RNS Number : 4874D
Genus PLC
16 September 2008

For immediate release 16 September 2008

Genus plc
('Genus' or 'the Company')
Preliminary Results for the year ended 30 June 2008

Genus, a world leading animal genetics company, announces its preliminary results for the year to 30 June 2008. The following results are reported under International Financial Reporting Standards ('IFRS').

	Adjusted Results			Adjusted Results at Constant Currency+	
Year ended 30 June	**2008 £m**	**2007 £m**	**%**	**2007 £m**	**%**
Continuing Operations					
Revenue	247.1	233.8	6	239.2	3
Operating profit*	32.4	28.7	13	29.4	10
Profit before tax**	28.0	20.0	40	20.7	35
Earnings per share (p)**	32.0	24.6	30	25.9	24

	Statutory Results		
Year ended 30 June	**2008 £m**	**2007 £m**	**%**
Continuing Operations			
Revenue	247.1	233.8	6
Operating profit	26.2	28.4	(8)
Profit before tax	22.0	19.9	11
Earnings per share (p)	24.7	23.1	7
Total Operations			
Profit for the period	17.7	14.6	21
Basic earnings per share (p)	30.8	26.6	16

* Adjusted operating profit is before fair value movements on biological assets, amortisation of intangible assets, share based payments and exceptional items. **Adjusted profit before tax and adjusted basic earnings per share are before fair value movements on biological assets, amortisation of intangible assets, share based payments and exceptional items, also excluding other gains and losses. Both measurements include share of profits of joint ventures and associates. +The results at constant currency for the year ended 30 June 2007 reflect the rates which applied during the year ended 30 June 2008.

BUSINESS HIGHLIGHTS & OUTLOOK

Genus is pleased to report excellent results in a market that has been tough in the livestock sector. The Group's performance demonstrates the strength of its diversified portfolio and the robustness of its porcine business model. Substantial progress has been made in pursuing strategic objectives.

- Adjusted profit before tax rose 40% to £28.0m (2007: £20.0m) reflecting a £0.7m exchange rate benefit
- Basic adjusted earnings per share increased by 30% to 32.0p
- Board again recommend a dividend increase of 10% to 10 pence per share
- Market share increased broadly across Latin America in a buoyant market and there was a 3% increase in North American porcine market share
- Strong growth in the Far East and robust European performance exceeded expectations for these regions
- Bovine semen sales volume up 9% and prices up 4% in buoyant dairy markets
- Porcine royalty income up 5% demonstrating the robustness of the Company's business model in depressed developed world porcine markets
- Successful move to the Main Market, raising £19m in new equity. Included in FTSE 250 index and winner of the Company of the Year award at the techMARK Mediscience Awards
- Non-core asset divestment programme completed
- Net debt reduced substantially by £33m to £78m
- Outlook:
    - New financial year has started in line with expectations
    - Farmer sentiment improving with greater demand
    - Board remains confident of prospects in the year ahead

Commenting on these results, Richard Wood, Chief Executive said:-

'We have again delivered strong profit growth and have exceeded market expectations despite harsh market conditions in the livestock farming sector. Our performance demonstrates the robustness of the Genus business model and the strength of its management team.

Net debt was materially reduced by the successful divestment of non-core assets and a fund raising at the time of the Company's move to the main market, leaving us able to invest in expansion to meet the strong forecast growth in an improving agricultural economy.

We view the market prognosis as being increasingly favourable in both the short and medium term and remain confident for the year ahead.'

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

Notes for Editors:

Genus creates advances to animal breeding through biotechnology and sells added value products for livestock farming and food producers. Its non-genetically modified organism 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' animals 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.

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

GROUP TRADING

Revenue for the year to 30 June 2008 increased by 6% to £247m. The growth was 3% at constant currency which included an increase of 16% in bovines in a buoyant market for dairy semen. Growth in porcines was achieved in developing markets, although porcine sales in the USA and Europe were 6% lower than in 2007.

The reduction in porcine sales in the USA and Europe occurred for two reasons. Firstly, the market was depressed by reduced farm profitability due to massively increased feed grain prices and, secondly, moving more porcine business from direct sales to royalty sales in those territories reduced revenue but resulted in porcine royalty income rising by 5%.

Bovine sales volume increased by 9% to 12.3 million doses, with average prices rising by 4%, largely due to a change in mix from beef to dairy. Sales of sexed semen more than doubled, when compared with the launch year, 2007. The record increase of one million doses in dairy semen sales was spread worldwide and demonstrates the benefits of the Group's distribution strength and reach across its global markets.

The beef semen market was less buoyant, having been held back by the same high feed prices that impacted the porcine markets of the developed world. In addition, volume diverted to cross-breeding dairy cows was lower than in previous years as dairy farmers strove to breed more dairy animals and thereby to increase output to meet the dairy industry capacity shortfall.

The Board believes that adjusted operating profit and adjusted profit before tax provides an informative measure for underlying business performance. This measure excludes:

- Fair value movement of biological assets;
- Amortisation of intangible assets;
- Share based payments;
- Exceptional items; and
- Other gains and losses

Adjusted operating profit of £32.4m (2007: £28.7m) rose by 13% as a result of improvements in trading and the benefits from the integration of the acquired PIC businesses. This rise included a £0.7m exchange rate benefit. In achieving this result the Group absorbed £1.0m in higher feed prices for its nucleus herds when compared with 2007. Adjusted operating profit rose by 10% (2007: £29.4m) at constant exchange rates.

Adjusted profit before tax increased by 40% to £28.0m (2007: £20.0m) principally as a result of the improved performance of the Brazilian joint venture and lower finance costs. At constant exchange rates, the increase was 35%.

The exceptional items during the year totalled £4.9m (2007: £4.7m) of which £3.3m (2007: £3.0m) related to the integration and restructuring expenses for the acquired PIC businesses and the implementation of the global Oracle management information system. A further £1.6m (2007: £1.0m) related to the move to the Official List.

The Board believes that the integration expenditure will deliver operating expense benefits in future years.

The effective rate of tax on adjusted profit before tax was 34.3% as expected. Adjusted earnings per share increased by 30% to 32.0p (2007: 24.6p) and by 24% at constant exchange rates. Basic earnings per share for the Group as a whole were 30.8p (2007: 26.6p). Net debt was reduced substantially by £33m to £78m at 30 June 2008 (2007: £111m).

OUTLOOK

During the latter part of the reporting period, sentiment in agricultural markets improved. The new financial year has started in line with expectations.

Market commentators are predicting structural rather than cyclical increases in agricultural commodity prices and prices have indeed begun to rise. The demand for milk and meat products has accelerated and the shortfall in world capacity is improving farmer sentiment.

Retail food prices are expected to rise further and, with this change, farmers and governments will increasingly seek to increase farming productivity. Improved animal genetics will be a key ingredient in this quest. Genus' scientific and market leadership will ensure that the Company is well placed to take advantage of this positive change in market potential.

The Board views the market prognosis as being increasingly favourable in both the short and medium term and remains confident that the prospects remain good in the year ahead.

Genus is in a unique position to deliver strong long-term growth in this improving world agricultural market. This growth will be augmented by productivity improvements as the bovine and porcine businesses in country markets are integrated further. There will also be opportunities for step changes in the business from further acquisitions and from a breakthrough in science.

THE AMERICAS REGION

	Actual Currency			Constant Currency	
	2008	**2007**	**Movement**	**2007**	**Movement**
	£m	**£m**	**%**	**£m**	**%**
Revenue	**126.1**	**118.7**	**6.2**	**117.8**	**7.0**
Adjusted operating profit	21.1	20.8	1.4	20.9	1.0
Adjusted joint venture (JV) profit	2.7	1.3	107.7	1.3	107.7
Adjusted operating profit incl JV	23.8	22.1	7.7	22.2	7.2
Adjusted operating margin *	16.7%	17.5%		17.7%	

* *excluding joint venture*

North America

	Actual Currency			Constant Currency	
	2008	**2007**	**Movement**	**2007**	**Movement**
	£m	**£m**	**%**	**£m**	**%**
Revenue	**97.2**	**94.9**	**2.4**	**93.2**	**4.3**
Adjusted operating profit	16.1	16.1	-	15.7	2.5

Adjusted operating margin	16.6%	17.0%		16.8%

Latin America

	Actual Currency			Constant Currency	
	2008	**2007**	**Movement**	**2007**	**Movement**
	£m	**£m**	**%**	**£m**	**%**
Revenue	**28.9**	**23.8**	**21.4**	**24.6**	**17.5**
Adjusted operating profit	5.0	4.7	6.4	5.2	(3.8)
Adjusted joint venture (JV) profit	2.7	1.3	107.7	1.3	107.7
Adjusted operating profit incl JV	7.7	6.0	28.3	6.5	18.5
Adjusted operating margin *	17.3%	19.7%		21.1%	

* *excluding joint venture*

Trading Progress

Major advances in Latin America produced a robust result in the Americas region. Operations are conducted in dollar related currencies. The sterling profit benefited from the weakness of sterling in Latin America (+£0.5m) but this benefit was offset by the strength of sterling in North America (-£0.5m).

As with elsewhere in the world, massive feed price increases took their toll on the agricultural economy. However, in the USA, unlike elsewhere in the world, there was also a secondary impact on the dairy sector. The profitability of large US dairy farmers suffered temporarily as they use proportionately more supplementary feed to obtain the global leading productivity they achieve.

In Latin America, where the rural economy relies heavily on expanding agricultural exports, governments moved to protect farming in various ways so that the feed price impact was less acute than in North America and farmers were encouraged to expand their operations.

For the region as a whole, sales grew by 6% to £126m (2007: £119m) largely due to the improved performance of Latin America. In constant currency, regional sales of £126m grew by 7% (2007: £118m).

Adjusted operating profit (including the Brazilian joint venture that is an integral part of the Latin American trading platform) rose by 8% to £23.8m (2007: £22.1m) and by 7% in constant currency with exchange rate gains in Latin America broadly offsetting exchange rate losses in North America.

Farmers were encouraged to expand despite the high cost of feed as North American milk prices remained relatively firm. This increased the potential for the sale of sexed semen. Dairy semen volume increased by 6% and prices rose slightly as mix improved to include a greater proportion of sexed semen. Sexed semen sales now represent 20% of the revenue generated in the North American dairy sector.

Over the last five years, the shape of the North American business has been changed considerably to meet the changing requirements of farming. To the 500 or so self-employed agents (previously the primary route to market) Genus has added more than 200 ABS employed retail sales staff. These new recruits spear-head the thrust of the Reproductive Management Service (RMS) to the larger farmers that are the Company's premier customers. One notable success during the year was the winning of an extended supply and service contract in Idaho with the USA's largest dairy farmer who milks more than 60,000 dairy cows, perhaps the world's largest dairy farmer. The region will benefit increasingly during the new financial year from this late addition to the customer base.

The greatest success however, was in the Latin American market.

In relatively buoyant dairy market conditions, the semen business increased its market share in a number of countries. For instance, in Chile the market share now stands at 29%, a level 40% larger than that of the closest international competitor and only just behind the local government sponsored co-operative. In Brazil, ABS' share of the imported semen market rose by 2% to 39% and in Argentina it reached 12% from zero just two years ago when the business re-opened following closure for many years due to the country's economic problems.

In the porcine sector, Genus enjoys a 48% market share, on average, in Latin America. It operates directly in Mexico and most other countries and through a 49/51 joint venture in Brazil.

In the expectation of a downturn for the region because of the anticipated impact of high feed prices, Genus closed one of PIC's main supplying nucleus farms in Mexico and outsourced production, saving £0.5m a year. These savings started to accrue from the final quarter this financial year and will annualise next year.

As a result of product and marketing initiatives, the region began to supply the Cargill account in Brazil and expanded its business with Sadia, the region's largest food producer.

By far the largest business sector for the region is the North American porcine business. Despite the difficult market conditions, PIC increased its market share in this sector by 3%. It won the Cargill account from the newly amalgamated Monsanto / Newsham-Hybrid business. This should bolster royalty income in the year ahead.

The royalty model has continued to protect the profit stream from market down-turn, with royalties rising by 5% over 2007. This was an important contributor to the achievement of the full year porcine profit target in North America.

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EUROPE & THE FAR EAST REGION

	Actual Currency			Constant Currency	
	2008	**2007**	**Movement**	**2007**	**Movement**
	£m	**£m**	**%**	**£m**	**%**
Revenue	**128.7**	**122.2**	**5.3**	**128.3**	**0.3**
Adjusted operating profit	18.1	14.3	26.6	14.9	21.5
Adjusted operating margin	14.1%	11.7%		11.6%	

Europe

	Actual Currency			Constant Currency	
	2008	**2007**	**Movement**	**2007**	**Movement**
	£m	**£m**	**%**	**£m**	**%**
Revenue					

	110.1	**108.8**	**1.2**	**114.9**	**(4.2)**
Adjusted operating profit	14.3	11.4	25.4	12.2	17.2
Adjusted operating margin	13.0%	10.5%		10.6%	

The Far East

		Actual Currency		**Constant Currency**	
	2008	**2007**	**Movement**	**2007**	**Movement**
	£m	**£m**	**%**	**£m**	**%**
Revenue	**18.6**	**13.4**	**38.8**	**13.4**	**38.8**
Adjusted operating profit	3.8	2.9	31.0	2.7	40.7
Adjusted operating margin	20.4%	21.6%		20.1%	

Trading Progress

Regional sales grew by 5% to £129m (2007: £122m) largely due to the strength of the Euro against Sterling. In constant currency, regional sales were marginally ahead of last year. Underlying sales in Europe were lower as expected due to restructuring to improve productivity and an increased use of the porcine royalty model to reduce risk.

Adjusted operating profit rose by 27% to £18.1m (2007: £14.3m). In constant currency the increase was 22% largely as a result of the strength of the Euro against sterling.

In the UK and Western European dairy sectors, milk prices remained at a reasonable level throughout the period. This encouraged farmers to seek to increase output to meet the shortfall in world demand by using proportionately more dairy semen to breed replacement animals and less beef semen for cross breeding.

Growth in the RMS in the UK during the reporting year and a further year of growth in Italy helped to increase market share in those countries. In the UK alone, 6.5% of the cow population is now managed by this exclusive Genus service.

Notable business successes in the bovine business were:

France: Profit contribution increased by 62% after opening a new distribution centre and expanding the sales force.

Asia & Pacific: A 15% increase in profit contribution, despite government controls in Japan, aimed at slowing expansion. A more than twofold increase in profit contribution from Australia as the market improved following late rains and growth in the RMS service

In porcine, the European business continued to make strong progress despite the depressed market conditions caused by the impact of high feed prices on farmer profitability. The situation was particularly acute in Western Europe where farm units are relatively small and generally less productive than those of larger units elsewhere in the world.

Against this market background, with many Western European farmers losing €20 per pig sold, the business did well to increase its profit contribution by

3%. There was a recovery in the previously ailing business in Spain and the UK, Benelux and Portugal all delivered profits ahead of 2007.

The situation in the Far East was less acute because of a major shortfall in livestock production that began last year following outbreaks of disease in China. In China and the Philippines, the high feed costs and continuing outbreaks of disease had caused many backyard farmers to exit pig production. This drove prices higher and helped support Chinese government initiatives to encourage entrepreneurs to open new large modern pig units. Because of PIC's strong market presence in China, the Company was able to win much new business with these operations and moved quickly to start up two new nucleus farms, in the Sichuan and Jiangxi provinces, to provide animals to populate the newly opened farms. The start up costs for these farms were expensed during the period and totalled £0.5m. One of the new nucleus farms was populated with product from PIC's Canadian nucleus farm and included PIC 65, a new line for China that will increase PIC's genetic lead over its competitors.

The earthquake in the Sichuan province in May 2008 killed more than three million pigs; high prices and shortages of supply are likely to continue. One consequence of the earthquake was that some animals in the Company's Sichuan nucleus farm were lost. The remainder were moved to a new safe location. The Company suffered £0.2m in uninsured losses because of the earthquake, and these costs have been recorded as an exceptional item.

The business continued to make strong progress in the Philippines and elsewhere in the Far East.

FINANCIAL REVIEW

Adjusted Results

Volatility has been introduced into the Group's results largely due to the inclusion of the fair value movement in biological assets as required under IAS 41. To assist with the interpretation of underlying performance, the Group income statement shows adjusted operating profits, defined as operating profit from continuing operations before the fair value movement in biological assets, amortisation of intangibles, share based payments and exceptional items.

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 are assessed as the fair value of proven bulls and bulls on test, based upon discounted expected cash flows from the sale of semen. The significant assumptions determining the fair values are the expected future demand for semen, estimated sales value at point of production, the marketable life of each bull and, for bulls on test, the long-term average percentage expected to graduate to become proven.

The expected future demand for semen is calculated on a bull by bull basis, with a long term growth rate assumed for the number of units sold. The actual growth rate in 2008 was 11% compared with an historic average seven-year growth rate of 6%.

Porcine biological assets are assessed as the fair value of all owned pigs and are valued using the average slaughter value of the animals plus a premium for genetic characteristics determined by average achieved sales prices. The animals include those owned directly by Genus and the Group's retained interest in royalty sales made over the previous 24 months (a conservative estimation of the life of a breeding animal). Animals being multiplied by third parties are not valued as they fall outside the scope of IAS 41. The significant assumptions determining fair values are the expected life of the breeding herds, the mix of boars and gilts, the percentage of production animals expected to be saleable as breeding pigs, and expected sale prices.

Breeding animal semen is transferred to inventory at fair value at point of harvest. Under IAS 41 it is classified as agricultural produce and is shown at fair value.

At 30 June 2008 the fair value of biological assets was as follows:

	Bovine		**Porcine**		**Total**	
	2008	2007	2008	2007	2008	2007
	£m	£m	£m	£m	£m	£m
Non-current assets	84.4	73.9	42.6	40.2	127.0	114.1
Current assets	-	-	24.3	25.6	24.3	25.6
Inventory	16.3	15.2	-	-	16.3	15.2
	100.7	89.1	66.9	65.8	167.6	154.9

The fair value movement in the income statement amounted to £6.3m (2007: £10.9m). The favourable exchange rate impact of £3.2m, primarily from the stronger Euro and Canadian dollar, is recognised through reserves.

Revenue

Revenue from continuing operations grew by 6% from £234m to £247m. At constant exchange rates revenue was up 3% on 2007, with a £6m benefit from the stronger Euro more than offsetting a £2m adverse movement from the weaker US dollar.

Profit

	2008 £m	2007 £m
Adjusted operating profit from continuing operations	32.4	28.7
Share of profit of joint ventures and associates*	2.7	1.3
Adjusted operating profit including joint ventures and associates	35.1	30.0
Net finance costs	(7.1)	(10.0)
Adjusted profit before tax from continuing operations	28.0	20.0

*excluding fair value movement of biological assets and taxation

Adjusted operating profit increased by 13% to £32.4m (2007: £28.7m) and adjusted profit before tax increased by 40% to £28.0m (2007: £20.0m). At constant exchange rates, adjusted operating profit was 10% higher than 2007, while adjusted profit before tax was up 35% on last year.

Operating profit from continuing operations of £26.2m was £2.2m lower than the prior year (2007: £28.4m), primarily as a result of the IAS 41 fair value movement of £6.3m being £4.6m lower than the increase of £10.9m in 2007.

All the exchange rate benefit in 2008 came from the stronger Euro, as in the Americas a weaker US dollar was offset by stronger Latin American currencies, especially the Brazilian Real.

Finance costs

Net finance costs fell from £10.0m to £7.1m, reflecting the proceeds from divestments and the proceeds from the share placing in November 2007. Interest payable, excluding amortisation of debt issue costs, the net interest cost in respect of pension scheme liabilities and other interest payable, amounted to £8.5m (2007: £11.0m) and was 3.8 times covered by adjusted operating profit from continuing operations (2007: 2.6 times).

Taxation

The effective rate of tax for the year, based on adjusted profit before tax, was 34.3% (2007: 33.7%). The effective tax rate depends upon the mix of profits by country, particularly the proportion of profit generated in North America, where the tax rate is approximately 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 30.8p in the year ended 30 June 2008 (2007: 26.6p). Adjusted basic earnings per share from continuing operations of 32.0p were 30% higher than last year.

Share Price and Shareholder Funds

The Genus plc share price ranged from a low of 495.7p to a high of 894.5p during the financial year. On 30 June 2008, the mid-market price was 802p, giving a market capitalisation of £477m at that date.

Following the placing of 2,700,000 new Ordinary shares at 720p each with institutional investors on 1 November 2007, shareholders' funds amounted to £185.0m at 30 June 2008, an increase of £34.1m in the year. This is equivalent to 311p per share and compares with 270p per share at 30 June 2007.

Dividend

To reflect continuing confidence in the Company's long-term strategy for growth, the Board is again recommending a 10% increase in the dividend to 10.0 pence per ordinary share. Subject to shareholder approval at Genus' annual general meeting to be held on 13 November 2008, this dividend will be paid on 9 January 2009 to shareholders on the register at the close of business on 12 December 2008.

The dividend will be covered 3.2 times by adjusted earnings (2007: 2.7 times). The cost of the proposed dividend will be £5.9m (2007: £5.3m).

Financing and cash flow

The Company's secured bank credit facilities comprise a term loan of £2.5m which expires in October 2009, a £47.5m amortising term loan expiring in October 2010, and a £70m multi-currency revolving credit facility expiring in October 2010. During the year, the term loans have been reduced by £29.7m and net debt, including finance leases, has reduced from £111.1m at 30 June 2007 to £77.5m at 30 June 2008. Two further repayments of the amortising term loan of £7.5m will be made in October 2008 and April 2009 respectively. In February 2008, a £30m revolving credit loan was repaid and switched to a US$60m loan to increase the net investment hedge of the Group's US dollar denominated assets to match the Group's borrowing to the currency of its operating cash inflow.

Gearing at 30 June 2008, measured as net debt/equity, was 42% compared with 74% at 30 June 2007.

The Group's operating cash inflow for the year to 30 June 2008 was £20.2m (2007: £23.8m). The reduction when compared with last year is a result of higher taxes paid and an increase in working capital. The net cash outflow for the year was £7.1m (2007: outflow £4.6m) arising principally from debt servicing and repayments.

Exceptional items

The exceptional items during the year totalled £4.9m (2007: £4.7m) of which £3.3m (2007: £3.0m) related to the integration and restructuring expenses for the acquired PIC businesses and the implementation of the global Oracle management information system. A further £1.6m (2007: £1.0m) related to the move to the Official List. The acquired PIC businesses have now been fully integrated

Discontinued Businesses

The Company has completed its strategy of divesting non-core assets. The Development Consulting and Mexican shrimp businesses were divested during the first half of the year for £3.2m and £1.3m respectively, of which £3.1m has been received to date. In January 2008, the last remaining non-core business, Animalcare Limited, was sold to Ritchey plc for sales proceeds of £13.4m. This completed the disposal programme. In aggregate, a profit of £3.1m arose on the disposals.

WORLD AGRICULTURAL MARKETS

The historical pattern of long-term agricultural surpluses evaporated in 2007 because a number of climatic and disease events eliminated world buffer stocks. The historical cutbacks to agricultural production in western world economies left the industry ill-equipped to respond to this capacity shortfall. In 2008, stocks still remain low and, in cereals, the shortage of grain needed to meet the increasing demand to feed humans, animals and the newly created demand for ethanol production, caused prices to soar. This massive increase impacted Genus' business during the reporting period in two ways:-

1. It increased the price of grain purchased to feed the pigs and bulls in the Genus genetics development programme by £1m, notwithstanding buying forward in the market. Without these forward purchases the increase would have been £1.5m.

2. It immediately rendered the businesses of smaller pig and beef customers of Genus unprofitable pending increases in slaughter prices to cover the higher cost of production. Larger producers, capable of buying forward, delayed the full impact of the cost increases until later in the year and this helped bridge the gap until slaughter prices began to rise at the end of the reporting period.

In the dairy sector, the industry production shortfall first became apparent in 2007 and caused milk prices to rise then. Thus, the impact of increased grain prices had a more limited effect on dairy farming profitability. This impact was further diluted for those farmers that primarily rely on grassland as their source of animal feed. However, many of the larger producers achieved higher outputs through supplementary feeding regimes and although they suffered profit reductions, they remained profitable because of their greater productivity.

By the end of the reporting period, forward prices for slaughter animals had begun to reflect the full cost of production and it is expected that farmers will be returning to profitability in 2009. From 2009, the meat and dairy sectors are expected to be well short of capacity and Genus believes farmers are eager to expand but are constrained by a historical lack of profitability and under investment in facilities. This will present an opportunity for Genus in beef and pigs where Genus' added value products provide farmers with the potential to achieve greater output at reduced costs from existing facilities. Genus expects the market opportunities in the dairy sector to continue to be buoyant.

GENUS STRATEGY

Ahead of plan by one year, the Company completed in the period its five year strategic target of creating a fast growing FTSE 250 company.

The rapid growth of the Company was achieved during a period in which world agriculture had been struggling in recession. World food shortages, now apparent, and the growth of developing economies should create a much more vibrant business environment over the next decade, and the potential for exceeding historic growth levels should be high. The principal ingredients for the long-term strategy to maintain the growth of the business, include:

1. To utilise the capital from the placing in November 2007 to extend capacity in Genus' facilities to supply the high level of growth projected for the next five years, in particular to:

   1.1 complete the construction of a new porcine nucleus herd to provide sufficient capacity for the market potential and to provide a herd large enough to enable the Company to commence its plan to produce custom lines for more of its larger customers.

   1.2 expand the bull stud in Wisconsin sufficiently to increase production capacity to 20 million doses per year from an increased range of elite bulls.

2. To concentrate research and development investment selectively on sexed semen and the use of gene markers in the porcine and bovine development programmes, while increasing the Company's efforts to achieve solutions for the targeted breakthroughs in other areas.

3. To change the emphasis in marketing and distribution to prioritise the building of the business in China and the Far East, Eastern Europe, Latin America and India while ensuring that the product offering and customer service are enhanced in the traditional markets of the western world. In these more mature markets, the Company will look to increase its market share further in the way that it has demonstrated over the last five years. In the developing markets the Company will attempt to capture a greater proportion of the new growth available than its competitors, thereby aiming to secure at least the market share achieved in the most important markets of the developed world. The Company will look favourably upon potential investments in bull studs and porcine nucleus herds in the developing markets.

4. To continue to control costs through productivity improvements and administrative savings following Genus' investment in global Oracle business systems.

GENUS PRODUCTS

Bovine

The Genus stud of 195 bulls had to work hard to meet the demands of a buoyant dairy market and the inherently wasteful sorting process for sexed semen. Market share increases were won through the Company's worldwide distribution strength.

With three of the Company's bulls, Shottle, Bolton and Boliver amongst the highest regarded in the world, their capacity was sold out as was the Company's increased capacity for sexed semen. Following test marketing in Brazil and a limited launch in the USA in the previous financial year, the Company increased global capacity and completed the roll-out of the sexed semen product worldwide, under the trademark ABS Sexation. Sexed semen sales now represent 4% of the Company's bovine semen volume but 13% of bovine semen revenue.

In much of the world outside Western Europe, dairy farming consolidation has moved forward apace during the last five years. Large and highly productive dairy farming units have been created, most comprising many thousand, rather than hundreds of cows. For these farms, Genus has used its unrivalled international market strength to develop an integrated Reproductive Management Service (RMS) supported by a computer assisted Genetic Mating Service (GMS). Initially pioneered in the USA, these services are being launched into all countries where units or groups of units make this added value proposition attractive. This initiative has increased the cost base in the bovine business sector but has won market share from competitors unable to match the service. Another benefit of this service is that it provides Genus with a stronger forward order book as farmers enter into a semen supply contract.

Porcine

In anticipation of a rise in feed prices that have affected developed world pig farming profitability this year, Genus hastened to the market in 2007 the PIC 380 boar which produces progeny with the best feed conversion on the market today. This and the new dam lines subsequently introduced, also with good feed conversion and improved robustness, have spear-headed sales in the developed world.

In these markets, meat prices were depressed and record feed prices prevailed throughout the reporting period such that many of Genus' customers were loss-making. Against this background, the robustness of the PIC royalty business model can be demonstrated by the increase in royalty income achieved, which rose by 5% when compared with 2007.

The Group has been accelerating the use of the porcine royalty sales model in country markets where its use is appropriate. The effect has been to reduce revenue, strengthen margins and to reduce the sensitivity of profits to variations in the hog price.

The global figures shown in the table below illustrate the impact that the royalty model has had on sales at a time when hog prices have been low and farmer profitability has been poor. Royalty income is more insulated against market downturns than direct sales which are dependent upon both short term volume demand and hog prices.

	2008		2007	
	£m	£m	£m	£m
Royalties		37		35
Porcine semen		6		6
Direct Sales:				
Genetic element of direct sales	38		40	
Meat element of direct sales	29	67	32	72
By-product & other revenue		17		19
Total revenue		127		132

Note:

Royalties are largely volume related and comprise payments for the Company's intellectual property. Direct sales are both volume and hog price related. The genetic element of direct sales includes the premium paid by customers for the Company's intellectual property. By products are wholly hog price related and are the animals not selected in the genetics programme for breeding.

In 2008, direct sales income fell slightly, both because of the continuing switch to the royalty model and because customers delayed investment in new genetics due to poor industry profitability and low meat prices. These low meat prices reduced both the meat element of porcine direct sales and the value and hence income from by-product animals from the porcine nucleus herds. However, royalty volume rose as farmers continued to produce from royalty bearing genetics purchased in previous years and some farmers purchased new royalty bearing genetics. Royalties, by their nature, carry a high margin whereas the margin on direct sales is much lower and dependent upon a genetic premium above a variable hog price. The increase in the royalty sales margin has more than offset the market led decline in the direct sales margin. This illustrates the robustness of the business model being adopted by the Company.

During the year PIC won the USA business of Cargill and began to supply Cargill in Brazil. Cargill is one of the largest pig producers in the world and had previously been supplied by Monsanto. This win will progressively increase royalty income over the next few years as Cargill's porcine units are repopulated with PIC genetic material.

RESEARCH & PRODUCT DEVELOPMENT

The foundation of Genus' business is its Research & Development investment. Genus re-invests between 7% and 8% of sales in Research & Development, directing approximately 86% of this amount to the continuous regeneration and augmentation of the elite animals in its six international bull studs and its two extensive porcine nucleus herds. The remaining 14% is used for commercially targeted fundamental science projects aimed at creating a scientific breakthrough that will differentiate further the Company's products from those offered by competitors.

Expenditure in this financial year rose to £18.4m (2007: £17.7m) largely as a result of the increased cost of grain purchased as feed for the animals in the genetics programmes. Expenditure on inventive capability remained broadly in line with the previous financial year.

Strong progress was made in both the bovine and porcine genetic programmes. This provided the foundation for the 9% growth in semen volume and the significant market share increases mentioned earlier in this report for both the porcine and bovine businesses.

The Company also made progress with its fundamental science programme meeting all the milestones set for leading projects, with particular progress being made with sexed semen development, semen output and gene marker identification.

Bovine Product Development

The Genus bovine stud is perhaps the most genetically elite and diverse in the world. It comprises 195 beef and dairy bulls carefully selected for their ability to confer in their progeny a combination of 24 desirable traits providing benefits in terms of quality, output and robustness.

In the dairy sector, the stud is led by globally elite bulls such as Shottle, Bolton and Boliver. Shottle semen has become the most sought after semen in the world and, by virtue of its increasing appeal, we have been able to increase its price yet again this year. Shottle has achieved premier ranking in the US listings; an accolade never before achieved by a UK bred bull.

The five year selection and testing programme for the new bulls that continually regenerate and enhance the stud was expanded by some 40 Holsteins this year and will be expanded by a further 20 to 30 bulls in 2008 / 9.

In creating and selecting new animals for this programme, because of the five year lead time, the Company needs to look ahead to the likely needs of agriculture at the time the bulls will graduate. Over the last five years, the programme has concentrated on all round performance with an emphasis on robustness. From publicly available data, we can confirm that the Genus stud is well ahead of its competitors in the range and competitiveness of the bulls in the testing programme for graduation in the coming year. These potential graduates also rank highly in the traditional conformation traits that carry the highest price premium.

The new graduates for 2008 add considerably to the strength of the stud, although none are yet quite of the level to de-throne Shottle. In the forward development programmes, in anticipation of the world shortages in agricultural output and higher prevailing feed costs, the Company had already begun to change the weighting of the traits in the selection process. This change will be accelerated in 2008 / 9 and in future years to increase the proportion of bulls in the stud that confer high output and feed efficiency in their progeny.

Porcine Product Development

The primary objective of the rolling three year porcine development programme is to improve the genetics in the Company's range of nine major pure lines of animals. These pure lines are used to create elite boars and gilts for the Group's operating businesses to multiply locally and thereby supply pure-bred and cross-bred animals to regional customers.

All competitors achieve improvements to their pure lines by applying quantitative genetics within their nucleus herds. Genus has accelerated this basic process by the adoption of cross-bred genetic trials in commercial herds and, more recently, by the selective use of gene markers from the fundamental science programme. These measures have combined to increase the rate of genetic improvement in the reporting year by 17%, compared with the much lower average rate normally achieved by the industry.

In selecting animals for the breeding programme, measurements are made on up to 45 fundamental traits and emphasis continues to be placed variously on growth rate, feed conversion efficiency, meat quality, reproductive performance and reduced mortality in the dam lines. This approach is providing pleasing results in the context of future market opportunities.

Three main sire lines have emerged from the Company's development programme. The PIC 65 is directed to best growth rate and overall performance, with robustness being a particular goal in the PIC 27 and meat quality in the PIC 15. Thus, the product range is broader than that of any competitor and there is an ideal product available for every type and size of pig producer.

Fundamental Science

The Company project manages much of its fundamental research in educational establishments and with specialist research companies. Most of the work Genus carries out in semen physiology and freezing is done in-house. In addition, Genus carefully monitors work undertaken by more than 500 research establishments around the world so that it can quickly identify the progress made in other biotech industries and decide whether such progress could be adapted for use in the animal genetics sector.

In these ways, the Company is able to achieve more progress than would normally be expected from the level of expenditure it currently directs

towards fundamental science.

In managing projects, Genus researchers have to justify project expenditure against the achievement of exacting milestones, carefully set to monitor progress towards the commercial targets identified.

This year Genus achieved:

1. An improvement in the process for handling semen in the sexed semen sorting process currently commercialised by Genus. This improvement could potentially remove its capacity constraint.

2. An increase to 150 in the number of gene markers identified for low heritability porcine traits. These have been adopted and are being used in the genetic selection programme.

3. Improvements to the semen extension processes that will increase further the semen output of the top selling and highest priced bulls. This improvement is now being field tested for implementation in 2009.

Group income statement
For the year ended 30 June 2008

	Note	2008 £m	£m
REVENUE FROM CONTINUING OPERATIONS	2	247.1	233.8
ADJUSTED OPERATING PROFIT FROM CONTINUING OPERATIONS	2	32.4	28.7
Fair value movement on biological assets	9	6.3	10.9
Amortisation of intangible assets		(5.2)	(5.1)
Share based payments		(2.4)	(1.4)
		31.1	33.1
Exceptional items	5		
Integration and restructuring expenses		(3.3)	(3.0)
Adjustment to goodwill on recognition of tax assets		-	(0.7)
Main market listing costs		(1.6)	(1.0)
		(4.9)	(4.7)
OPERATING PROFIT FROM CONTINUING OPERATIONS	2	26.2	28.4
Share of post tax profit of joint ventures and associates		2.7	1.3
Other gains and losses		0.2	0.2
Net finance costs	6	(7.1)	(10.0)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		22.0	19.9
Taxation	7	(7.8)	(7.2)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		14.2	12.7
Profit for the year from discontinued operations	3	3.5	1.9
PROFIT FOR THE YEAR		17.7	14.6
EARNINGS PER SHARE FROM CONTINUING OPERATIONS	10		
Basic earnings per share		24.7p	23.1p
Diluted earnings per share		24.2p	22.5p
Basic adjusted earnings per share		32.0p	24.6p
Diluted adjusted earnings per share		31.4p	23.9p
EARNINGS PER SHARE FROM TOTAL OPERATIONS	10		
Basic earnings per share		30.8p	26.6p
Diluted earnings per share		30.2p	25.8p

* The basis for calculating adjusted earnings per share has been changed to include the results of the joint venture and associates, excluding movements in biological assets

Group statement of changes in equity

	Note	Called up share capital £m	Share premium account £m	Own shares £m	Trans-lation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
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 retirement benefit obligations, 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 YEAR		-	-	-	(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	8	-	-	-	-	-	(4.5)	(4.5)
BALANCE AT 30 JUNE 2007		5.6	92.5	(0.2)	(18.7)	2.4	69.3	150.9
Foreign exchange translation differences, net of tax		-	-	-	11.6	-	-	11.6
Fair value movement on net investment hedge, net of tax		-	-	-	(0.8)	-	-	(0.8)
Fair value movement on cash flow hedges, net of tax		-	-	-	-	(1.7)	-	(1.7)
Actuarial loss on retirement benefit obligations, net of tax		-	-	-	-	-	(9.3)	(9.3)
NET INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-	-	10.8	(1.7)	(9.3)	(0.2)
Profit for the year		-	-	-	-	-	17.7	17.7
TOTAL RECOGNISED INCOME AND EXPENSE FOR THE YEAR		-	-	-	10.8	(1.7)	8.4	17.5
Recognition of share based payments, net of tax		-	-	-	-	-	2.4	2.4
Own shares		-	-	0.1	-	-	-	0.1
Issue of ordinary shares		0.3	19.2	-	-	-	-	19.5
Dividends	8	-	-	-	-	-	(5.3)	(5.3)
BALANCE AT 30 JUNE 2008		5.9	111.7	(0.1)	(7.9)	0.7	74.8	185.1

Group balance sheet

As at 30 June 2008	**Note**	**2008 £m**	**2007 £m**

ASSETS			
Goodwill		63.0	60.7
Other intangible assets		79.5	77.4
Biological assets	9	127.0	114.1
Property, plant and equipment		27.6	27.3
Interests in joint ventures and associates		4.7	3.5
Available for sale investments		0.3	0.5
Derivative financial assets		2.5	4.5
Deferred tax assets		12.8	10.4
TOTAL NON-CURRENT ASSETS		317.4	298.4
Inventories		21.8	18.8
Biological assets	9	24.3	25.3
Trade and other receivables		51.7	43.0
Cash and cash equivalents	12	19.3	26.0
Income tax receivable		1.5	1.4
Assets held for sale	4	-	21.9
TOTAL CURRENT ASSETS		118.6	136.4
TOTAL ASSETS		436.0	434.8
LIABILITIES			
Trade and other payables		(42.1)	(34.8)
Interest-bearing loans and borrowings	12	(17.6)	(27.2)
Provisions		(1.2)	(1.9)
Obligations under finance leases	12	(1.0)	(0.9)
Current tax liabilities		(5.0)	(4.3)
Derivative financial liabilities		(0.2)	-
Liabilities held for sale	4	-	(8.3)
TOTAL CURRENT LIABILITIES		(67.1)	(77.4)
Interest-bearing loans and borrowings	12	(77.0)	(108.9)
Retirement benefit obligations		(21.1)	(15.9)
Provisions		(3.0)	(2.3)
Deferred tax liabilities		(80.4)	(78.0)
Derivative financial liabilities		(1.1)	-
Obligations under finance leases	12	(1.2)	(1.4)
TOTAL NON-CURRENT LIABILITIES		(183.8)	(206.5)
TOTAL LIABILITIES		(250.9)	(283.9)
NET ASSETS		185.1	150.9
EQUITY			
Called up share capital		5.9	5.6
Share premium account		111.7	92.5
Own shares		(0.1)	(0.2)
Translation reserve		(7.9)	(18.7)
Hedging reserve		0.7	2.4
Retained earnings		74.8	69.3
		185.1	150.9

Group statement of cash flows
For the year ended 30 June 2008

	Note	2008 £m	2007 £m

NET CASH FLOW FROM OPERATING ACTIVITIES	11	20.2	23.8
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from joint venture and associates		1.8	1.3
Interest received		0.5	2.1
Proceeds from disposal of businesses		15.3	1.0
Purchase of property, plant and equipment		(5.0)	(4.9)
Purchase of intangible assets		(3.9)	(2.2)
Proceeds from sale of property, plant and equipment		1.0	4.3
NET CASH INFLOW FROM INVESTING ACTIVITIES		9.7	1.6
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(8.5)	(10.9)
Repayment of borrowings		(35.5)	(13.8)
Payment of finance lease liabilities		(1.6)	(0.9)
Cashflows from derivative financial instruments		1.3	1.7
Equity dividends paid		(5.3)	(4.5)
Issue of ordinary shares		19.5	0.4
Decrease in bank overdrafts		(6.9)	(2.0)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(37.0)	(30.0)
NET DECREASE IN CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS		(22.8)	(2.7)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS - DISCONTINUED OPERATIONS		15.7	(1.9)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7.1)	(4.6)
Cash and cash equivalents at start of the year		27.3	34.0
Net decrease in cash and cash equivalents		(7.1)	(4.6)
Effect of exchange rate fluctuations on cash and cash equivalents		(0.9)	(2.1)
TOTAL CASH AND CASH EQUIVALENTS AT 30 JUNE		19.3	27.3

Of the cash and cash equivalents of £19.3m at 30 June 2008 (2007: £27.3m), £nil is included in assets held for sale in the Group balance sheet (2007: £1.3m).

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 2008 or the year ended 30 June 2007, but is derived from those accounts. Statutory accounts for the year ended 30 June 2007 have been delivered to the Registrar of Companies and those for the year ended 30 June 2008 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their reports, and did not contain statements under s. 237(2) or (3) Companies Act 1985.

Basis of preparation

The financial information for the year ended 30 June 2008 together with the comparative year has been computed in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Group financial statements are presented in sterling, which is the Company's functional and presentation currency. All financial information presented in sterling has been rounded to the nearest million at one decimal point.

The principal exchange rates were as follows:

	Average		Closing	
	2008	**2007**	**2008**	**2007**
US Dollar	2.01	1.94	1.99	2.01
Euro	1.36	1.48	1.26	1.49

While 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 2008.

This preliminary announcement was approved by the Board on 15 September 2008.

2. SEGMENTAL INFORMATION

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

AREA OF ACTIVITY - CONTINUING OPERATIONS
YEAR ENDED 30 JUNE 2008

	Bovine Genetics £m	**Porcine Genetics £m**	**Un-allocated £m**	**Total £m**
Revenue from continuing operations	120.5	126.6	-	247.1
Adjusted operating profit before research and product development	24.7	32.8	(6.7)	50.8
Research and product development before amortisation of intangible assets	(8.7)	(9.7)	-	(18.4)
Adjusted operating profit from continuing operations	16.0	23.1	(6.7)	32.4
Fair value movement on biological assets	7.7	(1.4)	-	6.3
Amortisation of intangible assets	(0.2)	(5.0)	-	(5.2)
Share based payments	(0.7)	(0.4)	(1.3)	(2.4)
Exceptional items				
- integration and restructuring expenses	(0.8)	(2.4)	(0.1)	(3.3)
- main market listing costs	-	-	(1.6)	(1.6)
Operating profit from continuing operations	22.0	13.9	(9.7)	26.2
Share of profit of joint ventures and associates - gross				3.3
Taxation				(0.6)
Share of profit on joint ventures and associates - net of taxation				2.7
Other gains and losses				0.2
Net finance costs				(7.1)
Profit before tax from continuing operations				22.0

Taxation	(7.8)
Profit for the year from continuing operations	14.2
Profit for the year from discontinued operations	3.5
Profit for the year	17.7

AREA OF ACTIVITY - CONTINUING OPERATIONS

YEAR ENDED 30 JUNE 2007

	Bovine Genetics £m	Porcine Genetics £m	Un-allocated £m	Total £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 continuing operations	11.7	23.4	(6.4)	28.7
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)
- adjustment to goodwill on recognition of tax assets	-	(0.7)	-	(0.7)
- preparation for main market listing	-	-	(1.0)	(1.0)
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 on joint ventures and associates - net of taxation				1.3
Other gains and losses				0.2
Net finance costs				(10.0)
Profit before tax from continuing operations				19.9
Taxation				(7.2)
Profit for the year from continuing operations				12.7
Profit for the year from discontinued operations				1.9
Profit for the year				14.6

GEOGRAPHICAL SEGMENTS

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

	Sales revenue by geographical region of origin	Sales revenue by geographical region at destination	
	2008	2008	2007

CONTINUING OPERATIONS	£m	£m	£m	£m
United Kingdom	53.4	44.3	47.7	44.9
Continental Europe	52.5	55.0	62.4	63.9
North America	110.9	111.5	97.2	94.9
Latin America	23.4	19.7	28.9	23.8
Rest of the world	14.6	10.4	18.6	13.4
Inter-segmental sales	(7.7)	(7.1)	(7.7)	(7.1)
Continuing operations - total	247.1	233.8	247.1	233.8
Discontinued operations	10.7	29.2	10.7	29.2
TOTAL	257.8	263.0	257.8	263.0

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.

AREA OF ACTIVITY - DISCONTINUED OPERATIONS

YEAR ENDED 30 JUNE 2008

	Animal Health £m	Development Consulting £m	Shrimp Genetics £m	Total £m
Revenue	4.1	6.2	0.4	10.7
Adjusted operating profit	0.5	0.2	(0.2)	0.5
Operating profit	0.5	0.2	(0.2)	0.5

YEAR ENDED 30 JUNE 2007

	Animal Health £m	Development Consulting £m	Shrimp Genetics £m	Total £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

3. DISCONTINUED OPERATIONS

The Board decided in May 2006 to dispose of the Shrimp Genetics business. Accordingly, the results of this business are shown within discontinued operations. The Shrimp Genetics business in Thailand was sold on 9 October 2006 for £1.0 million cash resulting in a profit on disposal of £0.2 million. The Brazilian shrimp genetics business was sold on 7 June 2006 for £3.3m resulting in a profit on disposal of £0.6m. The remaining Mexican Shrimp Genetics business was disposed of on 4 October 2007 for an initial consideration of £0.3m and deferred consideration of £1.1m, being a total consideration of £1.4m and a loss on disposal of £0.8m. Subsequent to the disposal, the deferred consideration of £1.1m due from the Mexican Shrimp Genetics business disposal has been fully impaired as recovery is not certain, thereby increasing the loss on disposal to £2.0m.

The Board decided to dispose of the Group's other non-core operations, the Animal Health business and Development Consulting prior to 31 December 2005. Accordingly, the results of these entities are shown within discontinued operations.

The Animal Health veterinary product and dental product wholesale businesses were sold on 28 October 2005 and 22 February 2006, respectively. On 15 January 2008, Animalcare Limited was sold for a cash consideration of £13.4m and a profit on disposal of £5.2m.

The business, assets and liabilities of Development Consulting was sold on 6 November 2007 for an initial cash consideration of £2.5m and deferred consideration of £0.5m, being a total consideration of £3.0m and loss on disposal of £0.1m.

Profits attributable to the discontinued operations were as follows:

	2008	2007

	£m	£m
Adjusted operating profit from discontinued operations comprises:		
Profit in Animal Health for the year	0.5	1.6
Profit in Development Consulting for the year	0.2	0.8
Loss in Shrimp Genetics for the year	(0.2)	-
Adjusted operating profit from discontinued operations	0.5	2.4
Share based payments	-	(0.1)
Winding up of legacy pension scheme	-	(0.6)
Operating profit from discontinued operations	0.5	1.7
Other gains and losses		
Sale of properties	-	0.7
Profit on sale of Animal Health	5.2	-
Loss on sale of Development Consulting business	(0.1)	-
Loss on sale of Mexico operation of Shrimp Genetics	(2.0)	-
Profit on sale of Thailand operation of Shrimp Genetics	-	0.2
Profit from discontinued operations before tax	3.6	2.6
Tax	(0.1)	(0.7)
Profit from discontinued operations	3.5	1.9
Earnings per share from discontinued operations (see note 10)		
Basic earnings per share	6.1p	3.5p
Diluted earnings per share	6.0p	3.4p

4. NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE

At 30 June 2007, Animal Health, Development Consulting, Shrimp Genetics and PIC Italia Spa together with two freehold properties were classified as held for sale.

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

	2008 £m	£m
Assets		
Goodwill and intangibles	-	6.3
Biological assets	-	0.3
Property, plant and equipment	-	2.7
Inventories	-	1.3
Trade and other receivables	-	10.0
Cash and cash equivalents	-	1.3
Total assets	-	21.9
Liabilities		
Trade and other payables	-	(8.3)
Total liabilities	-	(8.3)
Net assets of disposal groups	-	13.6

5. EXCEPTIONAL ITEMS

Exceptional items in the year to 30 June 2008 comprise:

	2008 £m	2007 £m
Integration and restructuring expenses (primarily Sygen acquisition		

related)

• Integration costs, including IT and restructuring costs	2.7	3.0
• Irrecoverable Sygen assets	0.3	-
• Impairment of assets	0.1	-
• China earthquake	0.2	-
	3.3	3.0
Adjustment to goodwill on recognition of tax assets	-	0.7
Main market listing costs	1.6	1.0
	4.9	4.7

Integration and restructuring expenses of £2.7m (2007: £3.0m) comprise severance payments (£0.7m), project management fees for the new Oracle financial system (£0.8m), restructuring costs (£0.5m) and damages and legal fees (£0.7m), where damages were awarded against the Company in November 2007 by a Californian court in relation to an employment dispute involving a former employee of Sygen.

The costs incurred following the earthquake in China relate to the pigs lost and other sundry costs.

In the prior year, £0.7m relates to an adjustment to goodwill required as the use of the tax losses has been greater than anticipated at acquisition.

Main market listing costs primarily related to professional fees in relation to Genus' move to the official list in November 2007.

6. NET FINANCE COSTS

	2008 £m	2007 £m
Interest payable on bank loans and overdrafts	(8.5)	(11.0)
Amortisation of debt issue costs	(0.3)	(0.3)
Net interest cost in respect of pension scheme liabilities	-	(0.6)
Other interest payable	(0.1)	(0.2)
Interest expense	(8.9)	(12.1)
Interest income on bank deposits	0.4	1.2
Other interest receivable - Derivative financial instruments	1.3	0.9
Net interest income in respect of pension scheme liabilities	0.1	-
Interest income	1.8	2.1
Net finance costs	(7.1)	(10.0)

7. INCOME TAX EXPENSE IN THE INCOME STATEMENT

	2008 £m	2007 £m
Current tax expense		
Current period	6.2	7.5
Adjustment for prior periods	0.1	(1.7)
	6.3	5.8
Deferred tax expense		
Origination and reversal of temporary differences	1.4	1.5
Adjustment for prior period	0.3	0.9
Reduction in tax rate	(0.1)	(0.4)
Total deferred tax expense in the Group income statement	1.6	2.0

Income tax expense from continuing operations	7.8	7.2
Income tax expense from discontinued operations (excluding gain on sale)	0.1	0.6
Total income tax expense excluding tax on sale of discontinued operations and share of income tax of equity accounted investees	7.9	7.8
Income tax on gain on sale of discontinued operations	-	0.1
Share of income tax of equity accounted investees	0.6	0.2
Total income tax expense in the Group income statement	8.5	8.1

8. DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2008 £m	2007 £m
Final dividend 9.10p (2007: 8.25p) per share	5.3	4.5

A dividend of 10p per share has been proposed by the Directors for 2008. The proposed final dividend of £5.9m (2007: £5.3m) is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

9. BIOLOGICAL ASSETS

Fair value of biological assets	Bovine £m	Porcine £m	Total £m
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
Balance at 1 July 2007	73.9	65.8	139.7
Transfers to inventory	(18.5)	(6.1)	(24.6)
Changes in fair value less estimated sale costs	28.3	5.5	33.8
Effect of movements in exchange rates	0.7	1.7	2.4
Balance at 30 June 2008	84.4	66.9	151.3
Non current biological assets	84.4	42.6	127.0
Current biological assets	-	24.3	24.3
Biological assets - continuing operations	84.4	66.9	151.3

Biological assets included within assets held for sale	-	-	-
Balance at 30 June 2008	84.4	66.9	151.3

Year ended 30 June 2008

	Bovine £m	Porcine £m	Total £m
Fair value movement on biological assets			
Changes in fair value of biological assets	28.3	5.5	33.8
Inventory transferred to cost of sales at fair value	(18.1)	(6.1)	(24.2)
Cost of sale already reflected in adjusted operating profit	(2.5)	(0.8)	(3.3)
	7.7	(1.4)	6.3

Year ended 30 June 2007

	Bovine £m	Porcine £m	Total £m
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

10. EARNINGS PER SHARE

Basic earnings per share from continuing operations

The calculation of basic earnings per share from continuing operations at 30 June 2008 is based on the profit attributable to ordinary shareholders of £14.2m (2007: £12.7m) and a weighted average number of ordinary shares outstanding of 57,459,000 (2007: 54,891,000), calculated as follows:

Weighted average number of ordinary shares (basic)

	2008 000s	2007 000s
Issued ordinary shares at start of the year	55,931	55,239
Effect of own shares held	(747)	(956)
Shares issued on exercise of stock options	477	608
Shares issued in relation to share placement	1,798	-
Weighted average number of ordinary shares in year	57,459	54,891

Diluted earnings per share from continuing operations

The calculation of diluted earnings per share at 30 June 2008 is based on profit attributable to ordinary shareholders of £14.2m (2007: £12.7m) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 58,638,000 (2007: 56,528,000) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2008 000s	2007 000s
Weighted average number of ordinary shares (basic)	57,459	54,891
Dilutive effect of share options	1,179	1,637
Weighted average number of ordinary shares for the purposes of diluted earnings per share	58,638	56,528

Adjusted earnings per share

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 £18.4m (2007: £13.5m) as follows:

	2008 £m	2007 £m (restated)*
Profit before tax from continuing operations	22.0	19.9
Add/(deduct):		
Fair value movement on biological assets	(6.3)	(10.9)
Amortisation of intangible assets	5.2	5.1
Share based payments	2.4	1.4
Integration and restructuring expenses	3.3	3.0
Main market listing costs	1.6	1.0
Adjustment to goodwill on recognition of tax assets	-	0.7
Other gains and losses	(0.2)	(0.2)
Fair value movement on biological assets in joint ventures and associates	(0.6)	(0.2)
Profit before fair value movement on biological assets, amortisation of intangible assets, share based payments, exceptional items and other gains and losses	27.4	19.8
Adjusted tax charge	(9.0)	(6.3)
Profit before fair value movement on biological assets, amortisation of intangible assets, share based payments, exceptional items and other gains and losses, after taxation	18.4	13.5

Total operations

Earnings per share for total operations has been calculated as the profit attributable to ordinary shareholders of £17.7m (2007: £14.6m) divided by the weighted average number of ordinary shares (basic and diluted) as calculated above.

*The basis for calculating adjusted earnings per share has been changed to include the results of the joint venture and associates, excluding movements in biological assets.

11. NOTES TO THE CASH FLOW STATEMENT

	2008 £m	£m
Profit for the year	17.7	14.6
Adjustment for:		
Fair value movement on biological assets	(6.3)	(10.9)
Amortisation of intangible assets	5.2	5.1
Adjustment to goodwill on recognition of tax assets	-	0.7
Share based payment expense	2.4	1.5
Share of profit of joint ventures and associates	(2.7)	(1.3)
Other gains and losses	(0.2)	(0.2)
Finance costs	7.1	10.0
Income tax expense	7.9	7.8
Gain on disposal of discontinued operations	(3.4)	(0.2)
Depreciation of property, plant and equipment	3.5	4.7
Loss on disposal of property, plant and equipment	0.5	-
Decrease in provisions	-	(0.9)
Operating cash flows before movement in working capital	31.7	30.9
(Increase) /decrease in inventories	(6.2)	1.6
Increase in receivables	(8.3)	(1.2)
Increase/(decrease) in payables	8.7	(4.0)
Cash generated by operations	25.9	27.3
Income taxes paid	(5.7)	(3.5)
Net cash from operating activities	20.2	23.8

12. NET DEBT

	At 1 July 2007 £m	Cash flows £m	Foreign exchange £m	Non cash movements £m	At 30 June 2008 £m
Cash and cash equivalents	26.0	(5.8)	(0.9)	-	19.3
Cash and cash equivalents within assets held for sale	1.3	(1.3)	-	-	-
	27.3	(7.1)	(0.9)	-	19.3
Interest bearing loans - current	(27.2)	24.8	-	(15.2)	(17.6)
Obligation under finance leases - current	(0.9)	1.6	-	(1.7)	(1.0)
	(28.1)	26.4	-	(16.9)	(18.6)
Interest bearing loans - non-current	(108.9)	17.6	(0.7)	15.0	(77.0)
Obligation under finance lease - non current	(1.4)	-	-	0.2	(1.2)
	(110.3)	17.6	(0.7)	15.2	(78.2)
Net debt	(111.1)	36.9	(1.6)	(1.7)	(77.5)

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