine sector.

Genus' market share grew throughout the region. In North America, strong growth in bovine volume saw market share increase. The porcine business' market share also grew.

In Latin America, Genus is the clear market leader in both bovine dairy and porcine genetics in the large and growing markets of Mexico, Brazil, and Chile.

Trading Progress

In constant currency, revenue increased by 4% to Â£119m (2006: Â£114m) and adjusted operating profit increased by 22% to Â£20.8m (2006: Â£17.1m).

Most of the region's business is conducted in US Dollars. Even with the strong operational improvement, the large change in the US Dollar to Sterling exchange led to the absorption of translational losses equivalent to Â£10m for revenue and Â£1.7m for operating profit.

Growth has been achieved in the Americas region by recognising the changing needs of the larger and increasingly integrated customers and by responding to them more quickly than our competitors have done. The development of the RMS and GMS services added value for customers, while helping to add predictability to Genus' business as more revenue came from forward orders and repeat business.

Despite prices being relatively soft for most of the year in the bovine sector, revenue rose in constant currency by 13% to Â£44m, because of volume increases and a mix improvement following the introduction of sexed semen, which is relatively highly priced. Sexed semen had been trialled in South America over the past two years. The launch in North America, under the trademark 'ABS Sexation', was a great success and the product is selling at a price some three times higher than the equivalent un-sexed semen.

North America

The bovine business saw strong growth in volume. This lifted market share to 22%, the highest in over ten years. The porcine business, now largely converted into a less volatile royalty operating model, saw its market share rise by three percentage points to 45%; such royalties now comprise over 90% of gross profit in the region.

During the year, PIC's successful line in male products was complemented by the launch of the C29 female and other supporting products. Additional resources were directed at technical support for the customer base to attempt to translate as far as possible into customer profits the full benefit of the genetic potential of the PIC products.

South America

Bovine volume grew by 14%, despite difficult trading conditions for most of the year. This confirmed Genus' leadership in dairy genetics in Brazil, Chile and Mexico.

Bovine sales moved ahead strongly with revenues up 20% to Â£12m, largely because of the volume increase which arose from the expansion of RMS and GMS. These services were introduced over the last two years and have been particularly

successful in Mexico.

The porcine business is in the early stages of converting to the indirect royalty model and this, combined with difficult market conditions and supply problems, saw volumes fall slightly.

The porcine market was relatively soft and supply disruption caused a slow start to the year. Performance in the second half outstripped expectations and doubled the performance achieved in the first half.

Business Integration

North American administrative functions have been integrated into a central shared services unit based in Wisconsin, USA. This enabled the porcine business to move into smaller offices in Nashville, Tennessee.

These changes have enabled the four key regional businesses to concentrate on customer needs, while the region has achieved cost efficiencies in central services.

The region has also opened a joint office for the bovine and porcine business in Santiago, Chile as the first stage of a programme for increasing productivity in South America.

The Europe & Asia Region

Nature of the Business

Trading in the Europe & Asia region takes place through wholly owned subsidiaries in the four primary markets and through agents in 15 secondary country markets. In Europe, Genus has particularly strong businesses in the UK, France, Germany, Italy and several other Eastern European countries. In Asia, the business is particularly strong in China, Japan and the Philippines.

Growth Drivers

The market for pork and dairy products is growing throughout the region with growth particularly strong in the Far East (especially China) and Eastern Europe.

The agricultural industry continued to consolidate in Western Europe as production subsidies reduced. The privatisation process of Eastern Europe has created many new large and highly productive farming units that, over time, will begin to replace less efficient units in Western Europe.

The Government of China is supporting investment in 'state of the art' farming in order to feed its fast increasing population.

Regional milk prices began to rise towards the end of the period as demand outstripped supply and Far East pig meat prices rose to a level that allowed farmers to become profitable again.

In Russia, demand for high quality pig breeding stock and dairy semen ran at record levels as the nation's herd is being rebuilt after years of decline under previous Governments.

Competitive Position

Genus is the overall market leader in the Europe & Asia region in both the porcine and bovine sectors. Although competitors generally hold high market shares in their home markets they export very little.

European bovine competitors are generally co-operatives and in the porcine sector industry consolidation has reduced the number of competitors.

Trading Progress

Unlike in the Americas region, currency movements during the year were small, creating a translational loss of just Â£0.3m.

Regional revenue from continuing operations, increased by 3% to Â£122m. In bovine, the volume of conventional semen was flat (Australia drought -15%) while prices increased by 7%. Porcine revenues reduced from the introduction of the indirect royalty model which we began to introduce in some markets. Adjusted operating profit grew by 24% to Â£14.3m (2006: Â£11.5m).

All country businesses recorded profit improvements on the previous 12 months with the bovine contribution increasing by 10% and the porcine by a record 89%.

Europe

In the United Kingdom bovine revenue growth of 6% was achieved. RMS customers accounted for 10% of sales in the UK with the service contracted to farms with a total of 65,000 cows by the year end.

In Italy, bovine revenue grew by 15% from increased sales of the RMS service achieving a market share of 14%.

In France, where the business traditionally occupied an elite breeder niche, revenue increased by 16% from a change in mix which included a greater proportion of higher priced semen together with the contribution from a larger sales force. New breeding laws that will free up competition are expected to come into force early in 2008. This will create an opportunity for Genus to increase its market share over time.

European distributors increased revenues by 9% with notable successes in Spain and Turkey.

In the porcine sector, new boar products were introduced and product mix for the gilts was improved.

A review of the acquired operations, aimed at reducing the vulnerability of the business to reverses in the hog cycle and to cut losses in difficult or below core sized markets, resulted in:-

1. The sale of the Cazals Genetic Nucleus farm in France for Â£2.0m and an improvement of Â£0.5m per year in profitability.

2. Closure of the loss-making business in Denmark.

3. A re-organisation in Spain produced a year on year improvement.

4. Administrative function re-organisation and consolidation produced an operating expense saving of Â£0.6m per year.

Despite the above closures, business volume and revenue rose by 3%, particularly from Russia and some countries in Western Europe.

Asia

The Asian Bovine business increased revenue by 5%, with particularly good results being recorded in Japan.

In the face of the extensive drought throughout Australia much of agriculture retrenched. Genus adapted to these conditions by consolidating the recent retail acquisitions to improve productivity. The sales force has been re-trained and was repositioned to concentrate on those areas where the effects of the drought have begun to reduce. As a result, the negative profit impact of the drought was constrained to Â£0.6m.

The Philippines porcine business had its best ever year. Key account volumes were strong and parent boar sales were significantly higher than last year.

Business in China improved as the market recovered from the low prices of last year. As part of the first phase of an expansion plan, we sold one farm and appointed a new general manager to lead change, including the appointment of further contract multipliers. Also, we have invested in pure lines to meet increasing demand for production in the region.

Research & Product Development

Product development continues to be a key driver in the success of Genus' business, producing a continuous stream of genetically superior bulls and pigs. This is augmented by carefully targeted research, aimed at producing breakthroughs that will change the business model to Genus' competitive advantage.

In total, research and development expenditure in the reported period was Â£17.7m. On a like for like basis, this represents a saving of Â£1.8m on the previous year's pro-forma expenditure of the separate Genus and Sygen research and development which total Â£18.1m (at actual exchange rates, the 2006 expenditure was Â£19.3m). These savings were made in the areas of fundamental research and administration, in line with the Company's objective of concentrating selectively on commercial targets while eliminating more academic research and any overlapping activities. Research now accounts for approximately 20% of total R&D expenditure, with bovine and porcine product development accounting for around 40% each.

Bovine Product Development

Due to the five year lead time associated with the bovine genetic inventive process, Genus, in commercially targeting its research, looks five years ahead to estimate the likely requirements of agriculture in the future. Thus, the products currently being sold have been based upon development decisions made in 2002. At that time, the company was projecting that farmers would require semen that selectively increased the robustness of their herd and improved animal welfare, at reasonable outputs, rather than the previous prime target of increased output. This has proved to be correct and has resulted in an increase in the competitiveness of the Genus stud.

We have been able to compare the genetic merit of the Genus stud with that of competitor bulls. Of the bulls that will become available for commercial sale between 2008 and 2011, the prospects are most encouraging:

- â€¢ Throughout the period, the bulls in the test programme are very strong in the newly measured traits associated with longevity (productive life, somatic cell count, daughter pregnancy rate);
- â€¢ We have improved our position and are now very strong in the traditional longevity associated traits of legs, feet & udders. These traits are also very important for the 'breeder' sector of the market;
- â€¢ We have also moved to the top in quantity of butterfat, a trait to which we had probably given insufficient emphasis in the recent past; and
- â€¢ The aggregate of these traits in terms of net merit confirms Genus is ahead of its competitors and the lead is improving.

In general, our major competitors have retained their historical and traditional selection objectives, being variously strong on type (looks) and production, but weak on the longevity traits.

With continuing growth anticipated, we are in the process of increasing by 35% the number of bulls evaluated in the large US based testing programme and investing the Â£2 million required to house these extra bulls.

We have also made some exciting developments to address opportunities in the beef business.

Historically, the beef industry has been reluctant to use artificial insemination (AI). One of the reasons is that in the fragmented production chain it is impossible for a breeder of genetically superior calves to realise a premium price when they are slaughtered. The increasing demand for meat consistency and tenderness has created the potential for a change in this sector of the food chain. Building on experience gained by PIC, Genus is leading this change and is seeking early wins in both the US and UK. In this respect, we are working with household names like Tesco and McDonalds.

Porcine product development

For pigs, the inventive lead-time at approximately three years is shorter than for bovines. This enables a more rapid response to changes in the agricultural environment. Since the acquisition of PIC, we have carefully reviewed its development programme and we have satisfied ourselves that the product selection criteria set up three years ago will continue to produce commercially competitive animals ideally suited to current market conditions. We have, however, made small changes to the weighting of selection traits to ensure that the strong competitive advantage currently demonstrated in the side-by-side trials against competitor products is maintained, as longevity traits become more important in the pig sector.

In this respect, the selection programme will benefit from the strong progress we have made with the fundamental science programme in genetic markers.

The main platform of the acquired science programme was the identification of genetic markers for yield and feed conversion in animals. During the ten year period during which this objective was pursued, the technology available to scientists evolved considerably. As a result, the early pioneering work quickly became overtaken as modern techniques became available from contractors.

Since acquisition, Genus has transferred the remaining genotyping work to contractors using the new and faster technology. As a result, we have progressed much more rapidly in the complex identification programme for markers for the evolving commercially important traits in future agriculture. We have evaluated the increase in rate of genetic progress from incorporating marker data into conventional genetic analysis. The results show that:

1) Nearly all traits of commercial importance are controlled by many genes as opposed to single genes.

2) The incorporation of marker information has limited benefit if a trait is easily measured directly e.g. daily weight gain.

3) The incorporation of marker information conveys significant benefit if a trait is more difficult to measure accurately by direct means e.g. mortality.

4) We now incorporate 100 markers into routine genetic evaluations, as compared with 10 two years ago.

5) These 100 markers are influencing the selection of the next generations of animals in our breeding programme and should benefit the Company's competitive position from 2010.

In anticipation of, and to support, future sales growth, the Board has sanctioned the building of an enhanced nucleus herd facility in South Dakota, USA, at a cost of Â£9 million over the coming two years. This facility will provide an additional benefit of being of sufficient size and diversity to develop customised lines for key additional customers, giving us a significant competitive advantage. In addition, new facilities will enhance health and environmental standards and lower operating costs.

FINANCIAL REVIEW

This is the first year that the Group has reported under International Financial Reporting Standards. Details of the Group's accounting policies and adjustments arising on the transition to IFRS can be found on the Company's website www.genusplc.com

As indicated at the time of publishing the Transition Document, the Board indicated that additional volatility would be introduced into the Group's results principally arising from the fair value movement in biological assets as required 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 the fair value movement arising on biological assets, amortisation of intangibles, share based payments and exceptional items.

In addition, given the difficulty in comparing the results for the 12 months to 30 June 2007 to the 15 month period to 30 June 2006, arising from the change in the Group's year end, the acquisition of Sygen part way through the comparative period, and the significant currency movements arising on translation of the results of overseas entities, the Chairman's Statement and Business Review discusses the performance of the business compared to un-audited pro-forma results for the 12 months to June 2006 and the Financial Review sets out a review of the reported audited statutory IFRS results.

Revenue

Revenue from continuing operations grew by 16% from Â£201m to Â£234m.

Profit

Adjusted operating profit increased by 45% to Â£28.7m (2006: Â£19.8m).

Adjusted profit for the Group (including the share of profit/(loss) from joint ventures and associates and adjusted operating profit from discontinued operations), net of finance costs was Â£22.4m for the year (15 month period ended 30 June 2006: Â£17.6m).

Finance costs

Net finance costs increased from Â£6.7m to Â£10.0m, reflecting higher net debt costs resulting from the acquisition of Sygen. Interest payable, excluding amortisation of debt issue costs, the net interest cost in respect of pension scheme liabilities and other interest payable, amounted to Â£11.0m and was 2.6 times covered by adjusted operating profit from continuing operations (15 month period ended 30 June 2006: 3.2 times).

Taxation

The effective rate of tax for the year, based on adjusted operating profit, was 33.7% compared with 32.0% during the last period. The tax rate depends upon the mix of profits by country, particularly upon the high level of profits generated in North America, where the tax rate is around 40%, and the ability of the group to recognise deferred tax assets in respect of losses in some of the group's smaller territories.

Earnings per share

Basic earnings per share were 26.6p in the year ended 30 June 2007 compared with 17.2p for the 15 month period ended 30 June 2006. Adjusted earnings per share from continuing operations of 22.6p for the year ended 30 June 2007 were 15%

higher than for the 15 month period ended 30 June 2006.

Share Price and Shareholder Funds

The Genus share price ranged from a low of 427p to a high of 705.0p during the financial year. On 29 June 2007 (the last trading day of the financial year), the mid-market price was 700p, giving a market capitalisation of Â£392m at that date.

At 30 June 2007, shareholder funds amount to Â£150.9m, an increase of Â£6.9m in the year. This is equivalent to 270p per share and compares with 261p at the prior period end.

Dividend

The Board has proposed a 10% increase in the dividend to 9.1p per share (2006: 8.25p).

The dividend will be covered 2.5 times from adjusted earnings (2006: 2.4 times) and the cost of the proposed dividend will amount to Â£5.1m (2006: Â£4.5m).

Financing and cash flow

The Company's secured bank credit facilities comprise a term loan of Â£20m which expires in October 2008, a Â£60m amortising term loan expiring in 2010, and a Â£70m multi-currency revolving credit facility expiring in 2010. In less than two years the term loans have been reduced by Â£20m and net debt, has reduced from Â£120.1m at 30 June 2006 to Â£111.1m at 30 June 2007. Two further repayments of the term loans will be made in October 2007 and April 2008 of Â£5.0m and Â£7.5m respectively.

Gearing at 30 June 2007 was 47% compared with 51% at 30 June 2006.

The Group's operating cash inflow for the year to 30 June 2007 amounted to Â£23.8m (15 month period ended 30 June 2006: outflow Â£12.7m) as a result of increased profits and tighter focus on working capital. The net cash outflow for the year was Â£4.6m (15 month period ended 30 June 2006: inflow Â£15.2m) arising principally from debt servicing and repayments.

Exceptional items

The exceptional items during the period totalled Â£4.7m (15 month to 30 June 2006: Â£2.7m) of which Â£3.0m (15 month period ended 30 June 2006: Â£2.7m) related to the integration and restructuring expenses of the Sygen business and the implementation of the global Oracle management information system, Â£0.7m related to an adjustment to goodwill on recognition of tax assets (15 month period ended 30 June 2006: nil) and Â£1.0m (15 month period ended 30 June 2006: nil) related to the move to the Official List. There will be further integration and restructuring costs and further Oracle implementation costs during 2008. The costs incurred during 2007 relating to the move to the Official List were mainly for the conversion to IFRS. In the 2008 financial year, there will be sponsors, brokers, lawyers and accountants fees associated with the move.

By the end of the 2008 financial year the Sygen business should have been fully integrated.

Biological Assets

In accordance with IAS 41 the Group shows the carrying value of biological assets in the balance sheet with the fair value movement shown in the income statement.

Bovine biological assets represent the fair value of proven bulls and bulls on test, based on expected net cash flows from the sale of semen. The significant assumptions determining the fair values are the expected future demand for semen, estimated production value, the life of each bull and, for bulls on test, the percentage expected to be actively marketed.

Porcine biological assets represent the fair value of breeding pigs which are calculated using the average slaughter value of the animals plus a premium for genetic characteristics determined by average achieved sales prices. The significant assumptions determining fair values are the expected life of the breeding herds, the percentage of production animals expected to be saleable as breeding pigs and expected sales prices.

Breeding animal semen is transferred to inventory at fair value at point of harvest, at which point it becomes agricultural produce valued at deemed cost.

At 30 June 2007, the fair value of bovine biological assets was Â£73.9m (2006: Â£70.6m) and the fair value of porcine biological assets was Â£65.8m (2006:

Â£71.1.m), with the total value on the Group balance sheet being Â£139.7m (2006: Â£141.7m).

The fair value movement in the income statement amounted to Â£10.9m (2006: Â£7.0m) with this favourable increase being broadly offset by the effect of the weaker US dollar in arriving at the balance sheet IAS 41 valuation.

Group income statement

For the year ended 30 June 2007 (comparative for the 15 month period to 30 June 2006)	Note	2007 Â£m	2006 Â£m
Revenue from continuing operations	2	233.8	201.2
Adjusted operating profit from continuing operations	2	28.7	19.8
Fair value movement on biological assets	9	10.9	7.0
Amortisation of intangible assets		(5.1)	(3.0)
Share based payments		(1.4)	(1.0)
		33.1	22.8
Exceptional items			
Integration and restructuring expenses		(3.0)	(2.7)
Adjustment to goodwill on recognition of tax assets		(0.7)	-
Preparation for main market listing		(1.0)	-
	5	(4.7)	(2.7)
Operating profit from continuing operations	2	28.4	20.1
Share of post tax profit/(loss) of joint ventures and associates		1.3	(0.2)
Other gains and losses		0.2	1.9
Finance costs	6	(10.0)	(6.7)
Profit before tax from continuing operations		19.9	15.1
Taxation	7	(7.2)	(4.0)
Profit for the period from continuing operations		12.7	11.1
Profit/(loss) for the period from discontinued operations	3	1.9	(3.3)
Profit for the period		14.6	7.8
Earnings per share from continuing operations	10		
Basic earnings per share		23.1p	24.5p
Diluted earnings per share		22.5p	23.9p
Basic adjusted earnings per share		22.6p	19.7p
Diluted adjusted earnings per share		21.9p	19.2p
Earnings per share from total operations	10		
Basic earnings per share		26.6p	17.2p
Diluted earnings per share		25.8p	16.8p

Group statement of changes in equity

	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 April 2005	3.7	40.0	(0.1)	-	-	46.5	90.1
Foreign exchange translation differences, net of tax	-	-	-	(6.2)	-	-	(6.2)
Fair value movement on net investment hedge, net of tax	-	-	-	1.3	-	-	1.3
Fair value movement on cash flow hedges, net of tax	-	-	-	-	0.8	-	0.8
Actuarial losses on retirement benefit obligations,							

net of tax	-	-	-	-	-	(2.2)	(2.2)
Net income and expense recognised directly in equity	-	-	-	(4.9)	0.8	(2.2)	(6.3)
Profit for the period	-	-	-	-	-	7.8	7.8
Total recognised income and expense for the period	-	-	-	(4.9)	0.8	5.6	1.5
Recognition of share based payments, net of tax	-	-	-	-	-	1.3	1.3
Adjustment in respect of employee share schemes	-	-	(0.1)	-	-	-	(0.1)
Issue of ordinary shares	1.8	52.2	-	-	-	-	54.0
Dividends	-	-	-	-	-	(2.8)	(2.8)
Balance at 30 June 2006	5.5	92.2	(0.2)	(4.9)	0.8	50.6	144.0
Balance at 1 July 2006	5.5	92.2	(0.2)	(4.9)	0.8	50.6	144.0
Foreign exchange translation differences, net of tax	-	-	-	(14.7)	-	-	(14.7)
Fair value movement on net investment hedge, net of tax	-	-	-	0.9	-	-	0.9
Fair value movement on cash flow hedges, net of tax	-	-	-	-	1.6	-	1.6
Actuarial gains on defined employee benefit schemes, net of tax	-	-	-	-	-	5.2	5.2
Net income and expense recognised directly in equity	-	-	-	(13.8)	1.6	5.2	(7.0)
Profit for the year	-	-	-	-	-	14.6	14.6
Total recognised income and expense for the period	-	-	-	(13.8)	1.6	19.8	7.6
Recognition of share based payments, net of tax	-	-	-	-	-	3.4	3.4
Issue of ordinary shares	0.1	0.3	-	-	-	-	0.4
Dividends	-	-	-	-	-	(4.5)	(4.5)
Balance at 30 June 2007	5.6	92.5	(0.2)	(18.7)	2.4	69.3	150.9

Group balance sheet

As at 30 June 2007	Note	30 June 2007 Â£m	30 June 2006 Â£m
Assets			
Goodwill		60.7	64.9

Other intangible assets		77.4	86.0
Biological assets	9	114.1	115.1
Property, plant and equipment		27.3	30.4
Interests in joint ventures and associates		3.5	3.4
Available for sale investments		0.5	0.8
Derivative financial assets		4.5	3.0
Deferred tax assets		10.4	10.8
Total non-current assets		298.4	314.4
Inventories		18.8	18.1
Biological assets	9	25.3	25.7
Trade and other receivables		43.0	41.6
Cash and cash equivalents	12	26.0	32.2
Assets held for sale	4	21.9	22.7
Income tax receivable		1.4	1.6
Total current assets		136.4	141.9
Total assets		434.8	456.3
Liabilities			
Trade and other payables		(34.8)	(37.0)
Interest-bearing loans and borrowings	12	(27.2)	(25.5)
Provisions		(1.9)	(2.9)
Obligations under finance leases	12	(0.9)	(2.1)
Current tax liabilities		(4.3)	(4.5)
Liabilities held for sale	4	(8.3)	(8.8)
Total current liabilities		(77.4)	(80.8)
Interest-bearing loans and borrowings	12	(108.9)	(126.4)
Retirement benefit obligations		(15.9)	(22.8)
Provisions		(2.3)	(2.3)
Deferred tax liabilities		(78.0)	(79.9)
Obligations under finance leases	12	(1.4)	(0.1)
Total non-current liabilities		(206.5)	(231.5)
Total liabilities		(283.9)	(312.3)
Net Assets		150.9	144.0
Equity			
Called up share capital		5.6	5.5
Share premium account		92.5	92.2
Own shares		(0.2)	(0.2)
Translation reserve		(18.7)	(4.9)
Hedging reserve		2.4	0.8
Retained earnings		69.3	50.6
Total equity		150.9	144.0

Group statement of cash flows

For the year ended 30 June 2007 (comparative for the 15 month period to 30 June 2006)	Note	2007 Â£m	2006 Â£m
Net cash flow from operating activities	11	23.8	(12.7)
Cash flows from investing activities			
Dividends received from joint ventures and associates		1.3	2.2
Interest received		2.1	0.3
Proceeds from disposal of subsidiaries		1.0	9.1
Acquisition of subsidiaries and businesses (net of cash acquired of Â£17.3m)		-	(181.1)
Purchase of property, plant and equipment		(7.1)	(6.4)
Proceeds from sale of property, plant and equipment		4.3	13.8
Net cash inflow / (outflow) from investing activities		1.6	(162.1)
Cash flows from financing activities			
(Repayment) / drawdown of borrowings		(13.8)	146.3
Debt issue costs		-	(2.2)
Interest paid		(10.9)	(5.2)
Payment of finance lease liabilities		(0.9)	(1.5)
Cashflows from derivative financial instruments		1.7	-
Equity dividends paid		(4.5)	(2.8)
Issue of ordinary shares		0.4	54.1
(Decrease) / increase in bank overdrafts		(2.0)	1.3
Net cash (outflow) / inflow from financing activities		(30.0)	190.0
Net (decrease) / increase in cash and cash equivalents - continuing operations		(2.7)	17.2

Net decrease in cash and cash equivalents - discontinued operations	(1.9)	(2.0)
Net (decrease) / increase in cash and cash equivalents	(4.6)	15.2
Cash and cash equivalents at start of period	34.0	18.2
Net (decrease) / increase in cash and cash equivalents	(4.6)	15.2
Effect of exchange rate fluctuations on cash held	(2.1)	0.6
Total cash and cash equivalents at 30 June	27.3	34.0

Of the cash and cash equivalents of Â£27.3m at 30 June 2007, Â£1.3m is included in assets held for sale in the Group balance sheet (30 June 2006: Â£1.8m).

Notes to the preliminary financial information
for the year ended 30 June 2007

1. Basis of preparation

Status of audit

The financial information set out below does not constitute the company's statutory accounts for the year ended 30 June 2007 or the fifteen month period ended 30 June 2006, but is derived from those accounts. Statutory accounts for the fifteen month period ended 30 June 2006 have been delivered to the Registrar of Companies and those for the year ended 30 June 2007 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under s. 237(2) or (3) Companies Act 1985.

IFRS adoption

The financial information for the year ended 30 June 2007 has been computed in accordance with International Financial Reporting Standards (IFRSs). This is the first financial period for which IFRSs have applied. Comparative financial information for the fifteen month period ended 30 June 2006 has been restated accordingly.

Whilst the financial information included in this preliminary announcement has been computed in accordance with

IFRSs, this announcement does not itself contain sufficient information to comply with IFRSs. The company expects to publish full financial statements that comply with IFRSs later in September 2007. IFRS 1 First-time adoption permits companies adopting IFRS for the first time to take some exemptions from the full requirements of IFRS and also make certain elections in the transition period. The exemptions and elections adopted by the Group are disclosed in the Group's IFRS transition document, which is available on the Group's website www.genusplc.com together with full details of the Group's IFRS accounting policies.

This preliminary announcement was approved by the Board on 17 September 2007.

Notes to the preliminary financial information
for the year ended 30 June 2007

2. Segmental information

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Area of activity - continuing operations

	Year ended 30 June 2007			
	Bovine Genetics Â£m	Porcine Genetics Â£m	Unallocated Â£m	Total Â£m
Revenue from continuing operations	102.3	131.5	-	233.8
Adjusted operating profit before research and product development	20.0	32.8	(6.4)	46.4
Research and product development before amortisation of intangible assets	(8.3)	(9.4)	-	(17.7)
Adjusted operating profit from	11.7	23.4	(6.4)	28.7

continuing operations				
Fair value movement on biological assets	10.0	0.9	-	10.9
Amortisation of intangible assets	(0.1)	(5.0)	-	(5.1)
Share based payments	(0.4)	(0.3)	(0.7)	(1.4)
Exceptional items				
-Integration and restructuring expenses	(0.4)	(2.6)	-	(3.0)
-Preparation for main market listing	-	-	(1.0)	(1.0)
- Adjustment to goodwill on recognition of tax asset	-	(0.7)	-	(0.7)
Operating profit from continuing operations	20.8	15.7	(8.1)	28.4
Share of profit of joint ventures and associates - gross				1.5
Taxation				(0.2)
Share of profit of joint ventures and associates - net of taxation				1.3
Other gains and losses				0.2
Finance costs				(10.0)
Profit before tax from continuing operations				19.9
Taxation				(7.2)
Profit for the period from continuing operations				12.7
Profit for the period from discontinued operations				1.9
Profit for the period				14.6

Notes to the preliminary financial information for the year ended 30 June 2007

2. Segmental information (continued)

Area of activity - continuing operations

15 month period ended 30 June 2006

	Bovine Genetics Â£m	Porcine Genetics Â£m	Unallocated Â£m	Total Â£m
Revenue from continuing operations	120.0	81.2	-	201.2
Adjusted operating profit before Research and product development	23.6	18.0	(5.4)	36.2
Research and product development before amortisation of intangible assets	(10.2)	(6.2)	-	(16.4)
Adjusted operating profit from continuing operations	13.4	11.8	(5.4)	19.8
Fair value movement on biological assets	9.2	(2.2)	-	7.0
Amortisation of intangible assets	(0.1)	(2.9)	-	(3.0)
Share based payments	(0.3)	(0.2)	(0.5)	(1.0)
Exceptional items				
- Integration and restructuring expenses	(0.9)	(1.8)	-	(2.7)
Operating profit from continuing operations	21.3	4.7	(5.9)	20.1
Share of loss of joint ventures and associates - gross				(0.1)
Taxation				(0.1)
Share of loss of joint ventures and associates - net of taxation				(0.2)
Other gains and losses				1.9
Finance costs				(6.7)
Profit before tax from continuing operations				15.1
Taxation				(4.0)
Profit for the period from continuing operations				11.1
Loss for the period from				(3.3)

discontinued operations
Profit for the period 7.8

Notes to the preliminary financial information
for the year ended 30 June 2007

2. Segmental information (continued)

Geographical segments

The bovine and porcine segments are managed on a worldwide basis, but operate in a number of geographical areas.

	Sales revenue by geographical region of origin		Sales revenue by geographical region at destination	
	Year ended 30 June 2007	15 month period ended 30 June 2006	Year ended 30 June 2007	15 month period ended 30 June 2006
Continuing operations	Â£m	Â£m	Â£m	Â£m
United Kingdom	44.3	50.5	44.9	48.6
Continental Europe	55.0	36.3	63.9	43.3
North America	111.5	78.1	94.9	78.8
Latin America	19.7	22.0	23.8	22.1
Rest of the world	10.4	19.0	13.4	13.1
Inter-segmental sales	(7.1)	(4.7)	(7.1)	(4.7)
Continuing operations - total	233.8	201.2	233.8	201.2
Discontinued operations	29.2	86.0	29.2	86.0
Total	263.0	287.2	263.0	287.2

Discontinued sales revenue derives from the Development Consulting and Animal Health businesses, which originates in the United Kingdom and from the Shrimp Genetics business in Latin America and Thailand.

	Adjusted operating profit from continuing operations		Operating profit from continuing operations	
	Year ended 30 June 2007	15 month period ended 30 June 2006	Year ended 30 June 2007	15 month period ended 30 June 2006
Continuing operations	Â£m	Â£m	Â£m	Â£m
United Kingdom	4.3	5.1	7.3	3.9
Continental Europe	7.1	2.8	7.1	3.1
North America	15.1	10.9	14.9	11.2
Latin America	5.7	1.5	6.0	2.0
Rest of the world	2.9	4.9	1.2	5.8
Unallocated	(6.4)	(5.4)	(8.1)	(5.9)
Total	28.7	19.8	28.4	20.1

Notes to the preliminary financial information
for the year ended 30 June 2007

2. Segmental information (continued)

Discontinued operations

Area of activity - discontinued operations	Year ended 30 June 2007			
	Animal Health	Development Consulting	Shrimp Genetics	Total
	Â£m	Â£m	Â£m	Â£m
Revenue	7.8	18.2	3.2	29.2
Adjusted operating profit	1.6	0.8	-	2.4
Winding up of legacy pension scheme	(0.6)	-	-	(0.6)
Share based payments	(0.1)	-	-	(0.1)
Operating profit	0.9	0.8	-	1.7

Area of activity - discontinued operations	15 month period to 30 June 2006			
	Animal	Development	Shrimp	Total

	Health Â£m	Consulting Â£m	Genetics Â£m	Â£m
Revenue	51.3	29.5	5.2	86.0
Adjusted operating profit	2.3	1.1	0.4	3.8
Impairment of goodwill in Animal Health	(2.3)	-	-	(2.3)
Impairment of non-current and current assets in Shrimp Genetics	-	-	(2.4)	(2.4)
Operating profit / (loss)	-	1.1	(2.0)	(0.9)

Notes to the preliminary financial information
for the year ended 30 June 2007

3. Discontinued operations

The Board decided prior to 30 June 2006 that the Shrimp Genetics business and the Group's other non-core operations, the Animal Health businesses and Development Consulting would be sold. Accordingly, the results these businesses are shown within discontinued operations, and their assets and liabilities shown as held for sale at 30 June 2007 and 30 June 2006.

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 Animal Health Veterinary product and Dental product wholesale businesses were sold on 28 October 2005 and 22 February 2006, respectively and the Shrimp Genetics business in Brazil was sold on 7 June 2006.

The remaining Mexican Shrimp Genetics business, together with the remaining Animal Health business and Development Consulting continue to be actively marketed. The directors expect these to be completed by the end of 2007.

Profits / (losses) attributable to the discontinued operations were as follows:

	Year ended 30 June 2007 Â£m	15 month period ended 30 June 2006 Â£m
Adjusted operating profit / (loss) from discontinued operations comprises:		
Profit in Animal Health for the period	1.6	2.3
Profit in Development Consulting in the period	0.8	1.1
Profit in Shrimp Genetics for the period	-	0.4
Adjusted operating profit from discontinued operations	2.4	3.8
Share based payments	(0.1)	-
Winding up of legacy pension scheme	(0.6)	-
Impairment of net assets in Shrimp Genetics	-	(2.4)
Impairment of goodwill in Animal Health	-	(2.3)
Operating profit / (loss) from discontinued operations	1.7	(0.9)
Other gains and losses		
Sale of properties	0.7	-
Loss arising on sale of Dental products wholesale division, a division of Animal Health	-	(0.5)
Loss on sale of Veterinary product wholesale business, a division of Animal Health	-	(2.1)
Profit on sale of Brazil operation of Shrimp Genetics	-	0.6
Profit on sale of Thailand operation of Shrimp Genetics	0.2	-
Profit / (loss) from discontinued operations before tax	2.6	(2.9)
Tax	(0.7)	(0.4)
Profit / (loss) from discontinued operations	1.9	(3.3)
Earnings per share from discontinued operations:		
Basic earnings / (loss) per share	3.5p	(7.3p)
Diluted earnings per share	3.4p	(7.3p)

An exceptional impairment of net assets in Shrimp Genetics of Â£2.4m and an exceptional impairment of goodwill in Animal Health of Â£2.3m were recognised in operating profit for the 15 months ended 30 June 2006 to write down the carrying value of net assets and goodwill to their recoverable amounts.

Notes to the preliminary financial information
for the year ended 30 June 2007

4. Non-current assets held for sale

At 30 June 2007, Animal Health, Development Consulting, Shrimp Genetics and PIC Italia Spa were classified as held for sale together with one freehold property (2006: Animal Health, Development Consulting, Shrimp Genetics and Cazals Genetique SA together with two freehold properties).

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

	30 June 2007 Â£m	30 June 2006 Â£m
Assets		
Goodwill and Intangibles	6.3	6.1
Biological assets	0.3	0.9
Property, plant and equipment	2.7	2.0
Inventories	1.3	1.7
Trade and other receivables	10.0	10.2
Cash and cash equivalents	1.3	1.8
Total assets	21.9	22.7
Liabilities		
Trade and other payables	(8.3)	(8.8)
Total liabilities	(8.3)	(8.8)
Net assets of disposal groups	13.6	13.9

5. Exceptional items

Exceptional items comprise:

	Year ended 30 June 2007 Â£m	15 month period ended 30 June 2006 Â£m
Integration and restructuring expenses	3.0	2.7
Adjustment to goodwill on recognition of tax assets	0.7	-
Preparation for main market listing, including IFRS adoption	1.0	-
	4.7	2.7

Integration and restructuring expenses of Â£3.0m (2006:Â£2.7m) comprise Â£2.6m (2006: Â£1.8m) in respect of the Porcine Genetics business, Â£nil (2006:Â£0.9m) in respect of the Bovine genetics business and Â£0.4m

(2006:Â£nil) in respect of project management fees for new systems.

The Group has acquired certain of the Sygen businesses with tax losses. These were recognised in the Group Balance sheet on acquisition to the extent that they were expected to be realised based on information at the acquisition date and to the end of the hindsight period. The Group has subsequently been able to use tax losses to a greater extent than anticipated thereby reducing the value of goodwill. In order to comply with the requirements of IAS 12 'Income Taxes', a charge for the reduction in goodwill is reported to the extent of any further recognition of tax losses that arose pre-acquisition.

Preparation for main market listing expense primarily relates to professional fees in relation to the early adoption of International Financial Reporting Standards.

Notes to the preliminary financial information
for the year ended 30 June 2007

6. Finance costs

	Year ended 30 June	15 month period ended 30 June

	2007 Â£m	2006 Â£m
Interest payable on bank loans and overdrafts	(11.0)	(6.2)
Amortisation of debt issue costs	(0.3)	(0.3)
Net interest cost in respect of pension scheme liabilities	(0.6)	(0.4)
Other interest payable	(0.2)	(0.2)
Interest expenses	(12.1)	(7.1)
Interest income on bank deposits	1.2	0.3
Other interest receivable	0.9	0.1
Interest income	2.1	0.4
Net finance costs	(10.0)	(6.7)

7. Income tax expense in the income statement

	Year ended 30 June 2007 Â£m	15 month period ended 30 June 2006 Â£m
Current tax expense		
Current period	7.5	6.1
Adjustment for prior periods	(1.7)	(0.7)
Total current tax expense in the Group income statement	5.8	5.4
Deferred tax expense		
Origination and reversal of temporary differences	1.5	0.1
Adjustment for prior period	0.9	(0.4)
Reduction in tax rate	(0.4)	-
Total deferred tax expense in the Group income statement	2.0	(0.3)
Income tax expense from continuing operations	7.2	4.0
Income tax expense from discontinued operations (excluding gain on sale)	0.6	1.1
Total income tax expense excluding tax on sale of discontinued operations and share of income tax of equity accounted investees	7.8	5.1
Income tax on gain on sale of discontinued operations	0.1	(0.7)
Share of income tax of equity accounted investees	0.2	-
Total income tax expense in the Group income statement	8.1	4.4

Notes to the preliminary financial information
for the year ended 30 June 2007

8. Dividends

Amounts recognised as distributions to equity holders in the period:

	Year ended 30 June 2007 Â£m	15 month period ended 30 June 2006 Â£m
Final dividend for the 15 month period ended 30 June 2006 of 8.25p (2006: 7.5p) per share	4.5	2.8

A dividend of 9.1p per share has been proposed by the directors for 2007. The dividend cost of Â£5.1m (2006:Â£4.5m) has not been provided for in these financial statements.

9. Biological assets

Fair value of biological assets	Bovine Â£m	Porcine Â£m	Total Â£m
Balance at 1 April 2005			
- continuing operations	61.2	-	61.2

Acquired through business combination	-	78.2	78.2
Transfers to inventory	(18.5)	(3.8)	(22.3)
Changes in fair value less estimated sale costs	27.3	0.3	27.6
Effect of movements in exchange rates	0.6	(3.6)	(3.0)
Balance at 30 June 2006	70.6	71.1	141.7
Non current biological assets	70.6	44.5	115.1
Current biological assets	-	25.7	25.7
Biological assets - continuing operations	70.6	70.2	140.8
Biological assets included within assets held for sale	-	0.9	0.9
Balance at 30 June 2006	70.6	71.1	141.7
Balance at 1 July 2006	70.6	71.1	141.7
Transfers to inventory	(19.9)	(5.9)	(25.8)
Changes in fair value less estimated sale costs	27.9	6.3	34.2
Effect of movements in exchange rates	(4.7)	(5.7)	(10.4)
Balance at 30 June 2007	73.9	65.8	139.7
Non current biological assets	73.9	40.2	114.1
Current biological assets	-	25.3	25.3
Biological assets - continuing operations	73.9	65.5	139.4
Biological assets included within assets held for sale	-	0.3	0.3
Balance at 30 June 2007	73.9	65.8	139.7

9. Biological assets (continued)

	Bovine Â£m	Porcine Â£m	Total Â£m
Year ended 30 June 2007			
Fair value movement on biological assets			
Changes in fair value of biological assets	27.9	6.3	34.2
Inventory transferred to cost of sales at fair value	(17.9)	(5.9)	(23.8)
Cost of sale already reflected in adjusted operating profit	-	0.5	0.5
	10.0	0.9	10.9
15 month period to 30 June 2006			
Fair value movement on biological assets			
Change in fair value of biological assets	27.3	0.3	27.6
Inventory transferred to cost of sales at fair value	(15.4)	(3.8)	(19.2)
Cost of sale already reflected in adjusted operating profit	(2.7)	1.3	(1.4)
	9.2	(2.2)	7.0

Notes to the preliminary financial information
for the year ended 30 June 2007

10. Earnings per share

Basic earnings per share from continuing operations

The calculation of basic earnings per share from continuing operations at 30 June 2007 is based on the profit attributable to ordinary shareholders of Â£12.7m (2006: Â£11.1m) and a weighted average number of ordinary shares outstanding of 54,890,931 (2006: 45,331,452), calculated as follows:

Weighted average number of ordinary shares (basic)

In thousands of shares	Year ended 30 June 2007	15 month period ended 30 June 2006
Issued ordinary shares at start of the period	55,239	37,261
Effect of own shares held	(956)	(564)
Shares issued on exercise of stock options	608	804

Shares issued in December 2005 in relation to Sygen acquisition	-	7,830
Weighted average number of ordinary shares in period	54,891	45,331

Diluted earnings per share from continuing operations

The calculation of diluted earnings per share at 30 June 2007 is based on profit attributable to ordinary shareholders of Â£12.7m (2006: Â£11.1m) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 56,528,031 (2006: 46,415,578), calculated as follows:

Weighted average number of ordinary shares (diluted)

In thousands of shares

	Year ended 30 June 2007	15 month period ended 30 June 2006
Weighted average number of ordinary shares (basic)	54,891	45,331
Dilutive effect of share options	1,637	1,085
Weighted average number of ordinary shares for the purposes of diluted earnings per share	56,528	46,416

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£12.4m (15 months ended 30 June 2006 Â£8.9m), as follows:

Notes to the preliminary financial information
for the year ended 30 June 2007

10. Earnings per share (continued)

Adjusted earnings from continuing operations:	Year ended 30 June 2007	15 month period ended 30 June 2006
	Â£m	Â£m
Profit before tax from continuing operations	19.9	15.1
Add/(deduct):		
Fair value movement on biological assets	(10.9)	(7.0)
Amortisation of intangible assets	5.1	3.0
Share based payments	1.4	1.0
Integration and restructuring expenses	3.0	2.7
Preparation for main market listing	1.0	-
Adjustment to goodwill on recognition of tax assets	0.7	-
Share of post tax (profit) / loss of joint ventures and associate	(1.3)	0.2
Other gains and losses	(0.2)	(1.9)
Profit before fair value movement on biological assets, amortisation of intangible assets, share based payments, exceptional items and other gains and losses	18.7	13.1
Adjusted tax charge	(6.3)	(4.2)
Profit before fair value movement on biological assets, amortisation of intangible assets, share based payments, exceptional items and other gains and losses, after taxation	12.4	8.9

Total operations

Earnings per share for total operations has been calculated as the profit attributable to ordinary shareholders of Â£14.6m (15 months ended 30 June 2006 Â£ 7.8m) divided by weighted average number of ordinary shares (basic and diluted) as calculated above.

Notes to the preliminary financial information

for the year ended 30 June 2007

11. Notes to the cash flow statement

	Year ended 30 June 2007 Â£m	15 month period ended 30 June 2006 Â£m
Profit for the period	14.6	7.8
Adjustment for:		
Fair value movement on biological assets	(10.9)	(7.0)
Amortisation of intangible assets	5.1	3.0
Adjustment to goodwill on recognition of tax assets	0.7	-
Share based payment expense	1.5	1.0
Share of (profit) / loss of joint ventures and associates	(1.3)	0.2
Other gains and losses	(0.2)	(1.9)
Finance costs	10.0	6.7
Income tax expense	7.8	4.0
(Gain)/loss on disposal of discontinued operations	(0.2)	3.3
Depreciation of property, plant and equipment	4.7	4.5
Gain on disposal of property, plant and equipment	-	(6.0)
Decrease in provisions	(0.9)	(1.4)
Operating cash flows before movement in working capital	30.9	14.2
Decrease / (increase) in inventories	1.6	(2.3)
Increase in receivables	(1.2)	(4.7)
Decrease in payables	(4.0)	(15.4)
Cash generated / (used) by operations	27.3	(8.2)
Income taxes paid	(3.5)	(4.5)
Net cash from operating activities	23.8	(12.7)

12. Net debt

	30 June 2007 Â£m	30 June 2006 Â£m
Cash and cash equivalents	26.0	32.2
Cash and cash equivalents within assets held for sale	1.3	1.8
Interest bearing loans due within one year	(27.2)	(25.5)
Obligations under finance leases - within one year	(0.9)	(2.1)
Net current (debt) / funds	(0.8)	6.4
Interest bearing loans - non current	(108.9)	(126.4)
Obligation under finance leases - non current	(1.4)	(0.1)
Net debt	(111.1)	(120.1)

Appendix

Pro forma un-audited results for the 12 months ended 30 June 2006

Last year, Genus changed its financial year-end to 30 June. As a result the comparative information to be included in the 2007 Annual Report and Financial Statements will be for the 15 month period to 30 June 2006. To assist with analysis and comparison, summary un-audited pro forma results for the twelve months to 30 June 2006 are provided below:

Financial results

	Audited 15 month period 30 June 2006	Un-audited Year ended 30 June 2006 Actual exchange rate	Un-audited Year ended 30 June 2006 Constant exchange rate
Continuing operations:	Â£m	Â£m	Â£m

Revenue from continuing operations	201.2	236.7	225.2
Adjusted operating profit	19.8	23.6*	21.6
Continuing operating profit	20.1	24.1	21.7
Finance costs	6.7	8.9	8.9
Adjusted profit after taxation	8.9	10.0	8.7
Profit after tax	11.1	13.2	11.4
Adjusted EPS	19.7 pence	18.4 pence	16.0 pence
Basic EPS - continuing	24.5 pence	24.1 pence	20.9 pence
Total operations:			
Profit after tax	7.8	7.7	5.9
Basic EPS	17.2 pence	14.1 pence	10.8 pence
Weighted average number of shares (see note 8)	45,331,452	54,450,570	54,450,570

* Amended from 18 July 2007 press release figure of Â£25.3m to exclude a discontinued operation included in error.

Segmental revenue by destination

	Audited 15 month period 30 June 2006	Un-audited Year ended 30 June 2006 Actual exchange rate	Un-audited Year ended 30 June 2006 Constant exchange rate
	Â£m	Â£m	Â£m
Porcine	81.2	139.7	133.0
Bovine	120.0	97.0	92.2
Total	201.2	236.7	225.2
United Kingdom	48.6	41.8	41.8
Continental Europe	43.3	62.5	61.7
North America	78.8	100.7	92.1
Latin America	22.1	24.4	22.4
Rest of the world	13.1	15.4	14.6
Inter-segmental sales	(4.7)	(8.1)	(7.4)
Total	201.2	236.7	225.2

Reconciliation of financial results

	Audited As per Group statutory accounts	Un-audited Adjustments to get to 12 months ended	Note	Un-audited Continuing operations pro forma year ended	Un-audited Adjustments to get to constant exchange rate	Un-audited Pro forma at constant exchange rate
	15 months ended 30 June 2006	30 June 2006		30 June 2006	(Note 9)	Year ended 30 June 2006
	Â£m	Â£m		Â£m	Â£m	Â£m
Revenue from continuing operations	201.2	35.5	1	236.7	(11.5)	225.2
Adjusted operating profit from continuing operations	19.8	3.8	1	23.6	(2.0)	21.6
Fair value movement on biological assets	7.0	2.1	2	9.1	(0.6)	8.5
Amortisation of intangible assets	(3.0)	(2.1)	3	(5.1)	0.2	(4.9)
Share based payments	(1.0)	0.2	4	(0.8)	-	(0.8)
Exceptional items	(2.7)	-	5	(2.7)	-	(2.7)

Operating profit from

continuing operations	20.1	4.0		24.1	(2.4)	21.7
Share of post tax (loss) / profit of joint ventures and associates	(0.2)	1.0	2	0.8	-	0.8
Other gains and losses	1.9	-	5	1.9	-	1.9
Finance costs	(6.7)	(2.2)	6	(8.9)	-	(8.9)
Profit before tax from continuing operations	15.1	2.8		17.9	(2.4)	15.5
Taxation	(4.0)	(0.7)	7	(4.7)	0.6	(4.1)
Profit for the period from continuing operations	11.1	2.1		13.2	(1.8)	11.4
Loss for the period from discontinued operations	(3.3)	(2.2)	2	(5.5)	-	(5.5)
Profit / (loss) for the period	7.8	(0.1)		7.7	(1.8)	5.9

Notes

1. Numbers extracted from the Group's management accounts. Included in the results are pre-acquisition profits of Sygen for the five months ended 30 November 2005.

2. For Porcine five month Biological movement obtained from the management accounts of Sygen for the period from 1 July 2005 to 30 November 2005, other seven months is already reflected in the statutory result. For Bovine the 15 month movement was adjusted on a pro-rata basis over time to be 12 months.

3. This charge related to the Sygen acquisition and is thus grossed up from seven months in the statutory result to a full 12 months.

4. Pro-rata over time the 15 month charge in the statutory accounts to be 12 months.

5. These items all occurred in the year ended 30 June 2006.

6. The finance charge assumes the borrowing in place post the acquisition of Sygen had been in place throughout the year ended 30 June 2006, therefore the 7 months additional borrowing cost in the statutory result is adjusted to a full year basis.

7. The gross adjustments are tax affected at the rate applying for the 15 months ended 30 June 2006.

8. Weighted average number of shares adjusted to reflect the share issue made on the 2 December 2005, in respect of the Sygen acquisition, having instead occurred at the start of the year.

9. The average exchange rates which applied for the 15 month period ended 30 June 2006 have been adjusted to reflect the rates which applied to the year ended 30 June 2007.

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