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

Preliminary Results for the year ended 30 June 2009

'Resilient Performance in Challenging Markets'

Genus, a world leading animal genetics company, announces its preliminary results for the year to 30 June 2009.

Adjusted Results* : Continuing Operations

£m	Year Ended 30 June			Constant Currency**
	2009	**2008**	**%**	**%**
Revenue	280.4	247.1	14	(1)
Operating profit	38.1	32.3	18	-
Profit before tax	32.0	27.9	15	(7)
Earnings per share (p)	36.1	31.8	14	(7)

Statutory Results : Continuing Operations

£m	Year Ended 30 June		
	2009	**2008**	**%**
Revenue	280.4	247.1	14
Operating profit	33.0	26.2	26
Profit before tax	26.2	22.0	19
Earnings per share (p)	30.4	24.7	23

* Adjusted results are calculated before net IAS 41 valuation movements in biological assets, amortisation of acquired intangibles, share based payments, exceptional items and other gains and losses. This measurement includes share of profits of joint ventures and associates.

** Constant currency percentage movements are calculated by restating 2009 results at the exchange rates applied in 2008.

Business Highlights

Another year of strong earnings growth achieved from robust underlying results:-

- Adjusted profit before tax increased by 15% to £32.0m (2008: £27.9m) after £1.1m higher interest costs
- Adjusted operating profit in constant currency in line with last year
  - Resilient performance in context of recession in world agricultural markets affecting particularly the US bovine sector
  - Bovine volume up 1% and porcine royalties up 7%
  - Strong sales and profit growth in Latin America and Far East offset by decline in bovine USA and increased cost of feed for Genus animals
- Continued good strategic progress
  - Expansion of porcine and bovine global production and product development facilities progressing to plan
  - In China:-
    - Production nucleus farm expansion underway to double Genus local capacity
    - Dairy market entry achieved through relationship with Mengniu, the leading Chinese dairy company
  - Genetics of bovine and porcine products strengthened by R&D investment

- £150m debt facility refinancing in February 2009 provides headroom for growth

- Net debt £88m (2008: £78m)
  - Exchange rate movements increased net debt by £6m
  - Cash outflow for year of £4m after £15m capital investment principally in expanding global capacity

- Adjusted basic earnings per share rose 14% to 36.1 pence per share (2008: 31.8 pence)

- Recommended increase in dividend of 10% to 11.0 pence per share to reflect the Board's confidence in the long-term prospects of the business

Outlook

The Board remains confident in the Group's strategy and in the medium-term outlook for growth in world agricultural markets. It believes that the recovery from recession in agriculture will be sharp as livestock markets recover from the economic downturn and feed costs ease. The Board believes this recovery is likely to commence during the second half of the 2009/2010 financial year.

Comment

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

'The steep downturn in world agricultural markets has been exacerbated by extremely high animal feed prices against a backdrop of global recession.'

'We believe that the recovery in agricultural markets has the potential to be equally steep. Genus has world leading genetics technology and expertise, the most comprehensive global distribution network and has continued to invest in capacity leaving the Group strongly positioned to take full advantage of the recovery when it occurs.'

'In the meantime, we have delivered good results and continue to make progress in implementing our strategy of entering developing markets that offer strong growth opportunities for the future.'

'We are recommending a 10% increase in the dividend to reflect our confidence in the long-term prospects of the business.'

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

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 trademarks '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 thirty countries on six continents, with research laboratories located in Madison, USA.

Group Trading

Revenue

Revenue for the year of £280.4m was 14% higher, largely due to exchange rate movements. At constant exchange rates, revenue was broadly unchanged from last year with growth in Latin America and Europe being offset by lower sales in the hard hit North American market.

North American dairy semen sales were lower but bovine volumes grew in other regions. The severity of milk price reductions caused farmers in North America to cut back in the second half of the year. Large farmers hold semen stock on their farms and tend to de-stock in times of stringency.

Our strategy of moving porcine business to the royalty model marginally reduced headline sales but benefited the business in terms of stability of income. However, there was also an impact from low pig prices that reduced direct sales to these customers. Overall porcine royalties grew 7%, reflecting the increase in Genus' market share in a number of countries.

Adjusted Operating Profit

The review of operating profit below focuses on adjusted operating profit and adjusted profit before tax. The Board believes that these measures provide a meaningful analysis of underlying business performance. As such, it excludes the net IAS 41 valuation movement in biological assets, amortisation of acquired intangible assets, share based payments, exceptional items and other gains and losses.

Adjusted operating profit increased by 18% to £38.1m (2008: £32.3m) driven by exchange rate movements. At constant exchange rates, adjusted operating profit was in line with last year. An improvement in trading profit was offset by higher research and development costs, including £1.3m higher feed costs for operating the long term product development programmes. Performance, on a regional basis, comprised continued strong growth in the developing markets of Latin America and Asia, an improvement in Europe but lower profits in North America, as a result of the market shortfalls in bovine sales.

Adjusted Profit Before Tax and Adjusted EPS

Adjusted profit before tax increased by 15% to £32.0m (2008: £27.9m) and adjusted earnings per share increased by 14% to 36.1p. On a constant exchange rate basis, profit before tax and earnings per share were down 7%, principally due to a £1.1m increase in interest costs.

World Agricultural Markets

The long-term positive fundamentals for agricultural markets remain undiminished and will drive demand for proven animal genetics.

These fundamentals include:

- Increasing global demand for food, driven by a growing world population and wealth creation leading to increased demand for protein, especially in emerging markets.
- The need for improved farmer productivity to meet higher demand and to minimise the impact of higher feed costs and competition for the use of agricultural land.
- The continued consolidation of the farming sector to create large commercial enterprises that are Genus' target customer group.

Genus' superior genetics technology and global reach will ensure the company is well placed to benefit from these growth trends.

In the short-term, world agricultural markets have suffered from extraordinarily high animal feed prices in combination with the global economic downturn.

Demand for all agricultural products has fallen and, with supplies relatively static, prices have also fallen, in some cases sharply. One of the worst affected markets has been North America, where a fall in export demand has left surpluses in an already depressed domestic market. Both pig and dairy producers are currently losing money. Milk prices are now barely at half that of a year ago and dairy farmers are not even able to cover the cost of feeding their animals. These price fluctuations are classic symptoms of products showing low elasticity of supply and, as such, we expect prices to rise rapidly as industry capacity is reduced, simultaneously with demand returning to its pre-downturn level.

Genus' Strategy

Genus has made excellent progress with its strategy for long-term expansion. This strategy comprises four key elements:

- Local investment in developing markets to achieve rapid organic growth, particularly in China, Russia, India and Latin America. The aim is to capture up to 50% of the new growth anticipated as these markets expand;

- Continued growth at historical levels in the developed markets of the western world through on-going enhancement and improvement of the Genus product offering and customer service;

- Investment in enhanced global production and product development facilities and in expansion of local production facilities in emerging markets; and

- Continued targeted research and development, with emphasis on commercialisation of the recent breakthrough in sexed semen technology and in exploiting Genus' expertise in gene markers.

Despite the current slowdown in world agricultural markets, we remain firmly committed to these key strategies.

In China, the relationship with Mengniu, the country's largest dairy producer, was cemented in a broad commercial agreement for the supply of semen to contracted farmers. An opening stock of proven semen was shipped from America and 11 proven bulls were transferred from Australia pending the completion of custom-built facilities. Initial sales volume was ahead of expectations with further quantities of US semen and more bulls shortly to be shipped to meet demand for the year ahead.

The strategic development of the porcine business in China has progressed vigorously. New local production has been sanctioned by the Board to achieve the goal of capturing 50% of the growth in the larger farm segment of the market. Three new farm sites have been leased with the construction and stocking of these farms being targeted for the middle of 2010. At that point, Genus will have more than doubled its production capacity in China, in line with expected demand.

In Russia, an option has been taken on real estate and buildings for conversion into a local stud as soon as operational licenses have been granted by the Government. Plans are also being developed to enter the dairy market in India.

In Latin America, we have renewed the licence arrangements with our joint venture partners in Brazil; the new arrangements will encourage further growth, especially with large producers.

The expansion of Genus' global facilities required to support the next phase of growth is well advanced. In America, the new porcine nucleus herd facility in South Dakota is due to be completed in September and will provide additional capacity as well as enabling the older facility in Kentucky to be redeployed. In the bovine sector, the programme to increase the number of US progeny tested bulls is progressing well. The new facilities are being phased in line with the increase in bull numbers and are expected to be fully completed next year. Global semen production capacity will then have increased by 25% to 18m doses per annum. This, coupled with an expectation of additional elite bulls joining the stud, will allow sales growth targets to be met.

Outlook

This year, Genus has demonstrated a resilient underlying business performance without jeopardising the growth potential of the company beyond the current recession.

We believe that the long-term opportunities in the markets in which Genus operates remain undiminished. Commentators continue to raise awareness of food shortages as burgeoning world population drives increased demand with an emphasis on better yields.

Although we expect difficult market conditions for Genus' customers will continue during the remainder of 2009, we believe that the recovery from recession will be sharp as livestock markets recover from the economic downturn and feed costs ease. We believe this recovery is likely to commence during the second half of the 2009/10 financial year.

In that recovery, the Board believes that Genus will be better placed than its competitors to achieve a return to strong underlying growth.

Regional Performance

The Americas Region

	Actual currency		Constant Currency
2009 £m	2008 £m	Movement %	Movement %

Revenue	143.1	123.3	16	(4)
Adjusted operating profit	42.5	35.9	18	(2)
Adjusted operating margin	30%	29%		

It was a difficult year for most of Genus' customers in the region, with weakening demand, following the credit crisis, leading to falls in agricultural commodity prices.

Although regional sales grew by 16% and adjusted operating profit was up 18%, this was largely from an exchange gain driven by the weakness of sterling. In constant currency, profits were 2% lower due to a market related shortfall in bovine,

Strong growth was achieved in Latin America, where market share was improved in each of the main country markets.

North America

	2009 £m	Actual currency 2008 £m	Movement %	Constant Currency Movement %
Revenue	109.0	94.4	16	(7)
Adjusted operating profit	32.3	27.2	19	(6)
Adjusted operating margin	30%	29%		

Producers in North America faced particularly difficult market conditions. Weakening demand and some oversupply from the previous year led to a fall in returns for Genus' customers at a time when feed costs, although lower than at their peak levels, remained high by historical standards.

Revenue was up 16% to £109.0m and adjusted operating profit was up 19% to £32.3m. The underlying performance in constant currency was down 6%, again due to the market related shortfall in bovine.

In the bovine markets, the financial crisis caused a weakening of demand for dairy products and destocking by cheese processors. A dramatic fall in milk prices and an inevitable slowing in semen sales followed. This caused customers to trade down in their semen purchases. Prompt action was taken to mitigate the impact of the market downturn with a major productivity improvement programme implemented in January 2009. As a result, a $2.5m annualised cost saving was achieved.

In porcine, the continued efforts to win new customers and assist existing customers to realise benefits from Genus' superior genetics, continued to yield positive results. Genus gained new business and overall royalty volumes grew by 3%, in an otherwise flat market. As a result, Genus' market share grew in the USA and now stands at just over 52%

Over 95% of porcine sales in North America are now made under a royalty contract based on volumes. This, together with the increased volume of business, enabled Genus to improve porcine profitability and further demonstrates the strength of the porcine business model.

Latin America

	2009 £m	Actual currency 2008 £m	Movement %	Constant Currency Movement %
Revenue	34.1	28.9	18	6
Adjusted operating profit	10.2	8.7	17	10
Adjusted operating margin	30%	30%		

Excellent progress was made in continuing to grow in the strategically important Latin American market. Revenue was up 18% to £34.1m and adjusted operating profit grew by 17% to £10.2m. On a constant currency basis, the growth in profits was 10%.

Bovine volumes were 9% higher and Genus improved its market share across all countries in which it operates. Profitability was enhanced by the added value of Genetic Mating and Reproductive Management Services. These services provide increased average selling prices at the same time as cementing customer loyalty.

Porcine sales also grew in line with our strategy. Royalty volumes grew by 17% with particularly impressive growth in Mexico where market share increased to 46%. We also achieved small market share gains in other countries. Continued progress was made in converting large customers to the royalty model with royalties now accounting for 55% of business in the region up from 50% last year.

The H1N1 flu scare temporarily reduced pig prices and resulted in some movement restrictions between countries. This had a small effect on profitability, with some sales being deferred into the next financial year.

In our joint venture in Brazil, volumes grew but profits were held back by a fall in pig prices. The royalty arrangements for our provision of genetics to the joint venture were improved in the period.

Europe & The Far East Region

	2009 £m	Actual currency 2008 £m	Movement %	Constant Currency Movement %
Revenue	140.6	128.3	10	2
Adjusted operating profit	25.1	21.8	15	5
Adjusted operating margin	18%	17%		

Regional sales grew by 10% to £140.6m (2008: £128.3m). In constant currency, regional sales were 2% ahead of last year.

Adjusted operating profit rose by 15% to £25.1m (2008: £21.8m). In constant currency, the increase was 5% driven by strong profit growth in the Far East region.

Europe

	2009 £m	Actual currency 2008 £m	Movement %	Constant Currency Movement %
Revenue	118.8	109.7	8	2
Adjusted operating profit	18.7	17.6	6	2
Adjusted operating margin	16%	16%		

Revenue increased by 8% and adjusted operating profit was 6% higher. On a constant currency basis, growth was achieved notwithstanding the above mentioned difficult agricultural market conditions.

In bovine, milk prices were firm during the first half of the year but deteriorated as commodity price reductions fed through into milk prices. This market reversal encouraged British farmers to use proportionately more beef semen to achieve dairy pregnancies as beef semen is less expensive. Semen sales volume rose, the dairy blend price remained firm and beef semen sales grew resulting in bovine revenue rising and improved profits.

The proportion of business generated from the Reproductive Management Services (RMS) rose in the UK and Italy. These countries reported double digit growth in profits. An increase in sales volume led to a profit increase in France.

The market conditions for pig producers in Europe were depressed by high feed prices and weak pig prices. Although pig prices began to rise towards the end of the year, the margins for genetic products remained depressed.

Nevertheless, porcine sales volume grew. Growth arose from progress with the royalty model, for example in Italy and the UK, and direct volumes in Spain and Central Europe. In Russia, the credit crisis caused stocking delays as customers struggled with banking facilities.

In Western Europe, an increased proportion of porcine business has been migrated to the royalty model. This now accounts for 60% of sales.

The overall market weakness, together with the deferral of income as the business moved to royalties, reduced margins but tight cost control mitigated the impact.

Far East

	2009 £m	Actual currency 2008 £m	Movement %	Constant Currency Movement %
Revenue	21.8	18.6	17	-
Adjusted operating profit	6.4	4.2	52	19
Adjusted operating margin	29%	23%		

The region continued to achieve strong growth, notwithstanding temporary weakness in some markets. Revenue increased by 17% to £21.8m and adjusted operating profit rose by over 50% to £6.4m. On a constant currency basis, adjusted operating profit was up 19%.

Excellent progress was made in developing both the bovine and porcine businesses in China and a reorganisation of our business in Australia helped increase market share in bovine enhancing profit contribution. In Australia, sales grew by 9% and the blend price improved in a flat market.

In China, porcine sales growth was reduced temporarily due to the volatility of local pig prices. As the majority of business in China is through direct sales rather than by royalty (in order to protect Genus' intellectual property), profits were flat.

After a difficult start to the year in the Philippines, there was a strong recovery in later months as markets improved. Also, volume growth was particularly strong in Korea.

Research & Product Development

	2009 £m	Actual currency 2008 £m	Movement %	Constant Currency Movement %
Research	3.5	2.5	40	17
Bovine product development	9.5	8.7	9	(9)
Porcine product development	7.4	4.8	54	28
Total	20.4	16.0	28	6

Expenditure rose to £20.4m (2008: £16.0m). Of this increase, £3.4m related to exchange rate movements with £1.0m (6%), being an underlying increase. The main reasons for this increase were a market driven increase in feed costs, particularly in the porcine nucleus herds; increased commercially focused research expenditure, to maintain Genus' competitive lead and the start-up of the new nucleus herd facilities which provides the opportunity for planned sales growth.

The underlying bovine product development costs were contained at a lower level than last year whilst expenditure on ongoing inventive capability remained broadly in line with the previous financial year.

Product Development

Strong progress was made in both the bovine and porcine genetic programmes. Internal trials against competitors' products and public domain information have confirmed that progress in the porcine sector and the quality of the new bulls entering the Genus studs have expanded the Company's lead over that of its competitors.

We also made progress with the fundamental science programme. All the milestones set for the leading projects have been met.

Bovine Product Development

We believe that the Genus bovine stud is the most genetically elite and diverse in the world. It comprises around 170 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

period a number of elderly bulls were retired from the stud and replaced by elite entrants so that the genetic quality of the stud was enhanced overall.

In the dairy sector, the stud is led by Shottle and Bolton, two of the most internationally renowned Holstein bulls in the world today.

The range of skills being brought to the development and production of the Company's elite bulls is well illustrated by the unique achievement of having 5 bulls each complete 1 million lifetime units of semen sales during 2009. Genus now has 17 bulls, up from 8 bulls last year in the top 50 of the internationally important US ranking list.

The planned increase in the five year selection and testing programme for the new bulls to regenerate and enhance the stud was completed in 2009. Some 300 Holstein bulls per year are now being progeny tested in the key US proving ground, some 80 more than when the increase was initiated.

In creating and selecting new animals for this programme, because of the five year lead time, the Company continually looks 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 already well ahead of its competitors and that this competitiveness will be enhanced by graduations in the coming year. These potential graduates also rank highly for the traditional conformation traits that carry the highest price premium.

In the forward development programmes, in anticipation of the world shortages in agricultural output and higher prevailing feed costs, the Company is continuing to refine the weighting of the traits in the selection process.

Porcine Product Development

The primary objective of the 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.

Genus has accelerated the basic quantitative genetics 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 processes have combined to increase the annual rate of genetic progress made in the Company's nucleus herds, from 0.6 standard deviations per year when acquired by Genus, to 1.0 standard deviations per year today. This rate of progress is worth around $1.60 per market pig. With the minimum three year lag in multiplying nucleus herd genetics into commercial quantities, the above mentioned accelerating improvement has yet to be realised in the market.

In selecting animals for the breeding programme, measurements are made on up to 45 fundamental traits and emphasis has continued to be placed variously on growth rate, feed conversion efficiency, meat quality, reproductive performance and reduced mortality.

Fundamental Science

The Company manages much of its fundamental research in educational establishments and with specialist research companies. However, because of Genus' leadership in this sector, all the work on semen physiology and freezing is carried out 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 currently directed 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 we have achieved:

1. A rapid acceleration of the pace of progress in identifying gene markers for use in the porcine genetic evaluation process. The identification of the useful markers, by crucial cross-referencing to phenotypic and ancestry data, is part of Genus' proprietary technology. It is in the use of this technology that the Company has substantial strengths, which it is now starting to utilise also in the bovine sector. No bovine competitor has access to the skills Genus enjoys and we believe that this will achieve an increased hit rate in the selection of animals for its stud.

2. The Company continued to make progress against the milestones set for an improved process for sorting semen.

Genus Products

Genus manages its global operations on a regional basis and monitors product performance globally.

Analysis of Performance by Species*

	2009 £m	2008 £m	Movement %	Constant Currency Movement %
Revenue				
Bovine	140.3	120.1	17	5
Porcine	135.8	123.8	10	(7)
Research & Development	4.3	3.2		
	280.4	247.1		
Adjusted Operating Profit				
Bovine	17.8	17.4	2	1
Porcine	30.8	24.2	27	3
Unallocated*	(10.5)	(9.3)		
	38.1	32.3		

*Analysis of adjusted operating profits by species based on estimated allocation of costs within regions. Research & central costs are not allocated.

Bovine

With several elite graduates added to the Genus stud during the year, the average genetic quality of the 170 bulls in stud increased substantially during the year. As a result of this and Genus' global distribution strength, bovine sales outperformed those of its competitors in globally difficult market conditions. Sorted semen sales continued to grow but peaked at 5% of total dairy semen volume and 16% of revenue, as cash strapped farmers traded down in order to control costs.

Larger farmers buy semen a few times a year and hold frozen semen stock on their farms. In times of financial stringency, they tend to run down these stocks and this temporarily depresses volume potential in the market below the natural decline in its demand. As a result, Genus' sales volume growth fell sharply from around 9% last year to 1% this year. With de-stocking now having taken place, volume potential is expected to recover strongly in 2010. Underlying profitability of bovine products benefited from tight control of costs.

Porcine

Genus focuses porcine sales at the large progressive producers of pork worldwide. These producers demand genetic products that will enable them to maximise total economic value (i.e. maximise efficiency per kg of pork produced).

Genus has selectively developed a range of genetic products to meet these needs for each of the various farms' management environments. For the customer with an optimum management system, the fast growing, efficient PIC 337™ male and the prolific, efficient Camborough™ female remain the company's top selling products.

Despite a 7% reduction in sales at constant exchange rates, underlying volumes improved by approximately 5%. Underlying profitability of porcine products was held back by higher product development costs due to start-up costs of the new global nucleus facility and higher feed costs.

Porcine markets remained difficult throughout the year. With many of Genus' customers, particularly in the key US market, remaining loss-making, the robustness of the royalty business model can be demonstrated. This year royalty income rose by 7% when compared with 2008. 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 variable pig prices.

By contrast, direct sales income fell. This was partly because of our strategy to switch more business to royalties and partly from the market downturn.

Financial Review

Adjusted Results

Adjusted operating profit, together with adjusted profit before tax, is a measure of financial performance that the Board believes provides management and shareholders with valuable insight to underlying business performance. In particular, it excludes certain non-cash or non-recurring items, the most notable of which is the net IAS 41 valuation movement in biological assets. The items excluded from adjusted operating profits are:

- Net IAS 41 valuation movement in biological assets;
- Amortisation of acquired intangible assets;
- Share based payments;
- Exceptional items; and
- Other gains and losses.

This adjusted information is used internally to analyse the performance of businesses.

Changes in Accounting Policies

The following changes in accounting policies were made in the period:

- The adoption of IFRS 8, relating to the disclosure of operating segments. We have adopted this new standard early as it reflects the way in which the business operates and it provides more informative disclosures on the Group's business segments; and

    - The measure of adjusted operating profits has been amended such that the amortisation of capitalised software principally from the implementation of Oracle, which in the current year amounted to £0.6m (2008: £0.1m), is no longer excluded from adjusted profits.

Impact of Exchange Rate Movements

The weakening of sterling particularly against the dollar and the euro has enhanced the Group's results. The average and year end exchange rates used to translate the results for the year were as follows:

	Average		Closing	
	2009	**2008**	**2009**	**2008**
US Dollar/£	1.60	2.01	1.65	1.99
Euro/£	1.17	1.36	1.17	1.26

To provide a better understanding of the underlying profitability, in addition to showing changes in actual reported performance, we have also shown changes in performance on a constant exchange rate basis. These constant exchange rate comparisons have been calculated using the same exchange rates as were applied during the year to 30 June 2008 to the results of 2008 and 2009.

Revenue

Revenue from continuing operations grew by 14% from £247.1m to £280.4m. At constant exchange rates, revenue was broadly at the same level as last year.

Adjusted Profit Before Tax

	2009 £m	**2008 £m**
Adjusted operating profit from continuing operations*	38.1	32.3
Share of JV profits	2.1	2.7
Adjusted operating profit inc JV	40.2	35.0
Net finance costs before exceptionals	(8.2)	(7.1)

Adjusted profit before tax from continuing operations	32.0	27.9

*excludes net valuation movements in biological assets and taxation

Adjusted operating profit increased by 18% to £38.1m (2008: £32.3m) and adjusted profit before tax increased by 15% to £32.0m (2008: £27.9m). At constant exchange rates, adjusted operating profit was flat compared with 2008, while adjusted profit before tax was down 7% on last year.

Statutory Profit Before Tax

Operating profit from continuing operations before exceptional items of £33.6m was £2.5m higher than the prior year (2008: £31.1m). The 18% increase in adjusted operating profit was partly offset by a lower credit in respect of a net IAS 41 valuation movement in respect of biological assets, down from £6.3m last year to £2.7m as the timing of shipments of pigs to royalty customers slowed causing a dip in the carrying value of porcine biological assets.

After exceptional items and finance costs, profit before tax from continuing operations was £26.2m, up from £22.0m last year.

Finance Costs

Net finance costs, before exceptional items, increased by £1.1m to £8.2m (2008: £7.1m). This higher cost was driven partly by higher interest costs following the refinancing in February 2009 and partly by higher net interest cost on pension liabilities. Interest cover, based on net interest payable excluding the net interest cost on pension liabilities, improved to 6.1 times (2008: 5.2 times).

In addition, £0.8m of un-amortised arrangement fees relating to the old facilities were expensed on completion of the refinancing as an exceptional charge.

Exceptional Items

Exceptional items totalled £1.4m (2008: £4.9m). A charge of £0.6m arose on the settlement of an old environmental claim with a major customer, Seaboard; the agreed settlement of $3.5m was £0.6m higher than the provision created at the time of the Sygen acquisition. The remaining £0.8m was the write-off of arrangement fees for the financing facility that remained unamortised at the time of completing the Group's refinancing in February 2009.

The prior year exceptional items were in respect of the final phase of integration and restructuring expenses (including Oracle system implementation costs) for the PIC businesses acquired at the end of 2005, and the costs of the Group's main market listing in 2007.

Taxation

The effective rate of tax for the year, based on adjusted profit before tax, was 33.0% (2008: 32.4%). 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 from continuing operations were 30.4p in the year ended 30 June 2009 (2008: 24.7p). Adjusted basic earnings per share from continuing operations of 36.1p were 14% higher than last year.

Dividend

The Board is recommending to shareholders a 10% increase in the dividend to 11 pence per ordinary share. Subject to shareholder approval at Genus' forthcoming Annual General Meeting, this dividend will be paid on 8 January 2010 to shareholders on the register at the close of business on 11 December 2009.

The dividend is 3.3 times covered by adjusted earnings (2008: 3.2 times). The cost of the proposed dividend will be £6.6m (2008: £5.9m).

Biological Assets

A feature of the Group's net assets is a substantial investment in biological assets which are required by IAS 41 to be held at fair value. At 30 June 2009, the carrying value of biological assets was £202.8m (2008: £167.6m) as set out in the table below:

£m	2009	2008
Non-current assets	153.9	127.0
Current assets	28.0	24.3
Inventory	20.9	16.3
	202.8	167.6
Represented by:		
Porcine	76.0	66.9
Bovine	126.8	100.7
	202.8	167.6

The increase in carrying value during the year relates mainly to movements in exchange rates, which accounted for £27.9m of the increase including a £1.8m increase in respect of inventory. Other movements in the fair value of biological assets are required by IAS 41 to be reflected in the income statement. This can result in volatility in reported profits not reflected in cash generated by the business. For this reason, the net IAS 41 valuation movement in biological assets is excluded in arriving at adjusted profits referred to above. It is important to note that adjusted operating profits are reported after charging all research and product development expenditure.

Cash Flow and Net Debt

Operating cash inflow for the year to 30 June 2009 was £14.1m (2008: £13.5m).

Capital expenditure in the year of £15.5m was considerably higher than in previous years as
the Group invested in extending capacity to meet projected future growth. In particular £11.0m was spent on the new porcine genetic nucleus herd facility in South Dakota and £1.1m on extending the new bull stud in Wisconsin.

As a result, after payments for interest and dividends, there was a net cash outflow for the year of £3.9m.

Net debt increased by £10.5m to £88.0m from £77.5m last year, partly due to the cash outflow but mainly as a result of exchange rate movements. The majority of the Group's net debt is denominated in US dollars to match the underlying operational cash flows and net assets. Therefore, as sterling has weakened relative to the dollar, net debt reported in sterling has increased. Of course, there has also been a substantial increase in US net assets.

Therefore, despite the increase in net debt, the Group's financial ratios remained strong with gearing broadly unchanged at 43% and interest cover improved.

Debt Refinancing

To ensure that the Company could pursue its growth strategy in the developing markets at a time when finance may have been in short supply, the Board took the opportunity in February 2009 to extend its bank facilities.

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. Part of the new facilities have been denominated in US dollars to assist in the management of the Group's liquidity in volatile foreign exchange markets. As a result, the new facilities comprise a £110m multi-currency revolving credit facility and a US$60m revolving credit facility.

Principal Risks and Uncertainties

Genus operates a structured risk management system which identifies, evaluates and prioritises risks and uncertainties and actively reviews control and mitigation activities. In this process the relative importance of the risks associated with sales and profit growth and their related mitigating actions taken by the Group have been elevated as a result of the downturn in economic markets. The principal risks and uncertainties identified by Genus which could impact its performance are set out below, prioritised within categories in the order of risk:

Risk	Description	Mitigation
Trading Risks		
Profit Growth	Impact of economic conditions e.g. global	• Cost reductions in affected

	recession, high commodity prices, lack of credit to customers	areas • Geographical diversification • Increased use of royalty model • Forward purchasing strategy • Sound procurement practices • Tightened credit controls
Sales Growth	Changes in demand; interruptions or delay in product supply; expansion into new markets; competitor activity	• Local investments ensuring availability of superior product in new regions • Investment in bull studs and porcine genetic nucleus herds • Extensive supply network in geographically diverse locations • Locally based distributor network • Provision of technical services
Currency	Foreign exchange risks	• Forecasting currency requirements • Hedging and foreign exchange policies • Treasury reviews
Operating Risks		
Research & Product Development Effectiveness	Product development not meeting demand or overtaken by competitors	• Long term strategy agreed by Board • Research undertaken in key areas • Detailed selection criteria • Diversified product portfolio
Disease	Disease outbreak in bull studs or porcine nucleus herds and/or surrounding areas	• World class animal care practices • Strict bio-security systems • Dispersed & remote herd locations • High level of staff training
Environmental Compliance	Environmental incident e.g. arising from waste disposal	• Pro-active environmental management • Compliance with environmental laws • Extensive environmental protocols • High level of staff training • Use of latest technology
Pensions	Increased pension deficit contributions; joint and several liability under Milk Pension Fund	• Agreement of appropriate recovery and other plans with pension fund trustees

		• Review of investment strategy • Review of pension benefits provision
Business & IT Interruption	Failure of business or IT infrastructure; delay in third party supply of product or services	• Back up procedures for each location • Contingency plans for key suppliers • IT recovery plans • Insurance programme
Health & Safety	Health & safety incident, e.g. accident at work	• Compliance with health & safety laws • Extensive health & safety protocols • High level of staff training • Risk assessments & audits
People	Reliance on key employees	• Succession planning • Training and development programmes • Competitive remuneration packages • Incentives to retain key employees

Going Concern

After reviewing the available information including the Group's business plans and after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Group income statement
For the year ended 30 June 2009

	Note	2009 £m	Restated* £m
REVENUE FROM CONTINUING OPERATIONS	2	280.4	247.1
ADJUSTED OPERATING PROFIT FROM CONTINUING OPERATIONS	2	38.1	32.3
Net IAS 41 valuation movement in biological assets	8	2.7	6.3
Amortisation of acquired intangible assets		(5.2)	(5.1)
Share based payments		(2.0)	(2.4)
		33.6	31.1
Exceptional items	4		
Environmental settlement		(0.6)	-
Integration and restructuring expenses		-	(3.3)
Main market listing costs		-	(1.6)
		(0.6)	(4.9)
OPERATING PROFIT FROM CONTINUING OPERATIONS	2	33.0	26.2
Share of post tax profit of joint ventures and associates		1.8	2.7
Other gains and losses		0.4	0.2
Net finance costs before exceptional item		(8.2)	(7.1)

Write off of unamortised arrangement fee	4	(0.8)	-
Net finance costs	5	(9.0)	(7.1)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		26.2	22.0
Taxation	6	(8.3)	(7.8)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		17.9	14.2
Profit for the year from discontinued operations	3	-	3.5
PROFIT FOR THE YEAR		17.9	17.7
EARNINGS PER SHARE FROM CONTINUING OPERATIONS	9		
Basic earnings per share		30.4p	24.7p
Diluted earnings per share		29.9p	24.2p
EARNINGS PER SHARE FROM TOTAL OPERATIONS	9		
Basic earnings per share		30.4p	30.8p
Diluted earnings per share		29.9p	30.2p
NON STATUTORY MEASURE OF PROFIT			
Adjusted operating profit from continuing operations		38.1	32.3
Pre tax share of profits from joint venture and associates excluding net IAS41 valuation adjustment		2.1	2.7
Net finance costs before exceptional items		(8.2)	(7.1)
ADJUSTED PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS		**32.0**	**27.9**
ADJUSTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS			
Basic adjusted earnings per share		36.1p	31.8p
Diluted adjusted earnings per share		35.6p	31.2p

*See note 1

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 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 hedges, 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	7	-	-	-	-	-	(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, net of tax		-	-	-	26.9	-	-	26.9
Fair value movement on net investment hedges, net of tax		-	-	-	(8.6)	-	-	(8.6)
Fair value movement on cash flow hedges, net of tax		-	-	-	-	(2.1)	-	(2.1)
Actuarial loss on retirement benefit obligations, net of tax		-	-	-	-	-	(9.9)	(9.9)
Net income and expense recognised directly in equity		-	-	-	18.3	(2.1)	(9.9)	6.4
Profit for the year		-	-	-	-	-	17.9	17.9
Total recognised income and expense for the year		-	-	-	18.3	(2.1)	8.0	24.2
Recognition of share based payments, net of tax		-	-	-	-	-	1.1	1.1
Issue of ordinary shares		0.1	-	-	-	-	-	0.1
Dividends	7	-	-	-	-	-	(5.9)	(5.9)
BALANCE AT 30 JUNE 2009		6.0	111.7	(0.1)	10.4	(1.4)	78.0	204.6

Group balance sheet

	Note	2009 £m	2008 £m
ASSETS			
Goodwill		70.5	63.0
Other intangible assets		81.1	79.5
Biological assets	8	153.9	127.0
Property, plant and equipment		39.3	27.6
Interests in joint ventures and associates		5.3	4.7
Available for sale investments		0.3	0.3
Derivative financial assets		1.7	2.5
Deferred tax assets		16.7	12.8
TOTAL NON-CURRENT ASSETS		368.8	317.4
Inventories		28.0	21.8
Biological assets	8	28.0	24.3
Trade and other receivables		53.7	51.7
Cash and cash equivalents	11	20.6	19.3
Income tax receivable		1.4	1.5
TOTAL CURRENT ASSETS		131.7	118.6
TOTAL ASSETS		500.5	436.0
LIABILITIES			
Trade and other payables		(39.0)	(42.1)
Interest-bearing loans and borrowings	11	(2.5)	(17.6)
Provisions		(0.2)	(1.2)
Obligations under finance leases	11	(0.9)	(1.0)
Current tax liabilities		(4.8)	(5.0)
Derivative financial liabilities		-	(0.2)
TOTAL CURRENT LIABILITIES		(47.4)	(67.1)
Interest-bearing loans and borrowings	11	(104.2)	(77.0)
Retirement benefit obligations		(35.4)	(21.1)
Provisions		(1.8)	(3.0)
Deferred tax liabilities		(96.3)	(80.4)
Derivative financial liabilities		(9.8)	(1.1)
Obligations under finance leases	11	(1.0)	(1.2)
TOTAL NON-CURRENT LIABILITIES		(248.5)	(183.8)

TOTAL LIABILITIES	(295.9)	(250.9)
NET ASSETS	204.6	185.1
EQUITY		
Called up share capital	6.0	5.9
Share premium account	111.7	111.7
Own shares	(0.1)	(0.1)
Translation reserve	10.4	(7.9)
Hedging reserve	(1.4)	0.7
Retained earnings	78.0	74.8
	204.6	185.1

Group statement of cash flows
For the year ended 30 June 2009

	Note	2009 £m	2008 £m
NET CASH FLOW FROM OPERATING ACTIVITIES	10	14.1	13.5
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividend received from joint venture and associates		2.1	1.8
Proceeds from disposal of businesses		0.3	15.3
Purchase of property, plant and equipment		(15.2)	(5.0)
Purchase of intangible assets		(0.3)	(3.9)
Proceeds from sale of property, plant and equipment		1.0	1.0
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		(12.1)	9.2
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of borrowings		14.7	-
Repayment of borrowings		(11.3)	(35.5)
Payment of finance lease liabilities		(0.8)	(1.6)
Equity dividends paid		(5.9)	(5.3)
Issue of ordinary shares		0.1	19.5
Increase/(decrease) in bank overdrafts		1.2	(6.9)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(2.0)	(29.8)
NET DECREASE IN CASH AND CASH EQUIVALENTS - CONTINUING OPERATIONS		(0.3)	(22.8)
NET INCREASE IN CASH AND CASH EQUIVALENTS - DISCONTINUED OPERATIONS		0.3	15.7
NET DECREASE IN CASH AND CASH EQUIVALENTS		-	(7.1)
Cash and cash equivalents at start of the year		19.3	27.3
Net decrease in cash and cash equivalents		-	(7.1)
Effect of exchange rate fluctuations on cash and cash equivalents		1.3	(0.9)
TOTAL CASH AND CASH EQUIVALENTS AT 30 JUNE		20.6	19.3

1. BASIS OF PREPARATION

Status of audit

The financial information given does not constitute the Company's statutory accounts for the year ended 30 June 2009 or the year ended 30 June 2008, but is derived from those accounts. Statutory accounts for the year ended 30 June 2008 have been delivered to the Registrar of Companies and those for the year ended 30 June 2009 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. 498(2) or (3) Companies Act 2006.

Basis of preparation

The financial information for the year ended 30 June 2009 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	
	2009	2008	**2009**	2008
US Dollar/£	1.60	2.01	1.65	1.99
Euro/£	1.17	1.36	1.17	1.26

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 2009. These financial statements have also been prepared in accordance with the accounting policies set out in the 2008 Annual Report and Financial Statements, as amended by the following new accounting standards.

New standards and interpretations adopted

In the current year, two interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) are effective. These are: IFRIC 12 *Service Concession arrangement* and IFRIC 13 *Customer Loyalty Programmes.* The adoption of these IFRICs has not led to any changes in the Group's accounting policies.

The Group has elected to adopt IFRS 8 *Operating Segments* in the financial year ended 30 June 2009 and has presented the segmental analysis of results in note 2 on this basis. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance. In contrast, the predecessor standard (IAS 14 *Segment Reporting*) required the Group to identify two sets of segments (business and geographical), using a risks and rewards approach, with the Group's reporting system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations which have been endorsed by the EU but are not yet effective for the year ended 30 June 2009, and have not been applied in preparing these Group financial statements:

- IFRIC 14 *IAS 19 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* and IFRIC 15 *Agreements for the construction of real estate* and IFRIC 16 *Hedges of net investment in a foreign operation* 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.

Adjusted operating profit from continuing operations

Adjusted operating profit from continuing operations is defined as operating profit from continuing operations before the net valuation movements in biological assets, amortisation of acquired intangible assets, share based payments expense, exceptional items and other gains and losses. This additional non-GAAP measure of operating performance is included as the Directors believe that it provides a useful alternative measure for shareholders of the trading performance of the Group. The reconciliation between operating profit from continuing operations and adjusted operating profit from continuing operations is shown on the face of the income statement. The Directors recognise this alternative measure has limitations.

The definition of adjusted operating profit has been amended in the current year such that in respect of the amortisation of intangible assets only the amortisation of acquired intangible assets is excluded. Included within amortisation of intangible assets in the prior year was £0.1m relating to the amortisation of software assets. To ensure consistency with the current definition of adjusted operating profit the prior year number has been reduced by £0.1m.

This preliminary announcement was approved by the Board on 9 September 2009.

2. SEGMENTAL INFORMATION

The Group has elected to early adopt IFRS 8. Accordingly, the Group now presents its segmental information on the basis reviewed regularly for assessing business performance and for the purpose of resource allocation by the chief operating decision maker.

The Group is managed using a combination of geographical market segments and a research and development segment.

The operating segments for the Group reflect this structure as follows:

North America

Latin America

Europe

Far East
Research & Product Development
- Research
- Bovine Product Development
- Porcine Product Development

The geographic regions derive their revenue from the sale of products and services in the bovine and porcine sectors from the application of quantitative genetics and biotechnology to animal breeding which is commercialised by the Group in the bovine and porcine farming sectors.

The research and development segment derives its revenue mainly from internal sales to the geographical regions, with external sales only arising from the sale of by-product animals from the breeding programmes.

The Group's business is not highly seasonal and its customer base is highly diversified, with no individually significant customer.

2. **SEGMENTAL INFORMATION (CONTINUED)**

Revenue

	Gross revenue 2009 £m	**Inter-segment revenue 2009 £m**	**Consolidated revenue 2009 £m**
North America	109.0	(3.8)	105.2
Latin America	34.1	(1.3)	32.8
Europe	118.8	(2.5)	116.3
Far East	21.8	-	21.8
Research & Product Development			
Research	-	-	-
Bovine Product Development	6.8	(6.3)	0.5
Porcine Product Development	7.2	(3.4)	3.8
	14.0	(9.7)	4.3
Revenue	**297.7**	**(17.3)**	**280.4**

Revenue

	Gross revenue 2008 £m	**Inter-segment revenue 2008 £m**	**Consolidated revenue 2008 £m**
North America	94.4	(3.9)	90.5
Latin America	28.9	(1.3)	27.6
Europe	109.7	(2.5)	107.2
Far East	18.6	-	18.6
Research & Product Development			
Research	-	-	-
Bovine Product Development	5.4	(5.0)	0.4
Porcine Product Development	6.0	(3.2)	2.8
	11.4	(8.2)	3.2
	263.0	**(15.9)**	**247.1**

2. SEGMENTAL INFORMATION (CONTINUED)

Operating profit by segment and a reconciliation to adjusted operating profit for the Group is set out below. A reconciliation of adjusted operating profit to profit for the year is shown on the Group Income Statement.

	Result before recharges 2009 £m	**Product Development recharges 2009 £m**	**Segment total 2009 £m**
North America	37.7	(5.4)	32.3
Latin America	10.4	(2.1)	8.3
Europe	20.2	(1.6)	18.6
Far East	6.9	(0.6)	6.3
Research & Product Development			
Research	(3.5)		(3.5)
Bovine Product Development	(15.8)	6.3	(9.5)

Porcine Product Development	(10.8)	3.4	(7.4)
	(30.1)	9.7	(20.4)
Segment operating profit	**45.1**	**-**	**45.1**
Central costs	(7.0)	-	(7.0)
Adjusted operating profit	**38.1**	**-**	**38.1**

	Result before recharges 2008 £m	Product Development recharges 2008 £m	Segment total 2008 £m
North America	32.0	(4.8)	27.2
Latin America	7.6	(1.6)	6.0
Europe	18.9	(1.2)	17.7
Far East	4.7	(0.6)	4.1
Research & Product Development			
Research	(2.5)	-	(2.5)
Bovine Product Development	(13.7)	5.0	(8.7)
Porcine Product Development	(8.0)	3.2	(4.8)
	(24.2)	8.2	(16.0)
Segment operating profit	**39.0**	**-**	**39.0**
Central costs	(6.7)	-	(6.7)
Adjusted operating profit	**32.3**	**-**	**32.3**

2. SEGMENTAL INFORMATION (CONTINUED)

	Depreciation		Amortisation		Additions to non current assets	
	2009 £m	£m	2009 £m	£m	2009 £m	2008 £m
North America	1.5	1.1	2.5	2.3	1.9	1.7
Latin America	0.3	0.3	0.4	0.4	0.3	0.6
Europe	0.8	0.7	2.7	2.3	0.4	5.3
Far East	0.1	0.2	0.2	0.2	0.5	0.3
Research & Product Development						
Research	0.1	0.1	-	-	-	-
Bovine Product Development	0.7	0.5	-	-	1.3	0.8
Porcine Product Development	0.7	0.6	-	-	11.0	1.4
	1.5	1.2	-	-	12.3	2.2
Segment total	**4.2**	**3.5**	**5.8**	**5.2**	**15.4**	**10.1**
Central costs	-	-	-	-	-	0.1
Total	4.2	3.5	5.8	5.2	15.4	10.2

	Segment Assets		Segment Liabilities	
	2009 £m	£m	2009 £m	2008 £m
North America	137.6	122.7	(34.9)	(44.7)
Latin America	47.5	46.6	(9.1)	(13.5)
Europe	93.2	84.5	(50.9)	(36.0)
Far East	22.2	20.2	(4.0)	(4.9)
Research & Product Development				
Research	0.5	0.5	-	-
Bovine Product Development	136.6	108.5	(38.8)	(31.0)
Porcine Product Development	42.1	24.5	(11.7)	(7.8)
	179.2	133.5	(50.5)	(38.8)
Segment total	**479.7**	**407.5**	**(149.4)**	**(137.9)**
Central costs and unallocated	20.8	28.5	(146.5)	(113.0)
Total	500.5	436.0	(295.9)	(250.9)

Exceptional items of £1.4m (2008: £4.9m) include £0.6m (2008: £nil) specifically related to the North America region. The other exceptional items and share based payments are considered on a group-wide basis and are therefore not allocated to reportable segments. For details of exceptional items see note 4.

3. DISCONTINUED OPERATIONS

For the year ended 30 June 2009 the group did not have any revenue or operating profit from discontinued operation.

Discontinued operation in the year ended 30 June 2008 related to the disposal of the Group's Mexican Shrimp Genetics business on 4 October 2007, the Development Consulting business on 6 November 2007 and the Animal Health business on 15 January 2008.

4. EXCEPTIONAL ITEMS

Exceptional items in the year to 30 June 2009 comprise:

	2009 £m	2008 £m
Operating expenses:		
Environmental liabilities settlement	0.6	-
Integration and restructuring expenses (primarily Sygen acquisition related)	-	3.3
Main market listing costs	-	1.6
	0.6	4.9
Finance costs:		
Write off of unamortised arrangement fee	0.8	-
	1.4	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 incurred 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.

Integration and restructuring expenses incurred in the prior year of £3.3m, relate primarily to the Sygen business and include 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).

Main market listing costs incurred in the prior year primarily relate to professional fees in relation to Genus' move to the official list in November 2007.

£0.8m of unamortised arrangement fees relating to the old banking facility were expensed on completion of the refinancing as an exceptional charge.

5. NET FINANCE COSTS

	2009 £m	2008 £m
Interest payable on bank loans and overdrafts	(5.6)	(8.5)
Amortisation of debt issue costs	(1.8)	(0.3)
Net interest cost in respect of pension scheme liabilities	(0.9)	-
Other interest payable	(0.3)	(0.1)
Net interest cost on derivative financial instruments	(1.0)	-
Total interest expense	(9.6)	(8.9)
Less: amounts included in the cost of qualifying assets	0.2	-
	(9.4)	(8.9)
Interest income on bank deposits	0.4	0.4
Net interest income on derivative financial instruments	-	1.3
Net interest income in respect of pension scheme liabilities	-	0.1
Interest income	0.4	1.8
Net finance costs	(9.0)	(7.1)
Effect of exceptional write off of unamortised arrangement fee		
Net finance costs	(9.0)	(7.1)
Exceptional item: write off of unamortised arrangement fee	0.8	-
Net finance costs before exceptional item	(8.2)	(7.1)

6. INCOME TAX EXPENSE IN THE INCOME STATEMENT

	2009 £m	2008 £m

Current tax expense		
Current period	5.7	6.2
Adjustment for prior periods	1.1	0.1
	6.8	6.3
Deferred tax expense		
Origination and reversal of temporary differences	3.3	1.4
Adjustment for prior period	(1.8)	0.3
Reduction in tax rate	-	(0.1)
Total deferred tax expense in the Group income statement	1.5	1.6
Income tax expense from continuing operations	8.3	7.8
Income tax expense from discontinued operations (excluding gain on sale)	-	0.1
Total income tax expense excluding tax on sale of discontinued operations and share of income tax of equity accounted investees	8.3	7.9
Share of income tax of equity accounted investees	0.3	0.6
Total income tax expense in the Group income statement	8.6	8.5

7. DIVIDENDS

Amounts recognised as distributions to equity holders in the year:

	2009 £m	2008 £m
Final dividend 10.0p (2008: 9.1p) per share	5.9	5.3

A dividend of 11.0p per share has been proposed by the Directors for 2009. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

8. BIOLOGICAL ASSETS

Fair value of biological assets	Bovine £m	Porcine £m	Total £m
Balance at 1 July 2007	73.9	65.8	139.7
Increases due to purchases	2.6	70.1	72.7
Decreases attributable to sales	-	(126.4)	(126.4)
Decrease due to harvest	(18.5)	(6.1)	(24.6)
Changes in fair value less estimated sale costs	25.7	61.8	87.5
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
Balance at 30 June 2008	84.4	66.9	151.3
Balance at 1 July 2008	84.4	66.9	151.3
Increases due to purchases	3.6	76.6	80.2
Decreases attributable to sales	-	(128.1)	(128.1)
Decrease due to harvest	(23.4)	(6.4)	(29.8)
Changes in fair value less estimated sale costs	26.0	56.3	82.3
Effect of movements in exchange rates	15.3	10.8	26.1
Balance at 30 June 2009	105.9	76.0	181.9
Non current biological assets	105.9	48.0	153.9
Current biological assets	-	28.0	28.0
Balance at 30 June 2009	105.9	76.0	181.9

The aggregate gain arising during the year on initial recognition of biological assets in respect of multiplier purchases was £26.1m (2008: £22.1m).

Year ended 30 June 2009

	Bovine £m	Porcine £m	Total £m
Net IAS 41 valuation movement in biological assets*			
Changes in fair value of biological assets	26.0	56.3	82.3
Inventory transferred to cost of sales at fair value	(20.6)	(6.5)	(27.1)
Biological assets transferred to cost of sales at fair value	-	(52.5)	(52.5)
	5.4	(2.7)	2.7

8. BIOLOGICAL ASSETS (continued)

Year ended 30 June 2008

	Bovine £m	Porcine £m	Total £m
Net IAS 41 valuation movement in biological assets*			
Changes in fair value of biological assets	25.7	61.8	87.5
Inventory transferred to cost of sales at fair value	(18.0)	(6.1)	(24.1)
Biological assets transferred to cost of sales at fair value	-	(57.1)	(57.1)
	7.7	(1.4)	6.3

*This represents the difference between operating profit prepared under IAS 41 and operating profit prepared under historic cost accounting, which is part of the reconciliation to adjusted operating profit.

9. EARNINGS PER SHARE

Basic earnings per share from continuing operations

The calculation of basic earnings per share from continuing operations at 30 June 2009 is based on the profit attributable to ordinary shareholders from continuing operations of £17.9m (2008: £14.2m) and a weighted average number of ordinary shares outstanding of 58,941,000 (2008: 57,459,000), calculated as follows:

Weighted average number of ordinary shares (basic)

	2009 000s	2008 000s
Issued ordinary shares at start of the year	59,456	55,931
Effect of own shares held	(568)	(747)
Shares issued on exercise of stock options	53	477
Shares issued in relation to share placement	-	1,798
Weighted average number of ordinary shares in year	58,941	57,459

Diluted earnings per share from continuing operations

The calculation of diluted earnings per share at 30 June 2009 is based on profit attributable to ordinary shareholders from continuing operations of £17.9m (2008: £14.2m) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 59,872,000 (2008: 58,638,000) calculated as follows:

Weighted average number of ordinary shares (diluted)

	2009 000s	2008 000s
Weighted average number of ordinary shares (basic)	58,941	57,459
Dilutive effect of share options	931	1,179
Weighted average number of ordinary shares for the purposes of diluted earnings per share	59,872	58,638

9. EARNINGS PER SHARE

Adjusted earnings per share

Adjusted earnings per share is calculated on profit before net IAS 41 valuation movements in biological assets, amortisation of acquired intangible assets, share based payments, exceptional items and other gains and losses after charging taxation associated with those profits, of £21.3m (2008: £18.3m) as follows:

	2009 £m	2008 £m
Profit before tax from continuing operations	26.2	22.0
Add/(deduct):		
Net IAS 41 valuation movements in biological assets	(2.7)	(6.3)
Amortisation of acquired intangible assets	5.2	5.1
Share based payments	2.0	2.4
Integration and restructuring expenses	-	3.3
Main market listing costs	-	1.6
Environmental settlement	0.6	-
Exceptional write off of unamortised arrangement fee	0.8	-
Other gains and losses	(0.4)	(0.2)
Net IAS 41 valuation movements in biological assets in joint ventures and associates	0.1	(0.6)
Profit before net IAS 41 valuation movements in biological assets, amortisation of acquired intangible assets, share based payments, exceptional items and other gains and losses	31.8	27.3
Adjusted tax charge	(10.5)	(9.0)
Profit before net IAS 41 valuation movements in biological assets, amortisation of acquired intangible assets, share based payments, exceptional items and other gains and losses, after taxation	21.3	18.3

Total operations

Earnings per share for total operations has been calculated as the profit attributable to ordinary shareholders of £17.9m (2008: £17.7m) divided by the weighted average number of ordinary shares (basic and diluted) as calculated above.

10. NOTES TO THE CASH FLOW STATEMENT

	2009 £m	£m
Profit for the year	17.9	17.7
Adjustment for:		
Net IAS 41 valuation movements in biological assets	(2.7)	(6.3)
Amortisation of intangible assets	5.8	5.2
Share based payment expense	2.0	2.4
Share of profit of joint ventures and associates	(2.1)	(2.7)
Other gains and losses	(0.4)	(0.2)
Finance costs	9.0	7.1
Income tax expense	8.3	7.9
Gain on disposal of discontinued operations	-	(3.4)
Depreciation of property, plant and equipment	4.2	3.5
Loss on disposal of property, plant and equipment	1.2	0.5
Other movements in biological assets and harvested produce	(4.6)	(2.1)
Decrease in provisions	(2.2)	-
Other	(1.3)	-
Operating cash flows before movement in working capital	35.1	29.6
Increase in inventories	(1.1)	(4.1)
Decrease/(increase) in receivables	1.1	(8.3)
(Decrease)/increase in payables	(6.9)	8.7
Cash generated by operations	28.2	25.9
Interest received	0.4	0.5
Interest and other finance costs paid	(6.9)	(8.5)
Cash flow from derivative financial instruments	(1.0)	1.3
Income taxes paid	(6.6)	(5.7)
Net cash from operating activities	14.1	13.5

The cash impact of exceptional items for the year ended 30 June 2009 was an outflow of £2.0m (2008: £4.1m).

11. NET DEBT

	At 1 July 2008 £m	Cash flows £m	Foreign exchange £m	Non cash movements £m	At 30 June 2009 £m
Cash and cash equivalents	19.3	-	1.3	-	20.6
	19.3	-	1.3	-	20.6
Interest bearing loans - current	(17.6)	(1.2)	-	16.3	(2.5)
Obligation under finance leases - current	(1.0)	0.8	(0.2)	(0.5)	(0.9)
	(18.6)	(0.4)	(0.2)	15.8	(3.4)
Interest bearing loans - non-current	(77.0)	(3.4)	(7.5)	(16.3)	(104.2)
Obligation under finance lease - non current	(1.2)	-	(0.1)	0.3	(1.0)
	(78.2)	(3.4)	(7.6)	(16.0)	(105.2)
Net debt	(77.5)	(3.8)	(6.5)	(0.2)	(88.0)

12. EMPLOYEE BENEFITS

The Group has a number of defined contribution and defined benefit pension schemes covering many of its employees. The principal funds are those in the United Kingdom, the Milk Pension Fund and the Dalgety Pension Fund, which are defined benefit schemes. The assets of these funds are held separately from the assets of the Group and administered by trustees and managed professionally. These schemes are closed to new members. The financial position of the defined benefit schemes as recorded in accordance with IAS 19 are aggregated for disclosure purposes.

Details of the total recognised defined benefit obligations are provided below:

Aggregated position of defined benefit schemes

	2009 £m	£m
Present value of funded obligations (includes Genus section only for MPF)	139.7	138.7
Present value of unfunded obligations	6.3	5.8
Total present value of obligations	146.0	144.5
Fair value of plan assets (includes Genus section only for MPF)	(112.0)	(126.1)
Restrict recognition of asset	1.4	2.7
Recognised liability for defined benefit obligations	35.4	21.1

Included in the defined benefit obligations are obligations relating to the Milk Pension Fund. Genus only accounts for its section and its share of any orphan liabilities but discloses details regarding the full potential contingent liability in respect of the joint and several liabilities in the Annual Report.

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 year ended 30 June 2009, the Group recognised an expense of £0.9m (2008: £0.9m).

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2009	
Discount rate	6.0%	6.5%
Expected return on plan assets	6.6%	6.7%
Future salary increases	3.8%	5.0%
Medical cost trend rate	7.4%	8.0%
Future pension increases	2.8%	4.0%

The mortality assumptions used are consistent with those recommended by the schemes' actuaries and reflect the latest available tables, adjusted for the experience of the scheme where appropriate. The mortality tables used are the PxA00 tables, with birth year and medium cohort projections, with mortality rates increased by 25% at all ages (2008: PxA00 tables, with birth year and medium cohort projections, with mortality rates increased by 25% at all ages).

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