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Genus PLC
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Genus plc
('Genus' or 'the Company')

Business Expansion in China

Genus, a world leading animal genetics company, is pleased to announce significant advances in its strategy for expansion in China with progress being made in both the bovine and porcine sectors. These initiatives represent major steps forward in the Company's strategic focus on growth in emerging markets whilst maintaining its leading status in the developed world.

Joint Venture with Leading Chinese Dairy

Genus has made an important breakthrough in its strategy to enter the local market in China. An agreement in principle has been made with Mengniu, the market leading Chinese dairy company, to establish a joint venture to produce elite bovine genetics in China. The local semen that will be produced will be marketed and sold in China to Mengniu's substantial existing farmer supplier base through already established distribution channels.

Mengniu produces, markets and distributes a wide range of dairy products throughout China, including Hong Kong and Macau, and operates from 23 production bases that have an annual total output of approximately 4.5 million tons of dairy product. Mengniu's contract farmers supply milk from almost twice the number of cows that comprise the UK market. Mengniu was founded in 1999, is listed on the Hong Kong Stock Exchange and now has a market capitalisation of approximately £1.5bn.

The joint venture will be confirmed by a formal agreement and in anticipation of the formation of the joint venture, Genus is transferring 14 progeny tested bulls from its Australian stud to China as well as a quantity of semen from the USA to represent opening stock.

Increased Porcine Capacity in China

In September 2008 Genus announced the expansion of its porcine breeding stock production network in China. Genus is pleased to announce a further increase in this capacity. Genus has contracted to lease production nucleus capacity in Liaoning province to meet forecast increases in demand as more world class pig units are established as a result of Chinese government initiatives to promote modernisation in the agricultural sector. This investment underpins Genus' position as a market leader in China for the supply of elite genetics to China's foremost farmers and pork producers.

The new production nucleus farm is expected to commence activities in October 2010 and when completed Genus will have established sufficient production capacity to enable its customers to breed an estimated 17 million pigs per year in China. This represents almost twice the whole UK output for pigs.

For further information, please contact:

Genus plc Tel: 01256 345970
Richard Wood, Chief Executive
Martin Boden, Finance Director

Buchanan Communications Tel: 020 7466 5000
Charles Ryland
Isabel Podda
Jennie Spivey

About Genus

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.

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