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('Genus' or 'the Company')

Interim Results for the six months ended 31 December 2008

Genus, a world leading animal genetics company, announces its results for the six months ended 31 December 2008. These results are reported under International Financial Reporting Standards ('IFRS').

Financial Highlights

Adjusted Results		**Actual Results**		**Constant Currency+**	
Six months ended 31 December	**2008 £m**	**2007 £m**	**%**	**2007 £m**	**%**
Continuing operations					
Revenue	140.0	120.4	16	138.2	1
Operating profit*	19.3	16.9	14	20.0	(4)
Profit before tax*	17.2	13.9	24	17.1	1
Earnings per share (p)*	19.0	16.5	15		

Statutory Results

Six months ended 31 December	**2008 £m**	**2007 £m**	**%**
Continuing operations			
Revenue	140.0	120.4	16
Operating profit	20.0	10.3	94
Profit before tax	17.9	7.3	145
Earnings per share (p)	19.2	8.4	129

* Adjusted operating profit, adjusted profit before tax and adjusted basic earnings per share are before fair value adjustments on biological assets, amortisation of intangible assets, share based payments, exceptional items and other gains and losses.

A reconciliation between adjusted and statutory results is shown on the condensed income statement and note 12 to the condensed set of financial statements.

+ The results at constant currency for the 6 month period ended 31 December 2007 reflect the rates which applied during the 6 months ended 31 December 2008.

Business Highlights

- Adjusted profit before tax rose 24% to £17.2m (2007: £13.9m)
- Adjusted earnings per share increased by 15% to 19.0p
- Robustness and global diversity of Genus' business has offset soft agricultural markets in many countries:
  - Bovine semen sales volume up 2% with prices up 4% despite milk prices falling, particularly in the USA

- US productivity improvement programme implemented in January, estimated savings of $2.5m per annum

o Porcine royalty income rose 1% despite developed world porcine producers still suffering losses from continuing high feed prices

o Strong earnings growth in the Far East and Latin America

o Significant capacity investment in China

- Porcine production capacity increased in China (February)

- Agreement in principle for JV bovine production in China (February)

- Net debt rose to £99m from £78m on 30 June 2008, due to exchange rate movements on $80m existing US debt and seasonal working capital movements

- Bank facilities renewed and extended to £150m on a three year term to support the Group's long term strategy for growth in emerging markets

Richard Wood, Chief Executive, commented:-

'We have achieved strong earnings growth in line with expectations despite continuing high livestock feed prices and the early effects of the credit crisis.

In addition we have enhanced and extended our banking facilities to ensure we can support our announced strategy for growth in emerging markets.

In the short-term, global food prices are expected to remain high. This will encourage farmers to expand once credit becomes available.

Genus remains confident in its expectations for the full year.'

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GROUP PERFORMANCE

The Board is pleased to report both strong earnings growth in line with expectations and good strategic progress, notwithstanding challenging market and operating conditions.

The underlying trends in the agricultural markets remain positive with worldwide capacity expected to fall short of demand. However, a short term consequence of the credit crisis and continuing high livestock feed prices has been that agricultural commodity prices have temporarily weakened. As a result, farmers have found it difficult to raise finance to expand. The impact of this on Genus' business has been greatest in the bovine sector. Porcine operations have remained robust due to the use of the royalty model.

As the majority of Genus' R&D expenditure is in the USA and Genus' debt is largely structured in US dollars, both operating expenses and financing charges have been higher in sterling terms than had been anticipated. However, the net effect of the devaluation of sterling has been positive for Group revenue and profits.

Revenue from continuing operations rose by 16% to £140m (2007: £120m) and adjusted operating profit from continuing operations rose by 14% to £19.3m (2007: £16.9m).

Adjusted profit before tax from continuing operations rose by 24% to £17.2m (2007: £13.9m). At constant exchange rates, adjusted profit before tax rose 1%.

The statutory results include exceptional expenditure of £0.6m (2007: £3.8m) and show operating profit from continuing operations rising by 94% to £20.0m (2007: £10.3m) benefiting from continued growth in the fair value of biological assets. The exceptional expenditure was a charge of £0.6m for the settlement of all existing and future environmental liabilities in respect of the sale of Oklahoma porcine properties to Seaboard Foods by Sygen International plc in 2000, prior to the acquisition of Sygen by Genus.

Statutory profit after tax rose by 163% to £11.3m (2007: £4.3m). As a result, statutory basic earnings per share from total operations rose nearly three-fold to 19.2p (2007: 7.7p).

The effective rate of tax on adjusted profit before tax was 34.1% (2007: 31.1%). Adjusted basic earnings per share from continuing operations rose by 15% to 19.0p (2007: 16.5p).

Cashflow and Net Debt

Capital expenditure for the half year of £11.4m included investments made to extend capacity to meet projected future growth. In particular, £8.3m was spent in the half year to begin the construction of the new porcine genetic nucleus farm in North America and on extending the bull stud in Wisconsin. These projects involve a total capital expenditure of £11.9m and are expected to be completed in the 2009/10 financial year.

This investment in expansion and the expected seasonal outflow of working capital resulted in a cash outflow for the half year of £2.4m, despite continued strong underlying cash generation.

The cash outflow for the half year, together with the exchange rate impact on the $80m of debt denominated in US dollars, increased net debt by £21m to £99m at 31 December 2008 (30 June 2008: £78m).

Despite the increase in net debt, gearing remained broadly unchanged at 43% at 31 December 2008 (30 June 2008: 42%) and interest cover further improved to 5.1 times adjusted operating profit from continuing operations (31 December 2007: 4.1 times). These improving ratios underline the continued strengthening of Genus' financial position.

Dividend

In line with previous years and the stated Group dividend policy, the Board will not be recommending an interim dividend but expects to recommend a final dividend, when the results for the year to 30 June 2009 are announced.

REVIEW OF OPERATIONS

THE AMERICAS

	Actual Results			Constant Currency	
	2008 £m	**2007 £m**	**Movement %**	**2007 £m**	**Movement %**
Revenue	71.3	58.7	21	69.6	2
Adjusted operating profit	12.7	10.7	19	13.0	(2)
Adjusted operating profit incl JV	14.4	11.8	22	14.2	1
Adjusted operating margin*	17.8%	18.2%		18.6%	

*Excluding joint venture

Revenue increased by 21% to £71m (2007: £59m) and adjusted operating profit, including the Brazilian joint venture, rose by 22% to £14.4m (2007: £11.8m).

Most of the region's business is conducted in US dollars or dollar related currencies such that reported revenue and profits benefited from the weakness of sterling. In constant currency, revenue rose by 2% and adjusted operating profit, including the Brazilian joint venture, was 1% higher.

The bovine business slowed more than expected after the record 11% growth experienced last year, but dairy semen volumes were still 5% higher than in 2007. Beef semen volumes also rose 5% driven principally by exceptional growth of 22% in Brazil.

The porcine business remained strong in Latin America, and is largely protected against downturns by the same royalty model as in North America where the markets were considerably weaker. Although the global price of corn has reduced from its peak of $7 per bushel in July 2008 to around $4 per bushel at the end of December 2008, this current level remains well ahead of the long term average of $2-3 per bushel. As feed costs represent approximately 80% of input costs on pig farms, the majority of US pig farmers have remained loss making throughout the reporting period. Government support and lower production costs have

rendered the issue less acute in Latin America.

North America

	Actual Results			Constant Currency	
	2008 £m	2007 £m	Movement %	2007 £m	Movement %
Revenue	54.5	46.0	18	55.0	(1)
Adjusted operating profit	9.7	8.7	11	10.8	(10)
Adjusted operating margin	18.0%	18.9%		19.6%	

Following the market expansion last year that generated exceptionally high semen sales volumes for Genus, milk prices have since fallen steeply, with the sharpest year-on-year fall occurring in late December 2008. As most dairy cows in the USA are fed on corn rather than grass, and corn prices have remained high, it has been a difficult period for dairy farmers. As a result, dairy semen volume growth slowed to 2% in the USA in the interim period compared with a 9% a year earlier. Beef semen sales were also lower than in 2007.

Profits in the bovine business were impacted by higher operating costs associated with expected growth following a record 16% increase in sales in the North American dairy market in 2008. The US dairy markets have been tougher than expected in the first half of the year and are expected to remain challenging. Operating costs have therefore been reduced through manpower reductions and productivity improvements initiated in January 2009 that will save an estimated annualised $2.5m.

In the porcine sector, royalty income rose by 1%. Pig farmers remained loss-making and most have struggled to gain access to funding for operations, let alone for expansion. Against this market background Genus' performance was robust.

Latin America

	Actual Results			Constant Currency	
	2008 £m	2007 £m	Movement %	2007 £m	Movement %
Revenue	16.8	12.7	32	14.6	15
Adjusted operating profit	3.0	2.0	50	2.2	36
Adjusted joint venture (JV) profit	1.7	1.1	55	1.2	42
Adjusted operating profit incl JV	4.7	3.1	52	3.4	38
Adjusted operating margin*	17.9%	16.5%		15.1%	

*Excluding joint venture

Dairy semen volumes rose strongly across the region, with exceptional growth in Mexico and Argentina. Beef semen volumes increased by 20% over 2007. Milk prices have now started to reduce so that growth in the second half of the year is not expected to be as strong.

The porcine business also performed strongly. This was largely due to increased demand driven by Chilean farmers being allowed to recommence exports of pigs to Japan and Korea, following a period of embargo caused by dioxin contamination in slaughter pigs.

EUROPE & THE FAR EAST

	Actual Currency			Constant Currency	
	2008 £m	2007 £m	Movement %	2007 £m	Movement %
Revenue	72.5	65.1	11	72.7	-
Adjusted operating profit	10.1	9.8	3	10.6	(5)
Adjusted operating margin	13.9%	15.1%		14.6%	

Revenue increased by 11% to £73m (2007: £65m) and adjusted operating profit rose by 3% to £10.1m (2007: £9.8m).

The regional business is conducted mainly in sterling, euros and yen. The impact of exchange movements on these results was thus less marked than in the Americas region. At constant exchange rates both revenue and adjusted operating profit were similar to last year.

Bovine semen volume rose by 1%. Markets were volatile and varied widely between countries. Milk prices in the UK remained reasonably high but were low in Europe & Ireland. In these latter markets the falls have triggered EU intervention payments that will help support a 'bottom' for the market. The bovine business performed relatively well benefiting from a modest increase in volumes and a higher average selling price.

In the porcine business, the European market was weak but prices began to harden towards the end of the period; December 2008 pig prices were 9% higher than in December 2007. The European region made excellent progress in migrating business to the royalty model which now represents 60% of European sales. Market weakness and the inevitable deferral of income as the business moves more towards the royalty model resulted in a reduction in porcine profits.

Pork prices were also lower than the record levels reached last year in the Far East, particularly in China where the Chinese government intervened to control soaring food prices. The government has since implemented further controls on prices and incentives for producers able to produce on a global scale, in another attempt to encourage the transition away from 'back-yard' farming.

In response to the increasingly severe economic climate and the probability that this will lead to continuing soft and volatile markets in the region, rigorous cost controls are being implemented.

Europe

	Actual Results			Constant Currency	
	2008 £m	2007 £m	Movement %	2007 £m	Movement %
Revenue	61.2	56.2	9	62.2	(2)
Adjusted operating profit	7.1	7.5	(5)	8.0	(11)
Adjusted operating margin	11.6%	13.3%		12.9%	

Bovine semen volume increased by 12% in variable markets. A UK farmer/supplier deal with Tesco, that encourages beef production from otherwise unwanted dairy male calves, increased the proportion of UK farmers using beef semen to cross breed dairy calves. This reduced UK dairy semen volume by 3% but proportionately increased beef semen sales. Elsewhere sales were more buoyant, particularly in Italy (+7%) and France (+16%).

Low pig prices initially depressed business potential in porcine genetics and delayed restocking of the large farms in Eastern Europe that are key customers for Genus. Overall, Western Europe adjusted operating profit was in line with 2007 but was down in Eastern Europe due to restocking delays.

The Far East

	Actual Results			Constant Currency	
	2008 £m	2007 £m	Movement %	2007 £m	Movement %
Revenue	11.3	8.9	27	10.5	8
Adjusted operating profit	3.0	2.3	30	2.6	15
Adjusted operating margin	26.5%	25.8%		24.8%	

The Far Eastern bovine operation is largely in Australia where sales increased by 5%, despite the continuing droughts, fierce temperatures and forest fires.

In anticipation of a joint venture with Mengniu, the largest milk processor in China, Genus is shipping 14 proven bulls from Australia to stand for collection in China. These will become part of the proposed new Chinese stud. Genus has also imported a quantity of US semen as opening stock for the joint venture.

There was a temporary slowdown in the porcine sector in China created by uncertainty associated with the Chinese government's intervention in pig prices. As a result, breeding volumes were down 6% but are expected to rise in the second half year now that

conditions are more stable. Elsewhere in the region, profit contributions rose with volumes in the Philippines 5% higher than last year.

RESEARCH & DEVELOPMENT

The weakness of sterling has increased research and development costs as these are primarily incurred in the USA. Higher feed prices also increased the costs of operating all the Genus studs and nucleus farms worldwide. As a result, research, development and production costs rose by £1.1m to £10.1m for the half year to 31 December 2008.

Bovine

During the period, we completed the first phase of the expansion of the bovine stud in Wisconsin. The Global stud now comprises 200 bulls (195 bulls at 30 June 2008). Conventional bovine semen sales of 6.3m units saw dairy volumes up 2% and beef volumes up 5%. Prices rose 4%, driven by a mix change towards higher ranking bulls and more sexed semen. Sexed semen sales of 0.3m units rose by 61% with prices up 2% on last year.

To improve the accuracy of genetic estimates in the bovine development programme, and hence the number of bulls graduating at the top of the ranking lists, Genus is now using genomic data to supplement high reliability elite sire and maternal grand sire data to select young bulls for the progeny test programme. Publicly available data shows Genus is continuing to achieve a competitive advantage from this approach.

There are now 18 bulls in the top US rankings with Picston Shottle remaining at number one.

Porcine

Four of the five buildings for the new porcine nucleus herd facility were completed in January 2009, with the final unit due to be completed in May following suspension of construction because of winter frosts. There will be double running costs commencing in the second half until the existing Kentucky facilities are fully decommissioned in 2010.

The rate of genetic improvement in the existing two porcine nucleus herds has continued to increase steadily. There have been substantial increases in the accuracy of genetic estimates through the inclusion of crossbred data, alongside a volume of genomic data that is now about to increase exponentially. Accuracy is a key variable in confirming genetic progress and Genus has used this approach to double its rate of genetic progress.

STRATEGY

In 2008, the Board approved and announced a new strategic plan to take advantage of the additional exciting growth prospects in the emerging markets, particularly in China, Russia, Latin America and India. This strategy envisages investment in enhanced global production facilities and in expansion of local production facilities in emerging markets, together with an increasing operational presence in these local markets.

Good progress has already been made in advancing the Company's strategic plan. The expansion of the bovine stud and new porcine nucleus herd facilities in North America, that will provide the capacity to support the next phase of Genus growth, is well advanced. In addition, Genus has reached an agreement in principle for a bovine joint venture in China with Mengniu, the leading dairy company in China, and has also commenced the development of further porcine production facilities in China.

DEBT REFINANCING

To ensure that Genus can pursue its growth strategy in the emerging markets at a time when finance may be in short supply, the Board has taken the opportunity to extend its banking facilities now.

The new three year banking facilities of approximately £150m will enable the strategy to be pursued while allowing sufficient headroom to make opportunistic small acquisitions to enhance growth in developed markets. The new facilities that have been secured comprise a £110m multi-currency revolving credit facility and a US$60m revolving credit facility.

The unamortised fees of £0.8m on the previous facilities will be written-off as an exceptional item in the second half year.

OUTLOOK

The medium and long-term prospects for agriculture remain good. This will benefit Genus' developed world operations as the credit crisis eases. Meanwhile Genus plans to accelerate its strategy for growth in China, Russia, India and Latin America.

The impact of the credit crisis and the global recession will continue the short-term volatility in the agricultural markets and Genus expects soft markets will be evident throughout the second half of the year. However, the increasing rate of genetic improvement in Genus' products and Genus' worldwide distribution channels are ensuring that Genus is better placed than its competitors to perform well in a market impacted by financial uncertainty.

In addition, one of the effects of the financial initiatives taken by global governments has been to readjust world exchange rates. This realignment, coupled with the robustness and global diversity of Genus' business, is expected to offset market softness. Measures implemented by Genus to reduce operating costs worldwide, particularly in the USA, will also support the resilience of the business over coming months.

As a result, the Board remains confident in its expectations for the full year.

PRINCIPAL RISKS & UNCERTAINTIES

The Genus 2008 Annual Report (a copy of which is available on the Genus website at www.genusplc.com) sets out a number of risks and uncertainties that might impact upon the performance of the Group and these comprise:

- Environmental Compliance
- Disease
- Health & Safety
- Sales Growth
- Profit Growth
- Business Interruption
- People
- Currency

Genus operates a structured risk management process that identifies, evaluates and prioritises risks and uncertainties and reviews mitigation activity. There has been no change to the principal risks summarised above that might affect the Group in the second half of the financial year other than the potential impact on sales growth and operating profit of currency movements that have mitigated to date lower bovine profits in North America and lower European porcine profits. The recent difficulties in the financial credit markets have also impacted the Group as farmers have not had access to credit facilities and confidence has fallen on the back of lower milk prices for dairy farmers. To date the Group has not had to make any material increases in its provisions for doubtful debts. Further details on the going concern basis of preparation are provided in note 2 of the condensed set of financial statements below.

BOARD

In October 2008, Richard Wood, Chief Executive, accepted the Board's proposal that he should continue to lead the Company on a rolling contract basis terminable on 12 months' notice by either party. The Board believes that this contract extension will provide flexibility for succession planning while ensuring operational stability to deliver the planned growth, particularly in the emerging markets.

APPOINTMENT OF BROKERS AND ADVISORS

In January 2009, the Company announced that it had appointed Morgan Stanley as lead financial adviser and KBC Peel Hunt as joint stockbroker with immediate effect.

Following this appointment Genus' stockbrokers and advisers are Morgan Stanley (lead financial adviser), KBC Peel Hunt (joint stockbroker), and Teathers (financial adviser and joint stockbroker).

Condensed consolidated income statement

For the six months ended 31 December 2008

		Six months ended 31 December 2008		Six months ended 31 December 2007		Year ended 30 June 2008	
	Note	**£m**	**£m**	£m	£m	£m	£m
Revenue from continuing operations	*5*		**140.0**		120.4		247.1
Adjusted operating profit from continuing operations			**19.3**		16.9		32.4
Fair value adjustment on biological assets	*10*		**5.5**		1.1		6.3
Amortisation of intangible assets			**(3.1)**		(2.6)		(5.2)
Share based payments			**(1.1)**		(1.3)		(2.4)
			20.6		14.1		31.1

Exceptional items:						
- Integration and restructuring expenses	*6*	**-**		(2.2)		(3.3)
- Environmental liabilities settlement	*6*	**(0.6)**		-		-
- Preparation for main market listing	*6*	**-**		(1.6)		(1.6)
			(0.6)		(3.8)		(4.9)
Operating profit from continuing operations	*5*		**20.0**		10.3		26.2
Share of profit of joint ventures and associates	*11*		**1.7**		1.1		2.7
Other gains and losses			**-**		-		0.2
Net finance costs	*7*		**(3.8)**		(4.1)		(7.1)
Profit before tax from continuing operations			**17.9**		7.3		22.0
Taxation	*8*		**(6.6)**		(2.6)		(7.8)
Profit for the period from continuing operations			**11.3**		4.7		14.2
(Loss)/profit for the period from discontinued operations			**-**		(0.4)		3.5
Profit for the period			**11.3**		4.3		17.7
Earnings per share from continuing operations							
Basic earnings per share	*12*		**19.2p**		8.4p		24.7p
Diluted earnings per share	*12*		**18.9p**		8.2p		24.2p
Basic adjusted earnings per share	*12*		**19.0p**		16.5p		32.0p
Diluted adjusted earnings per share	*12*		**18.8p**		16.2p		31.4p
Earnings per share from total operations							
Basic earnings per share	*12*		**19.2p**		7.7p		30.8p
Diluted earnings per share	*12*		**18.9p**		7.5p		30.2p

Condensed consolidated statement of changes in equity

	Note	**Called up share capital**	**Share premium account**	**Treasury shares**	**Translation reserve**	**Hedging reserve**	**Retained earnings**	**Total**
		£m	£m	£m	£m	£m	£m	**£m**
Balance at 1 July 2007		5.6	92.5	(0.2)	(18.7)	2.4	69.3	150.9
Foreign exchange translation differences		-	-	-	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 losses on defined employee benefit schemes, 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 period		-	-	-	-	-	17.7	17.7
Total recognised income and expense for the period		-	-	-	10.8	(1.7)	8.4	17.5
Recognition of share based payments, net of tax		-	-	-	-	-	2.4	2.4
Treasury shares		-	-	0.1	-	-	-	0.1
Issue of ordinary shares		0.3	19.2	-	-	-	-	19.5
Dividends	*9*	-	-	-	-	-	(5.3)	(5.3)
Balance at 30 June 2008		**5.9**	**111.7**	**(0.1)**	**(7.9)**	**0.7**	**74.8**	**185.1**
Foreign exchange translation differences		-	-	-	48.3	-	-	**48.3**
Fair value movement on net investment hedge, net of tax		-	-	-	(8.0)	-	-	**(8.0)**
Fair value movement on cash flow hedges, net of tax		-	-	-	-	(2.3)	-	**(2.3)**
Actuarial gains on defined employee benefit schemes, net of tax		-	-	-	-	-	0.1	**0.1**
Net income and expense recognised directly in equity		**-**	**-**	**-**	**40.3**	**(2.3)**	**0.1**	**38.1**
Profit for the period		-	-	-	-	-	11.3	**11.3**
Total recognised income and expense for the period		**-**	**-**	**-**	**40.3**	**(2.3)**	**11.4**	**49.4**
Recognition of share based payments, net of tax		-	-	-	-	-	1.1	**1.1**
Dividends	*9*	-	-	-	-	-	(5.9)	**(5.9)**
Balance at 31 December 2008		**5.9**	**111.7**	**(0.1)**	**32.4**	**(1.6)**	**81.4**	**229.7**

Condensed consolidated statement of changes in equity (continued)

	Note	Called up share capital	Share premium account	Treasury shares	Translation reserve	Hedging reserve	Retained earnings	Total
		£m	£m	£m	£m	£m	£m	**£m**
Balance at 1 July 2007		5.6	92.5	(0.2)	(18.7)	2.4	69.3	150.9
Foreign exchange translation differences		-	-	-	8.2	-	-	8.2
Fair value movement on net investment hedge, net of tax		-	-	-	(0.3)	-	-	(0.3)
Fair value movement on cash flow hedges, net of tax		-	-	-	-	(1.9)	-	(1.9)
Actuarial losses on defined employee benefit schemes, net of tax		-	-	-	-	-	(1.5)	(1.5)
Net income and expense								

recognised directly in equity		-	-	-	7.9	(1.9)	(1.5)	4.5
Profit for the period		-	-	-	-	-	4.3	4.3
Total recognised income and expense for the period		-	-	-	7.9	(1.9)	2.8	8.8
Recognition of share based payments, net of tax		-	-	-	-	-	1.8	1.8
Issue of ordinary shares		0.3	19.2	-	-	-	-	19.5
Dividends	*9*	-	-	-	-	-	(5.3)	(5.3)
Balance at 31 December 2007		5.9	111.7	(0.2)	(10.8)	0.5	68.6	175.7

Condensed consolidated balance sheet

As at 31 December 2008

	Note	**31 December 2008**	31 December 2007	30 June 2008
		£m	£m	£m
Assets				
Goodwill		**76.0**	61.7	63.0
Other intangible assets		**91.4**	79.5	79.5
Biological assets	*10*	**169.4**	120.0	127.0
Property, plant and equipment		**42.9**	26.6	27.6
Interests in joint ventures and associates		**5.1**	4.8	4.7
Available for sale investments		**0.4**	0.5	0.3
Derivative financial assets		**-**	1.6	2.5
Deferred tax assets		**16.4**	9.0	12.8
Total non-current assets		**401.6**	303.7	317.4
Inventories		**32.5**	19.3	21.8
Biological assets	*10*	**32.4**	24.2	24.3
Trade and other receivables		**61.5**	53.1	51.7
Cash and cash equivalents		**20.0**	33.7	19.3
Income tax receivable		**1.7**	1.0	1.5
Derivative financial assets		**0.3**	-	-
Assets held for sale		**-**	11.4	-
Total current assets		**148.4**	142.7	118.6
Total assets		**550.0**	446.4	436.0
Liabilities				
Trade and other payables		**(40.2)**	(36.7)	(42.1)
Dividends payable		**(5.8)**	(5.3)	-
Interest-bearing loans and borrowings		**(23.0)**	(33.3)	(17.6)
Provisions		**(0.8)**	(1.7)	(1.2)
Obligations under finance leases		**(0.9)**	(0.8)	(1.0)
Current tax liabilities		**(10.3)**	(3.9)	(5.0)
Derivative financial liabilities		**-**	-	(0.2)
Liabilities held for sale		**-**	(3.1)	-
Total current liabilities		**(81.0)**	(84.8)	(67.1)
Interest-bearing loans and borrowings		**(93.5)**	(91.4)	(77.0)
Employee benefits	*14*	**(22.5)**	(15.4)	(21.1)

Provisions	**(1.8)**	(2.1)	(3.0)
Deferred tax liabilities	**(105.8)**	(75.6)	(80.4)
Derivative financial liabilities	**(13.9)**	-	(1.1)
Obligations under finance leases	**(1.8)**	(1.4)	(1.2)
Total non-current liabilities	**(239.3)**	(185.9)	(183.8)
Total liabilities	**(320.3)**	(270.7)	(250.9)
Net assets	**229.7**	175.7	185.1
Equity			
Called up share capital	**5.9**	5.9	5.9
Share premium account	**111.7**	111.7	111.7
Treasury shares	**(0.1)**	(0.2)	(0.1)
Translation reserve	**32.4**	(10.8)	(7.9)
Hedging reserve	**(1.6)**	0.5	0.7
Retained earnings	**81.4**	68.6	74.8
Total equity	**229.7**	175.7	185.1

Condensed consolidated statement of cash flows

For the six months ended 31 December 2008

	Note	**Six months ended 31 December 2008**	Six months ended 31 December 2007	Year ended 30 June 2008
		£m	£m	£m
Net cash flow from operating activities	*13*	**3.9**	5.0	20.2
Cash flows from investing activities				
Dividend received from joint venture and associates		**1.1**	-	1.8
Interest received		**0.3**	1.0	0.5
Proceeds from disposal of subsidiaries		**-**	2.8	15.3
Purchase of property, plant and equipment		**(11.1)**	(2.1)	(5.0)
Purchase of intangible assets		**(0.3)**	(2.2)	(3.9)
Proceeds from sale of property, plant and equipment		**0.5**	0.2	1.0
Net cash (outflow)/inflow from investing activities		**(9.5)**	(0.3)	9.7
Cash flows from financing activities				
Drawdown/(repayment) of borrowings		**3.6**	(16.1)	(35.5)
Interest paid		**(3.1)**	(5.0)	(8.5)
Payment of capital element of finance lease liabilities		**(0.7)**	(0.2)	(1.6)
Cashflow receipt on closing out derivative financial instruments		**-**	-	1.3
Equity dividends paid		**-**	-	(5.3)
New share capital issued		**-**	19.5	19.5
Increase/(decrease) in bank overdrafts		**3.4**	4.5	(6.9)
Net cash inflow/(outflow) from financing activities		**3.2**	2.7	(37.0)
Net (decrease)/increase in cash and cash equivalents - continuing operations		**(2.4)**	4.2	(22.8)
Net increase in cash and cash equivalents -				

discontinued operations	**-**	3.2	15.7
Net (decrease)/increase in cash and cash equivalents	**(2.4)**	7.4	(7.1)
Cash and cash equivalents at beginning of period	**19.3**	27.3	27.3
Net (decrease)/increase in cash and cash equivalents	**(2.4)**	7.4	(7.1)
Effect of exchange rate fluctuations on cash held	**3.1**	(0.4)	(0.9)
Total cash and cash equivalents at end of period	**20.0**	34.3	19.3

Of the £34.3m cash and cash equivalents at 31 December 2007, £0.6m was included in assets held for sale in the consolidated balance sheet.

Analysis of net debt

	At 1 July 2008 £m	**Cash flows** £m	**Foreign exchange** £m	**Non-cash movements** £m	**At 31 December 2008 £m**
Cash and cash equivalents	19.3	(2.4)	3.1	-	**20.0**
Interest-bearing loans - current	(17.6)	2.1	-	(7.5)	**(23.0)**
Obligation under finance leases - current	(1.0)	0.7	(0.2)	(0.4)	**(0.9)**
	(18.6)	2.8	(0.2)	(7.9)	**(23.9)**
Interest-bearing loans - non-current	(77.0)	(9.5)	(14.5)	7.5	**(93.5)**
Obligation under finance lease - non-current	(1.2)	-	(0.3)	(0.3)	**(1.8)**
	(78.2)	(9.5)	(14.8)	(7.2)	**(95.3)**
Net debt	(77.5)	(9.1)	(11.9)	(0.7)	**(99.2)**

Cash and interest bearing loans current at 31 December 2008 include UK treasury cash-pooling balances of £5.6m which are shown gross (31 December 2007: £13.5m).

	At 1 July 2007 £m	**Cash flows** £m	**Foreign exchange** £m	**Non-cash movements** £m	**At 31 December 2007** £m
Cash and cash equivalents	26.0	8.1	(0.4)	-	33.7
Cash and cash equivalents within assets held for sale	1.3	(0.7)	-	-	0.6
	27.3	7.4	(0.4)	-	34.3
Interest-bearing loans - current	(27.2)	(0.1)	(0.2)	(5.8)	(33.3)
Obligation under finance leases - current	(0.9)	0.2	-	(0.1)	(0.8)
	(28.1)	0.1	(0.2)	(5.9)	(34.1)
Interest-bearing loans - non-current	(108.9)	11.7	-	5.8	(91.4)

Obligation under finance lease - non-current	(1.4)	-	-	-	(1.4)
	(110.3)	11.7	-	5.8	(92.8)
Net debt	(111.1)	19.2	(0.6)	(0.1)	(92.6)

Notes to the condensed set of financial statements

1. General Information

Genus plc is a company incorporated in England and Wales with registration number 2972325. Its shares are traded on the London Stock Exchange. Headquartered in Basingstoke, England, Genus companies operate in 30 countries on six continents, with research laboratories located in Madison, USA.

Genus sells added value products for livestock farming and food producers by creating advances to animal breeding through quantitative genetics and bioscience. Its non-Genetically Modified Organism (GMO) technology is applicable across all livestock species but is commercialised by Genus only 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 use Genus genetics in their herds to produce offspring with greater production efficiency, milk and meat output and quality. These offspring are used 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.

2. Basis of preparation

The unaudited condensed set of financial statements for the six months ended 31 December 2008:

- was prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34") and thereby International Financial Reporting Standards ("IFRS"), both as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union ("EU");
- is presented on a condensed basis as permitted by IAS 34 and therefore does not include all disclosures that would otherwise be required in a full set of financial statements; these should be read, therefore, in conjunction with the 2008 Annual Report;
- includes all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results for the periods presented;
- does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006. It was approved by the Board of Directors on 25 February 2009.

The information relating to the year ended 30 June 2008 is an extract from the published financial statements for that year, which have been delivered to the Registrar of Companies. The auditors' report on those financial statements was not qualified and did not contain statements under section 237(2) or (3) of the Companies Act 1985.

The Group's business activities and principal risks and uncertainties are detailed in the Annual Report 2008. Having considered these uncertainties under the current economic environment, together with the circumstances outlined in the refinancing and outlook sections and note 15, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the half yearly report and condensed set of financial statements.

The preparation of the condensed set of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the period. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Notes to the condensed set of financial statements

3. Accounting policies and non-GAAP measures

The condensed set of financial statements has been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and in accordance with IAS 34 'Interim Financial Reporting'.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest annual audited financial statements, dated 15 September 2008, which are available on the Group's website www.genusplc.com. These policies have been consistently applied for all periods presented.

Change in accounting policies

At the balance sheet date a number of new standards, amendments and interpretations were in issue but not yet effective:

- The Group has not adopted early IFRS 8, 'Operating Segments', which is effective for annual periods beginning on or after 1 January 2009. This standard may result in presentational changes to the Group's reported segment information in future reporting periods.

- IFRIC 15 'Agreements for the Construction of Real Estate', IFRIC 16 'Hedges of Net Investment in a Foreign Operation' and IFRIC 17 'Distributions of non-cash assets to owners' will become mandatory for the Group's 2010 financial statements. The adoption of these IFRICs is not expected to have any material impact on the Group financial statements.

- Amendments to IAS 1, IAS 23, IAS 27, IAS 32, IAS 39, IFRS 2, IFRS 3, and the omnibus of other minor improvements, effective for the year ended 30 June 2010. The Group is assessing the impact of these amendments.

Non-GAAP measures - Adjusted operating profit and adjusted profit before tax

Adjusted operating profit from continuing operations is defined as operating profit from continuing operations before the fair value adjustments on biological assets, amortisation of intangible assets, share based payment expense and exceptional items.

Adjusted profit before tax is before fair value adjustments on biological assets, amortisation of intangible assets, share based payment expense and exceptional items, also excluding other gains and losses.

These additional non-GAAP measures of operating performance are included as the directors believe that they provide useful alternative measures for shareholders of the trading performance of the Group since they present operating profit and profit before tax before the non-cash fair value adjustments on biological assets, non-cash amortisation of intangibles, non-cash share based payment expense, exceptional items and other gains and losses. The reconciliation between operating profit and adjusted operating profit is shown on the face of the income statement. The directors recognise these alternative measures have certain limitations.

Notes to the condensed set of financial statements

4. Foreign currency

The principal exchange rates used were as follows:

	Average			Closing		
	Six months ended 31 December 2008	Six months ended 31 December 2007	Year ended 30 June 2008	31 December 2008	31 December 2007	30 June 2008
US Dollar	**1.70**	2.04	2.01	**1.45**	1.99	1.99
Euro	**1.22**	1.43	1.36	**1.04**	1.36	1.26

Assets and liabilities of overseas undertakings are translated into sterling at the rate of exchange ruling at the balance sheet date and the income statement is translated into sterling at average rates of exchange.

5. 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. Inter-segment pricing is determined on an arm's length basis.

The Group comprises two main business segments: Bovine Genetics (dairy and beef cattle) and Porcine Genetics (pigs) which provide farmers with genetically improved breeding animals that have better production efficiency and better product quality.

The following non-core business segments were classified as discontinued operations at 31 December 2007 and 30 June 2008:

- Animal Health, a UK based licensed veterinary pharmaceutical distribution business;
- Development Consulting, a UK based consulting business supplying services in the areas of natural resource, economic and social infrastructure and development; and
- Shrimp Genetics, a division supplying genetically improved breeding animals.

No business segments were classified as discontinued operations at 31 December 2008.

Notes to the condensed set of financial statements

5. Segmental information (continued)

Area of activity – continuing operations

	Six months ended 31 December 2008			
	Bovine Genetics £m	Porcine Genetics £m	Unallocated £m	Total £m
Revenue from continuing operations	**70.4**	**69.6**	**-**	**140.0**
Adjusted operating profit before research and product development	**13.5**	**19.4**	**(3.5)**	**29.4**
Research and product development	**(4.2)**	**(5.9)**	**-**	**(10.1)**
Adjusted operating profit from continuing operations	**9.3**	**13.5**	**(3.5)**	**19.3**
Fair value adjustments on biological assets	**5.3**	**0.2**	**-**	**5.5**
Amortisation of intangible assets	**(0.6)**	**(2.5)**	**-**	**(3.1)**
Share based payment	**(0.3)**	**(0.1)**	**(0.7)**	**(1.1)**
Exceptional items				
- Environmental liability settlement	**-**	**(0.6)**	**-**	**(0.6)**
Operating profit from continuing operations	**13.7**	**10.5**	**(4.2)**	**20.0**

Area of activity - continuing operations

	Six months ended 31 December 2007			
	Bovine Genetics £m	Porcine Genetics £m	Unallocated £m	Total £m
Revenue from continuing operations	58.3	62.1	-	120.4
Adjusted operating profit before research and product development	13.6	15.9	(3.6)	25.9
Research and product development	(4.4)	(4.6)	-	(9.0)
Adjusted operating profit from continuing operations	9.2	11.3	(3.6)	16.9
Fair value adjustments on biological assets	2.2	(1.1)	-	1.1
Amortisation of intangible assets	(0.1)	(2.5)	-	(2.6)
Share based payment	-	-	(1.3)	(1.3)
Exceptional items				
- Integration and restructuring expenses	-	(1.5)	(0.7)	(2.2)
- Preparation for main market listing	-	-	(1.6)	(1.6)
Operating profit from continuing operations	11.3	6.2	(7.2)	10.3

Notes to the condensed set of financial statements

5. Segmental information (continued)

Area of activity - continuing operations

	Year ended 30 June 2008			
	Bovine Genetics £m	Porcine Genetics £m	Unallocated £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	(8.7)	(9.7)	-	(18.4)
Adjusted operating profit from continuing operations	16.0	23.1	(6.7)	32.4
Fair value adjustments on biological assets	7.7	(1.4)	-	6.3
Amortisation of intangible assets	(0.2)	(5.0)	-	(5.2)
Share based payment	(0.7)	(0.4)	(1.3)	(2.4)
Exceptional items				
- Integration, including IT and restructuring expenses	(0.8)	(2.4)	(0.1)	(3.3)
- Preparation for main market listing	-	-	(1.6)	(1.6)
Operating profit from continuing operations	22.0	13.9	(9.7)	26.2

Notes to the condensed set of financial statements

5. 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 of destination		
	Six months ended 31 December 2008	Six months ended 31 December 2007	Year ended 30 June 2008	Six months ended 31 December 2008	Six months ended 31 December 2007	Year ended 30 June 2008
Continuing operations	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
North America	**58.3**	53.2	110.9	**54.5**	46.0	97.2
South America	**12.8**	10.6	23.4	**16.8**	12.7	28.9
	71.1	63.8	134.3	**71.3**	58.7	126.1
United Kingdom	**34.5**	25.7	53.4	**26.2**	24.3	47.7
Continental Europe	**28.6**	27.5	52.5	**35.0**	31.9	62.4
Rest of World	**9.6**	6.8	14.6	**11.3**	8.9	18.6
	72.7	60.0	120.5	**72.5**	65.1	128.7
Inter-segmental	**(3.8)**	(3.4)	(7.7)	**(3.8)**	(3.4)	(7.7)

sales						
Continuing operations - total	**140.0**	120.4	247.1	**140.0**	120.4	247.1
Discontinued operations	**-**	10.5	10.7	**-**	10.5	10.7
Total	**140.0**	130.9	257.8	**140.0**	130.9	257.8

Discontinued sales revenue derives from the Development Consulting and Animal Health businesses, which originate in the United Kingdom, and from the Shrimp Genetics business in Mexico.

	Adjusted operating profit from continuing operations			**Operating profit from continuing operations**		
	Six months ended 31 December 2008	Six months ended 31 December 2007	Year ended 30 June 2008	Six months ended 31 December 2008	Six months ended 31 December 2007	Year ended 30 June 2008
Continuing operations	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
North America	**9.7**	8.7	16.1	**8.0**	8.5	17.8
South America	**3.0**	2.0	5.0	**3.4**	1.0	2.8
	12.7	10.7	21.1	**11.4**	9.5	20.6
United Kingdom	**4.7**	5.0	5.4	**6.4**	3.4	2.5
Continental Europe	**2.4**	2.5	8.9	**2.6**	2.0	8.2
Rest of World	**3.0**	2.3	3.8	**3.9**	2.6	4.7
	10.1	9.8	18.1	**12.9**	8.0	15.4
Unallocated costs	**(3.5)**	(3.6)	(6.8)	**(4.3)**	(7.2)	(9.8)
Total	**19.3**	16.9	32.4	**20.0**	10.3	26.2

Notes to the condensed set of financial statements

6. Exceptional items within continuing operations

Exceptional items are as follows:

	Six months ended 31 December 2008	Six months ended 31 December 2007	Year ended 30 June 2008
	£m	£m	£m
Integration and restructuring (primarily Sygen acquisition related)			
- Integration costs, including IT and restructuring costs	**-**	1.8	2.7
- Irrecoverable Sygen assets	**-**	0.3	0.3
- Impairment of property asset	**-**	0.1	0.1
- China earthquake	**-**	-	0.2
	-	2.2	3.3
Environmental liabilities settlement	**0.6**	-	-
Preparation for main market listing	**-**	1.6	1.6
	0.6	3.8	4.9

On 15 October 2008 the Company entered into an agreement to settle all existing and future environmental liabilities in respect of the sale of Oklahoma porcine properties by Sygen International plc to Seaboard Foods prior to the acquisition of Sygen by Genus plc. Under the agreement a payment of $3.5m was made by the Company to Seaboard Foods, giving rise to £0.6m exceptional expense in respect of that part of the settlement not previously provided.

7. Net finance costs

	Six months ended 31 December 2008 £m	Six months ended 31 December 2007 £m	Year ended 30 June 2008 £m
Interest payable on bank loans and overdrafts	**(3.0)**	(4.9)	(8.5)
Finance charges payable under finance leases and hire purchase contracts	**(0.1)**	(0.1)	(0.1)
Amortisation of debt issue costs	**(0.4)**	(0.2)	(0.3)
Net interest cost in respect of pension schemes	**(0.4)**	-	-
Other interest payable	**(0.2)**	(0.1)	-
Total finance costs	**(4.1)**	(5.3)	(8.9)
Interest income on bank deposits	**0.2**	0.2	0.4
Other interest receivable	**0.1**	0.8	1.3
Net interest income in respect of pension schemes	**-**	0.2	0.1
Total finance income	**0.3**	1.2	1.8
Net finance costs	**(3.8)**	(4.1)	(7.1)

Notes to the condensed set of financial statements

8. Income taxes

Continuing operations:

	Six months ended 31 December 2008 £m	Six months ended 31 December 2007 £m	Year ended 30 June 2008 £m
Current tax	**5.0**	2.2	6.3
Deferred tax	**1.6**	0.4	1.6
	6.6	2.6	7.9

The taxation charge for the period is based on the estimated effective tax rate for the full year of 35.2% (2007: 35.1%). In calculating the effective rate, account has been taken of differences from the statutory rate arising from tax rates in foreign jurisdictions, non deductible expenses, tax incentives not recognised in profit or loss and the effect of movements in the amount of tax losses and other temporary differences for which a deferred tax credit has not been recognised.

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

There is a deferred tax liability at the period end of £105.8m (2007: £75.6m) which mainly relates to the recognition at fair value of biological assets and intangible assets arising on acquisition and a deferred tax asset of £16.4m (2007: £9.0m) which mainly relates to future tax deductions in respect of pension scheme liabilities, share scheme awards and financial instruments.

The net increase in deferred tax during the period was £21.8m (2007: £1.1m) of which £1.6m was debited (2007: £0.4m was debited) to the consolidated income statement and £20.2m was debited (2007: £1.5m was credited) to reserves.

Notes to the condensed set of financial statements

9. Dividends

	Six months ended	Six months ended	Year ended

	31 December 2008 £m	31 December 2007 £m	30 June 2008 £m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the 12 month period ended 30 June 2007 of 9.1p per share	**-**	5.3	5.3
Final dividend for the 12 month period ended 30 June 2008 of 10.0p per share	**5.9**	-	-
	5.9	5.3	5.3

The final dividend for the 12 month period ended 30 June 2008 was approved at the company AGM on 13 November 2008 and paid 9 January 2009.

10. Fair value of biological assets

	Bovine £m	**Porcine £m**	**Total £m**
Balance at 1 July 2008 - continuing operations	**84.4**	**66.9**	**151.3**
Change in fair value less estimated point-of-sale costs	**14.7**	**3.9**	**18.6**
Transfers to inventory	**(12.2)**	**(3.4)**	**(15.6)**
Effect of movements in foreign exchange	**27.3**	**20.2**	**47.5**
Balance at 31 December 2008	**114.2**	**87.6**	**201.8**
Non-current	**114.2**	**55.2**	**169.4**
Current	**-**	**32.4**	**32.4**
Biological assets - continuing operations at 31 December 2008	**114.2**	**87.6**	**201.8**

Notes to the condensed set of financial statements

10. Fair value of biological assets (continued)

	Bovine £m	**Porcine £m**	**Total £m**
Balance at 1 July 2007 - continuing operations	73.9	65.5	139.4
- held for sale	-	0.3	0.3
	73.9	65.8	139.7
Change in fair value less estimated point-of-sale costs	9.6	2.1	11.7
Transfers to inventory	(6.3)	(3.0)	(9.3)
Effect of movements in foreign exchange	0.7	1.9	2.6
Balance at 31 December 2007	77.9	66.8	144.7
Non-current	77.9	42.1	120.0
Current	-	24.2	24.2
Biological assets - continuing operations	77.9	66.3	144.2
Biological assets included within assets held for sale	-	0.5	0.5
Balance at 31 December 2007	77.9	66.8	144.7

	Bovine	**Porcine**	**Total**

	£m	£m	£m
Balance at 1 July 2007 - continuing operations	73.9	65.5	139.4
- held for sale	-	0.3	0.3
	73.9	65.8	139.7
Change in fair value less estimated point-of-sale costs	28.3	5.5	33.8
Transfers to inventory	(18.5)	(6.1)	(24.6)
Effect of movements in foreign exchange	0.7	1.7	2.4
Balance at 30 June 2008	84.4	66.9	151.3
Non-current	84.4	42.6	127.0
Current	-	24.3	24.3
Biological assets - continuing operations at 30 June 2008 22008Balance at 30 June 2008	84.4	66.9	151.3

10. Fair value of biological assets (continued)

The following tables provide an analysis of the fair value adjustment required to eliminate the effect of movements in IAS 41 fair values of biological assets to arrive at the presentation of adjusted operating profit.

6 months ended 31 December 2008

	Bovine £m	Porcine £m	Total £m
Fair value adjustment on biological assets			
Changes in fair value of biological assets	14.7	3.9	18.6
Inventory transferred to cost of sales at fair value	(9.8)	(3.4)	(13.2)
Cost of sales already reflected in adjusted operating profit	0.4	(0.3)	0.1
	5.3	0.2	5.5

6 months ended 31 December 2007

	Bovine £m	Porcine £m	Total £m
Fair value adjustment on biological assets			
Changes in fair value of biological assets	9.6	2.1	11.7
Inventory transferred to cost of sales at fair value	(7.4)	(3.0)	(10.4)
Cost of sales already reflected in adjusted operating profit	-	(0.2)	(0.2)
	2.2	(1.1)	1.1

Year ended 30 June 2008

	Bovine £m	Porcine £m	Total £m
Fair value adjustment 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 sales already reflected in adjusted operating profit	(2.5)	(0.8)	(3.3)
	7.7	(1.4)	6.3

11. Joint ventures and associates

The Group's share of profit after tax in its equity accounted investees for the year was £1.7m (31 December 2007: £1.1m).

	£m
Balance at 1 July 2008	4.7
Share of post tax joint venture profits retained	1.7
Dividends received	(1.1)
Effect of movements in exchange rates	(0.2)
Balance at 31 December 2008	5.1

Summary financial information for equity accounted investees, adjusted for the percentage ownership held by the Group:

Income statement	**Revenues £m**	**Movement in fair value of biological assets £m**	**Expenses £m**	**Operating profit £m**
6 months ended 31 December 2008	16.8	0.2	(15.1)	1.9
6 months ended 31 December 2007	13.9	0.4	(12.8)	1.5
Year ended 30 June 2008	18.0	0.6	(15.3)	3.3

Notes to the condensed set of financial statements

12. Earnings per share

Weighted average number of ordinary shares	**Six months ended 31 December 2008**	Six months ended 31 December 2007	Year ended 30 June 2008
	m	m	m
Weighted average number of ordinary shares (basic)	**58.9**	56.2	57.4
Dilutive effect of share options	**0.9**	1.4	1.2
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**59.8**	57.6	58.6

Earnings per share from continuing operations	**Six months ended 31 December 2008**	Six months ended 31 December 2007	Year ended 30 June 2008
Basic earnings per share	**19.2p**	8.4p	24.7p
Diluted earnings per share	**18.9p**	8.2p	24.2p
Adjusted earnings per share	**19.0p**	16.5p	32.0p
Diluted adjusted earnings per share	**18.8p**	16.2p	31.4p

Earnings per share from total operations			
Basic earnings per share	**19.2p**	7.7p	30.8p
Diluted earnings per share	**18.9p**	7.5p	30.2p

Earnings per share measures are calculated on the weighted average number of ordinary shares in issue during the period. As in previous years, adjusted earnings per share have been shown, since the directors consider that this alternative measure gives a more comparable indication of the Group's underlying trading performance.

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Notes to the condensed set of financial statements

12. Earnings per share *(continued)*

Continuing operations

Basic earnings per share from continuing operations is calculated on the profit for the period of £11.3m (six months ended 31 December 2007: £4.7m; year ended 30 June 2008: £14.2m).

Adjusted earnings per share is calculated on profit for the period before fair value adjustments on biological assets, amortisation of intangible assets, share based payment expense, exceptional items and other gains and losses after charging taxation associated with those profits, of £11.2m (six months ended 31 December 2007 : £9.3m; year ended 30 June 2008: £18.4m), as follows:

Adjusted earnings from continuing operations	**Six months ended 31 December 2008**	Six months ended 31 December 2007	Year ended 30 June 2008
	£m	£m	£m
Profit before tax from continuing operations	**17.9**	7.3	22.0
Add/(deduct):			
Fair value adjustments on biological assets	**(5.5)**	(1.1)	(6.3)
Amortisation of intangible assets	**3.1**	2.6	5.2
Share based payments	**1.1**	1.3	2.4
Integration and restructuring expenses	**-**	2.2	3.3
Preparation for main market listing	**-**	1.6	1.6
Environmental liability settlement	**0.6**	-	-
Fair value adjustments on biological assets in joint venture and associates	**(0.2)**	(0.4)	(0.6)
Other gains and losses	**-**	-	(0.2)
Profit before fair value adjustments on biological assets, amortisation of intangible assets, share based payments, exceptional items and other gains and losses	**17.0**	13.5	27.4
Adjusted tax charge	**(5.8)**	(4.2)	(9.0)
Profit before fair value adjustments on biological assets, amortisation of intangible assets, share based payments, exceptional items and other gains and losses, after taxation	**11.2**	9.3	18.4

Total operations

Earnings per share for total operations has been calculated as the profit attributable to ordinary shareholders of £11.3m (six months ended 31 December 2007: £4.3m; year ended 30 June 2008: £17.7m) divided by weighted average number of ordinary shares (basic and diluted) as calculated above.

Notes to the condensed set of financial statements

13. Cashflow from operating activities

	Six months ended 31 December 2008 £m	Six months ended 31 December 2007 £m	Year ended 30 June 2008 £m
Profit for the period	**11.3**	**4.3**	**17.7**
Adjustments for:			
- Fair value adjustments on biological assets	**(5.5)**	(1.1)	(6.3)
- Amortisation of intangibles	**3.1**	2.6	5.2
- Share based payment expense	**1.1**	1.3	2.4
- Share of profits of associates	**(1.7)**	(1.1)	(2.7)
- Other gains and losses	**-**	-	(0.2)
- Finance costs	**3.8**	4.1	7.1
- Income tax expense	**6.6**	2.6	7.9
- Loss/(gain) on disposal of discontinued operations	**-**	0.7	(3.4)
- Loss on disposal of property plant and equipment	**-**	-	0.5
- Depreciation of property plant and equipment	**2.4**	1.8	3.5
- Decrease in provisions	**(1.7)**	(0.4)	-
Operating cash flows before movement in working capital	**19.4**	**14.8**	**31.7**
Increase in inventories	**(2.8)**	(1.3)	(6.2)
Increase in receivables	**(2.8)**	(7.6)	(8.3)
(Decrease)/increase in payables	**(7.4)**	1.5	8.7
Cash generated by operations	**6.4**	**7.4**	**25.9**
Income taxes paid	**(2.5)**	(2.4)	(5.7)
Net cash inflow from operating activities	**3.9**	**5.0**	**20.2**

Notes to the condensed set of financial statements

14. Employee benefits

Pension and medical plans

Obligation recognised in the consolidated financial statements

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

	31 December 2008 £m	31 December 2007 £m	30 June 2008 £m
Present value of unfunded obligations	**(7.1)**	(6.4)	(5.8)
Present value of funded obligations	**(124.8)**	(138.1)	(138.7)
Fair value of plan assets	**113.5**	129.1	126.1
Restrict recognition of asset	**(4.1)**	-	(2.7)
Gross liability for defined benefit obligations	**(22.5)**	(15.4)	(21.1)

As described in note 16, included in the defined benefit obligations are obligations relating only to Genus's section of the Milk Pension Fund, in which although managed on a sectionalised basis ultimate liabilities are joint and several. Further details of the Milk Pension Fund can be found in the Annual Report 2008.

Expense recognised in the consolidated interim income statement

The expense recognised in the consolidated interim income statement consists of the current service costs, interest on the obligation for employee benefits and the expected return on plan assets. For the six months ended 31 December 2008, the Group recognised an expense of £0.8m (six months ended 31 December 2007: £0.5m; year ended 30 June 2008: £0.9m).
The principal actuarial assumptions at the date of the most recent actuarial valuations (expressed as weighted averages) are:

	31 December 2008	31 December 2007	30 June 2008
	%	%	%
Discount rate	**6.2**	5.7	6.5
Expected return on plan assets	**5.6**	6.3	6.7
Future salary increases	**3.8**	4.3	5.0
Medical cost trend rate	**8.0**	7.2	8.0
Future pension increases	**2.8**	3.3	4.0

Notes to the condensed set of financial statements

15. Borrowings and financial instruments

Hedging of fluctuations in interest rates

The Group adopts a policy of ensuring that between 70 and 90 percent of its exposure to changes in interest rates on borrowings is hedged. Interest rate swaps, denominated in sterling and US dollars have been entered into to achieve an appropriate mix of fixed and floating rate exposure within the Group's policy. At 31 December 2008, approximately 78 percent of borrowings were hedged with a fixed rate of interest of between 3.3% and 4.74%. The swaps mature on an amortised basis as the related borrowings amortise over the next 3 years.

The Group classifies its interest rate swaps as a cash flow hedge. The fair value of the interest rate swap at 31 December 2008 was £2.4m liability (31 December 2007: £1.1m asset) and is recognised as a financial liability or asset, with a corresponding debit or credit to the hedging reserve.

Hedging of fluctuations in foreign currency

The Group is exposed to foreign currency risk on the net assets of overseas subsidiary entities. To manage this risk a 4.5 year cross currency swap was entered into in September 2006, designated as a hedge of the spot rate risk arising on the Group's net investment in US dollar denominated subsidiaries.

Borrowings

On 25 February 2009 Genus secured new three year banking facilities of approximately £150m comprising a £110m multi-currency revolving credit facility and a US$60m revolving credit facility. These facilities expire in February 2012.

Notes to the condensed set of financial statements

16. Other matters

Contingencies

There have been no material changes to the Group's contingent liabilities relating to performance bonds and credit guarantees totalling £1.2m in the six months ended 31 December 2008 (31 December 2007: £1.0m), nor the Group's ongoing joint and several liability for the Milk Pension Fund, more fully described in the Annual Report 2008.

On 15 October 2008 the Company entered into an agreement to settle all existing and future environmental liabilities in respect of the sale of Oklahoma porcine properties by Sygen International plc to Seaboard Foods prior to the acquisition of Sygen by Genus plc. Under the agreement a payment of $3.5m was made by the Company to Seaboard Foods, giving rise to £0.6m exceptional expense, above the amount provided upon acquisition of Sygen International plc.

There have been no changes to any other legal proceedings involving the Group in the six months ended 31 December 2008 which are expected to have, or have had, a material effect on the financial position or profitability of the Group.

Capital commitments

At 31 December 2008, £1.7m of capital commitments have been contracted for (31 December 2007: £nil).

Seasonality

The Group has not historically been subject to significant seasonal trends with the exception of a higher use of working capital in the first half of the financial year.

17. Related parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its joint ventures and associates are described below:

Other related party transactions

	Transaction value			Balance outstanding		
	Six months ended 31 December 2008	Six months ended 31 December 2007	Year ended 30 June 2008	**31 December 2008**	31 December 2007	30 June 2008
Sale of goods to	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Joint ventures and associates	**3.9**	4.3	6.4	**0.4**	0.3	0.4

All outstanding balances with joint ventures and associates are priced on an arm's length basis and are to be settled in cash within three months of the reporting date. None of the balances are secured.

Responsibility statement

We confirm that to the best of our knowledge:

a) the condensed set of financial statements has been prepared in accordance with IAS 34;

b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of the principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and charges therein).

Neither the Company nor the directors accept any liability to any person in relation to the half-yearly financial report except to the extent that such liability could arise under English Law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with section 90A of the Financial Services and Markets Act 2000.

By order of the Board

Chief Executive
R K Wood

25 February 2009

Report on review of condensed set of financial statements of Genus plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2008 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Cash Flows, the Analysis of Net Debt and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdoms' Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting,' as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
25 February 2009

This information is provided by RNS
The company news service from the London Stock Exchange

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