RNS Number : 6463H
Genus PLC
25 February 2010

For Immediate Release 25 February 2010

('Genus' or 'the Company')

Interim Results for the six months ended 31 December 2009

Genus, a world leading animal genetics company, announces its results for the six months ended 31 December 2009. These results are reported under International Financial Reporting Standards ('IFRS').

FINANCIAL HIGHLIGHTS

Adjusted Results			**Movement**	
			Actual Currency	**Constant Currency+**
	2009	**2008**	**%**	**%**
Six months ended 31 December	**£m**	**£m**		
Continuing operations				
Revenue	134.9	140.0	(4)	(7)
Regional operating profit**	34.3	32.0	7	3
Operating profit*	19.3	19.0	2	(1)
Profit before tax*	15.5	16.9	(8)	(11)
Earnings per share (p)*	17.2	19.0	(9)	

Statutory Results			
	2009	**2008**	**%**
Six months ended 31 December	**£m**	**£m**	
Continuing operations			
Revenue	134.9	140.0	(4)
Operating profit	16.6	20.0	(17)
Profit before tax	13.0	17.9	(27)
Earnings per share (p)	15.0	19.2	(22)

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

** Regional operating profit represents adjusted operating profit before research & development costs and central costs.

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

BUSINESS HIGHLIGHTS

- Resilient underlying performance in difficult agricultural markets and economic conditions
- Regional operating profit up 7% to £34.3m (2008: £32.0m)
    - Bovine volumes up 3% and porcine royalty income up 6%
    - Costs reduced throughout the Group in line with anticipated reduction in revenues

- Adjusted profit before tax of £15.5m (2008: £16.9m) 8% lower due to:
    - Increased research and development costs in line with strategy
    - Lower contribution from 49% owned Brazilian joint venture which operates a less robust royalty model
    - £0.9m higher interest costs following refinancing in February 2009
- Cash inflow of £4.2m reduced net debt to £85.6m (June 2009: £88.0m) despite normal seasonal working capital increase
- US beef genetics operations expanded through £1.4m acquisition of Powerline Beef Genetics
- Continued success in product development
    - Dairy sector competitive position improved with 33 bulls now in top 100 US ranking, up from 18 last year
    - Rate of genetic improvement in porcine product development increased by a further 10%

Richard Wood, Chief Executive, commented:-

"Genus has weathered the deep global agricultural recession well. Operating profit was slightly ahead of the Board's expectation and was an improvement on last year.

"The early signs of market recovery are now becoming more evident and we remain on course to deliver an improved performance in the second half".

"Looking further ahead, the Group's geographic spread, investment in research and development and improving product portfolio leave Genus well placed to benefit from the recovery in agricultural markets and the return to long term growth expected in the markets in which it operates."

For further information please contact:-

Genus plc Tel: 01256 345970
Richard Wood, Chief Executive
John Worby, Finance Director

Buchanan Communications Tel: 0207 466 5000
Charles Ryland
Suzanne Brocks
Jennie Spivey

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

GROUP PERFORMANCE

In a reporting period at the bottom of a deep global agricultural recession, Genus has continued to deliver a resilient underlying performance, slightly ahead of the Board's expectations. Regional operating profit, before research and development and central costs, was 7% higher than in the pre-recessionary first half of last year and 3% higher in constant currency.

Adjusted profit before tax of £15.5m was 8% lower than last year due to the combination of an increase in research and development costs in line with the Group's long-term strategy, a lower contribution from our Brazilian joint venture, which operates a less robust royalty model, and increased interest costs following last year's refinancing.

Tight control of cash held net debt at the half year of £85.6m to a level slightly lower than in June 2009 (£88.0m), despite the normal seasonal working capital outflow in the first half year.

Results

Revenue of £134.9m was 4% lower than in 2008. The majority of the reduction in revenues arose from porcine customers in the USA deferring the updating of genetics in their herds due to the agricultural recession. Importantly, underlying activity levels held up well and market share generally improved; a testimony to the strength of Genus' products. Bovine volumes rose 3% and porcine royalty income increased by 6% although porcine volumes only rose by 1%.

Adjusted operating profit was £19.3m (2008: £19.0m). Regional operating profit rose 7%, from a particularly strong performance in Europe, more than offsetting the impact of acutely depressed market conditions, particularly in North America. As expected, research & development costs were £2.2m higher than last year, mainly as a result of the increase in costs associated with bringing on stream the new porcine nucleus herd facility in South Dakota. The impact of weaker Sterling on the largely US based costs contributed to the increase.

After higher interest costs, resulting largely from increased interest margins payable following the refinancing in February last year, adjusted profit before tax was 8% lower at £15.5m (2008: £16.9m).

The statutory results include fair value adjustments on the Group's biological assets. When these non-cash items are taken into account, statutory operating profit was lower at £16.6m (2008: £20.0m). The reduction arose principally from a reduced credit in respect of the fair value movement in biological assets of £0.9m (2008: £5.5m). This was mainly due to a slower up-take of genetic updates by Genus' porcine customers; the impact on underlying profits was minimal, due to the resilience of the porcine royalty model. Statutory profit before tax of £13.0m (2008: £17.9m) reduced accordingly.

The effective rate of tax on adjusted profit before tax was 33.7% (2008: 34.1%). Adjusted basic earnings per share was 17.2p (2008: 19.0p).

Cash Flow and Net Debt

Capital expenditure for the half year of £3.7m (2008: £11.4m) was substantially lower than last year as the final stages of the planned research & development investment programme drew to a close. The new nucleus herd facility was completed in October 2009.

Tight working capital management contained the normal seasonal working capital outflows for the first half to £7.9m (2008: £13.0m). As a result of this and the lower level of capital expenditure, a net cash inflow before financing activities (excluding share capital issued) for the half year of £4.2m was achieved, compared to a £8.7m cash outflow in the prior period.

Net debt at the half year was £85.6m (30 June 2009: £88.0m).

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 2010 are announced.

REVIEW OF OPERATIONS

North America			Movement	
			Actual	Constant
	2009	2008	Currency	Currency
	£m	£m	%	%
Revenue	42.9	51.2	(16)	(18)
Adjusted operating profit	14.3	14.6	(2)	(5)
Adjusted operating margin	33%	29%		

Producers in North America faced particularly difficult market conditions throughout 2009, with weakening demand, oversupply and high feed costs. As a result, the majority of producers became loss-making.

Customers reacted in varying ways to these market conditions:-

- In the bovine sector, where the market reversal was particularly sudden and deep, most customers traded down and this reduced average selling prices. On the west coast of the USA, where dairy farms are generally larger and more reliant on purchased feed, customer profitability was hardest hit by the sudden

market reversal. These farmers saved money by using on-farm stock instead of making new semen purchases. As a result, semen sales volume was down 4% when compared with the pre-market downturn period last year.

- In the porcine sector, customers had been loss-making for longer than in the bovine sector and saved cash by deferring the updating of the genetics in their herds. As a result, revenue fell with significantly lower sales of breeding animals. However, royalty income was maintained at the same level as last year to produce a robust operating contribution.

To mitigate the impact on profitability of lower sales throughout the region, there has been a tight control of costs.

As a result, although revenue fell by 18%, profits were only 5% lower in constant currency.

REVIEW OF OPERATIONS (CONTINUTED)

Latin America			Movement	
			Actual	Constant
	2009	2008	Currency	Currency
	£m	£m	%	%
Revenue	17.3	15.9	9	2
Adjusted operating profit exc. joint venture (JV)	5.4	4.3	26	15
Adjusted operating profit inc. JV	6.3	6.0	5	(2)
Adjusted operating margin exc. JV	31%	27%		

Revenue increased by 9% to £17.3m (2008: £15.9m) and operating profit was up 5% to £6.3m (2008: £6.0m), although profits were down 2% in constant currency.

The strong improvement in both bovine and porcine profitability was held back by a disappointing performance from the 49% owned joint venture in Brazil, where low pig prices resulted in reduced profits as a result of a less robust royalty model that is more linked to hog prices than volumes.

Bovine semen sales grew strongly, with volume in both dairy and beef semen being up by 10%. Sales volume rose strongly in Brazil and Argentina and the company market share improved.

In porcine, market recovery led to improved underlying volumes and prices in Chile, although sales and profits were held back by delayed shipments to Venezuela due to export restrictions.

REVIEW OF OPERATIONS (CONTINUED)

Europe			Movement	
			Actual	Constant
	2009	2008	Currency	Currency
	£m	£m	%	%
Revenue	61.7	59.7	3	1
Adjusted operating profit	11.8	9.9	19	16
Adjusted operating margin	19%	17%		

Europe performed well despite the difficult market conditions that prevailed throughout the period. Revenue increased by 3% to £61.7m and profits rose 19% to £11.8m.

European milk prices improved gradually from the very low levels experienced in the spring of 2009. However, farmers remained loss-making and were cautious in any purchasing.

Against this background, semen volume grew 6%. Italy, a country where Genus is the clear market leader, performed strongly. Volumes increased in a number of relatively new markets for Genus including Ukraine and Russia. Average prices were maintained and cost reductions contributed to improve profitability.

Pig prices remained depressed throughout Europe, except in the UK where prices benefited from the weakness of Sterling. The UK business continued to perform well. In Germany the business was restructured to reduce

cost in response to disappointing sales.

In the strategically important growth countries of Eastern Europe, particularly Russia, Poland and Romania, strong volume growth was achieved.

Far East			**Movement**	
			Actual	**Constant**
	2009	**2008**	**Currency**	**Currency**
	£m	**£m**	**%**	**%**
Revenue	11.1	11.3	(2)	(9)
Adjusted operating profit	2.8	3.2	(13)	(18)
Adjusted operating margin	25%	28%		

A severe drought in Australia and depressed pig markets throughout Asia, held back both sales and profit. Sales were 2% lower at £11.1m, and profit was 13% lower at £2.8m (2008: £3.2m).

The Australian spring heatwave dramatically reduced semen demand.

The new dairy semen business with Mengniu in China grew strongly, albeit from an embryonic base and a further 21 bulls were transferred from the Australian stud to increase local capacity to meet projected demand.

The market downturn in porcine limited demand. Customers in the Philippines and, to a lesser extent in China, delayed both updating of genetics and expansion plans. In response, Genus re-phased the planned new farm expansions in China to be more in line with the expected market recovery.

Research & Development			**Movement**	
			Actual	**Constant**
	2009	**2008**	**Currency**	**Currency**
	£m	**£m**	**%**	**%**
Research & development costs	11.4	9.2	24	14

Research and development costs for the six months increased by £2.2m to £11.4m, an increase of 24%, as the strategic expansion was commissioned. Part of the increase arose from the weakness of Sterling as the majority of the research and development activities are undertaken in the USA. On a constant currency basis, research and development costs were £1.4m higher. The increased costs of the new porcine nucleus herd facility in south Dakota accounted for £1.0m.

Bovine Product Development

The strength of Genus' bovine product development programme was extended in the latest league tables. Genus leads the internationally important US rankings and now has 33 bulls in the top 100, up from 18 a year ago. This has been achieved from a progeny testing programme of 220 bulls, some 20% of the total of bulls tested in the USA by the industry.

During the last year, Genus has largely completed the final stage of a strategic increase in the size of its US progeny test programme to a total of 300 bulls per annum. This increase was designed to create more World class bulls whose semen could be sold internationally. This should improve the Company's competitive edge, as the number of bulls graduating from the programme increases steadily over the next 4 years. The third of the four buildings required to house the increased number of bulls was completed during the half year at a cost of £1m.

Porcine Product Development

The new nucleus herd facility in South Dakota was completed and became operational in October 2009. This facility replaces the ageing Kentucky facility and will provide additional capacity to support Genus' long term growth. The size of the new facility will also enable Genus fully to replicate the genetic lines housed in its other nucleus facility in Saskatchewan, improving biosecurity and consequently reducing risk.

We continued to make good progress in quantitative genetics and cross bred trials so that the annual rate of increase in porcine genetic merit continued to rise. With the increasing application of the genomics programme, we are confident that further improvements in the rate of genetic progress will add to the company's competitive edge.

Fundamental Research

Our investment in research has been maintained. In our genomics programme, technological advances and appropriate investment in computing power have enabled us to increase the volume of SNP (units of genetic information) data used in our evaluations to 60,000 SNPs. These are already being used to accelerate genetic selection in the porcine programme and their use has now been extended into the bovine programme.

A further milestone has been achieved in the sexed semen project. Operational sorting of semen has been accomplished and the project has been elevated from a research to a development project.

REVIEW OF OPERATIONS (CONTINUED)

Genus products

			Movement	
			Actual	Constant
	2009	2008	Currency	Currency
	£m	£m	%	%
Revenue				
Bovine	70.7	70.1	1	(3)
Porcine	62.3	68.0	(8)	(11)
Research & Development	1.9	1.9		
	134.9	140.0		
Adjusted operating profit				
Bovine	10.1	10.4	(3)	(2)
Porcine	14.2	13.9	2	(2)
Unallocated	(5.0)	(5.3)		
	19.3	19.0		

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

Bovine volumes grew 3%; average selling prices were slightly lower principally due to lower average prices in the US as customers traded down in response to the difficult market conditions. Prices have stabilised and started to rise in recent months. Profitability was broadly maintained, benefiting from continued tight cost control.

In porcine, the fall in revenues occurred mainly in the US as customers deferred updating their genetics. The impact on profits was protected by the robustness of the royalty model and by cost reductions.

ACQUISITION

At the end of the period, Genus acquired for £1.4m Powerline Beef Genetics, a business focused on supplying beef genetics to large US customers. Whilst only a small acquisition, it provides an expansion platform for the premium beef genetics market. It will enable Genus to use its products and product development capabilities to grow more quickly in the integrated beef chain.

OUTLOOK

Genus has continued to deliver a resilient performance throughout the severe recession in World agricultural markets. Reported profits were held back by the expected increased investment in research and development and higher interest costs, neither of which are expected to be a feature of comparative performance in the second half of the year.

Towards the end of the half year, early market indicators started to turn positive in the USA. Milk prices improved to break even for farmers and the futures market is predicting a return to profitability for porcine producers by the summer. Whilst trading remains difficult in bovine, in porcine we have secured new business wins with existing customers looking to expand their herds as they become more confident in the outlook for improved markets. We have also started to see some early signs of recovery in a number of other markets.

As a result, the Group remains on course to deliver an improved performance in the second half year.

Looking further ahead, the Group's geographic spread, investment in research and development and improving product portfolio leave Genus well placed to benefit from the recovery in agricultural markets and the return to long term growth expected in the markets in which it operates.

PRINCIPAL RISKS & UNCERTAINTIES

The Genus plc 2009 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:-

Business Risk	Outline
Environmental compliance	Environmental incident e.g. arising from waste disposal
Disease	Disease outbreak in bull studs or porcine nucleus herds and/or surrounding areas
Health & Safety	Health & safety incident, e.g. accident at work
Sales Growth	Changes in demand; interruptions or delay in product supply; expansion into new markets; economic conditions; competitor activity
Profit Growth	Impact of economic conditions on operating costs, e.g. high commodity prices
Business Interruption	Failure of business infrastructure; delay in third party supply of product or services
People	Reliance on key employees
Currency	Foreign exchange risks

Genus operates a structured risk management process that identifies, evaluates and prioritises risks and uncertainties and actively reviews control and mitigation activities. There has been no change to the principal risks summarised above that might affect the Group in the second half of the financial year.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 31 December 2009

	Note	Six months ended 31 December 2009 £m	Six months ended 31 December 2008 £m (*restated)	Year ended 30 June 2009 £m
Revenue from continuing operations	4	134.9	140.0	280.4
Adjusted operating profit from continuing operations		**19.3**	**19.0**	**38.1**
Net IAS 41 valuation movements on biological assets	9	0.9	5.5	2.7
Amortisation of acquired intangible assets		(2.6)	(2.8)	(5.2)
Share based payments		(1.0)	(1.1)	(2.0)
		16.6	20.6	33.6
Exceptional items:				
- Environmental liabilities settlement		-	(0.6)	(0.6)
Operating profit from continuing operations		16.6	20.0	33.0

operations				
Share of profit of joint ventures and associates	10	1.1	1.7	1.8
Other gains and losses		-	-	0.4
Net finance costs before exceptional items	6	(4.7)	(3.8)	(8.2)
Write off of unamortised arrangement fees		-	-	(0.8)
Net finance costs		(4.7)	(3.8)	(9.0)
Profit before tax from continuing operations		13.0	17.9	26.2
Taxation	7	(4.1)	(6.6)	(8.3)
Profit for the period from continuing operations		8.9	11.3	17.9
Earnings per share from continuing and total operations				
Basic earnings per share	12	15.0p	19.2p	30.4p
Diluted earnings per share	12	14.8p	18.9p	29.9p
Non statutory measure of profit				
Adjusted operating profit from continuing operations		19.3	19.0	38.1
Pre tax share of profits from joint venture and associates excluding net IAS 41 valuation movements		0.9	1.7	2.1
Net finance costs before exceptional items		(4.7)	(3.8)	(8.2)
Adjusted profit before taxation from continuing operations		**15.5**	**16.9**	**32.0**
Adjusted earnings per share from continuing operations				
Basic earnings per share	12	17.2p	19.0p	36.1p
Diluted earnings per share	12	17.0p	18.8p	35.6p

*see note 2

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2009

	Six months ended 31 December 2009		Six months ended 31 December 2008		Year ended 30 June 2009	
	£m	£m	£m	£m	£m	£m
Profit for the period		8.9		11.3		17.9
Foreign exchange translation differences	14.9		75.3		44.1	
Fair value movement on net investment hedge	(2.1)		(11.1)		(11.7)	
Fair value movement on cash flow hedges	-		(3.2)		(3.0)	
Actuarial gains on defined employee benefit schemes	3.3		0.1		(13.6)	
Tax relating to components of other comprehensive income	(3.2)		(23.0)		(9.5)	
Other comprehensive income for the period		12.9		38.1		6.3
Total comprehensive income for the period		21.8		49.4		24.2
Attributable to:						
Owners of the Company		21.8		49.4		24.2

Minority interests	-	-	-
	21.8	49.4	24.2

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2009

	Note	Called up share capital £m	Share premium account £m	Treasury shares £m	Transl-ation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Minority interest £m	Total equity £m
Balance at 1 July 2008		5.9	111.7	(0.1)	(7.9)	0.7	74.8	185.1	-	185.1
Foreign exchange translation differences		-	-	-	26.9	-	-	26.9	-	26.9
Fair value movement on net investment hedge, net of tax		-	-	-	(8.6)	-	-	(8.6)	-	(8.6)
Fair value movement on cash flow hedges, net of tax		-	-	-	-	(2.1)	-	(2.1)	-	(2.1)
Actuarial losses on defined employee benefit schemes, net of tax		-	-	-	-	-	(9.9)	(9.9)	-	(9.9)
Net income and expense recognised directly in equity		-	-	-	18.3	(2.1)	(9.9)	6.3	-	6.3
Profit for the period		-	-	-	-	-	17.9	17.9	-	17.9
Total recognised income and expense for the period		-	-	-	18.3	(2.1)	8.0	24.2	-	24.2
Recognition of share based payments, net of tax		-	-	-	-	-	1.1	1.1	-	1.1
Issue of ordinary shares		0.1	-	-	-	-	-	0.1	-	0.1
Dividends	8	-	-	-	-	-	(5.9)	(5.9)	-	(5.9)
Balance at 30 June 2009		6.0	111.7	(0.1)	10.4	(1.4)	78.0	204.6	-	204.6
Foreign exchange translation differences		-	-	-	12.0	-	-	12.0	-	12.0
Fair value movement on net investment hedge, net of tax		-	-	-	(1.5)	-	-	(1.5)	-	(1.5)
Fair value movement on cash flow hedges, net of tax		-	-	-	-	-	-	-	-	-
Actuarial gains on defined employee benefit schemes, net of tax		-	-	-	-	-	2.4	2.4	-	2.4
Net income and expense recognised directly in equity		-	-	-	10.5	-	2.4	12.9	-	12.9
Profit for the period		-	-	-	-	-	8.9	8.9	-	8.9
Total recognised income and expense for the period		-	-	-	10.5	-	11.3	21.8	-	21.8
Recognition of share based payments, net of tax		-	-	-	-	-	1.2	1.2	-	1.2
Issue of ordinary shares		-	0.3	-	-	-	-	0.3	-	0.3
Minority interest on acquistion		-	-	-	-	-	-	-	0.3	0.3
Dividends	8	-	-	-	-	-	(6.5)	(6.5)	-	(6.5)
Balance at 31		6.0	112.0	(0.1)	20.9	(1.4)	84.0	221.4	0.3	221.7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the six months ended 31 December 2009

	Note	Called up share capital £m	Share premium account £m	Treasury shares £m	Transl-ation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Balance at 1 July 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 losses 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	8	-	-	-	-	-	(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 BALANCE SHEET
31 December 2009

	Note	31 December 2009 £m	31 December 2008 £m	30 June 2009 £m
Assets				
Goodwill		74.8	76.0	70.5
Other intangible assets		79.7	91.4	81.1
Biological assets	9	158.4	169.4	153.9
Property, plant and equipment		42.1	42.9	39.3
Interests in joint ventures and associates	10	6.7	5.1	5.3

Available for sale investments		0.4	0.4	0.3
Derivative financial assets		1.4	-	1.7
Deferred tax assets		16.1	16.4	16.7
Total non-current assets		379.6	401.6	368.8
Inventories		28.5	32.5	28.0
Biological assets	9	30.9	32.4	28.0
Trade and other receivables		60.0	61.5	53.7
Cash and cash equivalents		27.8	20.0	20.6
Income tax receivable		1.2	1.7	1.4
Derivative financial assets		-	0.3	-
Asset held for sale		0.3	-	-
Total current assets		148.7	148.4	131.7
Total assets		528.3	550.0	500.5
Liabilities				
Trade and other payables		(37.4)	(40.2)	(39.0)
Dividends payable		(6.5)	(5.8)	-
Interest-bearing loans and borrowings		(6.8)	(23.0)	(2.5)
Provisions		(0.3)	(0.8)	(0.2)
Obligations under finance leases		(0.9)	(0.9)	(0.9)
Current tax liabilities		(6.2)	(10.3)	(4.8)
Total current liabilities		(58.1)	(81.0)	(47.4)

CONDENSED CONSOLIDATED BALANCE SHEET

31 December 2009

	Note	31 December 2009 £m	31 December 2008 £m	30 June 2009 £m
Interest-bearing loans and borrowings		(104.8)	(93.5)	(104.2)
Pension deficit	14	(32.2)	(22.5)	(35.4)
Provisions		(1.6)	(1.8)	(1.8)
Deferred tax liabilities		(98.8)	(105.8)	(96.3)
Derivative financial liabilities		(10.2)	(13.9)	(9.8)
Obligations under finance leases		(0.9)	(1.8)	(1.0)
Total non-current liabilities		(248.5)	(239.3)	(248.5)
Total liabilities		(306.6)	(320.3)	(295.9)
Net assets		221.7	229.7	204.6
Equity				
Called up share capital		6.0	5.9	6.0
Share premium account		112.0	111.7	111.7
Treasury shares		(0.1)	(0.1)	(0.1)
Translation reserve		20.9	32.4	10.4
Hedging reserve		(1.4)	(1.6)	(1.4)
Retained earnings		84.0	81.4	78.0
Equity attributable to owners of the Company		221.4	229.7	204.6
Minority interest		0.3	-	-
Total equity		221.7	229.7	204.6

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2009

	Note	Six months ended 31 December 2009 £m	Six months ended 31 December 2008 £m (*restated)	Year ended 30 June 2009 £m
Net cash flow from operating activities	13	7.3	1.1	14.1
Cash flows from investing activities				
Dividend received from joint venture and associates		-	1.1	2.1
Purchase of property, plant and equipment		(3.7)	(11.1)	(15.2)
Proceeds from disposal of businesses		-	-	0.3
Purchase of intangible assets		-	(0.3)	(0.3)
Proceeds from sale of property, plant and equipment		0.3	0.5	1.0
Net cash outflow from investing activities		(3.4)	(9.8)	(12.1)
Cash flows from financing activities				
Drawdown of borrowings		-	3.6	14.7
Repayment of borrowings		(1.7)	-	(11.3)
Payment of capital element of finance lease liabilities		(0.5)	(0.7)	(0.8)
Equity dividends paid		-	-	(5.9)
New share capital issued		0.3	-	0.1
Increase in bank overdrafts		4.6	3.4	1.2
Net cash inflow/(outflow) from financing activities		2.7	6.3	(2.0)
Net increase/(decrease) in cash and cash equivalents - continuing operations		6.6	(2.4)	(0.3)
Net increase in cash and cash equivalents - discontinued operations		-	-	0.3
Net increase/(decrease) in cash and cash equivalents		6.6	(2.4)	-
Cash and cash equivalents at beginning of period		20.6	19.3	19.3
Net increase/(decrease) in cash and cash equivalents		6.6	(2.4)	-
Effect of exchange rate fluctuations on cash held		0.6	3.1	1.3
Total cash and cash equivalents at end of period		27.8	20.0	20.6

*Interest paid and interest received has been restated to be included within net cash flow from operating activities.

ANALYSIS OF NET DEBT
31 December 2009

	At 1 July 2009 £m	Cash flows £m	Foreign exchange £m	Non-cash movements £m	At 31 December 2009 £m
Cash and cash equivalents	20.6	6.6	0.6	-	27.8
Interest-bearing loans - current	(2.5)	(4.2)	(0.1)	-	(6.8)
Obligation under finance leases - current	(0.9)	0.5	-	(0.5)	(0.9)
	(3.4)	(3.7)	(0.1)	(0.5)	(7.7)
Interest-bearing loans - non-current	(104.2)	1.3	(1.1)	(0.8)	(104.8)

Obligation under finance lease - non-current	(1.0)	-	-	0.1	(0.9)
	(105.2)	1.3	(1.1)	(0.7)	(105.7)
Net debt	(88.0)	4.2	(0.6)	(1.2)	(85.6)

Cash and interest bearing loans current at 31 December 2009 include UK treasury cash- pooling balances of £8.0m which are shown gross (31 December 2008: £5.6m).

	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)

Net debt is defined as the total of cash and cash equivalents, interest bearing loans, unamortised debt issue costs and obligations under finance leases.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For the six months ended 31 December 2009

1. BASIS OF PREPARATION

The unaudited condensed set of financial statements for the six months ended 31 December 2009:

- 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 2009 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: and
- were approved by the Board of Directors on 24 February 2010.

The information relating to the year ended 30 June 2009 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 498(2) or (3) of the Companies Act 2006.

The Group's business activities and principal risks and uncertainties are summarised in the Principal Risks and uncertainties section in this interim report. Having considered these risks and uncertainties under the current economic environment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore 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
For the six months ended 31 December 2009

2. ACCOUNTING POLICIES AND NON-GAAP MEASURES

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 9 September 2009, which are available on the Group's website www.genusplc.com except as described below.

Changes in accounting policies

In the current financial year, the Group has adopted International Accounting Standard 1 "Presentation of Financial Statements" (revised 2007) and International Financial Reporting Standard 3 "Business Combinations" (revised 2008).

IAS 1(revised) requires the presentation of a statement of changes in equity as a primary statement, separate from the income statement and statement of comprehensive income. As a result, a condensed consolidated statement of changes in equity has been included in the primary statements, showing changes in each component of equity for each period presented.

The adoption of IFRS 3 (revised) has not changed any previously reported figure but has changed certain Group accounting policies which are detailed below.

Business combinations

All business combinations are accounted for by applying the purchase method. The cost of acquisition is measured at the aggregate of the fair value at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", which are recognised and measured at fair value less costs to sell.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For the six months ended 31 December 2009

2. ACCOUNTING POLICIES AND NON-GAAP MEASURES (CONTINUED)
Changes in accounting policies (continued)

Goodwill

Goodwill arising on the acquisition of a subsidiary, associate or joint venture represents the excess of the cost of acquisition excluding transaction costs over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Identifiable assets include any intangible assets which could be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

As required by IAS 21, goodwill arising on acquisition of a foreign operation and any fair value adjustments made to the carrying amounts of assets and liabilities within the acquired operation on acquisition are treated as assets and liabilities of the acquired entity rather than assets or liabilities of the acquiring entity, and are therefore expressed in the functional currency of the foreign operation and retranslated at the balance sheet date.

New standards and interpretations

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

- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments' will become mandatory for the Group's 2011 financial statements. The Group is assessing the impact of these amendments.
- Amendments to IAS 7, IAS 17, IAS 24, IAS 32, IAS 36, IFRS 2, IFRS 5 and the omnibus of other minor improvements, effective for the year ended 30 June 2011. The Group is assessing the impact of these amendments.

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

Adjusted operating profit and adjusted operating profit before tax from continuing operations are defined as before the net IAS 41 valuation movements in biological assets, amortisation of acquired intangible assets, share based payments expense, exceptional items and other gains and losses. These additional non-GAAP measure of operating performance are included as the Directors believe that they provide 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.

In the year ended 30 June 2009, the definition of adjusted operating profit was amended 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 6 months period to 31 December 2008 was £0.3m relating to the amortisation of software assets. To ensure consistency, results for the six months ended 31 December 2008 have been amended accordingly.

3. FOREIGN CURRENCY

The principal exchange rates used were as follows:

	Average			Closing		
	Six months ended 31 December 2009	Six months ended 31 December 2008	Year ended 30 June 2009	31 December 2009	31 December 2008	30 June 2009
US Dollar	1.63	1.70	1.60	1.61	1.45	1.65
Euro	1.12	1.22	1.17	1.13	1.04	1.17

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.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For the six months ended 31 December 2009

4. SEGMENTAL INFORMATION

The Group presents its segmental information on the basis reviewed regularly for assessing business performance and for the purposes of resource allocation, by the chief operating decision maker. The Group is managed using a combination of regional market segments and a research and development segment.

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

Revenue	Six months ended 31 December 2009		
	Gross revenue £m	Inter-segment revenue £m	Consolidated revenue £m
North America	44.6	(1.7)	42.9
Latin America	17.6	(0.3)	17.3
Europe	63.0	(1.3)	61.7
Far East	11.1	-	11.1
Research & Product Development			
Research	-	-	-
Bovine Product Development	4.7	(3.1)	1.6

Porcine Product Development	2.3	(2.0)	0.3
	7.0	(5.1)	1.9
Revenue	**143.3**	**(8.4)**	**134.9**

Revenue **Six months ended 31 December 2008**

	Gross revenue £m (*restated)	Inter-segment revenue £m (*restated)	Consolidated revenue £m (*restated)
North America	52.8	(1.6)	51.2
Latin America	16.7	(0.8)	15.9
Europe	61.1	(1.4)	59.7
Far East	11.3	-	11.3
Research & Product Development			
Research	-	-	-
Bovine Product Development	4.7	(3.1)	1.6
Porcine Product Development	2.2	(1.9)	0.3
	6.9	(5.0)	1.9
	148.8	**(8.8)**	**140.0**

4. SEGMENTAL INFORMATION (CONTINUED)

Year ended 30 June 2009

	Gross revenue £m	Inter-segment revenue £m	Consolidated revenue £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**

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.

Six months ended 31 December 2009

	Result before recharges £m	Product Development recharges £m	Segment total £m
North America	16.4	(2.1)	14.3
Latin America	6.4	(1.0)	5.4
Europe	12.6	(0.8)	11.8
Far East	3.1	(0.3)	2.8
Regional operating profit	**38.5**	**(4.2)**	**34.3**
Research & Product Development			
Research	(1.4)	-	(1.4)
Bovine Product Development	(8.6)	2.8	(5.8)
Porcine Product Development	(5.6)	1.4	(4.2)
	(15.6)	4.2	(11.4)
Segment operating profit	**22.9**	**-**	**22.9**
Central costs	(3.6)	-	(3.6)

Adjusted operating profit	**19.3**	**-**	**19.3**

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

4. SEGMENTAL INFORMATION (CONTINUED)

	Six months ended 31 December 2008		
	Result before recharges £m (*restated)	**Product Development recharges £m** (*restated)	**Segment total £m** (*restated)
North America	17.4	(2.8)	14.6
Latin America	5.4	(1.1)	4.3
Europe	10.7	(0.8)	9.9
Far East	3.5	(0.3)	3.2
Regional operating profit	**37.0**	**(5.0)**	**32.0**
Research & Product Development			
Research	(1.5)	-	(1.5)
Bovine Product Development	(8.2)	3.2	(5.0)
Porcine Product Development	(4.5)	1.8	(2.7)
	(14.2)	5.0	(9.2)
Segment operating profit	**22.8**	**-**	**22.8**
Central costs	(3.8)	-	(3.8)
Adjusted operating profit	**19.0**	**-**	**19.0**

	Year ended 30 June 2009		
	Result before recharges £m	**Product Development recharges £m**	**Segment total £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
Regional operating profit	**75.2**	**(9.7)**	**65.5**
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**

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

4. SEGMENTAL INFORMATION (CONTINUED)

	Segment Assets			Segment Liabilities		
	31 December 2009 £m	**31 December 2008 £m** (*restated)	**30 June 2009 £m**	**31 December 2009 £m**	**31 December 2008 £m** (*restated)	**30 June 2009 £m**
North America	131.4	160.6	137.6	(24.4)	(47.8)	(34.9)
Latin America	58.4	57.2	47.5	(9.8)	(12.6)	(9.1)
Europe	106.1	95.0	93.2	(59.6)	(35.7)	(50.9)
Far East	24.3	26.2	22.2	(3.9)	(4.0)	(4.0)
Research & Product Development						

Research	0.5	0.5	0.5	-	-	-
Bovine Product Development	146.6	143.7	136.6	(43.1)	(42.3)	(38.8)
Porcine Product Development	47.7	45.0	42.1	(14.2)	(9.0)	(11.7)
	194.8	189.2	179.2	(57.3)	(51.3)	(50.5)
Segment total	**515.0**	**528.2**	**479.7**	**(155.0)**	**(151.4)**	**(149.4)**
Central costs and unallocated	13.3	21.8	20.8	(151.6)	(168.9)	(146.5)
Total	528.3	550.0	500.5	(306.6)	(320.3)	(295.9)

*The comparative information for six months ended 31 December 2008 has been restated following the adoption of IFRS 8.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

5. ACQUISITION

On 30 December 2009, the Group acquired the trade and assets of the beef genetics business of Power Genetics Company for a consideration of £1.1m cash and a 20% equity stake in the acquiring company, Powerline Beef Genetics LLC. This transaction has been accounted for by the purchase method of accounting.

	Book value £m	Provisional fair value £m
Net assets acquired:		
Trade and other receivables	0.3	0.3
Intangible assets	-	0.2
	0.3	0.5
Goodwill		0.9
Total consideration		1.4
Satisfied by:		
Amounts payable by 25 March 2010		1.1
20% equity in Powerline Beef Genetics LLC		0.3
		1.4

The goodwill arising on the acquisition of the trade and assets of Power Genetics Company is attributable to the anticipated profitability of the distribution of the Group's products in the new markets.

If the acquisition of Power Genetics Company had been completed on the first day of the financial year, the impact on Group revenues for the period would have been £0.1m and the impact on the Group profit attributable to equity holders of the parent would have been nil. The Power Genetics Company is a seasonal business and expects to make the majority of its profits in the period from 1 January to 30 June.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

6. NET FINANCE COSTS

	Six months ended 31 December 2009 £m	Six months ended 31 December 2008 £m	Year ended 30 June 2009 £m
Interest payable on bank loans and overdrafts	(1.8)	(3.0)	(5.6)
Amortisation of debt issue costs	(0.8)	(0.4)	(1.8)
Net interest cost in respect of pension schemes	(0.8)	(0.4)	(0.9)
Other interest payable	(0.1)	(0.3)	(0.3)
Net interest cost on derivative financial instruments	(1.3)	-	(1.0)
Total interest expense	(4.8)	(4.1)	(9.6)
Less: amounts included in the cost of qualifying assets	-	-	0.2
	(4.8)	(4.1)	(9.4)

Interest income and other interest receivable	0.1	0.3	0.4
Interest income	0.1	0.3	0.4
Net finance costs	(4.7)	(3.8)	(9.0)
Effect of exceptional write off of unamortised arrangement fee			
Net finance costs	(4.7)	(3.8)	(9.0)
Exceptional item: write off of unamortised arrangement fee	-	-	0.8
Net finance costs before exceptional item	(4.7)	(3.8)	(8.2)

During the year to 30 June 2009, £0.8m of unamortised arrangement fees relating to the old facility were expensed on completion of the refinancing as an exceptional charge.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

7. INCOME TAXES
Continuing operations:

	Six months ended 31 December 2009 £m	Six months ended 31 December 2008 £m	Year ended 30 June 2009 £m
Current tax	4.2	5.0	6.8
Deferred tax	(0.1)	1.6	1.5
	4.1	6.6	8.3

The taxation charge for the period is based on the estimated effective tax rate for the full year of 33.7% (2008: 34.1%).

There is a deferred tax liability at the period end of £98.8m (2008: £105.8m) which mainly relates to the recognition at fair value of biological assets and intangible assets arising on acquisition and a deferred tax asset of £16.1m (2008: £16.4m) which mainly relates to future tax deductions in respect of pension scheme liabilities, share scheme awards and financial instruments.

8. DIVIDENDS

	Six months ended 31 December 2009 £m	Six months ended 31 December 2008 £m	Year ended 30 June 2009 £m
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the 12 month period ended 30 June 2008 of 10.0p per share	-	5.9	5.9
Final dividend for the 12 month period ended 30 June 2009 of 11.0p per share	6.5	-	-
	6.5	5.9	5.9

The final dividend for the 12 month period ended 30 June 2009 was approved at the company AGM on 12 November 2009 and paid on 8 January 2010.

9. FAIR VALUE OF BIOLOGICAL ASSETS

Fair value of biological assets	Bovine £m	Porcine £m	Total £m
Balance at 1 July 2009	105.9	76.0	181.9
Increases due to purchases	1.8	16.6	18.4
Decreases attributable to sales	-	(55.4)	(55.4)
Decrease due to harvest	(11.6)	(3.2)	(14.8)
Changes in fair value less estimated sale costs	18.3	35.8	54.1
Effect of movements in exchange rates	2.2	2.9	5.1
Balance at 31 December 2009	116.6	72.7	189.3
Non current biological assets	116.6	41.8	158.4
Current biological assets	-	30.9	30.9
Balance at 31 December 2009	116.6	72.7	189.3
Balance at 1 July 2008	84.4	66.9	151.3
Increases due to purchases	1.3	38.9	40.2
Decreases attributable to sales	-	(65.3)	(65.3)
Decrease due to harvest	(12.2)	(3.4)	(15.6)
Changes in fair value less estimated sale costs	13.4	30.3	43.7
Effect of movements in exchange rates	27.3	20.2	47.5
Balance at 31 December 2008	114.2	87.6	201.8
Non current biological assets	114.2	55.2	169.4
Current biological assets	-	32.4	32.4
Balance at 31 December 2008	114.2	87.6	201.8
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)	(6.5)	(29.9)
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

9. FAIR VALUE OF BIOLOGICAL ASSETS (CONTINUED)

Bovine biological assets include £3.4m (2009: £3.0m) representing the fair value of bulls owned by third parties but managed by the Group, net of expected future payments to such third parties.

The current market determined pre-tax rate used to discount expected future net cash flows from the sale of bull semen is the Group's weighted average cost of capital. This has been assessed as 8.0% (31 December 2008: 9.2%).

Porcine biological assets include £30.9m (2008: £48.0m) relating to the fair value of the retained interest in the genetics in respect of animals transferred to customers under royalty contracts. Total revenue in the period includes £27.9m (2008: £28.8) of revenue in respect of these contracts comprising £4.1m (2008: £6.3m) on initial transfer of animals to customers and £23.8m (2008: £22.5m) in respect of royalties received.

The aggregate gain arising during the period on initial recognition of biological assets in respect of multiplier purchases was £9.4m (31 December 2008: £13.0m).

Decreases attributable to sales during the period of £55.4m (2008: £65.3m) includes £22.6m (2008: £24.3m) in respect of the reduction in fair value of the retained interest in the genetics of animals sold under royalty contracts.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

9. FAIR VALUE OF BIOLOGICAL ASSETS (CONTINUED)

Six months ended 31 December 2009

	Bovine £m	Porcine £m	Total £m
Net IAS 41 valuation movement in biological assets*			
Changes in fair value of biological assets	18.3	35.8	54.1
Inventory transferred to cost of sales at fair value	(10.6)	(3.2)	(13.8)
Biological assets transferred to cost of sales at fair value	-	(39.4)	(39.4)
	7.7	(6.8)	0.9

Six months ended 31 December 2008

	Bovine £m	Porcine £m	Total £m
Net IAS 41 valuation movement in biological assets*			
Changes in fair value of biological assets	13.4	30.3	43.7
Inventory transferred to cost of sales at fair value	(8.1)	(3.4)	(11.5)
Biological assets transferred to cost of sales at fair value	-	(26.7)	(26.7)
	5.3	0.2	5.5

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

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

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

10. JOINT VENTURES AND ASSOCIATES

The Group's share of profit after tax in its equity accounted investees for the six months ended 31 December 2009 was £1.1m (31 December 2008: £1.7m).

	2009 £m	2008 £m
Balance at 1 July	5.3	4.7
Share of post tax joint venture profits retained	1.1	1.7
Dividend received	-	(1.1)
Effect of movements in exchange rates	0.3	(0.2)
Balance at 31 December	6.7	5.1

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

	Movement in fair value of

Income statement	Revenues £m	biological assets £m	Expenses £m	Operating profit £m
Six months ended 31 December 2009	7.2	0.9	(6.3)	1.8
Six months ended 31 December 2008	16.8	0.2	(15.1)	1.9
Year ended 30 June 2009	17.9	(0.1)	(15.7)	2.1

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

11. 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		
Sale of goods to	Six months ended 31 December 2009 £m	Six months ended 31 December 2008 £m	Year ended 30 June 2009 £m	31 December 2009 £m	31 December 2008 £m	30 June 2009 £m
Joint ventures and associates	2.6	3.9	1.2	-	0.4	0.1

All transactions and related outstanding balances with joint ventures and associates are based 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.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

12. EARNINGS PER SHARE

Weighted average number of ordinary shares	Six months ended 31 December 2009 m	Six months ended 31 December 2008 m	Year ended 30 June 2009 m
Weighted average number of ordinary shares (basic)	59.3	58.9	58.9
Dilutive effect of share options	0.8	0.9	0.9
Weighted average number of ordinary shares for the purpose of diluted earnings per share	60.1	59.8	59.8

	Six months ended 31 December 2009	Six months ended 31 December 2008 (*restated)	Year ended 30 June 2009
Earnings per share from continuing and total operations			
Basic earnings per share	15.0p	19.2p	30.4p
Diluted earnings per share	14.8p	18.9p	29.9p

Adjusted earnings per share from continuing operations			
Adjusted earnings per share	17.2p	19.0p	36.1p
Diluted adjusted earnings per share	17.0p	18.8p	35.6p

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.

*Adjusted earnings for the six months ended 31 December 2008 has been restated to exclude £0.3m relating to the amortisation of non-acquired intangible assets.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

12. EARNINGS PER SHARE (CONTINUED)

Continuing and total operations

Basic earnings per share from continuing and total operations is calculated on the profit for the period of £8.9m (six months ended 31 December 2008: £11.3m; year ended 30 June 2009: £17.9m) divided by weighted average number of ordinary shares (basic and diluted) as calculated above.

Adjusted earnings per share is calculated on profit for the period before net IAS 41 valuation movement in biological assets, amortisation of acquired intangible assets, share based payment expense, exceptional items and other gains and losses after charging taxation associated with those profits, of £10.2m (six months ended 31 December 2008: £11.0m; year ended 30 June 2009: £21.3m), as follows:

Adjusted earnings from continuing operations

	Six months ended 31 December 2009	Six months ended 31 December 2008 (*restated)	Year ended 30 June 2009
	£m	£m	£m
Profit before tax from continuing operations	13.0	17.9	26.2
Add/(deduct):			
Net IAS 41 valuation movements in biological assets	(0.9)	(5.5)	(2.7)
Amortisation of acquired intangible assets	2.6	2.8	5.2
Share based payments	1.0	1.1	2.0
Exceptional write off of unamortised arrangement fee	-	-	0.8
Environmental liability settlement	-	0.6	0.6
Net IAS 41 valuation movements in biological assets in joint venture and associates	(0.9)	(0.2)	0.1
Other gains and losses	-	-	(0.4)
Profit before net IAS 41 valuation movement in biological assets, amortisation of acquired intangible assets, share based payments, exceptional items and other gains and losses	14.8	16.7	31.8
Adjusted tax charge	(4.6)	(5.7)	(10.5)
Profit before IAS 41 valuation movement in biological assets, amortisation of acquired intangible assets, share based payments, exceptional items and other gains and losses, after taxation	10.2	11.0	21.3

*Adjusted earnings for the six months ended 31 December 2008 has been restated to exclude £0.3m relating to the amortisation of non-acquired intangible assets.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

13. CASH FLOW FROM OPERATING ACTIVITIES

	Six months ended 31 December	Six months ended 31 December	Year ended 30 June 2009

	2009 £m	2008 £m (*restated)	£m
Profit for the period	8.9	11.3	17.9
Adjustments for:			
- Fair value adjustments on biological assets	(0.9)	(5.5)	(2.7)
- Amortisation of intangible assets	2.9	3.1	5.8
- Share based payment expense	1.0	1.1	2.0
- Share of profits of associates	(1.1)	(1.7)	(2.1)
- Other gains and losses	-	-	(0.4)
- Finance costs	4.7	3.8	9.0
- Income tax expense	4.1	6.6	8.3
- Loss on disposal of property plant and equipment	-	-	1.2
- Depreciation of property plant and equipment	2.2	2.4	4.2
Other movements in biological assets and harvested produce	(0.3)	-	(4.6)
Decrease in provisions	(0.1)	(1.7)	(2.2)
Other	(0.7)	-	(1.3)
Operating cash flows before movement in working capital	20.7	19.4	35.1
Increase in inventories	(0.8)	(2.8)	(1.1)
(Decrease)/increase in receivables	(3.6)	(2.8)	1.1
Decrease in payables	(3.5)	(7.4)	(6.9)
Cash generated by operations	12.8	6.4	28.2
Interest received	0.1	0.3	0.4
Interest and other finance costs paid	(2.2)	(3.1)	(6.9)
Cash flow from derivative financial instruments	(1.3)	-	(1.0)
Income taxes paid	(2.1)	(2.5)	(6.6)
Net cash inflow from operating activities	7.3	1.1	14.1

*Interest paid and interest received has been restated to be included within net cash flow from operating activities.

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

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 2009 £m	31 December 2008 £m	30 June 2009 £m
Present value of unfunded obligations	(6.4)	(7.1)	(6.3)
Present value of funded obligations	(155.7)	(124.8)	(139.7)
Fair value of plan assets	131.9	113.5	112.0
Restrict recognition of asset	(2.0)	(4.1)	(1.4)
Gross liability for defined benefit obligations	(32.2)	(22.5)	(35.4)

Included in the defined benefit obligations are obligations relating only to Genus' section and its share of any orphan assets and liabilities 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 2009.

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 2009, the Group recognised an expense of £1.3m (six months ended 31 December 2008: £0.9m; year ended 30 June 2009: £1.8m).

The principal actuarial assumptions at the date of the most recent actuarial valuations (expressed as weighted averages) are:

	31 December 2009 %	31 December 2008 %	30 June 2009 %
Discount rate	5.6	6.2	6.0
Expected return on plan assets	6.5	5.6	6.6
Future salary increases	4.5	3.8	3.8
Medical cost trend rate	7.4	8.0	7.4
Future pension increases	3.5	2.8	2.8

NOTES TO THE CONDENSED SET OF FINANCIAL STATEMENTS
For The Six Months Ended 31 December 2009

15. BORROWINGS AND FINANCIAL INSTRUMENTS

Hedging of fluctuations in interest rates

The Group adopts a policy of ensuring that between 60 and 90 % of its exposure to changes in interest rates on borrowings is hedged. Interest rate swaps, denominated in sterling, euro 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 2009, approximately 79 % of borrowings were hedged with a fixed rate of interest of between 1.9% and 4.7%. The swaps mature as the related borrowings amortise over the next 1 to 3 years.

Borrowings

The Group has secured 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.

16. OTHER MATTERS

Contingencies

There have been no material changes to the Group's contingent liabilities relating to performance bonds and credit guarantees totalling £0.9m in the six months ended 31 December 2009 (31 December 2008: £1.2m), nor the Group's ongoing joint and several liability for the Milk Pension Fund, more fully described in the Annual Report 2009.

There have been no changes to any other contingent liabilities involving the Group in the six months ended 31 December 2009 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 2009, no capital commitments have been contracted for (31 December 2008: £1.7m).

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.

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	Finance Director
R K Wood	J G Worby

24 February 2010

REPORT ON REVIEW OF CONDENSED SET OF FINANCIAL STATEMENTS OF GENUS PLC

INDEPENDENT REVIEW REPORT TO 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 2009 which comprises the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and related notes 1 to 16. 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 (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" 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 Kingdom's Financial Services Authority.

As disclosed in note 1, 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 2009 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 Statutory Auditors

London, United Kingdom

24 February 2010

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

END

IR TIMBTMBJTTBM